

## Internal Audit Report for Woodbridge Town Council for the period ending 31<sup>st</sup> July 2021

Clerk	Greg Diaper	
RFO (if different)	Gordon Mussett (Locum Deputy Clerk)	
Chairperson	Cllr. Sue Bale	
	Annual Budget:	Actual to date:
Precept	£343,101	£171,551
Income	£388,635	£239,682
Expenditure	£518,635	£125,175
General reserves	£86,846	
Current Year Fund	£114,507	
Earmarked reserves	£486,373	
Audit type	<b>Interim</b>	
Auditor name	Vicky Waples	

## Introduction

The primary objective of internal audit is to review, appraise and report upon the adequacy of internal control systems operating throughout the council. To achieve this SALC 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

## Methodology

When conducting the audit, the internal auditor 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 2020/21 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

<b>Section 1 – proper bookkeeping</b>		
The internal auditor will look at the methods and processes used to manage the council’s accounts and in particular that it provides clear data for reporting and monitoring purposes. This includes checking information is accurate, kept up to date, referenced and verified.		
<b>Evidence</b>		<i>Internal auditor commentary</i>
<i>Is the ledger maintained and up to date?</i>	Yes	The council uses the Omega Accounting Package which produces reports on an Income and Expenditure basis. This in turn allows the Responsible Financial Officer (RFO) to produce clear financial management information to the Council by focusing on the balance of economic benefits that it has under its control, rather than just its bank balance. The cashbook is kept up to date and regularly verified against bank statements.
<i>Is the cash book up to date and regularly verified?</i>	Yes	The cashbook remains the focus for day-to-day accounting and the RFO is aware that the balancing off and reconciliation to the bank statement remains the most important control over the accounting system. The cashbook is reconciled on a monthly basis.
<i>Is the arithmetic correct?</i>	Yes	Spot checks were made, and all was found to be in order. Cash books are reconciled on a monthly basis.
<b>Additional comment:</b> <i>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. For further transparency and scrutiny, the RFO, in accordance with best practice, has referenced all payments and receipts with a description as to the expenditure and income being incurred to ensure the integrity of data being input and processed.</i>		

<b>Section 2 – Financial Regulation and Standing Orders</b>		
The internal auditor will check the date the Council carried out its annual review of both Standing Orders and Financial Regulations and in particular check if these are based on NALC’S latest model which include legislative changes.		
<b>Evidence</b>		<i>Internal auditor commentary</i>
Have Standing Orders been adopted, up to date and reviewed annually?	Yes	At the meeting of 22 <sup>nd</sup> June 2021, Council reviewed its existing Standing Orders confirming that there were no changes required to those adopted in

		2020. Agreement was forthcoming for the Town Clerk to make the document non gender specific. A copy of the adopted orders can be found on the Council's website and are based on the Model Standing Orders produced by NALC in 2018 which take into account changes in legislation since those produced in 2013.
Are Financial Regulations up to date and reviewed annually?	Yes	Financial Regulations (FR), were reviewed by the Town Council at the same meeting, a copy of which can be found on the Council's website, and which are based on the Model Standing Orders produced by NALC in 2019.
Has the Council properly tailored the Financial Regulations?	Yes	The Council's current Financial Regulations have been tailored to the Town Council.
Has the Council appointed a Responsible Financial Officer (RFO)? <sup>1</sup>	Yes	In accordance with Section 151 of the Local Government Act 1972(d) (financial administration), January 2020, Council resolved to appoint the Locum Town Clerk as the Council's Responsible Financial Officer (RFO), for the period of their employment, to be responsible for the administration of the financial affairs of the relevant authority.
<p><b>Additional comments:</b>                  Council has shown good practice by ensuring that it has in place appropriate measures governing how it operates, provisions for securing competition and regulating the manner in which tenders are invited. In accordance with proper practices, Council has ensured that its Financial Regulations are regularly reviewed, fit for purpose and that Council agrees to adhere to them as written. At its next review Council might wish to refer to LTN 87 as produce by NALC which contains updated information on Procurement; thresholds post Brexit and advertising requirements.</p>		

<p><b>Section 3 – Payment controls</b>                  The internal auditor will specifically check bank reconciliation including credit/debit cards and management approval processes and evidence that internal Financial Regulations (FO) are being followed. The internal auditor will examine how regular payments are managed and specifically seek evidence that these have been brought back to the Council for verification purposes especially where the actual payment made differs from the amount previously agreed. VAT should be clearly identified including evidence that claims have been correctly managed. The internal auditor will check if the Council has a clear understanding on eligibility in relation to the General Power of Competence and that s.137 has been correctly applied and managed.</p>	
<b>Evidence</b>	<i>Internal auditor commentary</i>

<sup>1</sup> Section 151 Local Government Act 1972 (d)

