

Internal Audit Report
Year ending: 31st March 2018 – Interim 10th October 2017

Name of Council:	Felixstowe Town Council
Precept figure:	£549,742
Income to date:	£631,759
Expenditure to date:	£344,095



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 Section 4 (Annual internal audit report) of the Annual Return
- 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


		<p>A Complaints Procedure was adopted 10/5/17 A Data Retention Policy was reviewed by the F&GP Committee on 26/7/17. The ICO Model Publication Scheme for Freedom of Information was adopted 10/5/17</p>
<p>4. 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>Full Council resolved at their meeting held 11th January 2017 to adopt a budget for 2017/18 and approved a precept demand of £549,742 be served on the district council.</p> <p>An income and expenditure to date report is received at each meeting of the Finance and General Purposes Committee and the full council.</p> <p>On 31/5/17 the Assets & Services Committee recommended an overspend in the Town Hall equipment budget to purchase new conference tables. This was considered at Full Council on 14/6/17 and approved.</p> <p>Virement of £4327.50 from 4170/202 to 4260/202 was approved by A&S Committee 31/6/17 for the purchase of chairs and reported to Full Council 14/6/17.</p> <p>On 26/7/17 the F&GP Committee received a budget monitoring report for the first quarter.</p> <p>The above examples demonstrate sound reporting structures and good budgetary control.</p>
<p>5. Income controls</p>	<p>Monitoring of precept and any other income.</p>	<p>The Precept demand was served 12/01/17. The first half-year tranche was received 26/04/17. The second tranche was received 29/09/17.</p> <p>6 items of income were cross checked against invoice, cash book and bank statement. An error in the VAT Treatment of one invoice had already been corrected.</p>

Subject	Requirements	Comments/Recommendations
<p>1. Proper Book-keeping</p>	<p>Cash book updated regularly.</p> <p>S137 separately recorded and minuted.</p> <p>Correct arithmetic and balancing.</p>	<p>The council uses the RBS Omega accounting package. The cash book is reconciled on a monthly basis.</p> <p>The accounts for payment schedule includes the relevant power and details are published online. £15,210 has been spent under this power up to 30/09/17</p> <p>No errors were found in the sample payments tested. Petty Cash was found to be correct.</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>Supporting paperwork for payments, Invoices, and appropriate authorisation</p>	<p>The latest available Standing Orders and Financial Regulations were adopted 10 May 2017 and are on the website. They were reviewed on 22/03/17 by the Finance and General Purposes Committee.</p> <p>VAT is identified in the cash book and purchase ledger. VAT Return for period ending 30th September 2017 submitted 4/09/17 for £551.43.</p> <p>10 payments were cross checked against cheque book, cash book, bank statement, invoice and payment list included in council minutes. All were found to be in order.</p> <p>The Barclaycard statements were checked for expenditure consistent with proper use of the card. Queries raised with the Deputy Clerk were answered satisfactorily. All was found in good order.</p> <p>The Fuel Genie statement dated 4/09/17 for £225.65 was checked against receipts. All was found in order.</p>
<p>3. Risk management</p>	<p>Evidence that risks are being identified and managed.</p>	<p>The council reviewed its Risk management policy and risk register for 2016-17 at full council meeting 10 May 2017. This was reviewed for 2017-18 on 22/03/17 by the Finance and General Purposes Committee.</p>

	Reserves	<p>At the beginning of the financial year 2017-18 the council had general reserves of £286,532 and earmarked reserves of £625,580. A net addition of £27,757 has been added on 1/4/17</p> <p>Total expenditure against earmarked reserves at 30/09/17 was £854.00.</p> <p>The petty cash float is £250. Receipts are required for expenditure. Receipts with a total value of £157.40 were found in the petty cash tin, along with £92.60 cash. = £250.00</p> <p>Petty cash receipts for the period ending 14/09/17 were checked and found to be properly recorded.</p>
6. Petty cash/expenses procedure	Established system in place, and associated supporting documents	<p>Payroll Payflow sheets were checked against Council records for staff x12 and found to be in good order. HMRC and Pensions Payments to LGPS x7 and NEST x4 were checked against bank and payroll and found to match.</p>
7. Payroll controls	PAYE/ NIC system in place. Records relating to contract of employment.	<p>Asset register as at 31st March 2017, with fixed assets of £50,788.97, a net change of +£582.17.</p> <p>Assets and Services Committee reviewed the Council's insurance provision on 5/4/17 and approved by the Council on 10th May 2017.</p>
8. Asset control	Inspection of Asset register. Cross checking of insurance cover.	
9. Bank reconciliation	Regularly completed, reconcile with cash book. Bank balances seen at 30 th September 2017	<p>Bank reconciliations are completed on a monthly basis. All were found to be in order.</p> <p>29/09/17 Town Council account: £52,118 29/09/17 FTC Mayor's Charity Ball Acct: £3191.01 29/09/17 Tracker account: £342,046.93 30/09/17 Base rate reward: £406,828.90 26/06/17 Nationwide: £404,966.72 fixed bond 11/10/17 Petty Cash: £250, represented by £92.60 in receipts, £157.40 cash.</p>

<p>10. Review of the system of internal control</p>	<p>Date review completed.</p>	<p>The Statement of Internal controls was reviewed by the F&GP committee meeting on 24/5/2017 and approved by full council on 14/6/17. Review of internal audit effectiveness was agreed Full Council on 14/6/17</p>
<p>11. Transparency</p>	<p>Website up to date? Publication of information in line with Transparency Code? (Mandatory for <£25k, recommended practice for >£25k)</p>	<p>Yes The details of expenditure over £500 do not include the purpose of the expenditure. Recommendation: The standard report from RBS Omega doesn't contain the mandatory fields, but exporting the same file to Excel does, allowing the data to be tailored to meet the Transparency Code requirements.</p>
<p>12. Audit</p>	<p>Internal Auditor Annual Return External Auditor</p>	<p>The Finance & General Purposes Committee reviewed the Internal Audit report on 24/5/17. The report was subsequently noted by Full Council on 14/6/17. The Internal Auditor role was reviewed by the F&GP Committee on 24/5/17 and SALC re-appointed by Full Council on 14/6/17. Considered and approved for signing section 1 & 2 on 14/6/17 The External Audit recorded no issues to report and receipt was noted at the Full Council meeting held 13/9/17</p>
<p>13. Actions on previous recommendations</p>	<p>Recommendation: The insurance values on the asset register need to be updated to match those in the insurance documents. This helps Councilors and officers cross-reference the two sources of information to confirm that all the assets that need to be insured are included in the insurance documentation and that insurance is indeed adequate.</p>	<p>This was reported to the Council and the updated Asset register with the insurance values was adopted 10th May 2017.</p>

<p>14. Additional comments</p>	<p>The annual meeting of the Town Council was held on the 10 May 2017. The election of Mayor was the first item on the agenda.</p> <p>The Council is aware of their responsibility under the upcoming General Data Protection Regulations and senior staff have attended briefings in order to prepare for their introduction.</p> <p>Thank you to the Town Council staff for their co-operation with the internal audit. Felixstowe continues to be an exemplar of good practice.</p>
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Signed


Date: 11th October 2017

On behalf of Suffolk Association of Local Councils

