

# Annual Internal Audit Report 2018/19

## SAXMUNDHAM TOWN COUNCIL

This authority's internal auditor, acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls to be in operation **during** the financial year ended 31 March 2019.

The internal audit for 2018/19 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	Agreed? Please choose one of the following		
	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 and year-end bank account reconciliations were properly carried out.	✓		
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 2017/18, it met the exemption criteria and correctly declared itself exempt. ( <i>"Not Covered" should only be ticked where the authority had a limited assurance review of its 2017/18 AGAR</i> )			N/A
L. During summer 2018 this authority has correctly provided the proper opportunity for the exercise of public rights in accordance with the requirements of the Accounts and Audit Regulations.			Not applicable ✓
M. (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

20/05/19

DD/MM/YY

DD/MM/YY

Name of person who carried out the internal audit

COLIN POOLE ON BEHALF OF SALK

Signature of person who carried out the internal audit

SIGNATURE



Date

20/05/19

\*If the response is 'no' you must include a note to 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 2018/19

We acknowledge as the members of:

## SAXMUNDHAM 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 2018, that:

	Agreed			'Yes' means that this authority:
	Yes	No*		
1. We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.	YES			prepared its accounting statements in accordance with the Accounts and Audit Regulations.
2. We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.	YES			made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.
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.	YES			has only done what it has the legal power to do and has complied with Proper Practices in doing so.
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.	YES			during the year gave all persons interested the opportunity to inspect and ask questions about this authority's accounts.
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.	YES			considered and documented the financial and other risks it faces and dealt with them properly.
6. We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.	YES			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.
7. We took appropriate action on all matters raised in reports from internal and external audit.	YES			responded to matters brought to its attention by internal and external audit.
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.	YES			disclosed everything it should have about its business activity during the year including events taking place after the year end if relevant.
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	has met all of its responsibilities where, as a body corporate, it is a sole managing trustee of a local trust or trusts.
	YES			

\*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 should be published with the Annual Governance Statement.

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

13/05/2019

and recorded as minute reference:

5407.01

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

Chairman



Clerk



Other information required by the Transparency Codes (not part of Annual Governance Statement)  
Authority web address

[www.saxmundham.org](http://www.saxmundham.org)

Section 2 – Accounting Statements 2018/19 for

SAXMUNDHAM TOWN COUNCIL

	Year ending		Notes and guidance
	31 March 2018 £	31 March 2019 £	
1. Balances brought forward	81904	88527	<i>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.</i>
2. (+) Precept or Rates and Levies	178000	189451	<i>Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.</i>
3. (+) Total other receipts	21484	24954	<i>Total income or receipts as recorded in the cashbook less the precept or rates/levies received (line 2). Include any grants received.</i>
4. (-) Staff costs	51646	57239	<i>Total expenditure or payments made to and on behalf of all employees. Include salaries and wages, PAYE and NI (employees and employers), pension contributions and employment expenses.</i>
5. (-) Loan interest/capital repayments	21377	21377	<i>Total expenditure or payments of capital and interest made during the year on the authority's borrowings (if any).</i>
6. (-) All other payments	119838	124699	<i>Total expenditure or payments as recorded in the cashbook less staff costs (line 4) and loan interest/capital repayments (line 5).</i>
7. (=) Balances carried forward	88527	99616	<i>Total balances and reserves at the end of the year. Must equal (1+2+3) - (4+5+6).</i>
8. Total value of cash and short term investments	88527	99616	<i>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.</i>
9. Total fixed assets plus long term investments and assets	407464	407464	<i>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.</i>
10. Total borrowings	146493	128381	<i>The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).</i>
11. (For Local Councils Only) Disclosure note re Trust funds (including charitable)	Yes	No	<i>The Council, as a body corporate, acts as sole trustee for and is responsible for managing Trust funds or assets.</i>
	YES		

I certify that for the year ended 31 March 2019 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

M Gally

Date 13/05/2019

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

13/05/2019

as recorded in minute reference:

5408.01

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

[Signature]

### Section 3 – External Auditor Report and Certificate 2018/19

In respect of

Saxmundham Town Council- SF0330

#### 1 Respective responsibilities of the body and the auditor

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 2019; and
- confirms and provides assurance on those matters that are relevant to our duties and responsibilities as external auditors.

