



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

ISSUE DATE: 01/10/2020
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.

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

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 2019; where updated Model Regulations were adopted.

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.

Payment:

All payments over £250 were checked and there were no issues to report.

VAT:

VAT had been accurately recorded.

Risk

Risk Assessment:

The Council has yet to consider its risk management arrangements in the current financial year.

Insurance:

Statutory insurances are in place and the Fidelity Guarantee is adequate at £500k.

Investment Strategy:

Further diversification of the council's cash holdings has taken place; the Investment Strategy needs to be reviewed as required by Guidance.

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:

Monthly budget monitoring continues to be provided to Members.

Income streams have been adversely affected by the pandemic, but the losses are not significant; however, the potential for an ongoing impact will need to be factored into the 21/22 budget setting process.

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.

Other income:

Outside of the precept and CTS Grant other (normal) income streams are either non-existent or severely curtailed due to the pandemic, thus we propose to test accordingly later in the year.

VAT:

VAT claims are up to date.

Payroll

2020/21 pay award:

The national pay award has been accurately implemented and back-pay properly calculated.

Re-gradings:

Spinal point increases awarded to two members of staff have been accurately implemented.

Tax, NI & Pensions:

PAYE and pension deductions have been properly applied and paid across in a timely manner.

Bank Reconciliations

Bank reconciliations have been carried out monthly and are reported to Council. August's reconciliation was found to be accurate and there were no old un-presented payments.

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 RESPONSE RECORD – PENRYN TOWN COUNCIL

No	Recommendation	Management Response	Timescale/ Responsibility	Follow Up (for auditor use)
FINAL REPORT 2017/18				
1	The actual controls in place in respect of internet banking are embedded in Financial Regulations and the controls expanded to reflect the SLCC guidance.	<i>Financial regulations updated and adopted 1 October 2018</i>	Town Clerk	Separation of duties embedded in Financial Regulations, still no Member electronic authorisation. - closed
FINAL REPORT 2016/17				
1	Full compliance with the Transparency Code is achieved as soon as possible and the broken links on the website are repaired.	<i>Website updated to include a separate page for the transparency code information</i>	Finance Officer/Town Clerk	Still no Procurement information posted (items over £5,000) – In addition to tenders details of any contract, commissioned activity, purchase order, framework agreement and any other legally enforceable agreement that exceeds £5,000 must be published quarterly.