

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

<b>Name of Council:</b>	Sudbury Town Council	
<b>Income:</b>	£ 1,052,099 (rounded)	
<b>Expenditure:</b>	£ 921,889 (rounded)	
<b>Precept Figure:</b>	£ 670,100	
<b>Current Year Fund:</b>	£ 130,210 (rounded)	
<b>General Reserve:</b>	£ 360,610 (rounded)	
<b>Earmarked Reserves:</b>	£ 180,327 (rounded)	



## Internal Audit Objectives and Responsibilities

The primary objective of Internal Audit is to review, appraise and report upon the adequacy of internal control systems operating throughout the council, and to achieve this will adopt a predominantly systems-based approach to audit.

The council's internal control system comprises the whole network of systems established within the council to provide reasonable assurance that the council's objectives will be achieved, with reference to:

- The effectiveness of operations
- The economic and efficient use of resources
- Compliance with applicable policies, procedures, laws and regulations
- The safeguarding of assets and interests from losses of all kinds, including those arising from fraud, irregularity and corruption
- The integrity and reliability of information, accounts and data

Accordingly, in the conduct of planned audits Internal Audit may:

- Carry out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year in order to be able to complete the Annual Internal Audit Report 2019/20 of the Annual Governance and Accountability Return (AGAR)
- Review the reliability and integrity of financial information and the means used to identify, measure, classify and report such information
- Review the means of safeguarding assets and, as appropriate, verify the existence of such assets
- Appraise the economy and efficiency with which resources are employed, identify opportunities to improve performance and recommend solutions to problems
- Review the established systems to ensure compliance with those policies, procedures, laws and regulations which could have a significant impact on operations, and determine whether the council complies
- Review the operations and activities to ascertain whether results are consistent with objectives and whether they are being carried out as planned

Subject	Requirements	Comments/Recommendations
<b>1. Proper Book-keeping</b>	Type of cash book or ledger used	The council uses the Rialtas Suite Accounting Package which produces reports on an income and expenditure basis.
	Cash book kept up to date and regularly verified against bank statement	Cash books are reconciled on a monthly basis and the Town Council is registered for VAT with both Sales and Purchase Ledgers being implemented via the Omega Accounting System.  <i>Comment: The RFO ensures that the cash book is the focus for day-to-day accounting and is aware that the balancing off and reconciliation to the bank statement remains the most important control over the accounting system.</i>
	Correct arithmetic and balancing	Spot checks were made and found to be in order. The Responsible Financial Officer ensures that the cash book is the focus for the day-to-day accounting and balancing off and reconciliation to the bank statements. Journal entries between cost codes for the period under review were seen and verified.  <i>Comment: the Council follows Proper Practices in ensuring that its accounting procedure gives a more accurate presentation of an authority's true financial position by focusing on the balance of economic benefits that it has under its control, rather than just its bank balance.</i>
<b>2. Financial Regulations &amp; Standing Orders</b>	Evidence that standing orders have been adopted and reviewed regularly	The Standing Orders, as seen on the Town Council's website are dated 11 <sup>th</sup> June 2019 and are based on the latest model published by the National Association of Local Councils (2018). As such they are compliant with legislation and have been adapted (where they are not statutory requirements) to ensure that they are relevant to the town council.  <i>Comment: 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.</i>
	Evidence that Financial Regulations have been adopted and reviewed regularly	Financial Regulations (FR) were reviewed and adopted at a meeting of Full Council of 10 <sup>th</sup> September 2019 following recommendations made

		<p>by Finance Committee at its meeting of 3<sup>rd</sup> September 2019. Those seen on the website are dated 10<sup>th</sup> September 2019 and are based on the NALC Model Financial Regulations 2019).</p> <p><i>Comment: Council is aware of the requirement to ensure that its FR, in accordance with Proper Practices are regularly reviewed, fit for purpose and adhered to.</i></p>
	Evidence that a Responsible Financial Officer has been appointed with specific duties	The Council, in accordance with proper practices and with reference to section 151 of the Local Government Act 1972, has appointed a Responsible Financial Officer (RFO) who has responsibility for the financial administration of the authority.
	Evidence that Financial Regulations have been tailored to the Council	Council is aware of the requirement to ensure that the SO and FR are fully tailored to the smaller authority by removing the alternative options for a council and in particular removing the square brackets [] as this creates ambiguity.
<b>3. Payment controls</b>	Supporting paperwork for payments, and appropriate authorisation	<p>A spot check of a sample of payments for items above £1,500 were cross checked against cash book, bank statement, invoice and minutes and found to be in order.</p> <p><i>Comment: Council is aware of its own Financial Regulation FR4.1 which gives delegated powers to duly appointed committees for approval of expenditure over £500 and under £5,000.00. Such expenditure is presented to the meeting with formal approval of such expenditure being minuted and copies attached to the minutes as a formal record. These minutes are in turn reviewed and adopted by Full Council in accordance with Standing Order 17ci.</i></p> <p>It is noted that the Finance Committee reviews the annual list of due payments which arise on a regular basis as the result of a continuing contract, statutory duty, or obligation for which council may authorise payment for the year provided that the requirements of regulation 4.1 (Budgetary Controls) are adhered to and further satisfies FR 5.6 by ensuring that payments made on a monthly basis via Direct Debit and Standing Order are submitted at each Finance Meeting and copies of such payments are attached to the minutes as a formal record.</p>

