

## **Report to Lowestoft Town Council**

### **The Internal Audit of the Accounts for the year ending 31 March 2018**

#### **1. Introduction and Summary.**

1.1 The 2017/18 year was the Town Council's initial year of operation and both Town Councillors and Officers prioritised the need to develop and secure a high standard of financial management and control. From the time of the inaugural meeting in May 2017, when the status of the Town Council was formally adopted, the Town Council with the support of its own officers and those from Waveney District Council (WDC) worked energetically to overcome significant operational and administrative challenges faced during the formative months of the new Council. The Internal Audit review confirmed that the Town Council has ensured that effective and efficient financial administration is in place. The Council has developed a wide range of formal policies, procedures and protocols which overall provides a solid foundation for strong financial management and control. The development process is continuing and includes the on-going work of formulating and maintaining Development Plans and Forward Plans for each area of the Town Council's operations with a particular focus upon the Transferred Assets.

1.2 The WDC set a Lowestoft Town Council budget of £1,392,280 for the year 2017/18. The first Councillors were elected in May 2017 and the inaugural meeting of the new Council was held on 16 May 2017, at which point the Town Council appointed Ms Shona Bendix as the Clerk (Proper Officer) and Responsible Financial Officer (RFO) under interim arrangements with the Suffolk Association of Local Councils (SALC). The appointment of Ms Bendix as a permanent Clerk to the Town Council was formally approved by the Council at its meeting on 11 October 2017 and her terms of appointment include her role as RFO, which was reconfirmed at the Annual Meeting of the Council on 8 May 2018 (Minute 280 refers).

1.3 WDC provided ongoing support during 2017/18 in terms of accounting and financial advice to the Council under the interim arrangements.

1.4 The Town Council and its staff are to be commended in meeting the challenges of the transition and the significant demands that were placed upon the new Council over an extremely short period of time. The Town Council is now moving forward within an overall framework of effective and robust financial management and control.

1.5 The Accounts for the 2017/18 year confirm the following:

<i>Total Income for the year:</i>	<i>£1,612,735</i>
<i>Total Expenditure in the year:</i>	<i>£911,605</i>
<i>Total Reserves at year-end:</i>	<i>£701,130</i>



1.6 The Annual Governance and Accountability Return (AGAR) to the External Auditors, PKF Littlejohn LLP, was examined and the following figures agreed with the Clerk/RFO for inclusion in Section 2 - Accounting Statements 2017/18:

<i>Balances at beginning of year (1 April 2017):</i>	<i>Box 1: £0</i>
<i>Annual Precept 2017/18:</i>	<i>Box 2: £1,392,280</i>
<i>Total Other Receipts:</i>	<i>Box 3: £220,455</i>
<i>Staff Costs:</i>	<i>Box 4: £68,352</i>
<i>Loan interest/capital repayments:</i>	<i>Box 5: £0</i>
<i>All Other payments:</i>	<i>Box 6: £843,253</i>
<i>Balances carried forward (31 March 2018):</i>	<i>Box 7: £701,130</i>
<i>Total cash/short-term investments:</i>	<i>Box 8: 842,103</i>
<i>Total fixed assets:</i>	<i>Box 9: £87 (see item 10.3 below)</i>
<i>Total borrowings:</i>	<i>Box 10: £0</i>

1.7 Sections One and Two of the AGAR are to be approved and signed at a forthcoming meeting of the Town Council. The Internal Auditor has completed the Annual Internal Audit Report 2017/18 within the AGAR.

1.8 The following Internal Audit work was carried out on the adequacy of systems of internal control in accordance with the Audit Plan agreed with the Town Council. Comments and any recommendations arising from the review are made below. This End-of-Year Audit Report for 2018/19 is recorded in some detail in order to demonstrate that all key elements of financial control and financial administration have been satisfactorily addressed and brought into place by the Town Council during its initial year of operation.

**2. Financial Regulations and Standing Orders (examination of Financial Regulations and Standing Orders, Tenders where relevant, appropriate payment controls including acting within the legal framework with reference to Council Minutes. Identifying VAT payments and re-claims. Electronic payments, cheque books, paying in books and other relevant documents).**

2.1 The Committee membership and terms of reference were agreed at the inaugural meeting of the Council on 16 May 2017 (Minute 12), including the formal appointment of the Clerk (Proper Officer) and RFO (Minute 14). The Council considered and adopted governance documents, policies, procedures and protocols at the inaugural meeting to ensure efficient and effective governance (Minute 16 refers).

