

**Internal Audit Report**  
**Year ending: 31<sup>st</sup> March 2020**

<b>Name of Council:</b>	FELIXSTOWE Town Council
<b>Income:</b>	£766,016 (rounded)
<b>Expenditure:</b>	£709,746 (rounded)
<b>Precept Figure:</b>	£578,113 (rounded)
<b>General Reserve:</b>	£447,003 (rounded)
<b>Earmarked Reserves:</b>	£618,333 (rounded)

## **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 2019/20 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 complies
- 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
<b>1. Proper Book-keeping</b>	Type of cash book or ledger used	The council uses the RBS Omega Accounting Package which produces reports on an income and expenditure basis.
	Cash book kept up to date and regularly verified against bank statement	<p>Cash books are reconciled on a monthly basis and the Town Council is registered for VAT with both Sales and Purchase Ledgers being implemented via the Omega Accounting System.</p> <p><i>Comment: The RFO ensures that the cash book is the focus for day-to-day accounting and is aware that the balancing off and reconciliation to the bank statement remains the most important control over the accounting system.</i></p>
	Correct arithmetic and balancing	<p>Spot checks were made and found to be in order. The Responsible Financial Officer ensures that the cash book is the focus for the day-to-day accounting and balancing off and reconciliation to the bank statements. Journal entries between cost codes for the period under review were seen and verified.</p> <p><i>Comment: the 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.</i></p>
<b>2. Financial Regulations &amp; Standing Orders</b>	Evidence that standing orders have been adopted and reviewed regularly	<p>Standing Orders (SO) with particular reference to Felixstowe Town Council, were reviewed and adopted by full Council at the Annual Meeting of the Council of 15<sup>th</sup> May 2019.</p> <p><i>Comment: the SOs have been reviewed and amended to reflect the provisions in the Model SOs produced by NALC in 2018 which takes into account recent changes in legislation, with amendments made to reflect the manner in which the smaller authority operates.</i></p>
	Evidence that Financial Regulations (FR) have been adopted and reviewed regularly	<p>Financial Regulations (FR) with particular reference to Felixstowe Town Council were reviewed at a meeting of the Finance and Governance Committee of 23<sup>rd</sup> October 2019 with a recommendation that the NALC Model FRs 2019 be adapted to reflect local needs and formally adopted by full Council. Those seen on the website were formally adopted by full Council at its Annual Meeting on 20<sup>th</sup> May 2020.</p> <p><i>Comment: Council has reviewed its current Financial Regulations with reference to the Model Financial Regulations produced by NALC in 2019 and, confirmed that no amendments were required thereby ensuring that it has complied with Proper Practices which recommend that they are regularly reviewed, fit for purpose, and adhered to.</i></p>

	Evidence that a Responsible Financial Officer has been appointed with specific duties	The Financial Regulations of the Town Council and the Risk Management Policy for 2019-20, in accordance with proper practices and with reference to section 151 of the Local Government Act 1972, confirm that the Clerk is the Responsible Financial Officer (RFO) responsible for the financial administration of the authority.
	Evidence that Financial Regulations have been tailored to the Council	Council is aware of the requirement to ensure that the SO and FR are fully tailored to the smaller authority by removing the alternative options for a council and in particular removing the square brackets [] as this creates ambiguity.
<b>3. Payment controls</b>	Supporting paperwork for payments, and appropriate authorisation	<p>At each full Town Council Meeting, a schedule of accounts for payment and resultant cheques – retrospective and future - is presented to the meeting with formal approval of such expenditure being minuted.</p> <p>Spot checks on payments over £1,000 were cross checked against cheque book (where applicable), BACS requests, cash book, bank statement, invoice, authorisation slips and minutes. All were found to be recorded/authorised correctly and in accordance with Council's own FR 6.5 and 6.10.</p> <p><i>Comment: Council continues with the good practice of ensuring, in accordance with its own FR 5.6, that a schedule of due and retrospective payments which arise on a regular basis of a continuing contract, is submitted to full Council for approval at each meeting.</i></p> <p>All payments made are in accordance with the General Power of Competence (Localism Act 2011 Part 1, Chapter 1 ss 1-8) as adopted by the Town Council, unless otherwise stated.</p> <p>Fuel Genie Statements were seen and were interrogated to ensure a clear audit trail from point of purchase to allocation on the statement. <i>It is noted that the statements for 01.10.19-31.10.19; 01.12.19-31.12.19; 01.01.20-31.01.20 and 01.02.20-29.02.20 had incomplete audit trails.</i></p> <p><b>Recommendation: with reference to council's own FR 6.20, council should develop specific control procedures for the use of any payments by a trade card account which should include a procedure in place for the handling of such transactions including the requirement to submit receipts for all expenditure incurred.</b></p> <p>Barclaycard Statements were seen and spot checks undertaken to ensure a clear audit trail from point of purchase to allocation on the statement. Balances are paid in full once verified against statement received.</p>

