

ANNUAL COUNCIL 09 MAY 2018

1. Appointments and Committees

Members are invited to make the following appointments to outside bodies and committees:

Finance Committee (5) - Councillors Boon; Bromwich-Alexandra; Harrison; Hartley; Thompson

Grant Committee (3) - Councillors Burns; Cholerton; Hartley

Environmental Working Group (3) - Councillors Boon; Burns; Cholerton

The Northumberland Association of Local Councils - Chairman

Newbiggin Freehold Stints – Councillors Bromwich-Alexandra; Burns; Cholerton; Thompson

Friends of Woodhorn Church - Chairman

2. Annual Governance and Accountability Return

Nationally new external auditors have been appointed by the Smaller Authorities' Audit Appointments Limited and we will now be dealing with PKF Littlejohn LLP. Little has changed to the process for external audit and a requirement to complete the Annual Governance Statement is incorporated in the Return following consideration and approval by the Council. It has to be signed by the Chairman and the Town Clerk. The draft statement is attached at Appendix 1 for members' consideration and this must be done ahead of consideration of the audit and accounting statements.

RECOMMENDED that members consider and approve the Annual Governance Statement.

3. Annual Internal Audit Report

The Annual Internal Audit Report has been received and informs the Town Council that satisfactory financial arrangements are in place. It also supports the Annual Return to the External Auditor to be considered later in the agenda. The Internal Auditor has considered the Council's activities and reviewed reports and information from the web site and those specifically provided to him during his visits. His report is attached at Appendix 2 for members' information and he made no comments or had any matters which he needed to draw to members' attention.

RECOMMENDED that the Internal Audit report be agreed.

4. Annual Accounts and Accounting Statement for 2017/2018

Attached at Appendix 3 are the Final Accounts for the financial year 2017/2018 for members' consideration. This includes actual expenditure against budget heads and allocations from balances. The Accounts have been audited and will be available for inspection by the public as required by the legislation. The Accounting Statements set out in Appendix 4 must be endorsed by the Town Council and signed by the Chairperson and Town Clerk for submission to the external auditor.

RECOMMENDED that members consider the accounts in the light of the Internal Audit Report and confirm the accounting statements.

Appendix 1

ANNUAL GOVERNANCE STATEMENT 2017/18

We acknowledge as the members of Newbiggin by-the-Sea Town Council our responsibility for ensuring that there is a sound system of internal control, including 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 or No	'Yes' means that this smaller authority:
1 We have put in place arrangements for the 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 codes of practice which could have a significant financial effect on the ability of this smaller authority to conduct its business or on 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 has given all persons interested the opportunity to inspect and ask questions about the authority's accounts.
5 We carried out an assessment of the risks facing this Smaller authority and taken 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 has dealt with them properly.
6 We maintained throughout the year an adequate and effective system of internal audit of the council 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 these 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 or 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 the council, 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 Trust funds including charitable. In our capacity as the sole managing trustee we have discharged our responsibility in relation to the accountability for the fund(s)/assets, including financial reporting and, if required, independent examination or audit.	N/A	Has met all of its responsibilities where it is a sole managing trustee of a local trust or trusts.

This annual governance statement is approved by this smaller authority and recorded as minute reference C0 /18/19 dated 09 May 2018.

Newbiggin Town Council 2017/18**Appendix 2****Internal Audit Summary****Work Carried Out**

Audit testing has been carried out in accordance with the suggested approach contained in the March 2017 edition of "Governance and Accountability for Smaller Authorities in England", in the areas detailed below.

Areas of Control:

Previous External and Internal Audit Reports
Proper bookkeeping
Standing Orders and Financial Regulations
Risk Management Arrangements
Budgetary Controls
Income Controls
Payroll Controls
Assets Controls
Bank Reconciliation
VAT claims
Year-End Procedures

Conclusion

The audit testing included examination of documents relevant to amounts and disclosures in the accounts and notes. This evidence was sufficient to give reasonable assurance that the accounts and notes are free from material misstatement as well as demonstrating that there are adequate and effective controls in place.

