



HUDSON ACCOUNTING LTD.
INTERIM INTERNAL AUDIT REPORT:
TO THE MEMBERS OF HAYLE TOWN COUNCIL
YEAR ENDED 31ST MARCH 2024.

ISSUE DATE: 08/11/2023
ISSUED TO: TOWN CLERK

INTRODUCTION:

Internal auditing is an independent, objective assurance activity designed to improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

Scope:

The scope of the audit covers, as a minimum, the areas included in the Internal Audit Report contained in the Annual Governance & Accountability Return.

Any areas not covered at this interim stage will be included later in the year or during the final audit activity.

Approach:

Audit work is carried out in line with the Chartered Institute of Public Finance and Accountancy's Internal Audit Standards and guidance issued by the National Association of Local Councils.

Where applicable we have included reference to 'proper practice' and the associated guidance as laid out in 'Governance & Accountability for Smaller Authorities in England' which is applicable to financial years from 1st April 2023.

Selective testing was carried out and the relevant policies, procedures and controls were reviewed.

GENERAL COMMENTS:

We would like to thank the staff for their assistance and co-operation during the audit.

The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

It should be noted that assurance can never be absolute. The most that the internal audit service can provide is a reasonable assurance that there are no major weaknesses in risk management, governance, and control processes. The audit does not guarantee that the accounting records are free from fraud or error.

We have provided a table of audit recommendations, where required that allow for the Council's response, which can be used as an ongoing monitoring tool. We would be grateful if, in due course, it was completed and returned to us.

AUDIT COMMENTARY:

Previous Recommendations

The current position in respect of previous recommendations is contained in the attached Internal Audit Response Record.

Accounting Records

The accounts are maintained on RBS accounting software they were up to date and appeared free from material errors.

Financial Regulations

Financial Regulations were last reviewed in April 2023.

Payments

A sample of payments was tested to establish whether the spending decision, procurement process, certification and approval for payment were in line with Financial Regulations as well as ensuring that payments were supported by invoices, VAT was correctly accounted for, and payment controls were applied.

Purchasing

A scheme of delegation is in place and purchase orders are used.

Procurement

Procurement activity has been undertaken in line with Financial Regulations.

Payments

Payments were supported by invoices and had been certified by the RFO prior to their inclusion on payment schedules approved by Members.

Risk

Risk Assessment

The Council has yet to review its risk assessment this year.

In addition to the risk assessment the Council should also review the effectiveness of its internal controls and of internal audit.

Insurance

Statutory insurances are in place and the Fidelity Guarantee remains inadequate at £1 million, with cash held exceeding the cover in place by £250K at the end of September.

This figure will gradually reduce as all the precept has now been received and the position should be reviewed at the year-end.

The insurance schedule was cross referenced to the asset register. There are no obvious omissions.

The toilets are insured by the landlord and the Council should ensure that the cover is adequate.

Investments

There is not an up-to-date Investment Strategy in place.

It is a requirement for all Council's with more than £100K of investments to have a strategy in place and to review it annually.

Budgets

Setting

We reviewed the 2023/24 budget setting process as part of our final audit work last year and we will review the 2024/25 process later in the year.

Monitoring

Quarterly budget monitoring information is provided to the Resource Committee.

Income

Systems were tested to ensure that suitable controls are in place to ensure that all income is received in a timely manner, that charges are correctly applied and that any cash received is promptly receipted and banked.

Precept

The precept received is in accord with that set by the Council.

Burials

The two items of burial income for the year to date were both correctly charged.

Allotments

There is an allotment register in place' fees have been correctly applied and procedures are in place for late payers.

VAT

VAT claims for both quarter one and two have been submitted.

Swimming Pool

Testing revealed no issues to report.

Library income

Library income is controlled via a till.

Income is limited and the till is balanced most months, however, no income was banked until October.

VAT is charged on all items in line with the self-billing Agreement in place with Cornwall Council.

It would be worth getting an opinion on the VAT treatment from CALC's VAT advisor.

Payroll

New Starters

A new employee has been issued with a contract of employment and been paid in accordance with the Terms therein.

Re-gradings

Changes in employee's terms and conditions have been approved by Members and have been accurately implemented.

Tax, NI & Pensions

PAYE and pension requirements have been met.

Pay Award

The national pay award has yet to be agreed

Bank Reconciliation

Monthly bank reconciliations are carried out in a timely manner and are reviewed by the Town Clerk. To date the reconciliations have not been reviewed by a Member as required by Financial Regulations.

Electors Rights

Full Council properly approved the 2022/23 AGAR.

The opportunity for electors to examine the accounts was properly advertised and the publication requirements in respect of the 2022/23 accounts have been met.

Ts risk management arrangements in March 2023.INTERNAL AUDIT REPORT RESPONSE RECORD – HAYLE TOWN COUNCIL

No	Recommendation	Management Response	Timescale/ Responsibility	Follow Up (for auditor use)
INTERIM REPORT 2022/23				
1	The use of tickets at the pool should be re-instated next season.			Closed
YEAR END REPORT 2020/21				
1	Full Council must approve the budget prior to setting the precept and should Minute the amount of the precept set.			Check at year end – still no mention of budget approval in the Minutes. Check at year-end following approval of 2023/24 budget. <i>Still not done – this must be addressed for the 2024/25 budget setting process</i>