

**ANNUAL COUNCIL 12 MAY 2010**

**1. Annual Internal Audit Report**

- 1.1 An Annual Internal Audit Report is required to inform the Council that satisfactory arrangements are in place and to support 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.
- 1.3 He was pleased to report that there were no issues which he thought needed to be brought to members' attention.
- 1.4 For the future, he made the following recommendations;

**Budgetary Control**

The council should consider budgetary control reports during the course of the financial year. The clerk plans to present four such reports to the council, in April, July, October and January of each financial year.

**Insurances**

Consideration should be given to the tendering of insurance services for the next renewal.

**Internal Audit Visits**

He recommends that in addition to the year end work during April, he make one short visit during the course of the year in October to ensure the integrity of the council's financial and reporting procedures. He will also be available at other times, should problems or questions arise.

RECOMMENDED that the Internal Audit report be agreed.

**2. Annual Accounts and Accounting Statement for 2009/2010**

- 2.1 The Accounts for the financial year 2009/2010 have been completed and audited and are currently available for inspection by the public as required by the legislation.
- 2.2 I have attached at Appendix 2 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. Review of Northumberland Parish Charter for Local Councils

4.1 The Charter was put in place between Northumberland County Council and Northumberland Association of Local Councils (NALC) before the Town Council or any of the other Town and Parish Councils in the south east of the county came into existence on 01 April 2009.

4.2 NALC has advised that the Northumberland Charter is about to be reviewed and this week all local councils will be receiving a consultation questionnaire, together with details of some workshop-type meetings which are planned for early June. The Secretary of NALC has requested that the review be included on the agenda for annual council meetings so that there is good time for feedback. The consultation period will last until the end of June and the review will look at the provisions of the Charter itself, and also at how the Charter is being implemented.

4.3 It was intended that the charter would be a framework for developing and enhancing the relationship between NCC and the local councils in Northumberland. There are three main areas of the Charter to consider; consultation arrangements which largely remain an aspiration; local service provision to be transferred from NCC to local councils; and more significant services that NCC may devolve to local councils under service level agreements when the capacity has been established.

4.4 The approach of the county council still seems to be a presumption that the services listed in appendix 2 of the charter are expected to be managed and financed by local council budgets. Some of these services have been funded this year by NCC through a special expense against local council tax payers. Allotments and Seasonal Lighting have already transferred to the Town council. For Newbiggin the following service areas are covered by appendix 2:

Bus shelters and public seats  
Burial grounds and mortuaries  
Parks, playing fields, playgrounds and open spaces for the local community  
War Memorials and other monuments

4.6 Services listed in appendix 3 are more complex and while not exhaustive include the following for consideration:

Arts facilities	Car parking	Closed Churchyards
Country parks	Crime prevention	Dog control
Graffiti removal	Grounds maintenance	Libraries and museums
Litter collection	Litter enforcement	Markets
Public access points	Rights of Way	Public toilets
Road & pavements	Road safety	School crossing patrols
Street cleaning	Street signage	Tourist information
Waste recycling collection points		

- 4.7 Clearly the consultation arrangements with local councils need to be looked at and applied more consistently across the county council. While it is understood that a great deal of work has been carried by county officers regarding costs of local services none have been advised so far and there is still concern over the accuracy and integrity of costs to be applied to parish and town council areas. These are matters that will need full analysis and consideration with the other larger councils in Northumberland.

RECOMMENDED that the Council consider its position regarding the review of the Charter and provide appropriate comments.

## 5. Model Standing Orders

- 5.1 The National Association of Local Councils has developed a new model set of standing orders for Town and Parish Councils.
- 5.2 In view of the detailed matters to be considered for the application of the standing orders to Council and committees it may be better to discuss these in a small working group first then report to Council.

RECOMMENDED that a Working Group of three members be appointed to consider the detail of the model prior to consideration by the Council.

## 6. Sporting and Recreation Services – NCC Consultation

- 6.1 There are two consultations taking place that members may be interested in regarding future planning for sporting and recreation services and open space.
- 6.2 Strategic Leisure, a Leisure Management consultancy, is currently working with NCC to undertake an audit and assessment of open space, sport and recreation provision within the County to inform the Council's Local Development Framework (LDF). A detailed 'audit' of all types of open space, sport and recreation provision is being undertaken, in partnership with key organisations and associations. This will play an important role in establishing the nature and use of current provision and help the county council in its future planning of related services and will inform the Council's Core Strategy; due to be consulted upon in summer.

- 6.3 A questionnaire has gone out to all organisations regarding their facilities but as yet no such facilities have transferred to the town council but they indicate that the development of a strategy for the area will influence decisions on future facilities.
- 6.4 Northumberland Sport Board is undertaking broader consultation on the report "Developing a Sports Facilities Strategy for Northumberland" undertaken by PMP Consultancy to establish a long term strategy for sports facilities. NS has highlighted that through national investment programmes such as Building Schools for the Future there should be opportunities for improvements to facilities on school sites and other opportunities may also emerge which are perhaps driven by a regeneration agenda
- 6.5 The Executive Summary of the main findings of the report has been circulated to members as the full report runs to some 107 pages and requires considerable electronic memory as it has many maps and tables within it. In order to make access to this document available NS has posted it in the News Section of the Northumberland Sport website [www.northumberlandsport.co.uk](http://www.northumberlandsport.co.uk) should members wish to look at the detail.
- 6.6 Northumberland Sport Board members and County Council Officers are already developing a new countywide Playing Pitch Strategy and initiating discussions about community access to school sports facilities. In the case of Newbiggin this should be particularly welcome.