2.2 The Town Council agreed and approved Standing Orders at the meeting on 16 May 2017 having made appropriate amendments (as displayed in Minute 16). The Council noted at its meeting on 11 October 2017 (Minute 116) that Standing Orders were being reviewed. New Model Standing Orders (2018) have recently been published by the National Association of Local Councils (NALC). The Town Council reviewed their Standing Orders in the light of the New Model and adopted revised Standing Orders at the meeting on 8 May 2018 (Minute 279 refers).

2.3 Financial Regulations were also adopted by the Town Council at the meeting held on 16 May 2017 (Minute 16 refers). The Council noted at its meeting on 7 July 2017 that Regulations had been reviewed by the Finance and Governance

**TREVOR BROWN CPFA**

**Internal Audit Services**

**Charnwood, California, Woodbridge, Suffolk IP12 4DE**

**Tel: 01394 384698 or 07587 523764**

**Email: tcdbrown01@yahoo.co.uk**



Committee and no changes were required. Following a review and recommendations by the RFO, updated and revised Financial Regulations were adopted by the Council at its meeting on 8 May 2018 (Minute 280 refers).

2.4 The Town Council demonstrates good practice by introducing and maintaining a wide range of formal Policies and Procedures. These include policies for Data Protection, Document Retention, Equality and Diversity, Grant Awarding, Health and Safety, Media, and Training and Development, all of which were agreed for adoption at the inaugural meeting of the Town Council on 16 May 2017.

2.5 In order that it would meet its governance and financial responsibilities, the Town Council agreed at its inaugural meeting on 16 May 2017 that monthly financial reports were to be provided to the Council (Minute 18b). Similarly, detailed financial reports were to be provided to the Finance and Governance Committee during the year of account, including those on the Community Infrastructure Levy (CIL) and Section 106 matters.

2.6 The Town Council is applying the General Power of Competence (GPOC). At its meeting on 16 May 2017 the Council declared that it was an eligible Council to use GPOC, having two-thirds elected Councillors and a suitably qualified Clerk, and adoption of the Power was agreed.

2.7 The Suffolk Local Code of Conduct was adopted by the Town Council at its inaugural meeting on 16 May 2017 and it was noted that Councillors had been briefed on the Code at their induction session (Minute 10 refers).

2.8 The Town Council agreed on 16 May 2017 (Minutes 18n-p) to appoint Unity Trust as the Council's bankers and agreed to operate internet banking. A short-term Savings Account was set up with the Debt Management Office (DMO) and the Council agreed to consider its investment strategies in relation to permanent savings accounts (Minute 18q).

2.9 The Town Council formally appointed Ms Shona Bendix as the Clerk to the Town Council at its meeting on 11 October 2017 (Minute 124 refers) and agreed that the recommendations from the Personnel Committee regarding the Contract of Employment and Terms and Conditions be approved. The Council noted at that meeting that a Deputy Clerk and RFO position would be re-advertised (Minute 123.2) A Deputy Clerk was subsequently appointed by the Town Council and the Clerk to the Town Council continued, and was later confirmed as, the RFO.

2.10 The Council noted at its meeting on 19 September 2017 that contact had been made with the Land Registry and a bulk submission was expected to be made by WDC regarding the important issue of Land Registrations (Minute 110.10 refers).

**The registration of areas of land for which the Town Council is responsible remains outstanding and it is recommended that this matter is addressed as soon as practically possible.**

2.11 The Town Council is correctly registered with the Information Commissioner's Office (ICO) as a Data Controller for the provision of town council services under



Data Protection legislation (Registration ZA250273 refers, expiring 23 May 2018). At its meeting on 17 October 2017 the Council received a Paper in response to the impending application of the General Data Protection Regulations (GDPR) from 25 May 2018) and the recommendations in the Paper were agreed (Minute 140 refers).

