



HUDSON ACCOUNTING LTD.
INTERIM INTERNAL AUDIT REPORT:
TO THE MEMBERS OF LISKEARD TOWN COUNCIL
YEAR ENDED 31ST MARCH 2024.

ISSUE DATE: 24/11/2023
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.

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 2023.

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 was completed and returned to us.

AUDIT COMMENTARY:

Previous Recommendations

There are no previous recommendations requiring action.

Accounting Records

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

Financial Regulations

Financial Regulations were last reviewed in May 2023.

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

Purchase orders are in use, managed by a spreadsheet.

Procurement

Two large projects were reviewed, the Roundberry Pitches and the Toilet Refurbishment. Both were carried out in line with Financial Regulations.

Payments

Payments are supported by invoices, are accurately input into the accounting system and are certified by the RFO prior to inclusion on payment schedules approved by Members.

Risk

Risk Assessment

The Council reviewed its risk assessment and the effectiveness of its internal controls in April 2023.

In addition, it considered the competence and independence of the internal auditor prior to their appointment.

Insurance

Statutory insurances are in place and the Fidelity Guarantee (£825K) is inadequate in the periods following the receipt of the precept (the October Council report stated bank balances at £905K).

This constitutes a risk and the Council should consider it against the cost of increasing the level of cover.

Investments

An Investment Strategy covering the current financial year has been adopted.

Budgets

Setting

We reviewed the 2023/24 budget setting process as part of our final audit work last year and we review the 2024/25 process later in the year.

Monitoring

Budget monitoring reports are taken to each Committee and Council meeting.

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.

Room Hire

Room hire fees are invoiced and are correctly charged.

One fee did not update on the booking system so a small number of charges were levied at the old rate before the error was discovered.

Allotments

Allotment tenants have been invoiced in accordance with the Agreements in place and all income has been received.

VAT

VAT claims are up to date.

TIC

TIC income is controlled by a till which is balanced daily. Cash is deposited monthly and postings to the ledger are easily followed.

Payroll

New Starters

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

Re-gradings

Changes to an employee's Terms & Conditions were approved by Members and have been accurately applied.

Tax, NI & Pensions

PAYE and pension requirements have been met other than a new employee was issued an incorrect pension deduction percentage by the payroll software which will now be corrected.

Pay Award

The national pay award has been agreed but not yet implemented.

Bank Reconciliation

Monthly bank reconciliations are performed on all accounts and are reviewed by the RFO. Member review on a quarterly basis is required by Financial Regulations.

Electors Rights

Full Council properly approved the 2022/23 AGAR.

The opportunity for electors to examine the accounts was properly advertised and the publication requirements in respect of the 2022/23 accounts have been met.