

**ANNUAL COUNCIL 11 MAY 2011**

**1. Annual Internal Audit Report**

- 1.1 The Annual Internal Audit Report has been received and informs the Town Council that satisfactory arrangements are in place. It also supports the Annual Return to the External Auditor and the Audit Commission.
- 1.2 The Report from the Internal Auditor Richard Slater is attached at Appendix 1 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.

**2. Annual Accounts and Accounting Statement for 2010/2011**

- 2.1 The Accounts for the financial year 2010/2011 have been completed and audited and are currently available for inspection by the public as required by the legislation.
- 2.2 Attached at Appendix 2 are the Final Accounts and Balance Sheet for members' consideration.
- 2.3 The Accounting statements set out in Appendix 3 must be endorsed by the Town Council and signed by the Chairman.

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

**3. Annual Governance Statement**

- 3.1 A further requirement of the audit process is that an Annual Governance Statement is incorporated in the Annual Return having been considered and approved by the Council and signed by the Chairman and the Town Clerk.
- 3.2 The draft statement is attached at Appendix 4 for members' consideration.

RECOMMENDED that members consider and approve the Annual Governance Statement.

**4. Memorial Park – informal County Council Consultation**

- 4.1 County Council officers have advised of a request from the Newbiggin and North Seaton Royal British Legion to use one of the flower bed areas in the park to create a permanent memorial for all the wars and conflicts since the Second World War and provide engraved stones indicating the various campaigns.

RECOMMENDED that the Town Council agree to the principle of the scheme and request a meeting with the officers and local representatives to discuss the detail.

I certify that I have carried out the tests detailed below in accordance with the suggested approach contained in the 2008 edition of “Governance and Accountability in Local Councils in England and Wales – A Practitioners Guide”.

Signed

RICHARD SLATER

Date 4 May 2011

1 Internal Control	2 Tests	3 Yes/No/N/A	4 Comments
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?	Yes	
Proper bookkeeping	Is the cashbook maintained and up to date?	Yes	
	Is the cashbook arithmetically correct?	Yes	
	Is the cashbook regularly balanced?	Yes	
Standing Orders and Financial Regulations	Has the Council formally adopted Standing Orders and Financial Regulations?	Yes	
	Has a Responsible Financial Officer been appointed?	Yes	
	Have items or services above a <i>de minimis</i> amount been competitively purchased?	Yes	
	Are payments in the cashbook supported by invoices and have they been authorised and minuted?	Yes	
	Has VAT on payments been identified, recorded and reclaimed?	Yes	
	Is Section 137 expenditure separately recorded and within statutory limits?	N/A	
Risk Management Arrangements	Does a scan of the minutes identify any unusual activity?	No	
	Do the minutes record the Council carrying out an annual risk assessment?	Yes	
	Is insurance cover appropriate and adequate?	Yes	
	Are internal financial controls documented and regularly reviewed?	Yes	
Budgetary Controls	Has the Council prepared an annual budget in support of its precept?	Yes	
	Is actual expenditure against the budget regularly reported to Council?	Yes	
	Are there any significant unexplained variances from budget?	No	
Income Controls	Is income properly recorded and promptly banked?	Yes	
	Does the precept recorded in the cashbook agree to Northumberland County Council's notification?	Yes	
	Are security controls over cash adequate and effective?	Yes	

1 Internal Control	2 Tests	3 Yes/No/N/A	4 Comments
Petty Cash Procedures	Is all petty cash spent recorded and supported by VAT invoices/receipts?	N/A	No petty cash held
	Is petty cash expenditure reported to Council?	N/A	
	Is petty cash reimbursement carried out regularly?	N/A	
Payroll Controls	Do salaries paid agree with those approved by Council?	Yes	
	Are other payments to the Clerk reasonable and approved by Council?	Yes	
Payroll Controls (contd)	Has PAYE/NIC been properly operated by the Council as an employer?	Yes	
Assets Controls	Does the Council keep an Assets Register of all material assets owned?	Yes	
	Is the Register up to date?	Yes	
	Do asset insurance valuations agree with those in the Register?	Yes	
Bank Reconciliation	Is there a bank reconciliation for each bank account?	Yes	
	Is the bank reconciliation carried out regularly on the receipt of statements?	Yes	
	Are there any unexplained balancing entries in any reconciliation?	No	
Year-End Procedures	Are year-end accounts prepared on the correct accounting basis?	Yes	
	Do accounts agree with the cashbook?	Yes	
	Is there an audit trail from underlying financial records to the accounts?	Yes	
	Where appropriate, have debtors and creditors been properly recorded?	Yes	

