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9 am to 4 pm Mondays to Fridays



TOWN HALL
FELIXSTOWE
SUFFOLK
IP11 2AG

TO ALL MEMBERS OF THE FINANCE & GOVERNANCE COMMITTEE

Cllr M Deacon (Chairman)
Cllr D Rowe (Vice Chairman)
Cllr D Aitchison
Cllr S Bird

Cllr S Bennett
Cllr M James
Cllr M Sharman
Cllr S Wiles

You are hereby summoned to attend a meeting of the **FINANCE & GOVERNANCE COMMITTEE** to be held at **TOWN HALL, FELIXSTOWE** on **Wednesday 5 June 2024** at **7.30pm** for the transaction of the following business:

Public Attendance

Meetings of the Town Council and its Committees are open to the press and public who are welcome to attend. Members of the public are invited to make representations or put questions to the Committee during the public session.

There is a limit to the number of public attending in-person. If you wish to attend in person, please email townclerk@felixstowe.gov.uk to confirm capacity.

Members of the public are very welcome join via Zoom using the following link: <https://us02web.zoom.us/j/83090518311> . Alternatively, you may join via the meeting ID 830 9051 8311 or over the telephone by calling 0131 460 1196
Our online meeting guidance can be found here: <https://felixstowe.gov.uk/wp-content/uploads/2022/02/Remote-Meeting-Guidelines.pdf>

Council has a duty to pay due regard to preventing crime and disorder and to conserve biodiversity in its decision-making and Members are reminded to consider the Council's commitment to climate action.



The Council kindly asks that anyone planning to attend the meeting in-person to consider car-sharing or low-carbon modes of transport to the Town Hall.

Ash Tadjrishi
Town Clerk
31 May 2024

For information (via email):

All Town Councillors
Local Press

A G E N D A

- 1. Public Question Time**
Up to 15 minutes is set aside to allow members of the public (up to three minutes each) to make representations or put questions to the Committee on any relevant matters.
- 2. Apologies for Absence**
To receive any apologies for absence.
- 3. Declarations of Interest**
To receive any declarations of interest and to consider requests for dispensations from Members on matters in which they have a disclosable pecuniary interest, other registerable or non-registerable interest.
- 4. Confirmation of Minutes**
To confirm the Minutes of the Finance & Governance Committee meeting held on 20 March 2024 as a true record. **(Pages 4-6)**
- 5. Internal Audit Report: Full Year 2023/24**
To receive the Full Year Internal Audit report for 2023/24 **(Page 7 & Appendix A)**
- 6. Review of Internal Audit Effectiveness**
To review the effectiveness of Council's appointed Internal Auditor and make any recommendations to Council. **(Pages 8-9)**
- 7. Annual Governance Statement and Annual Return 2023-24**
To consider the Accounts, Annual Governance Statement and Annual Return for 2023-24 for onward referral to Council. **(Page 10 & Appendix B)**
- 8. Annual Report 2023-24**
To receive, and recommend to Council, the Annual Report of the Town Council for the Municipal Year 2023-24. **(Page 10 & Report to follow)**
- 9. Budget Monitoring to 30 April 2024**
To receive budget monitoring report to 30 April 2024 and consider any actions deemed necessary. **(Pages 11-13 & Appendix C)**
- 10. Quarterly Bank Reconciliation**
To note that the appointed Councillor confirmed the reconciliation between the actual bank statement and Scribe accounts for the period 1 April 2023 – 31 March 2024. **(Verbal confirmation)**
- 11. Council Investments**
To consider the re-investment from the proceeds of a 1 year fixed-rate bond with Close Brothers. **(Pages 14-15)**
- 12. Statement of Internal Control 2024/25**
To review the Council's Statement of Internal Control and make any recommendations to Council. **(Page 16 & Appendix D)**

13. Financial Regulations 2024/25

To review the Financial Regulations based on the new model from NALC and make any recommendations to Council. **(Page 16 & Appendix E)**

14. Reserves Policy 2024-2026

To review Council's General and Earmarked Reserves Policy and make any recommendations to Council. **(Page 17 & Appendix F)**

15. Closure

To close proceedings and confirm the date of the next meeting scheduled for Wednesday 23 October 2024 at 7.30pm.

477. BUDGET MONITORING TO 29 FEBRUARY 2024

Committee received the budget monitoring report to 29 February 2024. A report of any variance to budget estimates for the period greater than 10% or £500 was considered.

It was RESOLVED that the budget monitoring report to 29 February 2024 be noted.

478. DRAFT BUSINESS PLAN 2024-28

Committee considered the draft business plan for 2024-28. A wide range of helpful, constructive criticism was received by councillors, noting potential shortcomings with colour-based formatting and better accessibility for those with visual impairments. Grammatical and wording errors were also noted, with a focus on brevity and readability. The Business Plan 2024-28 will go out to public consultation, and feedback from the public survey will be shared with the Business Plan Steering Group. The results will be reported to Annual Council.

It was RESOLVED that the Business Plan Report and Draft Business Plan 2024-2028 be noted

479. COMMUNITY INFRASTRUCTURE LEVY

Committee noted the report on Walton Recreation Ground & Seaton Recreation Ground, and the CIL working group's recommendation to fund £100,000 towards play equipment at Walton Recreation Ground & Seaton Park. Committee was very supportive of the proposed play area improvements.

It was RESOLVED that it be recommended to Council that £100,000 CIL funding is provided toward the refurbishment of Walton Recreation Ground & Seaton Park Play Areas.

480. TERMS OF REFERENCE 2024/25

Committee considered Terms of Reference for the forthcoming Municipal Year 2024/25.

The Public Spaces Earmarked Reserve was added to the Delegated Authority under the Assets & Services Committee, to enable the Assets & Services Committee to approve expenditure from the Public Spaces Earmarked Reserve, up to a limit of £20,000 in each financial year, in accordance with Council's Financial Regulations, without requiring further approval from Council.

It was RESOLVED that the Terms of Reference for 2024/25 be recommended to Annual Council for adoption as presented.

481. STANDING ORDERS 2024/25

Committee reviewed the Council's Standing Orders for 2024/25.

It was agreed to change all references to he/she to either they or an applicable title such as current Mayor.

It was RESOLVED that Standing Orders for 2024/25 be recommended to Annual Council meeting for adoption.

482. FINANCIAL REGULATIONS 2024/25

Committee reviewed the Council's Financial Regulations for 2024/25. In accordance with Regulation 6.8, Committee reviewed the continued use of BACS.

It was RESOLVED that:

- i. the Financial Regulations for 2024/25 be recommended to the Annual Council meeting for adoption as presented; and,**
- ii. the continued use of BACS also be recommended to Council.**

483. RISK MANAGEMENT POLICY & FINANCIAL RISK REGISTER

Committee considered Council's Risk Management Policy and Financial Risk Register for 2024/25.

It was RESOLVED that the Risk Management Policy and Financial Risk Register be recommended to the Annual Council meeting for adoption as presented.

484. COMPLAINTS PROCEDURE 2024/25

Committee reviewed the Council's Complaints Procedure for 2024/25. Two minor changes were agreed, changing 'we ' to 'it' in the first paragraph and changing the word 'such' representative to 'a' in item 8.

It was RESOLVED that Council's Complaints Procedure be recommended to Annual Council for adoption in 2024/25.

485. PUBLICATION SCHEME 2024/25

Committee reviewed the Publication Scheme based on the Information Commissioner's Office (ICO) model publication scheme, and the schedule of information available from Felixstowe Town Council.

RESOLVED that the ICO model publication scheme be recommended to Annual Council for re-adoption without change for 2024/25.

486. CLOSURE

The meeting was closed at 8.25pm. The next meeting was noted as being scheduled for Wednesday 5 June 2024 at 7.30pm.

AGENDA ITEM 5: INTERNAL AUDIT REPORT: FULL YEAR 2023/24

The second and final Internal Audit for the year ending 31 March 2024 took place on Monday, 20th May 2024. The primary objective of internal audit is to review, appraise and report upon the adequacy of internal control systems operating throughout the Council.

Subsequent to its consideration by the Finance & Governance Committee, the Internal Audit Report, at **Appendix A**, is required to be formally reviewed and received at a meeting of the full Council.

The Auditor has made the following recommendations in the report:

Recommendation: whilst council is aware of the requirement to ensure that the SOs are fully tailored to the council and that in accordance with proper practices they need to be regularly reviewed, fit for purpose and adhered to, at the next annual review, council should ensure that Standing Order 18av and 18c are amended to reflect the changes to procurement thresholds as identified below.

Clerk's Comment: Resolved. Updated Standing Orders were reviewed by Finance & Governance Committee, subsequently approved by Annual Council on 15 May 2024.

Recommendation: Council should note the procurement thresholds which were updated from 1 January 2024. The new updated financial regulations will take these figures into account and are available for adoption by councils at the earliest opportunity.

Clerk's Comment: Updated Financial Regulations, recently published by NALC, are on this agenda for consideration by the Finance & Governance Committee.

Recommendation: whilst this is a minor sum (£11.60) a review of the timing of the submission of the VAT reclaim should be undertaken to ensure that whilst submission is within a timely manner, it is in line with the underlying records.

Clerk's Comment: This was found to be an error with the accounting software which, when moving from one VAT quarter to the next, did not account for a refunded receipt with VAT totalling £11.60. The error has since been resolved.

Committee is requested to consider the final Internal Audit Report for the year 1 April 2023 - 31 March 2024 and make any recommendations to Council it deems necessary.

ITEM 6: REVIEW OF INTERNAL AUDIT EFFECTIVENESS

The purpose of internal audit is to review whether the systems of financial and other controls over a council's activities and operating procedures are effective. Mr Colin Poole, as appointed by the Suffolk Association of Local Councils (SALC), has acted as the internal auditor to Felixstowe Town Council since October 2015, though Victoria Waples, Parish Clerk of Thurston Town Council, has carried out the most recent internal audit. SALC have been providing internal audit services to the Town Council since December 2012.

Local councils are required, at least once a year, to conduct, in accordance with proper practices, a review of the effectiveness of internal audit. The Council is required to sign the Annual Governance Statement (on the annual return – AGAR submitted to the external auditor) to evidence that this review has been undertaken. This item is to let members know that this item will go to the next Ordinary Council meeting.

Review of effectiveness of internal audit

Paragraph 4.22 of "Governance and Accountability for Smaller Authorities in England – a Practitioner's Guide (March 2019)" states that the "*review should be designed to assure the authority that it has maintained the standards of an adequate and effective internal audit of its risk management, control and governance processes. It should include, as a minimum, making an assessment of each of the following:*

- *the scope of internal audit;*
- *independence;*
- *competence;*
- *relationships with the clerk and the authority; and*
- *audit planning and reporting.*

The Council must also satisfy itself that the quality of delivery of the internal audit service provides reliable assurance about the Council's internal controls and its management of risk.

An assessment against the above criteria is provided, as follows, to assist Council in reviewing the effectiveness of the Town Council's internal audit arrangements:

Scope of Internal Audit: *It is a matter for the authority to determine the necessary scope and extent of its internal audit. When securing an internal audit service, the authority should make sure that it is proportionate to the needs, size and the circumstances of the authority.*

The scope of the internal audit work carried out by Mr Poole follows that which was suggested in paras. 4.14-4.17 of the "Governance and Accountability for Local Councils – a Practitioner's Guide 2019."

Independence: *Independence requires the absence of any actual or perceived conflict of interest. It means that whoever carries out the internal audit role does not have any involvement in or responsibility for the financial decision making, management or control of the authority, or with the authority's financial controls and procedures.*

Mr Poole is not involved in the Council's financial controls, procedures or decision making.

Relationships with the Clerk and the Authority:

Mr Poole is not related to, nor associated with, any Member of the Council, its staff or the Clerk. The internal auditor has direct access to the Council should they think this necessary.

Competence: *There are various ways for an authority to source an internal audit service, for example, appointing a local individual administered by a local association or branch of NALC, SLCC or ADA. An individual will need to demonstrate adequate independence and competence to meet the needs of the authority.*

Mr Poole has extensive experience of carrying out audit work for parish councils across Suffolk on behalf of the Suffolk branch of the National Association of Local Councils.

Audit Planning and Reporting: *The minimum reporting requirement for internal audit to the smaller authority is met by completing the annual internal audit report on page 3 of the Council's Annual Governance and Accountability Return.*

In addition to completing the annual internal audit report on the annual return, the SALC internal auditor prepares a report in their own name following completion of each internal audit. Each audit report is presented to the Council's Finance & Governance Committee and any recommendations are reviewed and considered at that time. Any actions taken prior to the meeting, such as may be appropriate under delegated authority or for matters of urgency, are reported to the Committee at this time. Any actions to be taken on the recommendations made are recorded in the minutes of the meeting and reported to Council for approval, if required.

An internal audit of Felixstowe Town Council was carried out twice during 2022/23 on a half-yearly basis.

Committee is requested to review the effectiveness of the internal audit and recommend appropriate arrangements to Council for 2023/24.

ITEM 7: ANNUAL GOVERNANCE STATEMENT AND ACCOUNTABILITY RETURN FOR 2023/24

The Annual Governance Statement and Accountability Return (AGAR) for 2023-24 has been prepared for submission to Council and is presented at **Appendix B**.

Council's Full Year Internal Audit for 2023-24 was carried out on 20 May and there were no matters arising from the report requiring an action plan to be submitted with the Annual Return 2023-24 to the External Auditor. Accordingly, Council's Internal Auditor has completed and signed page 3 of the Annual Governance and Accountability Return confirming that all internal control objectives have been met.

Committee is requested to receive the Annual Governance Statement and Accountability Return for 2023-24 for onward referral to Council on 19th June 2022.

ITEM 8: 2023/24 ANNUAL REPORT

The Annual Report is produced every year to capture the work carried out in the previous Municipal Year. The Report, which is being finalised, will be circulated prior to the meeting and tabled for review.

Committee is requested to review, and recommend to Council, the Annual Report of the Town Council for the Municipal Year 2023-24.

ITEM 9: BUDGET MONITORING TO 30 APRIL 2024

A summary Income & Expenditure Report to 30 April 2024 is shown below with a detailed report provided at **Appendix C**.

1 April - 30 April 2023 (2023 - 2024)

Felixstowe Town Council Summary of Receipts and Payments Summary - All Cost Centres

Cost Centre	Receipts				Payments			
	Budgeted	Actual	Variance	% Received	Budgeted	Actual	Variance	% Spent
101 Administration	637,129.00	47,789.29	-589,340	7.50%	332,113.00	35,751.09	296,362	10.76%
201 Town Hall	23,500.00	644.79	-22,855	2.74%	87,632.00	4,061.93	83,570	4.64%
202 Walton	8,000.00	485.00	-7,515	6.06%	12,875.00	1,187.75	11,687	9.23%
203 Broadway House	2,650.00		-2,650	0.00%	11,192.00	735.07	10,457	6.57%
204 Cemetery	82,792.00	1,720.00	-81,072	2.08%	209,982.00	16,191.49	193,791	7.71%
205 Allotment	17,000.00	0.00	-17,000	0.00%	40,692.00	2,992.92	37,699	7.36%
206 Parks & Recreation	0.00	2,520.00	2,520	N/A	11,400.00	2,520.00	8,880	22.11%
301 Civic & Community	4,191.00	0.00	-4,191	0.00%	33,828.00	6,798.67	27,029	20.10%
302 Grants	0.00	0.00	0	N/A	38,700.00	11,200.00	27,500	28.94%
303 Felixstowe in Flower	6,000.00	0.00	-6,000	0.00%	8,900.00	2,565.40	6,335	28.82%
304 Communication	8,000.00	0.00	-8,000	0.00%	21,000.00	0.00	21,000	0.00%
305 Community Projects	0.00	0.00	0	N/A	11,000.00	11,000.00	0	100.00%
NET TOTAL	789,262.00	53,159.08	-736,102.92	6.74%	819,314.00	95,004.32	724,309.68	11.60%

Created by  Scribe

In accordance with Council's Financial Regulations, Committee is to receive explanations of Material Variances for expenditure in excess of the estimated budget of 10% or £500, whichever is the lesser. As the Council's budgets are not produced on a phased basis, the expectation is, being one month in to the year, for overall expenditure to be around 8.3%, with an explanation for any items overspent by £500 or 10% or over this level (i.e. 9.2%). Total expenditure for the first month stood at 11.6%, as several items are paid upfront i.e. Insurance and Subscriptions.

Explanatory notes and any recommended action for individual qualifying items in **Appendix C** are shown below.

Cost Centre 101 – Administration
<p>1805 Bank Interest Received (4%) Close Brothers Interest not yet received Recommendation: No action.</p>
<p>4460 Subscriptions (82%) Front loaded payments – SALC & ICCM subscriptions paid to year Recommendation: No action.</p>
<p>4464 Insurance (100%) Full year payment up front. Recommendation: No action.</p>

<p>4481 IT Maintenance & Software (18%) Front loaded – Scribe Accounting Software Recommendation: Continue to monitor on a monthly basis</p>
<p>Cost Centre 201 – Town Hall</p>
<p>1000 Hirings (5%) Awaiting £268 in outstanding invoices Recommendation: No action.</p>
<p>4110 Rates (13%) Rates are paid over 10 months only. Recommendation: No action.</p>
<p>4120 Gas (15%) Gas prices higher than usual, though lower than this time last year. Investigating with supplier Recommendation: Continue to monitor</p>
<p>4121 Electricity (10%) Elec prices higher than usual, though lower than this time last year. Investigating with supplier Recommendation: Continue to monitor</p>
<p>Cost Centre 202 – Walton Community Hall</p>
<p>4111 Rates (11%) Rates are paid over 10 months only. Recommendation: No further action</p>
<p>4122 Electricity (18%) Electricity increase due to large amount of regular hirers. Recommendation: Continue to monitor</p>
<p>Cost Centre 203 – Broadway House</p>
<p>1030 Leases, Rents & Licences (0.0%) Annual receipt to be invoiced in July. Recommendation: No further action.</p>
<p>Cost Centre 204 – Cemetery</p>
<p>4112 Rates (11%) Rates are paid over 10 months only. Recommendation: No further action</p>
<p>4124 Electricity (30%) Higher than normal expected cost, investigating with supplier Recommendation: Continue to monitor on a monthly basis</p>
<p>4300 Vehicle Running Costs (26%) Some costs are front loaded e.g. Vehicle Tax & MOT paid for the year. Recommendation: Continue to monitor on a monthly basis.</p>
<p>1032 Mobile Phone Mast (0.0%) Paid annually, invoiced in June. Recommendation: No further action</p>

<p>1130 Memorials (0%) £1655.50 invoiced and awaiting payment. Recommendation: Continue to monitor on a monthly basis.</p>
<p>Cost Centre 205 – Allotments</p>
<p>1080 Allotment Rents (0%) Majority of Allotment rents are billed annually in September. Recommendation: No further action</p>
<p>Cost Centre 301 – Civic & Community</p>
<p>1800 Agency Income (0%) CCTV contribution from ESC Recommendation: No further action</p>
<p>Cost Centre 303 – Felixstowe in Flower</p>
<p>1810 Donations & Sponsorship (0%) Sponsors currently being contacted/invoiced Recommendation: Continue to monitor on a monthly basis.</p>
<p>Cost Centre 304 – Communication</p>
<p>1810 Donations & Sponsorship (5%) Advertisements for Magazine. Recommendation: Continue to monitor on a quarterly basis.</p>
<p>Cost Centre 305 – Community Fund Projects</p>
<p>4625 Felixstowe Harwich Ferry (100%) Paid over at start of Financial Year. Recommendation: No further action.</p>

Committee is requested to consider the budget monitoring report to 30 April 2024 and decide on any action it deems necessary.