**RECOMMENDED** that the Town Council consider these matters and forward any observations in connection with the consultation.

## Appendix 1

**Annual Internal Audit Report to Newbiggin by-the-Sea Town Council**

The council's internal audit, acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year ended 31 March 2010.

Internal audit has been carried out in accordance with the council'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 the council.

Internal control objective	Agreed? Yes/No/Not covered
A Appropriate books of account have been properly kept throughout the year.	YES
B The council's financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT has been appropriately accounted for.	YES
C The council assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	YES
D The annual precept requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	NOT COVERED*
E Expected income was fully received, based on correct prices, properly rebooked; and VAT was appropriately accounted for.	YES
F Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.	NOT COVERED*
G Salaries to employees and allowances to members were paid in accordance with council approvals, and PAYE and NI requirements were properly applied.	YES
H Asset and investments registers were complete and accurate and properly maintained.	YES
I Periodic and year-end bank account reconciliations were properly carried out.	YES
J Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments/income and expenditure), agreed with the cash book, were supported by an adequate audit trail from underlying records, and where appropriate debtor and creditors were properly	YES
K Trust funds (including charitable) The council has met its responsibilities as a trustee.	N/A

Name of person who carried out internal audit

RICHARD SLATER

Date 29/04/2010

**\*Additional notes to Section 4 of the Annual Return**

- D. The council was formed on 1 April 2009, so its precept for 2009/10 was set by Northumberland County Council as part of that council's budget setting process. The council did not set a budget for 2009/10, but operated within the precept set for it by the county council. Expenditure in 2009/10 was mainly concerned with the cost of elections, and administrative matters in relation to setting up the new council. A budget was properly set for 2010/11.
  
- F. The council does not operate a petty cash account.
  
- H. The council did not own any assets.

Richard Slater

Internal Auditor  
Newbiggin by-the-Sea Town Council

## Appendix 2

**NEWBIGGIN BY-THE-SEA TOWN COUNCIL  
Accounts for the year ended 31 March 2010**

	Net £
<b>Income</b>	
Precept	<b>74,994.00</b>
Bank interest	-
Other income	-
	<u>74,994.00</u>
<b>Expenditure</b>	
<b>ADMINISTRATION</b>	
<b>EMPLOYEE COSTS</b>	
Clerk's Salary and oncosts	<u>7,349.22</u>
<b>Sub-Total</b>	<u>7,349.22</u>
<b>OFFICE COSTS</b>	
Office expenses incl. IT	3,447.93
Insurances	<u>262.50</u>
<b>Sub-Total</b>	<u>3,710.43</u>
<b>FEES &amp; CHARGES</b>	
Audit – Internal	250.00
Audit – External	400.00
Bank charges	42.27
Election Expenses	4,702.30
Public Notices	-
<b>Sub-Total</b>	<u>5,394.57</u>
<b>MEMBERS EXPENSES</b>	
Councillors Expenses	511.54
Councillor Training	-
<b>Sub-Total</b>	<u>511.54</u>
<b>SERVICES</b>	
Gardens Competition	276.61
Seasonal Christmas lighting	<u>440.46</u>
<b>Sub-Total</b>	<u>717.07</u>
<b>COMMUNITY PROJECTS</b>	
Remembrance Day	-
General grants & donations	<u>2,725.00</u>
<b>Sub-Total</b>	<u>2,725.00</u>
<b>TOTAL EXPENDITURE</b>	<u>20,407.83</u>
<b>Balance as at 31 March 2010</b>	<u>54,586.17</u>

**NEWBIGGIN BY-THE-SEA TOWN COUNCIL**

Balance Sheet as at 31 March 2010

Current Assets and Liabilities;

	£
Debtors	152.77
Debtors	1,277.32
Less creditors	<u>-1,124.55</u>
	-----
Bank balance	55,710.72
Total assets	<u><b>54,586.17</b></u>
Represented By;	
Newbiggin by-the-Sea Town Council Balance	54,586.17
	<u><b>54,586.17</b></u>



## Appendix 3

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

	31 March 2009 £	31 March 2010 £	Figures rounded to nearest £. Report £0 or NIL balance All figures must agree to underlying financial records.
1 Balances brought forward	NIL	0	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	NIL	74,994	Total amount of precept receivable or received in the year.
3 (+) Total other receipts	NIL	0	Total receipts or income as recorded in the cashbook less the precept received. Includes support, discretionary and revenue grants.
4 (-) Staff costs	NIL	7,349	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	NIL	0	Total expenditure or payments of capital and interest made during the year on borrowings (if any).
6 (-) Total other costs	NIL	13,059	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	NIL	54,586	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	NIL	55,711	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	NIL	0	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	NIL	0	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).
11 Trust funds (including charitable) disclosure note	NIL	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 2010, 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.	NO	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.	NO	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 12 May 2010.

**\*Additional notes to Section 2 of the Annual Return**

- 4 This is the first year of the council's operation since its creation on 01 April 2009 and the first set of accounts are now available for inspection although the council has always answered questions in respect of its finances.
- 7 There have been no reports or matters brought to the council's attention.