



Internal Audit Report
Year ending: 31st March 2020

Name of Council:	Woodbridge Town Council
Income:	Annual budget: £367,334 YTD: £178,763
Expenditure:	Annual budget: £365,284 YTD: £76,813
Precept Figure:	£312,100
General Reserve:	£263,363
Earmarked Reserves:	£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 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 (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 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	Type of cash book or ledger used	The council uses the Omega accounting package which produces reports on an Income and Expenditure basis. Council follows Proper Practices in ensuring that its accounting procedure gives a more accurate presentation of an authority's true financial position by focusing on the balance of economic benefits that it has under its control, rather than just its bank balance.
	Cash book kept up to date and regularly verified against bank statement	Cash books are reconciled on a monthly basis and the Town Council is registered for VAT, both sales and purchase ledgers are implemented via the Omega Accounting system.
	Correct arithmetic and balancing	Spot checks were made and were found to be correct
2. Financial Regulations & Standing Orders	Evidence that standing orders have been adopted and reviewed regularly	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. Minute 16 of the Annual meeting held 14-05-2019 show an opportunity to do this was deferred, without explanation. Recommendation: The Council should review Standing Orders annually to ensure they are relevant and up to date.
	Evidence that Financial Regulations have been adopted and reviewed regularly	The Council approved the current Financial Regulations on 11-06-2019
	Evidence that a Responsible Financial Officer has been appointed with specific duties	Full Council, in accordance with proper practices and with reference to section 151 of the Local Government Act 1972, confirmed in its Internal Control Statement 12-03-2019 (minute 506) that the Clerk was the Responsible Financial Officer (RFO) responsible for the financial administration of the authority.

	Evidence that Financial Regulations (FR) have been tailored to the Council	FR5.3 has been amended to allow for payments ahead of delivery of service, by way of a pro-forma invoice, which allows the Council to obtain better value for the taxpayer by enabling it to work with a broader range of suppliers of services and support cashflow for local businesses.
3. Payment controls	Supporting paperwork for payments, and appropriate authorisation	A sample of recent transactions was reviewed, following the paper trail from purchase order through invoice, bank payment and cash book. All was found to be correct with a sound system in place.
	Internet Banking transactions properly recorded/approved	Accounts for Payment list including the HSBC.net are checked by an authorised member of the Finance and Staffing Committee prior to being submitted for approval at each Town Council Meeting. The process of tracking payments made via HSBC.net provides a very clear audit trail. The two-step payment authorisation system provides a proportionate segregation of duties.
	VAT correctly identified and reclaimed within time limits	Council's VAT Registration Number is 268 4119 85. A VAT reclaim was submitted on 15-07-2019 for Q1 of 2019/20 for the sum of £6,361.02 The Council's Finance and Staffing Committee held 21-05-2019 approved obtaining a VAT audit from the Parkinson Partnership LLP (The national advisor for local councils) and they were engaged on 14-06-2019.
	Has Council adopted the General Power of Competence and is it being correctly applied?	Minute 21 of the Annual Meeting held 14-05-2019 shows the Council resolving to adopt the GPoC. The Clerk is congratulated on obtaining the CiLCA, the professional qualification in local council management. The Council is reminded that whilst the GPoC is a power of first resort, it only enables a council to do whatever an individual may legally do, so where other powers are required (e.g. setting the precept) the Council should record the power under which a resolution is made, to demonstrate lawfulness.
	S137 separately recorded, minuted and within statutory limits	Not applicable

	Payments of interest and principal sums in respect of loans, are paid in accordance with agreements	Not applicable
4. Risk Management	Evidence of risk assessment documentation.	The Risk Assessment and Financial Management Document was considered at a meeting of the Town Council held 12-03-2019 and covers in general terms the matters which could possibly prevent a smaller relevant body from functioning. Comment: This document is headed as being for the 2018/19 financial year. In reality, this useful document should be reviewed annually with regard to the activities anticipated for the upcoming year.
	Evidence that risks are being identified and managed.	New Councillors were provided with comprehensive handbooks on appointment. The Council is accessing training for Councillors. Comment: This is good practice and immediately reduces the risks associated with Councillors not being aware of their responsibilities as holders of public office and stewards of public funds. The Council maintains a comprehensive file of risk assessments and has a process for regular checking that material risks are being assessed and mitigated.
	Appropriate Insurance cover in place for employment, public liability and fidelity guarantee.	The Council's Insurance document was seen, insurances expiring 31-10-2019. Public liability cover is £15million Products liability cover is £10million Hirer's Liability cover is £2million Employer's liability cover is £10million Fidelity Guarantee cover is £1million Buildings insurances are in place for 12 premises as noted on the documents seen. The Clerk has confirmed that contents insurances are adequate in all cases. Recommendation: Where buildings are tenanted and the tenants are required to have their own insurances, that the Council require the tenants to provide evidence of satisfactory insurance cover to enable them to return a building to the condition required at termination of the lease

