



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

ISSUE DATE: 19/05/2021  
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.

Areas not covered at the interim stage are included in this report as is any re-testing of areas already covered.

**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 pandemic much of the work was carried out remotely with information provided electronically or hard copies collected and returned a few days later. Overall coverage has not been materially affected.

**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.

***The review undertaken obtained a level of assurance which has allowed us to complete the Internal Audit Report element of the Annual Governance & Accountability Return with no qualifications, thus in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of the Council.***

Also attached is a copy of the completed Internal Audit Report required as part of the Annual Governance & Accountability Return.

## **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 and may 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 accounting records have been properly maintained throughout the year.**

### **Payments**

*Grants:*

**Grants paid were traced to Member approvals in the Minutes – all was in order.**

*Payments:*

**Competitive pricing is routinely sought with several contracts being awarded in the last quarter of the year.**

**Further testing revealed no issues to report other than a VAT invoice was missing from the file; one has now been requested.**

### **Risk**

*Risk Assessment:*

**The risk management arrangements and internal controls were reviewed in October 2020.**

*Insurance:*

**The Fidelity Guarantee remains adequate at £500K.**

*Cash:*

**The Investment Strategy was reviewed in February 2021.**

### **Budgets**

*Budget 2021/22:*

**The budget and precept were properly approved at full Council in December 2020 following the production of detailed estimates. The impact on reserve levels was given due consideration.**

*Budget Monitoring:*

**Regular monitoring reports have been provided to Members.**

*Adequacy of Reserves:*

**After allowing for earmarked reserves the general reserve stands at £185,550 equating to 56% of gross expenditure in 2020/21. Within generally accepted parameters.**

### **Income**

*Room Hire:*

**Lettings have been severely curtailed; those that have gone ahead were tested and all was found to be in order.**

*VAT:*

**VAT claims for the year have been submitted and the year-end debtor is accurately reflected in the accounts.**

*Grants:*

A number of grants have been received in the year the majority, in value terms, relate to Covid Business Rate relief.

**Petty Cash**

Petty cash is sparingly used and is adequately controlled.

**Payroll**

Testing of the March payroll revealed no issues to report.

Changes to the hours of two employees were approved by Members and the changes accurately reflected in their pay.

**Assets.**

The asset register has been kept up to date and the total value of assets held is accurately reflected in the AGAR.

**Bank Reconciliations**

Monthly bank reconciliations were performed in a timely manner throughout the year and were reported to Members.

The year-end bank reconciliation was found to be accurate; there is one unrepresented payment dating back to October 2020.

**Accounting Statements**

The accounts were produced on an income and expenditure basis and were in accord with underlying records.

A good audit trail was provided, and debtors and creditors were properly reflected.

The publication requirements in respect of the 2019/20 accounts were met.

INTERNAL AUDIT RESPONSE RECORD – PENRYN TOWN COUNCIL

No	Recommendation	Management Response	Timescale/ Responsibility	Follow Up (for auditor use)
<b>FINAL REPORT 2016/17</b>				
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) – <b>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.</b>