



HUDSON ACCOUNTING LTD.  
INTERNAL AUDIT REPORT:  
TO THE MEMBERS OF LISKEARD TOWN COUNCIL  
YEAR ENDED 31ST MARCH 2024.

ISSUE DATE: 09/05/2024  
ISSUED TO: TOWN CLERK & RFO

**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.

**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 2023.

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.

***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 other than it did not fully meet its obligations as a Trustee. In all other significant respects, the control objectives were achieved throughout the financial year to a standard adequate to meet the needs of the Council.***

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 was 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**

**There are no previous recommendations requiring action.**

### **Accounting Records**

**The accounts have been properly maintained throughout the year.**

### **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*

**Further testing of payments made (in January & February) revealed no issues to report.**

#### *Grants*

**All grants paid were traced to the award in the Minutes and were found to be in accord.**

### **Risk**

#### *Insurance*

**The Fidelity Guarantee is now adequate at £1 million.**

### **Budgets**

#### *Setting*

**The 2024/25 budget and precept were properly approved at Full Council in January 2024.**

**Detailed estimates of income and expenditure were provided and financial performance in the current year was taken into consideration.**

**The impact on reserves and whether this fell within the Councils Reserves Policy was also considered.**

#### *Monitoring*

**Budget monitoring has been carried out in accordance with Financial Regulations.**

#### *Adequacy of Reserves*

**After allowing for earmarked reserves of £207,091 the general reserve stands at £334,134; equating to 45% of gross expenditure which is within generally accepted parameters.**

### **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.

#### *Interest*

**Interest earned on the Council's investments has been accurately reflected in the Ledger.**

#### *Rental income*

The agreements in place have not changed since last year – any vacancies are being left unfilled whilst a review of the Guildhall is underway.

#### *VAT*

VAT claims for the year have been submitted.

The year-end claim is in accord with balances held in the accounting statements.

#### **Petty Cash**

Petty cash is well controlled; cash held was balanced to the underlying documentation.

#### **Assets**

The asset register has been updated to reflect acquisitions and disposals and the total value of assets held is accurately reflected in the AGAR.

#### **Payroll**

The February payroll was tested with no issues to report.

New employees have been issued contracts of employment and have been paid in accordance with the Terms therein.

The national pay award was accurately implemented as was the associated back-pay.

#### **Bank Reconciliation**

Monthly bank reconciliations have been carried out in a timely manner throughout the year and have been reviewed in line with Financial Regulations.

The year-end bank reconciliation was found to be accurate.

#### **Accounting Statements**

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

Year-end adjustments were properly accounted for.

#### **Trusts**

The various Trusts managed by the Council have separate bank accounts and separate meetings are now held.

However, the two registered charities Annual Returns were submitted late. Controls have been put in place to ensure there is no re-occurrence.

# Annual Internal Audit Report 2023/24

## LISKEARD TOWN COUNCIL

[www.liskeard.gov.uk/key-documents/financial-information/](http://www.liskeard.gov.uk/key-documents/financial-information/)

During the financial year ended 31 March 2024, this authority's internal auditor acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with the relevant procedures and controls in operation and obtained appropriate evidence from the authority.

The internal audit for 2023/24 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

Internal control objective	Yes	No*	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.	✓		
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓		
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓		
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	✓		
G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.	✓		
H. Asset and investments registers were complete and accurate and properly maintained.	✓		
I. Periodic bank account reconciliations were properly carried out during the year.	✓		
J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	✓		
K. If the authority certified itself as exempt from a limited assurance review in 2022/23, it met the exemption criteria and correctly declared itself exempt. <i>(If the authority had a limited assurance review of its 2022/23 AGAR tick "not covered")</i>			✓
L. The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation.	✓		
M. In the year covered by this AGAR, the authority correctly provided for a period for the exercise of public rights as required by the Accounts and Audit Regulations <i>(during the 2023-24 AGAR period, were public rights in relation to the 2022-23 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set).</i>	✓		
N. The authority has complied with the publication requirements for 2022/23 AGAR <i>(see AGAR Page 1 Guidance Notes).</i>	✓		
<b>O. (For local councils only)</b> Trust funds (including charitable) – The council met its responsibilities as a trustee.	Yes	No	Not applicable
		✓	

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

Date(s) internal audit undertaken

Name of person who carried out the internal audit

24/11/2023      19/03/2024      09/05/2024

S P HUDSON CPFA

Signature of person who carried out the internal audit

*S. P. Hudson*

Date

09/05/2024

**\*If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).**

**\*\*Note:** If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned; or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).