



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

ISSUE DATE: 09/11/2022  
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.

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 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.

We have provided a table of audit recommendations, where required 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:

### Previous Recommendations

There are no previous recommendations which require action.

### Accounting Records

The accounts are maintained on RBS Omega accounting software they are not quite up to date but appeared free from material errors.

### Financial Regulations

Financial Regulations were last reviewed in May 2022.

### 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.

#### *Purchasing*

**The purchase order spreadsheet is now fully operational.**

#### *Payment methods*

**The primary methods of payment are electronic banking, direct debit and a single debit card.**

There is insufficient separation of duties in respect of electronic banking as only one member of staff is involved. This is also contrary to the conditions of the Council's new insurance policy.

#### **Recommendation 1**

**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.**

There was one debit card transaction that exceeded the limit set in Financial Regulations; this was retrospectively approved by Members

#### *Payments*

**Payments are supported by invoices, are certified and included on payment schedules approved by Members.**

**Details were accurately input into the ledger and VAT was properly accounted for.**

### Risk

#### *Risk Assessment*

**The Council has reviewed its risk management arrangements and has reviewed the effectiveness of its internal controls.**

#### *Insurance*

**Statutory insurances are in place and the Fidelity Guarantee is adequate at £800K.**

#### *Investments*

**An Investment Strategy covering the current financial year is in place.**

### Budgets

#### *Setting*

**We reviewed the 2022/23 budget setting process as part of our final audit work last year and we review the 2023/24 process later in the year.**

#### *Monitoring*

**Monitoring reports with a written explanation are regularly provided to Members.**

## 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 received is in accord with that set by the Council.**

### *TIC*

**TIC income is well controlled, transactions were traced from the till receipts to the ledger was straightforward. VAT was accurately applied.**

### *Room Hire*

**Income is invoiced and fees have been correctly applied.**

### *Allotments*

**A register is in place and tenants have been invoiced for the year commencing 1<sup>st</sup> October 2022.**

### *VAT*

**The claim for quarter one has been submitted.**

## Petty cash

**Petty cash is adequately controlled with receipts retained and vouchers issued. It is reconciled monthly and was in balance on the day of our audit visit.**

## Payroll

### *New Starters*

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

### *Payroll*

**Testing revealed that employees are paid in accordance with Member approved salaries and that PAYE And pension provisions are properly applied.**

**Net pay was checked to the bank and all was in order.**

## Bank Reconciliation

**Bank reconciliations are carried out monthly on all accounts and are reviewed by the RFO.**

**The latest reconciliation (August) was found to be accurate with no old outstanding payments.**

## Electors Rights

**The 2021/22 AGAR 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 2021/22 accounts have been met.**

INTERNAL AUDIT RESPONSE RECORD - LISKEARD TOWN COUNCIL

No	Recommendation	Management Response	Timescale	Audit Follow Up
<b>INTERIM REPORT – 2022-23</b>				
1	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.			