

HUDSON ACCOUNTING LTD.
INTERIM INTERNAL AUDIT REPORT:
TO THE MEMBERS OF HAYLE TOWN COUNCIL
YEAR ENDED 31ST MARCH 2026.

ISSUE DATE: 21/10/2025
ISSUED TO: TOWN CLERK & RFO

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.

A**pproach:**
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 2025.

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 is 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 are up to date and appear free from material errors.

Financial Regulations

Financial Regulations were last reviewed in July 2025.

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 routinely used.

Procurement

The procurement process for the community gardens project was carried out in accordance with Financial Regulations.

Payments

Payments made in May were sampled, all relevant controls had been applied, they were approved by Members and accurately input into the accounting system.

Grants

Grants paid to date have all been in accord with Member approvals.

Risk

Risk Assessment

The Council has yet to review its risk assessment in the current financial year.

Internal controls have been reviewed and the internal auditor has been reappointed following an assessment of independence and competence.

Insurance

Statutory insurances are in place and the Fidelity Guarantee is adequate at £1.7 million

Investments

An Investment Strategy covering the 2025/26 financial year was adopted in January 2025.

Budgets

Setting

We reviewed the 2025/26 budget setting process as part of our final audit work last year and we review the 2026/27 process later in the year.

Monitoring

Regular budget monitoring reports are provided to Members in a timely fashion.

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

Burial income is managed by a third party; fees have been accurately applied.

Allotments

A Register is in place and tenants have been invoiced in accordance with the fee structure in place; adequate arrangements for the collection of monies due are in place.

VAT

VAT claims are up to date.

Swimming Pool

July payments were tested with no issues to report.

Payroll

New Starters

New employees have been issued contracts of employment and have been paid in accordance with the Terms therein.

Tax, NI & Pensions

The September payroll was tested with no issues to report.

Incremental and other changes

Incremental progressions and other changes have been duly approved, where required, and accurately implemented.

Pay Award

The national pay award has been accurately implemented.

Bank Reconciliation

Monthly bank reconciliations are carried out in an accurate and timely manner and are reported to and approved by Members.

Electors Rights

Full Council properly approved the 2024/25 AGAR.

The opportunity for electors to examine the accounts was properly advertised and the publication requirements in respect of the 2024/25 accounts have been met.

INTERNAL AUDIT REPORT RESPONSE RECORD – HAYLE TOWN COUNCIL

No	Recommendation	Management Response	Timescale/ Responsibility	Follow Up (for auditor use)
YEAR-END REPORT 2023/24				
1	**The Fidelity Guarantee should be increased.**			The cover has been increased however it will still be insufficient at certain times of the year thus a further review is required, See comments in the interim report 2024/25. **Cover now adequate at £1.7 million - closed**