

# Review of effectiveness of internal controls for Northam Town Council 2025/26

The Accounts and Audit Regulations 2015<sup>1</sup> requires that, not only does a council review the effectiveness of the internal audit<sup>2</sup>, but also ensures that it has a sound system of internal control<sup>3</sup>; the Internal Audit is just one part of this review.

Completion of this form will assist the council in answering the Annual Governance Statement (Section 1) of the Annual Governance and Accountability Return (AGAR) and provide a comprehensive review of whether the council's internal controls are effective. All the information needed is based on the guidance provided in Section 1 of the Smaller Authorities Proper Practices Panel (SAPPP) *Practitioners' Guide 2025*<sup>4</sup>.

The majority of the evidence will require that it has been considered it at a council meeting having been on an agenda and minuted accordingly.

If the evidence is not available, detail the reason. Some of the actions will be provided in Standing Orders and Financial Regulations.

Assertion	Action / Evidence
<b>Assertion 1:</b> We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements. <i>i.e.:</i> prepared its accounting statements in accordance with the Accounts and Audit Regulations.	
<b>Financial Management.</b> Has the council:	
Prepared and approved a budget for the financial year 2025 / 26 in a timely manner?  <i>Provide date and minute reference of approval</i>	Date: 7 <sup>th</sup> January 2025 Minute reference: 2501/507
Considered the precept provision following the consideration of the budget?  <i>Provide date and minute reference of approval</i>	Date: 7 <sup>th</sup> January 2025 Minute reference: 2501/508

<sup>1</sup> <https://www.legislation.gov.uk/ukxi/2015/234/contents>

<sup>2</sup> <https://www.legislation.gov.uk/ukxi/2015/234/regulation/5>

<sup>3</sup> <https://www.legislation.gov.uk/ukxi/2015/234/regulation/3>

<sup>4</sup> <https://www.saaa.co.uk/wp-content/uploads/2025/04/Practitioners-guide-2025.pdf>

Assertion	Action / Evidence
<p>Appointed a Responsible Financial Officer? <i>Provide date and minute reference of appointment</i></p>	<p>Date: 25<sup>th</sup> May 2024 Minute reference: 2409/123</p>
<p>Ensured that the RFO has put in place effective procedures to record and keep up to date all financial transactions? <i>Note reports from Councillor Responsible for Internal Financial Control</i></p>	<p>All transactions uploaded by dedicated member of staff. Reconciliations to current account undertaken weekly.</p>
<p>Checked the bank reconciliation regularly against bank statements</p>	<p>Minute references: 2504/725; 2505/050; 2506/095; 2507/165; 2508/246; 2509/291; 2510/369; 2511/429; 2512/503; 2601/559; 2602/613; 2603/682; 2604/757</p>
<p>Reviewed investments<sup>5</sup> (if over £100k) and investment register <i>Provide date and minute reference of strategy (if appropriate)</i></p>	<p>Date: 12<sup>th</sup> November 2026 Minute reference: 2511/431</p>
<p>Prepared the previous year's statement of accounts in a timely manner <i>Note reports and ensure all is complete before 30 June</i></p>	<p>Date presented: 25<sup>th</sup> June 2025 Minute reference: 2506/141</p>
<p>Adopted a General Reserve Policy <i>Provide date and minute reference of approval of policy</i></p>	<p>Date: 7<sup>th</sup> January 2025 Minute reference: 2501/508 (general reserve explicit in budget)</p>
<p><b>Council response:</b></p>	<p><b>Yes / No</b></p>

<sup>5</sup> See particularly 1.11, 2.23, 5.29 and from 5.178 of the 2025 Practitioners' Guide for more information