2.12 The Town Council's Minutes and those of the Council's Committees are very well presented and provide clear evidence of the decisions taken by the Council in the year.

2.13 The Town Council is Registered for VAT purposes (as confirmed to the Town Council at its meeting on 19 September 2017, Minute 1091c refers). Re-claims for VAT paid in the year of account were submitted to HMRC. A re-claim for the £89,618.80 net VAT paid from 1 April 2017 to 30 September 2017 was submitted to HMRC on 7 November 2017, reported to the Finance and Governance Committee on 28 November 2017 and received at bank on 8 January 2018.

2.14. A further re-claim for £24,197.64 net VAT paid from 1 October 2017 to 31 December 2017 was received at bank on 13 February 2018. A claim for the £60,056.22 net VAT paid from 1 January 2018 to 31 March 2018 was submitted to HMRC on 4 May 2018.

**3. Asset Transfers and Transfer of Existing Contracts to the Town Council (balances/funding transferred from Waveney DC and any held in ring-fenced fund for use by the Town Council; transfer of assets; operation of the Contracts; contract monitoring processes; testing of some individual contract operations).**

3.1 The Reorganisation Order constructed by Waveney District Council (WDC) presented the Town Council with a range of assets and these have been formally transferred from WDC. The Town Council confirmed the adoption of the assets and associated contractual transfers at its meeting on 16 May 2017 (Minute 18g refers).

3.2 The on-going contract arrangements for asset management were noted by the Town Council on 16 May 2017 (Minute 18i); the arrangements were to continue for the time being and WDC would provide full confidential contract information on future arrangements being provided to the Town Council. Contract arrangements with WDC were to be renewable monthly in order to give the Town Council the opportunity to review the contract and ensure ongoing management and compliance (Minute 24a). This was later confirmed through a Section 113 Agreement to enable work to be carried out on behalf of the Town Council.

3.3 The New Council Implementation Committee worked throughout the year of account to examine the transfer of all assets and related contractual issues, including contract monitoring and compliance. The frequency of the Committee meetings and depth of analysis undertaken reflected both the complexities of the transfers and the dynamic situation faced by the Town Council during its initial months of operation. Supported by the Facilities and Contracts Manager, following his appointment from 29 January 2018, the Committee successfully constructed a Summary Table for Asset Records, Protocols and Strategies which will be up-dated as more documents are created, recommended and adopted. The Committee's responsibilities include



asset and contract compliance issues, which will continue to be monitored (the meeting on 19 March 2018. Minute 253 refers).

3.4 At its meeting on 22 August 2017, the Town Council (whilst accepting the contractual obligation arising from the Reorganisation Order) expressed concern that it was not receiving sufficient information from WDC and Waveney Norse to enable it to thoroughly review the contractual position and assess the required budget and options for the future (Minute 90.5). The Council considered the matter again at its meeting on 9 January 2018 and agreed that only sums charged direct to the Town Council by Norse would be paid (Minute 182.2 refers).

3.5 The Section 113 Agreement (under the Local Government Act 1972) between the Town Council and the Waveney District Council was put into place during 2017/18. A Draft Agreement was presented to the Finance & Governance Committee on 8 September 2017 (Minute 38 refers). The Agreement enabled staff at WDC to provide assistance, where required, and to support the Town Council by facilitating the transfer of assets and responsibilities. The support under the Agreement includes Legal Services, Finance/Accounting, Project Management, Estates/Asset Management, ICT, Communications, Press and Publicity and Event Management. The support services offered are provided free of charge with the exception of the building services provided in relation to the provision of basic compliance/inspections (these operations have been undertaken in-house by the Town Council since April 2018).

3.6 The Town Council noted at its meeting on 6 March 2018 that the Section 113 Agreement had enabled WDC to progress payments, banking, invoicing and provide other financial support under the Safeguarding arrangements and that would continue until the end of the 2017/18 year of account, at which time the Town Council and WDC would decide whether to continue the arrangements. The Agreement has since been extended into 2018/19 (other than for some building services work, as referred to at item 3.5 above).