ITEM 11: COUNCIL INVESTMENTS

Committee is requested to note that the Council's 1-Year Investment Bond of £500,000 with Close Brothers Savings matures on 22 July 2024, receiving interest of £24,131.51. The interest rate for the year was 4.8%. The interest will be returned to the Town Council's bank account and recorded in the budget as revenue income. Committee is asked to consider the next investment vehicle for the sum of £500,000, in line with its Investment Policy and Strategy, which can be found [here](#). This sum is not expected to negatively impact on cashflow as it relates to earmarked reserves including the Cemetery extension project and is unlikely to be required in the next 12 months.

Council also holds a 35 Day Saver account with Nationwide which currently returns 3.3 % interest.

The account does permit withdrawals – but is subject to 35 days' notice.

Nationwide are rated highly ethically, and details of why this is can be found at <https://www.nationwide.co.uk/about-us/responsible-business> . Nationwide has an A Stable Fitch rating.

In addition to the investments with Close Brothers and Nationwide, Council holds a further two accounts, each with Barclays bank:

Barclays Current Account

This account is used for daily business transactions and is automatically topped up each night to £50,000 from the Business Tracker Account.

Barclays Business Tracker Account.

This account receives the precept and currently stands at £546,937.23 (the balance has ranged from £344,163 to £635,712 over the past year) and currently has an interest rate of 1.51%.

It is good practice to hold between 3-12 months expenditure in General Reserves. Based on last year's accounts this would be £234,910 to £939,643.25. At close of business on 31 March 2024, Council held £337,274 in its General Reserves plus £952,450 in its Earmarked Reserves. The total amount of CIL in the Earmarked Reserves is currently £ £359,753.15.

Close Brothers are currently offering 5.1% AER for a 1-Year bond or 4.95% for 2 years, although this fixed rate does change daily and is likely to change before the maturity date on 22 July.

Barclays Bank are currently offering a 4.65% AER for a 1 year bond.

The CCLA Public Sector Deposit fund has also been investigated, which is unit linked and is therefore not a guaranteed investment, last year the annual return was 5.2%.

Investigations have previously been made with Close Brothers and Barclays as to whether they invest in Russian businesses.

Barclays confirmed that it exited its Russia-based business several years ago. Its direct exposure to Russia is very limited and it has no physical presence in the country. It continues to comply fully with any sanctions that the US, EU, UK and other relevant bodies are applying and is actively monitoring the developing sanctions process.

The Close Brothers Group confirmed that it doesn't have operations, revenue or other business activities in Russia and are complying with all US and EU sanctions:

- While we recognise that there may be wider economic impacts on the UK economy as a whole, we do not anticipate any material direct impact commercially
- In Banking, as a largely UK based business, we lend primarily to UK SMEs who are predominantly focused on the UK market
- It is also worth highlighting that we have no direct lending exposure to mining or oil and gas extraction.

The current bond will automatically rollover for a period of two weeks from 22 July, awaiting instructions, after which the whole funds will be repaid direct to the Town Council main account.

Ethical banking options have also been researched. Triodos are one of the most ethical and eco-friendly banks available in the UK. However, Fitch Ratings (Fitch) has assigned Triodos Bank a rating at 'BBB'. Unity Trust Bank is similar in that its rating is 'B' and it is also one of the top ethical business accounts.

Members may wish to consider reinvestment of £500,000 in a 1-year bond with the Close Brothers Group as this offer a competitive yield from a high-rated investment vehicle.

Committee is requested to consider Council's current investments.

ITEM 12: STATEMENT OF INTERNAL CONTROL 2024/25

The Accounts and Audit Regulations 2015 states that a Council must ensure that it has a sound system of internal control which

- facilitates the effective exercise of its functions and the achievement of its aims and objectives;
- ensures that the financial and operational management of the authority is effective; and
- includes effective arrangements for the management of risk.

The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

The Council must operate an overall system of internal control appropriate to its expenditure and activity. As part of its system of internal control, the Council arranges for an internal audit where someone, other than the Responsible Financial Officer (RFO) and acting independently of the Council, scrutinises the Council's financial systems.

The system of internal control is designed to ensure that the Council's activities are carried out properly and as intended. Internal controls are set up by the RFO but it falls on the Council Members to ensure that they have a degree of control and understanding of those controls. Controls will include the checking of routine financial procedures; the examination of financial comparisons; the recording of assets and liabilities; the identification of risk and to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively, and economically.

Council's Statement of Internal Control for the year ending 31 March 2024 is shown at **Appendix D**.

Committee is requested to review and recommend to Council, its Statement of Internal Control for the 2024/25 financial year.

ITEM 13: FINANCIAL REGULATIONS 2024/25

Council's Financial Regulations are reviewed at least once annually and approved for adoption by Annual Council each year. Following new model Financial Regulations issued by NALC, the Council's Financial Regulations have been updated and can be found at **Appendix E** for review and onward referral to Council.

Committee is requested to review and recommend to Council, its updated Financial Regulations for the 2024/25 financial year.

ITEM 14: RESERVES POLICY 2024-26

Felixstowe Town Council is required to maintain adequate financial reserves to meet the needs of the organisation. Its Reserves Policy sets out how the Council will determine and review the level of reserves.

Sections 32 and 43 of the Local Government Finance Act 1992 requires local authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement. There is no specified minimum or maximum level of reserves that an authority should hold. It is the responsibility of the Councillors and the Responsible Financial Officer (RFO) to determine the level of reserves and to ensure that there are procedures for their establishment and use.

The Good Councillors Guide to Finance and Transparency suggests that a Council should hold between 3- and 12-months expenditure as a General Reserve. If the reserve is too low then it may not be enough to cover unexpected expenditure or emergencies, whilst if it is too high then local electors have paid a tax which is not being used for the benefit of the local community.

General Reserves are held to cushion the impact of uneven cashflows or unexpected events. These are funds which do not have any restrictions as to their use.

Earmarked Reserves can be held for several reasons. The money is held for specific items of expenditure to meet known or predicted liabilities or projects. Earmarked reserves can be used to 'smooth' the effects of certain expenditure commitments over a period of time thereby reducing the impact of significant expenditure in any one year. Typically, they are held for four main reasons:

- a) Renewals
- b) To carry forward an underspend
- c) To indicate commitment to a capital project
- d) To meet known or predicted liabilities

Council reviews its level of both General and Earmarked Reserves at least annually and will always be part of the budget setting process. A level of General Reserves has been maintained which has been the equivalent 9-12 months expenditure.

The Reserves Policy can be shown at **Appendix F** with no changes from the previous policy.

Committee is requested to consider the Reserves Policy and make any recommendations to Council it deems necessary.

Internal Audit Report for Felixstowe Town Council for the period ending 31 March 2024

Clerk	Ash Tadjrishi
RFO (if different)	-
Chairperson	Councillor David Rowe
Precept	£621,629.12
Income	£964,690.62
Expenditure	£939,643.25
General reserves	£337,274.49
Earmarked reserves	£952,450.00
Audit type	Annual
Auditor name	Victoria Waples

Introduction

The primary objective of internal audit is to review, appraise and report upon the adequacy of internal control systems operating throughout the council. To achieve this SALC 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

Methodology

When conducting the audit, the internal auditor may:

- conduct 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 2022/23 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 conducted as planned

Section 1 – proper bookkeeping		
The internal auditor will look at the methods and processes used to manage the council's accounts and in particular that it provides clear data for reporting and monitoring purposes. This includes checking information is accurate, kept up to date, referenced and verified.		
Evidence	<i>Internal auditor commentary</i>	
<i>Is the ledger maintained and up to date?</i>	Yes	The Council uses the Scribe Accounting Financial Package which is a purpose-built accounting system for town and parish councils with full accounting support. The financial package allows a clear audit trail to ensure monthly bank reconciliations along with budgetary reports are easily accessible for all to view. <i>Comment: the system is paperless, and the internal auditor was given full access to allow for random sampling.</i>
<i>Is the ledger on the correct basis in relation to the gross income/expenditure?</i> (under Proper Practices, Councils are required to work on an Income & Expenditure basis when their gross income, or gross expenditure, exceeds £200,000 for 3 consecutive years)	Yes	Council operates on an Income and Expenditure accounting processes and understands that the accounting statements will include all of the transactions for the year where the council has received economic benefits or given other economic benefits irrespective of the year in which they are paid.
<i>Is the cash book up to date and regularly verified?</i>	Yes	Council continues to follow Proper Practices in ensuring that its accounting procedure gives a more accurate presentation of the 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. The Responsible Financial Officer (RFO) has used the full suite of accounting and reporting tools associated with the package to produce clear financial management information to the Council on both a monthly and annual basis. <i>Comment: 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>
<i>Is the arithmetic correct?</i>	Yes	Spot checks were made and were found to be correct. Cash books are reconciled on a regular basis. <i>Comment: The RFO continues with the best practise of ensuring, for further transparency and scrutiny, that all payments and receipts are referenced</i>

		<i>with a description as to the expenditure and income being incurred to ensure the integrity of data being input and processed.</i>
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Section 2 – Financial Regulation and Standing Orders		
The internal auditor will check the date the Council conducted its annual review of both Standing Orders and Financial Regulations and in particular check if these are based on NALC'S latest model which include legislative changes.		
Evidence		<i>Internal auditor commentary</i>
Have Standing Orders been adopted, up to date and reviewed annually?	Yes	The Standing Orders, as seen on the Council's website show a policy approval date of 18 th May 2023 and are based on the latest model published by the National Association of Local Councils (2018). Recommendation: whilst council is aware of the requirement to ensure that the SOs are fully tailored to the council and that in accordance with proper practices they need to be regularly reviewed, fit for purpose and adhered to, at the next annual review, council should ensure that Standing Order 18av and 18c are amended to reflect the changes to procurement thresholds as identified below.
Are Financial Regulations up to date and reviewed annually?	Yes	Financial Regulations (FR), as seen on the Council's website show a review date of a policy approval date of (Annual Council) 18 th May 2023 following a review by the Finance & Governance Committee and are based on the NALC Model Financial Regulations 2019 with provisions for amendments to the Procurement Thresholds as advised under the Public Contracts (Amendment) Regulations 2022. Recommendation: Council should note the procurement thresholds which were updated from 1 January 2024. The new updated financial regulations will take these figures into account and are available for adoption by councils at the earliest opportunity.
Has the Council properly tailored the Financial Regulations?	Yes	The Council's Financial Regulations have been tailored to the Parish Council.

Has the Council appointed a Responsible Financial Officer (RFO)? ¹	Yes	The Council, in accordance with proper practices and with reference to section 151 of the Local Government Act 1972, has employed a Responsible Financial Officer (RFO) who is responsible for the financial administration of the authority.
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<p>Section 3 – Payment controls The internal auditor will specifically check bank reconciliation including credit/debit cards and management approval processes and evidence that internal Financial Regulations (FO) are being followed. The internal auditor will examine how regular payments are managed and specifically seek evidence that these have been brought back to the Council for verification purposes especially where the actual payment made differs from the amount previously agreed. VAT should be clearly identified including evidence that claims have been correctly managed. The internal auditor will check if the Council has a clear understanding on eligibility in relation to the General Power of Competence and that s.137 has been correctly applied and managed.</p>		
Evidence		<i>Internal auditor commentary</i>
Is there supporting paperwork for payments with appropriate authorisation?	Yes	<p>A selection of random payments were cross checked against payment authorisation slips, cash book, bank statement and invoices and all were found to be recorded/ authorised in accordance with Proper Practices. Council follows good practice by ensuring that, upon receipt of invoices, verification that the relevant goods or services have been received is obtained and invoices checked to ensure that the arithmetic is correct, agreed discounts have been deducted and everything is acceptable regarding reclaiming the VAT.</p> <p>The RFO has ensured that, where relevant, it has complied with its own Standing Orders and Financial Regulations in terms of procurement and where those regulations require an open invitation and a formal tender process, it has followed them.</p> <p><i>Comment: Council has understood that where the legislation applies, as a contracting authority, it must, in general, meet their contractual requirements for goods, works and services by means of an advertised competitive contract award process that is based on objective, relevant and proportionate</i></p>

¹ Section 151 Local Government Act 1972 (d)

		<p><i>criteria. Council might wish to note that if it invites specific firms to tender, it should ensure that the reasons for such an action is recorded in accordance with guidance and where the opportunity was not advertised, it must still publish the awarding of the contract (over £30,000 thereafter) on the Contracts Finder within a reasonable time limit.</i></p> <p>Spot checks were carried out on the Fuel Genie Statements for the year under review and statements were interrogated to ensure a clear audit trail from point of purchase to allocation on the statement.</p> <p><i>Comment: with reference to council's own FR 6.19, council has ensured that it adheres to the specific control procedure for the use of any payments by a pre-paid debit card or trade card account transaction which includes a procedure in place for the handling of such transactions including the requirement to submit receipts for all expenditure incurred.</i></p>
<p>Where applicable, are internet banking transactions properly recorded and approved?</p>	<p>Yes</p>	<p>Council continues with its procedure, in accordance with Council's Financial Regulation (FR) 5.6, of retaining a two-tier security system for payments which are settled by the BACS system. In the case of BACS payments, the RFO may set up transactions online for approval in advance, once the accounts for payment are approved by the Council or Finance & Governance Committee, two bank signatories shall authorise the transactions online using their own unique ID The system ensures that the instructions for each payment are signed by two authorised bank signatories.</p> <p><i>Comment: whilst this not only protects the RFO and fulfils an internal control objective to ensure the safeguarding of public money and allows the council to have in place specific control procedures for payments by bank transfer or other electronic means and a process and mitigating action to protect the council against payment of invoices which may show fraudulent bank account details.</i></p>
<p>Is VAT correctly identified, recorded, and claimed within time limits?</p>	<p>Yes</p>	<p>VAT is identified in the cash book and reclaimed on an annual basis. The VAT Assessment File as produced by the accounting package operated by the RFO was reviewed and verified.</p> <p>The year-end recoverable VAT figure of £3,808.78 was seen and interrogated but it is noticed that this differs to that shown on the Trial Balance of £3,797.18 which is the year-end VAT claim as submitted.</p> <p>Recommendation: whilst this is a minor sum (£11.60) a review of the timing of the submission of the VAT reclaim should be undertaken to</p>

		<p>ensure that whilst submission is within a timely manner, it is in line with the underlying records.</p> <p>It is confirmed that the VAT reclaims for Quarters 3 (£8,513.50); 2 (£1,967.95) and 1 (14,500.56)for the year of 2023-2024 were settled in January 2024, November 2023 and July 2023 respectively.</p> <p><i>Comment: for the year 2023-2024 VAT has been appropriately identified in relation and correctly coded according to the Council's business and non-business activities within the financial records of the software used by council and the Council has robust arrangements in place for managing its responsibilities regarding VAT.</i></p>
Has the Council adopted the General Power of Competence (GPOC) and is there evidence this is being applied correctly? ²	Yes	<p>Council, having declared that it fulfilled the eligibility criteria to use the general power of competence (at least two-thirds elected members and a qualified Clerk (CiLCA or higher)), resolved at the meeting of 17th May 2023, to use the power until the next relevant Annual Council Meeting (May 2027). The Grant Scheme offered by the Council has clear evidence supporting requests and payments made. Payments incurred under this category totalled £13,450 (budget £13.700) for annual grants and £24,040 (budget £25,000) for occasional grants as offered. The website contains a running total of grants awarded to non-profit making organisations, charitable groups and voluntary community groups that will benefit residents of Felixstowe.</p>
Are payments under s.137 ³ separately recorded, minuted and is there evidence of direct benefit to electorate?	N/A	<p>Council uses the discretionary power to do anything that an individual can do unless specifically prohibited by law.</p>
Where applicable, are payments of interest and principal sums in respect of loans paid in accordance with agreements?	Yes	<p>The council has the following Public Works Board Loan: PW493956. Interest repayments are to be made twice yearly on the nearest working day to 20 March & 20 September under a fixed annuity repayment method. The half yearly annuity payments of £17,365.97 were made on 20th September 2023 and 21st h March 2024. Balance outstanding as at 31st March 2024 was seen and verified as £249,798.04.</p>

² Localism Act

³ Section 137 of the Local Government Act 1972 ("the 1972 Act") enables local councils to spend a limited amount of money for purposes for which they have no other specific statutory expenditure. The basic power is for a local council to spend money (subject to the statutory limit – of £9.93 per elector) on purposes for the direct benefit of its area, or part of its area, or all or some of its inhabitants.

