**Llanbadoc Community Council**

**Report of the Internal Auditor for the Year Ending March 31st 2021**

I have audited the accounts and examined the accompanying documents and records for the financial year 2020-21 and make the following observations under the subheadings detailed in the Annual Return for 2020-21.

1. Council financial records have been kept properly throughout the year. Details of income and expenditure, accounts and other accounting statements have been kept on excel spreadsheets and are clear to read and easy to understand and interpret.
2. Financial regulations have been met and all payments were evidenced by invoices, tenders, contracts and entries from the Council’s Building Society account book and HSBC bank statements. All items of expenditure were approved and recorded in council minutes. The VAT incurred in the Council’s expenditure was clearly identified and accounted for. VAT payments for the year 2020-21 are currently being reclaimed.
3. The Council has undertaken assessments of the significant risks to achieving its objectives and reviewed the adequacy of their arrangements. The internal audit policy was reviewed in February 2021 and adopted by the Council in April 2021. A Home working risk assessment was completed by April 2021. The council risk assessment policy review was due in January 2021 but was delayed until April 2021. A review of the effectiveness of internal controls is due to be completed on 23/4/21.
4. The annual precept demand for 2020-21 was approved at a meeting of the Council on 4/12/19 on the basis of a budget review process. The Council precept demand of £14,633 was further evidenced by a remittance advice note from Monmouthshire County Council. The budget was monitored throughout the year via regular finance reports to the Council. Council balances at the start of the financial year 20-21 were £20,371. This a high figure and no proportion of this appears to have been ear marked for any expenditure during 2020-21.The Council should give consideration as to how it intends to reduce its reserves to a more appropriate level either by using it to partly fund its precept in future years or spending it to benefit the Llanbadoc community. The Council should ask itself why it needs such high reserves given that current expenditure is being met by the precept.
5. The expected sources of Council income were received and banked as evidenced by entries in the Building Society passbook and HSBC account and payment advice notes. Income for the year was recorded in the excel spreadsheet accounting records.
6. All items of expenditure were approved by the Council and recorded in the minutes. Expenditure was supported by invoices and evidenced by withdrawals recorded in the building society and HSBC bank statements. All items of expenditure were recorded in the excel accounting spreadsheets and reported to council meetings. Any VAT paid was clearly identified. The Council does not operate a petty cash system and all payments are made directly from either the Building Society account or HSBC current account.
7. The Clerk’s salary, allowances, and pension contributions were paid in line with Council approvals and recorded in the accounts and minutes. These payments and the correct income tax and NI deductions were evidenced by HMRC statements, P60 forms, withdrawals recorded in the HSBC current account and the excel account spreadsheet. Councillors allowance payments were also recorded in the accounts and minutes and correct income tax paid on these.
8. The Council’s asset register has been properly maintained and updated. It gives very full details of all assets when they were acquired, their location and value. The value of Council assets has increased considerably form 19/20 to 20/21 as a result of expenditure on the Llanbadoc Island car park and facilities. The Council’s insurance policy schedule has been appropriately adjusted to include these new assets.
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 2020-21 have been prepared on the correct accounting basis and these agree with the excel spreadsheet account records and are supported by an audit trail from underlying council records and documents. The accounting statement for the Annual Return 2020-21 has been correctly prepared and any significant variances from 2019-20 accounted for.
11. The Council does not have any Trust Funds and hence has no management function in this respect.



Internal Auditor

27/4/21