



**Internal Audit Report
For the Quarter Ending 31st December 2018**

Name of Council:	Woodbridge Town Council
Income to date:	£ 374,134 (rounded)
Expenditure to date:	£ 232,641 (rounded)
Precept figure:	£ 306,400



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 2018/19 of the Annual Governance and Accountability Return 2018/19 - 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
<p>1. Proper book-keeping</p>	<p>Cash book updated regularly.</p> <p>Correct arithmetic and balancing.</p>	<p>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.</p> <p>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.</p> <p>Spot checks were made and were found to be correct and the Responsible Financial Officer ensures that the cash book is the focus for day-to-day accounting and balancing off and reconciliation to the bank statement, and remains the most important control over the accounting system.</p>
<p>2. Financial regulations, standing orders, payment controls</p>	<p>Evidence that standing orders and financial regulations have been adopted.</p> <p>VAT is identified and reclaimed.</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>As per the recommendation from the last Internal Audit visit, Council is aware of the requirement to 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. It is noted that the Financial Regulations to be presented at the annual review will reflect this amendment.</p> <p>During the previous year, Council decided to opt to tax (for VAT purposes) Council's land and buildings. This has been 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.</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</p> <p>VAT claim for the period 1st July to 30th September 2018 in the net sum of £2,909.91 was submitted on 8th October 2018.</p> <p>Vat claim for the period 1st October to 31st December 2018 in the net sum of £4,223.76 was submitted on 17th January 2019.</p>

<p>3. Budgetary controls</p>	<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>Detailed income and expenditure reports by budget heading (Cost Centre & Committee) detailing variances to/from budgeted expenditure for the 2nd Quarter ending 30th September 2018 were received and discussed at a Finance and Staffing Committee Meeting of 16th October 2018 in accordance with Council's own Standing Orders. The minutes from this committee meeting were submitted and approved to full Council at a meeting of 13th November 2018.</p> <p>A review of the Council's General Reserves were discussed at the Finance and Staffing Committee of 16th October 2018 with approval given for movement from the General Reserves into Earmarked Reserves. This was further approved by the Town Council in its formal approval of the minutes at its meeting of 13th November 2018.</p> <p><i>Comment: Council is aware that, in accordance with its own Financial Regulations, a virement from reserves into the revenue budget may only be made following a resolution of the council, or duly delegated committee.</i></p>
<p>4. Income controls</p>	<p>Monitoring of Precept.</p> <p>Monitoring of any other Income.</p>	<p>The council received precept of £153,200 in April 2018 as per the remittance advice received from Suffolk Coastal District Council (SCDC) and as reported under minute reference 79 of the meeting of 12th June 2018 and a further £153,200 in September 2018 as per the remittance advice received from SCDC. This was reported to the Town Council at its meeting of 9th October 2018 under minute reference 251.</p> <p>A number of items of income were cross checked against cash book, paying-in book, bank statement and invoices. All were found to be in order and in accordance with Proper Practices, the Responsible Financial Officer ensures that the accounting records contain entries from day to day of all sums of money received.</p> <p>6 further 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 with an underlying audit trail.</p>

	<p>Rental / Fee Charges</p> <p>Leases</p> <p>Outstanding Debts</p> <p>CIL Reporting Schedules in accordance with the Community Infrastructure Levy Regulations 2010.</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>Agreement was forthcoming at the meeting of Finance and Staffing Committee of 16th October 2018 to renew the lease with Woodbridge Growers, due to terminate on December 2018, on the same terms as previously granted with the stipulation that annual rises would now be based on the CPI rate increases.</p> <p>Council considered the debtors list as submitted by the Town Clerk which shows a partially paid invoice with the VAT element of that invoice showing as outstanding at its meeting of 15th January 2019. Agreement was forthcoming at that meeting that the Town Clerk be instructed to request settlement of the account within a certain time scale with agreement that the debt be written off if it was not paid within said timescale.</p> <p><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></p> <p>It is noted that, at its meeting of 18th December 2018, the Committee agreed the recommendation to Town Council to instigate foreclosure actions against the tenant of Kingston Pavilion Café who had informed the Clerk of its closure.</p> <p>CIL Funds received for the year to date totals £11,783.07 as received in April 2018 and as reported under Minute Reference 79 of the meeting of 12th June 2018 and £6,255.11 as received in September 2018 reported under Minute reference 311e at the meeting of 13th November 2018 of the Town Council.</p> <p><i>Comment: in accordance with the 2010 Regulations, the Town Council having received a proportion of CIL funds should ensure that it complies with its duty to produce an annual report that details the amount of CIL funds received and spent.</i></p> <p><i>This should be published on the Town Council's website by December of the year in question. (e.g. for the financial year 2018/19 the report must be published by 31st December 2019).</i></p>
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	Reserves General and Earmarked.	<p>For the year commencing 1st April 2018 Council had General Reserves of £340,334 and Earmarked Reserves of £105,184 as brought forward from 31st March 2018. The extant copy of the budget for 2018-2019 including recommendations on moving funds from General Reserves to Earmarked Reserves, as discussed by the Finance and Staffing Committee at its meeting of 20th November 2018 was reviewed by full Council at its meeting of 11th December 2018 with approval for movement between General and Earmarked Reserves.</p> <p>Agreement was forthcoming at the Town Council Meeting of 13th November 2018 that the overspend on the installation of Christmas Trees and Lights to the Shire Hall would be approved and that Council would allow the works to proceed with one quote only.</p> <p><i>Comment: in accordance with Financial Regulation 4.2, Council should ensure that where expenditure is to exceed the amount provided in the revenue budget for that class of expenditure, a virement from reserves into the revenue budget may be made following a resolution of the council, or duly delegated committee.</i></p>
5. Petty cash/expenses procedure	Established system in place with supporting documents	<p>All petty cash payments are supported by receipts and are entered in to the petty cash book. Petty cash reconciliations are carried out on a monthly basis and cheques raised to ensure sufficient funds to allow the float to be adequately maintained.</p> <p>At the Finance and Staffing Committee Meeting of 18th September 2018, members agreed that, at the next annual review of its Financial Regulations, Council would amend the values to be kept for Petty Cash Balances and that a petty cash float of £200 will be maintained for the purposes of defraying operational and other expenses.</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. Council had 6 employees on its payroll at the period end of 31st December 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 6 items each of salary, PAYE and pension contributions and these were all found to be in order. 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.</p>

