



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

ISSUE DATE: 14/06/2022
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.

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 Clerk 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 the issues raised regarding the Notice of Public Rights. In all other significant respects, the control objectives were being 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 is completed and returned to us.

Also attached, as Appendix 1 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 that fall short of being a formal recommendation or do not necessarily pertain to the application of internal controls.

A Appropriate accounting records have been properly kept throughout the financial year.

The accounts are maintained on RBS accounting software; they were up to date, in balance and free from material errors.

B This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved, and VAT was appropriately accounted for.

Financial Regulations

Financial Regulations were last reviewed in March 2022.

Purchasing

Competitive pricing has been sought where required.

Payment

Within the sample tested payments were supported by invoices and other controls had been applied. VAT had been accurately recorded.

The audit trail would benefit from the inclusion of the account coding on the face of the invoice.

C This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.

Insurance

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

Risk Assessment & Internal Controls

The Council reviewed its risk management arrangements and the effectiveness of its internal controls in April 2021.

Cash

An investment Strategy has now been adopted; it should be reviewed on an annual basis.

D The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.

Budget setting

The budget and precept for 2022/23 were approved by Council in December 2021 following the production of estimates, in a process that was much improved from other years.

Budget monitoring

Budget monitoring has been carried out in line with Financial Regulations.

Adequacy of Reserves

After allowing for earmarked reserves of £163,000 the general reserve stands at £98,873; equating to 92% of gross expenditure which is within generally accepted parameters.

E Expected income was fully received, based on correct prices, properly recorded, and promptly banked; and VAT was appropriately accounted for.

Precept

The precept received was checked to the records of the Council and the principal authority and found to be in accord.

VAT claims

VAT claims have been submitted.

Allotments

Agreements are in place and tenants have been billed and have duly paid.

The audit trail would be improved by including the plot number or tenant name in the ledger.

Garages & Parking

Agreements are in place; once again the audit trail would be improved by including more information regarding each receipt in the ledger.

Burials

Burial income is now being invoiced; fees have been accurately applied and details entered into the burial register.

Leased property

Agreements are in place and no issues to report were found during testing.

F Petty cash payments were properly supported by receipts, all petty cash expenditure was approved, and VAT appropriately accounted for.

Petty cash has only been used on one occasion.

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.

The Clerks salary has been paid in accordance with the contract of employment in place.

H Asset and investments registers were complete and accurate and properly maintained.

The asset register has been updated for additions in the year and the total value of assets held is accurately reflected in the AGAR.

I Periodic and year-end bank account reconciliations were properly carried out.

Monthly bank reconciliations are performed, reported to Council and reviewed by a Member.

The year-end bank reconciliation was found to be accurate with no old unrepresented payments or balancing entries.

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 appropriate audit trail from underlying records, and where appropriate debtors and creditors were properly recorded.

The accounts were produced on a receipts and payments basis and were in accord with underlying records.

K IF the authority certified itself as exempt from a limited assurance review in 2020/21, it met the exemption criteria and correctly declared itself exempt.

NOT APPLICABLE

L The authority publishes information on a free to access website/webpage up to date at the time of the internal audit in accordance with any relevant transparency code requirements.

NOT APPLICABLE

M The authority, during the previous year (2020-21) correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations

The incorrect form was posted on the website therefore the requirements were not met.

The Council will need to answer 'No' to the appropriate question on the Annual Governance

Statement, it should also ensure that the Annual Governance Statement is approved prior to the Accounting Statements (which was not done last year) and that the Minutes reflect this.

- N The authority has complied with the publication requirements for 2020/21 AGAR.
The publication requirements have also not been met for the reasons stated in paragraph M above.**
- O Trust funds (including charitable). The council met its responsibilities as trustee.
NOT APPLICABLE**

INTERNAL AUDIT RESPONSE RECORD - MARAZION TOWN COUNCIL

No	Recommendation	Management Response	Timescale	Audit Follow Up
2020/21				
1	Financial Regulations in respect of procurement must be applied as should the provisos of the Public Contracts Regulations when required			Ongoing monitoring - closed
2	The budget must be monitored in accordance with Financial Regulations.			Done in 2021/22 closed
2018/19				
3	An Investment Strategy compliant with government guidance is adopted and consideration is given within it to establishing counterparty limits that would offer protection under the FSCS.			Implemented - closed

Annual Internal Audit Report 2021/22

MARAZION TOWN COUNCIL

www.maraziontowncouncil.gov.uk/council-info/audit-reports

During the financial year ended 31 March 2022, 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 2021/22 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 2020/21, it met the exemption criteria and correctly declared itself exempt. <i>(If the authority had a limited assurance review of its 2020/21 AGAR tick "not covered")</i>			✓
L. The authority publishes information on a free to access website/webpage up to date at the time of the internal audit in accordance with any relevant transparency code requirements			✓
M. The authority, during the previous year (2020-21) correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations <i>(evidenced by the notice published on the website and/or authority approved minutes confirming the dates set)</i> .		✓	
N. The authority has complied with the publication requirements for 2020/21 AGAR <i>(see AGAR Page 1 Guidance Notes)</i> .		✓	
O. (For local councils only) 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

10/06/2022 14/06/2022

Name of person who carried out the internal audit

S P HUDSON CPFA

Signature of person who carried out the internal audit

S. P. Hudson

Date

14/06/2022

*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).