Section 4 – Risk management		
The internal auditor will expect to find evidence of the management of risks from identification of what those are for each individual Council through to how these will be managed and the controls in place to mitigate these and that these have been approved by the Council.		
Evidence		Internal auditor commentary
<i>Is there evidence of risk assessment documentation?</i>	Yes	At the meeting of 17 th May 2023, the Finance and Governance Committee, under delegated powers, formally reviewed its Risk Management Document and Procedure for the year 2023-2024. Council is aware that its risk assessment needs to focus on the safety of the parish council’s assets and in particular its money, it needs to demonstrate on an annual basis that it has taken actions to identify and assess those risks and that it has considered what actions or decisions it needs to take during the year to manage in order to avoid financial or reputational consequences. <i>Comment: whilst Council has ensured that it has annually reviewed the risks associated with the functioning of a smaller relevant body are assessed and considered, given its current level of finances, Council is still advised to ensure that measures in place are fully explored throughout the year to 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.</i>
<i>Is there evidence that risks are being identified and managed?</i>	Yes	A review of the Council’s financial risk assessment documentation shows that there are in place specific control procedures for payments made by direct bank transfer, which, if reviewed on a regular basis, will provide reassurance that the Council has taken steps to identify, assess and record risks associated with actions and decisions it has taken or considered taking during the year that could have financial or reputational consequences. <i>Comment: Council has noted that in accordance with Regulation 6 of the Accounts and Audit Regulations 2015, it should conduct a formal review of its system of internal control and should have in place monitoring documents which would identify the risks involved with and the potential for</i>

		<p><i>improvements to its arrangements to protect public money. Council is advised to consider regular reviews by a non-signatory, thereby separating the roles of overview from that of authorisation, of the effectiveness of its system of internal control to ensure that it has mitigation measures in place to address the risks associated with the management of public finances.</i></p>
<p><i>Does the Council have appropriate and adequate insurance cover in place for employment, public liability and fidelity guarantee and has been reviewed on an annual basis?</i></p>	<p>Yes</p>	<p>Council has insurance in place under a Select for Local Councils policy with Zurich Municipal (Zurich Insurance Company Ltd) which shows core cover for the following: Public liability: £10million; Employers Liability: £10million; Hirers' Liability £2million; Business Interruption (on all four premises) £100thousand and Fidelity Guarantee of £250thousand. Insurance cover is also in place for premises as identified within the schedule covering Walton Community Hall; Broadway House Day Centre; Cemetery Buildings and Felixstowe Town Hall.</p> <p>At renewal council is in a long-term agreement active until 1st April 2025. <i>Comment: Council has followed guidance which recommends that the Fidelity Cover is sufficient to provide cover that was equal to at least the sum of the year-end balances plus 50% of the precept/grants to be received in the following April/May thereby reducing the council's exposure to the risks associated with the handling of money, securities and property.</i></p> <p>During the year, being aware that it is the responsibility of the Council as a whole to satisfy itself that insurances are adequate and that all steps have been taken to mitigate and manage identified risks with appropriate insurance, annual reviews of the council's insurance were undertaken prior to renewal. The minutes of full council of 6th March 2024 confirm that council's arrangements for insurance cover in respect of all insured risks was adequate for 2024/2025 and was so approved. A similar resolution was made at the meeting of full council of 8th March 2023 for the year 2023-2024. <i>Comment: council is able to demonstrate that it has reviewed the risks facing the council in transacting its business and has taken out appropriate insurance to manage and reduce the risks relating to property, cash and legal liability (amongst other things), and has satisfied itself that there are no materials facts which might influence the acceptance or assessment of the risks covered by the policy.</i></p>

<i>Evidence that internal controls are documented and regularly reviewed⁴</i>	Yes	<p>Confirming that the council is operating within its own internal control, formal evidence (via a minute reference) was given at the meeting of full council on 20th June 2023 that council had formally reviewed the effectiveness of its review as outlined in its Statement of Internal Control for the year ending 31st March 2024. The statement was duly adopted.</p> <p><i>Comment: in accordance with Regulation 6 of the Accounts and Audit Regulations 2015, council has understood the requirement to undertake a formal review of its internal controls to enable it to demonstrate that it has taken steps to identify, assess and record the control mechanisms in place to ensure that all reasonable steps are taken to safeguard and protect public finances.</i></p>
<i>Evidence that a review of the effectiveness of internal audit was conducted during the year, including consideration of the independence and competence of the internal auditor prior to their appointment⁵</i>	Yes	<p>In accordance with the Accounts and Audit Regulations 2015, the council formally reviewed the scope and effectiveness of its internal audit arrangements, as well as the competence and independence of those conducting the internal audit review, at the meeting at which the appointment of the internal auditor was approved (20th June 2023).</p> <p><i>Comment: the review of the terms of reference and effectiveness of internal audit are demonstration that Council has understood that the role of internal audit is to evaluate and report on the adequacy of the system on internal control.</i></p>

<p>Section 5 – Budgetary controls The internal auditor will seek verification that budgets are properly prepared, agreed and monitored. In particular they will look for evidence of good practice in that the key stages of the budgetary process have been followed</p>		
Evidence	Internal auditor commentary	
<i>Verify that budget has been properly prepared and agreed</i>	Yes	The budget for the year 2023-2024 was approved at the Council meeting of 11 th January 2023 and was set at £818,314 with the minutes and background

⁴ Accounts and Audit Regulations

⁵ Practitioners Guide

		<p>papers demonstrating the reasoning for variations to both the budget and the precept and the use of reserves.</p> <p>The budget for the year 2024-2025 in the sum of £843,383 was approved at the council meeting of 9th January 2024 to be funded from the precept, known income streams and council's General Fund.</p> <p><i>Comment: in accordance with proper practices, council has evidenced within the minutes the actual budget being set alongside the reasoning for such a budget thereby ensuring transparency in the budgetary process followed by the council.</i></p>
<i>Verify that the precept amount has been agreed in full Council and clearly minuted</i>	Yes	<p>The precept for the year 2023 – 2024 was set at £621,629.12 at the meeting of 11th January 2023 with the minutes showing that council agreed to a nil increase on a Band D Council Tax dwelling once the adjustments for the 23/24 tax base had been made.</p> <p>The precept for the year 2024 – 2025 was discussed and approved at the meeting of 10th January 2024 and set at £664,727. The minutes show that, taking into account movement in the tax base for 23-24, this would represent a 5.54% increase on a Band D Council Tax dwelling over that set for the previous year.</p>
<i>Regular reporting of expenditure and variances from budget</i>	Yes	<p>The minutes evidence that the Finance & Governance; Assets & Services and Civic and Community Committees conducted reviews covering the budgets within their remits for the current year with a review of income and expenditure against budget at relevant periods throughout the year. Monitoring statements produced include breakdown of all receipts and payments balance against the bank. The terms and reference for each committee ensures that there is delegated governance and management of council's finances with appropriate action being taken/recommended in accordance with budgets set.</p> <p><i>Comment: Council in accordance with its own standing order 17c produces regular statements showing evidence of comparisons between budgeted and actual income and expenditure to form the basis of approval for virements in accordance with council's own Standing Orders and Terms of Reference.</i></p>

<p><i>Reserves held – general and earmarked⁶</i></p>	<p>Yes</p>	<p>The Council, as at year-end, had Earmarked Reserves totalling £952,450.00 and General Reserves of £337,274.49</p> <p>Council has, within its own Reserve Policy, (as reviewed and adopted by the Finance & Governance Committee in November 2021 with a review due in June 2024) set a limit to be held for its general reserve and is aware that this will be subject to further reviews to include cash flow requirements, inflationary and interest rates, diversification of funds to spread risk and optimize interest returns prior to year-end adjustments to maintain the prescribed level. The adopted policy shows that even at times of extreme financial pressure the Council will keep a minimum balance in general reserves ideally equivalent to 9-12 months expenditure and should not exceed 12 months net revenue expenditure.</p> <p><i>Comment: Council is aware of the guidance as issued by Proper Practices (March 2023) which states that it is regarded as acceptable for a council's general (non-earmarked revenue) reserves to be maintained at between three and twelve months of Net Revenue Expenditure and that it should ensure that the level of general reserves adopted is in accordance with its general reserve policy. It is still generally held that councils with income and expenditure in excess of £200,000 should plan towards three months equivalent general reserve and that those councils with self-generated income, should take into account situations that may lead to a loss of revenue as well as increased costs.</i></p> <p>Whilst there is no upper or lower limit to EMRs save only that they must be held for genuine and identifiable purposes and projects, and their level should be subject to regular review and justification (at least annually and at budget setting) Council has ensure that they are separately identified and enumerated and that they are held for genuine and intended purposes and their level is subject to regular review and justification.</p>
<p><i>Additional comments:</i></p>		

⁶ In accordance with proper practices, the generally accepted minimum level of a Smaller Authority's General Reserve is that this should be maintained at between three (3) and twelve (12) months of Net Revenue Expenditure

Section 6 – income controls	
The internal auditor will seek evidence to ensure income is correct managed – recorded, banked, and reported and test mechanisms used to achieve this.	
Evidence	
Internal auditor commentary	
<i>Is income properly recorded and promptly banked?</i>	Yes <p>During the year under review, Council received income from a number of identified sources all of which was banked intact with the transactions identified within the accounting system operated by the RFO. A sample review of the control rents for the market and allotments fees along with associated documentation was undertaken during the internal audit visit and all expected income was found to be based on the correct price, properly recorded and promptly banked with VAT (where appropriate) accounted for. 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 council. All were found to be in order with a clear underlying audit trail.</p>
<i>Is income reported to full council?</i>	Yes <p>Income received is reported within the financial reports summarizing the Council's receipts and payments as submitted to the Finance & Governance Committee.</p> <p>In accordance with Financial Regulation 9.3, Council formally reviewed the fees and charges for allotment rents and hall / room hire and sport grounds at the meeting of the Assets & Services Committee of 20th September 2023. The minutes of the meeting highlight the reviews that have been undertaken and recommendations approved by the committee in terms of fees, rents and terms and conditions to be applied effective 1st April 2024.</p> <p>Comment: Council has ensured that appropriate control procedures are in place and documentation is in existence to provide a clear audit trail from invoicing through to recovery of all such income.</p> <p>As a Burial Authority and in accordance with proper practices, Council has ensured that it maintains a formal burial register which is up-to-date and accurately held. A review of a sample of interments and memorials will be conducted at the annual internal audit review to ascertain whether they can</p>

		<p>be appropriately evidenced, and fees have been charged at the correct approved rate and recovered within a reasonable time. A review of the Council's schedule of fees to be charged from 1st April 2024, as well as a review of cemetery rules and regulations was undertaken by the Assets & Services Committee at its meeting of 20th September 2023, the minutes of which were accepted at the full council meeting of 8th November 2023.</p> <p>The outstanding sales ledger invoices for the period ending 31st March 2024 in the sum of £19,338.72 was seen and verified. The RFO has advised that there are no irrecoverable accounts for consideration as bad debts and appropriate follow up action is in place.</p> <p><i>Comment: Council is 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>
<i>Does the precept recorded agree to the Council Tax Authority's notification?</i>	Yes	<p>Council received precept in the sum of £159,626 from East Suffolk Council for the period under review on in April and September as reported to Council. Evidence was provided showing a full audit trail from Precept being discussed and approved to that being served on the Charging Authority to remittance advice showing the Precept to be paid and receipt of same in the Council's Bank Account.</p>
<i>If appropriate, are CIL reporting schedules in accordance with the Regulations?⁷</i>	Yes	<p>During the year under review, Council received CIL receipts totalling £158,023.77. The RFO maintains a comprehensive spreadsheet detailing running totals along with expiry date of money received. The RFO has created an Earmarked Reserve for retained CIL balances.</p>
<i>Is CIL income reported to the council?</i>	Yes	<p>CIL receipts received are reported within the financial reports submitted to the Finance & Governance Committee, the minutes of such meeting being reported to full council, with further analysis within the CIL Project Lists detailing progress against committee funds.</p>
<i>Does unspent CIL income form part of earmarked reserves?</i>	Yes	<p>The CIL annual report for 2023/2024 as reported to the Finance & Governance Committee has been approved at the Annual Council meeting and shows that there is a retained balance of £359,753.15 which has been</p>

⁷ Community Infrastructure Levy Regulations 2010

		transferred into in an Earmarked Reserve specifically allocated, in accordance with the Regulations.
<i>Has an annual report been produced?</i>	Yes	The Annual CIL Statement has been presented to full Council for formal approval and the statement seen during the internal audit review reflects the sums incurred, expended and retained by the council.
<i>Has it been published on the authority's website?</i>	Yes	The Annual CIL Statement was available to view on the council's website. <i>Comment: council is aware that the Regulations provided clarity on the timing of the reports, and by which date they should be brought into the public domain.</i>

<p>Section 7 – petty cash The Internal Auditor will seek evidence that the Council has followed its own policies, procedures, and verification processes and that these are up to date.</p>		
Evidence		Internal auditor commentary
<i>Is petty cash in operation?</i>	Yes	Petty cash is operated and managed in accordance with Council's own Financial Regulation 6.22. All petty cash payments are supported by receipts and are entered into the petty cash book. Petty cash reconciliations are conducted on a regular basis with sufficient funds to allow the float to be adequately maintained. A spot check of items recorded in the cash book were checked against receipts and cash book sheets and found to be in order. The petty cash funds are kept in a locked drawer. <i>Comment: in accordance with Proper Practises, the petty cash float is adequate in size to meet small items of expenditure.</i>
<i>If appropriate, is there an adequate control system in place?</i>	Yes	Adequate records of the receipts and payments have been maintained for each float, including a VAT analysis, and regular reconciliations are performed. The RFO has ensured that the petty cash system is operated in accordance with FR 6.18 for the purpose of defraying operational and other expenses.

Section 8 – Payroll controls

Evidence		Internal auditor commentary
<p>The Internal Auditor will check salaries were approved in accordance with PAYE, NI, Pension and that there is a clear understanding that the clerk is not self-employed. The Internal Auditor will also review how payroll is managed including evidence of approval of payslips.</p>		
<i>Do all employees have contracts of employment?</i>	Yes	Council had 16 employees on its payroll at the period end of 31 st March 2024 as well as the mayor to allow for the proper tax treatment of the mayoral allowance. Employment contracts were not reviewed during the internal audit visit for the year ending 31 st March 2024, but the Clerk has confirmed that all staff have an employment contract.
<i>Has the Council approved salary paid?</i>	Yes	All salary payments are presented to full council for approval prior to payment. The minutes of the Personnel Committee meeting of 17 th October 2023, provide evidence of the recommendation given, to full council, for amendments to staff contracts including salary scales and training budgets. <i>Comment: Council ensures that there are suitable 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 legislation.</i>
<i>Minimum wage paid?</i>	Yes	Some of council's employees are paid the national minimum wage.
<i>Are arrangements in place for authorising of the payroll and payments to the council? Does this include a verification process for agreeing rates of pay to be applied?</i>	Yes	There are suitable 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 legislation.
<i>Do salary payments include deductions for PAYE/NIC? Is PAYE/NIC paid promptly to HMRC?</i>	Yes	The payroll function for the year under review is operated in accordance with HM Revenue and Customs guidelines. Cross-checks were completed on payments covering salary and PAYE were found to be in order. Deductions paid to HM Revenue and Customs during the year under review were made in accordance with timescales as set out in the regulations.
<i>Is there evidence that the Council is aware of its pension responsibilities? Are pension payments in operation?⁸</i>	Yes	Council is aware of its pension responsibilities and payments are made in accordance with timescales agreed with the Council's Pension Provider. All members of the Council's Staff are eligible to join the Council administered

⁸ The Pension Regulator – [website click here](#)

		Pension Schemes (Local Government Pension Scheme or National Employment Savings Trust scheme) if such a request is submitted.
<i>Have pension re-declaration duties been carried out</i>	Yes	Council's re-declaration of compliance with regards to re-enrolment was seen and verified as having been submitted and accepted by the Pension Regulator on 1 st November 2022.
<i>Are there any other payments (e.g.: expenses) and are these reasonable and approved by the Council?</i>	Yes	<p>There is a satisfactory expense system in place and all staff expenses claimed are approved in accordance with Council's Financial Regulations. Within the annual budget set for 2023-2024 is the sum of £3,000 a sum for the Mayor's Allowance. Expenditure incurred totalled £3,000 for the year under review.</p> <p><i>Comment: Council is aware that section 15(5) of the LGA 1972 provides that Parish (and Town) Councils may for its Mayor " for the purpose of enabling them to meet the expenses of their office such allowance as the council think reasonable".</i></p> <p>At the meeting of 8 November 2023, full council adopted a Members Allowances and Expenses Policy 2023-2027 with an annual review by the Finance & Governance Committee scheduled for July 2024. The meeting recognised that a Parish Basic Allowance had not been agreed but, to ensure that members were not out of pocket, allowances for subsistence and dependent care were added to the policy.</p>

<p>Section 9 – Asset control</p> <p>The Internal Audit will be seeking to establish if there is a list of assets in accordance with proper practices including the date of acquisition, location, and value. This extends to checking policies (with evidence of review) and that the Council has applied the documented approach in practice. The Internal Auditor will check not only valuation processes but the existence of reserve budgets for depreciation and adequacy of insurance. A clear audit trail should be available when items are purchased including minutes to evidence approval.</p>	
Evidence	Internal auditor commentary