		<i>Comment: in accordance with FR 6.20, Council has ensured that the corporate credit card opened by the Council is restricted to use by the Clerk and shall be subject to automatic payment in full at the end of the month.</i>
	Internet Banking transactions properly recorded/approved	Internet banking is operated in accordance with the Council's own FR 5.5 and 6.4 with evidence being retained showing which authorised members approved the payment.
	VAT correctly identified and reclaimed within time limits	VAT is identified in the purchase and sales ledger cash books and is reclaimed on a quarterly basis. 3rd Quarter claim of £1,676.84 was settled on 9 <sup>th</sup> January 2020. The final claim for the year under review for the period 1 <sup>st</sup> January to 31 <sup>st</sup> March 2020 in the net sum of £1,342.81 was submitted in April 2020 which matches the year-end position.
	Has Council adopted the General Power of Competence and is it being correctly applied?	At its meeting of 15 <sup>th</sup> May 2019, it was resolved to adopt the General Power of Competence.  <i>Comment: in accordance with the Localism Act 2011, Ch 1 Part1, Sections 1-8, Council resolved at the meeting that it met the criteria relating to the electoral mandate and relevant training of the Clerk and that having confirmed that it met the criteria, it was then resolved to adopt the General Power of Competence</i>
	Payments of interest and principal sums in respect of loans, are paid in accordance with agreements	The council had outstanding Public Works Board Loans as at 31 <sup>st</sup> March 2020 of £330,070.57 (as per the notification from United Kingdom Debt Management Office and as declared on the Annual Governance and Accountability Return).  Repayments of interest were made during the year in accordance with the schedule seen.
<b>4. Risk Management</b>	Is there evidence of risk assessment documentation?	At the Annual Council Meeting of 15 <sup>th</sup> May 2019, Council reviewed and approved its Risk Management Policy and Risk Register which covers in general terms the matters which could possibly prevent a smaller relevant body from functioning.  <i>Comment: Overall within its Risk Assessment Register, Council has identified a number of risks to property; finances and personnel and has taken steps to control the risk - all of which are clearly identified within the document as approved by Full Council.</i>
	Evidence that risks are being identified and managed.	Council has carried out a comprehensive financial risk assessment with its documents showing that it has identified the risks associated with ensuring that public finances are adequately protected and managed and has taken steps to mitigate such risks. The documentation of the specific control procedures that have been adopted by the council for payments not only protects the RFO but also fulfils an internal control objective. <i>Comment: With reference to the Accounts and Audit Regulations 2015, Council has understood the requirement to have in place safe and efficient arrangements to safeguard public money. Within the Internal Controls of the Finance and Governance Risk Assessment Documentation Council has reviewed its arrangements to protect public money.</i>

