

REPORT OF THE INTERNAL AUDITOR For YEAR Ashington Town Council 2023-2024

INTERNAL AUDIT PLAN

Internal Control	Suggested testing	Actual Control and Evaluation	Comment
A. Appropriate accounting records have been kept throughout the year. <u>AND</u> I. Periodic bank reconciliations were properly carried out during the year.	Ensure the correct roll forward of the prior year cash book balances to the new financial year.	checked	
	Check a sample of financial transactions in cashbooks to bank statements.	Checked	
	Is a bank reconciliation carried out regularly and in a timely fashion? Is it scrutinised and signed off by members?	Monthly statements & reconciliations reported to council with payments list.	
	Where the authority has bank balances in excess of £100k it has appropriate investment strategy. Is the value of investments held summarised on the reconciliation?	No reserves but it is in hand.	
	Verify the accuracy of the year-end bank reconciliation detail and ensure accurate disclosure of the combined cash and bank balances in the AGAR, Section 2, Line 8.	Checked	
B. The authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and, VAT was appropriately accounted for.	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.	No Cards	
	Check that there is effective segregation between the writing of cheques or the setting up of online payments, and physical release of payments.	Financial Regulations NO. 5&6 Payment presented at council, one member to verify invoices, RFO to set payments up and 2 nd member to authorise.	
	Has a Responsible finance officer been appointed with specific duties?	The clerk is the RFO. May 2023	
	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 (frequently different limits are recorded in the two documents)	Contracts and Procurement in Financial Regs 11. £25k threshold for tenders £5k threshold for 3 estimates	
	Review the procedures for receipt of invoices, agreement of invoice detail and confirmation of goods /services delivery and approval for payment. Ideally, a suitably designed certification stamp should	Financial Regulations 6 account for this.	

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	be in place providing evidencing of these checks and payment authorisations.		
	Has VAT on payments been identified, recorded and reclaimed?	VAT claimed at year end.	
C. The authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	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.	Risk Assessments reviewed Jan 2024	
	Ensure that appropriate levels of insurance cover are in place for land, buildings, public, employers' and hirers' (where applicable) liability, fidelity / employees (including councillors) liability, business interruption and cyber security	Insurance up to date including Employers Liability and agricultural vehicle.	
	Review the effectiveness of internal control carried out by the authority.	Standing Orders and Financial Regulations are annually reviewed. May 2023	
	Ensure that appropriate arrangements are in place for monitoring play areas, open spaces and sports 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.	There is a service Level Agreement in place with Northumberland County Council who undertake the play inspections and organise an annual one with Zurich. Some areas are still owned by NCC	
D. The Precept or rates requirement resulted from an adequate budgetary process, progress against the budget was regularly monitored; and reserves are appropriate.	Ensure that the full Authority, not a committee, has considered, approved and adopted the annual precept in accordance with the required parent Authority timetable	Full council meeting held on 31 st January 2023 to approve budget and precept for 2023-2024. Precept of £836,861 agreed at full council meeting on 31/01/23	
	Ensure that budget reports are prepared and submitted to Authority / Committees periodically during the year with appropriate commentary on any significant variances	Monthly finance & general services meeting with budget and expenditure reporting and payment approved. Six month review and allocation changes minuted	
	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.	Reserves Earmarked and recorded. £64687 General reserves - £161463	
	Ensure that the precept received in the accounts matches the prior year submission form to the relevant authority and the public record of	£836,861 form correct and correct in the public record of precept amounts.	

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	precepted amounts.		
E. Expected income was fully received based on correct prices, properly recorded and promptly banked; and VAT appropriately accounted for.	Review 'Aged Debtors' listing to ensure appropriate follow up action is in place.	Debtors include allotment amounts totalling £113, the rest of the amount is VAT.	
	Allotments: ensure that appropriate signed tenancy agreements exist, that an appropriate register of tenants is maintained identifying, that debtors are monitored.	Lease Agreements with the allotment association have been drafted in Jan 2024 .List of managed allotment fees correctly received in bank.	
	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: (Authorities should also acquire and retain copies of Burial / Cremation certificates)	N/A	
	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 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 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	N/A N/a Allotment income through association and records kept for Nursery Park direct payment of rent. Invoices are sent up with 2 follow up invoices.	
	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 actually received / banked	Allotment income now being paid directly. Credit control system in place – to check next year.	
	Are security controls over cash and near-cash adequate and effective?	Only cash from allotment occasionally received and banked straight away.	