<p><i>Does the Council maintain a register of material assets it owns and manage this in accordance with proper practices?⁹</i></p>	<p>Yes</p>	<p>The Asset Register is held on a computerised system and covers those items listed under insurance and within the parish council's remit for maintenance and ownership. Council's asset- policy defines fixed assets as items of machinery and equipment which have a useful life of more than one year and with a value greater than £500. The Asset Register currently stands at £330,339.10 and shows overall movement to that declared at the year-end of 31st March 2023 taking into account acquisitions and disposals during the year under review. The internet copy of the Asset Register was reviewed by the Internal Auditor to allow the spot check to be conducted.</p> <p><i>Comment: the RFO has ensured that the council has a formal asset register which is routinely updated to record new assets at historic cost price, net of VAT along with removal of any assets disposed of / no longer serviceable.</i></p>
<p><i>Is the value of the assets included? (Note value for insurance purposes may differ)</i></p>	<p>Yes</p>	<p>The Asset Register details assets held by the council which have been defined as Fixed Assets and will form the basis of Box 9 of the Annual Governance and Accountability Guide taking into account the asset value reported as at 31st March 2023 adjusted for the nominal value of any new acquisitions (£6270.16) and/or disposals/deletions (£nil).</p> <p>Where assets have been gifted or where there is no known value, assets have been given the proxy value of £1. This value has also been applied to community assets, which, in accordance with guidance, are treated in the same manner as gifted assets.</p> <p><i>Comment: This current valuation for assets commonly known as community assets is in line with requirements for smaller authorities to record each asset at its original purchase cost or where the original purchase cost is unknown at the time of first recording on the asset register, a current value is recorded, which acts as a proxy value to the original cost and will remain unchanged until disposal.</i></p>
<p><i>Are records of deeds, articles, land registry title number available?</i></p>	<p>N/A</p>	<p>Records of deeds, articles, land registry title number were not reviewed during the internal audit review.</p>
<p><i>Are copies of licences or leases available for assets sited at third party property?</i></p>	<p>N/A</p>	<p>Council has not declared that it has assets located on third party property.</p>

⁹ Practitioners Guide

<p><i>Is the asset register up to date and reviewed annually?</i></p>	<p>Yes</p>	<p>The asset register is still to be signed off by the council but the values on the Asset Register seen on the website equal that detailed at Line 9 on the DRAFT Accounting Statements of the AGAR (£330,339). The council has used the preferred value for exiting assets as the original acquisition cost and has ensured that the fixed asset value for any individual item will not usually be altered from year to year (unless a material enhancement has taken place). As such the change in the total value for fixed assets (in box 9 of the Council's accounting statements) indicates the acquisition of new assets of significance.</p> <p><i>Comment: council has been made aware that it will be necessary to review the threshold value for fixed assets (currently £500) annually to ensure the value continues to include the types of items currently listed as fixed assets. Such a review will require the revaluation of both the current and previous years' asset registers to give a consistent basis for comparison.</i></p>
<p><i>Cross checking of insurance cover</i></p>	<p>Yes</p>	<p>The Asset Register was reviewed during the Internal Audit Visit and a spot check of assets against the insurance schedule was undertaken to ensure that all assets are recorded appropriately and under insurance. Council has insurance under all risks cover for its assets as specified under the headings on the insurance schedule including furniture, fixtures and fittings at four premises listed on the insurance schedule.</p> <p>Council has ensured that its asset inventories are updated and reviewed annually with a replacement value for inventory items as well as for relevant fixed asset items. This will necessitate regular reviews as to the insurance valuation set each year to ensure insurance levels remain relevant to the inventoried items.</p>

<p>Section 10 – bank reconciliation The internal auditor will seek to establish that the Council understands and can evidence good practice and internal control mechanisms in relation to bank reconciliation.</p>	
<p>Evidence</p>	<p>Internal auditor commentary</p>

<p><i>Is bank reconciliation regularly completed and reconciled with the cash book and cover every account?</i></p>	<p>Yes</p>	<p>Bank reconciliations are completed on a regular basis and reconcile with the cash sheets. Overall there is regular reporting of bank balances within the detailed financial reports submitted to both full council and the Finance and Governance Committee.</p>
<p><i>Do bank balances agree with bank statements?</i></p>	<p>Yes</p>	<p>Bank balances as of 31st March 2024 agree with the year-end bank statements and at year end stood at £1,277,096.54 across the accounts held in the parish council's name.</p> <p>Felixstowe Town Council currently holds investments with Close Brothers Treasury (one-year fixed investment maturing in July 2024), Nationwide Building Society Account (Business 35 Day Saver Issue 1 – Monthly), Barclays Business Tracker (instant access) and Barclays Business Current Account (instant access).</p> <p>Council's adopted investment policy, defines the authorisation, investment reports and responsibility as follows: the placement of surplus funds shall be delegated to the Town Clerk, as the Responsible Financial Officer, such delegated authority to be confirmed at the Annual Council Meeting each year. Investments may be made through Deposits with UK banks, UK building societies, UK local authorities or other UK public authorities or the debt management agency of HM Government major High Street banks and/or via the UK Debt Management Office, an integral part of the UK Treasury Department. Councils investment policy notes that long term investments are defined as greater than 12 months and that, should it wish to invest for periods greater than 12 months, it must identify the procedures for monitoring, assessing and mitigating the risk of loss of invested sums. Council's investment strategy states that the council does not currently hold any funds in long term investments and no long-term investments are envisaged during the financial year 2023/24 (as adopted by full council March 2023). The Investment Strategy is reviewed annually by the Finance & Governance Committee and approved by full Council before the commencement of a new financial year.</p> <p><i>Comment: council is aware that proper practices defines long-term investments as being for more than 12-month terms and must be reported as Assets in the AGAR at section 2, line 9.</i></p>

<p><i>Is there regular reporting of bank balances at Council meetings?</i></p>	<p>Yes</p>	<p>Detailed balanced sheets along with detailed profit and loss account reports are also submitted in accordance with the timescales prescribed within Council's Standing Orders and form part of the minutes that are retained in hard copy by the council. Council has followed good practice by ensuring that the reconciliation of the cash book to bank statements is reported to members, and the full reconciliation made available for scrutiny each time it is done. Approval of the bank reconciliation by the authority or the chair of the committee or another authority nominee is not only good practice but is also a safeguard for the RFO and will fulfil one of the authority's internal control objectives.</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>
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<p>Section 11 – year end procedures</p>		
<p>Evidence</p>	<p><i>Internal auditor commentary</i></p>	
<p><i>Are appropriate accounting procedures used?</i></p>	<p>Yes</p>	<p>The Internal Auditor confirms that having reviewed the year-end files, there is a full underlying financial trail from financial records to the accounts produced.</p>
<p><i>Financial trail from records to presented accounts</i></p>	<p>Yes</p>	<p>The RFO has ensured that the Council's accounting software contains and records details on its assets and liabilities including the asset and investment register and other debts. The accuracy of the year-end bank reconciliation detail is verified along with the correct disclosure of the combined cash and bank balances in the AGAR, section 2, line 8.</p> <p>Year-end balances agree with cash book and bank reconciliations:</p> <p>Debtors: £14,908.54 VAT Account: £3,808.78 Prepayments: £645.00 Bank Accounts: £1,277,096.54</p>

		less Creditors: £6,734.37 Represented by: Total Reserves: £1,289,724.49
<i>Has the appropriate end of year AGAR¹⁰ documents been completed?</i>	Yes	As Council is a smaller authority with gross income and expenditure exceeding £25,000 it will be required to complete Part 3 of the AGAR. Section 2 - Accounting Statements of the AGAR were completed and signed by the RFO at the time of Internal Audit. It should be noted that given its level of income, the Council meets the requirement for an intermediate level review. Details of the additional submission requirements for those meeting this level of review can be found within the Detailed Instructions Update for the year ending 31 st March 2024.
<i>Did the Council meet the exemption criteria and correctly declared itself exempt?</i>	N/A	As the Council was a smaller authority with gross income and expenditure exceeding £25,000 during the year 2022/2023, it was not able to certify itself as an exempt authority.
<i>During the period in question did the small authority demonstrate that it correctly provided for the exercise of public right as required by the Accounts and Audit Regulations 2015?</i>	Yes	The internal auditor is able to confirm that the notice of the public rights was seen on the website and can confirm that the dates set were 22 nd June to 8 th August 2023. Within the Annual Internal Audit Report, internal control objective test M requires the internal auditor to establish whether the parish council correctly provided for the exercise and published a copy of the required "Public Notice" by ensuring that it clearly identified the statutory 30 working day period when the Authority's records are available for public inspection. This has been evidenced by the notice on the website which contains the period for the exercise of public right; details of the manner in which the documents can be inspected; the name and address of the external auditor and the provisions as contained under section 25 and section 27 of the Act. <i>Comment: Council might wish to note that, to positively demonstrate that it has provided for the exercise of elector's rights and that the dates set are in accordance with the period specified within the Accounts and Audit Regulations 2015, it is advised to not only publish the dates set but to also record in the minutes the agreed dates. Evidence of the proper provision for the exercise of the public rights is usually by means of publication of the</i>

¹⁰ Annual Governance & Accountability Return (AGAR)

		<i>supplied form on the Council's website as well as a minute reference at the meeting at which the RFO confirms the dates set.</i>
<i>Have the publication requirements been met in accordance with the Regulations?¹¹</i>	Yes	<p>Following a review of the documentation on the Council's website, the internal auditor is able to verify that the following are to be found on the Council's website, published in accordance with the requirements of the Accounts and Audit Regulations 2015 for smaller authorities with income and expenditure exceeding £25,000 but not exceeding £6.5 million for the year ending 31st March 2023:</p> <p>Annual Internal Audit Report of the AGAR Section 1 – Annual Governance Statement of the AGAR Section 2 – Annual Accounting Statements of the AGAR Notice of the period for the exercise of public rights Notice of Conclusion of Audit Section 3 – External Auditor Report and Certificate Sections 1 and 2 of the AGAR as audited.</p> <p><i>Comment: Council has also noted best practice which states that the Annual Internal Audit Report (page 3 of the AGAR) should also be published. This is to avoid any potential confusion by local electors and interested parties.</i></p>

<p>Section 12 – internal audit The internal auditor will revisit weaknesses and recommendations previously identified to see if these have been addressed. They will also check if any changes introduced require further verification to ensure effectiveness of the corrective action taken.</p>		
Evidence		<i>Internal auditor commentary</i>
<i>Has the Council considered the previous internal audit report?</i>	Yes	The narrative interim Internal Audit Report for the year period ending 30 th September 2023 was considered and accepted by full council at its meeting of 8 th November 2023.
<i>Has appropriate action been taken regarding the recommendations raised?</i>	N/A	There were no recommendations made within the interim internal audit report of 1 st November 2023 for further consideration.

¹¹ Accounts and Audit Regulations 2015

<i>Has the Council confirmed the appointment of an internal auditor?</i>	Yes	Suffolk Association of Local Councils was appointed to act as the parish council's independent internal auditor for the year 2023 – 2024 at the meeting of full council of 20 th June 2023.
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Section 13 – external audit for the period under review The internal auditor will revisit the external audit so that previous weaknesses and recommendations can be considered.		
Evidence	<i>Internal auditor commentary</i>	
<i>Has the Council considered the previous external audit report?¹²</i>	Yes	The External Audit Report and Certificate for the year ending 31 st March 2023, was received and considered by full council at its meeting of 8 th November 2023. <i>Comment: Council has noted the provisions of Regulation 20 (in part) of the Accounts and Audit Regulations 2015 which states that once the annual audit letter is received from the auditor, the members of the authority (not a committee) must meet to consider that letter as soon as reasonably practicable.</i>
<i>Has appropriate action been taken regarding the comments raised?</i>	N/A	There were no matters which came to the attention of the external auditor that gave cause for concern that relevant legislation and regulatory requirements that have not been met.

Section 14 – additional information The internal auditor will look for additional evidence of good record keeping, compliance with data protection regulations, freedom of information and website accessibility regulations.		
Evidence	<i>Internal auditor commentary</i>	

¹² Regulation 20 Accounts and Audit Regulations 2015 – following completion of an audit the Council should note that it is the Council as a whole (i.e., All members) and not a committee that should receive and consider the audit letter (including Annual Return and Certificate) from the local auditor as soon as reasonably practicable and the minutes should reflect that these have been received.

<i>Was the annual meeting held in accordance with legislation?</i> ¹³	Yes	Council held its Annual Meeting of the council at which the Chair (Mayor) and other Officers were elected on 17 th May 2023 in accordance with legislation in place at that time.
<i>Is there evidence that Minutes are administered in accordance with legislation?</i> ¹⁴	Yes	Council is aware that that under LGA 1972 schedule 12, paragraphs 41(1) and 44 the draft minutes of a meeting should be formally approved (with any necessary amendments) at the next meeting. At each meeting, the Chair is given formal approval to sign the minutes.
<i>Is there a list of members' interests held?</i>	Yes	Evidence was seen on the District Authority's website of the Register of Interests for all current parish councillors with access gained as a direct link from the council's own website. At the meeting of 4 th June 2023 Council resolved to adopt the Model Councillor Code of Conduct 2020 with changes in line with the Local Government Association (LGA) Model Template for the purposes of discharging its duty to promote and maintain high standards of conduct within its area. <i>Comment Council has also noted guidance that the Code, once adopted, should be published on the Council's website.</i>
<i>Does the Council have any Trustee responsibilities and if so, are these clearly identified in a Trust Document?</i>	None held	Council does not have any Trustee Responsibilities.
<i>Has the Transparency Code been correctly applied, and information published in accordance with current legislation?</i>	Yes	Council is working towards ensuring compliancy with the minimum datasets that should be published on a quarterly basis as per the requirements as set out in the Local Government Transparency Code (2015), with a range of documents relating to the current year being able to view on the Council's website. For Felixstowe Town Council, the transparency code requirements include the publication of quarterly reporting of spending transactions valued over £500; quarterly reporting of invitation to tender for contracts over £5,000; quarterly publication of details of every transaction on a government procurement card; the annual reporting of organisational charts; annual reporting of all grants made to voluntary, community and social enterprise organisations and the annual reporting of the location of public land and assets.

¹³ The Local Government Act 1972 Schedule 12, paragraph 7 (2) and Schedule 15 (2)

¹⁴ Public Bodies (Admission to Meetings) Act 1960, Local Government Act 1972, and the Localism Act 2011

		<p><i>Comment: Appendix A of the Local Government Transparency Code 2015 (published February 2015) provides further details of all information to be published along with relevant timescales.</i></p> <p><i>A link to the guide can be found at:</i></p> <p>https://www.gov.uk/government/publications/local-government-transparency-code-2015</p>
<p><i>Has the Council registered with the Information Commissioner's Office (ICO)?¹⁵</i></p>	<p>Yes</p>	<p>The Council is correctly registered with the Information Commissioner's Office (ICO) as a Data Controller in accordance with the Data Protection Legislation.</p> <p>The Freedom of Information Act requires every public authority to have a publication scheme, approved by the Information Commissioner's Office (ICO), and to publish information covered by this scheme. Council has such a scheme, which sets out the Council's commitment to make certain classes of information routinely available, such as policies and procedures, minutes of meetings, annual reports and financial information and is annually updated by the Finance & Governance Committee with recommendations for amendment submitted to and approved by full council at its Annual Council (last reviewed 17 May 2023).</p>
<p><i>Is the Council compliant with the General Data Protection Regulation requirements?</i></p>	<p>Yes</p>	<p>Council has taken active steps to ensure compliancy with the GDPR requirements and has reviewed its GDPR Policies during the year ensuring that at all times it is able to provide clear responsibilities and obligations of the Council in respect of the collecting, using and protecting of personal information in accordance with the provisions of the GDPR. Appropriate Data Protection policies and procedures are in place along with the lawful basis for the processing of data covered by the regulations as well as policies that deal with the effective management of its records thereby demonstrating that the Council has acted in compliance with its legal and regulatory obligations. The Council's Data Protection and Data Retention Policies, which were able to view on the website, details the framework that the public can expect for the handling of requests from individuals who have the right to know what data is held on them, why the data is being processed and whether it will be given to any third party and the periods for the retention of such data. The Privacy Policy on the Parish Council's website covers the framework that the</p>

¹⁵ Data Protection Act 2018

		public can expect for dealing with requests from individuals who have the right to know what data is held on them, why the data is being processed and whether it will be given to any third party.
<i>Has the Council published a website accessibility statement on their website in line with Regulations?¹⁶</i>	Yes	The Regulations of the Public Sector Bodies (Websites and Mobile Applications) (No. 2) Accessibility Regulations 2018 was enacted on 23rd September 2018. The regulations aim to ensure public sector websites and mobile apps are accessible to all users, especially those with disabilities. Council's Accessibility Statement details how information will be produced on a website and how to gain access to content that is readily accessible to view as well as detailing the technical information of the website along with the methods used for testing the website; the steps being taken to improve accessibility and how the site is being improved to ensure that content meets the WCAG 2.1 Standard under Regulation 8 of the Public Sector Bodies (Websites and Mobile Applications) (No. 2) Accessibility Regulations 2018.
<i>Does the council have official email addresses for correspondence?¹⁷</i>	Yes	Council has a GOV.UK domain for its council website which also supports a secure and digitally managed email system. Council is aware of the importance of ensuring that it uses a secure e-mail system with a gov.uk address thereby identifying that it has local government status and demonstrating authenticity when building trust and credibility with the public. Council has also adhered to the guidance contain within proper practices which recommends that a GOV.UK domain name be used to support council's official email accounts for officers and councillors. <i>Comment: in accordance with guidance issued, the Clerk / RFO should ensure that they are able to add and remove member and staff email accounts via the Council's nominated IT company.</i>
<i>Is there evidence that electronic files are backed up?</i>	Yes	Council's day to day records are automatically back-up daily to a cloud-based secure system.
<i>Do terms of reference exist for all committees and is there evidence these are regularly reviewed?</i>	Yes	Council reviewed the terms of reference for its standing committees at the meeting of 17 th May 2023, copies of which can be seen on the Council's website.
<i>The Internal Auditor offers her appreciation for the assistance given by the Town Clerk, Responsible Financial Officer and Officers in completing this audit.</i>		

¹⁶ Website Accessibility Regulations 2018

¹⁷ Practitioners Guide

Council has continued to maintain effective governance arrangements and can show evidence of strong governance and good financial practice. The internal audit review, undertaken on the documentation provided during the visit to the council's offices as well as from that found online via the council's website, has provided evidence of the overall adequacy of the financial arrangements in place within the council.

For further information on the changes to Proper Practises for the year effective 1st April 2024 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 2024.