		<p>A sample of Debit Card payment request forms were analysed for the year under review. Council has implemented a procedure for the authorisation of debit card payments and a procedure for the signing in and out of the debit card by the user.</p> <p><i>Comment: A purchase order system is used detailing items to be requisitioned along with prices. All purchase orders are countersigned by the relevant line manager who is responsible for monitoring incurred expenditure and ensuring that orders submitted to contractors are formally accepted to ensure that the Council is getting value for money.</i></p> <p>A spot check of items paid via the BACS / Direct Debit system from the Council's Accounts were also cross checked against cashbook, bank statements and invoices. All were found to be in recorded/authorised correctly and in accordance with Council's own FRs. Such payments form part of the Payments Summary which is submitted to either Finance and Personnel Committee or full Council for approval at each relevant meeting and forms part of the Council's approved minutes.</p> <p><i>Comment: Council continues with the good practice of ensuring, that a schedule of due and retrospective payments which arise on a regular basis of a continuing contract, is submitted to Finance Committee for approval at each meeting and signed off by the Chairman of the meeting. Such a report forms part of the Council's minutes.</i></p> <p>Fuel Genie Statements were seen for the period under review and months October 2019 through March 2020 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 6.18 &amp; 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>
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	Internet Banking transactions properly recorded/approved	Internet banking is operated in accordance with the Council's own FRs with evidence being retained showing which authorised members or the RFO under delegated authority approved the payment.
	VAT correctly identified and reclaimed within time limits	<p>VAT is identified within the cash books and reclaimed on a quarterly basis. The balance reclaim outstanding at year-end was £11,071.18 which was submitted on 5<sup>th</sup> May 2020..</p> <p>Claim for 1st Quarter to 30<sup>th</sup> June 2019 in the sum of £4,824.36 due to HM Revenue and Customs (HMRC) was settled by the Council on 31<sup>st</sup> July 2019.</p> <p>Claim for the 2<sup>nd</sup> Quarter to 30<sup>th</sup> September 2019 in the sum of £3427.72 was settled by HMRC on 29<sup>th</sup> October 2019</p> <p>Claim for the 3<sup>rd</sup> Quarter to 31<sup>st</sup> December 2019 in the sum of £6,388.73 was settled on 27<sup>th</sup> January 2020</p> <p><i>Comment: in accordance with proper practices, the Council has ensured that it has robust arrangements in place for the handling of its responsibilities with regards to VAT.</i></p>
	Has Council adopted the General Power of Competence (GPoC) and is it being correctly applied?	<p>At its meeting of 14<sup>th</sup> May 2019, it was resolved to adopt the General Power of Competence. Council has noted the comment raised in the interim internal audit that it might be beneficial for the Council to confirm that it fulfils the criteria under the Localism Act 2011 Section 1-8 to adopt the power. Grants under the GPoC for the period under review totalled £44,613.34 with an annual budget of £45,000.</p> <p>Grant Aid LGA 1972 s142 shows expenditure of £8,000.00 with an annual budget of £8,000.</p>
	Payments of interest and principal sums in respect of loans, are paid in accordance with agreements	<p>The council had outstanding Public Works Board Loans as at 31<sup>st</sup> March 2020 of £325,157.77 (as per the notification from United Kingdom Debt Management Office and as declared on the Annual Governance and Accountability Return).</p> <p>These are broken down as follows:  PWLB Loan 493742 Delphi £5,333.16  PWLB Loan 494354 Town Hall £319,824.61.</p> <p>Repayments of interest were made during the year in accordance with the schedule seen.</p>