3.7 The Finance and Governance Committee considers and authorises the Waveney Norse Partnership Charges which, from February 2018, were received direct from Norse and not through WDC. These Charges are highly significant in relation to the Town Council's overall budget and are subject to close scrutiny by the Committee. Effective monitoring of the Partnership Charges is an important element of the Town Council's overall financial control framework and it was noted that the Committee, at its meeting on 20 February 2018, looked to secure additional finance staff support in this respect (Minute 207 refers).

3.8 More recently, the New Council Implementation Committee provided the Town Council with a Summary Table of concerns regarding asset transfers (meeting on 9 April 2018, Minute 263 refers) aimed to facilitate remedial action.

3.9 The Facilities and Contracts Manager is currently developing an Implementation Plan under which the WDC and Norse Joint Venture Service Level Agreement (SLA) transferred to the Town Council is being examined in detail, including monitoring of the current agreement. The aim will be to tailor the SLA to the particular requirements of the Town Council; this work will continue through 2018/19 in order to secure the



Town Council's precise requirements and to develop measurable Key Performance Indicators.

3.10 The Town Council is currently developing a number of key Asset Management Programmes to ensure both the protection of assets and the protection of their users, including:

- a) Planned Preventative Maintenance Programme (which covers both revenue and capital for the five years 2018/19 - 2022/23);
- b) Condition Survey Programme;
- c) Cyclical Maintenance Programme;
- d) Vacant Property Programme;
- e) Compliance Programme for asbestos and legionella;
- f) Electrical Hardwire Tests and Certification.

3.11 The Internal Audit confirmed that some key areas of work required to be undertaken by the Town Council are currently being delayed due to the failure of WDC to provide essential information necessary for the completion of the Town Council's Forward Plans and Delivery Plans, as follows:

- a) Energy Performance Levels data is still to be received from WDC in respect of properties previously leased by WDC and now managed by the Town Council;
- b) There are delays in WDC releasing Layout Plans for the buildings transferred;
- c) Some essential data, including asbestos surveys and legionella risk assessments, have yet to be provided by WDC to the Town Council;

3.12 It is considered that under the Safeguarding arrangements in force between WDC and the Town Council under the Section 113 Agreement, all necessary information and data should be provided to the Town Council.

**It is recommended that the transfer of data from Waveney District Council relating to Energy Performance Levels, Layout Plans, Electrical Hardwire Certificates, Asbestos and Legionella surveys and related Risk Assessments takes place without further delay. It is important that the situation is regularised because in the event of a significant incident both Waveney District Council and the Town Council would be in a highly vulnerable position.**

**4. Internal Control, Governance & the Management of Risk (*Review by Council of the effectiveness of internal controls, including risk assessment, and minuted accordingly*).**

4.1 The Council's Risk Assessment and Management Policy and Corporate Risk Assessment were considered and agreed for adoption by the Council at its meeting on 16 May 2017 (Minute 16 refers). The documents are comprehensive and clearly identify the risks involved and the action taken to manage and mitigate the risks identified.

4.2 The Risk Assessment documents were also considered by the Town Council at its meeting on 6 March 2018 (Minute 225.8 refers). It was noted that the Risk Assessment is in place, that it would be formally considered by full Council at least



once each year and that it would be on the agenda of the Finance and Governance Committee.

4.3 The Town Council has placed emphasis on ensuring that adequate and effective Internal Control arrangements are put in place. At its meeting on 8 September 2017 the Finance and Governance Committee agreed to set up a check-list of internal controls, approve the document and nominate a Councillor(s) to undertake all necessary checks (Minute 46 refers). Accordingly, a Statement of Internal Controls is in place and nominated Councillors periodically undertake a review of the system of internal controls and sign a report (which is submitted to full Council) in confirmation that the review has been undertaken.

4.4 The Town Council similarly has a strong commitment to training for Councillors and Staff within the overall Risk Management framework operating within the Council and provides appropriate training budgets to accommodate agreed training programmes (meeting on 9 January 2018, Minute 182.1f refers).

4.5 The Council complied with Section 4 of the Accounts and Audit Regulations 2015 which require a review by the full Council at least once a year of the effectiveness of the Council's system of internal control, including the arrangements for management of risk, with the review suitably Minuted.

