

WJMJ

W.J. Matthews a'i Fab
Cyfrifwyr Siartredig
Ymgynghorwyr Treth Siartredig
Archwiliwr Cofrestredig

W.J. Matthews & Son
Chartered Accountants
Chartered Tax Advisers
Registered Auditor

Councillor Paige
The Mayor
Cyngor Tref Machynlleth
Y Plas
Plas Machynlleth
Machynlleth
SY20 8ER

09 June 2023

Dear Councillor Paige

We have reviewed our procedures for ensuring independence from clients with regard to audit assignments.

In our opinion there are no matters or interests which conflict with our carrying out our function as Internal Auditor objectively and independently of the Cyngor Tref Machynlleth.

Yours sincerely



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THE
CHARTERED
INSTITUTE OF
TAXATION

Partneriaid / Partners: D.A. Chidley, B.Sc.(Econ), F.C.A., C.T.A. L.M. Adams, B.Sc., A.C.A.

Cofrestrwyd i ymgymryd â gwaith archwilio a rheolwyd i rediad o weithgareddau busnes buddsoddi yn y Deyrnas Unedig gan y Sefydliad Cyfrifwyr Siartredig yn Lloegr a Chymru. Cofrestrwyd gyda'r Sefydliad Trethiant Siartredig fel ffyrn o Ymgynghorwyr Treth Siartredig.
Registered to carry on audit work and regulated for a range of investment business activities in the UK by the Institute of Chartered Accountant in England and Wales. Registered with the Chartered Institute of Taxation as a firm of Chartered Tax Advisers.



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Dear Councillor Paige

We have concluded our work as Internal Auditors of Machynlleth Town Council for the year ended 31 March 2023. It is a requirement of Part 3 of the Accounts and Audit Regulations (Wales) 2014 that local councils "maintain an adequate and effective system of internal audit of their accounting records and control systems." During our review of the processes and procedures we have identified the following:

1. Bank reconciliations

Section 2.2 of the Financial Regulations state the following in relation to bank reconciliations:
On a regular basis and at least one in each quarter, and at each financial year end, a member other than the Chair shall be appointed to verify bank reconciliations produced by the RFO. The member shall sign the reconciliations and the original bank statement as evidence of verification. This activity shall on conclusion be reported, including any exceptions, to and noted by the council.

Our audit work identified that the bank reconciliations were not prepared every quarter. The last reconciliation prepared was dated 30 November 2022 which was presented at the January Finance Panel. A bank reconciliation was not presented at the April 2023 finance panel. We also note that there is no evidence of verification by the Chair for the reconciliations prepared. We recommend that verification is evidenced or that the financial regulations are updated if this is no longer considered to be relevant.

2. Petty Cash

The audit work identified that on some occasions cash income received was paid into the petty cash float and not separately banked as required by the financial regulations. We also note that the petty cash was not physically counted at the year end and therefore we are unable to verify that the petty cash figure is correct at the year end.

We recommend that controls in relation to petty cash are strengthened to ensure that cash income is banked separately and that the cash balance is counted on a regular basis and reconciled to Sage.

We understand that the council have made a decision to use a credit card in order to minimise the number of cash transactions. We recommend that the controls in relation to approval of credit card payments and processing are reviewed to ensure they are adequate.



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3. Change of RFO

The controls in relation to the approval and authorisation improved during the year. There was lack of evidence of review and approval of purchase invoices for the first few months of the financial year. This improved significantly during the second quarter of the financial year with evidence of review and approval on all invoices sampled and tested.

It is our recommendation that these established controls are continued and prioritised during the handover period to the newly appointed town clerk. This will ensure that the audit trail remains throughout this period of change.

We would like to take this opportunity to thank you for the co-operation we received during the course of our audit.

Yours sincerely

L T Manum dc