Assertion	Action / Evidence
<p><b>Assertion 2:</b> We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness. <i>i.e.: made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.</i></p>	
<p><b>Internal Control.</b> Has the council:</p>	
<p>Fully reviewed and adopted Standing Orders and Financial Regulations ensuring they are modified appropriately? <i>Provide dates and minute references of approval</i></p>	<p>SOs Date: 23<sup>rd</sup> July 2025 Minute reference: 2507/210 FRs Date: 7<sup>th</sup> May 2025 Minute reference: 2506/016</p>
<p>Adopted a procedure on how to make orders for goods or services? <i>Provide date and minute reference of approval</i></p>	<p>Within FRs - Date: 7<sup>th</sup> May 2025 Minute reference: 2506/016</p>
<p>Adopted a procedure for the handling of receipts, both cash and online payments. <i>Provide date and minute reference of approval</i></p>	<p>Within FRs - Date: 7<sup>th</sup> May 2025 Minute reference: 2506/016</p>
<p>Adopted a payment procedure <i>Provide date and minute reference of approval</i></p>	<p>Within FRs - Date: 7<sup>th</sup> May 2025 Minute reference: 2506/016</p>
<p>Reviewed the banking arrangements, bank mandates and signatories <i>Provide date and minute reference of approval</i></p>	<p>Within FRs - Date: 7<sup>th</sup> May 2025 Minute reference: 2506/016</p>
<p>Adopted a debit card payment procedure <i>Provide date and minute reference of approval</i></p>	<p>Within FRs - Date: 7<sup>th</sup> May 2025 Minute reference: 2506/016</p>

Assertion	Action / Evidence
<p>Confirmed employee remuneration</p> <p><i>Provide date and minute reference of approval</i></p>	<p>Spinal column point:</p> <p>Date: 9<sup>th</sup> April 2025</p> <p>Minute reference: 2504/726</p> <p>Cost of living:</p> <p>Date: 13<sup>th</sup> August 2025 (backdated to 1<sup>st</sup> April)</p> <p>Minute reference: 2508/253</p>
<p>Registered with HMRC as an employer</p>	<p>Yes / <del>No</del></p>
<p>Registered with the Pension Regulator</p>	<p>Yes / <del>No</del></p>
<p>Made appropriate arrangements for handling VAT</p> <p><i>Review cashbook and 126 VAT Reclaim / Returns</i></p>	<p>Date 126 VAT Reclaim made:</p> <p>Dates VAT Return completed:</p>
<p>Considered how fixed assets and equipment are secured, maintained and managed</p>	<p>Approach not encompassed in any one policy – catch-all policy to be drafted.</p>
<p>Reviewed any loans and long-term liabilities</p>	<p>Date: 7<sup>th</sup> January 2025</p> <p>Minute reference: 2501/508 (PWLB liabilities explicit in budget)</p>
<p><b>Council response:</b></p>	<p><b>Yes / <del>No</del></b></p>

Assertion	Action / Evidence
<p><b>Assertion 3:</b> We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and Proper Practices that could have a significant financial effect on the ability of this authority to conduct its business or manage its finances. <i>i.e.: has only done what it has the legal power to do and has complied with Proper Practices in doing so.</i></p>	
<p><b>Compliance with Laws.</b> Has the council:</p>	
<p>Ensured that it has acted within its powers and has not taken a decision which exceeds its powers<sup>6</sup> <i>Provide evidence of powers used</i></p>	<p>General power of competence. Date: 7<sup>th</sup> May 2025 Minute reference: 2505/010</p>
<p>Ensured that it has recorded all S137 payments separately and totals are within annual limits (if appropriate)</p>	<p>N/A</p>
<p>Appropriately adopted the General Power of Competence (if applicable) <i>Provide date of adoption and minute reference</i></p>	<p>General power of competence. Date: 7<sup>th</sup> May 2025 Minute reference: 2505/010</p>
<p><b>Council response:</b></p>	<p><b>Yes /No</b></p>

