

**NEWBIGGIN BY THE SEA TOWN COUNCIL
FINANCIAL YEAR 2023/24
INTERNAL AUDIT CONTROLS AND TESTS**

INTERNAL CONTROL	AUDIT TESTS	OUTCOMES YES/NO
<p>Accounting Records</p> <p>A. Appropriate accounting records have been properly kept throughout the year.</p> <p>Periodic bank account reconciliations were properly carried out during the year.</p>	<ul style="list-style-type: none"> ● Ensure the correct roll forward of the prior year cashbook balances to the new financial year ● Check a sample of financial transactions in cashbooks to bank statements ● Ensure that bank reconciliations are prepared routinely, are subject to independent scrutiny and sign-off by members ● Verify the accuracy of the year-end bank reconciliation detail and ensured accurate disclosure of the combined cash and bank balances in the AGAR, section 2, line 8. ● Where the authority has bank balances more than £100,000 it has an appropriate investment strategy. 	<p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p>
<p>Standing Orders & Financial Regulations</p> <p>Payment Controls</p> <p>B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT appropriately accounted for.</p>	<ul style="list-style-type: none"> ● Review the procedures in place for acquisition of formal tenders and quotes, ensuring they are in line with the SOs and FRs which should be based on the latest version. ● Ensure that consistent values are in place for the acquisition of formal tenders between SOs and FRs ● Review the procedures for receipt of invoices, agreement of invoice detail 	<p>Yes</p> <p>Yes</p> <p>Yes</p>

	<p>and confirmation of goods /services delivery and approval for payment: ideally, a suitably designed certification stamp should be in place providing for evidencing of these checks and payment authorisation.</p> <ul style="list-style-type: none"> ● Check that there is effective segregation between the writing of cheques or the setting up of online payments, and physical release of payments ● Check that VAT reclaims are prepared and submitted in a timely manner in line with the underlying records and in accordance with current HMRC requirements ● Where debit / credit cards are in use, establish the total monthly and individual transaction limits and ensure appropriate controls over physical security and usage of the cards are in place 	<p>Yes</p> <p>Yes</p> <p>Not Applicable</p>
<p>Risk Management Arrangements</p> <p>C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.</p>	<ul style="list-style-type: none"> ● Ensure that authority has prepared, and formally adopted, at least once annually, an appropriate and comprehensive register of assessed risks, both regular and ad hoc ● Ensure that appropriate levels of insurance cover are in place for land, buildings, public, employers' and hirers' liability, fidelity / employees (including councillors) liability, business interruption and cyber security ● Ensure that appropriate arrangements are in place for monitoring play areas, open spaces and sports 	<p>Yes</p> <p>Yes</p> <p>Yes</p>

	<p>pitches: such reviews should be undertaken by appropriately qualified external inspectors or, if by officers or members, that they have received the appropriate training and accreditation</p> <ul style="list-style-type: none"> ● Review the effectiveness of internal control carried out by the authority 	Yes
<p>Budgetary Control and Review</p> <p>D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.</p>	<ul style="list-style-type: none"> ● Ensure that the full Authority, not a committee, has considered, approved and adopted the annual precept for the coming year in accordance with the required parent Authority timetable ● Ensure that current year budget reports are prepared and submitted to Authority / Committees periodically during the year with appropriate commentary on any significant variances ● Review the budget performance either during the year or at the financial year-end seeking explanations for any significant or unanticipated variances ● Ensure that the Authority has considered the establishment of specific earmarked reserves and, ideally, reviews them annually as part of the budget assessment process ● Ensure that the precept received in the accounts matches the prior year submission form to the relevant authority and the public record of precepted amounts 	<p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p>

