



HUDSON ACCOUNTING LTD.
INTERIM INTERNAL AUDIT REPORT:
TO THE MEMBERS OF SALTASH TOWN COUNCIL
YEAR ENDED 31ST MARCH 2020

ISSUE DATE: 21/10/2019
ISSUED TO: TOWN CLERK

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 2019.

Selective testing was carried out and the relevant policies, procedures and controls were reviewed. Visits were made to the Council's offices on 11th October 2019 and information was requested prior to the visits.

GENERAL COMMENTS:

We would like to thank the staff for their assistance and co-operation during the course of 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.

In giving our internal audit opinion, 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

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

Accounting Records

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

Financial Regulations

Financial Regulations were last reviewed in May 2019; NALC have issued an updated version of the Model Regulations and these should be considered as the time of the next review.

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.

Authority to spend:

Purchase orders are routinely used and details of the Minute where spending decisions are made is filed with the invoices.

Procurement:

Competitive pricing is widely obtained, larger projects are tendered with the benefit of professional assistance provided by a contractor.

Payment:

Payments are authorised and certified prior to payment, Member involvement in the actual electronic release of payments is not currently the norm.

A slight adjustment to the controls around payment has been suggested and accepted by the Finance Officer that will further mitigate any risk.

VAT:

VAT had been accurately recorded.

Risk

Risk Assessment:

The Council reviewed its risk management arrangements in April 2019.

Insurance:

Statutory insurances are in place and the Fidelity Guarantee is adequate at £2 million.

Cash:

The Council has an Investment Strategy covering the 2019/20 financial year, designed to minimise investment related risk.

Budgets

Setting:

We reported on the 2019/20 budget setting process in our final 2018/19 audit report and will review the 2020/21 budget as part of our year-end audit testing.

Monitoring:

Budget monitoring is carried out regularly with reports now being generated direct from the accounting system.

Income

Precept:

The precept payment received is in accord with that set by the Council.

Allotments:

Allotments are managed through a 'master' spreadsheet, charges were accurately applied and income promptly banked.

Annual Moorings:

Testing revealed no issues to report.

Burials:

Charges were accurately applied and testing revealed no other issues to report.

VAT:

VAT claims are up to date.

Payroll

2019/20 pay award and grade restructure:

The new grading system has been accurately implemented.

New Starters:

New starters were approved by Members, contracts of employment have been issued and payroll payments are as agreed.

Re-gradings:

Re-gradings have been duly authorised and accurately implemented.

Tax, NI & Pensions:

PAYE and pension deductions have been accurately applied other than one pension deduction has not been reduced following a reduction in hours. This will now be corrected

Bank Reconciliations

Bank reconciliations are varied out monthly and are reviewed by the RFO and Members.

There were no 'balancing' entries or old un-presented payments.

Electors Rights

The requisite notice and accounting statements were published on the Council's website and the correct number of days allowed for public inspection.

INTERNAL AUDIT REPORT RESPONSE RECORD – SALTASH TOWN COUNCIL

No	Recommendation	Management Response	Timescale/ Responsibility	Follow Up (for auditor use)
INTERIM REPORT 2018/19				
1	All agreed salary changes or appointments of new staff are evidenced by a hard copy schedule signed by both the Clerk and appropriate Chair referencing the Minutes where the changes were approved.	Hard copy now being signed off on receipt of audit report. Formally received and adopted at Policy and Resources committee meeting minute 127/18/19.	Immediate RFO and/or FO plus appropriate Chair	Closed
FINAL REPORT 2017/18				
2	The actual controls in place in respect of internet banking are embedded in Financial Regulations and that the authorisation process involves two people, one of whom should be a councillor.	Authorisation now includes the Chairman and Vice Chairman of Policy and Resources.	Adopted/ Chair & Vice Chair & Finance Officer.	Members not always involved, actual process not reflected in Financial Regulations. – additional control suggested to further mitigate risk
FINAL REPORT 2016/17				
1	The Council's website page dedicated to the Transparency Code is fully populated at the earliest opportunity and those items included within the Model Publication Scheme are also made available on the website.	Ongoing	S.A.O.	Still no quarterly procurement information published.