		(e.g. fixtures and fittings, equipment and furniture present at commencement of tenancy)
	Evidence that insurance is adequate and has been reviewed on an annual basis	The Council resolved at its Annual Meeting held 14-05-19 that its arrangements for insurance were adequate (minute 19).
	Evidence that internal controls are documented and regularly reviewed	The Council reviewed the internal controls at their meeting held 12-03-2019 (minute 506)
	Evidence that a review of the effectiveness of internal audit has been carried out during the year	This was carried out on 12-03-2019 (minute 505)
5. Budgetary controls	Verifying that the budget has been properly prepared, and agreed	<p>The 2019/20 budget was discussed by the Council's Finance Committee in draft form from 16-10-2018 and presented as draft 4 to Full Council on 11-12-2018.</p> <p>The final budget was approved by full council on 15-01-2019. The actual figures were not minuted.</p> <p>Recommendation: The minutes needs to explicitly state the agreed overall budget expenditure and income, in order to demonstrate what budget has been approved.</p>
	Verifying that the Precept amount has been agreed in full Council and clearly minuted	<p>Minute 391: A precept request of £312,100 was approved by Full Council on 15-01-2019.</p> <p>The implications (if any) for band D council tax was not minuted.</p> <p>Recommendation: For transparency and openness, minuting the implications for council tax is good practice. As a minimum, minuting the percentage change in the precept, the percentage and cash changes to Band D council tax not only gives context to the public as to what the decision means to them, but also demonstrates that the Council has considered the implications of their decisions as part of a sound and proper process.</p>
	Regular reporting of expenditure and variances from budget	Monthly reports are received by the Council. At 30 th June 2019 the Council had spent 21% of planned annual expenditure and

		<p>received 48.7% of budgeted income. The RFO can advise if this is in accordance with expectations.</p> <p>Comment: Any decision to depart from the planned expenditure set out in the adopted budget will require the Council to demonstrate that it has considered the risks and amended other expenditure plans in order to maintain the financial integrity of the Council and its ability to meet its obligations.</p>
	<p>Reserves held</p> <p>General and Earmarked.</p>	<p>At 31st March 2019 Council had General Reserves of £263,363 and Earmarked Reserves of £259,036.</p> <p>The total of £522,399 agrees with box 7 on the AGAR. The reconciliation between box 7 and 8 of the AGAR is a clear document using the recommended template.</p>
6. Income controls	Is income properly recorded and promptly banked?	<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 majority of market stall holders pay by BACs direct to the Council, reducing the risk of fraud associated with cash handling.</p>
	Is income reported to full Council?	Very full financial reports go to each full council meeting.
	Does the Precept recorded agree to the Council Tax Authority's notification?	The council submitted a precept demand upon East Suffolk Council on 17-01-2019 for £321,100. The first half-year tranche of £156,050 was paid into the Council's Ipswich Building Society on 29-04-19.
	If appropriate, are CIL Reporting Schedules in accordance with the Community Infrastructure Levy Regulations 2010?	<p>Yes – a clear record is maintained ahead of submitting a report to ESDC.</p> <p>CIL Reserves as at 30-06-2019 were</p> <p>2016/17 = £7,029</p> <p>2017/18 = £0</p> <p>2018/19 = £18,038</p> <p>2019/20 = £4,385 + £13,566 (expected)</p> <p>Expenditure = £9,280</p>

