

INTERNAL AUDIT REPORT FOR EGLWYSWRW COMMUNITY COUNCIL 2022/23

5th June, 2023

Dear Members of Eglwyswrw CC

Thank you for asking me to conduct an internal audit for the year 2022-2023. This is my covering report, to be read in conjunction with the completed proforma attached.

In carrying out this audit, I have reviewed the records made available to me, and where it has not been possible to verify every item, I have used sampling to satisfy myself that the records have been maintained, and the accounts prepared accurately.

In my approach to the work (numbers refer to sections in proforma):

- (1) I reviewed the bank statements, and the movement in funds between the opening and closing balances is fully supported by the Council's accounts.
A cash book has been maintained, and I was unable to identify any omissions.
I was given the cheque books, and the stubs agree with the other records.
- (2) Some 30 cheques have been issued, and one direct payment made. As this is my first audit of the Council's activities, I sampled 20% of these against the minutes of the council meetings, and found approvals for all these 6 payments.
I have seen an invoice against those items of expenditure where an invoice is to be expected.
A VAT return was provided with the accounts, therefore I am satisfied that VAT has been correctly handled.
- (3) The time between having been instructed on this audit, and the date of this report, has been inadequate for me to comment on whether the Council has "*.. assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.*"
I note however that annual insurances have been paid, and therefore I shall look at this area in more detail for the report due next year. I have therefore assumed that the insurance renewal required some assessment of risk, and have responded accordingly.
- (4) With regard to this section, I have not been given a formal budget, and do not believe that one has ever been prepared. The precept demand amount has been arrived at by means of discussions at Council meetings, based on recent historic spends, and the Councillors' intentions with regard to supporting discretionary donations to local causes. I believe the proforma caters for bodies much larger than ECC, and that the published accounts, minutes and intimate local knowledge of the Council, serves to be an adequate substitute for a formal budget.
Having made these observations, I would recommend that a budget is indeed prepared. It would give the Council a valuable tool in managing its affairs, in particular:
 - (a) Some categories of expenditure are non-discretionary (Clerk costs, insurance, rent) and these must have adequate funds in place to cover.

- (b) There appears to be little in the way of assessing how many, and what value of donations may be requested during the course of a year, and of the budgeted amount, there seems to be no running total of the remaining available balance. A running total will assist Councillors in evaluating requests.
 - (c) Formally considering all likely expenditure at the start of a year, serves to demonstrate sound fiscal management. Therefore the precept can be defended much more vigorously, should a resident challenge it or question how the precept has been set.
 - (d) There may have been occasions where requests have been received more than once from the same organisation in the same year, and while this may be perfectly acceptable, it may result in another request being declined due to lack of funds.
 - (e) Preparing a budget is very effective at focussing attention on what is likely to be required for the forthcoming year.
- (5) Income was the precept amount. There was no further work necessary in support of this amount, the request having been made prior to the year of review.
I note that £7000 has been recorded in the minutes as the requested precept for 23/24. There was no VAT to be accounted for.
- (6) There is no petty cash.
- (7) A copy P45 was provided in regard to PAYE compliance, therefore I am satisfied that PAYE regulations have been correctly followed, however without a P60 or equivalent, I am unable to reconcile the records (at DMB) with the £2026 in the accounts.
- (8) There are no fixed assets recorded in the books of account. However, I note that salt bins have been purchased during the year, and recorded as "Equipment". However the value is less than £1000, normally the threshold for categorising an item as a fixed asset.
- (9) I believe my comments in (1) above covers this item (bank reconciliations).
- (10) I am satisfied that the Council fully complies with this item.
- (11) There are no trust funds.
- (12) I have nothing to report for sections (12) to (14).

This is the end of my report. I will be pleased to provide more details or discuss further if requested. I will also be happy to assist the new Clerk with any of the foregoing.

Yours sincerely,
Adrian Charlton.

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