



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

ISSUE DATE: 27-Apr-22
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 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.

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.

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 outstanding.

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 revealed no issues to report.

Grants

A sample of grants awarded was cross referenced to Member approvals and all were found to be in agreement.

Risk

Risk Assessment

The Council's Risk Management arrangements and risk assessment were reviewed in November 2021.

Insurance

The Fidelity Guarantee remains adequate at £500K.

Budgets

Setting

The 2022/23 budget and precept were properly approved by Full Council in /December 2021 following a robust process.

Monitoring

Quarterly budget monitoring reports have been provided to Council.

Adequacy of Reserves

After allowing for earmarked reserves of £42,030 the general reserve stands at £130,221; equating to 22% of gross expenditure which is just below generally accepted parameters.

However, this percentage is artificially low due to the large amount of one-off expenditure during the year.

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.

Grants

Significant grant funding has been received or secured and care must be taken to ensure that the associated conditions are met.

Car Parks

Carpark income is well controlled, and testing revealed no issues to report.

Loans

A PWLB loan application has been granted following a borrowing approval issued by the DCLG.

Interest

Investment income has been accurately reflected in the ledger.

VAT

In year Returns have been submitted and the year-end VAT position is accurately reflected in the accounts.

Assets

The asset register has been updated to reflect additions and disposals during the year and the total value of assets held is correctly disclosed in the AGAR.

Payroll

Testing of the February payroll revealed no issues to report.

Pay Award

The national pay award has been accurately implemented.

Bank Reconciliation

In year bank reconciliations have been regularly undertaken in a timely manner.

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.

Debtors and creditors were properly disclosed.