<p>Is there supporting paperwork for payments with appropriate authorisation?</p>	<p>Yes</p>	<p>At each Full Council meeting a list of all payments awaiting approval, including those to be retrospectively approved, is presented to the meeting with formal approval of such expenditure being shown in the minutes and evidence of such paperwork, including details of those authorizing the release of payment is retained within the files submitted for internal audit.</p> <p>Spot checks on payments over £500 were cross checked against cashbook, payment authorization documentation, minutes and bank statements and found to be in order and correctly approved in accordance with Council's own Financial Regulations.</p>
<p>Have decisions taken under delegated authority been reported back to Council?</p>	<p>Yes</p>	<p>For the period 5<sup>th</sup> May to 21<sup>st</sup> June 2021, Council, being unable to meet due to the suspension of legalisation which permitted virtual meetings and the concern that meetings held in the public forum would exceed the government limits for indoor gatherings, authorised the Town Clerk to take such decisions which are normally made by Council or Committee, in conjunction with the Town Major. In accordance with legislation, at its meeting of 22<sup>nd</sup> June 2021, council were informed of the decisions taken by the Town Clerk under delegated powers.</p>
<p>Where applicable, were procurement controls identified and followed in the awarding of new contracts</p>	<p>Yes</p>	<p>During the period under review, Council consider quotations for and awarded contracts for the following projects: concrete culvert (Kingston Field stream); new footpath (Kingston Field) and new play equipment (Kingston Field). The paperwork submitted for internal audit shows the procurement process followed by the Town Council in the appointment of contractors for each approved project.</p> <p><i>Comment: Council might wish to review the list as shown and ensure that it is updated in accordance with the requirements of the Transparency Code 2015 noting that certain information is to be published quarterly - details of any contract, commissioned activity, purchase order, framework agreement and any other legally enforceable agreement with a value that exceeds £5,000.</i></p>
<p>Where applicable, are internet banking transactions properly recorded and approved?</p>	<p>Yes</p>	<p>Internet banking is operated in accordance with the Council's own FRs 5.5-5.7 and 6.4 with evidence being retained showing which authorised members or the Clerk and RFO under delegated authority approved the payment. Council continues with the procedure outlined in previous internal audit reports whereby the accounts for payments are checked by</p>

		an authorised member of the Finance and Staffing Committee prior to being submitted for approval at each Town Council Meeting.
Is VAT correctly identified, recorded and claimed within time limits?	Yes	VAT is clearly identified in the ledger book and claimed in accordance with the guidelines for local authorities and similar bodies. The year-end position on 31 <sup>st</sup> March 2021 of £8,365.84, as submitted on 9 <sup>th</sup> April 2021, is verified as having been received on 19 <sup>th</sup> April 2021. A VAT return for Quarter 1 in the sum of £6,153.89 was submitted to Hm Revenue and Customs in July 2021 and settled on 16 <sup>th</sup> July 2021. The minutes of 4 <sup>th</sup> May 2021, confirm that the Council has opted to tax the Shire Hall.
Has the Council adopted the General Power of Competence (GPOC) and is there evidence this is being applied correctly? <sup>2</sup>	Yes	The annual audit for the year ending 31 <sup>st</sup> March 2021 confirms that at the Annual Meeting held on 14 <sup>th</sup> May 2018, the Council resolved to adopt the General Power of Competence.
Are payments under s.137 <sup>3</sup> separately recorded, minuted and is there evidence of direct benefit to electorate?	<i>Not applicable</i>	
Where applicable, are payments of interest and principal sums in respect of loans paid in accordance with agreements?	<i>Not applicable</i>	
<p><b>Additional comments:</b>                  Council has recognised the recommendation from NALC in relation to dual authorization for internet payments and ensured that there are controls on expenditure as an integrated part of its overall financial control system and evidence retained showing which authorised members approved the release of the payment. The controls in place form part of the Council's Internal Control Policy and are reviewed on an annual basis.</p>		

<p><b>Section 4 – Risk management</b>                  The internal auditor will expect to find evidence of the management of risks from identification of what those are for each individual Council through to how these will be managed and the controls in place to mitigate these and that these have been approved by the Council.</p>
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<sup>2</sup> Localism Act

<sup>3</sup> Section 137 of the Local Government Act 1972 (“the 1972 Act”) enables local councils to spend a limited amount of money for purposes for which they have no other specific statutory expenditure. The basic power is for a local council to spend money (subject to the statutory limit – of £8.12 per elector) on purposes for the direct benefit of its area, or part of its area, or all or some of its inhabitants.