Signed: *Victoria S Waples*

Date of Internal Audit Visits: 1st November 2023 and 20th May 2024

Date of Internal Audit Report: 20th May 2024

On behalf of Suffolk Association of Local Councils

Annual Governance and Accountability Return 2023/24 Form 3

To be completed by Local Councils, Internal Drainage Boards and other Smaller Authorities*:

- where the higher of gross income or gross expenditure exceeded £25,000 but did not exceed £6.5 million; or
- where the higher of gross income or gross expenditure was £25,000 or less but that:
 - are unable to certify themselves as exempt (fee payable); or
 - have requested a limited assurance review (fee payable)

Guidance notes on completing Form 3 of the Annual Governance and Accountability Return 2023/24

1. Every smaller authority in England that either received gross income or incurred gross expenditure exceeding £25,000 **must** complete Form 3 of the Annual Governance and Accountability Return at the end of each financial year in accordance with *Proper Practices*.
2. **The Annual Governance and Accountability Return is made up of three parts, pages 3 to 6:**
 - The **Annual Internal Audit Report** **must** be completed by the authority's internal auditor.
 - **Sections 1 and 2** **must** be completed and approved by the authority.
 - **Section 3** is completed by the external auditor and will be returned to the authority.
3. The authority **must** approve Section 1, Annual Governance Statement, before approving Section 2, Accounting Statements, and both **must** be approved and published on the authority website/webpage **before 1 July 2024**.
4. An authority with either gross income or gross expenditure exceeding £25,000 or an authority with neither income nor expenditure exceeding £25,000, but which is unable to certify itself as exempt, or is requesting a limited assurance review, **must** return to the external auditor by email or post (not both) **no later than 30 June 2024**. Reminder letters will incur a charge of £40 +VAT:
 - the Annual Governance and Accountability Return Sections 1 and 2, together with
 - a bank reconciliation as at 31 March 2024
 - an explanation of any significant year on year variances in the accounting statements
 - notification of the commencement date of the period for the exercise of public rights
 - Annual Internal Audit Report 2023/24

Unless requested, do not send any additional documents to your external auditor. Your external auditor will ask for any additional documents needed.

Once the external auditor has completed the limited assurance review and is able to give an opinion, the Annual Governance and Accountability **Section 1, Section 2 and Section 3 – External Auditor Report and Certificate** will be returned to the authority by email or post.

Publication Requirements

Under the Accounts and Audit Regulations 2015, authorities must publish the following information on the authority website/webpage:

Before 1 July 2024 authorities **must** publish:

- Notice of the period for the exercise of public rights and a declaration that the accounting statements are as yet unaudited;
- **Section 1 - Annual Governance Statement 2023/24**, approved and signed, page 4
- **Section 2 - Accounting Statements 2023/24**, approved and signed, page 5

Not later than 30 September 2024 authorities **must** publish:

- Notice of conclusion of audit
- **Section 3 - External Auditor Report and Certificate**
- **Sections 1 and 2 of AGAR** including any amendments as a result of the limited assurance review. It is recommended as best practice, to avoid any potential confusion by local electors and interested parties, that you also publish the Annual Internal Audit Report, page 3.

The Annual Governance and Accountability Return constitutes the annual return referred to in the Accounts and Audit Regulations 2015. Throughout, the words 'external auditor' have the same meaning as the words 'local auditor' in the Accounts and Audit Regulations 2015.

*for a complete list of bodies that may be smaller authorities refer to schedule 2 to the Local Audit and Accountability Act 2014.

Guidance notes on completing Form 3 of the Annual Governance and Accountability Return (AGAR) 2023/24

- The authority **must** comply with *Proper Practices* in completing Sections 1 and 2 of this AGAR. *Proper Practices* are found in the *Practitioners' Guide** which is updated from time to time and contains everything needed to prepare successfully for the financial year-end and the subsequent work by the external auditor.
- Make sure that the AGAR is complete (no highlighted boxes left empty) and is properly signed and dated. Any amendments must be approved by the authority and properly initialled.
- The authority **should** receive and note the Annual Internal Audit Report before approving the Annual Governance Statement and the accounts.
- Use the checklist provided below to review the AGAR for completeness before returning it to the external auditor by email or post (not both) no later than 30 June 2024.
- The Annual Governance Statement (Section 1) must be approved on the same day or before the Accounting Statements (Section 2) and evidenced by the agenda or minute references.
- The Responsible Financial Officer (RFO) must certify the accounts (Section 2) before they are presented to the authority for approval. The authority must in this order; consider, approve and sign the accounts.
- The RFO is required to commence the public rights period as soon as practical after the date of the AGAR approval.
- You must inform your external auditor about any change of Clerk, Responsible Financial Officer or Chair, and provide relevant authority owned generic email addresses and telephone numbers.**
- Make sure that the copy of the bank reconciliation to be sent to your external auditor with the AGAR covers all the bank accounts. If the authority holds any short-term investments, note their value on the bank reconciliation. The external auditor must be able to agree the bank reconciliation to Box 8 on the accounting statements (**Section 2, page 5**). An explanation **must** be provided of any difference between Box 7 and Box 8. More help on bank reconciliation is available in the *Practitioners' Guide**.
- Explain fully significant variances in the accounting statements on **page 5**. Do not just send a copy of the detailed accounting records instead of this explanation. The external auditor wants to know that you understand the reasons for all variances. Include complete numerical and narrative analysis to support the full variance.
- If the bank reconciliation is incomplete or variances not **fully** explained then additional costs may be incurred.
- Make sure that the accounting statements add up and that the balance carried forward from the previous year (Box 7 of 2023) equals the balance brought forward in the current year (Box 1 of 2024).
- The Responsible Financial Officer (RFO), on behalf of the authority, **must** set the commencement date for the exercise of public rights of 30 consecutive working days which **must** include the first ten working days of July.
- The authority **must** publish on the authority website/webpage the information required by Regulation 15 (2), Accounts and Audit Regulations 2015, including the period for the exercise of public rights and the name and address of the external auditor **before 1 July 2024**.

Completion checklist – 'No' answers mean you may not have met requirements		Yes	No
All sections	Have all highlighted boxes have been completed?	✓	
	Has all additional information requested, including the dates set for the period for the exercise of public rights , been provided for the external auditor?	✓	
Internal Audit Report	Have all highlighted boxes been completed by the internal auditor and explanations provided?	✓	
Section 1	For any statement to which the response is 'no', has an explanation been published?	✓	
Section 2	Has the Responsible Financial Officer signed the accounting statements before presentation to the authority for approval?	✓	
	Has the authority's approval of the accounting statements been confirmed by the signature of the Chair of the approval meeting?		
	Has an explanation of significant variations been published where required?	✓	
	Has the bank reconciliation as at 31 March 2024 been reconciled to Box 8?	✓	
	Has an explanation of any difference between Box 7 and Box 8 been provided?	✓	
Sections 1 and 2	Trust funds – have all disclosures been made if the authority as a body corporate is a sole managing trustee? NB: do not send trust accounting statements unless requested.	N/A	

**Governance and Accountability for Smaller Authorities in England – a Practitioners' Guide to Proper Practices*, can be downloaded from www.nalc.gov.uk or from www.ada.org.uk

Annual Internal Audit Report 2023/24

Felixstowe Town Council

www.felixstowe.gov.uk PUBLICLY AVAILABLE WEBSITE/WEBPAGE ADDRESS

During the financial year ended 31 March 2024, this authority's internal auditor acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with the relevant procedures and controls in operation and obtained appropriate evidence from the authority.

The internal audit for 2023/24 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

Internal control objective	Yes	No*	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.	✓		
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓		
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓		
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	✓		
G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.	✓		
H. Asset and investments registers were complete and accurate and properly maintained.	✓		
I. Periodic bank account reconciliations were properly carried out during the year.	✓		
J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	✓		
K. If the authority certified itself as exempt from a limited assurance review in 2022/23, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2022/23 AGAR tick "not covered")			✓
L. The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation.	✓		
M. In the year covered by this AGAR, the authority correctly provided for a period for the exercise of public rights as required by the Accounts and Audit Regulations (during the 2023-24 AGAR period, were public rights in relation to the 2022-23 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set).	✓		
N. The authority has complied with the publication requirements for 2022/23 AGAR (see AGAR Page 1 Guidance Notes).	✓		
O. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.	Yes	No	Not applicable
			✓

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

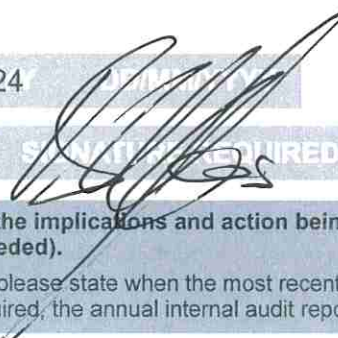
Date(s) internal audit undertaken

01/11/2023 20/05/2024

Name of person who carried out the internal audit

Mrs Victoria Waples INTERNAL AUDITOR

Signature of person who carried out the internal audit



Date

20/05/2024

*If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

**Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned; or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).

Section 1 – Annual Governance Statement 2023/24

We acknowledge as the members of:

Felixstowe Town Council

our responsibility for ensuring that there is a sound system of internal control, including arrangements for the preparation of the Accounting Statements. We confirm, to the best of our knowledge and belief, with respect to the Accounting Statements for the year ended 31 March 2024, that:

	Agreed		
	Yes	No*	
1. We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.	✓		<i>prepared its accounting statements in accordance with the Accounts and Audit Regulations.</i>
2. We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.	✓		<i>made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.</i>
3. We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and Proper Practices that could have a significant financial effect on the ability of this authority to conduct its business or manage its finances.	✓		<i>has only done what it has the legal power to do and has complied with Proper Practices in doing so.</i>
4. We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.	✓		<i>during the year gave all persons interested the opportunity to inspect and ask questions about this authority's accounts.</i>
5. We carried out an assessment of the risks facing this authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	✓		<i>considered and documented the financial and other risks it faces and dealt with them properly.</i>
6. We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.	✓		<i>arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of this smaller authority.</i>
7. We took appropriate action on all matters raised in reports from internal and external audit.	✓		<i>responded to matters brought to its attention by internal and external audit.</i>
8. We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this authority and, where appropriate, have included them in the accounting statements.	✓		<i>disclosed everything it should have about its business activity during the year including events taking place after the year end if relevant.</i>
9. (For local councils only) Trust funds including charitable. In our capacity as the sole managing trustee we discharged our accountability responsibilities for the fund(s)/assets, including financial reporting and, if required, independent examination or audit.	Yes	No	N/A
			✓

***Please provide explanations to the external auditor on a separate sheet for each 'No' response and describe how the authority will address the weaknesses identified. These sheets must be published with the Annual Governance Statement.**

This Annual Governance Statement was approved at a meeting of the authority on:

19/06/2024

and recorded as minute reference:

MINUTE REFERENCE

Signed by the Chair and Clerk of the meeting where approval was given:

Chair

SIGNATURE REQUIRED

Clerk

SIGNATURE REQUIRED

www.felixstowe.gov.uk PUBLICLY AVAILABLE WEBSITE/WEBPAGE ADDRESS

Section 2 – Accounting Statements 2023/24 for

FELIXSTOWE TOWN COUNCIL

	Year ending		Notes and guidance
	31 March 2023 £	31 March 2024 £	
1. Balances brought forward	1,232,785	1,264,677	Total balances and reserves at the beginning of the year as recorded in the financial records. Value must agree to Box 7 of previous year.
2. (+) Precept or Rates and Levies	612,736	621,629	Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.
3. (+) Total other receipts	280,672	343,050	Total income or receipts as recorded in the cashbook less the precept or rates/levies received (line 2). Include any grants received.
4. (-) Staff costs	538,354	544,294	Total expenditure or payments made to and on behalf of all employees. Include gross salaries and wages, employers NI contributions, employers pension contributions, gratuities and severance payments.
5. (-) Loan interest/capital repayments	34,732	34,732	Total expenditure or payments of capital and interest made during the year on the authority's borrowings (if any).
6. (-) All other payments	288,429	360,617	Total expenditure or payments as recorded in the cashbook less staff costs (line 4) and loan interest/capital repayments (line 5).
7. (=) Balances carried forward	1,264,677	1,289,713	Total balances and reserves at the end of the year. Must equal (1+2+3) - (4+5+6).
8. Total value of cash and short term investments	1,260,265	1,277,097	The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March – To agree with bank reconciliation.
9. Total fixed assets plus long term investments and assets	324,069	330,339	The value of all the property the authority owns – it is made up of all its fixed assets and long term investments as at 31 March.
10. Total borrowings	271,361	249,798	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).

For Local Councils Only	Yes	No	N/A	
11a. Disclosure note re Trust funds (including charitable)		✓		The Council, as a body corporate, acts as sole trustee and is responsible for managing Trust funds or assets.
11b. Disclosure note re Trust funds (including charitable)			✓	The figures in the accounting statements above exclude any Trust transactions.

I certify that for the year ended 31 March 2024 the Accounting Statements in this Annual Governance and Accountability Return have been prepared on either a receipts and payments or income and expenditure basis following the guidance in Governance and Accountability for Smaller Authorities – a Practitioners' Guide to Proper Practices and present fairly the financial position of this authority.

Signed by Responsible Financial Officer before being presented to the authority for approval

 SIGNATURE REQUIRED

Date

20/05/2024

I confirm that these Accounting Statements were approved by this authority on this date:

DD/MM/YYYY

as recorded in minute reference:

MINUTE REFERENCE

Signed by Chair of the meeting where the Accounting Statements were approved

SIGNATURE REQUIRED

Section 3 – External Auditor’s Report and Certificate 2023/24

In respect of **Felixstowe Town Council**

1 Respective responsibilities of the auditor and the authority

Our responsibility as auditors to complete a **limited assurance review** is set out by the National Audit Office (NAO). A limited assurance review is **not a full statutory audit**, it does not constitute an audit carried out in accordance with International Standards on Auditing (UK & Ireland) and hence it **does not** provide the same level of assurance that such an audit would. The UK Government has determined that a lower level of assurance than that provided by a full statutory audit is appropriate for those local public bodies with the lowest levels of spending.

Under a limited assurance review, the auditor is responsible for reviewing Sections 1 and 2 of the Annual Governance and Accountability Return in accordance with NAO Auditor Guidance Note 02 (AGN 02 as issued by the NAO on behalf of the Comptroller and Auditor General. AGN 02 is available from the NAO website – <https://www.nao.org.uk/code-audit-practice/guidance-and-information-for-auditors/> .

This authority is responsible for ensuring that its financial management is adequate and effective and that it has a sound system of internal control. The authority prepares an Annual Governance and Accountability Return in accordance with *Proper Practices* which:

- summarises the accounting records for the year ended 31 March 2024; and
- confirms and provides assurance on those matters that are relevant to our duties and responsibilities as external auditors.

2 External auditor’s limited assurance opinion 2023/24

(Except for the matters reported below)* on the basis of our review of Sections 1 and 2 of the Annual Governance and Accountability Return, in our opinion the information in Sections 1 and 2 of the Annual Governance and Accountability Return is in accordance with Proper Practices and no other matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met. (*delete as appropriate).

(continue on a separate sheet if required)

Other matters not affecting our opinion which we draw to the attention of the authority:

(continue on a separate sheet if required)

3 External auditor certificate 2023/24

We certify/do not certify* that we have completed our review of Sections 1 and 2 of the Annual Governance and Accountability Return, and discharged our responsibilities under the Local Audit and Accountability Act 2014, for the year ended 31 March 2024.

*We do not certify completion because:

External Auditor Name

ENTER NAME OF EXTERNAL AUDITOR

External Auditor Signature

SIGNATURE REQUIRED

Date

DD/MM/YYYY

Felixstowe Town Council

BALANCE SHEET

31/03/2024

<i>(Last) Year Ended</i> 31 Mar 2023		<i>(Current) Year Ended</i> 31 Mar 2024
£	CURRENT ASSETS	£
	Stocks and stores	
	Work in progress	
6,639.84	Debtors (Net of provision for doubtful debts)	14,908.54
2,079.00	Prepayments	645.00
7,255.57	VAT Recoverable	3,797.18
	Temporary lendings (investments)	
1,260,265.04	Cash in hand	1,277,096.54
1,276,239.45	TOTAL ASSETS	1,296,447.26
	CURRENT LIABILITIES	
11,562.33	Creditors	6,734.37
<u>1,264,677.12</u>	NET ASSETS	<u>1,289,712.89</u>
	Represented by:	
390,827.73	General fund Balance	337,262.89
	Reserves:	
	Capital	
873,849.39	Earmarked	952,450.00
<u>1,264,677.12</u>	Adjustments	<u>1,289,712.89</u>

The above statement represents fairly the financial position of the council as at 31 Mar 2024

Signed



Responsible Financial Officer

Date

3/5/2024

Felixstowe Town Council
Income & Expenditure Account
01/04/2023 to 31/03/2024

(Last) Year Ended 31 Mar 2023		(Current) Year Ended 31 Mar 2024
	<u>Income</u>	
624,304.65	101 Administration	648,745.04
27,540.98	201 Town Hall	20,173.34
11,151.96	202 Walton	11,273.62
73,947.69	204 Cemetery	80,552.64
17,025.32	205 Allotments	17,764.87
4,191.00	301 Civic & Community	4,143.25
3,437.57	303 Felixstowe in Flower	5,975.09
3,912.80	304 Communication	7,895.00
2,462.56	203 Broadway House	2,400.08
5,046.73	0	-1,590.18
116,832.19	900 Earmarked Reserves	159,076.27
3,554.08	206 Parks and Recreation	8,270.00
<u>£893,407.53</u>		<u>£964,679.02</u>
	<u>Expense</u>	
10,610.21	305 Community Projects & Partner	11,000.00
19,702.00	304 Communication	20,462.00
2,692.49	303 Felixstowe in Flower	7,155.45
34,774.08	302 Grants	38,040.00
28,337.75	301 Civic & Community	29,727.47
85,444.79	201 Town Hall	84,470.12
202,558.93	204 Cemetery	202,990.27
10,925.60	203 Broadway House	10,075.24
13,474.34	202 Walton	13,741.54
311,550.46	101 Administration	328,754.38
41,265.59	205 Allotments	37,055.40
6,278.31	0	8,574.53
84,927.54	900 Earmarked Reserves	141,975.45
8,972.94	206 Parks and Recreation	5,621.40
<u>£861,515.03</u>		<u>£939,643.25</u>
	<u>General Fund</u>	
437,339.88	Balance at 01 Apr 2023	390,827.73
893,407.53	ADD Total Income	964,679.02
1,330,747.41		1,355,506.75
861,515.03	DEDUCT Total Expenditure	939,643.25
469,232.38		415,863.50
78,404.65	DEDUCT Reserves Balance	78,600.61
<u>£390,827.73</u>	Balance at 31 Mar 2024	<u>£337,262.89</u>

