



---

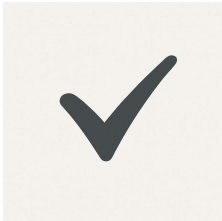
# Year End Internal Audit Report

TO THE MEMBERS OF TORPOINT TOWN COUNCIL

YEAR ENDED 31ST MARCH 2026

ISSUE DATE: 16<sup>TH</sup> JUNE 2026

ISSUED TO: MILLY SOUTHWORTH, 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 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 'Smaller Authorities Proper Practice Panel' which is applicable to financial years from 1st April 2025.

Selective testing was carried out and the relevant policies, procedures and controls were reviewed.

## **GENERAL COMMENTS:**

We would like to thank the staff of Torpoint Town Council for all 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, 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.

*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.*



**Previous Recommendations** – There were no outstanding recommendations from the previous Internal Audit.

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

The accounts are maintained on Xero accounting software; at the time of the audit, 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 2026.

*Purchasing*

A scheme of delegation is in place and adhered to. Procurement was tested and found to be in line with Financial Regulations.

*Payments*

Testing of payments were made with no issues to report. All were supported by invoices, had been certified by the RFO and presented to members.

*VAT*

Within the sample tested VAT had been accurately applied in all instances.

Entry of payments onto the ledger were accurate as was the accounting for VAT.

VAT claims for the year had been submitted. There is a small discrepancy between the year-end VAT claim submitted and the balance held on the accounting statements. This is being reviewed to ensure that the discrepancy is picked up in the next claim.

**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 £750,000.

Comparison of the Asset Register to the insurance schedule shows no obvious omissions.

*Risk Assessment & Internal Controls*

The Council has reviewed its risk management arrangements, risk assessment and the effectiveness of its internal controls in March 2026.

## *Cash*

An Investment Strategy covering the 2025/26 year was reviewed in June 2025.

**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 2026/27 budget and precept were properly approved at Full Council in January 2026. Detailed estimates were produced which were initially considered by the relevant Committees.

### *Budget monitoring*

Budget Monitoring reports are taken to each Council meeting.

### *Adequacy of Reserves*

After allowing for Earmarked Reserves of £148,459 the General Reserve stood at £73,541; equating to 14% of the precept in the 2026/27 budget (£524,418) which is below generally accepted parameters.

A recommendation in regards to this issue is at the end of this report.

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

Systems were tested to ensure that suitable controls are in place 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 was checked to the records of the Council and the principal authority and found to be in accord.

### *VAT claims*

VAT claims for the year have been submitted and are up to date.

### *Interest*

Interest earned on Council investments has been accurately reflected in the ledger records.

### *Room Hire*

Testing revealed no issues to report.

### *Licence Income*

Licences are invoiced in accordance with the agreements in place. Adequate procedures are in place to ensure payment.

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

Petty cash was 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.**

A sample of payroll records were tested in the year with no issues to report.

New members of staff had been issued with contracts of employment and have been paid in accordance with the terms therein.

Tax, NI & Pension requirements have been met.

The National pay award was accurately calculated and implemented.

**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 undertaken in an accurate and timely manner; they have been reviewed in accordance with Financial Regulations.

The year-end bank reconciliation has been accurately recorded.

**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 an income and expenditure 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 2024/25, 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 Council publishes information on their free to access website that is up to date at the time of audit. In accordance with legislation it provides information that would reasonably be expected to be there.

**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 for 2024/25 was properly approved by Council, the requisite Notice was published on time - an additional number of days for public inspection were allowed

**N The authority has complied with the publication requirements for 2024/25 AGAR.**

All publication requirements were met.

**O The authority has complied with laws, regulations & proper practices relating to digital and data compliance**

The Council complies with the requirements for Assertion 10 on the 2025-26 Annual Governance Statement. There is clear evidence that the Clerk/RFO, as well as Members, have taken a reasonable and proportionate approach to Information Systems security and management for a smaller council.

There were no matters arising from this area of review warranting formal comment or recommendation.

**P Trust funds (including charitable). The council met its responsibilities as trustee.**

Not applicable.



**JT AUDIT & ACCOUNTANCY**

**2025-26 INTERNAL AUDIT RECOMMENDATION – TORPOINT TOWN COUNCIL**

<b>No</b>	<b><i>Audit Recommendation</i></b>	<b>Management Response</b>	<b>Timescale/ Responsibility</b>	<b>Auditor Follow Up</b>
1	<p>After accounting for Earmarked Reserves, the General Reserve at the end of 2025-26 are low. With recommended levels at 25% of Net Revenue Expenditure the current figure of 14% needs consideration. Detail of unplanned additional expenditure on 8 projects were explained to Council in March 2026.</p> <p>It is recommended that the Council address this matter, consideration could be given to a budgeted contribution to the General Reserve in future years. To avoid additional pressure on the precept the funds could from any existing expenditure lines uncalled for in coming years.</p>			