



HUDSON ACCOUNTING LTD.
INTERIM INTERNAL AUDIT REPORT:
TO THE MEMBERS OF HAYLE TOWN COUNCIL
YEAR ENDED 31ST MARCH 2025.

ISSUE DATE: 10/10/2024
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 2024.

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 allows 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 were up to date and appeared free from material errors.

Financial Regulations

Financial Regulations were last reviewed in July 2024 and reflect the new model documentation issued by NALC.

There are still some square brackets around authorisation limits in paragraph 6.9; these amounts should be confirmed and the brackets removed.

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.

Payments

Payments over £250 made in June were tested. All were included on payment schedules approved by Members they were supported by invoices and had been certified prior to payment. They were accurately input into the accounting system and VAT was properly accounted for.

Risk

Risk Assessment

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

The effectiveness of internal controls was assessed in July 2024.

Insurance

Statutory insurances are in place and the Fidelity Guarantee has been increased to £1.3 million.

Receipt of the second precept instalment has meant that cash in hand sits in excess of £1.5 million, so there will be a period when the Guarantee remains inadequate.

Council should consider the associated risks and any additional cost and decide whether a further increase is required.

Cross checking the insurance schedule to the asset register indicated no obvious omissions in cover.

Investments

An Investment Strategy covering the 2024/25 financial year was adopted in January 2024.

Budgets

Setting

We reviewed the 2024/25 budget setting process as part of our final audit work last year and we review the 2025/26 process later in the year.

Monitoring

Quarterly budget monitoring is undertaken by 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

Burial fees have been properly applied and there are no issues to report.

Allotments

Allotment income is managed through a spreadsheet, there were a small number of minor errors but nothing of concern.

There is allotment management software available and the Council may wish to investigate the cost/benefit of purchasing it.

VAT

VAT claims are up to date.

Swimming Pool

Electronic payments for swimming are received from PayPal, Stripe and Barclaycard. August's income was tested and there are no issues to report. There are no cash payments.

Payroll

New Starters

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

Re-gradings

Re-gradings agreed in the previous financial year have been accurately implemented as have incremental progressions.

Tax, NI & Pensions

PAYE and pension arrangements have been properly applied.

Pay Award

The national pay award has yet to be agreed.

Bank Reconciliation

Monthly bank reconciliations have been carried out in a timely manner and are reviewed by the Town Clerk. Member review is undertaken on a quarterly basis in accordance with Financial Regulations.

Electors Rights

Full Council properly approved the 2023/24 AGAR.

The opportunity for electors to examine the accounts was properly advertised and the publication requirements in respect of the 2023/24 accounts have been met.

The external auditor raised suggestions around the annual best practise requirement to review internal audit arrangements and the independence and competence of the internal auditor which the council should embed within its ongoing risk management and internal control arrangements.

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)
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