

Internal Audit Report Year ending: 31st March 2021

Name of Council:	Woodbridge Town Council
Income:	Annual budget: £330,828 YTD: £191,074.00 as at 31-08-2020 as reported to full council on 22-09-2020
Expenditure:	Annual budget £368,153 YTD: £112,267.00 as at 31-08-2020 as reported to full council on 22-09-2020
Precept Figure:	£325,828
General Reserve:	£60,212 as at 31/3/2020
Earmarked Reserves:	£522,613 as at 31/3/2020

Internal Audit Objectives and Responsibilities

The primary objective of Internal Audit is to review, appraise and report upon the adequacy of internal control systems operating throughout the council, and to achieve this will adopt a predominantly systems-based approach to audit.

The council's internal control system comprises the whole network of systems established within the council to provide reasonable assurance that the council's objectives will be achieved, with reference to:

- The effectiveness of operations
- The economic and efficient use of resources
- Compliance with applicable policies, procedures, laws and regulations
- The safeguarding of assets and interests from losses of all kinds, including those arising from fraud, irregularity and corruption
- The integrity and reliability of information, accounts and data

Accordingly, in the conduct of planned audits Internal Audit may:

- Carry out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year in order to be able to complete the Annual Internal Audit Report 2019/20 of the Annual Governance and Accountability Return (AGAR)
- Review the reliability and integrity of financial information and the means used to identify, measure, classify and report such information
- Review the means of safeguarding assets and, as appropriate, verify the existence of such assets
- Appraise the economy and efficiency with which resources are employed, identify opportunities to improve performance and recommend solutions to problems
- Review the established systems to ensure compliance with those policies, procedures, laws and regulations which could have a significant impact on operations, and determine whether the council complies
- Review the operations and activities to ascertain whether results are consistent with objectives and whether they are being carried out as planned

Subject	Requirements	Comments/Recommendations
1. Proper Book-keeping	Type of cash book or ledger used	The council uses the Omega accounting package which produces reports on an Income and Expenditure basis. Council follows Proper Practices in ensuring that its accounting procedure gives a more accurate presentation of an authority's true financial position by focusing on the balance of economic benefits that it has under its control, rather than just its bank balance.
	Cash book kept up to date and regularly verified against bank statement	Cash books are reconciled on a monthly basis and the Town Council is registered for VAT, both sales and purchase ledgers are implemented via the Omega Accounting system. Reports including bank reconciliation goes to council meetings.
	Correct arithmetic and balancing	Spot checks were made and were found to be correct
2. Financial Regulations & Standing Orders	Evidence that standing orders have been adopted and reviewed regularly	Standing Orders temporarily amended at the Extraordinary Meeting held 23 rd March 2020 in response to Covid-19 (minute 815). Standing Orders were suspended for committees at the full council meeting held 21 st April 2020, with their functions brought back to full council.
	Evidence that Financial Regulations have been adopted and reviewed regularly	The FRs were also temporarily amended at the Extraordinary Meeting held 23 rd March 2020 in response to Covid-19 (minute 815). Following a review, the Finance Regulations were approved 23 rd June 2020 (minute 110)
	Evidence that a Responsible Financial Officer has been appointed with specific duties	Minute 682 of the meeting of the Full Council held 14 th January 2020 appointed the locum Clerk, Mr G Mussett as RFO.
	Evidence that Financial Regulations have been tailored to the Council	Yes
3. Payment controls	Supporting paperwork for payments, and appropriate authorisation	A random sample of six recent transactions was selected, following the paper trail from purchase order through invoice, bank payment and cash book. All was found to be correct with a sound system in place