Income Controls		
<p>E. Expected income was fully received based on correct prices, properly recorded and promptly banked; and VAT appropriately accounted for.</p>	<ul style="list-style-type: none"> ● Review “Aged debtor” listings to ensure appropriate follow up action is in place 	Yes
	<ul style="list-style-type: none"> ● Allotments: ensure that appropriate signed tenancy agreements exist, that an appropriate register of tenants is maintained identifying, that debtors are monitored. 	Yes
	<ul style="list-style-type: none"> ● Burials: ensure that a formal burial register is maintained that it is up-to-date and that a sample of interments and memorials are appropriately evidenced, that fees have been charged at the correct approved rate and been recovered within a reasonable time: 	Not Applicable
	<ul style="list-style-type: none"> ● Hall hire: ensure that an effective diary system for bookings is in place identifying the hirer, hire times and ideally cross-referenced to invoices raised 	Not Applicable
	<ul style="list-style-type: none"> ● Leases: ensure that leases are reviewed in a timely manner in accordance with the terms of the lease and rents similarly reviewed appropriately at the due time 	Yes
	<ul style="list-style-type: none"> ● Other variable income streams: ensure that appropriate control procedures and documentation are in existence to provide a clear audit trail through to invoicing and recovery of all such income 	Yes
	<ul style="list-style-type: none"> ● Where amounts are receivable on set dates during the year, ensure that an appropriate control record is maintained duly identifying the date(s) on which income is due and received / banked 	Yes

<p>Petty Cash Procedures</p> <p>F. Petty Cash payments were properly supported by receipts, all petty cash expenditure was approved, and VAT appropriately accounted for</p>	<ul style="list-style-type: none"> ● Review the systems in place for controlling any petty 30 cash and also cash floats (used for bar, catering, etc) ● Check a sample of transactions during the financial year to ensure appropriate supporting documentation is held ● Review the existence of evidenced periodic independent verification of the petty cash and any other cash floats held ● Ensure that VAT is identified wherever incurred and appropriate ● Physically check the petty cash and other cash floats held ● Where bar or catering facilities are in place, ensure that appropriate cashing-up procedures are in place reconciling the physical cash takings to the till “Z” total readings 	<p style="text-align: center;"><u>Not Applicable</u> <u>The Town Council does not operate a Petty Cash Account</u></p>
<p>Payroll Controls</p> <p>G. Salaries to employees and allowances to members were paid in accordance with the authority’s approvals, and PAYE and NI requirements were properly applied.</p>	<ul style="list-style-type: none"> ● Ensure that, for all staff, a formal employment contract is in place together with a confirmatory letter setting out any changes to the contract ● Ensure that appropriate procedures are in place for the payment of members allowances and deduction of any tax liability ● Ensure that, for a sample of staff salaries, gross pay due is calculated in accordance with the approved spinal point on the NJC scale or hourly rate, if off-scale, and with the contracted hours 	<p style="text-align: center;">Yes</p> <p style="text-align: center;">Not Applicable</p> <p style="text-align: center;">Yes</p>

	<ul style="list-style-type: none"> ● Ensure that appropriate tax codes are being applied to each employee ● Where free or paid for software is used, ensure that it is up to date. ● For the test sample of employees, ensure that tax is calculated appropriately ● Check the correct treatment of Pension contributions ● For NI, ensure that the correct deduction and employer's contributions are applied ● Ensure that the correct employers' pension percentage contribution is being applied ● Ensure that for the test sample, the correct net pay is paid to the employee with tax, NI and pension contributions correctly paid to the respective agencies. 	<p style="text-align: center;">Yes</p> <p style="text-align: center;">Not Applicable</p> <p style="text-align: center;">Yes*</p> <p style="text-align: center;">Yes*</p> <p style="text-align: center;">Yes*</p> <p style="text-align: center;">Yes*</p> <p style="text-align: center;">Yes*</p> <p style="text-align: center;">Yes*</p> <p>*Northumberland County Council acts as a payroll agent for the Town Council, providing third party security and additional internal control</p>
<p>Assets & Investment Controls</p> <p>H. Asset and investment registers were complete and accurate and properly maintained. This section/assurance should be extended to include loans to or by the authority</p>	<ul style="list-style-type: none"> ● Ensure that the Authority is maintaining a formal asset register and updating it routinely to record new assets at historic cost price, net of VAT and removing any disposed of / no longer serviceable assets ● The register should identify for each asset the purchase cost ● Additions and disposals records allow tracking from the prior year to the current ● The asset value to be reported in the AGAR at section 2, line 9 equates to the prior year reported 	<p style="text-align: center;">Yes</p> <p style="text-align: center;">Yes</p> <p style="text-align: center;">Yes</p> <p style="text-align: center;">Yes</p>