Evidence		Internal auditor commentary
<i>Is there evidence of risk assessment documentation?</i>	Yes	<p>Overall, the risk assessment documentation submitted for Internal Audit provides details of the risks associated with the functioning of a smaller authority and the measures that the Council will undertake to mitigate such risks. The Council's Risk Management Scheme for the year under review was adopted by full Council at its meeting of 16<sup>th</sup> February 2021 and is noted to be annually reviewed.</p> <p><i>Comment: Council's Directory of Risk Assessments and Review Dates submitted for internal audit demonstrates that Council has recognised that, having identified and assessed the risks associated with the functioning of the smaller authority, such documentation should be reviewed not less than annually by members and that risk management should be a standing item at full Council or committee meetings.</i></p>
<i>Is there evidence that risks are being identified and managed?</i>	Yes	<p>Council is aware that its risk assessment needs to focus on the safety of the parish council's assets and in particular its money. Council has ensured that it has taken actions to identify and assess those risks and has considered what actions or decisions it needs to take during the year to manage in order to avoid financial or reputational consequences.</p>
<i>Does the Council have appropriate and adequate insurance cover in place for employment, public liability and fidelity guarantee <b>and</b> has been reviewed on an annual basis?</i>	Yes	<p>In accordance with Proper Practices, Council has identified its key risks and taken steps to manage them in a way which it can justify to a level which is tolerable by transferring the risk and buying in services from specialist external bodies and taking out insurance. General Insurance from Zurich Municipal for the period from 1<sup>st</sup> November 2020 to 31<sup>st</sup> October 2021 was reviewed during the Internal Auditor's visit. Council is in a long-term agreement which is active until 1<sup>st</sup> November 2023.</p> <p>Core cover shows the following: Employers Liability £10,000,000. Public Liability £15,000,000; Products Liability £10,000,000; Hirers Liability £2,000,000 &amp; Fidelity Guarantee Cover is £1,000,000. Material Damage cover is shown for 12 buildings / premises with Business Interruption on all buildings and premises under insurance. All Risks cover is in place for a number of items with specified location as well as cover for non-location specific on further assets.</p> <p>Fidelity Guarantee cover at £1million is in accordance with guidance, which provides that the cover should be at least the sum of the year-end balances</p>

		<p>plus 50% of the precept/grants to be received in the following April/May. Council should ensure that balances and cash flow are monitored to ensure that cover is appropriate as balances increase.</p> <p>The minutes of 4<sup>th</sup> May 2021 confirmed that there were no further changes required in terms of its arrangements of insurance cover following the review in September 2020.</p> <p><i>Comment: Council has ensured that by reviewing its annual insurance, it has recognised that it is the responsibility of the whole Council to satisfy itself that insurances are adequate and that having identified, assessed and recorded the risks, appropriate measures, such as the appropriate use of insurance cover, have been taken to mitigate and manage the risk.</i></p>
<i>Evidence that internal controls are documented and regularly reviewed<sup>4</sup></i>	Yes	<p>In accordance with the Accounts and Audit Regulations 2015, Council is aware that it should formally review the effectiveness of its system of internal control to ensure that it has mitigation measures in place to address the risks associated with the management of public finances. During the year 20-21, Council carried out its annual review of its internal controls (meeting of 20.10.20) which is to be reviewed in October 2021. Within its risk assessment documentation, Council has sought to ensure that measures are fully explored to provide assurance to members that there is a robust system in place which is effective and adequate for preventing members from approving or authorising fund transfers that are not supported by appropriate documentation.</p>
<i>Evidence that a review of the effectiveness of internal audit has been carried out during the year<sup>5</sup></i>	Yes	<p>In accordance with Proper Practices, full Council at its Annual Council meeting of 4<sup>th</sup> May 2021, reviewed the effectiveness of internal audit and agreed that there were no amendments to be made to the current process.</p> <p><i>Comment: by reviewing the terms of reference and effectiveness for internal audit the council has followed guidance and demonstrated that it recognises that the function of internal audit is to test and report to the authority on whether its system of internal control is adequate.</i></p>
<b>Additional comments:</b>		