<sup>6</sup> See 1.22 of the *2025 Practitioners' Guide* for more information

Assertion	Action / Evidence
<p><b>Assertion 4:</b> We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations. <i>i.e.:</i> during the year has given all persons interested the opportunity to inspect and ask questions about this authority's accounts.</p>	
<p><b>Public Rights.</b> Has the council:</p>	
<p>Ensured that the electorate of the parish / town was notified of the public rights period (30 working days including the first 10 working days of July)</p> <p><i>Provide minute reference, link to notice on website and confirm dates including date of notice</i></p>	<p>Minute reference: N/A</p> <p>URL: <a href="https://www.northamtowncouncil.gov.uk/_UserFiles/Files/NTC%20Public%20Rights%2030.6.25.pdf">https://www.northamtowncouncil.gov.uk/_UserFiles/Files/NTC%20Public%20Rights%2030.6.25.pdf</a></p> <p>Date of publication: 30<sup>th</sup> June 2025</p> <p>First date: 1<sup>st</sup> July 2025</p> <p>Last date: 11<sup>th</sup> August 2025</p>
<p>Published the previous year's AGAR on the website</p> <p><i>Provide URL</i></p>	<p>URL: <a href="#">Finance and Transparency - Northam Town Council</a></p>
<p>Received, reported and published the External Auditor's report and certificate</p> <p><i>Provide minute reference and URL</i></p>	<p>Minute reference: 2510/397</p> <p>URL: <a href="#">DV0269 S3.pdf</a></p>
<p>Published the notice of conclusion of audit on the noticeboards and website</p> <p><i>Provide date of publication and URL</i></p>	<p>Date: 22<sup>nd</sup> October 2025</p> <p>It was <b>resolved</b> to publish the notice of completion of audit for at least 30 calendar days annually, to include the 30<sup>th</sup> September 2025, not ending before 29<sup>th</sup> October 2025</p> <p>URL: <a href="https://www.northamtowncouncil.gov.uk/_UserFiles/Files/Notice%20of%20completion%202024-25.pdf">https://www.northamtowncouncil.gov.uk/_UserFiles/Files/Notice%20of%20completion%202024-25.pdf</a></p>

Assertion	Action / Evidence
<b>Council response:</b>	<b>Yes / No</b>

Assertion	Action / Evidence
<p><b>Assertion 5:</b> We carried out an assessment of the risks facing this authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required: <i>i.e.: considered and documented the financial and other risks it faces and has dealt with them properly.</i></p>	
<p><b>Risk Management.</b> Has the council:</p>	
<p>Identified, assessed and recorded all the risks associated with actions and decisions taken during the year.</p> <p><i>Provide date of review of the Risk Assessment / Strategy, minute reference and URL</i></p>	<p>Review date: 19<sup>th</sup> June 2025</p> <p>Minute reference: 2506/139</p> <p>URL: <a href="https://www.northamtowncouncil.gov.uk/_UserFiles/Files/Financial%20Risk%20Assessment%202025-26%20v0.2.pdf">https://www.northamtowncouncil.gov.uk/_UserFiles/Files/Financial%20Risk%20Assessment%202025-26%20v0.2.pdf</a></p>
<p>Addressed those risks by putting in place appropriate measures to mitigating and management of the risk</p>	<p>As identified in the assessment.</p>
<p>Reviewed the insurance in terms of provider</p> <p><i>Provide date of agreement, minute reference and name of provider</i></p>	<p>Date agreed: 15<sup>th</sup> May 2024 (3-year term, to May 2027)</p> <p>Minute reference: 2405/027</p> <p>Provider Name: Gallagher</p>
<p>Reviewed the insurance in terms of cover</p> <p>Provide assurance that the assets and valuations have been reviewed</p>	<p>Assets: <b>Premises address   Sum insured</b></p> <p>Northam Hall, Northam Hall, Bideford, EX39 1AW: £1,050,000</p> <p>The Pavilion, Westward Ho Park, Northam, EX39 1LH: £453,600</p>

