



**Internal Audit Report
For the Quarter Ending 30th June 2018**

Name of Council:	Woodbridge Town Council
Income to date:	£ 188,615 (rounded)
Expenditure to date:	£ 86,971 (rounded)
Precept figure:	£ 153,200



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 particular 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 2017/18 of the Annual Governance and Accountability Return 2017/18 - Part 3
- 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 is in compliance
- 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	<p>Cash book updated regularly.</p> <p>Correct arithmetic and balancing.</p>	<p>The council uses the Omega accounting package. Cash books are reconciled on a monthly basis.</p> <p>Council is registered for VAT, both sales and purchase ledgers are implemented via the Omega Accounting system.</p> <p>Spot checks were made and were found to be correct.</p>
2. Financial regulations, standing orders, payment controls	<p>Evidence that standing orders and financial regulations have been adopted.</p> <p>VAT is identified and reclaimed.</p> <p>Supporting paperwork for payments, invoices, and appropriate authorisation</p>	<p>Model Standing Orders and Financial Regulations, with particular reference to Woodbridge Town Council, were reviewed and adopted by the Town Council at a meeting of 15th May 2018.</p> <p>Recommendation: Council should ensure that the Financial Regulations are fully tailored to the Town Council by removing the alternative options for a council and in particular removing the square brackets [] as this creates ambiguity</p> <p>Agreement was forthcoming 13th June 2017 to opt to tax (for VAT) purposes on Council's land and buildings. This would be extended to those buildings being gifted to the Town. VAT is identified in both sales and purchase ledger cash books and is reclaimed on a quarterly basis. Certificate of Registration for Value Added Tax (dated 06.09.2017) seen - Council's VAT Registration Number is stated as 268 4119 85. Council is required to submit quarterly returns.</p> <p>VAT claim for the period 1st April to 30th June 2018 in the net sum of £6,095.74 was submitted on 19th July 2018 with settlement by HMRC of 26th July 2018.</p> <p>All payments over £1000 were cross checked against cheque book (where applicable), BACS requests, cash book, bank statement, invoice, order forms (where relevant) and minutes. All were found to be recorded/authorised correctly.</p> <p>6 items paid via the BACS / Direct Debit system from the Council's Accounts were cross checked against cash-book, bank statements and invoices. All were found to be in order.</p> <p>Council continues with its system of ensuring that the Accounts for Payment list including the HSBC.net and</p>

	Does the council use General Power of Competence.	<p>Corporate Card Reports are checked by an authorised member of the Finance and Staffing Committee prior to each Town Council Meeting. It was noted at the meeting of the Town Council of 12th June 2018 that the Council was not currently in possession of a Corporate Credit Card.</p> <p>Council resolved at Annual General Meeting of 9th May 2017 to use the General Power of Competence, where appropriate, for that Civic Year.</p> <p><i>Comment: whilst Council no longer meets the eligibility criteria to exercise the General Power of Competence as per the Parish Councils (General Power of Competence) (Prescribed Conditions) Order 2012 because it no longer employs a qualified clerk, the 'Explanatory Note' to the above mentioned 2012 Order provides clear understanding that in such circumstances the Council will continue to be eligible until the next relevant annual meeting.</i></p>
3. Budgetary controls	<p>Verifying that the budget has been properly prepared, and agreed.</p> <p>Regular reporting of expenditure and variances from budget.</p>	<p>Recommendation from Finance and Staffing Committee of 7th November 2017 that a budget in the sum of £306,336 be set with a precept of £306,400 (rounded) (7.26% increase) was approved by Full Council at its meeting of 12th December 2017.</p> <p>The Town Clerk has ensured that detailed income and expenditure reports by budget heading (Cost Centre & Committee) for the quarter ending 30th June 2018 were received and approved at a Town Council Meeting of 10th July 2018 in accordance with Council's own Standing Orders 17c. Where appropriate these include variances to/from budgeted expenditure.</p>
4. Income controls	<p>Monitoring of precept and any other Income.</p> <p>Rental / Fee Charges</p>	<p>The council received precept of £153,200 in April 2018 as per the remittance advice received from Suffolk Coastal District Council and as reported under minute reference 79 of the meeting of 12th June 2018.</p> <p>8 items of income were cross checked against cash book, paying-in book, bank statement and invoices. All were found to be in order.</p> <p>6 items paid under BACS / Direct Credit into the Council's Accounts were cross checked against cash-book, bank statements and invoices raised by the Town Council. All were found to be in order.</p> <p>Rental charges, Wedding Charges & fees for the hire of venues for the year 2018/2019 along with the implementation of a charging policy for Whisstocks Place were agreed at a Finance and Staffing Committee Meeting of 19th June 2018 and were presented and approved by Town Council at its meeting of 10th July 2018.</p>