<sup>4</sup> Accounts and Audit Regulations

<sup>5</sup> Governance and Accountability Guide

<b>Section 5 – Budgetary controls</b>		
The internal auditor will seek verification that budgets are properly prepared, agreed and monitored. In particular they will look for evidence of good practice in that the key stages of the budgetary process have been followed		
<b>Evidence</b>		Internal auditor commentary
<i>Verify that budget has been properly prepared and agreed</i>	Yes	<p>Council approved, at its meeting of 26<sup>th</sup> January 2021, a net budget of £343,101 for the year 2021 to 2022, incorporating budgeted income, annual repetitive maintenance funding and future year maintenance reserve. There is however no minute evidence to record the budget set, merely a reference to “Appendix A as attached to the minutes”. Upon review, Appendix A was not attached to the minutes nor was it with the supporting documentation for that meeting.</p> <p><i>Comment: Council should be aware that the preparation of an annual budget is one of the key statutory tasks to be undertaken by an authority and for clarity and transparency should ensure that the level of budget is clearly evidenced in the Council’s minutes, along with the actual figures being approved so that there is clarity on the budget, precept and implications for Band D Council Tax.</i></p>
<i>Verify that the precept amount has been agreed in full Council and clearly minuted</i>	Yes	<p>The precept was approved at the meeting of 26<sup>th</sup> January 2021, with Council, following a recommendation from the Finance and Staffing Committee, approving to set the precept for the year 2021/202 at £343,101. The documentation submitted for internal audit records that this would be equivalent for a Band D of £110.67.</p>
<i>Regular reporting of expenditure and variances from budget</i>	Yes	<p>Within the financial reporting structure operated by the Council, detailed reports summarising the Council’s receipts and payments for the period, the Council’s aggregate receipts and payment for the year to date and balances held is submitted to full Council and resolved for adoption. This includes a comparison with the budget for the financial year.</p> <p>Virements between budgets are approved in accordance with Council’s own Financial Regulations and Council is aware that a virement from reserves into the revenue budget may only be made following a resolution of the Council, or duly delegated committee.</p>

<i>Reserves held – general and earmarked<sup>6</sup></i>	Yes	<p>The Council, on 31<sup>st</sup> July 2021, had overall reserves totalling £687,727 with agreed Earmarked Reserves of £486,373.43, General Reserves at £86,846 and Current Year Fund of £114,507.</p> <p><i>Council should be aware of the guidance as issued by Proper Practices which states that it is regarded as acceptable for a council's general (non-earmarked revenue) reserves to be equal to 3 to 12 months of Net Revenue Expenditure and should ensure that the level of general reserves adopted is in accordance with its General Reserve Policy. There is no upper limit for Earmarked Reserves, but they should be held for genuine and intended purposes and their level subject to regular review and justification (at least annually).</i></p>
<p><b>Additional comments:</b>  <i>Budget: whilst Council shows good practice by following the recommended key stages as to the budgetary process to be followed for the year, clarity on the budget being set within the minutes is required.</i></p>		

<p><b>Section 6 – income controls</b>                  The internal auditor will seek evidence to ensure income is correct managed – recorded, banked and reported and test mechanisms used to achieve this.</p>		
<b>Evidence</b>		Internal auditor commentary
<i>Is income properly recorded and promptly banked?</i>	Yes	<p>Income is recorded in accordance with Council's Financial Regulations. A number of items of income were cross checked against cash book and bank statement and found to be in order and recorded in accordance with Proper Practices. Council's accounting records contain all day-to-day entries of all sums of money received. Spot checks on further items paid during the year under BACS / Direct Credit into the Council's Accounts were cross checked against cashbook, bank statements and invoices raised by the Parish Council. All were found to be in order with a clear underlying audit trail.</p>

<sup>6</sup> In accordance with proper practices, the generally accepted minimum level of a Smaller Authority's General Reserve is that this should be maintained at between three (3) and twelve (12) months of Net Revenue Expenditure

		The outstanding sales ledger invoices for the period ending 31 <sup>st</sup> July 2021 was seen and verified. <i>Comment: Council is aware that Proper Guidance states that uncollectible amounts, including bad debts, should only be written off with the approval of members, or under delegated authority by the RFO and that such approval should be shown in the accounting records.</i>
<i>Is income reported to full council?</i>	Yes	Income is reported in accordance with the Council's own Standing Orders and forms part of the Financial Reports submitted to and approved by full Council.
<i>Does the precept recorded agree to the Council Tax Authority's notification?</i>	Yes	The council received the 1 <sup>st</sup> instalment of its precept in the sum of £171,550.5 In April 2021 as reported at the meeting of 22 <sup>nd</sup> June 2021. Evidence was provided showing details of the Precept being discussed and approved at the meeting of 26 <sup>th</sup> January 2021, served on the Charging Authority to receipt of 50% in the Council's Bank Account.
<i>If appropriate, are CIL reporting schedules in accordance with the Regulations?<sup>7</sup></i>	Yes	For the period under review Council receive CIL Receipts in the sum of £36,105.23.
<i>Is CIL income reported to the council?</i>	Yes	The CIL payment received was reported to full Council at the meeting of 22 <sup>nd</sup> June 2021
<i>Does unspent CIL income form part of earmarked reserves?</i>	Yes	Council has ensured that the CIL receipts are allocated to a working CIL reserve forming part of the earmarked reserves.
<i>Has an annual report been produced?</i>	Yes	In accordance with the 2010 Regulations, Council ensured that the retained balance of CIL funds was transferred into an Earmarked Reserve specifically allocated.
<i>Has it been published on the authority's website?</i>	Yes	A copy of the report for the year 20/21 was seen on the Council's website.
<b>Additional comments:</b> <i>CIL Reporting: Council has ensured that it complies with its duty to produce an annual CIL report for each financial year and that such a report is uploaded onto its website by 31st December of that year.</i>		

### Section 7 – petty cash

The Internal Auditor will seek evidence that the Council has followed its own policies, procedures and verification processes and that these are up to date.