		including arrangements for authorisation during the Covid-19 lockdown.
	Internet Banking transactions properly recorded/approved	Accounts for Payment list including the HSBC.net are checked by an authorised member of the Finance and Staffing Committee prior to being submitted for approval at each Town Council Meeting. The process of tracking payments made via HSBC.net provides a very clear audit trail. The two-step payment authorisation system provides a proportionate segregation of duties.
	VAT correctly identified and reclaimed within time limits	Council's VAT Registration Number is 268 4119 85. The VAT reclaim for Q1 is for £7287.98. It was submitted and refund received on 20/06/2020.
	Has Council adopted the General Power of Competence and is it being correctly applied?	Minute 21 of the Annual Meeting held 14-05-2019 shows the Council resolving to adopt the GPoC.
	S137 separately recorded, minuted and within statutory limits	Not applicable
	Payments of interest and principal sums in respect of loans, are paid in accordance with agreements	Not applicable
4. Risk Management	Is there evidence of risk assessment documentation?	The Council maintains a comprehensive file of risk assessments and has a process for regular checking that material risks are being assessed and mitigated. Risk Assessment 12, Office (general) was last carried out in October 2018. There has been a change of personnel, so the assessment should be updated to reflect this when it becomes likely all staff will return to the building to work.. (appointed person, fire drill)
	Evidence that risks are being identified and managed.	The Council reviewed its corporate risks and financial management on 11-02-20 (minute 757) The Council agreed on 10-03-2020 to undertake asbestos surveys on its properties (minute 801) The council adopted 11 policies, mostly relating to staff welfare, at the meeting held 21-07-2020 (minute 196)

		Covid-19: A risk assessment was seen in relation to the hire of the hall for weddings, setting out additional mitigations to minimise the danger of transmission. In addition the Deputy Clerk has produced individual Covid-19 assessments for a range of facilities, organised signage and implemented QR codes for track and trace.
	Appropriate Insurance cover in place for employment, public liability and fidelity guarantee.	The Council's Insurance document was seen, insurances expiring 31-10-2020. Public liability cover is £15million Hirer's Liability cover is £2million Employer's liability cover is £10million Fidelity Guarantee cover is £1million Buildings insurances are in place for 12 premises as noted on the documents seen.
	Evidence that insurance is adequate and has been reviewed on an annual basis	The full council held 22-09-2020 reviewed the insurance proposals from Zurich Municipal and accepted the quotation (minute 416).
	Evidence that internal controls are documented and regularly reviewed	The Council last reviewed the internal controls at their meeting held 10-09-2019 (minute 315). Comment: This is now due for review
	Evidence that a review of the effectiveness of internal audit has been carried out during the year	This was carried out on 23-06-20 (minute 99)
5. Budgetary controls	Verifying that the budget has been properly prepared, and agreed	The 2020/21 budget was discussed by the Finance Committee on 17-09-19 and subsequently discussed at the 22-10 and 19-11-2019 meetings. The Full Council approved the budget on 14 th January 2020 (minute 683). The minutes record the details of income and expenditure.
	Verifying that the Precept amount has been agreed in full Council and clearly minuted	Yes, Full Council approved the precept on 14 th January 2020 (minute 683) it clearly showed the precept, percentage increase and the implications for Band D council tax, in accordance with best practice.
	Regular reporting of expenditure and variances from budget	Monthly reports are received by the Council, including direct debit payments and the corporate debit card.

	Reserves held	At 31st March 2020 Council had General Reserves of £60,212 and Earmarked Reserves of £462,401.
	General and Earmarked Reserves Policy.	At the meeting held 23-06-2020 the full council agreed that the budget for 2021/22 would include a provision to increase general reserves to £80,000 (minute 98) This would begin a prudent policy of raising the general reserves to at least 25% of expenditure (for 2020/21 this would equate to £92,000)
6. Income controls	Is income properly recorded and promptly banked?	A random sample of items of income were cross checked against cash book, bank statement and invoices. No inconsistencies were found.
	Is income reported to full Council?	Very full financial reports go to each full council meeting, including budget variance and bank reconciliation.
	Does the Precept recorded agree to the Council Tax Authority's notification?	Yes: The council submitted a precept demand upon East Suffolk Council on 16-01-2020 for £325,828. The first half-year tranche of £162,914 was paid into the Council's Ipswich Building Society on 14-05-20.
	If appropriate, are CIL Reporting Schedules in accordance with the Community Infrastructure Levy Regulations 2010?	Yes – a clear record is maintained and regularly reported to Council, ahead of submitting a report to ESDC. CIL Reserves as at 31-03-2020 = £59,066.73 2016/17 = £0 2017/18 = £0 2018/19 = £16,272.13 2019/20 = £42,794.60 2020/21 = £3,940.90 Balance as at 30-06-2020 was £63,007.63
	<ul style="list-style-type: none"> • Is CIL income reported to Council? • Does unspent CIL income form part of Earmarked reserves? 	Yes
<ul style="list-style-type: none"> • Has an annual report been produced 	Yes	