<b>Accounts for the year ended 31 March 2011</b>	<b>Net</b>	<b>Appendix 2</b>
<b>Income</b>	<b>£</b>	
Precept	113,110.00	
Bank interest	72.62	
Allotment Rents	1,000.00	
Market Rents	815.00	
Other contributions	<u>2,201.48</u>	
	<u>117,199.10</u>	
<b>Expenditure</b>		
<b>ADMINISTRATION</b>		
<b>EMPLOYEE COSTS</b>		
Clerk's Salary and on-costs	<u>22,221.24</u>	
<b>Sub-Total</b>	<u>22,221.24</u>	
<b>OFFICE COSTS</b>		
Office expenses incl. IT	3,000.28	
Insurances	<u>1,214.50</u>	
<b>Sub-Total</b>	<u>4,214.78</u>	
<b>FEES &amp; CHARGES</b>		
Audit – Internal	126.25	
Audit – External	400.00	
Professional Fees	1,200.00	
Bank charges	176.40	
Public Notices	495.28	
NALC Subscription	446.15	
Web Site Development	220.00	
Publications	830.50	
Publicity	<u>230.88</u>	
<b>Sub-Total</b>	<u>4,125.46</u>	
<b>MEMBERS EXPENSES</b>		
Councillors Expenses	419.96	
Councillor Training	<u>30.00</u>	
<b>Sub-Total</b>	<u>449.96</u>	
<b>SERVICES</b>		
In Bloom & Gardens Competition	536.99	
Seasonal Christmas lighting	<u>7,448.70</u>	
<b>Sub-Total</b>	<u>7,985.69</u>	
<b>COMMUNITY PROJECTS</b>		
Remembrance Day	100.00	
General grants & donations	4,409.50	
Farmers' Markets	1,719.14	
Triathlon & Sporting Events	2,500.00	
Projects	3,993.57	
Miscellaneous	<u>585.56</u>	
<b>Sub-Total</b>	<u>13,307.77</u>	
<b>Total Expenditure</b>	<b>52,304.90</b>	
<b>Balance as at 31 March 2010</b>	<b>54,586.17</b>	
<b>Balance as at 31 March 2011</b>	<b><u>119,480.37</u></b>	

## NEWBIGGIN BY-THE-SEA TOWN COUNCIL

Balance Sheet as at 31 March 2011

Current Assets and Liabilities;

	£
Debtors	1,323.66
Debtors	5,000.00
Net current liabilities	<u>-3,676.34</u> -----

Bank balance	123,156.71
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Total assets	<u><b>119,480.37</b></u>
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Represented By;

Newbiggin by-the-Sea Town Council Balance	119,480.37
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	<u><b>119,480.37</b></u>
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## Appendix 3

## Accounting Statements for Newbiggin by-the-Sea Town Council

	31 March 2010 £	31 March 2011 £	Figures rounded to nearest £. Report £0 or NIL balance All figures must agree to underlying financial records.
1 Balances brought forward	0	54,586	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	74,994	113,110	Total amount of precept receivable or received in the year.
3 (+) Total other receipts	0	4,089	Total receipts or income as recorded in the cashbook less the precept received. Includes support, discretionary and revenue grants.
4 (-) Staff costs	7,349	22,221	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	13,059	30,084	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	54,586	119,480	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	55,711	123,157	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	0	1,520	The recorded book value at 31 March of all fixed assets owned by the council and any other long term assets e.g. loans to third parties and any long-term investments
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	0	0	The council acts as sole trustee for and is responsible for managing trust funds or assets. (Readers should note that the figures above do not include any trust transactions)

## Appendix 4

**ANNUAL GOVERNANCE STATEMENT**

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 2011, that:

	Agreed – Yes or No	'Yes' means
1 We have approved the accounting statements which have been prepared in accordance with the requirements of the Accounts and Audit Regulations and proper practices.	YES	Prepared its accounting statements in the way prescribed by law.
2 We have 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 have taken 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 the council to conduct its business or on its finances.	YES	Has only done things that it has the legal power to do and has conformed to codes of practice and standards in the way it has done so.
4 We have 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 council's accounts.
5 We have carried out an assessment of the risks facing the council and taken appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	YES	Considered the financial and other risks it faces and has dealt with them properly.
6 We have maintained throughout the year an adequate and effective system of internal audit of the council accounting records and control systems and carried out a review of its effectiveness.	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 the council and reviewed the impact of this work.
7 We have taken 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 have 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 the local council and recorded as minute reference xx/10 dated 11 May 2011.