	<p>Contingency Plan to deal with the impact of the Coronavirus on the Town Council</p>	<p>In light of the current coronavirus situation, at an extraordinary meeting on 24<sup>th</sup> March 2020, held at the Town Hall in accordance with social distancing guidelines, the Council agreed a number of measures to ensure the safety of staff, councillors and members of the public. Actions were taken covering governance arrangements for meetings of the Town Council and its committees; Mayoral engagements; annual competitions; allotment inspections; authorisation of funds to support local organisations and charities; authorisation of funds to support the Council's Emergency Plan and the support of office staff to work from home as far as possible. The meeting approved a scheme of delegation to the Mayor and Chairman of the appropriate relevant Committee (or Deputy Mayor if usually Council) to make decisions on behalf of the Council. At the same meeting, the Council delegated authority to the Clerk, in conjunction with the Members of the Civic and Community Committee, via email to decide grant applications from eligible organisations and approved the delegation arrangements resolved by the Planning and Environment Committee. The Town Council's Business Continuity Plan was also formally adopted at the same meeting.</p> <p><i>Comment: the powers specifically delegated to the Clerk/RFO relating to the payment of invoices is noted with the Clerk / Deputy Clerk being authorised to continue with the payment of invoices via the BACS system with all invoices being emailed to two of the six signatories, on a rota basis, for approval by email. Council is aware that to allow proper scrutiny of records of payments and the accounts, in accordance with section 5 of the Financial Regulations, any payments made away from such meetings will be reported to the Council at the next convenient meeting.</i></p>
	<p>Appropriate Insurance cover in place for employment, public liability and fidelity guarantee.</p>	<p>General Insurance from Zurich for the period from 1<sup>st</sup> April 2019 to 31<sup>st</sup> March 2020 was reviewed during the Internal Auditor's visit.</p> <p>Core cover shows the following: Employers Liability £10,000,000. Public Liability £15,000,000; Hirers Liability £2,000,000; Motor Vehicles (as defined within the Certificate of Motor Insurance) &amp; Fidelity Guarantee Cover is £2,000,000.</p> <p>Material Damage cover is shown for 5 buildings and premises with Business Interruption on all buildings and premises under insurance. All Risks cover is in place with cover non-location specific on further assets under generic headings.</p>
	<p>Evidence that insurance is adequate and has been reviewed on an annual basis</p>	<p>In accordance with Proper Practices, Council has identified its key risks and taken steps to manage them in a way which it can justify to a level which is tolerable by transferring the risk and buying in services from specialist external bodies and taking out insurance.</p>

	Evidence that internal controls are documented and regularly reviewed	<p>Within the Internal Control Statement, as reviewed by the Finance and Governance Committee (29.09.19) and adopted by Full Council (12.06.19), measures have been identified that will provide assurance to members that there is a robust system in place which is effective and adequate for preventing members from approving or authorising fund transfers that are not supported by appropriate documentation.</p> <p><i>Comment: with reference to the Accounts and Audit Regulations 2015, Council has understood the requirement to have in place safe and efficient arrangements to safeguard public money.</i></p>
	Evidence that a review of the effectiveness of internal audit has been carried out during the year	<p>In accordance with the Accounts and Audit Regulations 2015, the Finance and Governance Committee reviewed the effectiveness of internal audit at its meeting of 29<sup>th</sup> May 2019 for the year 2019-2020 and agreed that the internal audit plan as proposed by Suffolk Association of Local Councils was efficient and effective. Full Council formally reviewed the scope and effectiveness of its internal audit arrangements and considered that its current arrangements were appropriate for the council at its meeting of 12<sup>th</sup> June 2019.</p> <p><i>Comment: by reviewing internal audit, Council has followed guidance with the Governance and Accountability Guide and has recognised that the internal audit's function is to test and report to the authority on whether its specific system of internal control is adequate and working satisfactorily which in turn will support and inform the members considering the authority's approval of the annual governance statement.</i></p>
<b>5. Budgetary controls</b>	Verifying that the budget has been properly prepared, and agreed	<p>Full Council, at a meeting of 9<sup>th</sup> January 2019, approved that a budget in the sum of £717,990 be set following the recommendation by the Finance and Governance Committee of 28<sup>th</sup> November 2018.</p> <p><i>Comment: Council shows good practice by following the recommended key stages as to the budgetary process and ensures that it regularly monitors actual performance against its budget during the year and that a financial appraisal is undertaken before any significant project is undertaken.</i></p>
	Verifying that the Precept amount has been agreed in full Council and clearly minuted	<p>At the same meeting it was agreed to set a precept of £578,113 for the year 2019/2020 acknowledging that this would be a 2% increase in a Band D Council Tax Bill.</p>
	Regular reporting of expenditure and variances from budget	<p>In accordance with Council's own Standing Orders, each committee receives budget reports at each meeting which summarises the receipts and payments for the quarter and includes a comparison with the budget for the financial year. Significant variances are highlighted where necessary. The Finance and General Purposes Committee oversees the quarterly te</p>

