

# Annual Internal Audit Report 2018/19

## Halesworth 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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
H. Asset and investments registers were complete and accurate and properly maintained.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I. Periodic and year-end bank account reconciliations were properly carried out.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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> )	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/> <b>Not Covered</b>
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 <input checked="" type="checkbox"/>
M. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.	Yes	No	Not applicable
	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

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

Name of person who carried out the internal audit

Signature of person who carried out the internal audit

Date

\*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:

Halesworth 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 2019, that:

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

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

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

03/06/19

and recorded as minute reference:

MINU 38.96 (38.9b)

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

Chairman

*D. Wolmer*

Clerk

*L. Shoff*

### Other information required by the Transparency Codes (not part of Annual Governance Statement)

Authority web address

[www.halesworthtowncouncil.org.uk](http://www.halesworthtowncouncil.org.uk)



## Section 2 – Accounting Statements 2018/19 for

Halesworth Town Council

	Year ending		Notes and guidance
	31 March 2018 £	31 March 2019 £	
1. Balances brought forward	155,158	202,503	Total balances and reserves at the beginning of the year as recorded in the financial records. Value must agree to Box 7 of previous year.
2. (+) Precept or Rates and Levies	100,000	110,000	Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.
3. (+) Total other receipts	40,632	32,407	Total income or receipts as recorded in the cashbook less the precept or rates/levies received (line 2). Include any grants received.
4. (-) Staff costs	35,289	38,382	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.
5. (-) Loan interest/capital repayments	0	0	Total expenditure or payments of capital and interest made during the year on the authority's borrowings (if any).
6. (-) All other payments	57,998	76,224	Total expenditure or payments as recorded in the cash-book less staff costs (line 4) and loan interest/capital repayments (line 5).
7. (=) Balances carried forward	202,503	230,304	Total balances and reserves at the end of the year. Must equal (1+2+3) - (4+5+6).
8. Total value of cash and short term investments	202,503	230,304	The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March – <b>To agree with bank reconciliation.</b>
9. Total fixed assets plus long term investments and assets	95,869	96,838	The value of all the property the authority owns – it is made up of all its fixed assets and long term investments as at 31 March.
10. Total borrowings	0	0	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).
11. (For Local Councils Only) Disclosure note re Trust funds (including charitable)	Yes	No	The Council, as a body corporate, acts as sole trustee for and is responsible for managing Trust funds or assets.
	<input type="checkbox"/>	<input checked="" type="checkbox"/>	N.B. The figures in the accounting statements above do not include any Trust transactions.

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

SIGNATURE REQUIRED

Date

26/05/19

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

03/06/19

as recorded in minute reference:

38.9c (38.9c)

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

D. Walker

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

In respect of

Halesworth Town Council – SF0178

### 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:

None

### 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

 SIGNATURE REQUIRED

Date

19/08/2019

\* 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))

## Bank reconciliation – pro forma

This reconciliation should include all bank and building society accounts, including short term investment accounts. It must agree to Box 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 rec basis. Please complete the highlighted boxes, remembering that unpresented cheques should be entered as negative figures.

Name of smaller authority: **Halesworth Town Council**

County area (local councils and parish meetings only): **East Suffolk**

### Financial year ending 31 March 2019

Prepared by (Name and Role): **Nick Rees - Town Clerk**

Date: **20/04/2019**

		£	£
<b>Balance per bank statements as at 31/3/19:</b>			
Barclays	account 1	5,284.15	
Barclays	account 2	132,444.36	
Barclays	account 3	92,489.02	
	account 4		
[add more accounts if necessary]	account 5		
	account 6		
	account 7		
	account 8		
			230217.53
Petty cash float (if applicable)			87.13
Less: any unpresented cheques as at 31/3/19 (enter these as negative numbers)			
	item 1		
	item 2		
	item 3		
	item 4		
[add more lines if necessary]	item 5		
	item 6		
	item 7		
	item 8		
			0.00
Add: any un-banked cash as at 31/3/19			
			0.00
<b>Net balances as at 31/3/19 (Box 8)</b>			<b>230304.66</b>

Smaller authority name: **Halesworth 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
<p><b>1. Date of announcement 14/06/2019 (a)</b></p> <p><b>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.</b></p> <p><b>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:</b></p> <p>(b) Nick Rees (Town Clerk) Waveney Local Office, London Rd, Halesworth, IP19 8LW Tel 01986 874517 Email <a href="mailto:clerk@halesworthtowncouncil.org.uk">clerk@halesworthtowncouncil.org.uk</a></p> <p>commencing on (c) <u>Monday 17 June 2019</u></p> <p>and ending on (d) <u>Friday 26 July 2019</u></p> <p><b>3. Local government electors and their representatives also have:</b></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><b>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:</b></p> <p><b>PKF Littlejohn LLP (Ref: SBA Team)</b> <b>1 Westferry Circus</b> <b>Canary Wharf</b> <b>London E14 4HD</b> (<a href="mailto:sba@pkf-littlejohn.com">sba@pkf-littlejohn.com</a>)</p> <p><b>5. This announcement is made by (e) <u>Nick Rees (Town Clerk)</u></b></p>	<p>(a) Insert date of placing of the notice which must be not less than 1 day before the date in (c) below</p> <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</p> <p>(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</p> <p>(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> <p>(e) Insert name and position of person placing the notice – this person must be the responsible financial officer for the smaller authority</p>