<sup>7</sup> Community Infrastructure Levy Regulations 2010

Evidence		Internal auditor commentary
<i>Is petty cash in operation?</i>	Yes	As outlined in previous audit reports, all petty cash reconciliations are carried out on a regular basis and are entered into the petty cash book.
<i>If appropriate, is there an adequate control system in place?</i>	Yes	The float maintained is adequate to meet small items of expenditure and is reimbursed on an appropriate frequency. Adequate records of receipts and payments are maintained. It has however not been possible to verify the petty cash balances held in the Council's offices as the internal audit is being carried out remotely in accordance with the Council's instructions.
<p><b>Additional comments:</b>  <i>Council has ensured that in accordance with Proper Practices the number of petty cash floats are kept to a minimum and not used where an official order is more appropriate.</i></p>		

Section 8 – Payroll controls		
<p>The Internal Auditor will check salaries are approved in accordance with PAYE, NI, Pension and that there is a clear understanding that the clerk is not self-employed. If the Clerk was recruited after 1<sup>st</sup> April 2021, evidence will be required to show compliance with the new requirements for the statement of employment, Induction, probation periods and training requirements. The Internal Auditor will also review how payroll is managed including evidence of approval of payslips.</p>		
Evidence		Internal auditor commentary
<i>Do all employees have contracts of employment?</i>	Yes	Council had 6 employees on its payroll at the period end of 31 <sup>st</sup> July 2021. Three members of staff have employment contracts which include provisions for annual reviews and rates of pay for those covered by the national agreement for Local Government Services. The further three members of staff have employment particulars which details rates of pay for staff not covered by the national agreement.
<i>Has the Council approved salary paid?</i>	Yes	The minutes of 22 <sup>nd</sup> September 2020 confirm the conclusion of the review of rates of pay for all staff with agreed for their implementation.

<i>Are arrangements in place for authorising of the payroll and payments to the council? Does this include a verification process for agreeing rates of pay to be applied?</i>	Yes	There are suitable payroll arrangements in place which ensures the accuracy and legitimacy of payments of salaries and wages, and associated liabilities and as such the council has complied with its duties under legislation.
<i>Do salary payments include deductions for PAYE/NIC? Is PAYE/NIC paid promptly to HMRC?</i>	Yes	Council uses “Moneysoft” payroll software which is operated in accordance with HM Revenue and Customs guidelines. Cross-checks were completed on three payments covering salary and PAYE were found to be in order. Deductions paid to HM Revenue and Customs during the period under review were made in accordance with timescales as set out in the regulations.
<i>Is there evidence that the Council is aware of its pension responsibilities? Are pension payments in operation?<sup>8</sup></i>	Yes	Council is aware of its pension responsibilities with three members of staff being members of the Suffolk County Council Local Government Pensions Scheme.
<i>Are there any other payments (e.g.: expenses) and are these reasonable and approved by the Council?</i>	Yes	There is a satisfactory expense system in place and all expense claim forms are standardised; accompanied by receipts and signed by the claimant. All expenses / payments made are approved in accordance with Council’s FRs. <i>Comment: Council is aware of the changes in the Practitioners Guide for 2020 on the treatment of what can be included as employment expenses within the Annual Governance and Accountability Guide 2020 - section 2.16 refers and submitted within Box 4 of the AGAR.</i>

**Additional comments:**

*There are robust payroll arrangements in place with ensures the accuracy and legitimacy of payments of salaries and associated liabilities and as such the Council has complied with its duties under employment legislation and has met its pension obligations.*

<p><b>Section 9 – Asset control</b></p> <p>The Internal Audit will be seeking to establish if there is a list of assets in accordance with proper practices including the date of acquisition, location and value. This extends to checking policies (with evidence of review) and that the Council has applied the documented approach in practice. The Internal Auditor will check not only valuation processes but the existence of reserve budgets for depreciation and adequacy of insurance. A clear audit trail should be available when items are purchased including minutes to evidence approval.</p>	
<b>Evidence</b>	Internal auditor commentary

<sup>8</sup> The Pension Regulator – [website click here](#)