Assertion	Action / Evidence
Confirm that the assets on the insurance schedule are correct, the details of the Fidelity Guarantee, Public Liability and Employer's Liability insurance levels	Blue Lights Hall & 2 Vernons Lane, Blue Lights Hall & 2 Vernons Lane, Bideford, EX39 1QU: £639,600 Fidelity Guarantee: £500,000 Public Liability: £10,000,000 Employer's Liability: £10,000,000
Ensured that any additional assets such as play areas and halls have satisfactory checks	Details: within the job description of the Parks & Buildings Manager. Formal procedure to be drafted. Date agreed: 25 <sup>th</sup> June 2024 Minute reference: 2409/123
<b>Council response:</b>	<b>Yes / No</b>

Assertion	Action / Evidence
<b>Assertion 6:</b> We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems. <i>i.e.:</i> arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of this authority.	
<b>Internal Audit.</b> Has the council:	
Provided the Internal Auditor with a Terms of Reference prior to appointment?  <i>Date and minute reference of agreement of ToR together with URL</i>	Internal Auditor was a legacy appointment. Engagement letter received 16 <sup>th</sup> September 2025 for the 2025/26 audit year (attached at p  Date: N/A Minute reference: N/A URL: N/A

Assertion	Action / Evidence
Appointed an independent and competent person to undertake the review? <i>Date and minute reference of appointment</i>	Kevin Rose ACMA, Director of IAC Audit & Consultancy Ltd Date: N/A Minute reference: N/A
Provided the internal auditor with all documents requested? <i>Review internal audit report</i>	Yes
<b>Council response:</b>	<b>Yes /No</b>

Assertion	Action / Evidence
<b>Assertion 7:</b> We took appropriate action on all matters raised in reports from internal and external audit. <i>i.e.: responded to matters brought to its attention by internal and external audit.</i>	
<b>Internal and External Reports.</b> Has the council:	
Considered all matters raised by both internal and external auditors and documented corrective action as appropriate.  This should include receipt of a written Internal Auditor's report explaining their findings.	Yes
List as appropriate: <i>Provide details</i>	See attached (p15 on)
<b>Council response:</b>	<b>Yes /No</b>

Assertion	Action / Evidence
<p><b>Assertion 8:</b> We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this authority and, where appropriate, have included them in the accounting statements. <i>i.e.: disclosed everything it should have about its business activity during the year including events taking place after the year end if relevant.</i></p>	
<p><b>Significant Events.</b> Has the council:</p>	
<p>Considered the consequences, or potential consequences of any events or actions on the council’s finances and whether those need to be reflected in the statement of accounts.</p>	<p>No such events occurred.</p>
<p><b>Council response:</b></p>	<p><b>Yes / No</b></p>

Assertion	Action / Evidence
<p><b>Assertion 9:</b> Trust funds including charitable. In our capacity as the sole managing trustee we discharged our accountability responsibilities for the fund(s)/assets, including financial reporting and, if required, independent examination or audit. <i>i.e.: has met all of its responsibilities where, as a body corporate, it is a sole managing trustee of a local trust or trusts.</i></p>	
<p><b>Trust Funds.</b> Has the council:</p>	
<p>Understood the difference between a Custodian Trustee and a Sole Managing Trustee?</p>	<p>Yes.</p> <p>A Custodian Trustee and a Sole Managing Trustee serve different roles within a charity's governance structure.</p> <p>Custodian Trustee: responsible for holding the title deeds of the charity's property and managing the title documents, ensuring they are available for the charity's Managing Trustees when needed. Does not participate in the day-to-day management and is not involved in the decision-making process of the charity.</p>

Assertion		Action / Evidence
		Managing Trustee: responsible for the day-to-day management and operation of the charity, including decision-making and overall management of the charity's assets.
	If appropriate, met all its responsibilities as a Sole Managing Trustee including reporting the finances as appropriate and holding an AGM as necessary.	The council is Managing Trustee is the Northam Burrows Charity (1198021). Date of report: 22 <sup>nd</sup> January 2025 Date of AGM: 19 <sup>th</sup> February 2025
	<b>Council response:</b>	<b>Yes /No</b>