		<p>monitoring of the Council's budgets set with variances to budget estimates for the period greater than 10% or £500 being considered.</p> <p>Virements between budgets and to/from reserves are approved in accordance with Council's own Financial Regulations and Council is aware that a virement from reserves into the revenue budget may only be made following a resolution of the Council, or duly delegated committee.</p> <p><i>Comment: in accordance with guidance stated within section 5 of the Governance and Accountability Guide for Smaller Authorities In England, Council has understood that by reviewing the budget against actual expenditure regularly, members are given early warning about the likelihood of a shortfall (or surplus) which will them to decide what responsive action to take. Council has followed guidance by ensuring that its members understand how the budget is put together and how it should be used in the running of the authority.</i></p>
	Reserves held - General and Earmarked.	<p>For the year ending 31<sup>st</sup> March 2020 Council had General Reserves of £447,003 and Earmarked Reserves of £618,333.</p> <p><i>Comment: Council has reviewed the level of general reserves during the year under review ensuring that it has sufficient reserves and contingency sums in order to meet, within reason, any unforeseen items of expense that may occur.</i></p>
<b>6. Income controls</b>	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 RFO ensures that the accounting records contain entries from day to day of all sums of money received. Spot checks on further items paid under BACS / Direct Credit into the Council's Accounts were cross checked against cashbook, bank statements and invoices raised by the Parish Council. All were found to be in order with an underlying audit trail.</p> <p>The outstanding sales ledger invoices for the period ending 31<sup>st</sup> March 2020 was seen and verified. Analysis of the ledger records debts of over three months and Council might wish to consider the possibilities for dealing with these debts during the current year.</p> <p><i>Comment: Council should be aware that Proper Guidance states that uncollectible amounts, including bad debts, should only be written off with the approval of members, or under delegated authority by the RFO and that such approval should be shown in the accounting records.</i></p>



	Is income reported to full Council?	<p>Income is reported in accordance with the Council's own Standing Orders and forms part of the Quarterly Financial Report submitted to and approved by both the Finance and Governance Committee and full Council.</p> <p><i>Comment: the RFO, in the reporting of income received ensures that Council not only adheres to FR 9.1 with the collection of all sums due to the Council, but also fulfills an internal control objective requiring that cash and cheques should be entered into the cash book on the date of receipt and banked promptly and intact (i.e. without any of the cash being kept back for spending).</i></p>
	Does the Precept recorded agree to the Council Tax Authority's notification?	<p>The Council received precept of £578,113 as per the remittance advices received from and precept demand served on East Suffolk District Council. Payments of the precept was made in two equal instalments in April and September 2019 and both were reported within the financial management reports submitted to the Finance and Governance Committee and full Council.</p>
	If appropriate, are CIL Reporting Schedules in accordance with the Community Infrastructure Levy Regulations 2010?	<p>CIL Funds received for the year under review show receipts of £30,245.03 as reported within the financial reports submitted at the meetings of Finance and Governance Committees. In accordance with the 2010 Regulations, the Parish Council having received a proportion of CIL funds has ensured that retained balances are transferred into the Earmarked Reserve specifically allocated.</p> <p>Council has understood the requirement to comply with its duty to produce an annual report that details the amount of CIL funds received and spent. The annual report for the year ending 31<sup>st</sup> March 2019 showing income received and retained balances was verified by the Internal Auditor during the internal audit visit. Council is also aware that it should comply with its duty to upload the annual report for the year ending 31<sup>st</sup> March 2020 onto its website by 31<sup>st</sup> December 2020.</p>
<b>7. Petty Cash</b>	<p>Is a petty cash in operation?</p> <p>If so, is there an adequate control system in place.</p>	<p>All petty cash payments are supported by receipts and are entered in to the petty cash book. Petty cash reconciliations are carried out on a monthly basis and monies raised to ensure sufficient funds to allow the float to be adequately maintained.</p> <p>There is a satisfactory expense system in place and Council ensures that all petty cash claim forms are standardised; accompanied by receipts and that all forms are authorised.</p> <p>At the meeting of 15<sup>th</sup> May 2019, Council gave authorisation to the Town Clerk, Deputy Clerk and Cemetery &amp; Allotments Officer to withdraw up to £250 per month from the Council's bank account by way of an Open Credit Agreement for the purposes of maintaining a Petty Cash float only.</p>