<i>Does the Council maintain a register of material assets it owns and manage this in accordance with proper practices?<sup>9</sup></i>	Yes	The Asset Register details assets held by the Council which have been defined as Fixed Assets and the approved itemised list forms the basis of Box 9 of the Annual Governance and Accountability Guide.
<i>Are the value of the assets included? (note value for insurance purposes may differ)</i>	Yes	Where assets have been gifted or where there is no known value, assets have been given the proxy value of £1. This value has also been applied to a number of Community Assets, which, in accordance with guidance, are treated in the same manner as gifted assets.
<i>Are records of deeds, articles, land registry title number available?</i>	No	Records of deeds, articles, land registry title number were not reviewed during the internal audit as this was undertaken remotely.
<i>Is the asset register up to date and reviewed annually?</i>	Yes	The minutes of 4 <sup>th</sup> May 2021, confirm that there have been no changes to the Council's inventory of land and other assets since the review undertaken in March 2021. As such the declared value for the period ending 31 <sup>st</sup> July 2021 shows assets to the value of £710,576.
<i>Cross checking of insurance cover</i>	Yes	All risks cover is in place on a banding scale to cover the Council's asset as listed as Infrastructure within the schedule. Specific cover for specialised items is listed within the insurance document with Property Damage Insurance for Council owned Buildings and Land as identified within the Council's Asset Register.
<p><b>Additional comments:</b>  <i>Council should be mindful of the guidance within the Governance and Accountability for Smaller Authorities in England March 2021, on the valuation of its assets which required authorities to apply a reasonable approach to asset valuation which is consistent from year to year. Where an authority changes its method of valuation during a financial year, the Council should note that it will need to restate the prior year's figure in Line 9 of the Annual Governance and Accountability Guide.</i></p>		

<p><b>Section 10 – bank reconciliation</b>                  The internal auditor will seek to establish that the Council understands and can evidence good practice and internal control mechanisms in relation to bank reconciliation.</p>	
<b>Evidence</b>	Internal auditor commentary

<sup>9</sup> Governance and Accountability for Smaller Authorities in England – March 2019

<i>Is bank reconciliation regularly completed and reconciled with the cash book and cover every account?</i>	Yes	Bank reconciliations are completed on a regular basis and reconcile with the cash sheets. Overall there is reporting of bank balances within the financial reports submitted at full Council Meetings.
<i>Do bank balances agree with bank statements?</i>	Yes	Bank balances agree with period end statements and, as at year end (31 <sup>st</sup> March 2021), the balance across the councils accounts stood at £596,585 as recorded in the Balance Sheet for the period ending 31 <sup>st</sup> March 2021 and are broken down as follows: Current Account: £10,682.63 Money Manager Account: £233,133.74 Ipswich Building Society: £456,701.03 Petty Cash: £25.76.
<i>Is there regular reported of bank balances at Council meetings?</i>	Yes	Balances across the Council's accounts are reported on a regular basis to full Council. The RFO ensures that the Council is aware that in accordance with proper practices, the bank reconciliation is a key tool for management as it assists with the regular monitoring of cash flows and therefore aids decision-making. <i>Comment: approval of the bank reconciliation by the authority or the chair of finance or another authority nominee not only demonstrates good practice but will also act as a safeguard for the RFO and may fulfil one of the authority's internal control objectives.</i>
<b>Additional comments:</b> <i>Comment: Council should ensure that it follows guidance on its investments as issued by the Secretary of State under section 15(1)(9) of the LGA 2003 (3<sup>rd</sup> edition) which states that all councils that have investments in excess of £100,000 should have in place an investment strategy.</i>		

<b>Section 11 – period end procedures</b>		
<b>Evidence</b>		<i>Internal auditor commentary</i>
<i>Are appropriate accounting procedures used?</i>	Yes	Accounts are produced on an income and expenditure basis. All were found to be in order. There is an underlying financial trail from financial records to the accounts produced.

<i>Financial trail from records to presented accounts</i>	Yes	Debtors and creditors have been properly recorded. Council has ensured that its records detail the assets and liabilities of the authority including the asset and investment register and records of loans and other debts. Period-end balances agree with cash book and bank reconciliations: Debtors: £1,536 VAT Account: £3,942 Bank Accounts: £700,544 less Creditors: £4,683 Income in Advance: £13,612 Represented by: Total Reserves: £687,727
<i>Has the appropriate end of year AGAR<sup>10</sup> documents been completed?</i>	<i>Not applicable</i>	<i>The audit being carried out was an interim audit only.</i>
<i>Did the Council meet the exemption criteria and correctly declared itself exempt?</i>	<i>Not applicable</i>	As the Town Council has gross income and expenditure exceeding £25,000 it will not be able to declare itself exempt from a limited assurance review.
<i>For the year 2020-2021 did the small authority demonstrate that it correctly provided for the exercise of public right as required by the Accounts and Audit Regulations 2015?</i>	Yes	The internal auditor was able to find the arrangements for the exercise of public rights for the year ending 31 <sup>st</sup> March 2021 and can confirm that the dates set for the year ending 31 <sup>st</sup> March 2021 were from 14 <sup>th</sup> June until 23 July 2021.
<i>Have the publication requirements been met in accordance with the Regulations?<sup>11</sup></i>	Yes	The Council has complied with the requirements of the Accounts and Audit Regulations 2015 for smaller authorities with income and expenditure exceeding £25,000 but not exceeding £6.5 million for the year ending 31 March 2021 and published the following on a public website: Section 1 – Annual Governance Statement of the AGAR - unaudited Section 2 – Annual Accounting Statements of the AGAR - unaudited Section 3 – External Audit Report and Certificate – <i>not yet completed by the external auditor</i> Notice of the period for the exercise of public rights
<b><i>Additional comments:</i></b>		

