

Lyn Llewellyn Internal Audit Service

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15th April 2024

The Council Chairperson
Graig Community Council

Dear Council Chairman

Internal Audit Report for the year ended 31st March 2023

Purpose of the Audit

The purpose of the audit was to review the financial propriety and governance arrangements of the Council in accordance with proper practices as set out in the One Voice Wales/Society of Local Council Clerks' publication "Governance and Accountability for Local Councils in Wales – A Practitioners' Guide" (2019 Edition).

Main Findings

The vast majority of control objectives tested proved substantially unsatisfactory and I wish to bring the following matters to the Council's attention –

1. Value added tax
As at the 15th April 2024 VAT on payments have not been reclaimed for 2021/22 and 2022/23. It is understood that the Locum Clerk/RFO is in the process of trying to complete the 2022/23 claim but it appears likely that failure to locate the invoices for 2021/22 will mean the loss of a significant amount of recoverable VAT. In the circumstances I would urge you to make every effort to locate the invoices involved.
2. Risk Management
There was no Risk Assessment completed during the year 2022/23. This should be completed as a matter of urgency.
Budget Monitoring
3. There were no budget monitoring reports brought to the attention of Council during the year. This should be a quarterly exercise.
Payroll Controls
4. Due to the lack of information available it was not possible to agree what was actually paid with that approved by the Council.

Audit Opinion

In view of the matters reported above only limited assurances can be expressed in the Financial Statements of Graig Community Council for the financial year 2022/23. Please see the Internal Auditor's Report on pages 6 and 7 of the Annual Return for the year ended 31st March 2023.

Acknowledgements

I would like to take this opportunity to thank the Locum Clerk/RFO to the Council, for all her help and co-operation with the completion of the audit.

I attach my invoice for your kind attention in due course.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Lyn Llewellyn'.

Lyn Llewellyn
Internal Auditor

Name of Council: Graig Community Council

Financial Year: 2022/23

Internal Auditor's Report – Outline of work undertaken

Proper bookkeeping

Cashbook maintained and up to date.

Cashbook arithmetic correct.

The Cashbook was only balanced at the end of the financial year.

Standing Orders and Financial Regulations

Council formally adopted standing orders and financial regulations in June 2023.

The Locum Clerk/RFO believes that there were earlier editions of such documents in operation for 2022/23 but has been unable to produce them for examination.

Payments Controls

Payments in the cashbook are supported by only a small number of invoices, which were duly authorised and minuted.

As at 15/04/2024, VAT on payments have but not reclaimed for 2021/22 and 2022/23. The Locum Clerk/RFO is in the process of trying to complete 2022/23 but it appears likely that failure to locate the invoices for 2021/22 will mean the loss of a significant amount of recoverable VAT.

Risk Management Arrangements

There was no Risk Assessment completed during the year 2022/23.

Insurance cover is appropriate and adequate.

Budgetary Controls

There was an annual budget prepared in support of Council's precept for 2022/23.

However, there were no budget monitoring reports brought to the attention of Council during the year.

Income Controls

The precept recorded agrees to the Council Tax authority's notification and agree with bankings. Reserves were appropriate.

Petty Cash Procedures

Not applicable.

Payroll Controls

Although a signed contract, relating to the former clerk, was eventually located and a copy produced for examination. It was not possible, due to the lack of information available, to agree what was actually paid with that approved by the Council. However quarterly payments of PAYE/Ni were made to HMRC.

Assets Controls

The council maintains a register of all material assets owned.

The asset register is up to date.

Bank Reconciliation

Bank reconciliation prepared for each account.

There are no unexplained balancing entries in the reconciliation.

Year-end procedures

Year- end accounts prepared on the correct accounting basis - Receipts and Payments.

Accounts agree with cashbook.

There is an audit trail from underlying financial records to the accounts

Signed



Mr V L Llewellyn

Internal Auditor

Date 15th April 2024