



**Internal Audit Report
For the Year Ending 31st March 2019**

Name of Council:	Woodbridge Town Council
Income to date:	£ 388,779
Expenditure to date:	£ 311,899
Precept figure:	£ 306,400
General Reserve:	£263,363
Earmarked Reserve:	£259,036



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 a previous 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 on 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>Supporting paperwork for payments, invoices, and appropriate authorisation</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>VAT claim for the period 1st January to 31st March 2019 in the net sum of £5,316.82 was submitted on 11th April 2019.</p> <p>Spot checks on 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>The Council's Purchase Order file for items placed in accordance with Financial Regulation 10.1 was reviewed. Council follows good practice by ensuring that an official order is issued for all work, goods and services unless a formal contract is to be prepared or an official order would be inappropriate. Council further shows good practise by understanding that official orders both commit a supplier to a price and help prevent unauthorised credit being granted in the authority's name. In accordance with proper practises, on receipt of invoices, verification that the relevant goods or services have been received should be obtained and invoices checked to ensure that the arithmetic is correct, agreed discounts have been deducted and everything is acceptable regarding reclaiming the VAT. The Purchase Order file is numerically held and controlled by the Town Clerk.</p> <p>A spot check of 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 are checked by an authorised member of the Finance and Staffing Committee prior to being submitted for approval at each Town Council Meeting.</p>
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	<p>General Power of Competence.</p>	<p>Council resolved at Annual General Meeting of 9th May 2017 to use the General Power of Competence, where appropriate.</p> <p>At a meeting of 3rd July 2018, held to discuss Grant Applications for 2018, a total of £11,745 was awarded in grant funding.</p> <p><i>Comment: Council understands that whilst it 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>
<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 3rd Quarter ending 31st December 2018 were received and discussed at a Finance and Staffing Committee Meeting of 19th February 2019 and presented to and approved at Full Council meeting of 12th March 2019 in accordance with Council's own Standing Orders.</p> <p><i>Comment: Council shows good practice by following the recommended key stages as to the budgetary process to be followed for the year:</i></p> <ul style="list-style-type: none"> • <i>decide the form and level of detail of the budget;</i> • <i>review the current year budget and spending;</i> • <i>determine the cost of spending plans;</i> • <i>assess levels of income;</i> • <i>bring together spending and income plans;</i> • <i>provide for contingencies and consider the need for reserves;</i> • <i>approve the budget;</i> • <i>confirm the precept or rates and special levies; and</i>

		<p>'All Risks' has cover for the following items:</p> <ul style="list-style-type: none"> 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
5. Income controls	Monitoring of Precept.	<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>
	Monitoring of any other Income.	<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>
	Rental / Fee Charges	<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>
	Leases	<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</p>

	<p>Outstanding Debts</p> <p>CIL Reporting Schedules in accordance with the Community Infrastructure Levy Regulations 2010.</p> <p>Reserves General and Earmarked.</p>	<p>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><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>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 has ensured that retained balances are transferred into the Earmarked Reserve specifically allocated. Council has understood that it 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>For the year ending 31st March 2019 Council had General Reserves of £263,363 (includes Current Year Funds of £76,880) and Earmarked Reserves of £259,036.</p> <p><i>Comment: during the year 2018 /19 Council complied with Financial Regulation 4.2 and ensured that where expenditure was to exceed the amount provided in the revenue budget for that class of expenditure, a virement from reserves into the revenue budget would be made following a resolution of the council, or duly delegated committee.</i></p>
<p>6. Petty cash/expenses procedure</p>	<p>Established system in place with supporting documents</p>	<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</p>

		<p>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>
7. 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 5 employees on its payroll at the period end of 31st March 2019, 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>
8. Asset control	Inspection of Asset register.	<p>The Asset Register in its entirety was reviewed during the Internal Audit Visit for year-end and accurately reflects those items listed under insurance and within the Town Council's remit for maintenance and ownership.</p> <p>It is noted that the declared value for all assets at year-end (31.03.2019) was £10,886,366 (Insurance Value) and includes the following Freehold Land and Buildings: Shire Hall; Pavilion – Kingston Field; Toilets at Elmhurst Park & Theatre Street; Gardeners Shed & Public Shelter at Elmhurst Park; Tide Mill; Community Centre; Art Club; Community Heritage Building; Community Boat Shed; Community Open Space, Floodgates & Boundaries; Band Stand.</p> <p>All other assets have been stated as at the Insurance Value and where assets have been gifted or where there is no known value have been given the proxy value of £1.</p> <p>Council is mindful of the guidance within the Governance and Accountability for Smaller Authorities in England March 2018 on the valuation of its assets and has ensured that where the insurance value of the asset at the time of first recording is used, that method of valuation has been consistently applied and if/where amended, it will need to publish and provide explanations in changes in value to any previously recorded assets.</p>