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<p>F. Petty Cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for</p>	<p>A number of Authorities are now running down and closing their petty cash accounts and using debit / credit cards for ad hoc purchases. Consequently, a “Not covered” response is frequently required in this area.</p>	<p>N/A</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>	<p>Ensure that, for all staff, a formal employment contract is in place together with a confirmatory letter setting out any changes to the contract.</p>	<p>Sample contract seen</p>	
	<p>Ensure that appropriate procedures are in place for the payment of members allowances and deduction of any tax liability.</p>	<p>No allowances taken</p>	
	<p>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 also with the contracted hours, correct pension, net pay, tax, and NI.</p> <p>Ensure that appropriate tax codes are being applied to each employee.</p> <p>For the test sample of employees, ensure that tax is calculated appropriately.</p> <p>Where software is used, ensure it is up to date.</p>	<p>Pay is undertaken by Northumberland County Council.</p>	
	<p>Check the correct treatment of Pension contributions</p>	<p>Yes</p>	
	<p>For NI ensure that the correct deduction and employer’s contributions are applied P35 request.</p>	<p>Breakdown received from NCC which is monitored.</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>	<p>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.</p> <p>Physically verifying the existence and condition of</p>	<p>Asset Register seen and updated regularly.</p>

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	<p>high value, high risk assets may be appropriate.</p> <p>Ideally, the asset register should identify for each asset the purchase cost and, if practicable, the replacement/insured cost.</p> <p>Additions and disposals should allow tracking from the prior year to the current</p>		
	<p>Are the assets and Investments registers up to date?</p>	<p>Yes</p>	
	<p>Do asset insurance valuations agree with those in the asset register?</p> <p>Ensure that the asset value to be reported in the AGAR at Section 2, Line 9 equates to the prior year reported value, adjusted for the nominal value of any new acquisitions and / or disposals</p> <p><u>Fixed Asset Investments</u> Ensure that all long-term investments (>12 months) are covered by the Investment Strategy and reported as assets in line 9 of AGAR.</p>	<p>Yes</p> <p>Correct</p>	
	<p><u>Borrowing & Lending</u> Ensure the authority has sought and obtained the appropriate DMO approval for all loans acquired. Ensure the authority has accounted for the loan. Any arrangement fee should be regarded as an admin expense in the year of receipt. Ensure the combine principal loan repayment and interest for the year is correctly recoded in the AGAR at section 2 line 5. Ensure outstanding liability as at 31st March each year is correctly recorded in AGAR sec 2 line 10. Verify on DMO website. Where authority has issued loans, they should ideally seek indemnities from then recipient body, or their members, agreeing to underwrite the loan debt.</p>	<p>N/A</p>	
<p>J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and</p>	<p>Whilst IAs are not required to verify the accuracy of detail to be disclosed in the AGAR, this assertion, together with the expectation of most Authorities, effectively requires IAs to ensure that the financial detail reported at Section 2 of the AGAR reflects the</p>	<p>AGAR for 23-24 checked</p>	

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expenditure), agreed to the cashbook, supported by an adequate audit trail from underlying records and, where appropriate, debtors and creditors were properly recorded.	detail in the accounting records maintained for the financial year.		
	Ensure that, where annual turnover exceeds £200,000, appropriate records are maintained throughout the year on an Income and Expenditure basis to facilitate budget reporting in that vein	Income & Expenditure accounting in place.	
	Where appropriate, have debtors and creditors been properly recorded?	Yes	
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>IAs should ensure that, all relevant criteria are met (receipts and payments each totalled less than £25,000)</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 	N/A	
L. The authority publishes information on a website / web page, and complies with the relevant Transparency Code.	The authority's website should be reviewed ensuring all required documentation is published in accordance with the relevant legislation.	Website up to date.	
M. The authority has, during the previous year, correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations.	<p>IAs should acquire / 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>IAs may also check whether councils have minuted the relevant dates at the same time as approving the AGAR</p>	Min Ref FC23/031 20 th June 2023	
N. The authority complied with the publication requirements for the prior year AGAR.	IAs should ensure that 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.	Yes	
O. Trust funds (including charitable) - the Council has met its responsibilities as a trustee	<p>Confirm that all charities of which the council is a Trustee are up to date with CC filing requirements</p> <p>that the council is the sole trustee on the Charity</p>	N/A	

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	<p>Commission register</p> <p>that the council is acting in accordance with the Trust deed</p> <p>that the Charity meetings and accounts recorded separately from those of the council</p> <p>review the level and activity of the charity and where a risk based approach suggests such, review the Independent Examiners report</p>		
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<p>I confirm that I have examined the relevant accounts as presented to me by the Responsible Finance Officer.</p> <p>The accounts are in good order and are managed in a timely and responsible manner. Regular bank reconciliations are presented. They are the Council's best tool to monitor financial management of its accounts. Monthly reports to Council of receipts and payments are in line with legislation. A separate record of s 137 payments is being kept.</p> <p>I hereby state that I am satisfied with Ashington Town Council's conduct of its financial affairs, its accounts procedures and its financial reporting.</p>	<p>Signed:</p> <p><i>S M Saunders</i></p>	<p>Date:</p> <p>Oct 20023 2nd May 2024 28th May 2024</p>
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