Assertion		Action / Evidence
<b>Assertion 10:</b> We have put in place arrangements for the effective IT and data management in accordance with proper practices during the year under review.		
Digital and Data Compliance. Has the council:		
	A generic email account hosted on an authority-owned domain? <i>Provide minute reference if necessary and URL</i>	Email address: <a href="mailto:admin@northamtowncouncil.gov.uk">admin@northamtowncouncil.gov.uk</a> & <a href="mailto:townclerk@northamtowncouncil.gov.uk">townclerk@northamtowncouncil.gov.uk</a> <a href="#">Contact Us - Northam Town Council</a>
	Complied with the legal requirements for websites under the <a href="#">Accessibility Regulations 2018</a>	Date website checked: February 2020 Not checked since 2020, accessibility
	Adopted a website accessibility statement? <i>Provide date of adoption, minute reference and URL to statement</i>	Date: N/A Minute reference: N/A

Assertion	Action / Evidence
	URL: <a href="#">Accessibility Statement - Northam Town Council</a>
<p>Adopted a privacy statement?</p> <p><i>Provide date of adoption, minute reference and URL to statement</i></p>	<p>Date: N/A</p> <p>Minute reference: N/A</p> <p>URL: <a href="#">Privacy Policy.pdf</a></p>
<p>Published documentation as specified in the Freedom of Information Act 2000 such as the ICO Publication Scheme?</p> <p><i>Provide publication scheme information including date of adoption, minute reference and URL</i></p>	<p>Date: N/A</p> <p>Minute reference: N/A</p> <p>URL: N/A</p>
<p>Published documentation as specified in the Transparency Codes for Smaller Authorities?</p> <p><i>Provide URL to documentation</i></p>	<p>URL:</p> <p><a href="https://www.northamtowncouncil.gov.uk/Finance_and_Transparency_31649.aspx">https://www.northamtowncouncil.gov.uk/Finance_and_Transparency_31649.aspx</a></p>
<p>Adopted an IT Policy</p> <p><i>Provide date of adoption, minute reference and URL to policy</i></p>	<p>Date: N/A</p> <p>Minute reference: N/A</p> <p>URL: N/A</p>
<b>Council response:</b>	<b>Yes/ No</b>

**Payment Procedure**

**Finance Assistant**

- Inspects the invoice
- Checks it against the agreed minute to order
- Ensures that the invoice is correctly addressed to the Council
- Confirms the budget
- Confirms the net amount, VAT element and gross amount
- Confirms the VAT registration number
- Completes invoice payment sheet
- Sets up the payment ready for online authorisation

**Clerk**

- Councillors inspect invoices against the minutes and the payment sheet
- Ensure that the details on the invoice are correct and correlate with the payment sheet
- Authorises payments with the bank

**Council**

- Approves payments retrospectively at Finance & HR meeting

**D (ctd)** *The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.*

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
3	Regular budget reports have been presented to council and there is evidence that corrective actions have been taken as a result of review	No	<i>From a review of Minutes it was not possible to verify that the Council has regularly reviewed progress against budget.</i>	The Council should ensure that progress against budget is subject to regular review during the year (at least quarterly), either through meetings of Full Council or a nominated Committee.	High	<b>A process of quarterly reviews of the Council's net budget position is to be implemented to ensure income and expenditure align with budgeted expectations, which will be presented to the F&amp;HR committee.</b>
4	Any significant variations from budget have been subject to review by Council?	No	<i>See above</i>	See above	High	
5	Does the budget recorded in the Councils accounting system agree to the budget set by Council?	No	<i>It was not possible during the audit visit to agree the budget values recorded in the SCRIBE system with the budget approved by Council.</i>	Council to review the budget recorded in the Councils accounting system to ensure that it agrees to the budget approved.	High	<b>The budget approved has been loaded to the Council's accounting system. The cost centres/cost codes were amended for 2025/26 and carry-over will be identified in future years.</b>
6	Council has returned to IAC completed Internal Audit Observations spreadsheets from prior audit(s)	No	<i>The Council has not provided its response to the Internal Audit Observations from the previous audit and returned it to IAC.</i>	Council to provide its comments on the previous Internal Audit Observations.	Medium	<b>The comments were returned to IAC after the F&amp;HR meeting in October 2025.</b>

