

Internal Audit Report
Year ending: 31st March 2017

Name of Council:	Felixstowe Town Council
Precept figure:	£537,347
Income to date:	£706,876
Expenditure to date:	£725,651



Internal Audit Objectives and Responsibilities

A handwritten signature in black ink, located at the bottom right of the page.

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
<p>1. Proper Book-keeping</p>	<p>Cash book updated regularly. S137 separately recorded and minuted. Correct arithmetic and balancing.</p>	<p>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.</p>
<p>2. Financial regulations, standing orders, payment controls</p>	<p>Evidence that standing orders and financial regulations have been adopted. VAT is identified and reclaimed. Supporting paperwork for payments, Invoices, and appropriate authorisation</p>	<p>The latest available Standing Orders and Financial Regulations were adopted 11 May 2016 and are on the website. They were reviewed on 22/03/17 by the Finance and General Purposes Committee. No changes were proposed. VAT is identified in the cash book and purchase ledger. VAT Return for period ending 31st March 2017 submitted 7/04/17 for £4,208.88. 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, apart from one invoice which was missing – however the BACS authorisation had the requisite councillor signatures and a new invoice was printed off. The Barclaycard statements were checked for expenditure consistent with proper use of the card. Any query was raised with the Deputy Clerk. All was found in satisfactory order. The Fuel Genie statement dated 1/03/17 for £182.36 was checked against cash book, statement and receipts. All was found in order.</p>
<p>3. Risk management</p>	<p>Evidence that risks are being</p>	<p>The council reviewed its Risk management policy and risk register for 2016-</p>

	identified and managed.	17 at full council meeting 11 May 2016. This was reviewed for 2017-18 on 22/03/17 by the Finance and General Purposes Committee. No changes were proposed.
		<p>A Complaints Procedure was adopted 11/5/16</p> <p>The ICO Model Publication Scheme for Freedom of Information was adopted 11/5/16</p> <p>An investment policy and strategy was adopted 8/3/17.</p> <p>An Occasional Grants Policy was adopted 8/3/17.</p> <p>A Press & Media Policy was adopted 8/3/17</p>
4. Budgetary controls	Verifying that the budget has been properly prepared, and agreed.	<p>The 2016/17 precept and budget were agreed and the council requested precept of £537,347 and received council tax support grant of £19,364.</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>
	Regular reporting of expenditure and variances from budget.	An income and expenditure to date report is received at each meeting of the Finance and General Purposes Committee and the full council.
		The Finance & General Purposes Committee received an interim budget monitoring report on 25/01/17.
5. Income controls	Monitoring of precept and any other Income.	The Precept demand was served 12/01/17. The first half-year tranche was received 26/04/17.
	Reserves	<p>5 items of income were cross checked against invoice, cash book and bank statement. All were found to be in order.</p> <p>At the end of the financial year 2016-17 the council had general reserves of £286,532 and earmarked reserves of £625,580</p> <p>Total expenditure against earmarked reserves at 31/03/17 Was £92,545.</p>
6. Petty cash/expenses	Established system in place, and	The petty cash float is £250. Receipts are required for expenditure. Receipts

procedure	associated supporting documents	with a total value of £155.60 were found in the petty cash tin, along with £94.40 cash. = £253.15 Petty cash receipts for the period ending 31/03/17 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 to LGPs and NEST were checked against bank and payroll and found to match.
8. Asset control	Inspection of Asset register. Cross checking of Insurance cover.	Asset register as at 31 st March 2017, with fixed assets of £50,788.97, a net change of +£582.17. Finance and General Purposes Committee reviewed the Council's insurance provision on 25/1/17 Recommendation: The insurance values on the asset register need to be updated to match those in the insurance documents. This helps Councillors 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. The Finance and General Purposes Committee approved an Investment Policy on 25/1/17, assessing the risks of investment and agreeing a suitable strategy for 2017-18.
9. Bank reconciliation	Regularly completed, reconcile with cash book. Bank balances seen at 31 st March 2017	Bank reconciliations are completed on a monthly basis. All were found to be in order. 31/3/17 Town Council account: £50,317.66 17/11/16 FTC Mayor's Official Allowance Acct: £nil – final statement, account closed 31/4/17 FTC Mayor's Charity Ball Acct: £16,197.67 31/3/17 Tracker account: £56,334.55

		03/4/17 Base rate reward: £406,316.56 12/4/17 Nationwide: £400,141.40 fixed bond 26/4/17 Petty Cash: £250, represented by £94.40 in receipts, £155.60 cash.
10. Review of the system of internal control	Date review completed.	Internal controls were reviewed and adopted at F&GP committee meeting on 25/5/2016 and approved by full council on 8/6/16. Review of internal audit effectiveness was agreed Full Council on 8/6/16
11. Actions on previous recommendations	No recommendations were made	The Finance and General Purposes Committee noted this on 25/01/17
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. The Internal Auditor was appointed 8/6/16. The Q3 internal audit report was considered by the Finance and General Purposes Committee on 25 th January 2017. The Council's application for the Local Council Award Scheme GOLD Award had been reviewed by SALC and only a few outstanding points require addressing ahead of resubmission. Thank you to the Town Council staff for their co-operation with the internal audit.

Signed

.....

Date: 26th April 2017

On behalf of Suffolk Association of Local Councils