		<i>remedial actions. This report is presented to Council following the receipt of the internal audit report and sets out the areas for improvement, proposed remedial actions, those responsible for delivering improvements and any appropriate deadlines.</i>
12. Reporting of External Audit Report	Review of External Audit Report	The external auditor issued a certificate on 24 th September 2019 stating that the audit of the accounts for the period 31 st March 2018 cannot be completed as a result of challenge correspondence received. As such the Council has been unable to consider the final report which will be produced once the external auditors have finalised their review work of the AGAR and supporting documentation.
13. Year-end procedures	Appropriate accounting procedures used	<p>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. Where appropriate debtors and creditors have been properly recorded.</p> <p>Period-end balances agree with cash book and bank reconciliations: Total Debtors: £9,119 Total Creditors: £48,717 Current Bank Account: £7,632 Money Manager Account: £35,251 Building Society Account: £519,066 Petty Cash Balance: £48</p> <p>Represented by: Reserve Account: £522,399</p>
	Has the appropriate end of year AGAR documents been completed?	<p>As Council is a smaller authority with gross income and expenditure exceeding £25,000 but not exceeding £6.5million it has completed Part 3 of the AGAR.</p> <p>The smaller authority has completed the Section 1 Accounting Statements of the AGAR which is unsigned at the time of Internal Audit.</p>
	Where an authority certified itself exempt in 2017/18, did it met the exemption criteria and correctly declared itself exempt?	As the Council was a smaller authority with gross income and expenditure exceeding £25,000 during the year 2017/18, it was not able to certify itself as an exempt authority.

	Was there the opportunity provided for the exercise of electors' rights?	The Internal Auditor was able to confirm that the details of the arrangements for the exercise of public rights for the period ending 31 st March 2018 were on the public website used by the Council.
	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 exceeding £25,000 but not exceeding £6.5 million and published the following on a public website: Section 1 – Annual Governance Statement of the AGAR Section 2 – Annual Accounting Statements of the AGAR Section 3 – A Holding Certificate was issued by the External Auditor and was published by the Council in accordance with the Audit & Account Regulations 2015 as work on the AGAR had not yet been finalised. The Annual Internal Audit Report
14. Transparency Code Requirements	Have the publication requirements been met in accordance with the Transparency Code (2015).	Council has only one outstanding element to ensure compliancy with the minimum datasets that should be published as per the requirements as set out in the Local Government Transparency Code (2015). For Woodbridge Town Council, these include the quarterly reporting of spending transactions valued over £500, the annual reporting of organisational charts, annual reporting of all grants made to voluntary, community and social enterprise organisations and the location of public land and assets. This Code applies to local authorities, including parish councils with annual income or expenditure (whichever is the higher) over £200,000. Recommendation: Council should review the matters contained in Part 2 of the 2015 Code, which are mandatory for all local councils exceeding the £200,000 threshold, and ensure that it publishes an organisational chart covering staff in the top three levels of the organisation. <i>(Note: this document was uploaded onto the website during the Internal Audit visit on 25th April 2019).</i>
15. Additional comments	Annual Meeting.	The 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).

	Confirmation of trustee responsibilities	The Council is trustee of Elmhurst Park and Kingston Field.
	Verifying that the council is registered with the ICO	The Council is correctly registered with the Information Commissioner's Office (ICO) as a Data Controller in accordance with the Data Protection Legislation. Registration No. Z5069580 refers.
16. Legal Matters	Legal cases that might affect	Council resolved at a meeting of 12.03.19 to instruct solicitors to undertake work on its behalf in the forthcoming court case relating to signage issues relating to costs incurred during 2017-2018 audit year.
17. General Data Protection Regulations (GDPR)	Verifying that the Council is compliant with GDPR requirements	<p>Council is taking steps to ensure compliancy with the GDPR requirements and has produced an action plan and is monitoring matters to ensure the process is managed at all times - <i>see section 4 above.</i></p> <p><i>Recommendation: Council should consider the completion of the following documents which will be needed to evidence compliance with legislation:</i></p> <p><i>Personal Data Audit - to ascertain the data the council is processing, what it is used for, where it is located and who has access to it.</i></p> <p><i>Data Protection Impact Assessment - which will provide a description of the processing and the purpose of the processing and identify any risks to the personal data, the rights and freedoms of individuals, and the measures and safeguards implemented to mitigate these risks.</i></p> <p><i>Subject Access Request Policy & Subject Access Procedure Policy – both of which will provide the framework for dealing with 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></p>
18. Other Matters		The Internal Auditor offers her appreciation for the assistance given by the Town Clerk and members of her staff in completing this audit.

Audit Carried out by Mrs V S Waples
On behalf of Suffolk Association of Local Councils

Signed *V S Waples*

Date of Internal Audit Visit: 25.04.19

Date of Internal Audit Report: 25.04.19