**E** *Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.*

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	Has the Investment Strategy been subject to annual review?	No	<i>The Investment Strategy has not been subject to annual review</i>	Council to ensure that its Investment Strategy is subject to annual review (this could be carried out as part of the budget process)	High	<b>To be reviewed in November 2025.</b>

**G** *Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.*

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	Members Allowances have been set in accordance with Members Allowances Regulations 2003.	No	<i>Council Minutes of 7th May 2025 record Council approval of an increase in Members Allowances. It is not clear from the Minutes that the Council had regard "to the recommendations which have been made in respect of it by a parish remuneration panel" when setting the allowance. It is also not clear that the Council has complied with regular 25 (6) of the Members Allowance Regulations in relation to the publication of the allowances payable.</i>	The Council to review the requirements of the Members Allowances Regulations and ensure that it sets its allowances in accordance with the Regulations. A copy of the relevant sections of the regulations has been provided to the Clerk.	High	<b>The 2003 Regulations require a Parish Council that pays its members an allowance to seek the advice of a specially convene Parish Remuneration Panel. The Town Clerk has sought the advice of the District Council in regards to the establishing of such a panel.</b>

**I** *Periodic bank account reconciliations were properly carried out during the year.*

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	Bank reconciliations, and supporting bank statements, have been signed and dated as evidence of independent review (Interim)	No	<i>The practice at the Council is that the bank reconciliation statement if prepared and subject to independent review and signed. The supporting bank statements are not however subject to review and signature.</i>	Bank reconciliations which have been subject to review should be signed and dated as evidence of this review.	Medium	<b>Recommendation: The Chair, Vice-Chair, Mayor or Deputy Mayor sign the bank statements as presented with the reconciliation. This does not have to be done at a formal meeting.</b>

*The authority, during the previous year (2024/25) correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations (evidenced by the notice published on the website and/or authority approved minutes confirming the dates set).*

**M**

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	Council Minutes record the dates set for the Exercise of Public Rights	No	<i>Council Minutes do not record the dates set for the Exercise of Public Rights.</i>	In future the Council to ensure that the date set for the Period of Exercise of Public Rights is recorded in Council Minutes as this is acceptable as audit evidence that the Council has complied with its statutory obligations if the Notice should not be retained on the Council website.	High	<b>The period for public rights will be minuted when the AGAR for 2025/26 is approved.</b>

*(For local councils only)***O Trust funds (including charitable) – The council met its responsibilities as a trustee**

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	The Council has submitted necessary Charities Commission returns	Yes	<i>The Council has filed previous returns to the Charities Commission. The latest return, for 2024/24 is pending as at the date of the Interim Internal Audit.</i>	Council, as Trustee, to note that the Charities Commission return for 2024/25 is due to be filed with the Charities Commission by 31st January 2026.	Medium	<b>The returns will be presented to Council in December 2025 or January 2026 to ensure submission is timely.</b>
2	Charity accounts have been subject to Independent Examination or Audit as required by legislation.	Yes	<i>The Council, as Trustee, has ensured that the Independent Examination of the Burrows Charity has been carried out. As at the date of the Interim Internal Audit the Independent Examination of the charities accounts for 2024/25 was still outstanding.</i>	Council to note that the 2024/25 Independent Examination of the Burrows Charity is currently pending. This needs to be carried out and filed with the Charities Commission by 31st January 2026 (10 months after the end of the financial year)..	Medium	<b>The accounts are to be prepared in December 2025.</b>