


Internal controls

The purpose of an audit is to express an opinion on the financial statements. Our audit included consideration of internal controls relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

The only weakness we identified from our work was in relation to the accessing of payroll contracts of employees as set out below. We have noted management response at Appendix A.

	Assessment	Issue and risk	Recommendation
1.	 Amber	<p>We experienced some difficulty during the audit in accessing supporting payroll contracts of employees for a sample of employees selected from the payroll.</p> <p>We understand this was due in part to the move from Quay West back to the Town Hall during the year.</p> <p>However it is important to have sufficient controls in place to ensure that prime documentation is secure and accessible, particularly in periods of change. This helps to reduce the risk of fraud and provides supporting evidence for the existence of payroll staffing.</p> <p>We are satisfied from our transaction testing performed that payroll costs are not materially misstated.</p>	<p>The Council needs to take urgent steps to ensure it has readily retrievable supporting documentation to confirm the existence, grade and terms and conditions of all employees on its payroll. It also needs to ensure this information is appropriately updated for any changes</p>

Assessment

-  **Red** – Significant deficiency – risk of significant misstatement
-  **Amber** -- Deficiency – risk of inconsequential misstatement