4.6 At its meeting on 16 May 2017 the Town Council noted that mandatory insurance arrangements were in place (Minute 18m); a premium up to £30,000 was agreed, the policy to run to 31 March 2018 and the Clerk was given delegated powers to take necessary action to ensure that appropriate insurance was in place from 1 June 2017 (Minute 24e). The Council noted at its meeting on 20 June 2017 that insurance cover had been finalised at a cost of £22,485.68 (Minute 41.2 refers).

4.7 Insurance cover was put into place during the year 2017/18 with Zurich Municipal. Public Liability cover stands at £15m. The cover for Fidelity Guarantee currently stands at £2m which is in accordance with the recommended guidelines of year-end balances plus 50% of the precept. The Town Council agreed at its meeting on 6 March 2018 that delegation would be made to the Town Clerk, the Deputy Mayor and the Chair of the Finance and Governance Committee to meet with the insurers and secure the optimum insurance coverage to meet the interests of the Town Council (Minute 225.9 refers).

**5. Accounting Procedures and Proper book-keeping (examination of entries in the Cash Book, regular reconciliation of books and bank statements and supporting vouchers, invoices and receipts).**

5.1 The accounting information for the year 2017/18 was found to be in very good order and has acted as the basis for the completion of the AGAR.

5.2 VAT payments are tracked and identified within the Cashbook and can be used effectively for reclaims to HMRC.

5.3 The Payments List and the Receipts List for the 2017/18 year are well referenced and provide a good audit trail to the Bank Statements. The accounts were managed



by WDC's accountancy team during the year of account. The accounting information provided good evidence in support of the receipts and payments in the year. The Payments system was tested by means of examination of a sample of transactions; these were found to be in order, with supporting invoices and vouchers in place and all suitably recorded and authorised.

5.4 Whilst WDC provided the Town Council with details of Capital Programme Funds, it was noted by the Finance and Governance Committee on 1 November 2017 that the Council would need to progress its own Capital Budget, through ring-fenced reserves, as part of the 2018/19 budget plan.

**6. Budgetary controls** *(Verification of the budgetary process with reference to Council Minutes and supporting documents).*

6.1 Waveney District Council (WDC) arranged a Precept of £1,392,280 for the year 2017/18. This was reported to the Town Council at its inaugural meeting on 16 May 2017. The Council noted that WDC Finance staff were committed to providing ongoing financial support under the interim arrangements and would attend Finance and Governance Committee meetings (Minute 18a).

6.2 The Finance and Governance Committee regularly received Budget Monitoring Reports (details of actuals to budget projections) during the 2017/18 year. Similarly, the Committee was kept advised of progress in the disaggregation of finances from WDC and the contract obligations that had been transferred to the Town Council.

6.3 The Council noted at its meeting on 19 September 2017 (Minute 109.1a) that the Finance and Governance Committee had considered the budget position and the budget monitoring report.

6.4 The Finance and Governance Committee demonstrated good financial practice in its detailed and in-depth consideration of the Draft Budget for 2018/19 and in its consideration of all relevant budgetary issues leading up to a formal recommendation to full Council on 23 January 2018.

6.5 The Town Clerk/RFO and the Deputy Clerk ensure that the Town Council and its Committees are made fully aware of specific responsibilities, commitments, forward planning and the need for adequate reserves. The Town Council has detailed estimates of the annual budget and of income and expenditure in respect of the 2018/19 year; the estimates can be used effectively for financial control and budgetary control purposes during 2018/19.

6.6 The Precept for 2018/19 was agreed by the Town Council at its meeting on 23 January 2018. Whilst the Minutes of the Council meeting record that the motion in favour of Option 3 was carried, there is no reference in the Minutes to the amount of the Precept for the year 2018/19 and the formal approval of the amount. In future years the Town Council should formally approve the amount of the Precept and clearly Minute both the approval and the amount.

6.7 A Reserves Policy was considered by the Finance and Governance Committee on 8 August 2017 and it was agreed that Reserves should stand at 4 months of



precept with an anticipated 3 months after the first year of operation and with a review to occur when the 2018/19 Budget is determined. (Minute 25 refers).

6.8 The Reserves available to the Council at the year-end were appropriate. As at the 31 March 2018 overall Reserves totalled £701,130 of which £286,161 was earmarked (relating to specific projects and CIL funding). As at 31 March 2018 the Council maintained sufficient general reserves and contingency sums to meet, within reason, any unforeseen items of expense that may occur.