		<p>Balance = £20,172</p> <p>The Council has a proposal to construct a new pedestrian crossing on Burkitt Road, as part of its infrastructure strategy.</p>
7. Petty Cash	<p>Is a petty cash in operation?</p> <p>If so, is there an adequate control system in place.</p>	<p>Yes</p> <p>All petty cash payments are supported by receipts and are entered into the petty cash book.</p> <p>£129.61 was found in the petty cash, which reconciles with the cashbook as at 02-07-2019</p>
8. Payroll controls	Do all employees have contracts of employment?	There are 6 employees on the payroll
	<p>Are arrangements in place for authorising of the payroll and payments by the Council?</p> <p>Verifying the process for agreeing rates of pay to be applied.</p>	<p>'Moneysoft' payroll software used which ensures that the Council operates within the RTI system and submits full payment monthly submissions.</p> <p>Parish Councils are employers and are required by law to follow proper employment law practices. As community leaders, Councillors should seek to set a good example in the management of staff.</p> <p>Councillors' attention is drawn to Box G of the annual Internal Audit Report. In order to meet the requirement a proper process of approvals for pay rates must be in place.</p> <p>Recommendation: The process for agreeing general and specific rates of pay needs to be agreed by Council and consideration be given to setting up a separate, smaller, Personnel Committee to implement the process agreed. This would provide for better employment practices and proportionate confidentiality through reporting to Full Council in the same manner as other committees.</p>
	<p>Do salary payments include deductions for PAYE/NIC?</p> <p>Is PAYE/NIC paid promptly to HMRC?</p>	In accordance with Proper Practices, PAYE taxes and employee and employer National Insurance contributions (NIC) are calculated and recorded for every employee. Deductions are paid to HM Revenue and Customs and Suffolk County Council on or before the dates prescribed.

	Is there evidence that the Council is aware of its pension responsibilities? Are pension payments in operation?	Council had 6 employees on its payroll as at 30-06 2019, 4 of which were members of the Local Government Pensions Scheme as operated by Suffolk County Council.
	Are other payments to employees reasonable and approved by the Council?	Expenses and overtime are paid through the payroll. See above recommendation regarding approval processes.
9. Asset control	Verifying the Council maintains an Asset Register in accordance with proper practises	The Asset Register reflects those items listed under insurance and within the Town Council's remit for maintenance and ownership. Asset register valuation stands at £10,886,366.
	Verifying that the Asset Register is reviewed annually	Governance and Accountability 2019, para 5.60 allows for insurance costs to be used at the time of first recording where the original cost is not known. Subsequent adjustment in the value of the same asset for insurance value uplift in future years may attract supplementary questions from the external auditor.
	Cross checking of Insurance cover	The asset register and insurances match.
10. Bank reconciliation	Regularly completed and reconciled with cash book	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.
	Confirm bank balances agree with bank statements	Bank balances stated in the cash book as at 30 th June 2019 agree with the bank statements: Current Account 3658: £4827.28 Money Manager 8725: £60,638.59 Ipswich Building Society: £575,116.03 Petty Cash: £142.78
	Regular reporting of bank balances at council meetings	Recommendation: It is good practice that the RFO asks a member of Council to cross-check the bank statements

		<p>with the reconciliation presented to the meeting, to confirm the balances reported tally with the actual statement, the Councillor then signing the statements to signify this has been done and that the reconciliation is an accurate report. This prevents fraud.</p>
	Investments	The Investments and Loan policy was adopted 18-06-2019
11. Year-end procedures	Appropriate accounting procedures used	Yes - Accounts are produced on an income and expenditure basis.
	Financial trail from records to presented accounts	<p>There is an underlying financial trail from financial records to the accounts produced.</p> <p>Where appropriate debtors and creditors have been properly recorded. The reports include several references to overdue accounts and writing off uncollectable debts.</p> <p>Recommendation: The Council should consider a review of the billing process to satisfy itself that it is keeping such losses to the council at a structural minimum.</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. The smaller authority has completed the Section 1 Accounting Statements of the AGAR. It was approved by Full Council 11-06-2019 and submitted 20-06-2019.</p> <p>In accordance with good practice, the minutes show a clear process and order in which the statements were approved.</p>
	Where an authority certified itself exempt in 2018/19, did it met the exemption criteria and correctly declared itself exempt?	Not applicable
	Was there the opportunity provided for the exercise of electors' rights?	The notice is displayed on the noticeboard and was found on the website
	Have the publication requirements been met in accordance with the Audit & Accounts Regulations of 2015	The Council publishes quarterly reports on expenditure over £500, this being up to March 31 st at the time of the audit, the April-June quarter now due to be uploaded.

