

Llanbadoc Community Council

Report of the Internal Auditor for the Year Ending 31st March 2018

I have audited the accounts and examined accompanying documentation for the financial year 2017-18 and make the following observations.

1. The appropriate records have been properly kept throughout the year. The details of income and expenditure are kept on excel spreadsheets and are clear and easy to read and interpret. I would make the following recommendations: (a) Items of expenditure which include VAT should be quoted inclusive of VAT as this is an actual expense incurred at the time of payment. (b) Sums which are withdrawn from the building society account but for any reason are unspent and then returned to the account should be recorded as items of expenditure and income respectively so as to be consistent with the building society account records.
2. Financial regulations have been met and all payments were adequately evidenced by invoices, the council's building society account book records and all items of expenditure were approved and recorded in council minutes. The VAT incurred in the council's expenditure is clearly recorded but needs now to be reclaimed as soon as possible including any from previous years.
3. The Council has assessed the significant risks to achieving its objectives and reviewed the adequacy of their arrangements. A full council meeting was held on 16/1/18 to review the budget for 2017-18 and the Finance & procedural Sub Group met on 5/3/18 to review the effectiveness of internal audit plan and the Council's system for internal control. The internal auditor was also sent a copy of the Council's current internal audit plan on appointment.
4. The annual precept demand for 2018-19 was determined at an extraordinary full meeting of the Council on the 18/1/18 by a very detailed budget review and planning process the results of which were approved and recorded in the council minutes. The level of council reserves for 2018-19 were included in this process and were properly assessed and categorised. The amount of precept requested from Monmouthshire County Council was confirmed by a receipt from the County Council.
5. The expected Council income was received and banked as evidenced by entries in the building society passbook and was recorded in the excel spreadsheet accounting record for the year.
6. All items of council expenditure were approved by the Council and recorded in the minutes. Expenditure was supported by invoices and evidenced by withdrawals from the building society passbook and recorded in the excel cash book (accounts). The VAT paid was clearly identified and requires recovery as soon as possible. The Council does not operate a petty cash system and all payments are made via the Building Society account via drawn cheques. The Council does not have any specifically identified Section 137 Expenditure.
7. The Clerk's salary and running expenses were paid in line with council approvals and recorded in the minutes. These payments were evidenced by invoices and withdrawals recorded in the Council's building society passbook. These payments were also recorded in the excel accounts spreadsheet. The Clerk's payroll services are provided for by Monmouthshire County Council so the correct income tax and NI are deducted from monthly salary payments. The County Council payroll details were provided by the Clerk's monthly pay form and invoices for the payment of the payroll service.
8. The Council's asset register has been properly maintained and assets are adequately insured. The Council reviewed its assets on 30/11/17 and the results were approved by the Council at its meeting on 6/12/17 and recorded in the minutes of that meeting. It is noted that there is

a considerable variation between the value of assets recoded in 2016-17 and those in 2017-18. This is due to the fact that during the asset review some of the assets (play equipment) were found to be the property of Monmouthshire County Council and so have been removed from the register. The County Council have confirmed this situation by e-mail dated 9/10/17. The Council does not have investments/investments register.

9. The Council's accounts have been kept in such a way as to enable monthly income and expenditure and bank reconciliation to be recorded and presented to members at their meetings. The end of year bank reconciliation statement has been correctly prepared.
10. Accounting statements prepared during the year 2017-18 had been prepared on the correct accounting basis (receipts-payments) and these agreed with the cash book spreadsheet and were supported by an audit trail from underlying council records and documents. The accounting statement for the Annual Return for 2017-18 had been correctly prepared and any significant variances from 2016-17 accounted for.
11. The Council does not have any Trust Funds and hence has no management function in this respect.

A handwritten signature in dark ink, reading "J. W. Turner". The signature is written in a cursive, slightly slanted style. The letters are connected, and the overall appearance is that of a personal or professional signature.

Internal Auditor

19/4/18