



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

ISSUE DATE: 08/11/2023
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 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.

We have provided a table of audit recommendations, where required 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:

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 Scribe accounting software they were up to date and appeared free from material errors.

Financial Regulations

Financial Regulations were last reviewed in October 2022.

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.

Purchasing

A scheme of delegation is in place and purchase orders are used for large one-off items.

Procurement

The procurement process for the lining of the car park was undertaken in line with Financial Regulations.

Payments

Payments are supported by invoices (although one for the car park lining was not in the file) and are certified by the RFO and included on payment schedules approved by Members.

Risk

Risk Assessment

The Council is yet to review its risk assessment this year.

In addition to the risk assessment the Council should also review the effectiveness of both its internal controls and internal audit.

Insurance

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

The insurance schedule was cross-referenced to the asset register and there are no obvious omissions.

Investments

An Investment Strategy covering the 2023/24 financial year was adopted in February 2023.

Budgets

Setting

We reviewed the 2023/24 budget setting process as part of our final audit work last year and we will review the 2024/25 process later in the year.

Monitoring

No formal budget monitoring reports have been produced yet, although one is scheduled for the next Council meeting.

Recommendation 1

Budget monitoring reports should be provided to Members at least quarterly.

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 received is in accord with that set by the Council.

Library

Library income is controlled by a till, backed up by a manual record.

Banking is infrequent.

Although the sums involved are small the frequency of banking should be increased and all income should be banked prior to the 31st of March or the accounts should be adjusted to reflect any cash held at the year-end.

VAT

The VAT claim for 2022/23 has been received.

Interest

Bank interest has been accurately recorded in the ledger.

Payroll

New Starters

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

Re-gradings

Changes on staff Terms & Conditions have been approved by Members and have been accurately implemented.

Tax, NI & Pensions

PAYE and pension requirements have been met.

Pay Award

The national pay award has just been agreed and we will test its implementation at the year-end.

Petty Cash

Petty cash is sparingly used and is adequately controlled.

It has been set up on the accounting system as a 'bank' as suggested.

Bank Reconciliation

Monthly bank reconciliations have been carried out in a timely manner and were found to be accurate.

The most recent ones have not been reviewed by a Member yet.

Member scrutiny of the bank reconciliations should be undertaken in a timely manner.

Electors Rights

Full Council properly approved the 2022/23 AGAR.

The opportunity for electors to examine the accounts was properly advertised and the publication requirements in respect of the 2022/23 accounts have been met.

INTERNAL AUDIT REPORT RESPONSE RECORD – ST JUST TOWN COUNCIL

No	Recommendation	Management Response	Timescale/ Responsibility	Follow Up (for auditor use)
INTERIM REPORT 2023/24				
1	Budget monitoring reports should be provided to Members at least quarterly.			
FINAL REPORT 2017/18				
2	The asset register should be expanded to include some of the key information suggested in paragraph 5.57 of the 'Proper Practice' guidance.	Locum Clerk to update	By September 2018	Test at year-end – STILL WORK TO DO - test year-end 2022/23. Would benefit from some additional information e.g. useful life, insurance values, location etc.
FINAL REPORT 2016/17				
2	Due regard should be given to the proper practice guidance when considering the Annual Governance Statement and a documented review of the effectiveness of internal controls produced.			Needs to be done as part of 2021/22 approval process – not done, suggest undertaken as part of risk management review usually undertaken in February/March. Some discussion at Audit Committee but formal review required.