<b>4. Risk Management</b>	Is there evidence of risk assessment documentation?	At the meeting of 12 <sup>th</sup> November 2019, Council reviewed and approved its Risk Management Policy which covers in general terms the matters which could possibly prevent a smaller relevant body from functioning.
	Evidence that risks are being identified and managed.	<p>Council has carried out a comprehensive financial risk assessment with its documents showing that it has identified the risks associated with ensuring that public finances are adequately protected and managed and has taken steps to mitigate such risks. The documentation of the specific control procedures that have been adopted by the council for payments not only protects the RFO but also fulfils an internal control objective.</p> <p><i>Comment: with reference to the Accounts and Audit Regulations 2015, Council has understood the requirement to have in place safe and efficient arrangements to safeguard public money.</i></p> <p>Note 26.03.20 Risk Assessment carried out on the running of Sudbury market during the outbreak of the Coronavirus for Thursday and Saturday markets – with measures to be in place to manage the situation.</p>
	Contingency Plan to deal with the impact of the Coronavirus on the Town Council	In light of the current coronavirus situation, at the meeting on 10 <sup>th</sup> March 2020 the Council discussed a Contingency Plan for the holding of meetings remotely and the work required to do this along with the services that were provided to the public. It was further agreed that the Policy and Resources Committee would review the Emergency Planning Document.
	Appropriate Insurance cover in place for employment, public liability and fidelity guarantee.	<p>During the interim internal audit, General Insurance from Zurich for the period from 1<sup>st</sup> April 2019 to 31<sup>st</sup> March 2020 was seen - Policy Reference: YLL-2720842223 refers.</p> <p>Core cover shows the following: Employers Liability £10,000,000; Public Liability £15,000,000; Fidelity Guarantee Cover is £1,000,000 &amp; cover for 3 Premises with detailed all risks for specified items.</p> <p><i>Comment: in accordance with current recommended guidelines, which provides that the cover should be at least the sum of the year-end balances plus 50% of the precept/grants, Council might wish to review the current level of cover given the year-end bank balances and 50% of</i></p>

		<p><i>the precept due in April 2020.</i></p> <p>Motor Insurance with ERS Insurance Brokers for the period 1st April 2019 to 31st March 2020 was seen. Policy Reference 4036121 covers 2 vehicles.</p>
	Evidence that insurance is adequate and has been reviewed on an annual basis	<p>Approval of both insurances for the above period was recommended by the Finance Committee at its meeting on 5<sup>th</sup> March 2019 with agreement to proceed given by full Council at its meeting on 12<sup>th</sup> March 2019.</p> <p><i>Comment: in accordance with Proper Practices, Council has identified its key risks and taken steps to manage them in a way which it can justify to a level which is tolerable by transferring the risk and buying in services from specialist external bodies and taking out insurance.</i></p>
	Evidence that internal controls are documented and regularly reviewed	<p>As reported in the interim report, within the Internal Control Statement for the period ending 30<sup>th</sup> September 2019, Council has reviewed its arrangements to protect public money considering them appropriate for the operation of the Council.</p> <p><i>Comment: The Council has specific control procedures for payments by bank transfer or other electronic means and has ensured that the risks brought about by the ease and speed of such transactions and the difficulties faced in unravelling them should there be errors are mitigated. Such control measures are scrutinised within the Internal Control Review which is presented to Finance Committee with recommendations for amendments and adoption by Full Council on a six-monthly basis.</i></p>
	Evidence that a review of the effectiveness of internal audit has been carried out during the year	<p>In accordance with the Accounts and Audit Regulations 2015, Council formally reviewed the scope and effectiveness of its internal audit arrangements at the meeting of full Council of 11<sup>th</sup> June 2019.</p>
<b>5. Budgetary controls</b>	Verifying that the budget has been properly prepared, and agreed	<p>The budget and precept were recommended for approval by the Finance Committee at a meeting of 2<sup>nd</sup> January 2019 with a 2.01% increase on the previous year. This was agreed at a full Council Meeting of 8<sup>th</sup> January 2019. The precept was set at £670,100 against a budget of £670,100.</p>