## Explanation of variances – pro forma

Name of smaller authority:

Halesworth Town Council

County area (local councils and parish meetings only):

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?	Automatic responses trigger below based on figures input, <b>DO NOT OVERWRITE THESE BOXES</b>	Explanation from smaller authority ( <u>must include narrative and supporting figures</u> )
1 Balances Brought Forward	155,158	202,503				variance from PY opening balance not required - Balance	
2 Precept or Rates and Levies	100,000	110,000	10,000	10.00%	NO		
3 Total Other Receipts	40,632	32,407	-8,225	20.24%	YES		In 2017/18 the Council received £9,125 in contributions from businesses, residents and neighbouring parish councils to help fund the one hour free parking in the town. At the year end of 2018/2019 the Council had received only £1,243 in contributions, a difference of £7,882.
4 Staff Costs	35,289	38,382	3,093	8.76%	NO		
5 Loan Interest/Capital Repayment	0	0	0	0.00%	NO		
6 All Other Payments	57,998	76,224	18,226	31.43%	YES		In 2018/19 the Council had unexpected costs of a by-election (£6,550). Following a resignation of a town councillor, ten residents called for a by-election and the cost is passed on to the parish council. The Council paid for external general data protection services (£500) this was an additional overhead from the previous year. The Council agreed to relocate the teen shelter in the park after it was initially removed due to anti-social behaviour (cost £2,494). The Council also increased the amount of grant monies paid out over the previous year (£5,877)
7 Balances Carried Forward	202,503	230,304			YES	EXPLANATION NOT EXPLANATION REQUIRED ON RESERVES TAB AS TO WHY CARRY FORWARD RESERVES ARE GREATER THAN TWICE INCOME FROM LOCAL TAXATION/LEVIES	As noted on the 'reserves' tab
8 Total Cash and Short Term Investments	202,503	230,304				EXPLANATION NOT	
9 Total Fixed Assets plus Other Long Term Investments and	95,869	96,838	969	1.01%	NO		
10 Total Borrowings	0	0	0	0.00%	NO		

Rounding errors of up to £2 are tolerable

Variances of £200 or less are tolerable

## Explanation for 'high' reserves

(Please complete the highlighted boxes.)

Box 7 is more than twice Box 2 because the authority held the following breakdown of reserves at the year end:

	£	£	Description
Earmarked reserves:			
Park Equipment reserve	10000		Play equipment, benches, bins & park lighting reserve
Memorial reserves	5756		Cleaning and repairs to the listed War Memorial
Skatepark reserves	17065		Skateboard park needs replacing with concrete in the near future and this reserve (being built up) is for that purpose
Station Building reserves	13940		Extensive damp damage to the building over many years, this reserve is for repairs, refurbishment and redecoration
Election reserves	8774		Reserves to allow for an unscheduled by-election
Allotment reserves	1843		Maintenance and replacement of equipment reserves
Depreciation	5171		Depreciation of general assets including computer equipment
Street Furniture	5000		Reserves to replace or repair street furniture
Festive Lights (Electricity)	416		Transfer from budget (2018-2019) unspent funds but costs expected during 2019- 2020
Divestment of East Suffolk Council services & property	46072		Reserves being built up as Halesworth Town Council will need to manage and maintain assets being handed back from East Suffolk Council in the near future. This includes maintenance of buildings, toilets and town park
Neighbourhood Planning	3000		General reserve for the Neighbourhood Plan Steering group
Market Reserve (New)	3000		Reserves for upgrading Market Place equipment
Staff Pension Correction Reserve	25169		The Council has recently recognised a shortfall in staff pension contributions since 2016 and has also made provision for anticipated contributions in 2019-2020. It is expected this will be adjusted before the end of 2020 and the reserved closed once the adjustments have been made and budgeted correctly.
Youth Development Reserve(New)	3000		General reserves to cover youth events and refurbishment of youth facilities & youth events
Grants (repaid) reserve	5000		Repaid grant to be held in reserve for future use if grant budget is under pressure
		153206	
General reserve		77098	
Total reserves (must agree to Box 7)			230304



## Contact details

Name of smaller authority

**Halesworth Town Council**

County Area (local councils and parish meetings only): **East Suffolk**

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

	Clerk/RFO (Main contact)	Chair
Name	Nick J Rees	David Wollweber
Address	Waveney Local Office London Road Halesworth Suffolk IP19 8HW	7a New Cut Halesworth Suffolk IP19 8BY
Daytime telephone number	01986 874517	01986 874107
Mobile telephone number	n/a	n/a
Email address	clerk@halesworthtowncouncil.org.uk	d.wollweber@btinternet.com