The audit programme used to review the areas of control shown above is attached along with the detail of the testing carried out.

During the year the Council enhanced governance and other arrangements with the appointment of a Deputy Town Clerk.

In my opinion the audit work carried out fairly represents the situation of Newbiggin Town Council for the year ended 31 March 2018 and will allow for the completion of the various documents within the Annual Returns.

There are no matters to draw to the attention of the Council.

I would like to thank the Town Clerk for his assistance and for the quality of documentation provided.

Malcolm Wilkinson

Internal Auditor 26th April 2018

Report 01/18/19

INTERNAL AUDIT SERVICE FOR NEWBIGGIN TOWN COUNCIL

AUDIT PROGRAMME – 2017/18 – notes from all audit visits

I have carried out the tests detailed below in accordance with the suggested approach within the current edition of Governance and Accountability for Local Councils. Please refer to the findings noted below covering the work carried out to date.

Signed: Malcolm Wilkinson Date: 26th April 2018

1 Internal Control	2 Tests	3 Yes/No/N/A	W P Reference
Previous Internal Audit Report	Do the minutes record that Council has considered the Internal Audit Report for the previous year and the matters arising addressed?	y	1
Proper bookkeeping	Is the cashbook maintained and up to date?	y	2
	Has verification to the bank statement occurred?	y	2
	Is the cashbook arithmetically correct?	y	2
	Is the cashbook regularly balanced?	y	2
	Has the Council formally adopted Standing Orders and Financial Regulations?	y	3
Standing Orders and Financial Regulations	Are SO's and FR's based on models available?	y	3
	Has a Responsible Financial Officer been appointed?	y	3
	Have items or services above a de minimis amount been competitively purchased?	n	
	Are payments in the cashbook supported by invoices and have they been authorised and minuted?	y	3
	Has VAT on payments been identified, recorded and reclaimed?	y	3
	Is Section 137 expenditure separately recorded and within statutory limits?	n/a	
	Are staff aware of SO's and FR's	y	
Risk Management Arrangements	Does a scan of the minutes identify any unusual activity?	n	
	Do the minutes record the Council carrying out an annual risk assessment?	y	4
	Is insurance cover appropriate and adequate?	y	4
	Are internal financial controls documented and regularly reviewed?	y	4
Budgetary Controls	Has the Council prepared an annual budget in support of its precept?	y	5
	Is actual expenditure against the budget regularly reported to Council?	y	5
	Are there any significant unexplained variances from budget?	n	

Income Controls	Is income properly recorded and promptly banked?	y	
	Does the precept recorded in the cashbook agree to Northumberland County Council's notification?	y	6
	Review carried out of other income particularly where it is unusual or cash-based.	y	
	Are security controls over cash adequate and effective?	Y	
	Are there controls in place for where cash income events may take place	Y	
Petty Cash Procedures	Is all petty cash spent recorded and supported by VAT invoices/receipts?	n/a	7
	Is petty cash expenditure reported to Council?	n/a	
	Is petty cash reimbursement carried out regularly?	n/a	
	Is there an established process and independent review in place?	n/a	
Payroll Controls	Do salaries paid as well as other variations agree with those approved by Council?	Y	8
	Do all employees have contracts of employment with clear terms and conditions?	Y	8
	Are other payments to the Clerk reasonable and approved by Council?	Y	
	Has PAYE/NIC been properly operated by the Council as an employer?	Y	8
Assets Controls	Does the Council keep an Assets Register of all material assets owned?	Y	9
	Is the Register up to date?	Y	
	Are the assets verified/checked on an agreed basis?	Y	
	Do asset insurance valuations agree with those in the Register?	Y	
Bank Reconciliation	Is there a bank reconciliation for each bank account?	Y	10
	Is the bank reconciliation carried out regularly on the receipt of statements?	Y	10
	Are there any unexplained balancing entries in any reconciliation?	N	
VAT claims	Check process for making individual claims	Y	11
	Check calculation of vat claim	Y	11
	Check entries to cash book	Y	11
	Review regularity of claims	Y	11
Year-End Procedures	Are year-end accounts prepared on the correct accounting basis?	Y	12
	Do accounts agree with the cashbook?	y	
	Is there an audit trail from underlying financial records to the accounts?	y	
	Where appropriate, have debtors and creditors been properly recorded?	y	