		<p><i>Comment: Council shows good practice by following the recommended key stages as to the budgetary process to be followed for the year:</i></p> <ul style="list-style-type: none"> <li>• <i>decide the form and level of detail of the budget;</i></li> <li>• <i>review the current year budget and spending;</i></li> <li>• <i>determine the cost of spending plans;</i></li> <li>• <i>assess levels of income;</i></li> <li>• <i>bring together spending and income plans;</i></li> <li>• <i>provide for contingencies and consider the need for reserves;</i></li> <li>• <i>approve the budget;</i></li> <li>• <i>confirm the precept or rates and special levies; and</i> <i>review progress against the budget regularly throughout the year.</i></li> </ul>
	Verifying that the Precept amount has been agreed in full Council and clearly minuted	The precept was set at £670,100 at the same meeting with evidence provided showing consideration of the impact on a Band B dwelling.
	Regular reporting of expenditure and variances from budget	Summary and detailed Income and Expenditure by Budget Heading and Cost Centre Reports are presented at each Finance Committee Meeting which shows percentage variances and funds available. These reports are resolved for adoption at the next full Council Meeting and, once adopted, form part of the meeting's minutes.
	Reserves held  General and Earmarked.	<p>At the meeting of the Finance Committee (held virtually) on 5<sup>th</sup> May 2020, Council review the annual movement and year-end balances for the year ending 31<sup>st</sup> March 2020.</p> <p>Whilst the Annual Governance and Accountability Return is still to be formally approved by full Council, the smaller authority has year-end reserves of £671,147 which are broken down as follows:</p> <p>Current Year Reserves: £130,210  General Purpose Fund: £360,610  and earmarked reserves funded as below:</p> <p>Rolling Capital Fund: £52,739  Training Costs Fund: £1,050  Services and Acquisitions: £16,945  Mayors Charity Fund: £1,680  OAP Christmas Fund: £3,624  Biodiversity Trail: £4,316  Advertising and Promotion: £5,500  Dogs Anti-Fouling Campaign: £806  Ground Maintenance: £9,580</p>

		<p>Sudbury Infrastructure: £65,157  Staff Social Security: £6,044  Mayors Benevolent Fund: £9,008  Elections: £3,878</p> <p><i>Comment: In accordance with Council's own Financial Regulations, virements between budgets and earmarked expenditure are approved by the Town Council as and when they arise. Council has furthermore reviewed the level of general reserves during the year under review ensuring that it has sufficient reserves and contingency sums in order to meet, within reason, any unforeseen items of expense that may occur.</i></p>
<b>6. Income controls</b>	Is income properly recorded and promptly banked?	<p><i>A number of items of income were cross checked against cash book, paying-in book, bank statement and invoices. All were found to be in order and in accordance with Proper Practices, the RFO ensures that the accounting records contain entries from day to day of all sums of money received.</i></p> <p><i>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 an underlying audit trail.</i></p>
	Is income reported to full Council?	<p>Income is reported at each meeting and forms part of the Financial Report in the minutes approved by Council.</p> <p><i>Comment: the RFO, in the reporting of income received ensures that Council not only adheres to FR 9.1 with the collection of all sums due to the Council, but also fulfils an internal control objective requiring that cash and cheques should be entered into the cash book on the date of receipt and banked promptly and intact (i.e. without any of the cash being kept back for spending).</i></p>
	Trade debtors	<p>The outstanding sales ledger invoices for the period ending 31<sup>st</sup> March 2020 was seen and verified at £7093.01. Analysis of the ledger showed that none of the debtors was more than two months old.</p> <p><i>Comment: in accordance with guidance, and essential as part of proper financial management, the Council maintains an effective debt collection by ensuring that invoices raised are paid promptly or that</i></p>

		<i>appropriate recovery action has been taken.</i>
	Does the Precept recorded agree to the Council Tax Authority's notification?	<p>The council received precept of £670,100 – equal instalments of 50% were received in April and September. This was reported within the financial management reports submitted to full Council in May and October 2019.</p> <p><i>Comment: Evidence was provided showing a full audit trail from Precept being discussed, approved and served on the Charging Authority to remittance advices showing the Precept to be paid and receipt of same in the Council's Bank Account.</i></p>
	If appropriate, are CIL Reporting Schedules in accordance with the Community Infrastructure Levy Regulations 2010?	<p>Council's trial balance and associated paperwork show that CIL Receipts in the sum of £11,293.75 have been received during the period under review.</p> <p>A report for the period ending 31<sup>st</sup> March 2020 detailing expenditure and income received was verified as being published on the Council's website in accordance with the requirements of the legislation.</p> <p><i>Comment: Council has understood the requirements to comply with its duty to produce an annual CIL report for each financial year.</i></p> <p><i>Comment: during the year, the Earmarked Reserve Sudbury Infrastructure (previously named Boating Pond/Millacre), which includes monies received under Neighbourhood CIL was renamed to Sudbury Infrastructure by the Leisure, Environment and Highways Committee on 29<sup>th</sup> April 2019 which was approved by full Council at its meeting of 14<sup>th</sup> May 2019.</i></p>
<b>7. Petty Cash</b>	Is a petty cash in operation?	<p>Petty cash system in place, form is completed, and receipt required for all purchases. Petty cash tin is kept in a secure location. Petty cash reconciliations for the months of December 2019 through to March 2020 were reviewed and verified.</p>
	If so, is there an adequate control system in place.	<p>There is a satisfactory expense system in place and Council ensures that all expense claim forms are standardised; accompanied by receipts and that all forms are signed by not only the claimant but also the line manager for that department.</p>

