



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

ISSUE DATE: 24/05/2023
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.

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.

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.

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

There are no previous recommendations requiring action.

Accounting Records

The accounts have been properly maintained throughout the year.

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.

Payment

Further testing of payments made revealed no issues to report.

Grants

A sample of grants awarded was traced to Member approvals in the Minutes; all were found to be in agreement.

Risk

Insurance

The Fidelity Guarantee remains adequate at £5 million.

Risk

The Council reviewed its risk management policies and risk assessment in February 2023.

Budgets

Setting

The budget and precept were properly approved at full Council in December 2022 following a robust process.

Monitoring

Budget monitoring reports are provided to each Committee meeting.

Adequacy of Reserves

After allowing for earmarked reserves of £805,514 the general reserve stands at £1,121,147; equating to 98% of gross expenditure which is at the top end of generally accepted parameters.

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.

Interest

Interest on the Council's investments is accurately reflected in the ledger.

VAT

VAT claims for the year have been submitted and the year-end claim is in accordance with balances held in the accounts.

Petty Cash

Petty cash is sparingly used and adequately controlled.

Assets

The asset register is up to date; valuation methods are appropriate and the total value of assets held is accurately disclosed in the AGAR.

Payroll

The national pay award has been accurately implemented.

Testing of the March payroll revealed no issues to report.

Bank Reconciliation

Monthly bank reconciliations have been carried out in a timely manner throughout the year and have been reported to Members.

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.

Year-end adjustments were properly accounted for.