<p>7. Asset control</p>	<p>Inspection of Asset register.</p>	<p>Asset register declared at year-end (31.03.2018) is £10,568,413 which includes Tide Mill, Woodbridge Community Hall and Woodbridge Art Club 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: Public liability cover is £15million Hirer's Liability cover is £2million Employer's liability cover is £10million Fidelity Guarantee cover is to be increased to £1million (increased from 500,000 as approved at Town Council meeting of 11.12.18)</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: 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>
<p>8. Bank reconciliation</p>	<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.</p> <p>Overall there is regular reporting of bank balances within the financial reports submitted to the Town Council at each Town Council Meeting.</p> <p><i>Comment: 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 which aids decision-making, particularly when there are competing priorities.</i></p>

	Investments	<p>Bank balances as at 30th December 2019 agree with the bank statements: Current Account: £2,829.90 Business Money Manager Account: £81.953.10 Building Society: £519,066.03 (to 30th November 2018)</p> <p>To minimise the Council’s exposure to risk it might want to consider diversifying its reserves between highly rated UK banks and building societies with the objective of prudently investing some of its balances. Council should ensure that it uses only specified investments as defined by DCLG guidance. Such investments should have regard to security of reserves and liquidity of investments.</p> <p>Recommendation: Council should consider reviewing its Loans & Investment Policy which currently relates only to loans and borrowings ensuring that it covers Section 15(1) of the Local Government Act 2013 and has regard to such Guidance as the Secretary of State may issue.</p>
9. Recommendations from previous internal audit visits	Action plan following recommendations from previous internal audit visit	<ol style="list-style-type: none"> 1. Tailor Financial Regulations to the Town Council by removing the alternative options for a council and in particular removing the square brackets – IN PROGRESS and to be signed off at the Annual Review 2. Within its own Financial Regulations, amend 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) – IN PROGRESS and to be signed off at the Annual Review 3. Review the appropriate level of fidelity guarantee insurance being held – actioned 4. Terms of Reference for the Finance and Staffing Committee be expanded to allow for consideration of the internal audit reports – IN PROGRESS and to be signed off at the Annual Review
10. Review of Internal Audit	Review of Internal Audit Report for Qtr. 2	The Internal Auditor’s Report for the period ending 30 th September 2018 was considered and accepted at the Finance and Staffing Committee Meeting of 16 th October 2018 and approved at the Town Council Meeting of 13 th November 2018.
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 in accordance with the Local Government Act of 1972 15(1).

<p>12. Legal Matters</p>	<p>Procedural:</p>	<p>It is noted that Cllr Gillard’s spouse has made a formal objection to the external auditors on the Council’s accounts for the year ended 31st March 2018 and that Cllr. Gillard failed to discuss such a private interest when the matter came before the Finance and Staffing Committee (of which he is a member) at its meeting of 20th November 2018, 18th December 2018 and 22nd January 2019 as well as the Town Council Meeting of 11th December 2018.</p> <p>Recommendation: in the light of transarency and to ensure that the Council is not subject to challenges on its decisions through allegations of bias and/or pre-determination, Councillors should ensure that they take all steps to preserve the public interest as set out in the Seven Principals of Public Life which are also contained within the Suffolk Local Code of Conduct.</p>
<p>13. Other Matters</p>	<p>Member/Officer Protocol:</p>	<p>It is disappointing to report that, during the visit of the Internal Auditor, she bore witness to a Councillor who interrupted the daily routine of the Council’s Staff by turning up at the offices unannounced, demanded to see paperwork and made accusations against a member of staff relating to her performance in such a manner that she was reduced to tears. The same Councillor raised his voice to the Town Clerk continuing with his demands to instantly see copies of some paperwork even though he had been advised that this had been previously circulated to all Councillors and was easily accessible elsewhere.</p> <p>Recommendation: Council should ensure that at all times the Member – Officer Protocol is at the forefront of relationships between the Officers of the Council and its Councillors and that where there is a policy in place for accessing information this applies to all Councillors. Council should be aware that Councillors should not involve themselves in the day to day running of the Council, that contact should be made with Officers prior to attending the office for anything other than a scheduled meeting and that Officers of the Council can expect from Councillors respect, courtesy and not to be bullied or to be put under undue pressure to advance personal interests or to influence decisions improperly.</p> <p>It might be beneficial for whole Council to consider training on the Code of Conduct, Standing Orders and Member-Officer Protocol.</p>
<p>13. Other Matters</p>		<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>

		Recommendations have been made to enable the Council to follow the proper accounting and governance practices ('proper practices') referred to in statute. For further information and for the year effective 1 st 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.
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Signed *V S Waples*

Date of Internal Audit Visit: 11.02.2019

Date of Internal Audit Report: 12.02.2019

On behalf of Suffolk Association of Local Councils