<b>8. Payroll controls</b>	Do all employees have contracts of employment?	<p>All members of staff have approved contracts.</p> <p>At its meeting of 14<sup>th</sup> May 2019, the Town Council approved the recommendation from the Human and Resources Committee that the grading structure as per the NALC new scales effective 1 April 2019 be adopted .</p>
<p>Are arrangements in place for authorising of the payroll and payments by the Council?</p> <p>Verifying the process for agreeing rates of pay to be applied.</p>	<p>The council's payroll service is outsourced and run by SGW Payroll Ltd. and has been operated properly and overseen by the council as an employer. Salaries are paid in accordance with contracted hours worked and timesheets for office staff and labour including those for overtime were seen. At year-end, Council had 25 employees on the payroll. Council is a member of both the Local Government Pension Scheme and NEST.</p>	
<p>Do salary payments include deductions for PAYE/NIC?</p> <p>Is PAYE/NIC paid promptly to HMRC?</p>	<p>Cross-checks were completed on 6 items each of salary, PAYE and pension contributions and these were all found to be in order. In accordance with Proper Practices, PAYE taxes and employee and employer National Insurance contributions (NIC) are calculated and recorded for every employee.</p> <p>Deductions are paid to HM Revenue and Customs and Suffolk County Council on or before the dates prescribed.</p> <p><i>Comment: in accordance with Proper Practices, Council has ensured that the remuneration payable to all employees has been approved in advance by the Council. There are robust payroll arrangements in place which ensures the accuracy and legitimacy of payments of salaries and wages, and associated liabilities and as such the Council has complied with its duties under employment legislation and has met its pension obligations.</i></p>	
<p>Is there evidence that the Council is aware of its pension responsibilities? Are pension payments in operation?</p>	<p>14 of Council's employees on its payroll at year-end are members of the Local Government Pension Scheme with 3 being members of the NEST Pension Scheme.</p> <p><i>Comment: Council has complied with its duties under employment legislation and has met its pension obligations.</i></p>	

	<p>Are other payments to employees reasonable and approved by the Council?</p> <p>Approval of the Mayoral Allowance</p>	<p>There is a satisfactory expense system in place and all expense claim forms are standardised; accompanied by receipts and signed by the claimant.</p> <p>Approval was given at the meeting of the Finance Committee of 30<sup>th</sup> April 2019 for the Mayor's Allowance (with reference to LGA 1972 s145) for 2019/2020 to be set at £3,500.</p> <p><i>Comment: Council should be aware that section 15(5) of the LGA 1972 provides that Parish (and Town) Councils may for its Mayor " for the purpose of enabling him to meet the expenses of his office such allowance as the council think reasonable".</i></p>
<p><b>9. Asset control</b></p>	<p>Verifying the Council maintains an Asset Register in accordance with proper practises</p>	<p>It is noted that the declared value for all assets at year-end (31.03.2020) was £2,962,497.68 as evidenced from the paperwork submitted and the Annual Governance and Accountability Return. Movement through the registers covering acquisitions totalling £24,857.30 was reviewed.</p> <p>All assets have been stated as at cost value (fixed as at 2010 in accordance with the basis as recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA)) and where assets have been gifted or where there is no known value have been given the proxy value of £1. It is noted that a number of items were revalued in 2019 for insurance purposes only.</p> <p><i>Comment: Council is mindful of the guidance within the Governance and Accountability for Smaller Authorities in England March 2019 on the valuation of its assets and has ensured that where the insurance value of the asset at the time of first recording is used, that method of valuation has been consistently applied and if/where amended, it will need to publish and provide explanations in changes in value to any previously recorded assets.</i></p> <p>Approved Assets are broken down as follows:  Land and buildings £2,095,491.00  Intangible Assets £5,745.00  Vehicles etc. £241,674.37  Infrastructure £166,512.31</p>

