

# Magor with Undy Community Council

Financial Year 2021-22



IAC Audit and Consultancy Ltd

Visit date: 17- June -2022

## Year End Internal Audit Observations

### 2 Financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for.

No.	Audit Test	Observation	Recommendation	Priority	Comments
1	Is use of Debit/Credit card covered in Financial Regulations?	<i>The Council has a Council credit card. This was agreed at a meeting of Council held on 13th January 2021. Usage of this card is not referred to in the Councils Financial Regulations.</i>	The Council to update its Financial Regulations to include specific reference to the use of Credit/Debit cards. The Council may wish to adopt the relevant provisions of One Voice Wales Model Financial Regulations.	Medium	

### 3 The body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.

No.	Audit Test	Observation	Recommendation	Priority	Comments
1	The value of the Councils Fidelity Insurance covers the value of the Councils cash & bank holdings	<i>The value of the Councils Fidelity Insurance (£250,000) does not cover the value of the Councils cash &amp; bank holdings which stood at £284,663 as at 31st March 2022.</i>	The Council to review the level of its Fidelity insurance and consider whether it is adequate to cover the value of cash and bank balances held.	Medium	

### 4 The annual precept/levy/resource demand requirement resulted from an adequate budgetary process, progress against the budget was regularly monitored, and reserves were appropriate.

No.	Audit Test	Observation	Recommendation	Priority	Comments
1	The Council has reviewed any points raised by the External Auditor as required	<i>The Council has not, as yet, reviewed the External Auditors report for 2020/21. It is understood that the External Auditor has not completed the year end audit.</i>	When the 2020/21 External Auditors report is received the Council to ensure that it formally records a review of their report in Council Minutes.	Medium	

### 5 Expected income was fully received, based on correct prices, properly recorded and promptly banked, and VAT was appropriately accounted for.

No.	Audit Test	Observation	Recommendation	Priority	Comments
1	The Council does not make supplies that would normally require it to be VAT registered	<i>The Council makes supplies of sport facilities (the use of a MUGA) which would normally require it to be VAT registered, however the total value of income from this is below the £6,000 (£1,000 of VAT) that HMRC has set as a threshold for registration in paragraph 3.2 of VAT Notice 749. It is also understood that the Council makes use of the Block Booking provisions of VAT Notice 701/45.</i>	The Council to note that sports bookings are generally subject to VAT. Council to monitor the level and nature of this income to ensure that it complies with any potential VAT registration requirements.	Medium	

**7 Salaries to employees and allowances to members were paid in accordance with minuted approvals, and PAYE and NI requirements were properly applied.**

No.	Audit Test	Observation	Recommendation	Priority	Comments
1	Salaries and wages payable to staff have been appropriately approved and confirmed in writing.	<i>The Council does not currently have in place a process for formally writing to staff to confirm changes to terms and conditions, such as hours or work or rates of pay. It is understood that these are, however, recorded in Council Minutes.</i>	All changes to staff terms and condition should be formally confirmed in writing to the members of staff concerned. Letters confirming changes to the Clerks terms and conditions should be signed by the Chair of the Council.	High	

**9 Periodic and year-end bank account reconciliations were properly carried out.**

No.	Audit Test	Observation	Recommendation	Priority	Comments
1	Bank reconciliations have been signed and dated as evidence of independent review (Year End)	<i>As at date of the year end audit the March 2022 bank reconciliation had not been subject to independent review.</i>	Prior to the approval of the accounting statements the March 2022 bank reconciliation to be subject to formal review and signed and dated as evidence of this review.	Medium	

**10 Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments/income and expenditure), agreed with the cashbook, were supported by an adequate audit trail from underlying records, and where appropriate, debtors and creditors were properly recorded.**

No.	Audit Test	Observation	Recommendation	Priority	Comments
1	Accounts are prepared on the Correct accounting basis (Receipts and Payments or Income and Expenditure)	<i>The Councils draft Accounting Statements have been prepared on a Receipts and Payments basis. As this is the third year in which the Council has reported receipts and payments above £200,000. the Council must prepare its accounts on an Income and Expenditure basis.</i>	The Council will need to amend the format of its Accounting Statements for 2021-22 to on an Income and Expenditure basis. The Council should contact the accounts software supplier so that the system can be set up to do this automatically.	High	