



HUDSON ACCOUNTING LTD.  
INTERNAL AUDIT REPORT:  
TO THE MEMBERS PORTREATH PARISH COUNCIL  
YEAR ENDED 31ST MARCH 2024.

ISSUE DATE: 29/04/2024  
ISSUED TO: PARISH 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.

### **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 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, 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.***

We have provided, if required, 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.

Attached is a copy of the completed Internal Audit Report required as part of the Annual Governance & Accountability Return.

## AUDIT COMMENTARY:

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

The accounts are maintained on a spreadsheet; 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 April 2024.

#### *Purchasing*

Purchase orders are in use and the procurement process for the public toilet project complied with both Financial Regulations and the Public Contracts Regulations.

#### *Payment*

Within the sample tested all payments were supported by invoices and were certified by the RFO prior to inclusion on payment schedules approved by Members.

#### *VAT*

VAT was accurately accounted for.

### **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 no longer adequate at £100K.

*Best practice suggests that the Fidelity Guarantee should equate to balances held plus half the precept, thus the Council should seek to increase cover accordingly.*

#### *Risk Assessment & Internal Controls*

The council reviewed its risk assessment in May 2023.

### **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 2024/25 budget and precept were properly approved by Council following the production of estimates.

#### *Budget monitoring*

Quarterly budget monitoring reports have been produced.

#### *Adequacy of Reserves*

After allowing for earmarked reserves of £36,000 the general reserve stands at £39,940; equating to 50% 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 to the end of February 2024 have been submitted.

#### *Grants*

There is no separate earmarked reserve for community infrastructure levy; given the restrictions on its use, a mechanism for capturing receipts and subsequent expenditure should be devised.

*Interest*

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

**F** Petty cash payments were properly supported by receipts, all petty cash expenditure was approved, and VAT appropriately accounted for.  
NOT OPERATED.

**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 national pay award and the Clerks salary benchmarking increase were both accurately implemented.  
PAYE and pension requirements have been met.

**H** Asset and investments registers were complete and accurate and properly maintained.  
The asset register has been updated to reflect acquisitions and disposals 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 during the year.  
Monthly bank reconciliations have been carried out in a timely manner throughout the year. They are reported to Members and signed off by the Chair at Council meetings.  
The year-end bank reconciliation was found to be accurate.

**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.  
The accounts were produced on a receipts and payments basis and were in accord with underlying records  
An audit trail was provided and accompanying information required by the external auditor produced.

**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.  
NOT APPLICABLE.

**L** The authority published the required information on a free to access website/webpage up to date at the time of the internal audit in accordance with the relevant legislation.  
The website is compliant.

**M** In the year covered by this AGAR, the authority provided for a period for the exercise of public rights as required by the Accounts & Audit Regulations  
The AGAR was properly approved by Council, the requisite Notice was published and the correct number of days for public inspection were allowed

**N** The authority has complied with the publication requirements for 2022/23 AGAR.  
All publication requirements were met.

**O** Trust funds (including charitable). The council met its responsibilities as trustee.  
NOT APPLICABLE.

INTERNAL AUDIT REPORT RESPONSE RECORD – PORTREATH PARISH COUNCIL

No	Recommendation	Management Response	Timescale/ Responsibility	Follow Up (for auditor use)
<b>2017/18 REPORT</b>				
4	The minimum and maximum level of free reserves required should be considered as part of the budget setting process in future and be recorded in the Minutes. The precept should be set having taken due regard of the required reserve levels required.	Members were reminded by the clerk 04/02 that this needed more consideration when setting the 20/21 budget. It was noted that planned expenditure was being held up due to the timescales for the removal of the telecommunication pole situated outside the toilets.		Consideration of reserves formed part of budget setting but still no formal Policy in place. – <b>policy adopted - closed</b>

# Annual Internal Audit Report 2023/24

## PORTREATH PARISH COUNCIL

www.portreathpc.co.uk/Finance

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
			✓

NOT USED

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

28/04/2024

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

29/04/2024

**\*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).