		<p>Street improvements £176,817.00  Community assets £106,282.00  Civic Regalia £121,105.00  Council Artefacts £ 48,871.00</p> <p><i>Comment: Council has followed recommended guidance with regards to the treatment of community assets such as Town Hall Museum; land at Croft; Land at Mill Acre; land at Woodhall and Francis Road and land at Cemetery and extension; Council Artefacts on loan to Gainsborough's House which due to their nature or legal status do not have a market value as they cannot be or will not be sold. Such assets have been included at either their historic cost value or given a £1 nominal value. Such assets are given a value and included in the asset register at a value other than zero to ensure the Town Council's ownership and responsibility is recognised and not lost or forgotten.</i></p>
	Verifying that the Asset Register is reviewed annually	A review of the asset register along with movement was considered by the Council at its meeting of 5 <sup>th</sup> May 2020 at which Council agreed that the asset register for 2019/20 accurately included all capital acquisitions and disposal transactions as recorded in the council's cashbook for the year under review
	Cross checking of Insurance cover	In accordance with Proper Practices, Council has identified its key risks and taken steps to manage them in a way which it can justify to a level which is tolerable by transferring the risk and buying in services from specialist external bodies and taking out insurance.
<b>10.Bank reconciliation</b>	Regularly completed and reconciled with cash book	<p>Bank reconciliations are completed on a monthly basis and reconcile to the cashbook.</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. The year-end bank reconciliation provides evidence to support the total cash and short-term investments balance as shown in Box 8 of the Annual Governance and Accountability Guide.</i></p> <p>Bank balances agreed with year-end statements and as at 31<sup>st</sup> March</p>

		<p>2020 stand at: overall £693,717.13  Current Bank Account: £125,302.66  Petty Cash: £335.10  Mayors Allowance: £2,510.46  Mayors Caring Account: £1,680.27  Benevolent Fund Account: £9,007.82  Fixed Term Deposit Accounts: £200,000.00  Corporate Deposit Account: £354,880.82</p> <p>To minimise the Council's exposure to risk, it has sought to diversify its reserves between highly rated UK banks and building societies with the objective of prudently investing some of its balances. Council has ensured that it uses only specified investments as defined by DCLG guidance and is aware that such investments should have regard to security of reserves and liquidity of investments. Council has the following investments:  £200,000 in fixed term deposit accounts with Aldermore Bank:  £100,000 @ 1.10% (reinvested 15 May 2019);  £100,000 @ 1.40% (maturity date 15 October 2019).</p> <p><i>Comment: Council has taken into account the guidance as per Proper Practices on the treatment of investments which states that it is unusual for an authority to hold its reserves other than in the form of easily accessible bank deposits or other short-term investments.</i></p> <p>At the meeting of 3<sup>rd</sup> March 2020, the Finance approved the Draft Treasury Management Scheme Strategy with no amendments to be made and recommended it to full Council which formally adopted the Statement at its meeting of 10<sup>th</sup> March 2020.</p> <p><i>Comment – Statutory guidance on investments issued by the Secretary of State under section 15(1)(9) of the LGA 2003 (3rd edition) states that all councils that have investments in excess of £100,000 should have in place an investment strategy.</i></p>
	Confirm bank balances agree with bank statements	In accordance with Proper Practices, bank reconciliations are performed on a regular basis and cover each of the smaller authority's

		accounts. Council has ensured that by reconciling the council's accounts to the bank statement it has limited the council's exposure to errors, omissions or discrepancies in either the bank records or the cash books.
	Regular reporting of bank balances at council meetings	Overall there is regular reporting of bank balances within the financial reports submitted to the Finance Committee and to full Council.  <i>Comment: 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 their scrutiny each time it is done. Approval of the bank reconciliation by the authority or the chair of finance or another authority nominee is not only good practice, but it is also a safeguard for the RFO and may fulfil one of the authority's internal control objectives.</i>
<b>11. Year-end procedures</b>	Appropriate accounting procedures used	Accounts are produced on an income and expenditure basis. All were found to be in order. Council has ensured that its records detail the assets and liabilities of the authority including the asset and investment register and record of loans and other debts.
	Financial trail from records to presented accounts	There is an underlying financial trail from financial records to the accounts produced. Debtors and creditors have been properly recorded. Period-end balances agree with cash book and bank reconciliations: £671,147.32 Total Debtors: £30,293.78 Total Stock: £6,666.84 Total Creditors: £59,530.43 Total Reserves: £693,717.13  Funded by: Current Bank Account: £125,302.66 Cash: £335.10 Mayors Allowance: £2,510.46 Mayors Caring Account: £1,680.27 Benevolent Fund Account: £9,007.82 Fixed Term Deposit Accounts: £200,000.00 Corporate Deposit Account: £354,880.82
	Has the appropriate end of year AGAR documents	As the Council is a smaller authority with gross income and expenditure

