



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

ISSUE DATE: 03/11/2021  
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.

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**

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

### **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 2019.**

### **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:*

**Payments over £500 were tested; all appropriate paperwork was in place and financial controls were consistently applied.**

**Both VAT and net expenditure were accurately recorded in the ledger.**

### **Risk**

*Risk Assessment:*

**The Risk Management Plan was reviewed in July 2021.**

*Insurance:*

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

*Cash:*

**An Investment Strategy covering the current financial year was approved in February 2021.**

### **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:*

**Detailed financial reporting is taken to each Council meeting.**

### **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.**

*Room Hire:*

**The hire of the Council's various rooms, including for weddings, was tested. A robust booking system is in place and fees had been accurately applied.**

*VAT:*

**VAT claims are up to date.**

### **Payroll**

*New Starters:*

**There are no new starters although we note that recruitment is under way to replace a member of staff who resigned.**

*Re-gradings:*

**Increments have been awarded where appropriate and salaries have been accurately updated.**

*Tax, NI & Pensions:*

**PAYE and pension provisions have been properly discharged.**

### **Bank Reconciliations**

**Monthly bank reconciliations are reported to Members and were tested for accuracy; all was in order.**

### **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.**

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	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>We would suggest that 'Nil' returns should also be published if no such activity has taken place.</b>