	<ul style="list-style-type: none"> Has it been published on the authority's website 	Yes
7. Petty Cash	Is a petty cash in operation?	yes
	If so, is there an adequate control system in place.	<p>The process has been described to the Internal Auditor as operating thus: All petty cash payments are supported by receipts and are entered into the petty cash book.</p> <p>It has not been possible to verify the petty cash held in the offices matches Cash Book 4 as the audit is carried out remotely in accordance with the council's instructions.</p>
8. Payroll controls	Do all employees have contracts of employment?	Yes
	Are arrangements in place for authorising of the payroll and payments by the Council?	'Moneysoft' payroll software used which ensures that the Council operates within the RTI system and submits full payment monthly submissions.
	Verifying the process for agreeing rates of pay to be applied.	The Council has set up a staffing committee to review rates of pay. The annual uplift in pay was approved by full council at their meeting held 22-09-2020 (minute 414)
	Do salary payments include deductions for PAYE/NIC?	In accordance with Proper Practices, PAYE taxes and employee and employer National Insurance contributions (NIC) are calculated and recorded for every employee. Deductions are paid to HM Revenue and Customs and Suffolk County Council on or before the dates prescribed.
	Is PAYE/NIC paid promptly to HMRC?	
	Is there evidence that the Council is aware of its pension responsibilities? Are pension payments in operation?	Yes: Council had 7 employees on its payroll as at 31/09/20, 3 of which were members of the Local Government Pensions Scheme as operated by Suffolk County Council.
Are other payments to employees reasonable and approved by the Council?	Not applicable	

9. Asset control	Verifying the Council maintains an Asset Register in accordance with proper practises	<p>The Asset Register reflects those items listed under insurance and within the Town Council's remit for maintenance and ownership. A basic asset register was provided, as work-in-progress.</p> <p>Recommendation: When the task is completed, the asset register should be in accordance with paragraph 5.59a in the JPAG Practitioners' Guide. It is also good practice to include a column showing if the asset is insured and if so, for what value. It is, of course, important that the asset value at acquisition and current value for insurance purposes are clearly differentiated.</p>
	Verifying that the Asset Register is reviewed annually	<p>The review of the asset register was considered at the annual meeting held 12-5-2020 and a policy for the threshold definition of an asset agreed (minute 19)</p> <p>At the meeting held 21-07-2020 the council approved a revaluation of the assets register as at 1-4-2020 as £677,124 (minute 200)</p>
	Cross checking of Insurance cover	<p>The insurances appear to cover the assets, with the possible exception of defibrillators, but until the asset register review is complete and a clear connection between the insurances and assets can be made, the Council should satisfy itself that the existing insurance is sufficient.</p>
10. Bank reconciliation	Regularly completed and reconciled with cash book	<p>Bank reconciliations are completed on a monthly basis and reconcile with the cash sheets. Overall there is regular reporting of bank balances within the financial reports submitted to the Town Council at each Town Council Meeting.</p>
	Confirm bank balances agree with bank statements	<p>Bank balances stated in the cash book as at 31/08/2020 agree with the bank statements:</p> <p>HSBC Current Account 3658: £2857.63 = Cash Book 1 HSBC Money Manager 8725: £154,135.61 = Cash Book 2 Ipswich Building Society as at 14/5/2020: £454,227.55 = Cash Book 3 Petty Cash reported: £113.11 = Cash Book 4</p>
	Regular reporting of bank balances at council meetings	<p>The bank reconciliation is reported to each relevant full Council meeting. Scans of the original bank statements provided with the finance papers on the website, along with the cashbook, providing</p>