	<p>value, adjusted for the nominal value of any new acquisitions and / or disposals</p> <ul style="list-style-type: none"> ● Compare the asset register with the insurance schedule to ensure that all assets as recorded are appropriately insured or “self-insured” by the Authority Fixed asset investments: ● Ensure that all long-term investments (i.e. those for more than 12-month terms) are covered by the “Investment Strategy” and reported as Assets in the AGAR at section 2, line 9. ● Ensure that the authority has sought and obtained appropriate DMO approval for all loans acquired ● Ensured that the authority has accounted for the loan appropriately and recorded the full value of the loan. ● Ensure that the combined principal loan repayment and interest for the year is correctly recorded in the AGAR at section 2 line 5 ● Ensure that the outstanding loan liability as at 31st March each year is correctly recorded in the AGAR at section 2, line 10 ● Where the Authority has issued loans to local bodies, they should ideally seek signed indemnities from the recipient body, or their members, agreeing to underwrite the loan debt. 	<p>Yes</p> <p>Yes</p> <p>Not Applicable</p> <p>Not Applicable</p> <p>Not Applicable</p> <p>Not Applicable</p> <p>Not Applicable</p>
<p>Accounting Statements & Year-End Procedures</p> <p>J. Accounting statements prepared during the year were prepared on the correct accounting basis, agreed to the cashbook, supported by an adequate</p>	<ul style="list-style-type: none"> ● Ensure that, where annual turnover exceeds £200,000, appropriate records are maintained throughout the year on an Income and Expenditure basis to 	<p>Yes</p>

<p>audit trail from underlying records and, where appropriate, debtors and creditors were properly recorded.</p>	<p>facilitate budget reporting in that vein</p> <ul style="list-style-type: none"> • Ensure that appropriate accounting arrangements are in place to account for debtors and creditors during the year and at the financial year-end 	<p>Yes</p>
<p>Limited Assurance Review Exemption</p> <p>K. If the authority certified itself as exempt from a limited assurance review in the prior year, it met the exemption criteria and correctly declared itself exempt.</p>	<ul style="list-style-type: none"> • The correct exemption certificate was prepared and minuted in accordance with the statutory submission deadline • that it has been published, together with all required information on the Authority's website and noticeboard 	<p>Not Applicable</p>
<p>Website Requirements</p> <p>L. The authority publishes information on a free to access website / web page, up to date at the time of the internal audit in accordance with the relevant legislation.</p>	<p>Review the Authority's website ensuring that all required documentation is published in accordance with the relevant legislation.</p>	<p>Yes</p>
<p>Exercise of Public Rights</p> <p>M. The authority, during the previous year, correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations.</p>	<p>Examine a copy of the required "Public Notice" ensuring that it clearly identifies the statutory 30 working day period when the Authority's records are available for public inspection.</p>	<p>Yes</p>

<p>Publication Requirements</p> <p>N. The authority complied with the publication requirements for the prior year AGAR.</p>	<p>The statutory disclosure / publication requirements in relation to the prior year's AGAR have been met as detailed on the front page of the current year's AGAR.</p>	<p>Yes</p>
<p>Trust Funds</p> <p>O. Trust funds (including charitable) - the Council met its responsibilities as a trustee</p>	<ul style="list-style-type: none"> ● Confirm that all charities of which the council is a Trustee are up to date with CC filing requirements ● that the council is the sole trustee on the Charity Commission register ● that the council is acting in accordance with the Trust deed ● that the Charity meetings and accounts recorded separately from those of the council ● review the level and activity of the charity and where a risk-based approach suggests such, review the Independent Examiners report 	<p>Not Applicable</p>

Mike Slaughter
Internal Auditor
10 April 2024