



HUDSON ACCOUNTING LTD.
INTERNAL AUDIT REPORT:
TO THE MEMBERS OF SALTASH TOWN COUNCIL
YEAR ENDED 31ST MARCH 2021.

ISSUE DATE: 13/05/2021
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 and the Transparency Code.

Areas not covered at the interim stage are included in this report as is any re-testing of areas already covered.

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 2020.

Selective testing was carried out and the relevant policies, procedures and controls were reviewed. Due to the pandemic much of the work was carried out remotely with information provided electronically or hard copies collected and returned a few days later. Overall coverage has not been materially affected.

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.

The review undertaken obtained a level of assurance which has allowed us to complete the Internal Audit Report element of the Annual Governance & Accountability Return with no qualifications, thus in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of the Council.

Also attached is a copy of the completed Internal Audit Report required as part of the Annual Governance & Accountability Return.

AUDIT COMMENTARY:

Items in **bold text** within the body of the report represent our findings in respect of the application of controls, text in *italics* represent suggested actions and may not necessarily pertain to the application of internal controls.

Previous Recommendations

The position in respect of previous recommendations is set out in the attached Internal Audit Response Record.

Accounting Records

Accounting records have been properly kept throughout the year.

Payments

Grants:

Grants paid were traced to member approvals via the Minutes and found to be in accord.

Payments:

Invoices over £500 received since 1st January were checked and there are no issues to report.

Risk

Risk Assessment:

The Policy & Finance Committee considered the Council's Risk Management Strategy, Plans and Assessment at its meeting in March 2021.

It also reviewed the effectiveness of Internal Controls.

Insurance:

The Fidelity Guarantee remains adequate at £2 million.

Budgets

Budget 2020/21:

The budget process was robust, and the precept and budget were properly approved at Full Council in December 2020.

Budget Monitoring:

Monitoring reports have been provided regularly throughout the year.

There has been a significant surplus in the year and Council should ensure it fully understands the reasons behind it.

Adequacy of Reserves:

After allowing for earmarked reserves the general reserve stands at £743,687 equating to 61% of gross expenditure in 2020/21. Within generally accepted parameters.

Income

Burials:

A sample of burial income was tested and there are no issues to report.

Interest:

Interest on Investments has been accurately reflected in the ledger.

VAT:

VAT claims for the year have been submitted and the balance sheet accurately reflects the year-end debtor.

Room Hire:

There has been no income this year.

Petty Cash

Petty cash is adequately controlled and is regularly reconciled and reviewed.

Payroll

Testing of the March payroll revealed no issues to report.

Three new members of staff have been issued contracts of employment and have been paid in accordance with them.

Assets.

The asset register has been updated to reflect in year changes and the total value of assets held has been accurately disclosed in the AGAR.

Bank Reconciliations

Monthly bank reconciliations have been carried out in a timely manner throughout the year.

The year-end bank reconciliation was found to be accurate.

Accounting Statements

The accounts were produced on an income and expenditure basis and were in accord with underlying records.

A good audit trail was provided, and debtors and creditors were properly reflected in the balance sheet.

The publication requirements for the 2019/20 accounts were met.

INTERNAL AUDIT REPORT RESPONSE RECORD – SALTASH TOWN COUNCIL

No	Recommendation	Management Response	Timescale/ Responsibility	Follow Up (for auditor use)
FINAL REPORT 2016/17				
1	The Council's website page dedicated to the Transparency Code is fully populated at the earliest opportunity and those items included within the Model Publication Scheme are also made available on the website.	Ongoing	Finance officer	Still no quarterly procurement information published. – compliance expected very shortly – test 2020/21 – still no publication of all contracts purchase orders etc. in excess of £5,000.

Annual Internal Audit Report 2020/21

SALTASH TOWN COUNCIL

saltash.gov.uk/financeandprecept

During the financial year ended 31 March 2021, this authority's internal auditor acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with the relevant procedures and controls in operation and obtained appropriate evidence from the authority.

The internal audit for 2020/21 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

Internal control objective	Yes	No*	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.	✓		
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓		
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓		
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	✓		
G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.	✓		
H. Asset and investments registers were complete and accurate and properly maintained.	✓		
I. Periodic bank account reconciliations were properly carried out during the year.			
J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	✓		
K. If the authority certified itself as exempt from a limited assurance review in 2019/20, it met the exemption criteria and correctly declared itself exempt. <i>(If the authority had a limited assurance review of its 2019/20 AGAR tick "not covered")</i>			✓
L. If the authority has an annual turnover not exceeding £25,000, it publishes information on a website/webpage up to date at the time of the internal audit in accordance with the Transparency code for smaller authorities.			✓
M. The authority, during the previous year (2019-20) correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations <i>(evidenced by the notice published on the website and/or authority approved minutes confirming the dates set)</i> .	✓		
N. The authority has complied with the publication requirements for 2019/20 AGAR <i>(see AGAR Page 1 Guidance Notes)</i> .	✓		
O. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.	Yes	No	Not applicable
			✓

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

Date(s) internal audit undertaken

Name of person who carried out the internal audit

01/11/2020 13/05/2021 14/05/2021

S P HUDSON C.P.F.A.

Signature of person who carried out the internal audit

S. P. Hudson **SIGNATURE REQUIRED**

Date

14/05/2021

*If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

**Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned; or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).