

Internal Audit Report
Quarter ending: 30th June 2016

Name of Council:	Felixstowe Town Council
Precept figure:	£ 537,347
Income to date:	£314,334
Expenditure to date:	£165,355

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
1. Proper Book-keeping	Cash book updated regularly. S137 separately recorded and minuted. Correct arithmetic and balancing.	The council uses the RBS Omega accounting package. The cash book is reconciled on a monthly basis. The accounts for payment schedule includes the relevant power and details are published online. No errors were found in the sample payments tested. Petty Cash was found to be correct.
2. Financial regulations, standing orders, payment controls	Evidence that standing orders and financial regulations have been adopted. VAT is identified and reclaimed. Supporting paperwork for payments, invoices, and appropriate authorisation	The latest available Standing Orders and Financial Regulations were adopted 11 May 2016 and are on the website. A Members Expenses Policy was adopted 13/1/16 VAT is identified in the cash book and purchase ledger. Quarterly VAT return seen for period ending 30 th June 2016: Total £1,683.45 claimed back. Submission dated 1/7/16. Very impressive! 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. The Barclaycard statements were checked for expenditure consistent with proper use of the card. All was found in satisfactory order. The fuel Genie statement dated 1 st June 2016 for £212.27 was checked against cash book, statement and receipts. All was found in good order.
3. Risk management	Evidence that risks are being	The council reviewed its Risk management policy and risk register for 2016-17

	identified and managed.	at full council meeting 11 May 2016. An investment policy and strategy was adopted 9/3/16. An Occasional Grants Policy was adopted 9/3/16. A Complaints Procedure was adopted 11/5/16 The ICO Model Publication Scheme for Freedom of Information was adopted 11/5/16 Relevant training for staff on asbestos identification, vibration on grounds equipment and fire extinguisher use has been provided. Fire safety signage at the Town Hall was reviewed 12/04/16 PAT testing was carried out 25/04/16 at town council property.
4. Budgetary controls	Verifying that the budget has been properly prepared, and agreed.	The precept and budget were agreed and the council requested precept of £537,347 and received council tax support grant of £19,364. The 2016/17 budget has been regularly discussed by relevant committees and was adopted by the Full Council on 13/1/16. The first half-year combined payment of the precept and LCTSG was received on 29 th April from SCDC. A Business Plan for the Council is being consulted upon. An income and expenditure to date report is received at each meeting of the finance and general purposes committee and the full council.
5. Income controls	Monitoring of precept and any other income.	4 items of income were cross checked against invoice, cash book and bank statement. All were found to be in order.

	Reserves General and Earmarked.	At the end of the financial year 2015-16 the council had general reserves of £254,643 and earmarked reserves of £676,245. Total expenditure against earmarked reserves at 30/06/16 is £9,178.
6. Petty cash/expenses procedure	Established system in place, and associated supporting documents	The petty cash float is usually £250. Receipts are required for expenditure. Receipts with a total value of £170.18 were found in the petty cash tin, along with £79.82 cash. Petty cash receipts for the period ending 30/06/16 were checked and found to be properly recorded.
7. Payroll controls	PAYE/ NIC system in place. Records relating to contract of employment.	Payroll Payflow sheets were checked against Council records and found to be in good order. HMRC and Pensions Payments were checked against bank and payroll and found to match. Staff names were checked against job titles.
8. Asset control	Inspection of Asset register. Cross checking of Insurance cover.	Asset register was updated for end of year, with fixed assets of £50,206.80 Council resolved on 9/3/16 to enter into a three-year agreement with WPS insurance.
9. Bank reconciliation	Regularly completed, reconcile with cash book.	Bank reconciliations are completed on a monthly basis. All were found to be in order.

	Bank balances at 30 th June 2016:	<p>Town Council account: £50,000.00</p> <p>FTC Mayor's Official Allowance Acct: £7,012.62 The arrangements for this account are under review to ensure they are operationally effective, without compromising controls, VAT efficiency and the tax status of the incumbent Mayor.</p> <p>FTC Mayor's Charity Ball Acct: £3,125.21</p> <p>(£3125 paid to each of Felixstowe CAB and Sea Cadets 4/5/16)</p> <p>Tracker account: £230,877.13</p> <p>Base rate reward: £405,049.73</p> <p>Nationwide: £400,1421.40 fixed bond</p> <p>Petty Cash: £250, represented by £170.18 in receipts, £79.823 cash. The limit was reviewed by F&GP Committee 25/5/16 and found to be sufficient.</p>
10. Review of the system of internal control	Date review completed.	<p>Internal controls were reviewed and adopted at F&GP committee meeting on 25/5/2016 and approved by full council on 8/6/16.</p> <p>Review of internal audit effectiveness was agreed by F&GP 25/5/2016 and Full Council on 8/6/16</p>
11. Actions on previous recommendations	Recommendation: Adopt latest FR when available.	Completed
12. Additional comments		The annual meeting of the Town Council was held on the 11 May 2016. The election of Mayor was the first item on the agenda.

		<p>The Internal Auditor was appointed 8/6/16</p> <p>The Year End report of the Internal Audit was noted by the F&GP Committee on 27/4/16.</p> <p>The Audit found no issues to report to the Council, other than the financial arrangements appear to be very sound. Thank you to the Town Council staff for their co-operation with the internal audit.</p>
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Signed 

Date: 18th July 2016

On behalf of Suffolk Association of Local Councils