		<p>Although agreement was forthcoming at the Annual General Meeting of the Town Council in May 2017 that the monthly Petty Cash balance should be £200, Council should note that Financial Regulation 6.20a states that the RFO shall maintain a petty cash float of £300 for the purpose of defraying operational and other expenses.</p> <p>Recommendation: at the next annual review of its Financial Regulations, Council should consider amending the values to be kept for Petty Cash Balances in line with agreed actions as undertaken by the Town Council (minute reference 14 of meeting of 09.05.17)</p>
6. Payroll controls	PAYE/ NIC system in place.	<p>'Moneysoft' payroll software used which ensures that the Council operates within the RTI system and submits full payment monthly submissions.</p> <p>Council had 6 employees on its payroll at the period end of 30th June 2018, 4 of which were members of the Local Government Pensions Scheme as operated by Suffolk County Council.</p> <p>Cross-checks were completed on 3 items each of salary, PAYE and pension contributions and these were all found to be in order.</p>
7. Asset control	Inspection of Asset register.	<p>Asset register declared at year-end (31.03.2018) is £10,568,413 which includes Tide Mill, (Insurance Value 1,901,813) Woodbridge Community Hall (Insurance Value 1,303,662) and Woodbridge Art Club (Insurance 181,508) which was approved at the Town Council Meeting of 15th May 2018.</p> <p>The Council's Insurance document was seen, and the following were verified:</p> <p>Public liability cover is £15million Hirer's Liability cover is £2million Employer's liability cover is £10million Fidelity Guarantee cover is £500,000</p> <p>Recommendation: given the current levels of finances, Council might wish to review the appropriate level of fidelity guarantee insurance being held. Council should be aware that all cover should be risk based and should be kept under constant review to make sure it adequately reflects changes in circumstances.</p> <p>Material Damage cover is in place for 12 premises as noted on the documents seen.</p>

		<p>'All Risks' has cover for the following items:</p> <p>Street Furniture War Memorial and Statue of Queen Victoria Quaker Burial Ground Walls Play Equipment Civic Regalia 21ft Imperial Bandstand Solar Panels located at the Community Hall Photocopier as leased under agreement Drums to the Fore and Aft Statue</p>
8. Bank reconciliation	<p>Regularly completed, reconcile with cash book.</p> <p>Confirm bank balances agree with bank statements.</p>	<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> <p>Bank balances as at 30th June 2018 and agree with the bank statements. Current Account: £2,112.75 Business Money Manager Account: £112,559.025 Building Society: £442,528.23 (to 21st May 2018)</p>
9. Recommendations from previous internal audit 31st March 2018	<p>Action plan following recommendations from previous internal audit visits</p>	<ol style="list-style-type: none"> 1. Review of Standing Orders – ACTIONED - Adopted new NALC Model Standing Orders at meeting of 15th May 2018. Standing Orders were expanded to include: Terms of Reference covering: General Provisions; Delegated Powers; Organisation of Woodbridge Town Council; Role of Woodbridge Town Council; Finance & Staffing Committee; Amenities Committee; Planning Committee & Highways Committee. 2. Review of Financial Regulations, Council including changes in procurement values for contracting authorities as per the 2015 Regulations – ACTIONED – adopted new Financial Regulations at a meeting of 15th May 2018 3. Reports to be submitted by the Responsible Financial Officer as soon as practicable after 30 June, 30 September and 31 December which contains a statement to summarize: <ol style="list-style-type: none"> i. the council's receipts and payments for each quarter; ii. the council's aggregate receipts and payments for the year to date; iii. the balances held at the end of the quarter being report and which includes a comparison with the budget for the financial year and highlights any actual or potential overspends – ACTIONED for the 1st quarter of 2018-19 and presented at meeting of 10th July 2018

		<p>4. To ensure that the Precept served on the Billing Authority reflects that agreed by full Council, Council might want to implement the reporting in the minutes of the submission of/receipt of the Precept Form on the Billing Authority – ACTIONED – as reported to the Town Council at its meeting of 12th June 2018</p> <p>5. Implementation of a sound system of internal controls (Regulation 3 of the Accounts and Audit Regulations 2015) including the formal review the effectiveness of its system of internal controls (Regulation 6(1)) ACTIONED - Internal Control Statement for the Year 2018 -2019 approved by Town Council at its meeting of 19th June 2018.</p>
10. Review of Internal Audit & Appointment of Internal Auditor	<p>1. Review of Internal Audit Report</p> <p>2. Appointment of Internal Auditor</p>	<p>Internal Auditor’s Report for the year ending 31st March 2018 was considered and accepted at the Finance and Staffing Committee Meeting of 19th June 2018 and approved at the Annual Town Council Meeting of 15th May 2018.</p> <p>Suffolk Association of Local Councils were appointed as the Internal Auditors for the Town Council at the Annual Town Council Meeting of 15th May 2018</p>
11. Additional comments	Annual Meeting:	Annual Meeting of the Town Council was held on 15 th May 2018 with the first item on the agenda being the election of the town mayor.
		<p>The Internal Auditor offers her appreciation for the assistance given by the Town Clerk and members of her staff in completing this audit.</p> <p>Recommendations have been made to enable the Council to follow the proper accounting and governance practices ('proper practices') referred to in statute.</p> <p>For further information and for the year effective 1st April 2018 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 2018</p>

Signed *V S Waples*

Date of Internal Audit Visit: 22.08.2018

Date of Internal Audit Report: 22.08.2018

On behalf of Suffolk Association of Local Councils