<b>8. Payroll controls</b>	Do all employees have contracts of employment?	All members of staff have employment contracts in place.
	Are arrangements in place for authorising of the payroll and payments by the Council?  Verifying the process for agreeing rates of pay to be applied.	The payroll system is operated in accordance with the RTI system. Salaries are paid in accordance with contracted hours worked with agreement for variations by relevant committee and/or full council.  The Personnel Committee, in accordance with its Terms of Reference has delegated authority to review and authorise amendments to the staffing structure, grades and /or terms and conditions in year within the salaries budget set by the Council. <i>Comment: in accordance with Proper Practices, Council has ensured that the remuneration payable to all employees has been approved in advance by the Council.</i>
	Do salary payments include deductions for PAYE/NIC?  Is PAYE/NIC paid promptly to HMRC?	Spot checks were carried out on a number of items of salary, PAYE and National Insurance contributions and these were all found to be in order. 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 on or before the dates prescribed.  <i>Comment: There are robust payroll arrangements in place which ensures the accuracy and legitimacy of payments of salaries and wages, and associated liabilities and as such the Council has complied with its duties under employment legislation and has met its pension obligations.</i>
	Is there evidence that the Council is aware of its pension responsibilities?	Council had twelve employees on its payroll at the period end of 31 <sup>st</sup> March 2020, seven of which were members of the Local Government Pension Scheme as operated by Suffolk County Council and four of which were members of the NEST Pension Scheme. The Council's re-declaration of compliance to The Pensions Regulator was submitted on 4th October 2019 as reported to the Personnel Committee on 9 <sup>th</sup> October 2019.
	Mayoral Allowance	The Mayor's Allowance for the year 2019 - 2020 was set at £3,000.  <i>Comment: section 15(5) of the LGA 1972 provides that Parish (and Town) Councils may for its Mayor " for the purpose of enabling him to meet the expenses of his office set such allowance as the council think reasonable".</i>
<b>9. Asset control</b>	Verifying the Council maintains an Asset Register in accordance with proper practises	It is noted that the declared value for all assets at year-end (31.03.2020) was £55,501.97 as verified from Council's records and accurately includes all capital acquisitions and disposal transactions as recorded in the council's cashbook for the year under review. Council, as approved at its meeting of xxx March 2020, has defined its Fixed Assets as items with a useful life of more than one year and with a value of greater than £500. Council has noted

