



HUDSON ACCOUNTING LTD.
INTERIM INTERNAL AUDIT REPORT:
TO THE MEMBERS OF HAYLE TOWN COUNCIL
YEAR ENDED 31ST MARCH 2023.

ISSUE DATE: 18/10/2022
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 2022.

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 Omega accounting software they were up to date and appeared free from material errors.

Financial Regulations

Financial Regulations were last reviewed in January 2022.

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 widely used.

Procurement

Three ongoing contracts were reviewed for compliance with Financial Regulations all were found to be in order.

Larger one-off purchases in the current year were subject to competitive pricing or were of an urgent and/or specialist nature and thus subject to the provisions of paragraph 11.1 of Financial Regulations.

Payments

Payments are supported by invoices and are certified by the RFO prior to being included on payment schedules approved by Members.

Payment methods

The primary payment method is electronic banking; sufficient separation of duties exists as Members login to the bank to release payments.

There are a number of credit cards that have been issued however Financial Regulations restrict use to the Clerk/RFO only.

Financial Regulations should be updated to reflect the use of credit cards by numerous staff.

Risk

Risk Assessment

The Council is yet to review its risk management arrangements in this financial year.

Insurance

Statutory insurances are in place and the Fidelity Guarantee remains inadequate at certain points in the year (when the precept is received and the ensuing month).

If it is not possible to economically increase the level of cover then the risk of periodically exceeding the cover in place should be recognised in the Council's risk assessment and any additional mitigating factors thought necessary implemented.

Investments

The Investment Strategy needs review as required by Regulations.

Budgets

Setting

We reviewed the 2022/23 budget setting process as part of our final audit work last year and we review the 2023/24 process later in the year.

Monitoring

The previous year's outturn and budgetary performance for quarter one have been reported to Members in 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

The administration and maintenance of the new cemetery has been outsourced. To date fees have been correctly applied.

Council should ensure that the record keeping of the contractor is periodically reviewed.

Allotments

A Register is in place as are individual Agreements with the tenants. All income due for the year has now been received.

VAT

VAT claims are up to date.

Swimming Pool

The majority of income is received through online bookings; however, there are some cash and card payments made at the gate. No tickets are issued thus there are no controls over this aspect of the service delivery.

Recommendation 1

The use of tickets at the pool should be re-instated next season.

Payroll

New Starters

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

Tax, NI & Pensions

PAYE and pension requirements have been met.

Bank Reconciliation

Monthly reconciliations were found to be accurate and were conducted in a timely manner. They are reviewed by the RFO and the Town Mayor.

Electors Rights

Full Council properly approved the 2021/22 AGAR.

The opportunity for electors to examine the accounts was properly advertised and the publication requirements in respect of the 2021/22 accounts have been met.

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.			
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 Minute Check at year-end following approval of 2023/24 budget.