



HUDSON ACCOUNTING LTD.
INTERNAL AUDIT REPORT:
TO THE MEMBERS OF ST IVES TOWN COUNCIL
YEAR ENDED 31ST MARCH 2025.

ISSUE DATE: 05/06/2025
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 2024.

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 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.

AUDIT COMMENTARY:

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 revealed no issues to report.

Risk

Insurance

The Fidelity Guarantee is likely to be inadequate in the months following the receipt of the precept instalments.

Consideration should be given to increasing the cover and if this is not possible or deemed to be unreasonably costly then it should be recognised in the risk assessment along with a review of associated controls and mitigations to ensure they remain adequate.

Budgets

Setting

The 2025/26 budget and precept were properly approved at Full Council in December 2024. Detailed estimates were provided and the impact on reserves taken into consideration as was the impact of the second homes levy on the tax base.

Monitoring

Regular budget monitoring reports have been provided to Members throughout the year.

Adequacy of Reserves

After allowing for earmarked reserves of £1,174,079 the general reserve stands at £407,923; equating to 30% of net revenue 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.

Rents

Rents have been invoiced in accordance with the Agreements in place.

Benches

Invoices for new or refurbished benched with inscriptions were raised in line with the agreed scale of charges and adequate arrangements are in place to ensure payment.

Toilets

Toilet income is entirely electronic and is managed by a third party. Income is coded to the ledger gross with any charges separately coded to the relevant expenditure budget head. VAT is no longer accounted for in line with updated guidance.

Allotments

Allotment income is correctly charged and is adequately controlled.

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 used in line with Financial Regulations and is adequately controlled.

Assets

The asset register has been updated to reflect acquisitions and disposals and the total value of assets held has been accurately disclosed 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 and associated back pay were accurately calculated and implemented

Bank Reconciliation

Monthly bank reconciliations have been carried out in a timely manner throughout the year.

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

Accounting Statements

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

Debtor and creditor balances have been properly treated.

Trusts

The Trusts affairs are managed separately from those of the Council; there are no Trust transactions in the accounts and Charity Commission Returns are up to date.