		<p>that there will be a requirement to review the threshold value for fixed assets on an annual basis to ensure that the value continues to include those items within the applied definition of fixed assets.</p> <p>All assets have been stated as at cost value (fixed as at 2010 in accordance with the basis as recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA)) and where assets have been gifted or where there is no known value have been given the proxy value of £1.</p> <p><i>Comment: Council is mindful of the guidance within the Governance and Accountability for Smaller Authorities in England March 2018 on the valuation of its assets and has ensured that where the insurance value of the asset at the time of first recording is used, that method of valuation has been consistently applied and if/where amended, it will need to publish and provide explanations in changes in value to any previously recorded assets.</i></p>
	Verifying that the Asset Register is reviewed annually	A review of the asset register along with movement was considered by the Council at its meeting of 11 <sup>th</sup> March 2020 at which Council agreed that the asset register for 2019/20 accurately included all capital acquisitions and disposal transactions as recorded in Box 9 of the Council's Accounting Statements on the Annual Governance and Accountability Return for the year under review.
	Cross checking of Insurance cover	In accordance with Proper Practices, Council has identified its key risks and taken steps to manage them in a way which it can justify to a level which is tolerable by transferring the risk and buying in services from specialist external bodies and taking out insurance.
<b>10. Bank reconciliation</b>	Regularly completed and reconciled with cash book	<p>Bank reconciliations are completed on a monthly basis and reconcile with the cash sheets.</p> <p><i>Comment: Council is aware that, in accordance with Proper Practices, the bank reconciliation is a key tool for management as it assists with the regular monitoring of cash flows which aids decision-making, particularly when there are competing priorities.</i></p>
	Confirm bank balances agree with bank statements	<p>Bank balances as at 31<sup>st</sup> March 2020 agree with the year-end bank statements: £1,070,070.26 which are broken down as follows:</p> <p>Town Council Account: £50,000.00  Tracker Account: £109,555.14  Base Rate Account: £410,325.32  Petty Cash: £189.80  Close Brothers Account: £500,000.00</p> <p>To minimise the Council's exposure to risk, it has sought to diversify its reserves between</p>

		<p>highly rated UK banks and building societies with the objective of prudently investing some of its balances. Council has ensured that it uses only specified investments as defined by DCLG guidance and is aware that such investments should have regard to security of reserves and liquidity of investments.</p> <p><i>Comment: Council has taken into account the guidance as per Proper Practices on the treatment of investments which states that it is unusual for an authority to hold its reserves other than in the form of easily accessible bank deposits or other short-term investments.</i></p> <p>At the meeting of 11<sup>th</sup> March 2020, full Council, following a recommendation from the Finance and Governance Committee (22.01.20) approved the Council's Investment Policy and Strategy for 2020/21 which not only set out the management arrangements for the investments held and procedures for determining the maximum periods for which funds may prudently be committed but also committed the Council to ensure that ethical investments opportunities which sought to contribute positively to the environment should also be considered.</p> <p><i>Comment – Statutory guidance on investments issued by the Secretary of State under section 15(1)(9) of the LGA 2003 (3rd edition) states that all councils that have investments in excess of £100,000 should have in place an investment strategy.</i></p>
	Regular reporting of bank balances at council meetings	<p>Overall there is regular reporting of bank balances within the financial reports submitted to Finance and Governance Committee and at each relevant meeting of full Council. The completion of the quarterly bank reconciliation by a nominee councillor is reported back to the committee.</p> <p><i>Comment: Council has followed good practice by ensuring that the approval of the bank reconciliation by a council nominee is not only good practice, but is also a safeguard for the RFO and will fulfil one of the council's internal control objectives.</i></p> <p>It is noted that the reconciliations for the period 1 October 2019 - 31 March 2020 have been verified by the Council nominee with agreement that once COVID-19 lockdown measures are relaxed, they will be signed as correct.</p>
<b>11. Year-end procedures</b>	Appropriate accounting procedures used	<p>Accounts are produced on an income and expenditure basis. All were found to be in order. Council has ensured that its records detail the assets and liabilities of the authority including the asset and investment register and record of loans and other debts.</p>
	Financial trail from records to presented accounts	<p>There is an underlying financial trail from financial records to the accounts produced. Where appropriate debtors and creditors have been properly recorded.</p>