Our responsibility is to review Sections 1 and 2 of the Annual Governance and Accountability Return in accordance with guidance issued by the National Audit Office (NAO) on behalf of the Comptroller and Auditor General (see note below). Our work **does not** constitute an audit carried out in accordance with International Standards on Auditing (UK & Ireland) and **does not** provide the same level of assurance that such an audit would do.

#### 2 External auditor report 2018/19

On the basis of our review of Sections 1 and 2 of the Annual Governance and Accountability Return (AGAR), in our opinion the information in Sections 1 and 2 of the AGAR 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.

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

#### 3 External auditor certificate 2018/19

We 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 2019.

External Auditor Name

PKF LITTLEJOHN LLP

External Auditor Signature

PKF Littlejohn LLP

Date

31/08/2019

\* Note: the NAO issued guidance applicable to external auditors' work on limited assurance reviews for 2018/19 in Auditor Guidance Note AGN/02. The AGN is available from the NAO website ([www.nao.org.uk](http://www.nao.org.uk))

Smaller authority name: Saxmundham Town Council

**NOTICE OF PUBLIC RIGHTS AND PUBLICATION  
OF UNAUDITED ANNUAL GOVERNANCE &  
ACCOUNTABILITY RETURN**

**ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019**

**Local Audit and Accountability Act 2014 Sections 26 and 27  
The Accounts and Audit Regulations 2015 (SI 2015/234)**

NOTICE	NOTES
1. Date of announcement <u>14 JUNE 2019</u> (a)	(a) Insert date of placing of the notice which must be not less than 1 day before the date in (c) below
<p>2. Each year the smaller authority's Annual Governance and Accountability Return (AGAR) needs to be reviewed by an external auditor appointed by Smaller Authorities' Audit Appointments Ltd. The unaudited AGAR has been published with this notice. As it has yet to be reviewed by the appointed auditor, it is subject to change as a result of that review.</p> <p>Any person interested has the right to inspect and make copies of the accounting records for the financial year to which the audit relates and all books, deeds, contracts, bills, vouchers, receipts and other documents relating to those records must be made available for inspection by any person interested. For the year ended 31 March 2019, these documents will be available on reasonable notice by application to:</p>	(b) Insert name, position and address/telephone number/ email address, as appropriate, of the Clerk or other person to which any person may apply to inspect the accounts
(b) <u>MADDIE GALLOP, Town Clerk / RFO</u> <u>Old Police Station, Station Approach</u> <u>Saxmundham IP17 1BW. 01728 604595</u> <u>town clerk@ saxmundham.org</u> commencing on (c) <u>Monday 17 June 2019</u>	(c) Insert date, which must be at least 1 day after the date of announcement in (a) above and at least 30 working days before the date appointed in (d) below
and ending on (d) <u>Friday 26 July 2019</u>	(d) The inspection period between (c) and (d) must be 30 working days inclusive and must include the first 10 working days of July.
<p>3. Local government electors and their representatives also have:</p> <ul style="list-style-type: none"><li>• The opportunity to question the appointed auditor about the accounting records; and</li><li>• The right to make an objection which concerns a matter in respect of which the appointed auditor could either make a public interest report or apply to the court for a declaration that an item of account is unlawful. Written notice of an objection must first be given to the auditor and a copy sent to the smaller authority.</li></ul> <p>The appointed auditor can be contacted at the address in paragraph 4 below for this purpose between the above dates only.</p>	
<p>4. The smaller authority's AGAR is subject to review by the appointed auditor under the provisions of the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015 and the NAO's Code of Audit Practice 2015. The appointed auditor is:</p> <p>PKF Littlejohn LLP (Ref: SBA Team) 1 Westferry Circus Canary Wharf London E14 4HD (sba@pkf-littlejohn.com)</p>	
5. This announcement is made by (e) <u>M Gallop</u> <u>Town Clerk / RFO</u>	(e) Insert name and position of person placing the notice – this person must be the responsible financial officer for the smaller authority

## Bank reconciliation – pro forma

This reconciliation should include **all** bank and building society accounts, including short term investment accounts. It **must** agree with the column headed "Year ending 31 March 2019" in Section 2 of the AGAR – and will also agree to Box 7 where the accounts are prepared on a receipts and payments basis. Please complete the highlighted boxes, remembering that un-presented cheques should be entered as negative numbers.