	been completed?	exceeding £25,000 but not exceeding £6.5million it has completed Part 3 of the AGAR.
	Where an authority certified itself exempt in 2018/19, did it met the exemption criteria and correctly declared itself exempt?	As the Council was a smaller authority with gross income and expenditure exceeding £25,000 during the year 2018/19, it was not able to certify itself as an exempt authority.
	During the Summer 2019 did the smaller authority demonstrate that it correctly provided for the exercise of public right as required by the Accounts and Audit Regulations?	The Internal Auditor was able to confirm that the details of the arrangements for the exercise of public rights for the period ending 31 <sup>st</sup> March 2019 were displayed on the public noticeboards used by the Council.
	Have the publication requirements been met in accordance with the Audit & Accounts Regulations of 2015	The Council has complied with the requirements of the Accounts and Audit Regulations 2015 for smaller authorities with income and expenditure not exceeding £25,000 and published the following on a public website: Annual Internal Audit Report of the AGAR Section 1 – Annual Governance Statement of the AGAR Section 2 – Accounting Statements of the AGAR Section 3 – The External Auditor Report and Certificate 2018/19 Notice of the period for the exercise of public rights and other information required by Regulation 15 (2), Accounts and Audit Regulations 2015.
	The Accounts and Audit (Coronavirus) (Amendment) Regulations 2020	Owing to the increasing impact of COVID19 MHCLG has made amended Regulations which extend the statutory audit deadlines for 2019-20 only for all Category 2 smaller authorities (town and parish councils, parish meetings, internal drainage boards and other authorities).  <ul style="list-style-type: none"> <li>• The requirement for the public inspection period to include the first 10 working days of July has been removed</li> <li>• Instead, smaller authorities must commence the public inspection period on or before 1 September 2020. Authorities are urged to commence this period as soon as possible</li> <li>• The AGAR must be approved and published by 31 August 2020 at the latest or may be approved earlier, wherever possible.</li> </ul> <p>This means that for 2019-2020, the period for the exercise of public rights can now be held at any time after the approval of the accounts and AGAR provided it is commenced by 1 September at the latest.</p>

<b>12. Internal audit for the year ending 31 March 2019</b>	Verifying that the previous internal audit reports have been considered by the Council	<p>The internal audit report was considered by the Finance Committee at its meeting of 7<sup>th</sup> January 2020 with formal approval by full Council at its meeting of 14<sup>th</sup> January 2020.</p> <p><i>Comment: in accordance with Proper Practices, the Council has considered the report submitted by the Internal Auditor, approving the recommendations noting within the report. By the consideration of the audit report, Council will be able to make informed decisions when considering the authority's approval of the annual governance statement.</i></p>
	Verifying that appropriate action has been taken regarding recommendations raised in reports from Internal Audit	<p>At the above meeting, Council approved the following actions as recommended by the Internal Auditor following the internal audit for the period ending 30<sup>th</sup> September 2019.</p> <ol style="list-style-type: none"> <li>1. Approval of Standing Orders for council and relevant committees to be brought back to full Council – in-hand</li> <li>2. At the next process of adopting the GPoC, Council to confirm that it fulfils the criteria under the Localism Act 2011 Section 1-8 to adopt the power.</li> <li>3. Review the power under which resolution was given for the implementation of pay increases relevant to the National Salary pay scales for 2019/20 – in-hand</li> <li>4. Process to be implemented to ensure all Fuel Genie Statements are submitted to Finance Dept - completed</li> </ol>
	Confirmation of appointment of Internal Auditor	<p>The appointment of SALC as the Internal Auditors for the Town Council was formally approved at full Council meeting of 11<sup>th</sup> June 2019 for a period of 3 years.</p> <p><i>Comment: in accordance with proper practices, Council has formally undertaken a review of the internal audit procurement for the coming year.</i></p>
<b>13. External audit for the year ending 31 March 2019</b>	Verifying that the external audit report has been considered by the Council	<p>The Finance Committee at its meeting of 1<sup>st</sup> October received and considered the Limited Assurance Review for the period ending 31<sup>st</sup> March 2019 with the recommendation that the report be presented to full Council at its meeting of 8<sup>th</sup> October 2019 for adoption. The report and recommendation by the Finance Committee that the report be approved was agreed at full Council on 8<sup>th</sup> October 2019.</p>