**7. Income controls** *(Regarding Precept and other income, including credit control mechanisms).*

7.1 The Receipts system was managed by WDC in the year of account and was tested by means of examination of a sample of transactions; these were found to be in order, with supporting invoices/vouchers and copy receipts in place. The audit trails in the samples were confirmed by cross referencing the income with receipts, the Accounting Records (Cashbook) and bank statements.

7.2 The Finance and Governance Committee considered the Charges for all Leisure Activities at its meeting on 28 November 2017 including the cost of collecting the income, use being made of facilities and how free facilities may encourage greater use and facilitate future external funding. The Committee agreed that the Council should move to lift charges for all leisure facilities from April 2018 for a trial period (Minute 116 refers). At its meeting on 5 December 2017 the Town Council agreed to the cessation of charges for a one-year trial.

7.3 The Town Council considered and agreed Fees and Charges 2018 at the meeting held on 9 January 2018 (Minute 183.1d). This included a freeze of charges to markets and events.

**8. Petty Cash** *(Associated books and established system in place).*

8.1 A Petty Cash system was not in use during the 2017/18 year of account.

**9. Payroll controls** *(PAYE and NIC in place; Compliance with Inland Revenue procedures; Records relating to contracts of employment).*

9.1 Payroll Services are operated by the Suffolk Association of Local Councils (SALC) which receives all necessary salary scale point information, prepares the payslips and forwards these to Waveney District Council for payment on behalf of the Town Council as part of the Section 113 Agreement. Detailed pay-slips are being produced for staff and PAYE is in operation.

9.2 The Finance and Governance Committee receives details of salary costs per month; salary payment totals are recorded in the Committee's Minutes.

9.3 At its meeting on 22 August 2017 the Town Council noted that the Personnel Committee had reviewed the budget for the Local Government Pension Scheme (LGPS) and had anticipated that a commitment could be made to the Scheme. This



was approved by the Town Council (Minute 90.2). The resolution for employees of the Town Council to join the LGPS was confirmed by the Council at its meeting on 11 October 2017 (Minute 124).

9.4 The Council formally agreed, at its meeting on 10 November 2017, the recruitment of permanent staff with terms specified in a Confidential Paper. Delegated authority was given to the Personnel Committee to appoint a Deputy Clerk; Finance Officer; Facilities Manager; Committee Clerk/Customer Services Assistant and a temporary Communications and Customer Services Assistant on a one-year contract.

**10. Asset control & valuation (*Inspection of asset register and checks on existence of assets; recording of fixed asset valuations; cross checking on insurance cover*).**

10.1 As noted at item 3.1 above, the Reorganisation Order listed the assets formally transferred to the Town Council. The Town Council adopted the assets and associated contractual transfers on 16 May 2017. It was agreed that clarity on the assets and transfers was required and that a full asset register should be progressed and provided to Councillors and WDC officers to provide more details (Minute 18g refers).

10.2 The Council maintains a standing agenda item for Assets at each meeting and in the year of account received reports on the ongoing work on asset plans and the management and control of assets, including receiving the Minutes of the New Council Implementation Committee meetings.

10.3 The Council maintains a detailed Asset Register which lists details of each asset transferred from WDC with an Acquisition Value of £1 against each asset. The Town Council has correctly entered a figure of £87 at Box 9 of Section 2 of the AGAR to reflect the nominal Acquisition Value of the recorded assets in the Register.

**11. Bank Reconciliation (*Regularly completed and cash books reconcile with bank statements*).**

11.1 The bank statements as at 31 March 2018 in respect of the Town Council's Unity Current Account reconciled with the End of Year Accounts.

11.2 On 4 July 2017 the Finance and Governance Committee noted that the Council's Financial Regulations require a Councillor (who is not the Chair or a bank signatory) to take responsibility for checking quarterly bank reconciliations; a Councillor was appointed accordingly (Minute 7c refers). The Town Council noted at its meeting on 22 August 2017 (Minute 90.3) that bank statements and bank reconciliations were to be examined and confirmed by the Finance and Governance Committee.

