



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

ISSUE DATE: 23/05/2023
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.

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.

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

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 revealed no issues to report.

Grants

A sample of grants paid was cross checked to Member approvals in the Minutes; all were in order.

Risk

Insurance

The Fidelity Guarantee remains just about adequate at £800K.

Budgets

Setting

The budget and precept were properly approved at Full Council in January 2023 following a robust process.

Monitoring

Regular monitoring reports have been provided throughout the year.

Adequacy of Reserves

After allowing for earmarked reserves of £227,260 the general reserve stands at £339,294; equating to 54% of gross expenditure which is within 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 received 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 accord with the balance in the accounts.

Leased property

New tenants have been issued with Agreements. One has been billed in accordance with the Terms whilst the other was coming to the end of an agreed rent-free period at the end of the financial year.

Grants

Community Infrastructure Levy received has been transferred to an earmarked reserve as required.

Assets

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

Payroll

The national pay award was accurately applied.

New employees have been issued with contracts of employment and have been paid in accordance with the Terms therein.

Testing of the March payroll revealed no issues to report.

Bank Reconciliation

Monthly bank reconciliations are performed in a timely manner and are 'signed-off' by the RFO.

The year-end bank reconciliation was found to be accurate with no old unrepresented payments.

Accounting Statements

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

Year-end adjustments were appropriately accounted for.

Trusts

Separate bank accounts are maintained and charity returns are up to date and an annual update is provided to Members.

Strictly speaking the annual report to Council should take the form of a separate meeting for each charity (convened before or after the Council business) to demonstrate that the Council is sitting as Trustee, and as such a separate legal entity, and not as the Council.

INTERNAL AUDIT RESPONSE RECORD – LISKEARD TOWN COUNCIL

No	Recommendation	Management Response	Timescale	Audit Follow Up
INTERIM REPORT – 2022- 2023				
1	<p>Involvement with the electronic payment process should be expanded, preferably to include Members but as a minimum two logins should be required to make a payment.</p>	<p>The RFO and Accounts Clerk have undertaken updated training on the electronic payment process (HSBCnet) and we commenced usage of two logins from April 2023. Currently this is two officers - the Town Clerk, RFO & Deputy Town Clerk, and Accounts Clerk have permissions – one to set up and another the confirm the payment.</p>	<p>Initial completion April 2023</p>	<p>Recommendation adopted - closed</p>

Annual Internal Audit Report 2022/23

LISKEARD TOWN COUNCIL

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

During the financial year ended 31 March 2023, 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 2022/23 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 2021/22, it met the exemption criteria and correctly declared itself exempt. <i>(If the authority had a limited assurance review of its 2021/22 AGAR tick "not covered")</i>			✓
L. The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation.	✓		
M. In the year covered by this AGAR, the authority correctly provided for a period for the exercise of public rights as required by the Accounts and Audit Regulations <i>(during the 2022-23 AGAR period, were public rights in relation to the 2021-22 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set).</i>	✓		
N. The authority has complied with the publication requirements for 2021/22 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

09/11/2022 22/05/2023 23/05/2023

S P HUDSON C.P.F.A.

Signature of person who carried out the internal audit

S. P. Hudson

Date

23/05/2023

***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).