	Verifying that appropriate action has been taken regarding recommendations raised in reports from External Audit	<p>The above report and the request from the External Auditor to amend Box 10 figure for the reporting year in relation to a special decision taken by the Joint Panel on Accountability and Governance (JPAG) and the National Audit Office Box 9 for the current and previous years was noted and approved by Council at the meeting of 1<sup>st</sup> October 2019. There were no further actions to be taken as a result of the Limited Assurance Review and no further matters were brought to the smaller authority's attention.</p> <p><i>Comment: in accordance with proper practices, Council will be able to answer positively to Assertion 7 as it has considered all matters brought to its attention by its external auditor.</i></p>
<b>1 4. Additional Comments</b>	Annual meeting - held in accordance with legislation	The Annual Meeting of the Council was 14 <sup>th</sup> May 2019 at which the first item on the agenda was the election of the Mayor.
	Correct identification of trustee responsibilities	There are no sole trustee responsibilities.
	Treatment of Minutes	In accordance with the Local Government Act 1972 Schedule 12 para 41 (1), the pages of the looseleaf minutes were consecutively numbered and initialled by the person signing the minutes at the time of signature.
	Verification that the applicable Transparency Code has been correctly applied and information is published in accordance with current legislation	<p>To ensure compliance with the requirements of the Local Government Transparency Code 2015 (turnover exceeding £200,000), council is aware that the following information should be:</p> <p>Published quarterly:</p> <ul style="list-style-type: none"> <li>Individual items of expenditure that exceed £500</li> <li>Government Procurement Card transactions</li> <li>Invitations to tender for contracts over £5,000</li> <li>Details of contracts that exceed £5,000</li> </ul> <p>Published annually:</p> <ul style="list-style-type: none"> <li>Details of all land and building assets</li> <li>Grants to Voluntary, Community and Social Enterprise Organisations</li> <li>Details of number of employees whose remuneration is over £50K and job title</li> </ul> <p><i>Comment: Council is taking steps to ensure that it reviews the publication requirements under the Code ensuring that relevant data is</i></p>

		<i>published in accordance with the prescribed deadlines.</i>
	Publication Scheme	<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.</p> <p><i>Comment: The 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 was not able to be viewed on the Council's website.</i></p> <p><b>Recommendation: Council might wish to review where information is loaded onto its website as it was not always apparent or logical as to where information was stored on the website. As a website is the easiest way for most people to access information, Council should ensure that information is available quickly and easily thereby publishing information proactively.</b></p>
	Verifying that the council is registered with the ICO	The Council is correctly registered with the Information Commissioner's Office (ICO) as a Data Controller in accordance with the Data Protection Legislation.
	Verifying that the Council is compliant with the General Data Protection Regulation requirements	<p>Council has considered the main concepts and principles of the GDPR which came into force in May 2018 and has taken steps to follow the recommendations as outlined in the Annual Audit Report for the year ending 31<sup>st</sup> March 2019 to ensure compliancy.</p> <p><i>Comment: Council should ensure that the suite of policies that provides clear responsibilities and obligations of the Town Council in respect of the collecting, using and protecting of personal information in accordance with the provisions of the GDPR are reviewed on an annual basis to ensure that they are not only compliant with GDPR but are also compliant with The Data Protection Act 2018 Act which not only governs general data covered by the GDPR, but also covers all other general data as well as law enforcement data.</i></p>
	Business Plan 2018-2020	Full Council at its meeting of 11 <sup>th</sup> February adopted the updated Business Plan which outlines the direction and strategy for the Town Council over a four year period. The business plan provides an

		<p>understanding of what the Town Council is trying to achieve and how it intends to deliver it. It is noted that the Business Plan on the Town Council's website is dated 13<sup>th</sup> November 2018.</p> <p><b>Recommendation: whilst the Town Council is committed to the principle of openness and transparency it should, wherever possible, aim to ensure that residents are able to access information about the work of the Council, its systems and procedures. Council should ensure that it regularly reviews its policies and procedures and that they are published on the council's website.</b></p>
		<p>The Internal Auditor offers her appreciation for the assistance given by the Town Clerk and his staff completing this audit. The internal audit review, undertaken on the documentation provided to the internal auditor and that published on the Council's website, has provided evidence of the overall adequacy and robustness of the financial arrangements in place within the Council.</p> <p><i>For further information and for the year effective 1<sup>st</sup> April 2020 please refer to Governance and Accountability for Smaller Authorities in England - A Practitioners' Guide to Proper Practices to be applied in the preparation of statutory annual accounts and governance statements - March 2020.</i></p>

Signed: *Victoria S Waples*

Date of Internal Audit Visits: 7<sup>th</sup> November 2019 and 18<sup>th</sup> May 2020      Date of Internal Audit Report: 19<sup>th</sup> May 2020

On behalf of Suffolk Association of Local Councils