<sup>10</sup> Annual Governance & Accountability Return (AGAR)

<sup>11</sup> Accounts and Audit Regulations 2015

*Council has noted the recommendation within the Accounts and Audit Regulations 2015, that, as best practice, and to avoid any potential confusion by local electors and interested parties, it publishes the Annual Internal Audit Report, page 3.*

<b>Section 12 – internal audit</b>		
The internal auditor will revisit weaknesses and recommendations previously identified to see if these have been addressed. They will also check if any changes introduced require further verification to ensure effectiveness of the corrective action taken.		
<b>Evidence</b>		<i>Internal auditor commentary</i>
<i>Has the previous internal audit report been considered by the Council?</i>	Yes	The Internal Audit Report for the year ending 31 <sup>st</sup> March 2021, was considered and accepted by full Council at its meeting of 4 <sup>th</sup> May 2021.
<i>Has appropriate action been taken regarding the recommendations raised?</i>	Yes	Council noted the one recommendation raised within the report with regards to the expansion of the minute approving the precept. There were no further matters raised within the internal audit that required the production of a separate report to prevent recurrence of the issues raised.
<i>Has the Council confirmed the appointment of an internal auditor?</i>	Yes	The re-appointment of SALC as the Council's internal auditor for the year 2021-2022 was confirmed at the meeting of 4 <sup>th</sup> May 2021.
<b>Additional comments:</b>		

<b>Section 13 – external audit for the period under review</b>		
The internal auditor will revisit the external audit so that previous weaknesses and recommendations can be taken into account.		
<b>Evidence</b>		<i>Internal auditor commentary</i>
<i>Has the previous external audit report been considered by the Council?<sup>12</sup></i>	<i>Not applicable</i>	The Town Council has yet to receive the Limited Assurance Review for the year ending 31 <sup>st</sup> March 2021 as carried out by the External Auditor.

<sup>12</sup> Regulation 20 Accounts and Audit Regulations 2015 – *following completion of an audit the Council should note that it is the Council as a whole (i.e.. All members) and not a committee that should receive and consider the audit letter (including Annual Return and Certificate) from the local auditor as soon as reasonably practicable and the minutes should reflect that these have been received.*

<i>Has appropriate action been taken regarding the comments raised?</i>	<i>Not applicable</i>	
<b>Additional comments:</b>		

<b>Section 14 – additional information</b>		
The internal auditor will look for some additional evidence of good record keeping, compliance with data protection regulations, freedom of information and website accessibility regulations.		
<b>Evidence</b>		<i>Internal auditor commentary</i>
<i>Was the annual meeting held in accordance with legislation?</i> <sup>13</sup> <i>(note to auditor- emergency Regulations as a result of the COVID-19 pandemic)</i> <sup>f14</sup>	Yes	Council held its Annual Meeting of the Parish Council during the year under review on 4 <sup>th</sup> May 2021 via remote means. At this meeting, the Mayor and Deputy Mayor were elected. <i>Comment: In recognition of this being unprecedented times and following the Government’s guidelines for staying at home and working remotely, the Government included within s.78 in the Coronavirus Act 2020 (made 4<sup>th</sup> April 2020) the ability for the Secretary of State to have the power to make Regulations to cover the provisions for the holding of meetings. The 2020 Regulations set out those provisions. Council has followed these regulations and held its meetings via a Videoconferencing platform in accordance with the conditions laid out.</i>
<i>Is there evidence that Minutes are administered in accordance with legislation?</i> <sup>15</sup>	Yes	Council is aware that that under LGA 1972 schedule 12, paragraphs 41(1) and 44 the draft minutes of a meeting should be formally approved (with any necessary amendments) at the next meeting.
<i>Is there a list of members’ interests held?</i>	Yes	Evidence was seen on the Town Council’s website of the Register of Interests for all current Town Councillors. <i>Comment: Council has noted the requirement that, whilst the monitoring officer of the District Council must arrange for the parish council’s register of</i>

<sup>13</sup> The Local Government Act 1972 Schedule 12, paragraph 7 (2) and Schedule 15 (2)

<sup>14</sup> The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020

<sup>15</sup> Public Bodies (Admission to Meetings) Act 1960, Local Government Act 1972 and the Localism Act 2011