Accounts for the year ended 31 March 2018

Appendix 3

Budget	Income	£
	Precept	199,365
	Bank interest	433
	Other Receipts	<u>4,384</u>
		<u>204,182</u>
	Expenditure	
57,150	ADMINISTRATION - EMPLOYMENT COSTS	
28,000	Employee costs NI & pension scheme	<u>76,254</u>
7,955	OFFICE COSTS insurance utilities* & IT	
5,000	New Office	6,273
5,920	FEES & CHARGES	
5,000	Audit Bank charges Subscriptions fees Publications Election costs	7,206
1,350	CIVIC EXPENSES Remembrance & Expenses	351
40,760	LOCAL SERVICES Enhanced Services Partnership including Clean/Repair bus shelters, seats etc. Play area inspections, floral bedding	36,801
27,500	REPAIR & RENEWAL	
2,451	Asset repair & renewals Facilities upgrade Bungalow Dedication Seats	13,363 2,451
15,000	ENVIRONMENTAL PROJECTS Gateways	0
20,000	TOWN IMPROVEMENT PROJECTS	18,135
6,000	SPECIAL EVENTS Music Traders	3,000
	CIVIC & COMMUNITY EVENTS	
6,000	Grants & donations	4,676
16,000	Christmas Lighting	6,665
2,530	Newbiggin Nipper Service	2,363
14,400	Young People Activity & Leisure Events	13,335
3,000	Youth & Adult Support Schemes	1,250
2,500	Community Volunteering Schemes	1,250
1,000	Events Leaflets	990
		<u>118,109</u>
58,687	PROJECTS	
	Pit Wheel Planters	800
	Atlee Park Basket Swing	2,918
	Promenade Railings Painting	9,926
	Beach Sand redistribution	3,925
	Skatepark MUGA Floodlighting	20,650
	Skatepark CCTV	2,297
	Church Point Footway	9,843
	Spital Bus Shelter	<u>8,066</u>
		<u>58,425</u>
227,065	Budget	
99,138	Contributions from Balances	
326,203		
	Total Expenditure	<u>252,788</u>

Annual Return to 31 March 2018

Accounting Statements for Newbiggin by-the-Sea Town Council

	31 March 2017 £	31 March 2018 £	Figures rounded to nearest £. Report £0 or NIL balances. All figures must agree to underlying financial records.
1 Balances brought forward	191,078	207,340	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 (+) Annual precept	197,065	199,365	Total amount of precept receivable or received in the year.
3 (+) Total other receipts	22,816	4,817	Total receipts or income as recorded in the cashbook less the precept received. Includes any grants.
4 (-) Staff costs	30,451	76,254	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 borrowings (if any).
6 (-) Total other costs	173,168	176,534	Total expenditure or payments as recorded in the cashbook less staff costs (line 4) and loan interest/capital repayments (line 5).
7 (=) Balances Carried forward	207,340	185,660	Total balances and reserves at the end of the year. Must equal (1+2+3) – (4+5+6)
8 Total cash and short term investments	234,267	187,170	The sum of all current and deposit bank accounts, cash holdings and short term investments held at 31 March – to agree with bank reconciliation.
9 Total fixed assets and long term assets	209,864	267,052	The original Asset and Investment register value of all fixed assets, plus other long term assets owned by the council 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 Trust funds (including charitable) disclosure note	NO	NO	The council acts as sole trustee for and is responsible for managing trust funds or assets. Note that the figures above do not include any trust transactions