Reserves:

Earmarked Reserve Balance £952450.00

Felixstowe Town Council
Reconciliation between Box 7 and Box 8

31/03/2024

This report explains the difference between the total balance in Box 7 and the cash balance in Box 8 by showing the totals for each type of adjustment, the details of which can be listed using the Adjustments report. It deducts the additional assets which have been included on the balance sheet and adds back in the liabilities to arrive at the balance for actual cash and short term investments. This only applies to Annual Returns prepared on Income and Expenditure basis

	<i>Amount</i>	<i>Amount</i>
Box 7 - Balances carried forward		1,289,712.89
Debtors	14,908.54	
Prepayments	645.00	
Stocks and Stores		
VAT Recoverable	3,797.18	
TOTAL DEDUCTIONS		19,350.72
Creditors	2,239.19	
Receipts in Advance	4,495.18	
Doubtful Debts		
TOTAL ADDITIONS		6,734.37
Box 8 - Total cash and short term investments		1,277,096.54

Felixstowe Town Council

Prepared by: 
Name and Role (Clerk/RFO etc)

Date: 3/5/24

Approved by: D. Rowe
Name and Role (RFO/Chair of Finance etc)

Date: 3/5/24

Bank Reconciliation at 28/03/2024			
	Cash in Hand 01/04/2023		1,260,265.04
	ADD Receipts 01/04/2023 - 28/03/2024		996,573.07
			2,256,838.11
	SUBTRACT Payments 01/04/2023 - 28/03/2024		979,741.57
A	Cash in Hand 28/03/2024 (per Cash Book)		1,277,096.54
	Cash in hand per Bank Statements		
	Petty Cash 28/03/2024	250.00	
	Barclays Town Council/Tracker 28/03/2024	365,945.53	✓
	Town Council Savings Account 28/03/2024	0.00	
	Close Brothers 28/03/2024	500,000.00	✓
	Nationwide 28/03/2024	410,901.01	
			1,277,096.54
	Less unrepresented payments		
			1,277,096.54
	Plus unrepresented receipts		
B	Adjusted Bank Balance		1,277,096.54
	A = B Checks out OK		

Felixstowe Town Council
Annual Return

Accounts for Year from 01/04/2023 to 31/03/2024

This is prepared based on information in "Governance and Accountability for Local Councils : a Practitioner's Guide"

Important note: These figures have been prepared on an INCOME and EXPENDITURE basis.

Box No.	Description	Last Year £	This Year £
1	Balances brought fwd	1,232,784.62	1,264,677.12
2	Annual precept	612,735.64	621,629.12
3	Total other receipts	280,671.89	343,049.90
4	Staff Costs	538,353.71	544,294.04
5	Loan interest/capital repayments	34,731.94	34,731.94
6	Total other payments	288,429.38	360,617.27
7	Balances carried forward	1,264,677.12	1,289,712.89
8	Total Cash and Short Term Investments	1,260,265.04	1,277,096.54
9	Total Fixed Assets and Long Term Investments	324,068.94	330,339.10
10	Total Borrowings	271,361.18	249,798.04



PWLB lending facility

BALANCE OUTSTANDING AS AT 31 Mar 2024

8 April 2024

FELIXSTOWE TOWN COUNCIL (SUFFOLK)

LOAN REFERENCE NUMBER	REPAYMENT DATES	LOAN TYPE	REPAYMENT METHOD	PRINCIPAL BALANCE OUTSTANDING (£)
PW493956	21 Mar - 21 Sep	FIXED	ANNUITY	£249,798.04
TOTAL OUTSTANDING BALANCE:				249,798.04
TOTAL NUMBER OF LOANS:				1

This report reflects scheduled transactions only, as such, early or late repayments are not reflected. Please contact pwlb@dmo.gov.uk if you have any queries.

Summary of Receipts and Payments

Cost Centre Group - Finance & Governance (Between 01/04/2024 and 30/04/2024)

101 Administration

Code	Title	Receipts			Payments			Net Position
		Budgeted	Actual	Variance	Budgeted	Actual	Variance	+/- Under/over spend
1805	Bank Interest Received	36,000.00	1,151.65	-34,848.35				-34,848.35 (-96%)
1830	Community Infrastructure Levy							(N/A)
1850	Miscellaneous (Precept Grant)							(N/A)
1900	Precept	629,841.53		-629,841.53				-629,841.53 (-100%)
4000	Employee Salaries				247,203.00	19,797.46	227,405.54	227,405.54 (91%)
4001	Employer National Insurance				26,561.00	1,992.13	24,568.87	24,568.87 (92%)
4002	Employer Pension Contributions				42,809.00	3,223.87	39,585.13	39,585.13 (92%)
4030	Training				2,000.00		2,000.00	2,000.00 (100%)
4040	Travel & Expenses				400.00		400.00	400.00 (100%)
4270	Printer/Photocopier				760.00	35.71	724.29	724.29 (95%)
4400	Stationery				350.00		350.00	350.00 (100%)
4425	Postage				300.00		300.00	300.00 (100%)
4441	Telephone & Internet				2,000.00	120.18	1,879.82	1,879.82 (93%)
4446	Mobile Phones							(N/A)
4460	Subscriptions				3,600.00	2,919.57	680.43	680.43 (18%)
4461	External Audit				1,680.00		1,680.00	1,680.00 (100%)
4462	Internal Audit				1,400.00		1,400.00	1,400.00 (100%)
4464	Insurance				8,250.00	8,190.49	59.51	59.51 (0%)
4468	Miscellaneous							(N/A)
4470	Publications							(N/A)
4481	IT Maintenance & Software				9,000.00	1,572.05	7,427.95	7,427.95 (82%)
4490	Professional Fees				1,000.00		1,000.00	1,000.00 (100%)
4500	Election Expenses							(N/A)
4550	Banking Fees		2.38	2.38	800.00	63.89	736.11	738.49 (92%)
SUB TOTAL		665,841.53	1,154.03	-664,687.50	348,113.00	37,915.35	310,197.65	-354,489.85 (-34%)

201 Town Hall

Code	Title	Receipts			Payments			Net Position
		Budgeted	Actual	Variance	Budgeted	Actual	Variance	+/- Under/over spend
1000	Hirings	2,000.00	96.04	-1,903.96				-1,903.96 (-95%)
1001	Weddings	13,000.00	3,500.18	-9,499.82				-9,499.82 (-73%)
1030	Leases, Rents & Licences	6,400.00		-6,400.00				-6,400.00 (-100%)
4003	Employee Salaries				23,997.00	2,263.19	21,733.81	21,733.81 (90%)
4004	Employer National Insurance				2,048.00	162.07	1,885.93	1,885.93 (92%)
4005	Employer Pension Contributions				1,440.00	81.09	1,358.91	1,358.91 (94%)
4031	Training				500.00		500.00	500.00 (100%)
4110	Rates				8,000.00	1,009.50	6,990.50	6,990.50 (87%)
4115	Water & Sewerage				300.00	-70.82	370.82	370.82 (123%)
4120	Gas				5,000.00	747.72	4,252.28	4,252.28 (85%)
4122	Electricity				5,000.00	497.16	4,502.84	4,502.84 (90%)
4155	Cleaning Materials				350.00		350.00	350.00 (100%)
4170	Repairs & Maintenance				5,000.00	139.68	4,860.32	4,860.32 (97%)
4180	Licences				600.00		600.00	600.00 (100%)
4260	Equipment Purchases				250.00		250.00	250.00 (100%)
4466	Catering Sundries				200.00		200.00	200.00 (100%)
4553	Loan Repayments				34,732.00		34,732.00	34,732.00 (100%)

Summary of Receipts and Payments

Cost Centre Group - Finance & Governance (Between 01/04/2024 and 30/04/2024)

SUB TOTAL	21,400.00	3,596.22	-17,803.78	87,417.00	4,829.59	82,587.41	64,783.63 (59%)
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202 Walton

Code Title	Receipts			Payments			Net Position
	Budgeted	Actual	Variance	Budgeted	Actual	Variance	+/- Under/over spend
1002 Hirings	8,000.00	599.25	-7,400.75				-7,400.75 (-92%)
4006 Employee Salaries				4,799.00	452.64	4,346.36	4,346.36 (90%)
4007 Employer National Insurance				410.00	32.41	377.59	377.59 (92%)
4008 Employer Pension Contributions				288.00	16.22	271.78	271.78 (94%)
4111 Rates				1,360.00	146.68	1,213.32	1,213.32 (89%)
4116 Water & Sewerage				300.00		300.00	300.00 (100%)
4123 Electricity				6,000.00	1,046.07	4,953.93	4,953.93 (82%)
4171 Repairs & Maintenance				750.00		750.00	750.00 (100%)
4261 Equipment Purchases				100.00		100.00	100.00 (100%)
SUB TOTAL	8,000.00	599.25	-7,400.75	14,007.00	1,694.02	12,312.98	4,912.23 (22%)

203 Broadway House

Code Title	Receipts			Payments			Net Position
	Budgeted	Actual	Variance	Budgeted	Actual	Variance	+/- Under/over spend
1031 Leases, Rents & Licences	2,650.00		-2,650.00				-2,650.00 (-100%)
4009 Employee Salaries				8,122.00	766.00	7,356.00	7,356.00 (90%)
4010 Employer National Insurance				693.00	54.86	638.14	638.14 (92%)
4011 Employer Pension Contributions				487.00	27.44	459.56	459.56 (94%)
4172 Repairs & Maintenance				1,000.00		1,000.00	1,000.00 (100%)
SUB TOTAL	2,650.00		-2,650.00	10,302.00	848.30	9,453.70	6,803.70 (52%)

204 Cemetery

Code Title	Receipts			Payments			Net Position
	Budgeted	Actual	Variance	Budgeted	Actual	Variance	+/- Under/over spend
1032 Mobile Phone Mast	5,315.00		-5,315.00				-5,315.00 (-100%)
1100 Interment Fees	24,000.00	1,671.00	-22,329.00				-22,329.00 (-93%)
1120 Purchase of Graves	30,000.00	3,270.00	-26,730.00				-26,730.00 (-89%)
1130 Memorials	16,000.00		-16,000.00				-16,000.00 (-100%)
1140 Upkeep of Graves Spaces	500.00		-500.00				-500.00 (-100%)
1160 Admin Fees	750.00	58.00	-692.00				-692.00 (-92%)
4012 Employee Salaries				124,227.00	9,667.44	114,559.56	114,559.56 (92%)
4013 Employer National Insurance				13,108.00	894.76	12,213.24	12,213.24 (93%)
4014 Employer Pension Contributions				14,680.00	1,178.95	13,501.05	13,501.05 (91%)
4032 Training				1,500.00		1,500.00	1,500.00 (100%)
4112 Rates				3,150.00	340.44	2,809.56	2,809.56 (89%)
4117 Water & Sewerage				400.00		400.00	400.00 (100%)
4124 Electricity				2,000.00	593.26	1,406.74	1,406.74 (70%)
4173 Repairs & Maintenance				4,000.00	285.00	3,715.00	3,715.00 (92%)
4262 Equipment Purchases				1,800.00	303.57	1,496.43	1,496.43 (83%)
4300 Vehicle Running Costs				1,500.00	377.35	1,122.65	1,122.65 (74%)
4310 Electric Van Lease				3,398.00	283.14	3,114.86	3,114.86 (91%)
4320 Vehicles/Tool Hire				6,300.00	206.00	6,094.00	6,094.00 (96%)

Summary of Receipts and Payments

Cost Centre Group - Finance & Governance (Between 01/04/2024 and 30/04/2024)

4330 Fuel				1,800.00		1,800.00	1,800.00 (100%)
4447 Mobile Phones				54.00	4.50	49.50	49.50 (91%)
SUB TOTAL	76,565.00	4,999.00	-71,566.00	177,917.00	14,134.41	163,782.59	92,216.59 (36%)

205 Allotments

Code Title	Receipts			Payments			Net Position
	Budgeted	Actual	Variance	Budgeted	Actual	Variance	+/- Under/over spend
1080 Allotment Rents	17,850.00	15.93	-17,834.07				-17,834.07 (-99%)
4015 Employee Salaries				26,620.00	2,071.60	24,548.40	24,548.40 (92%)
4016 Employer National Insurance				2,809.00	191.74	2,617.26	2,617.26 (93%)
4017 Employer Pension Contributions				3,146.00	252.64	2,893.36	2,893.36 (91%)
4118 Water & Sewerage				3,500.00		3,500.00	3,500.00 (100%)
4174 Repairs & Maintenance				1,500.00		1,500.00	1,500.00 (100%)
4321 Vehicles/Tool Hire				2,200.00		2,200.00	2,200.00 (100%)
SUB TOTAL	17,850.00	15.93	-17,834.07	39,775.00	2,515.98	37,259.02	19,424.95 (33%)

206 Parks and Recreation

Code Title	Receipts			Payments			Net Position
	Budgeted	Actual	Variance	Budgeted	Actual	Variance	+/- Under/over spend
4018 Employee Salaries				26,620.00	2,071.60	24,548.40	24,548.40 (92%)
4019 Employer National Insurance				2,809.00	191.74	2,617.26	2,617.26 (93%)
4020 Employer Pension Contributions				3,146.00	252.64	2,893.36	2,893.36 (91%)
4175 Repairs & Maintenance		-995.00	-995.00	5,000.00		5,000.00	4,005.00 (80%)
4280 Security							(N/A)
4615 Street Furniture				1,000.00	1,085.76	-85.76	-85.76 (-8%)
4660 Play Equipment				500.00		500.00	500.00 (100%)
4690 Planting				1,000.00		1,000.00	1,000.00 (100%)
SUB TOTAL		-995.00	-995.00	40,075.00	3,601.74	36,473.26	35,478.26 (88%)

301 Civic & Community

Code Title	Receipts			Payments			Net Position
	Budgeted	Actual	Variance	Budgeted	Actual	Variance	+/- Under/over spend
1800 Agency Income	4,191.00		-4,191.00				-4,191.00 (-100%)
1810 Donations & Sponsorship							(N/A)
4471 Advertising & Promotion				1,000.00		1,000.00	1,000.00 (100%)
4505 Mayoral Allowance				3,000.00		3,000.00	3,000.00 (100%)
4511 Town Twinning				5,000.00	201.75	4,798.25	4,798.25 (95%)
4512 Engraving/Sign Writing				100.00		100.00	100.00 (100%)
4513 Civic Awards				2,000.00		2,000.00	2,000.00 (100%)
4530 Civic Events				4,000.00	25.00	3,975.00	3,975.00 (99%)
4531 Remembrance				1,000.00		1,000.00	1,000.00 (100%)
4600 CCTV		1,047.75	1,047.75	10,478.00		10,478.00	11,525.75 (110%)
4645 Christmas Lights				8,000.00		8,000.00	8,000.00 (100%)
4650 Seasonal Events				3,000.00		3,000.00	3,000.00 (100%)
4675 Youth Forum				1,000.00		1,000.00	1,000.00 (100%)

Summary of Receipts and Payments

Cost Centre Group - Finance & Governance (Between 01/04/2024 and 30/04/2024)

SUB TOTAL		4,191.00	1,047.75	-3,143.25	38,578.00	226.75	38,351.25	35,208.00 (82%)
302 Grants								
		Receipts			Payments			Net Position
Code	Title	Budgeted	Actual	Variance	Budgeted	Actual	Variance	+/- Under/over spend
4620	Annual Grants				19,950.00		19,950.00	19,950.00 (100%)
4655	Occasional Grants				25,000.00	-550.00	25,550.00	25,550.00 (102%)
SUB TOTAL					44,950.00	-550.00	45,500.00	45,500.00 (101%)
303 Felixstowe in Flower								
		Receipts			Payments			Net Position
Code	Title	Budgeted	Actual	Variance	Budgeted	Actual	Variance	+/- Under/over spend
1811	Donations & Sponsorship	6,000.00		-6,000.00				-6,000.00 (-100%)
4290	Flowers & Containers				7,350.00		7,350.00	7,350.00 (100%)
4532	Felixstowe in Flower Events				1,500.00		1,500.00	1,500.00 (100%)
4614	Engraving/Sign Writing				400.00		400.00	400.00 (100%)
SUB TOTAL		6,000.00		-6,000.00	9,250.00		9,250.00	3,250.00 (21%)
304 Communication								
		Receipts			Payments			Net Position
Code	Title	Budgeted	Actual	Variance	Budgeted	Actual	Variance	+/- Under/over spend
1812	Donations & Sponsorship	6,000.00	995.00	-5,005.00				-5,005.00 (-83%)
4420	Magazine Print				18,900.00		18,900.00	18,900.00 (100%)
4421	Magazine Distribution				2,600.00		2,600.00	2,600.00 (100%)
4483	Website				500.00		500.00	500.00 (100%)
SUB TOTAL		6,000.00	995.00	-5,005.00	22,000.00		22,000.00	16,995.00 (60%)
305 Community Projects & Pa								
		Receipts			Payments			Net Position
Code	Title	Budgeted	Actual	Variance	Budgeted	Actual	Variance	+/- Under/over spend
1813	Donations & Sponsorship							(N/A)
4625	Harwich Harbour Ferry Services				1,000.00	1,000.00		(0%)
4630	Level 2				10,000.00		10,000.00	10,000.00 (100%)
SUB TOTAL					11,000.00	1,000.00	10,000.00	10,000.00 (90%)
Summary								
NET TOTAL		808,497.53	11,412.18	-797,085.35	843,384.00	66,216.14	777,167.86	-19,917.49 (-1%)
V.A.T.			348.61			1,503.78		
GROSS TOTAL			11,760.79			67,719.92		

**INTERNAL CONTROL STATEMENT
FOR YEAR ENDING 31 MARCH 2025**

1. SCOPE OF RESPONSIBILITY

Felixstowe Town Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

Felixstowe Town Council is responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of the Council's functions and which includes arrangements for the management of risk.

2. THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

3. THE INTERNAL CONTROL ENVIRONMENT

The Council:

Felixstowe Town Council reviews its obligations and objectives and approves budgets for the following year at its January full Council meeting. The January meeting of Felixstowe Town Council approves the level of precept for the following financial year.

Felixstowe Town Council has established the Finance and Governance Committee. The Committee meets six times during the financial year. Members of the Committee monitor progress against objectives, financial systems and procedures, budgetary control and carry out regular reviews of financial matters. The minutes of the meetings of the Committee are circulated to all Members of the Council and are a matter of public record.

The full Council meets seven times each year and monitors progress against its aims and objectives at each meeting by receiving minutes, recommendations and reports from the Finance & Governance Committee, Planning & Environment Committee, Assets & Services Committee, Civic & Community Committee, Personnel Committee, and Appeals Committee.

Felixstowe Town Council carries out regular reviews of its internal controls, systems and procedures (see statement at **Appendix 1**).

Clerk to the Council/Responsible Financial Officer (RFO):

The Council has appointed a Town Clerk to Felixstowe Town Council who acts as the Council's principal advisor and administrator. The Clerk is the Council's Responsible Financial Officer and is responsible for administering the Council's finances. The Clerk is responsible for advising on the day to day compliance with laws and regulations to which Felixstowe Town Council is subject and for managing risks. The Clerk also provides advice to help Felixstowe Town Council ensure that it adheres to its procedures, control systems and policies.

Payments:

Payments are taken from the Felixstowe Town Council account. All payments are reported to Felixstowe Town Council. Two Members of Felixstowe Town Council must sign every cheque, invoice and a schedule of payments. The signatories should consider each cheque or bank payment against the relevant invoice; sign the invoice and initial the cheque counterfoil and payment schedule. All authorised cheque signatories are Members of the Council. No officer of Felixstowe Town Council can sign cheques from this account. In accordance with its Financial Regulations (6.8), Council has approved the use of electronic banking with the instructions for each payment being signed, or otherwise evidenced, by two authorised bank signatories and retained. An Open Credit agreement with the Council's bank, has been approved whereby persons authorised by the Council are permitted to withdraw funds provided that such withdrawals be for petty cash purposes only, limited in frequency to once per month and to a maximum of £250.

Income:

All income is received and banked in the Council's name in a timely manner and reported to the Council.

Risk Assessments/Risk Management:

Felixstowe Town Council reviews its Risk Management Policy and Risk Register annually, and regularly reviews its systems and controls.

Internal Audit:

Felixstowe Town Council has appointed an independent Internal Auditor who reports to Felixstowe Town Council on a biannual basis on the adequacy of its:

- Records
- Procedures
- Systems
- Internal control
- Regulations
- Risk management.

External Audit:

The Council's external auditors submit an annual certificate of audit which is presented to the Council.

4. REVIEW OF EFFECTIVENESS

Felixstowe Town Council has responsibility for conducting an annual review of the effectiveness of the system of internal control, which should include a review of the effectiveness of internal audit. The results of that review must be considered by the Council, which should also approve the Statement on Internal Control.

Appendix 1

Internal Control Statement

Felixstowe Town Council as a whole is responsible for ensuring that its financial management is adequate and effective and that the Council has a sound system of internal control which facilitates the effective exercise of their functions and which includes arrangements for the management of risk.

Felixstowe Town Council has determined that the most appropriate method of internal control is at its Finance and Governance Committee and, a biannual Internal Audit review undertaking routine checks to ensure that the accounting records are being properly completed. A random selection of items will ensure that the person carrying out the review is satisfied that the accounting records are correctly maintained. The following checks have been completed:

- that the cashbook is correctly written up and mathematically correct;
- that cheque/BACS amounts agree with invoices;
- that bank reconciliations are regularly undertaken;
- that income due is received;
- that VAT returns have been completed;
- that salary payments agree with Council approved amounts;
- that petty cash is balanced and agrees with receipts;
- that financial statements produced for Council agree with the accounting records;
- that the asset register is updated annually;
- that the risk assessment is updated and reviewed annually;
- that all income/expenditure is reported to the Council and properly approved;

Felixstowe Town Council considers these are reasonable controls, however, care should be taken to ensure that internal control checks are proportionate and relevant, and that they are neither seen as, nor intended as, undue interference in the RFO's day to day management of financial affairs.

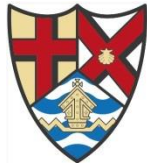
Felixstowe Town Council reviews its system of internal control on an annual basis and a report on the findings of this review will be considered by the full Council along with the Council's statement of internal control and formally recorded i.e. in the minutes or on a separate report which is referred to in the minutes.

Policy Approved: Council

Review Body: Finance & Governance Committee recommendation to Council

Review Period: Annually

Next Review: May 2025 (F&G) June 2025 (Council)



FELIXSTOWE

TOWN COUNCIL

Financial Regulations

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1. General

- 1.1 These Financial Regulations govern the financial management of the council and may only be amended or varied by resolution of the council. They are one of the council's governing documents and shall be observed in conjunction with the council's Standing Orders.
- 1.2 Councillors are expected to follow these regulations and not to entice employees to breach them. Failure to follow these regulations brings the office of councillor into disrepute.
- 1.3 Wilful breach of these regulations by an employee may result in disciplinary proceedings.
- 1.4 In these Financial Regulations:
- 'Accounts and Audit Regulations' means the regulations issued under Sections 32, 43(2) and 46 of the Local Audit and Accountability Act 2014, or any superseding legislation, and then in force, unless otherwise specified.
 - "Approve" refers to an online action, allowing an electronic transaction to take place.
 - "Authorise" refers to a decision by the council, or a committee or an officer, to allow something to happen.
 - 'Proper practices' means those set out in *The Practitioners' Guide*
 - *Practitioners' Guide* refers to the guide issued by the Joint Panel on Accountability and Governance (JPAG) and published by NALC in England or Governance and Accountability for Local Councils in Wales – A Practitioners Guide jointly published by One Voice Wales and the Society of Local Council Clerks in Wales.
 - 'Must' and **bold text** refer to a statutory obligation the council cannot change.
 - 'Shall' refers to a non-statutory instruction by the council to its members and staff.
- 1.5 The Responsible Financial Officer (RFO) holds a statutory office, appointed by the council. The Clerk has been appointed as RFO and these regulations apply accordingly. The RFO;
- acts under the policy direction of the council;
 - administers the council's financial affairs in accordance with all Acts, Regulations and proper practices;
 - determines on behalf of the council its accounting records and control systems;
 - ensures the accounting control systems are observed;
 - ensures the accounting records are kept up to date;

- seeks economy, efficiency and effectiveness in the use of council resources; and
 - produces financial management information as required by the council.
- 1.6 The council must not delegate any decision regarding:**
- **setting the final budget or the precept (council tax requirement);**
 - **the outcome of a review of the effectiveness of its internal controls**
 - **approving accounting statements;**
 - **approving an annual governance statement;**
 - **borrowing;**
 - **declaring eligibility for the General Power of Competence; and**
 - **addressing recommendations from the internal or external auditors**
- 1.7** In addition, the council shall:
- determine and regularly review the bank mandate for all council bank accounts;
 - authorise any grant or single commitment in excess of £5,000.

2. Risk management and internal control

- 2.1 The council must ensure that it has a sound system of internal control, which delivers effective financial, operational and risk management.**
- 2.2 The RFO shall prepare, for approval by the council, a risk management policy covering all activities of the council. This policy and consequential risk management arrangements shall be reviewed by the council at least annually.
- 2.3 When considering any new activity, the RFO shall prepare a draft risk assessment including risk management proposals for consideration by the council.
- 2.4 At least once a year, the council must review the effectiveness of its system of internal control, before approving the Annual Governance Statement.**
- 2.5 The accounting control systems determined by the RFO must include measures to:**
- **ensure that risk is appropriately managed;**
 - **ensure the prompt, accurate recording of financial transactions;**
 - **prevent and detect inaccuracy or fraud; and**
 - **allow the reconstitution of any lost records;**
 - **identify the duties of officers dealing with transactions and**
 - **ensure division of responsibilities.**
- 2.6 At least once in each quarter, and at each financial year end, a member other than a cheque signatory shall be appointed to verify bank reconciliations (for all accounts) produced by the RFO. The member shall sign and date the reconciliations and the original bank statements (or similar document) as evidence

of this. This activity, including any exceptions, shall be reported to and noted by the Finance and Governance Committee.

- 2.7 Regular back-up copies shall be made of the records on any council computer and stored either online or in a separate location from the computer. The council shall put measures in place to ensure that the ability to access any council computer is not lost if an employee leaves or is incapacitated for any reason.

3 Accounts and audit

- 3.1 All accounting procedures and financial records of the council shall be determined by the RFO in accordance with the Accounts and Audit Regulations.
- 3.2 **The accounting records determined by the RFO must be sufficient to explain the council's transactions and to disclose its financial position with reasonable accuracy at any time. In particular, they must contain:**
- **day-to-day entries of all sums of money received and expended by the council and the matters to which they relate;**
 - **a record of the assets and liabilities of the council;**
- 3.3 The accounting records shall be designed to facilitate the efficient preparation of the accounting statements in the Annual Governance and Accountability Return.
- 3.4 The RFO shall complete and certify the annual Accounting Statements of the council contained in the Annual Governance and Accountability Return in accordance with proper practices, as soon as practicable after the end of the financial year. Having certified the Accounting Statements, the RFO shall submit them (with any related documents) to the council, within the timescales required by the Accounts and Audit Regulations.
- 3.5 **The council must ensure that there is an adequate and effective system of internal audit of its accounting records and internal control system in accordance with proper practices.**
- 3.6 **Any officer or member of the council must make available such documents and records as the internal or external auditor consider necessary for the purpose of the audit** and shall, as directed by the council, supply the RFO, internal auditor, or external auditor with such information and explanation as the council considers necessary.
- 3.7 The internal auditor shall be appointed by the council and shall carry out their work to evaluate the effectiveness of the council's risk management, control and governance processes in accordance with proper practices specified in the Practitioners' Guide.
- 3.8 The council shall ensure that the internal auditor:
- is competent and independent of the financial operations of the council;
 - reports to council in writing, or in person, on a regular basis with a minimum of one written report during each financial year;

- can demonstrate competence, objectivity and independence, free from any actual or perceived conflicts of interest, including those arising from family relationships; and
- has no involvement in the management or control of the council

3.9 Internal or external auditors may not under any circumstances:

- perform any operational duties for the council;
- initiate or approve accounting transactions;
- provide financial, legal or other advice including in relation to any future transactions; or
- direct the activities of any council employee, except to the extent that such employees have been appropriately assigned to assist the internal auditor.

3.10 For the avoidance of doubt, in relation to internal audit the terms 'independent' and 'independence' shall have the same meaning as described in The Practitioners Guide.

3.11 The RFO shall make arrangements for the exercise of electors' rights in relation to the accounts, including the opportunity to inspect the accounts, books, and vouchers and display or publish any notices and documents required by the Local Audit and Accountability Act 2014, or any superseding legislation, and the Accounts and Audit Regulations.

3.12 The RFO shall, without undue delay, bring to the attention of all councillors any correspondence or report from internal or external auditors.

4 Budget and precept

4.1 Before setting a precept, the council must calculate its council tax requirement for each financial year by preparing and approving a budget, in accordance with The Local Government Finance Act 1992 or succeeding legislation.

4.2 Budgets for salaries and wages, including employer contributions shall be reviewed by the Personnel Committee at least annually in October for the following financial year and the final version shall be evidenced by a hard copy schedule signed by the Clerk and the Chair of the Personnel Committee. The RFO will inform committees of any salary implications before they consider their draft their budgets.

4.3 No later than January each year, the RFO shall prepare a draft budget with detailed estimates of all income and expenditure for the following financial year, along with a forecast for the following financial year, taking account of the lifespan of assets and cost implications of repair or replacement.

4.4 Unspent budgets for completed projects shall not be carried forward to a subsequent year. Unspent funds for partially completed projects may only be carried forward (by placing them in an earmarked reserve) with the formal approval of the full council.

- 4.5 Each committee shall review its draft budget and submit any proposed amendments to the council no later than the middle of December each year.
- 4.6 The draft budget with any committee proposals and forecasts, including any recommendations for the use or accumulation of reserves, shall be considered by the Finance & Governance Committee and a recommendation made to the council.
- 4.7 Having considered the proposed budget and forecast, the council shall determine its council tax requirement by setting a budget. The council shall set a precept for this amount no later than the end of January for the ensuing financial year.
- 4.8 Any member with council tax unpaid for more than two months is prohibited from voting on the budget or precept by Section 106 of the Local Government Finance Act 1992 and must disclose at the start of the meeting that Section 106 applies to them.**
- 4.9 The RFO shall **issue the precept to the billing authority no later than the end of February** and supply each member with a copy of the agreed annual budget.
- 4.10 The agreed budget provides a basis for monitoring progress during the year by comparing actual spending and income against what was planned.
- 4.11 Any addition to, or withdrawal from, any earmarked reserve shall be agreed by the council or relevant committee.

5 Procurement

- 5.1 Members and officers are responsible for obtaining value for money at all times.** Any officer procuring goods, services or works should ensure, as far as practicable, that the best available terms are obtained, usually by obtaining prices from several suppliers.
- 5.2 The RFO should verify the lawful nature of any proposed purchase before it is made and in the case of new or infrequent purchases, should ensure that the legal power being used is reported to the meeting at which the order is authorised and also recorded in the minutes.
- 5.3 Every contract shall comply with these the council's Standing Orders and these Financial Regulations and no exceptions shall be made, except in an emergency.
- 5.4 For a contract for the supply of goods, services or works where the estimated value will exceed the thresholds set by Parliament, the full requirements of The Public Contracts Regulations 2015 or any superseding legislation ("the Legislation"), must be followed in respect of the tendering, award and notification of that contract.**
- 5.5 Where the estimated value is below the Government threshold, the council shall (with the exception of items listed in paragraph 6.12) obtain prices as follows:
- 5.6 For contracts estimated to exceed £60,000 including VAT, the Clerk shall seek formal tenders from at least three suppliers. Tenders shall be invited in accordance with Appendix 1.

5.7 For contracts estimated to be over £30,000 including VAT, the council must comply with any requirements of the Legislation¹ regarding the advertising of contract opportunities and the publication of notices about the award of contracts.

5.8 For contracts greater than £5,000 excluding VAT the Clerk shall seek at least 3 fixed-price quotes;

5.9 where the value is between £500 and £5,000 excluding VAT, the Clerk shall try to obtain 3 estimates, which might include evidence of online prices, or recent prices from regular suppliers.

5.10 For smaller purchases, the clerk shall seek to achieve value for money.

5.11 Contracts must not be split into smaller lots to avoid compliance with these rules.

5.12 The requirement to obtain competitive prices in these regulations need not apply to contracts that relate to items (i) to (iv) below:

- i. specialist services, such as legal professionals acting in disputes;
- ii. repairs to, or parts for, existing machinery or equipment;
- iii. works, goods or services that constitute an extension of an existing contract;
- iv. goods or services that are only available from one supplier or are sold at a fixed price.

5.13 When applications are made to waive this financial regulation to enable a price to be negotiated without competition, the reason should be set out in a recommendation to the council or relevant committee. Avoidance of competition is not a valid reason.

5.14 The council shall not be obliged to accept the lowest or any tender, quote or estimate.

5.15 Individual purchases within an agreed budget for that type of expenditure may be authorised by:

- the Clerk, under delegated authority, for any items below £500 excluding VAT.
- the Clerk, in consultation with the Chair of the Council or Chair of the appropriate committee, for any items below £5,000 excluding VAT.
- a duly delegated committee of the council for all items of expenditure within their delegated budgets for items under £5,000 excluding VAT
- in respect of grants, a duly authorised committee within any limits set by council and in accordance with any policy statement agreed by the council.
- the council for all items over £5,000;

Such authorisation must be supported by a minute (in the case of council or committee decisions) or other auditable evidence trail.

¹ The Regulations require councils to use the Contracts Finder website if they advertise contract opportunities and also to publicise the award of contracts over £30,000 including VAT, regardless of whether they were advertised.

- 5.16 No individual member, or informal group of members may issue an official order unless instructed to do so in advance by a resolution of the council or make any contract on behalf of the council
- 5.17 No expenditure may be authorised that will exceed the budget by £500 or 10% (whichever is the lesser sum) for that type of expenditure other than by resolution of the council or a duly delegated committee acting within its Terms of Reference, except in an emergency.
- 5.18 In cases of serious risk to the delivery of council services or to public safety on council premises, the clerk may authorise expenditure of up to £5,000 excluding VAT on repair, replacement or other work that in their judgement is necessary, whether or not there is any budget for such expenditure. The Clerk shall report such action to the Chair as soon as possible and to the Council as soon as practicable thereafter.
- 5.19 No expenditure shall be authorised, no contract entered into or tender accepted in relation to any major project, unless the council is satisfied that the necessary funds are available and that where a loan is required, Government borrowing approval has been obtained first.
- 5.20 An official order or letter shall be issued for all work, goods and services above £500 excluding VAT unless a formal contract is to be prepared or an official order would be inappropriate. Copies of orders shall be retained, along with evidence of receipt of goods.
- 5.21 Any ordering system can be misused and access to them shall be controlled by the RFO.