		<p>Year-end balances agree with cash book and bank reconciliations:  Total Debtors: £9,476.64  Total Creditors: £14,210.46  Total Reserves: £1,065,336.44</p> <p>Funded by total cash and short-term investments: £1,070,070.26</p>
	Has the appropriate end of year AGAR documents been completed?	As the Council is a smaller authority with gross income and expenditure exceeding £25,000 but not exceeding £6.5million it will be required to complete Part 3 of the AGAR.
	Where an authority certified itself exempt in 2018/19, did it met the exemption criteria?	As the Council was a smaller authority with gross income and expenditure exceeding £25,000 during the year 2018/19, it was not able to certify itself as an exempt authority.
	During Summer 2019 did the smaller authority demonstrate that it correctly provided for the exercise of public right as required by the Accounts and Audit Regulations?	The Internal Auditor was able to confirm that the details of the arrangements for the exercise of public rights for the period ending 31 <sup>st</sup> March 2019 were published on the public accessible website and relevant noticeboards. Period for 2019-2020 covered 17 <sup>th</sup> June 2019 to 26 <sup>th</sup> July 2019.
	Have the publication requirements been met in accordance with the Audit & Accounts Regulations of 2015	<p>The Council has complied with the requirements of the Accounts and Audit Regulations 2015 for smaller authorities with income and expenditure not exceeding £25,000 and published the following for the year 2018/19 on a public website:</p> <p>Annual Internal Audit Report of the AGAR  Section 1 – Annual Governance Statement of the AGAR  Section 2 – Accounting Statements of the AGAR  Section 3 – The External Auditor Report and Certificate  Notice of the period for the exercise of public rights and other information required by Regulation 15 (2), Accounts and Audit Regulations 2015.</p>
	The Accounts and Audit (Coronavirus) (Amendment) Regulations 2020	<p>Owing to the increasing impact of COVID19 MHCLG has made amended Regulations which extend the statutory audit deadlines for 2019-20 only for all Category 2 smaller authorities (town and parish councils, parish meetings, internal drainage boards and other authorities):</p> <ul style="list-style-type: none"> <li>• The requirement for the public inspection period to include the first 10 working days of July has been removed</li> <li>• Instead, smaller authorities must commence the public inspection period on or before 1 September 2020. Authorities are urged to commence this period as soon as possible</li> <li>• The AGAR must be approved and published by 31 August 2020 at the latest or may be approved earlier, wherever possible.</li> </ul>

		This means that for 2019-2020, the period for the exercise of public rights can now be held at any time after the approval of the accounts and AGAR provided it is commenced by 1 September at the latest.
<b>12. Internal audit for the year ending 31 March 2019</b>	Verifying that the previous internal audit reports have been considered by the Council	The Internal Auditor's Report for the period ending 31 <sup>st</sup> March was considered and accepted at a meeting of the Finance and Governance Committee of 29 <sup>th</sup> May 2020. The Interim Audit Report was considered by the same committee at its meeting of 23 <sup>rd</sup> October 2019.  <i>Comment: in accordance with Proper Practices, the Council has considered the report submitted by the Internal Auditor, approving the recommendations noting within the report. By the consideration of the audit report, Council will be able to make informed decisions when considering the authority's approval of the annual governance statement.</i>
	Verifying that appropriate action has been taken regarding recommendations raised in reports from Internal Audit	The following areas for further consideration were noted by the Finance and Governance Committee: <ol style="list-style-type: none"> <li>1. Nonimated Councillor to report back to Finance and Governance Committee once bank reconciliations have been verified - Actioned</li> <li>2. Appointment of an independent trustee, removed from the Council, for the Mayor of Felixstowe Charity Fund - Approved</li> <li>3. Update the general Council finance information on the webpage for 2018/19 and 2019/20 - Actioned</li> </ol>
	Confirmation of appointment of Internal Auditor	Suffolk Association of Local Councils was appointed to act as the Parish Council's Internal Auditor at a meeting of full Council of 12 <sup>th</sup> June 2019, as recommended by the Finance and Governance Committee at its meeting of 29 <sup>th</sup> May 2020.
<b>13. External audit for the year ending 31 March 2019</b>	Verifying that the external audit report has been considered by the Council	The Limited Assurance Review for the period ending 31 <sup>st</sup> March 2019 was presented to full Council at its meeting of 11 <sup>th</sup> September 2019. Council accepted and approved the External Auditor's signed Annual Return and Certificate.  <i>Comment: in accordance with Regulation 20 of the Accounts and Audit Regulations 2015, following the completion of an audit, full Council received and considered the audit letter from the local auditor as soon as reasonably practicable.</i>
	Verifying that appropriate action has been taken over recommendations raised	There were no matters which had come to the external auditor's attention giving cause for concerns that relevant legislation and regulatory requirements had not been met.
<b>14. Annual Meeting</b>	Annual meeting - held in accordance with legislation	The Annual Meeting of the Council was held on 15 <sup>th</sup> 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).

