



William Lewis
Clerk
Magor With Undy Town Council
The Hayloft
Magor Square
Magor
NP26 3EP

23rd June 2023

Dear Bill,

Further to my Internal Audit of the Council in respect of the 2023 Annual Return, I am submitting my report and observations to the Council. As you will notice from the attached Internal Audit Report it was unfortunately necessary to issue a negative response in respect of Control Objective 3.

Control Objective 3

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

Reason for the negative response Control Objective 3

The Practitioners Guide sets out "Proper governance practices"

1. The council should maintain a risk register.
2. The council should review its risk register not less than annually.

From the records available, there is no evidence that the Council has undertaken such a review of its Risk Register during the 2022-23 financial year.

Implications in respect of the Annual Return

As previously advised it will be necessary for a negative response to be entered on the Internal Audit Report. In addition, the Council will also have to return a negative response in respect of Assertion 5 of the Annual Governance Statement.

It is highly likely that this issue will be subject to further query by the External Auditor and it would be helpful in that regard if the Council were to properly Minute a discussion of a review of this issue and to include an explanatory letter when submitting the Annual Return.

Annual internal audit report to:

Name of body: Magor With Undy Town Council

The Council/Board/Committee's internal audit, acting independently and on the basis of an assessment of risk, has included carrying out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year ending 31 March 2023.

The internal audit has been carried out in accordance with the Council/Board/Committee's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and the internal audit conclusions on whether, in all significant respects, the following control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of the Council/Board/Committee.

	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
1. Appropriate books of account have been properly kept throughout the year.	Yes <input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
2. Financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for.	Yes <input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
3. The body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	<input type="radio"/>	No <input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
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.	Yes <input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
5. Expected income was fully received, based on correct prices, properly recorded and promptly banked, and VAT was appropriately accounted for.	Yes <input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
6. Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.	<input type="radio"/>	<input type="radio"/>	N/A <input type="radio"/>	<input type="radio"/>	
7. Salaries to employees and allowances to members were paid in accordance with minuted approvals, and PAYE and NI requirements were properly applied.	Yes <input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
8. Asset and investment registers were complete, accurate, and properly maintained.	Yes <input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	

Magor With Undy Town Council

Internal Audit Summary 2022-23

Interim Audit Date: 03/02/2023

Year End Audit Date 22/06/2023



Internal Control Objective		Negative Analysis				Responses					
		Non - Compliance	High	Medium	Low	Advisory	Positive	Negative	N/A	Not Checked	Recommendations
1	Appropriate books of account have been properly kept throughout the year	0	1	0	0	0	4	1	0	0	1
2	Financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for.	0	1	2	0	0	28	3	7	0	4
3	The body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	1	0	1	0	1	6	3	2	0	3
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.	0	1	1	0	0	11	2	2	0	3
5	Expected income was fully received, based on correct prices, properly recorded and promptly banked, and VAT was appropriately accounted for.	0	1	1	0	0	12	2	9	0	3
6	Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.	0	0	0	0	0	0	0	9	0	0
7	Salaries to employees and allowances to members were paid in accordance with minuted approvals, and PAYE and NI requirements were properly applied.	0	0	0	0	0	18	0	5	0	0
8	Asset and investment registers were complete, accurate, and properly maintained.	0	0	0	0	0	6	0	4	0	0
9	Periodic and year-end bank account reconciliations were properly carried out.	0	0	0	0	0	12	0	4	0	1
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.	0	0	0	0	0	8	0	1	0	0
11	Trust funds (including charitable trusts). The Council/Board/ Committee has met its responsibilities as a trustee.	0	0	0	0	0	0	0	5	0	0

Magor Town Council

Financial Year 2022-23

Year End Internal Audit Observations



IAC Audit and Consultancy Ltd

Visit date: 22- June -2023

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 Council, as a body, has undertaken a formal review of risk (this cannot be delegated to sub-committee) - Year End Audit	The Council, as a body, has not formally Minuted a review of Risk during the Financial Year.	It is a requirement of the Annual Governance Statement, as well as the Annual Internal Audit Report, that the Council has undertaken a review of Risk. As no such review has been confirmed in Council Minutes the Council must record a Negative response for Assertion 5 of the Annual Governance Statement. It will also be necessary for the Internal Auditor to give a Negative Response for Internal Control Objective 3 on the Annual Internal Audit Report.	Non Compliance	
2	The value of the Councils Fidelity Insurance covers the value of the Councils cash & bank holdings	The value of the Councils Fidelity Insurance at £250,000 does not cover the value of the Councils cash & bank holdings which exceeded £420,000 as at 31st March 2023.	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	Council has returned to IAC completed Internal Audit Observations spreadsheets from prior audit(s)	The Council has not provided its response to the Internal Audit Observations from the previous audit and returned it to IAC.	Council to provide its comments on the previous Internal Audit Observations.	Medium	