6 Banking and payments

- 6.1 The council's banking arrangements, including the bank mandate, shall be made by the RFO and authorised by the council; banking arrangements shall not be delegated to a committee.
- 6.2 The council must have safe and efficient arrangements for making payments, to safeguard against the possibility of fraud or error. Wherever possible, more than one person should be involved in any payment, for example by dual online authorisation or dual cheque signing. Even where a purchase has been authorised, the payment must also be authorised and only authorised payments shall be approved or signed to allow the funds to leave the council's bank.
- 6.3 All invoices for payment should be examined for arithmetical accuracy, analysed to the appropriate expenditure heading and verified to confirm that the work, goods or services were received, checked and represent expenditure previously authorised by the council before being certified by the RFO. Where the certification of invoices is done as a batch, this shall include a statement by the RFO that all invoices listed have been 'examined, verified and certified' by the RFO.
- 6.4 Personal payments (including salaries, wages, expenses and any payment made in relation to the termination of employment) may be summarised to avoid disclosing any personal information.

- 6.5 All payments shall be made by online banking/cheque, in accordance with a resolution of the council or duly delegated committee, or a delegated decision by an officer, unless the council resolves to use a different payment method.
- 6.6 For each financial year the RFO may draw up a schedule of regular payments due in relation to a continuing contract or obligation (such as Salaries, PAYE, National Insurance, pension contributions, rent, rates, regular maintenance contracts and similar items), which the council or a duly delegated committee may authorise in advance for the year.
- 6.7 A copy of this schedule of regular payments shall be signed by two members on each and every occasion when payment is made - to reduce the risk of duplicate payments.
- 6.8 A list of such payments shall be reported to the next appropriate meeting of the Council for information only.
- 6.9 The Clerk and RFO shall have delegated authority to authorise payments in the following circumstances:
- i. any payments of up to £500 excluding VAT, within an agreed budget.
 - ii. payments of up to £5,000 excluding VAT in cases of serious risk to the delivery of council services or to public safety on council premises.
 - iii. any payment necessary to avoid a charge under the Late Payment of Commercial Debts (Interest) Act 1998 {or to comply with contractual terms}, where the due date for payment is before the next scheduled meeting of the Council, where the RFO certify that there is no dispute or other reason to delay payment, provided that a list of such payments shall be submitted to the next appropriate meeting of council or Finance and Governance committee.
 - iv. Fund transfers within the councils banking arrangements up to the sum of £10,000, provided that a list of such payments shall be submitted to the next appropriate meeting of council or Finance and Governance committee.
- 6.10 The RFO shall present a schedule of payments requiring authorisation, together with the relevant invoices, to the bank signatories. The Council shall review the schedule for compliance and, having satisfied itself, shall authorise payment by resolution.

7 Electronic payments

- 7.1 Where internet banking arrangements are made with any bank, the RFO shall be appointed as the Service Administrator. The bank mandate agreed by the council shall identify six councillors who will be authorised to approve transactions on those accounts and a minimum of two people will be involved in any online approval process. The Clerk/Deputy Clerk may be an authorised signatory, but no signatory should be involved in approving any payment to themselves.
- 7.2 All authorised signatories shall be permitted to view the council's bank accounts online.
- 7.3 No employee or councillor shall disclose any PIN or password, relevant to the council or its banking, to anyone not authorised in writing by the council or a duly delegated committee.

- 7.4 The Service Administrator shall set up all items due for payment online. A list of payments for approval, together with copies of the relevant invoices, shall be sent by email to all authorised signatories for two to approve.
- 7.5 In the prolonged absence of the Service Administrator the Deputy Town Clerk shall set up any payments due before the return of the Service Administrator.
- 7.6 Two Councillors who are authorised signatories shall check the payment details against the invoices before approving each payment. Upon this approval the RFO will authorise using the online banking system.
- 7.7 Evidence shall be retained showing which members approved the payment online and evidence of the transaction confirming that the payment has been made shall be saved for audit purposes.
- 7.8 A full list of all payments made in a month shall be provided to the next Council meeting and appended to the minutes.
- 7.9 With the approval of the Council in each case, regular payments (such as gas, electricity, telephone, broadband, water, National Non-Domestic Rates, refuse collection, pension contributions and HMRC payments) may be made by variable direct debit, provided that the instructions are signed/approved online by two authorised members. The approval of the use of each variable direct debit shall be reviewed by the Council at least every two years.
- 7.10 Payment may be made by BACS or CHAPS by resolution of the Council provided that each payment is approved online by two authorised bank signatories, evidence is retained and any payments are reported to the Council at the next meeting. The approval of the use of BACS or CHAPS shall be renewed by resolution of the council at least every two years.
- 7.11 If thought appropriate by the council, regular payments of fixed sums may be made by banker's standing order, provided that the instructions are signed or approved online by two members, evidence of this is retained and any payments are reported to council when made. The approval of the use of a banker's standing order shall be reviewed by the Council at least every two years.
- 7.12 Account details for suppliers may only be changed upon written notification by the supplier verified by the Clerk and Deputy Clerk. This is a potential area for fraud and the individuals involved should ensure that any change is genuine. Data held should be checked with suppliers every two years.
- 7.13 Members and officers shall ensure that any computer used for the council's financial business has adequate security, with anti-virus, anti-spyware and firewall software installed and regularly updated.
- 7.14 Remembered password facilities, other than secure password stores requiring separate identity verification, should not be used on any computer used for council banking.

8 Cheque payments

- 8.1 Cheques or orders for payment in accordance with a resolution or delegated decision shall be signed by two members and countersigned by the Clerk.
- 8.2 A signatory having a family or business relationship with the beneficiary of a payment shall not, under normal circumstances, be a signatory to that payment.
- 8.3 To indicate agreement of the details on the cheque with the counterfoil and the invoice or similar documentation, the signatories shall also initial the cheque counterfoil or confirm agreement by electronic means.
- 8.4 Cheques or orders for payment shall not normally be presented for signature other than at, or immediately before or after a council or committee meeting. Any signatures obtained away from council meetings shall be reported to the council or Finance Committee at the next convenient meeting.

9 Payment cards

- 9.1 Any Debit Card issued for use will be specifically restricted to the Clerk/RFO and will also be restricted to a single transaction maximum value of £500 unless authorised by council or finance committee in writing before any order is placed.
- 9.2 A pre-paid debit card may be issued to employees with varying limits. These limits will be set by the Council. Transactions and purchases made will be reported to the Council and authority for topping-up shall be at the discretion of the council.
- 9.3 Any corporate credit card or trade card account opened by the Council will be specifically restricted to use by the Clerk/RFO, Deputy Town Clerk or Financial Assistant and any balance shall be paid in full each month.
- 9.4 Personal credit or debit cards of members or staff shall not be used except for expenses of up to £250 including VAT, incurred in accordance with council policy.

10 Petty Cash

- 10.1 The council will not maintain any form of cash float. All cash received must be banked intact. The RFO shall maintain a petty cash float of £250 and may provide petty cash to officers for the purpose of defraying operational and other expenses.
 - a) Vouchers for payments made from petty cash shall be kept, along with receipts to substantiate every payment.
 - b) Cash income received must not be paid into the petty cash float but must be separately banked, as provided elsewhere in these regulations.
 - c) Payments to maintain the petty cash float shall be shown separately on any schedule of payments presented for approval.

11 Payment of salaries and allowances

- 11.1 **As an employer, the council must make arrangements to comply with the statutory requirements of PAYE legislation.**

11.2 Councillors allowances (where paid) are also liable to deduction of tax under PAYE rules and must be taxed correctly before payment.

11.3 Salary rates shall be agreed by the Council, or a duly delegated committee. No changes shall be made to any employee's gross pay, emoluments, or terms and conditions of employment without the prior consent of the council or relevant committee.

11.4 Payment of salaries shall be made, after deduction of tax, national insurance, pension contributions and any similar statutory or discretionary deductions, on the dates stipulated in employment contracts.

11.5 Deductions from salary shall be paid to the relevant bodies within the required timescales, provided that each payment is reported, as set out in these regulations above.

11.6 Each payment to employees of net salary and to the appropriate creditor of the statutory and discretionary deductions shall be recorded in a payroll control account or other separate confidential record, with the total of such payments each calendar month reported in the cashbook.

11.7 Any termination payments shall be supported by a report to the council, setting out a clear business case. Termination payments shall only be authorised by the full council.

12 Loans and investments

12.1 Any application for Government approval to borrow money and subsequent arrangements for a loan must be authorised by the full council and recorded in the minutes. All borrowing shall be in the name of the council, after obtaining any necessary approval.

12.2 Any financial arrangement which does not require formal borrowing approval from the Secretary of State such as Hire Purchase, Leasing of tangible assets or loans to be repaid within the financial year, must be authorised by the full council, following a written report on the value for money of the proposed transaction.

12.3 The council shall consider the requirement for an Investment Strategy and Policy in accordance with Statutory Guidance on Local Government Investments, which must be written in accordance with relevant regulations, proper practices and guidance. Any Strategy and Policy shall be reviewed by the council at least annually.

12.4 All investment of money under the control of the Council shall be in the name of the Council.

12.5 All investment certificates and other documents relating thereto shall be retained in the custody of the RFO.

12.6 Payments in respect of short term or long-term investments, including transfers between bank accounts held in the same bank, shall be made in accordance with these regulations.

13 Income

- 13.1 The collection of all sums due to the council shall be the responsibility of and under the supervision of the RFO.
- 13.2 The council will review all fees and charges for work done, services provided, or goods sold at least annually as part of the budget-setting process, following a report of the Clerk. The RFO shall be responsible for the collection of all amounts due to the council.
- 13.3 Any sums found to be irrecoverable and any bad debts shall be reported to the council by the RFO and shall be written off in the year. The council's approval shall be shown in the accounting records.
- 13.4 All sums received on behalf of the council shall be deposited intact with the council's bankers, with such frequency as the RFO considers necessary. The origin of each receipt shall clearly be recorded on the paying-in slip or other record.
- 13.5 Personal cheques shall not be cashed out of money held on behalf of the council.
- 13.6 The RFO shall ensure that VAT is correctly recorded in the council's accounting software and that any VAT Return required is submitted from the software by the due date.
- 13.7 Where significant sums of cash are regularly received by the council, the RFO shall ensure that more than one person is present when the cash is counted in the first instance, that there is a reconciliation to some form of control record such as ticket issues, and that appropriate care is taken for the security and safety of individuals banking such cash.

14 Payments under contracts for building or other construction works

- 14.1 Where contracts provide for payment by instalments the RFO shall maintain a record of all such payments, which shall be made within the time specified in the contract based on signed certificates from the architect or other consultant engaged to supervise the works.
- 14.2 Any variation of, addition to or omission from a contract must be authorised by the Clerk to the contractor in writing, with the Council being informed where the final cost is likely to exceed the contract sum by 5% or more, or likely to exceed the budget available.

15 Stores and equipment

- 15.1 The officer in charge of each section, shall be responsible for the care and custody of stores and equipment in that section.
- 15.2 Delivery notes shall be obtained in respect of all goods received into store or otherwise delivered and goods must be checked as to order and quality at the time delivery is made.

- 15.3 Stocks shall be kept at the minimum levels consistent with operational requirements.
- 15.4 The RFO shall be responsible for periodic checks of stocks and stores, at least annually.

16 Assets, properties and estates

- 16.1 The Clerk shall make arrangements for the safe custody of all title deeds and Land Registry Certificates of properties held by the Council.
- 16.2 The RFO shall ensure that an appropriate and accurate Register of Assets and Investments is kept up to date, with a record of all properties held by the Council, their location, extent, plan, reference, purchase details, nature of the interest, tenancies granted, rents payable and purpose for which held, in accordance with Accounts and Audit Regulations.
- 16.3 The continued existence of tangible assets shown in the Register shall be verified at least annually, possibly in conjunction with a health and safety inspection of assets.
- 16.4 No interest in land shall be purchased or otherwise acquired, sold, leased or otherwise disposed of without the authority of the Council, together with any other consents required by law. In each case a written report shall be provided to Council in respect of valuation and surveyed condition of the property (including matters such as planning permissions and covenants) together with a proper business case (including an adequate level of consultation with the electorate where required by law).

No tangible moveable property shall be purchased or otherwise acquired, sold, leased or otherwise disposed of, without the authority of the council, together with any other consents required by law, except where the estimated value of any one item does not exceed £500. In each case a written report shall be provided to council with a full business case.

17 Insurance

- 17.1 The RFO shall keep a record of all insurances effected by the council and the property and risks covered, reviewing these annually before the renewal date in conjunction with the council's review of risk management.
- 17.2 Officers shall give prompt notification to the Clerk/RFO of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.
- 17.3 The RFO shall be notified of any loss, liability, damage or event likely to lead to a claim, and shall report these to the Council or relevant committee at the next available meeting. The Clerk/RFO shall negotiate all claims on the Council's insurers.
- 17.4 All appropriate members and employees of the council shall be included in a suitable form of security or fidelity guarantee insurance which shall cover the

maximum risk exposure as determined annually by the Council, or duly delegated committee.

18 Charities

18.1 Where the council is sole managing trustee of a charitable body the Clerk and RFO shall ensure that separate accounts are kept of the funds held on charitable trusts and separate financial reports made in such form as shall be appropriate, in accordance with Charity Law and legislation, or as determined by the Charity Commission. The Clerk and RFO shall arrange for any audit or independent examination as may be required by Charity Law or any Governing Document.]

19 Suspension and revision of Financial Regulations

19.1 The council shall review these Financial Regulations annually and following any change of clerk or RFO. The Clerk shall monitor changes in legislation or proper practices and advise the council of any need to amend these Financial Regulations.

19.2 The Council may, by resolution duly notified prior to the relevant meeting of council, suspend any part of these Financial Regulations, provided that reasons for the suspension are recorded and that an assessment of the risks arising has been presented to all members. Suspension does not disapply any legislation or permit the council to act unlawfully.

19.3 The council may temporarily amend these Financial Regulations by a duly notified resolution, to cope with periods of absence, local government reorganisation, national restrictions or other exceptional circumstances.

Appendix 1 - Tender process

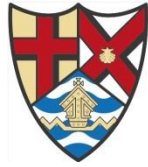
- 1) Any invitation to tender shall state the general nature of the intended contract and the Clerk shall obtain the necessary technical assistance to prepare a specification in appropriate cases.
- 2) The invitation shall in addition state that tenders must be addressed to the Clerk in the ordinary course of post, unless an electronic tendering process has been agreed by the council.
- 3) Where a postal process is used, each tendering firm shall be supplied with a specifically marked envelope in which the tender is to be sealed and remain sealed until the prescribed date for opening tenders for that contract. All sealed tenders shall be opened at the same time on the prescribed date by the Clerk in the presence of at least one member of council.
- 4) Where an electronic tendering process is used, the council shall use a specific email address that will be monitored to ensure that nobody accesses any tender before the expiry of the deadline for submission.
- 5) Any invitation to tender issued under this regulation shall be subject to Standing Orders and shall refer to the terms of the Bribery Act 2010.
- 6) Where the council, or duly delegated committee, does not accept any tender, quote or estimate, the work is not allocated and the council requires further pricing, no person shall be permitted to submit a later tender, estimate or quote who was present when the original decision-making process was being undertaken.

Policy Approved: Annual Council

Review Body: Finance & Governance Committee recommendation to Council

Review Period: Annually

Next Review: F&G (March 2025) / Annual Council (May 2025)



FELIXSTOWE

TOWN COUNCIL

Reserves Policy 2024-2026

Purpose

Felixstowe Town Council is required to maintain adequate financial reserves to meet the needs of the organisation. The purpose of this policy is to set out how the Council will determine and review the level of reserves.

Sections 32 and 43 of the Local Government Finance Act 1992 require local authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement. The level of reserves required will vary according to local circumstances and will be informed by future expenditure plans. There is no specified minimum or maximum level of reserves that an authority should hold. It is the responsibility of the Responsible Finance Officer (RFO) and Councillors to determine the level of reserves and to ensure that there are procedures for their establishment and use.

The Good Councillors Guide to Finance and Transparency 2018 suggests that a Council should typically hold between 3- and 12-months net revenue expenditure (NRE) as a general reserve. If the reserve is too low then it may not be enough to cover unexpected expenditure or emergencies, whilst if it is too high an explanation may be sought by the external auditor.

Felixstowe Town Council maintains two types of reserves:

General Reserves

This represents the non-ringfenced (earmarked) balance of Council funds. The purpose of the General Reserve is to firstly to operate as a working balance to help manage the impact of uneven cash flows and secondly, to provide a contingency to cushion the impact of emerging or unforeseen events or genuine emergencies.

General Reserves are funds which, subject to legal obligations and Council's Financial Regulations, do not have any restrictions as to their use. A level of General Reserves has been maintained which has been the equivalent 9-12 months expenditure and should not exceed 12 months net revenue expenditure.

Earmarked Reserves

This type of reserve provides a means for the holding or accumulation of funds for use in a later financial year to meet known or planned expenditure. This known or planned expenditure maybe either revenue expenditure or capital expenditure.

Earmarked Reserves may increase or decrease through decisions of the Council and as they are spent on their specific and intended purposes. Through annual

proportional increases to Earmarked Reserves, the impact on budgets and therefore the annual precept, is minimised. This action also helps to ensure that strong balances are passed to future Councils as part of sustainable financial planning.

Earmarked Reserves are typically held for four main reasons:

- a) Renewals
- b) To carry forward an underspend
- c) To indicate commitment to a capital project
- d) To meet known or predicted liabilities

Ringfenced/Restricted Earmarked Reserves

The purpose of Earmarked Reserves are usually defined – and may be redefined or reallocated – by Council should priorities or needs change. However, some funding held in Earmarked Reserves may be ringfenced or restricted for a specific purpose only. For example, capital funding, grants received and CIL funding may be held in specified Earmarked Reserves and may only be spent in accordance with relevant regulations.

Monitoring and Reviewing Reserves

Financial management of the Council's General and Earmarked Reserves is carried out in accordance with the Council's Financial Regulations and Terms of Reference.

A record of General and Earmarked Reserves is maintained by the RFO and administered through the accounts management software.

The balance of General and Earmarked Reserves are reviewed by Council as part of the Budget Process between September and January each financial year to confirm that provisions are appropriate, and as part of the Year End process. Any transfers between General and Earmarked Reserves must be approved by Council.

Policy Approved: Council
Review Body: Finance & Governance Committee recommendation to Council
Review Period: Biennial
Next Review: F&G (March 2026) / Annual Council (May 2026)