William Lewis
Town Clerk
Magor and Undy Town Council
Council Office
Unit 3, Salisbury House,
Magor Square,
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NP26 3HY

1st June 2025

Year End Internal Audit

An audit was carried out by Kevin Rose on Friday 23 May 2025. This was the Year End audit following on from the interim audit carried out on 28 November 2024.

The audit was undertaken using the standard IAC Audit Checklist, which we use for all Local Councils, which has 180 items. A total of 77 items were tested during this audit in addition to the 103 items tested and checked during the interim audit process. All items on the checklists were tested during the year.

The following 'Internal Control Objectives' of the Annual Internal Audit Report (part of the AGAR) were checked and confirmed as being Not Applicable to your Council for this financial year.

-Petty cash (Box 6)
-Trust Funds (Box 11)

(Please refer to the explanation of my 'Not Covered' responses on Page 3)

Areas subject to audit were;

-the Payment system (Box 2)
-Risk and insurance (Box 3)
-Budget and precept setting and monitoring (Box 4)
-Income billing, collection and VAT (Box 5)
-Payroll(Box 7)
-Assets and investments (Box 8)
-Bank reconciliations (Box 9)
-Accounting Statements (Box 10)

Summary of tests undertaken during this audit

Positive response	56
Negative response	4
Not Applicable to your Council	17
Total tests carried out	**77**

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Of the applicable items tested a Positive response was obtained in respect of 56 tests. There were 4 Negative responses identified and 7 Observations were made, details of which are set out in the attached Year End Internal Audit Observations.

Summary of tests undertaken for the financial year (including interim audit work)

Positive response	118
Negative response	10
Not Applicable to your Council	52
Total tests carried out	**180**
Tests not carried out	Nil

I am pleased to advise that no 'Non-Compliances' were identified that would give rise to a negative response on the statutory Annual Internal Audit Report.

Based on the audit testing carried out I am satisfied that the Council's internal controls were effective for the 2024/25 financial year.

I would like to express my thanks for the assistance and hospitality provided to me during my audit.

Yours sincerely,

Kevin Rose ACMA
Director

Internal Audit 'Not Covered' Responses

Internal Control Objective	Reason for Not Covered Response
6: Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.	The reason for the Not Covered response for Objective 6 is that we understand that your Council does not maintain a Petty Cash. (Note: Where cash is held as a cash float, solely for the purpose of providing change, this is covered in our response to Internal Control Objective 9)
11: Trust funds (including charitable trusts). The Council/Board/ Committee has met its responsibilities as a trustee.	The reason for the Not Covered response for Objective 11 as it is our understanding that the Council does not act as Trustee.

Magor with Undy Community Council

Interim Audit Date: 28/11/2024

Year End Audit Date 23/05/2025

Internal Audit Summary for the year 2023-24

(shaded Internal Control Objectives are not applicable to your Council)

	Internal Control Objective	Observations	Observation Analysis					Responses			
			Non - Compliance	High	Medium	Low	Advisory	Positive	Negative	N/A	Not Checked
1	*Appropriate books of account have been properly kept throughout the year.*	0	0	0	0	0	0	6	0	0	0
2	*Financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for.*	3	0	1	2	0	0	34	1	8	0
3	*The body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.*	4	0	1	2	0	1	8	3	1	0
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.*	1	0	1	0	0	0	10	1	5	0
5	*Expected income was fully received, based on correct prices, properly recorded and promptly banked, and VAT was appropriately accounted for*	2	0	1	1	0	0	12	2	11	0
6	*Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	9	N/A
7	*Salaries to employees and allowances to members were paid in accordance with minuted approvals, and PAYE and NI requirements were properly applied.*	2	0	2	0	0	0	22	1	1	0
8	*Asset and investment registers were complete, accurate, and properly maintained.*	3	0	2	1	0	0	5	2	4	0
9	*Periodic and year-end bank account reconciliations were properly carried out.*	0	0	0	0	0	0	12	0	4	0
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.*	1	0	0	1	0	0	9	0	2	0
11	*Trust funds (including charitable trusts). The Council/Board/ Committee has met its responsibilities as a trustee.*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	7	N/A
	Total	16	0	8	7	0	1	118	10	52	0

Year End audit summary Magor with Undy Community Council

(shaded Internal Control Objectives are not applicable to your Council)

