



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

ISSUE DATE: 04/06/2021
ISSUED TO: TOWN CLERK & RFO

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

There are no outstanding recommendations that require action.

Accounting Records

The accounts have been properly maintained throughout the year.

Payments

Grants:

A sample of grants awarded, including those in respect of the pandemic, was traced to Member approvals in the Minutes; there were no issues to report.

Payments:

Further testing revealed no issues to report.

Risk

Insurance:

The Fidelity Guarantee remains adequate at £700K.

Cash:

The Investment Strategy was reviewed in December 2020

Budgets

Budget 2021/22:

The budget and precept were properly approved by Full Council in January 2021 following a robust process.

Budget Monitoring:

Very regular budget monitoring reports have been provided to members throughout the year.

Adequacy of Reserves:

After allowing for earmarked reserves of £200,150 the general reserve stands at £262,507 equating to 54% of gross expenditure in 2020/21. Within generally accepted parameters.

Income

Shop Rents:

Rent holiday awards have been formalised by Council as suggested.

TIC:

TIC income for October was reconciled from the ledger to till rolls and cash banked; there are no issues to report.

Room Hire

Income has been significantly curtailed by the pandemic; however, some hire has been possible. Bookings in October were tested, and all was in order.

Interest:

Investment interest is accurately reflected in the ledger.

VAT:

VAT claims are up to date, and the year-end debtor is accurately reflected in the balance sheet.

Petty Cash

Petty cash is sparingly used and is adequately controlled.

Payroll

Testing of the March payroll revealed no issues to report.

Assets.

The asset register has been updated for movements in the year and the total value accurately disclosed in the AGAR.

Bank Reconciliations

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

The year-end reconciliation was found to be accurate with no 'balancing' entries or old unrepresented payments.

Accounting Statements

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

A good audit trail was provided, and debtors and creditors properly disclosed.

Publication requirements in respect of the 2019/20 accounts were all met.

Trusts

The Council has met its obligations in respect of the Trusts it administers Where charity returns are required, they have been submitted, albeit a few days late.

Annual Internal Audit Report 2020/21

LISKEARD TOWN COUNCIL

liskeard.gov.uk/key-documents/financial-information

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

01/12/2020 02/06/2021 04/06/2021

S P HUDSON C.P.F.A.

Signature of person who carried out the internal audit

S. P. Hudson

Date

04/06/2021

*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).