12. Internal audit for the year ending 31 March 2018	Verifying that the previous internal audit reports have been considered by the Council	<p>The website shows an organisational chart.</p> <p>The Internal Auditor's Report for the period ending 31st March 2019 was accepted at the Full Council meeting held 11-06-2019. The Clerk writes an action plan outlining action to be taken for each recommendation.</p>
	<p>Verifying that appropriate action has been taken regarding recommendations raised in reports from Internal Audit</p> <ol style="list-style-type: none"> 1. Review of Loans & Investment Policy 2. Councillors to ensure the Seven Principles of Public Life are maintained and preserved at all times 3. Consideration of whole Council training on Code of Conduct, Standing Orders and Member-Officer Protocol 4. 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. 5. Council should consider the completion of the following documents which will be needed to evidence compliance with legislation: 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. 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. 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 	<p>Yes, all have been done through the Clerk's action plan.</p> <p>Adopted by Full Council 11-06-2019 (minute 110)</p> <p>whole Council training took place 10 June 2019</p> <p>whole Council training took place 10 June 2019</p> <p>This document was uploaded onto the website during the Internal Audit visit on 25th April 2019).</p> <p>The policies were adopted 14-05-2019</p>

	the data is being processed and whether it will be given to any third party.	
	Confirmation of appointment of Internal Auditor	
13. External audit for the year ending 31 March 2018	Verifying that the external audit report has been considered by the Council	The external audit for 2017/18 has not been concluded. The external audit report for 2018/19 is not due to be received by the Council until September 2019.
	Verifying that appropriate action has been taken regarding recommendations raised in reports from External Audit	Not applicable – The Council is awaiting conclusion of the report.
14. Additional Comments	Annual meeting – held in accordance with legislation	<p>The Annual Meeting of the Town Council was held on 14th May 2019 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> <p>Comment: As a matter of good practice and courtesy all Councils should offer at the earliest convenience, the opportunity for the Chair and Deputy to attend a Chairmanship and Leadership course, to ensure they are suitably equipped with the knowledge and skills for the prominent roles they are playing in their community. (Woodbridge have done this, 08-07-2019, which is good to see)</p>
	<p>Legal Matters</p> <p>Governance</p>	<p>Council resolved at a meeting of 12.03.19 to instruct solicitors to undertake work on its behalf in the forthcoming court case, date to be advised; insurers are covering the legal costs.</p> <p>1. Minute 184, co-option, 09-07-2019: a reminder that the minute should state that the new Councillor signed his acceptance of office before he joined the meeting, as it is a legal precursor to becoming a Councillor.</p>

		<p>2. Chairman’s Urgent Business: a reminder that whilst these sort of items on the agenda provide a useful forum for Councillors to propose matters for discussion at subsequent meetings, it is unlawful to transact business not on the summons, so no matters may be decided under catch-all agenda items, regardless of how they are branded.</p> <p>3. The decision of the Council to require two Councillors to attend training on the Suffolk Code of Conduct was noted. This training can be made available as whole-council training.</p> <p>4. Minute 211 of the extraordinary meeting held 13-07-2019 indicates that a discussion on the council’s future strategy was held in closed session. The strategy of a Council is a matter of public interest and it is difficult to understand how the presence of the public whilst it is decided would be prejudicial to their own interests. There is an argument that an informal (closed) meeting, where no formal decisions can be taken, is a suitable forum for wide-ranging discussions and future-gazing, so that a subsequent formal meeting can more efficiently adopt the proposals that found acceptance. However, that is not how the Council handled this matter. Recommendation: The Council should seek advice from the Clerk as Proper Officer of the Council on lawful conduct of meetings.</p>
	Correct identification of trustee responsibilities	The Council is trustee of Elmhurst Park and Kingston Field.

<p>Verification that the applicable Transparency Code has been correctly applied and information is published in accordance with current legislation</p>	<p>The previous Internal Audit made reference to compliancy with the minimum datasets that should be published as per the requirements as set out in the Local Government Transparency Code (2015).</p> <p>The website carries an organisation chart and details of staff 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.</p>
<p>Verifying that the council is registered with the ICO</p>	<p>Registration No. Z5069580</p>
<p>Verifying that the Council is compliant with the General Data Protection Regulation requirements</p>	<p>At the Annual meeting held 14-05-2019 the Council reviewed a set of policies to facilitate compliance with the requirements of the GDPR:</p> <ul style="list-style-type: none"> Fol Act Policy Data Protection Privacy Notice Subject Access Request Policy & procedure DPIA Assessment Checklist

The Internal Audit was made considerably easier than other Councils by the clear systems and filing methodology of the Clerk and her staff, which is much appreciated.

Thank you to Kate and Karen for your assistance in completing this audit.

Signed.....

Date of Internal Audit Visit 18th July 2019 Date of Internal Audit Report.. 18th July 2019

On behalf of Suffolk Association of Local Councils