11.3 The Finance and Governance Committee received confirmation of the satisfactory completion of the checks at its meetings on 8 September 2017 (Minute 41 refers) and on 23 January 2018 (Minute 177). The Town Council subsequently noted at its meetings on 19 September 2017 (Minute 109.1a) and on 6 February



2018 (Minute 207.1d) that bank reconciliations had been confirmed by the Committee. The Town Council demonstrates good financial practice in this respect by overseeing this important area of financial control.

11.4 Similarly, the Finance and Governance Committee received confirmation on 28 November 2017 that a further bank reconciliation had been successfully completed (Minute 123.2 refers).

11.5 The Town Clerk reported to the Finance and Governance Committee on 20 February 2018 on the progress being achieved with Banking arrangements (Minute 190). The Committee noted that Unity Bank credit cards will be available from April 2018. For Banking and Official purposes, the address of Riverside, 4 Canning Road was being used as the Council currently had no other permanent address.

11.6 At its meeting on 6 March 2018 the Council agreed that application be made in April 2018 (once the Town Council has been in existence for a full financial year) for two credit cards (for the Town Clerk and Deputy Clerk) in line with the delegation limit of £5,000 and £500 respectively and the safeguards within the Council's Financial Regulations.

## **12. Sole Trustee (*The Council has met its responsibilities as a trustee*).**

12.1 The Arnold's Bequest is to be transferred to the Town Council during the year 2018/19. The Council will be the Sole Trustee. The Council has a standing agenda item at Town Council meetings. At the meeting on 5 December the Council noted that owing to delays in the change of the Charity Commission registration for Arnold's Bequest the formal transfer would not take place until 2018/19 (Minute 169.3).

## **13. Year End procedures (*Regarding accounting procedures used and can be followed through from working papers to final documents. Verifying sample payments and income. Checking creditors and debtors where appropriate*).**

13.1 End of Year accounts are prepared on an Income and Expenditure basis and were in good order. Sample audit trails were undertaken and were found to be in order.

## **14. Internal Financial Controls and Audit Procedures (*That the Council has satisfactory internal financial controls in place*).**

14.1 At its inaugural meeting on 16 May 2017 the Town Council appointed the signatories that would be required on all financial transactions (Minute 18s) and agreed to amend Financial Regulations to include and to reflect the approved arrangements. Amendments to the initially approved signatories were agreed by the Council during the year 2017/18.

14.2 Detailed and informative financial information has been provided by the Town Clerk and Deputy Clerk to the Town Council and its Committees during the 2017/18



year in all aspects of the Town Council's operations and has assisted in the development of a robust and effective financial control framework.

14.3 The Finance and Governance Committee receives schedules of payments to be made; the list of payments is included in the Minutes of the Committee. The Committee also receives and scrutinises details of income received. The full Council considers and approves Payments: a detailed list of Payments is included within the Council's Minutes.

14.4 The Finance and Governance Committee carefully considered the options available for the provision of an Internal Audit Service and received relevant reports on 8 September 2017 (Minute 47), 3 October 2017 (Minute 68) and 20 February 2018 (Minute 198). The Town Council considered the appointment of an Internal Auditor and the internal audit arrangements at its meeting on 6 March 2018 (Minute 225.6) and formally appointed the Internal Auditor for the years 2017/18 and 2018/19. The coverage will consist of an End-of-Year Audit for the year 2017/18, and two Interim Audit Reviews and an End-of-Year Audit for the year 2018/19.

**15. External Audit (*Recommendations put forward or comments made following the annual review*).**

15.1 The first External Audit review of the Town Council will be undertaken by PKF Littlejohn LLP for the year of account ending 31 March 2018 following the Town Council's submission of the Annual Governance and Accountability Return for the 2017/18 year.

**16. Additional Comments.**

16.1 As required under the Local Government Act 1972, the first item of business at the Inaugural Meeting of the Town Council held on 16 May 2017 was the Election of Chair.

16.2 I would like to record my appreciation to the Town Clerk, the Deputy Clerk and their staff for the assistance provided during the course of the audit work.

*Trevor Brown*

**Trevor Brown, CPFA**

**Internal Auditor**

**17 May 2018**