



HUDSON ACCOUNTING LTD.  
INTERIM INTERNAL AUDIT REPORT:  
TO THE MEMBERS OF LISKEARD TOWN COUNCIL  
YEAR ENDED 31ST MARCH 2022.

ISSUE DATE: 09/12/2021  
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.

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 2021.

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 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:

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 that require action.

### Accounting Records

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

### Financial Regulations

Financial Regulations were last reviewed in May 2021.

### 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*

A purchase order spreadsheet is now in use although not all the 'fields' are currently being used.

#### *Procurement*

Within the sample tested there was no activity where formal procurement activity was required.

#### *Payment*

Testing showed that controls are consistently applied and that data had been accurately input into the accounting system.

### Risk

#### *Risk Assessment*

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

#### *Insurance*

Statutory insurances are in place and the Fidelity Guarantee is just about adequate at £700K

#### *Investments*

An Investment Strategy covering the 2021/22 financial year is in place.

### Budgets

#### *Setting*

We reviewed the 2021/22 budget setting process as part of our final audit work last year and we review the 2022/23 process later in the year.

#### *Monitoring*

Budget monitoring reports are provided to each Committee meeting and to Full Council.

### 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*

**A booking system is in place and testing of lettings in August 2021 showed that invoices had been raised and that fees had been accurately applied.**

#### *Allotments*

**Tenancy Agreements are in place for all plots and invoices have been issued to all tenants.**

#### *Grants*

**The Council has received a significant grant from the Town Vitality Fund and care must be taken to ensure that all the grant Conditions are met.**

#### *VAT*

**VAT claims are up to date.**

### **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 in staff terms and conditions have been included in revised contracts and have been accurately implemented.**

#### *Tax, NI & Pensions*

**PAYE has been correctly applied. There were two errors in respect of employee pension contribution rates which have been rectified.**

### **Bank Reconciliation**

**Bank reconciliations are carried out monthly and are reviewed by the RFO and a Member.**

**They were found to be accurate with no 'balancing' entries or old unrepresented payments.**

### **Electors Rights**

**The 2020/21 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 2020/21 accounts have been met.**