<b>15. Town's Action Plan</b>	Action Plan for 2020 - 2024	<p>At a meeting of 11<sup>th</sup> March 2020, Council reviewed and approved the final draft of its Business Plan 2020 - 2024 with agreement that the regular monitoring of the delivery plan to evaluate progress would be delegated to the Finance and Governance Committee.</p> <p><i>Comment: moving forward, Council might wish to consider ensuring that monitoring of the Business Plan covers the following to ensure that there is a clear link between community engagement, the resultant action and the significant services being offered by the Council.</i></p> <ul style="list-style-type: none"> <li>• <i>Clarity about the community engagement which led to the action</i></li> <li>• <i>The timescale for the activity and for reviewing the activity</i></li> <li>• <i>The associated budget.</i></li> </ul>
<b>16. Trustee Responsibilities</b>	Correct identification of trustee responsibilities	Council has no trustee responsibilities.
<b>17. Transparency Code</b>	Verification that the applicable Transparency Code has been correctly applied and information is published in accordance with current legislation	Council has taken steps to demonstrate that it is working towards ensuring compliancy with the minimum datasets that should be published as per the requirements as set out in the Local Government Transparency Code (2015). These include: the quarterly reporting of spending transactions valued over £500; quarterly publication of transactions carried out using a government procurement card; quarterly publication of details of every invitation to tender for contracts to provide goods and/or services with a value that exceeds £5,000; quarterly publication of details of any contract, commissioned activity, purchase order, framework agreement and any other legally enforceable agreement with a value that exceeds £5,000; 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.
<b>18. ICO Registration</b>	Verifying that the council is registered with the ICO	<p>The Council is correctly registered with the Information Commissioner's Office (ICO) as a Data Controller in accordance with the Data Protection Legislation. Certificate Z4979399 refers.</p> <p>In accordance with the Freedom Of information Act 2000, at its Annual Council Meeting the Council reviewed and adopted the Felixstowe Town Council Publication Scheme for the year 2019/20.</p>

<p><b>19. General Data Protection Regulation</b></p>	<p>Verifying that the Council is compliant with the General Data Protection Regulation (GDPR) requirements</p>	<p>Council has considered the main concepts and principles of the GDPR which came into force in May 2018 and has taken steps to ensure compliancy with the GDPR requirements. Evidence was seen on the website of the comprehensive suite of policies that provides clear responsibilities and obligations of the Town Council in respect of the collecting, using and protecting of personal information in accordance with the provisions of the GDPR.</p>
		<p>The Internal Auditor offers her appreciation for the assistance given by the Deputy Town Clerk in completing this audit. The internal audit review, undertaken on the documentation provided to the internal auditor and that published on the Council's website, has provided evidence of the overall adequacy and robustness of the financial arrangements in place within the Council.</p> <p><i>For further information and for the year effective 1<sup>st</sup> April 2020 please refer to Governance and Accountability for Smaller Authorities in England - A Practitioners' Guide to Proper Practices to be applied in the preparation of statutory annual accounts and governance statements - March 2020.</i></p>

Signed: *Victoria S Waples*

Date of Internal Audit Visits: 09.10.19 & 04.06.20

Date of Internal Audit Report: 04.06.2020

On behalf of Suffolk Association of Local Councils