

ANNUAL COUNCIL 09 MAY 2012

1. Annual Internal Audit Report

- 1.1 Acting independently the internal audit has been carried out selectively to check compliance with relevant procedures and controls expected to be in operation during the financial throughout the financial year.
- 1.2 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.
- 1.3 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 2011/2012

- 2.1 The Accounts for the financial year 2011/2012 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 Chairperson.

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. Local Governance Review

- 4.1 The Town Council requested the County Council to undertake a Local governance Review following the implementation of the County Ward Review and its effect on the parish ward boundaries that are changed for the 2013 local elections.

- 4.2 The intention of the review was to provide a balance of representation between councillors and the electorate by re-establishing the original ward boundary between Newbiggin East and West which was an approximate 50:50 split with four councillors in each ward.
- 4.3 An artificial boundary has been created in the West of Newbiggin by the boundary of the County Electoral Division for Seaton with Newbiggin West which incorporated the estates of Spital Welfare and half of the Avenues with North Seaton. This has been done to maintain numerical balance of the county divisions and ignored community identity for electors and the Electoral Commission would not now sanction parish ward boundaries overlapping county division boundaries. It will not review this situation until 2016 and insists that a parish ward must be wholly within the county division.
- 4.4 This ward representing only 20% of the electorate must remain so the question for the review is now how to deal with the rest of the town where 80% of the electorate resides (West: 957 electors; Central and East: 3,741 electors). Leaving the status quo with 4 councillors representing each of the two wards would leave a significant imbalance. Please see Plan A.
- 4.5 Other options would be to recommend having no wards and all 8 councillors elected by the whole town. Alternatively the larger part of the town could be sub-divided into 2 further wards with 3 councillors or 3 wards with 2 councillors.
- 4.6 The electorate has previously been sub-divided between four polling stations and while those boundaries are not ideal some relatively minor alterations can provide 3 further wards averaging 1,250 electors each giving the best ratio of electors to councillors available in the circumstances. This is least disruptive from an elections perspective and is shown on Plan B.
- 4.7 To subdivide the large area into 2 wards with an average of 1,870 electors is more difficult geographically in terms of community identity although a possible option is shown on Plan C.

RECOMMENDED that the Town Council consider the ward options within the parish boundary and advise the county council of its preferred option as part of the Local Governance Review to be implemented for the elections in 2013.

**INTERNAL AUDIT SERVICE FOR NEWBIGGIN-BY-THE-SEA TOWN COUNCIL
AUDIT PROGRAMME – 2011/12**

Appendix 1

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 23 April 2012

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	

Accounts for the year ended 31 March 2012

Net

Appendix 2

Income	£
Precept	113,110.00
Bank interest	420.24
Other Income	<u>3,276.00</u>
	<u>116,806.24</u>
Expenditure	
ADMINISTRATION	
EMPLOYEE COSTS	
Clerk's Salary and on-costs	<u>23,797.77</u>
Sub-Total	<u>23,797.77</u>
OFFICE COSTS	
Office expenses incl. IT	2,784.90
Insurances	<u>766.88</u>
Sub-Total	<u>3,551.78</u>
FEES & CHARGES	
Audit – Internal & External	216.50
Bank charges	183.19
Subscriptions fees & training	649.01
Web Site Development	220.00
Publications	<u>2,175.55</u>
Sub-Total	<u>3,444.25</u>
MEMBERS EXPENSES	
Councillors Expenses	439.54
Sub-Total	<u>439.54</u>
SERVICES	
In Bloom & Gardens Competition	553.15
Seasonal Christmas lighting	<u>5,666.36</u>
Sub-Total	<u>6,219.51</u>
COMMUNITY PROJECTS	
Remembrance Day	150.00
General grants & donations	8,590.00
Farmers' Markets	2,166.07
Triathlon & Sporting Events	10,923.25
Projects	11,144.53
Miscellaneous	<u>599.40</u>
Sub-Total	<u>33,573.25</u>
Total Expenditure	71,026.10
Balance as at 31 March 2011	119,480.37
Balance as at 31 March 2012	<u>165,260.51</u>

NEWBIGGIN BY-THE-SEA TOWN COUNCIL

Balance Sheet as at 31 March 2012

Current Assets and Liabilities;

	£
Debtors	3,526.62
Debtors	8,000.00
Net current liabilities	<u>-4,473.38</u> -----
Bank balance	169,733.89
Total assets	<u>165,260.51</u>
Represented By;	
Newbiggin by-the-Sea Town Council Balance	165,260.51
	<u>165,260.51</u>

Appendix 3

Annual Return to 31 March 2012

Accounting Statements for Newbiggin by-the-Sea Town Council

	31 March 2011 £	31 March 2012 £	Figures rounded to nearest £. Report £0 or NIL balance All figures must agree to underlying financial records.
1 Balances brought forward	54,586	123,157	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	113,110	113,110	Total amount of precept receivable or received in the year.
3 (+) Total other receipts	4,089	3,696	Total receipts or income as recorded in the cashbook less the precept received. Includes support, discretionary and revenue grants.
4 (-) Staff costs	22,221	23,798	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	30,084	47,228	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	119,480	168,937	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	123,157	169,734	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	1,520	3,211	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 2012, that:

	Agreed – Yes or No	'Yes' means that the Council:
1 We 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 the way prescribed by law.
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 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 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 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 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 the council.
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 the local council and recorded as minute reference / dated 09 May 2012.