



HUDSON ACCOUNTING LTD.
INTERIM INTERNAL AUDIT REPORT:
TO THE MEMBERS OF SALTASH TOWN COUNCIL
YEAR ENDED 31ST MARCH 2022.

ISSUE DATE: 06/10/2021
ISSUED TO: ACTING 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.

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 2021.

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 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:

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 that fall short of being a formal recommendation or do not necessarily pertain to the application of internal controls.

Previous Recommendations

The current position in respect of previous recommendations is set out in the Internal Audit Response Record appended to this report.

Accounting Records

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

Financial Regulations

Financial Regulations were last reviewed in May 2021.

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.

Authority to spend:

Spending decisions are traceable to Member approvals in the Minutes.

Procurement:

Within the sample tested the procurement requirements of Financial Regulations had been met.

Payment:

Testing revealed no issues to report, controls were consistently applied and data, including VAT, was accurately reflected in the ledger.

Risk

Risk Assessment:

The Council reviewed its Risk Management arrangements in May 2021.

It also re-affirmed its qualification for the general Power of Competence.

Insurance:

Statutory insurances are in place and the Fidelity Guarantee is adequate at £2 million.

A comparison of the asset register and insurance schedule showed that the Councils major property holdings are insured.

Cash:

A Treasury Management Policy covering the 2021/22 financial year is in place and regular reports on Investment activity are provided to Members.

Budgets

Setting:

We reviewed the 2021/22 budget setting process as part of our final audit work last year and we review the 2022/23 process later in the year.

Monitoring:

Budget monitoring reports are provided to each Committee meeting with appropriate actions taken where necessary.

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 payment received is in accord with that set by the Council.

Annual Moorings:

Fees have been accurately applied and collected in a timely manner.

The scale of fees and charges does not make clear whether the charge, including the minimum charge, is inclusive of VAT (which is how it is being applied).

It would be sensible to make the VAT position clear on the published charges.

Allotments:

All allotment charges have been correctly billed and promptly collected.

VAT:

VAT claims are up to date.

Payroll

2021/22 pay award:

The national pay award has yet to be agreed.

New Starters:

There have been a number of new employees all have been issued contracts of employment and are being paid in accordance with them.

Re-gradings:

Changes to terms and conditions of existing employees have been duly authorised by Members and accurately implemented.

Bank Reconciliations

Bank reconciliations are carried out monthly and are reported to Members.

Testing of reconciliations carried out showed that they were accurate with no old unrepresented payments.

Electors Rights

The 2020/21 Annual Governance & Accountability Return was properly approved by Full Council.

The opportunity for electors to examine the accounts was properly advertised and the publication requirements in respect of the 2020/21 accounts have been 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 Councils 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	Information on website - closed