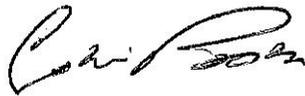
		full transparency. This means anyone can satisfy themselves they match the cashbooks.
11. Year-end procedures	Appropriate accounting procedures used	Yes - Accounts are produced on an income and expenditure basis.
	Financial trail from records to presented accounts	There is an underlying financial trail from financial records to the accounts produced.
	Where appropriate debtors and creditors have been properly recorded.	As at 28/09/20, there is just one debtor beyond 60 days. On 23/03/20 the Council voted to defer collection of this debt to provide financial relief during the pandemic (minute 815)
	Has the appropriate end of year AGAR documents been completed?	As Council is a smaller authority with gross income and expenditure exceeding £25,000 but not exceeding £6.5million it has completed Part 3 and Section 1 Accounting Statements of the AGAR. The Full council discussed and approved the AGAR at the meeting held 23-06-2020 (minutes 101-102)
	Where an authority certified itself exempt in 2020/21, did it met the exemption criteria and correctly declared itself exempt?	Not applicable
	During the Summer 2020 did the smaller authority demonstrate that it correctly provided for the exercise of public right as required by the Accounts and Audit Regulations?	Yes – the notice was easily found on the website.
	Have the publication requirements been met in accordance with the Audit & Accounts Regulations of 2015	The Council has complied with the requirements of the Accounts and Audit Regulations 2015 for smaller authorities with income and expenditure not exceeding £25,000 and published the following on a public website: Annual Internal Audit Report of the AGAR Section 1 – Annual Governance Statement of the AGAR Section 2 – Accounting Statements of the AGAR

		Notice of the period for the exercise of public rights and other information required by Regulation 15 (2), Accounts and Audit Regulations 2015.
12. Internal audit for the year ending 31 March 2020	Verifying that the previous internal audit reports have been considered by the Council	The Internal Auditor's Report for the period ending 31st March 2020 was accepted at the Full Council meeting held 23-06-2020.
	Verifying that appropriate action has been taken regarding recommendations raised in reports from Internal Audit Recommendation: Some form of process is required to assist in maintaining up to date compliance with the Code	Yes - the website was checked on 13 th October 2020 and financial transactions over £500 we listed up to 30 th September 2020
	Confirmation of appointment of Internal Auditor	SALC were appointed on 23-06-20 (minute 100)
13. External audit for the year ending 31 March 2019	Verifying that the external audit report has been considered by the Council	The external audit was completed in February 2020 and considered by the Council at its meeting on 10/03/20 (minutes 796-797)
	Verifying that appropriate action has been taken regarding recommendations raised in reports from External Audit	Not applicable.
14. Additional Comments	Annual meeting - held in accordance with legislation	The Annual Meeting of the Town Council was held on 12th May 2020 with the second item on the agenda being the election of the town mayor. The Local Government Act of 1972 15(1) requires this to be the first item on the agenda.
	Correct identification of trustee responsibilities	The Council is trustee of Elmhurst Park and Kingston Field.
	Verification that the applicable Transparency Code has been correctly applied and information is published in accordance with current legislation	The Council publishes quarterly reports on expenditure, this being up to March 31 st 2020 at the time of the audit; Q1 to June 30 th 2020 was not found on the website
	Verifying that the council is registered with the ICO	Registration No. Z5069580 to 15/10/20

<p>Verifying that the Council is compliant with the General Data Protection Regulation requirements</p> <p>Are the following in place:</p> <ul style="list-style-type: none"> • Audit / Impact Assessment • Privacy Notices • Procedures for dealing with Subject Access Requests • Procedure for dealing with Data Breaches • Data Retention & Disposal Policies 	<p>At the Annual meeting held 14-05-2019 the Council reviewed a set of policies to facilitate compliance with requirements of the GDPR.</p> <p>Not seen</p> <p>Yes</p> <p>Yes</p> <p>This was adopted 10/09/19</p> <p>Yes</p>

Thank you to the Locum Clerk, Deputy Clerk and Finance Assistant for their considerable assistance in completing this audit remotely, due to the restrictions in place under Covid-19 regulations.

Signed



Date of Internal Audit Visit 4th 5th & 13th October 2020

Date of Internal Audit Report 13th October 2020

On behalf of Suffolk Association of Local Councils