



HUDSON ACCOUNTING LTD.
INTERIM INTERNAL AUDIT REPORT:
TO THE MEMBERS OF SALTASH TOWN COUNCIL
YEAR ENDED 31ST MARCH 2021

ISSUE DATE: 01/11/2020
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.

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 2020.

Selective testing was carried out and the relevant policies, procedures and controls were reviewed. Due to the Coronavirus pandemic most testing was carried out remotely using both electronic and hard copy documentation.

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

The 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 September 2020.

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:

Procurement activity is managed in line with Financial Regulations.

Payment:

All payments over £250 made in July and August were tested; all were supported by invoices and details of the authorisation and payment release were filed on the accounting system, other than in two cases where only the invoice was scanned.

VAT:

VAT had been accurately recorded.

Risk

Risk Assessment:

The Council is yet to review its risk management arrangements in the current year.

Insurance:

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

Investment Strategy:

An Investment Strategy relating to the 2020/21 financial year was approved in February 2020. Reports on Investments are regularly provided to the Policy & Finance Committee.

Budgets

Setting:

We reviewed the 2020/21 budget setting process as part of our final audit work in 2019/20 and will review the 2021/22 process later in the year.

Monitoring:

Budget monitoring reports are taken to each committee meeting and reports on the

impact of the pandemic have been provided.

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

Moorings:

Berths have been correctly charged and the approved discount (for April and May) accurately applied.

Allotments:

Allotment fees have been correctly applied as has the agreed discount.

VAT:

VAT claims are up to date.

Payroll

2020/21 pay award:

The national pay award has yet to be applied and thus will be tested later in the year.

New Starters:

New employees and those who have moved to new posts have been issued with contracts of employment and have been paid in accordance with them.

In one instance the starting grade was agreed, to be the top of the advertised scale, under the delegated authority of the appropriate Chairs and Interview Panel.

Re-gradings:

Any changes to terms and conditions have been duly approved by Members and accurately implemented.

Tax, NI & Pensions:

PAYE and pension deductions have been properly applied.

Bank Reconciliations

Bank reconciliations are carried out in a timely manner and are reviewed in line with Financial Regulations; August' and September's reconciliations were tested for accuracy and there are no issues to report.

Electors Rights

The Annual Governance Statement and Accounting Statements were properly approved by Full Council and its obligations were met in respect of advertising the rights of the public to inspect the accounts and in publishing the requisite documentation.

INTERNAL AUDIT REPORT RESPONSE RECORD – SALTASH TOWN COUNCIL

No	Recommendation	Management Response	Timescale/ Responsibility	Follow Up (for auditor use)
FINAL REPORT 2016/17				
1	The Councils 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	Finance officer	Still no quarterly procurement information published. – compliance expected very shortly – test 2020/21 – no publication yet