



**Internal Audit Report
Year ending: 31st March 2015**

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| Name of Council: | Felixstowe Town Council |
| Income: | £ 692,355.00 |
| Expenditure: | £ 558,278.00 |
| Precept figure: | £ 508,420.00 |
| General Reserve: | £ 184,110.00 |
| Earmarked Reserves: | £ 683,501.00 |

Suffolk

Association of local councils

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

| Subject | Requirements | Comments/Recommendations |
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| 1. Proper Book-keeping | <p>Cash book updated regularly.</p> <p>S137 separately recorded and minuted.</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>The accounts for payment schedule includes the relevant power.</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>Standing orders and financial regulations were reviewed and adopted by full council on 7 May 2014.</p> <p>VAT is identified in the cash book and purchase ledger, and is reclaimed on a quarterly basis. Eighteen VAT amounts were cross checked against invoice, cash book, VAT listing and VAT reclaim. All were found to be in order.</p> <p>For January to March 2015 £ 6,173.63 was reclaimed.</p> <p>Eighteen payments were selected for the period January to March 2015, these were cross checked against cash book, cheque book, bank statement, invoice and payment schedule included in council minutes. All were found to be in order.</p> <p>The Barclaycard statement dated 27 February 2015 for £118.19 was checked against cash book, invoices and bank statement. All were found to be in order.</p> <p>The Fuel Genie statement for January £82.29 was checked against cash book, receipts and bank statement. All were found to be in order.</p> |

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| <p>3. Risk management</p> | <p>Evidence that risks are being identified and managed.</p> | <p>The council reviewed its governance and risk management policy at Finance and General Purposes committee (F&GPC) 21 January 2015; this was approved and adopted by full council 4 February 2015.</p> <p>The council approved and adopted a social media policy 4 February 2015. The council approved and adopted an occasional grants policy 4 February 2015.</p> <p>Insurance representative visited Town clerk for a pre-renewal review. Policy is due for renewal 1 April 2015.</p> <p>Fidelity Guarantee cover: £1.5million Employers liability: £10million Public liability: £10million</p> <p>The council has an outstanding balance PWLB of £410,665. An amount of £17,365.97 has been repaid this year.</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>The budget and precept for 2014/15 were agreed at council meeting 5 February 2014.</p> <p>A budget report was presented to F&GPC 18 March 2015, reporting balances at 28 February 2015.</p> |
| <p>5. Income controls</p> | <p>Monitoring of precept and any other Income.</p> | <p>The council received precept of £ 508,420.00 and council tax support grant of £52,165.69.</p> <p>Income checks were completed against six receipts for period January to March 2015, these were all found to be in order.</p> |

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| | Reserves General and Earmarked. | The council has general reserves of £ 184,110 and earmarked reserves of £ 683,501 . Transfers to earmarked reserves totalling £51,716 were agreed at council meeting 4 February 2015. |
| 6. Petty cash/expenses procedure | Established system in place, and associated supporting documents | Petty cash system in place. Receipts required and petty cash voucher is authorised by RFO. Petty cash float is £250.00. |
| 7. Payroll controls | PAYE/ NIC system in place. Records relating to contract of employment. Pensions. | The council operates a PAYE system, using the 'Moneysoft' payroll package to accommodate the HMRC real time information. Cross checks were completed on 3 items, salary, PAYE and pension contributions, these were all found to be in order. The LGPS discretions policy was approved and adopted 4 February 2015. |
| 8. Asset control | Inspection of Asset register. Cross checking of Insurance cover. | The current schedule of assets was noted at council meeting 21 May 2014. The schedule and insurance policy have been updated to include the chainsaw and its usage. Items were checked against asset register and insurance policy. All were found to be in order. |

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| 9. Bank reconciliation | Regularly completed, reconcile with cash book. | <p>Bank reconciliations are completed on a monthly basis.</p> <p>Bank balances at year-end: Current account: £ 50,125.00 Unpresented cheques: £ 49,124.49 Base rate reward: £ 402,522.47 Rate tracker: £ 447,214.02 Petty cash: £ 250.00</p> <p>The year end reconciliation agrees with balances held in the bank.</p> |
| 10. Year-end procedures | Appropriate accounting procedures used. | Income and Expenditure. All were found to be in order. |
| 11. Annual return | Completion of sections of Annual return. | <p>Sections 1 was completed and signed by the RFO at the time of internal audit.</p> <p>Section 4 was completed and signed by the internal auditor.</p> |
| 12. Review internal controls | Date review completed. | Internal controls were reviewed by F&GPC 21 January 2015 as part of the governance and risk management policy; this was approved and adopted by full council on 4 February 2015. |
| 13. Recommendations from previous internal audit – 31 December 2014. | <ol style="list-style-type: none"> 1. Correct deduction of NI allowance. 2. Reconcile difference of £90 on cash book. | <p>Actioned 19 February 2015.</p> <p>Actioned</p> |
| 14. Additional comments | | <p>The budget and precept for 2015/16 were agreed at council meeting 4 February 2015 -£522,361.</p> <p>The annual meeting of the town council was held on 7 May 2014.</p> |

Signed

Date

On behalf of Suffolk Association of Local Councils