Name of smaller authority:

County area (local councils and parish meetings only):

### Financial year ending 31 March 2019

Prepared by (Name and Role):

Date: 14/06/2019

		£	£
<b>Balance per bank statements as at 31/3/19:</b>			
Barclays Current Account	account 1	101878.50	
Saxmundham in Bloom account	account 2	909.80	
Petty cash float (if applicable)		6.94	
		<input type="text"/>	102,795.2
Less: any un-presented cheques as at 31/3/19 (enter these as negative numbers)			
on Account 1			
Cheque no.	104202	-2032.50	
	104206	-32.16	
	194211	-157.37	
	104212	-913.67	
Debit card		-43.17	
		<hr/>	(3,178.87)
Add: any un-banked cash as at 31/3/19			
		<hr/>	-
<b>Net balances as at 31/3/19 (Box 8)</b>			<b><u><u>99,616.4</u></u></b>

**Explanation of variances – pro forma**

Name of similar authority: **Stromsgateham Town Council**  
 County area (local councils and parishes): **Stromsgateham**

**Insert figures from Section 2 of the AGAR in all Blue highlighted boxes**

**Next, please provide full explanations, including numerical values, for the following that will be flagged in the green boxes where relevant:**

- variances of more than 15% between totals for individual boxes (except variances of less than £200);
- a breakdown of approved reserves on the next tab if the total reserves (box 7) figure is more than twice the annual precept/rates & levies value (Box 2).

	2017/18 £	2018/19 £	Variance £	Variance %	Explanation Required?	Explanation
1 Balances Brought Forward	81,904	88,527				
2 Precept or Rates and Levies	178,000	189,451	11,451	6.43%	NO	Explanation of % variance from PY opening balance not required - Balance brought forward agreed
3 Total Other Receipts	21,464	24,954	3,470	16.15%	YES	Insurance claim for £4333 received to rebuild surrounding wall of office building -damaged by vehicles.
4 Staff Costs	51,646	67,239	5,593	10.83%	NO	
5 Loan Interest/Capital Repayment	21,377	21,377	0	0.00%	NO	
6 All Other Payments	116,838	124,699	4,861	4.06%	NO	
7 Balances Carried Forward	88,527	98,616			NO	VARIANCE EXPLANATION NOT REQUIRED Rounding of £1.00 to ensure the figure is £ 98616 in box 7
8 Total Cash and Short Term Investments	88,527	98,616				VARIANCE EXPLANATION NOT REQUIRED
9 Total Fixed Assets plus Other Long Term Investments and	407,464	407,464	0	0.00%	NO	
10 Total Borrowings	146,493	128,281	-18,112	-12.36%	NO	

Rounding errors of up to £2 are tolerable

Variances of £200 or less are tolerable

## Contact details

Name: Saxmundham Town Council

County only): SUFFOLK

Please complete this form and send it back to us with the AGAR or exemption certificate

	Clerk/RFO (Main contact)	Chair
<b>Name</b>	Maddie Gallop	Cllr Jeremy Smith
<b>Address</b>	Saxmundham Town Council Old Police Station Station Approach Saxmundham Suffolk IP17 1BW	The Firs, 18 South Entrance, Saxmundham, IP17 1DQ
<b>Daytime telephone number</b>	01728 604595 (Not Thursdays)	07951 0322383
<b>Mobile telephone number</b>	07841601162	07951 032283
<b>Email address</b>	townclerk@saxmundham.org	jeremysmith1947@gmail.com