Year End Audit Date **23 May 2025**

Internal Control Objective		N/A	Tested	Positive	Negative	Observations	Non Compliance
Box 1	*Appropriate books of account have been properly kept throughout the year.*		0	0	0	0	
Box 2	*Financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for.*	3	11	11	0	1	
Box 3	*The body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.*	1	6	5	1	1	
Box 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.*	1	0	0	0	0	
Box 5	*Expected income was fully received, based on correct prices, properly recorded and promptly banked, and VAT was appropriately accounted for*	2	0	0	0	0	
Box 6	*Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.*		N/A	N/A	N/A	N/A	
Box 7	*Salaries to employees and allowances to members were paid in accordance with minuted approvals, and PAYE and NI requirements were properly applied.*	1	23	22	1	2	
Box 8	*Asset and investment registers were complete, accurate, and properly maintained.*	4	7	5	2	3	
Box 9	*Periodic and year-end bank account reconciliations were properly carried out.*	3	6	6	0	0	
Box 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.*	2	7	7	0	0	
Box 11	*Trust funds (including charitable trusts). The Council/Board/ Committee has met its responsibilities as a trustee.*		N/A	N/A	N/A	N/A	
	Totals	**17**	**60**	**56**	**4**	**7**	**0**

Magor with Undy Town Council
Financial Year 2024-25

IAC Audit and Consultancy Ltd

Audit date: 23 May 2025

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	Response	Observation	Recommendation	Priority	Comments
1	Can bank payment transactions be traced to source documents ? (Year End)	Yes	*Council Minutes record approval of 'reconciliation report'. It is understood that this includes Council approval of payments made.* *The Council's Financial Regulations 7.9 requires that online payments are made "by resolution of the council".*	Council Minutes should specifically record the approval of payments.	Medium	Observation noted. Agenda for 14/07/25 included this requirement as will all future agendas relating to Finance reconciliation and approval of payments.

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

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	The value of the Councils Fidelity Insurance covers the value of the Councils cash & bank holdings	No	*The value of the Councils Fidelity Insurance, at £500,000, does not cover the value of the Councils cash & bank holdings which stood at £574,000 as at 31st March 2025.*	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	Councils Insurance provider has increased level of Fidelity to £750,000 effective from 24/06/25. Category Limit of indemnity Excess All employees £750,000 £250 Aggregate limit of indemnity: £750,000 Section 13 - Terrorism Section does

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	Response	Observation	Recommendation	Priority	Comments
1	Salaries paid agree with those approved by the council	Yes	*There was a difference in computed pay for one part time member of staff. It appears that they may be a small underpayment each month.*	The Council to review the salary paid for the part time member of staff and verify whether it is correct.	High	Received and steps being undertaken to confirm accuracy following which adjustments can be made to future salary and past salary payments from commencement of contract.

2	The Council has in a place a process for the review and approval of overtime or Time In Lieu	No	*The Council does not have in a place a process for the review and approval of overtime or Time In Lieu.*	The Council to put in place a process for the formal review and approval of overtime. This should include a specific arrangement to confirm, in writing, whether overtime is to be paid or taken as time in lieu.	High	Clerk to raise enquiry with with Councils HR consultants for provision of guidance and specimen policy which shall be presented to Council for consideration.

8 ***Asset and Investment registers were complete, accurate, and properly maintained.***

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	There is a register of owned assets	Yes	*It was noted that the Councils asset register includes a number of items of low value.*	The Council to consider putting in place a minimum value limit for assets to be included in the asset register. Items of a lower value, which are operationally important, may be included in a separate 'Inventory' listing.	Medium	Enquiries commenced with neighbouring Councils with a view to initiating a change of policy and procedure.
2	Total of Asset Register agrees to Box 9 value of Accounting Statements	No	*It was not possible to agree the Asset Register to the value stated in Box 9 of the Accounting Statements*	Council to review the value stated in Box 9 and ensure that it agrees to the total value stated on the Asset Register.	High	Review completed. Error located consequent to Hybrid Equipment (OWL3) not being recorded on current assets register. Asst register has been updated and adustments in Finance records attended to.
3	Movement on asset register agrees to additions to disposals made in the year	No	*Movement on the asset register does not agree to additions to disposals made in the year.*	Council to review the change in the value of assets from prior year and agree the movement to additions and disposals made in the current year,	High	Council have agreed in principle of the need to make fundamental changes to what should be included on the asset and attend to the adjustments as identified in this observation. See 8.1.