		<i>members' interests to be available for inspection in the district and must be published on the district council's website, where the parish council has its own website, its register of members' interests must also be published on that website. (Openness and transparency on personal interests - A guide for councillors – August 2012).</i>
<i>Does the Council have any Trustee responsibilities and if so are these clearly identified in a Trust Document?</i>	<i>Not applicable</i>	At the meeting of 4 <sup>th</sup> May 2021, Council noted its position as Corporate Trustee of the Tide Mill, Kingston Field and Elmhurst Park.
<i>Has the Transparency Code been correctly applied, and information published in accordance with current legislation?</i>	<i>Partly met</i>	For Councils with income over £200,000 the provisions contained in Part 2 of the Local Government Transparency Code 2015 in relation to matters that should be published, are mandatory.
<i>Have decisions taken under delegated authority been reported back to Council?</i>	Yes	Comment: during the months where Council did not meet, a number of payments were made. Council should ensure that all payments made away from the meeting should be brought back to Council at the earliest opportunity for retrospective approval.
<i>Has the Council registered with the Information Commissioner's Office (ICO)?<sup>16</sup></i>	Yes	The council is correctly registered with the IO as a Data Controller in accordance with legislation. Reference: Z5069580- expires 15/10/2021 <i>Comment: once the appointment of the Town Clerk is confirmed, Council might wish to update its Model Publication Scheme.</i>
<i>Is the Council compliant with the General Data Protection Regulation requirements?</i>	Yes	The Council had taken steps to ensure compliancy and a range of documents were able to view on the website detailing the framework that the public can expect for the handling of requests from individuals who have the right to know what data is held on them, why the data is being processed and whether it will be given to any third party.  <i>Comment: Council might also wish to ensure that an impact assessment audit is carried out on the occasion of the adoption of a new policy which has potential GDPR implications.</i> <b>Recommendation: during the review of Council's suite of policies under GDPR, Council might wish to consider the adoption of a number of policies that provide the framework for responding to Subject Access Requests (SAR); that cover the internal procedures on the handling of SARs and that deal with security breach incidents covering</b>

<sup>16</sup> Data Protection Act 2018

		<b>organizational risks. Such policies should include procedures for handling requests for rectification, erasure or restriction of processing and a response plan for dealing with a security breach.</b>
<i>Has the Council published a website accessibility statement on their website in line with Regulations?<sup>17</sup></i>	Yes	The Council's website has an accessibility statement detailing the technical information of the website along with the methods used for testing the website; the steps being taken to improve accessibility and how the site is being improved to ensure that content meets the WCAG 2.1 Standard under Regulation 8 of the Public Sector Bodies (Websites and Mobile Applications) (No. 2) Accessibility Regulations 2018.
<i>Is there evidence that electronic files are backed up?</i>	Yes	Council has in place a system whereby an auto back-up of Council's day to day records to a cloud-based system takes place on a regular basis.
<i>Do terms of reference exist for all committees and is there evidence these are regularly reviewed?</i>	Yes	At the meeting of Full Council of 4 <sup>th</sup> May 2021, Council reviewed the scheme of delegation to committees and sub-committees with agreement that the Youth Group become a Working Party rather than a Committee. There were no further amendments or changes to the Scheme of Delegation. At the same meeting Council reviewed the terms of reference for Committees, Sub-Committees and Working Parties with agreement that no changes were required. The minutes of 22 <sup>nd</sup> June 2021, detail the agreed review of membership of Council's Committees and Sub-Committees along with representation / appointments to external bodies and arrangements for reporting back.
<p><b><i>Additional comments:</i></b>  <b>Recommendation: Local Government Transparency Code 2015 - to ensure full compliance with the requirements of the Local Government Transparency Code 2015 (for Council whose gross annual income or expenditure (whichever is the higher) exceeds £200,000), Council needs to ensure that the website is updated with the following information in accordance with the required timescales:</b>  <b>quarterly:</b>  <b>Individual items of expenditure that exceed £500;</b>  <b>Government Procurement Card transactions;</b>  <b>Invitations to tender for contracts over £5,000;</b>  <b>Details of contracts that exceed £5,000;</b>  <b>annually:</b>  <b>Details of all land and building assets;</b>  <b>Grants to Voluntary, Community and Social Enterprise Organisations;</b></p>		

<sup>17</sup> Website Accessibility Regulations 2018

**Organisation Chart;**  
**Parking Account;**  
**Parking Spaces;**  
**Senior Salaries**

Summary: The Internal Auditor offers her appreciation for the assistance given by the Deputy Town Clerk and Finance Assistant in completing this audit.

For the year effective 1<sup>st</sup> April 2021, please refer to Governance and Accountability for Smaller Authorities in England - A Practitioners' Guide to Proper Practices to be applied in the preparation of statutory annual accounts and governance statements - March 2021.

Signed: *Victoria S Waples*

Date of Internal Audit Visit: 17.08.2021 Date of Internal Audit Report: 15 September 2021

On behalf of Suffolk Association of Local Councils