

Guy Langto
Acting Town Clerk
Northam Town Council
Town Hall
Windmill Lane
Northam
EX39 1BY

25th June 2024

Dear Guy,

Year End audit Cover Letter (with Interim)

An audit was carried out by Kevin Rose on Tuesday 30 April 2024 and Tuesday 25 June 2024. This was the Year End audit following on from the interim audit carried out on 4 October 2023.

The audit was undertaken using the standard IAC Audit Checklist, which we use for all Local Councils, which has 204 items. A total of 66 items were tested during this audit in addition to the 117 items tested and checked during the interim audit. 21 further items were checked during this audit and confirmed as being 'Not Applicable' to Your Council. All items on the checklists were tested during the year.

Areas subject to audit were;

- the Payment system (Box B)
- Risk and insurance (Box C)
- Budget and precept setting and monitoring (Box D)
- Income billing, collection and VAT (Box E)
- Payroll(Box G)
- Assets and investments (Box H)
- Bank reconciliations (Box I)
- Accounting Statements (Box J)
- Trust Funds (Box O)

Summary of tests undertaken this audit

Positive response	63
Negative response	3
Not Applicable to your Council	21
Total tests carried out	87

Of the 66 applicable items tested a Positive response was obtained in respect of 63 tests. There were 3 Negative responses identified and 6 Observations were made, details of which are set out in the attached Year End Internal Audit Observations.

Summary of tests undertaken for the financial year (including the Interim audit)

Positive response	157
Negative response	10
Not Applicable to your Council	37
Total tests carried out	204
Tests not carried out	Nil

I am pleased to advise that no 'Non-Compliances' were identified that would give rise to a negative response on the statutory Annual Internal Audit Report.

I would like to express my thanks for the assistance provided to me during my audit.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'K. Rose'.

Kevin Rose ACMA
Director

Northam Town Council
Financial Year 2023-24



IAC Audit and Consultancy Ltd

Audit date: 30/04/2024 & 25/06/2024

Year End Internal Audit Observations

C This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	The Council, meeting as a whole, has reviewed the effectiveness of its internal control system as required by Regulation 6 of the Accounts and Audit Regulations 2015	No	The Council has not reviewed the effectiveness of its internal control system as required by Regulation 6 of the Accounts and Audit Regulations 2015 (was last reviewed February 2023).	Council to note the requirement for it to regularly review its internal control system.	High	
2	Assets included in the assets register are covered under the Council's insurance policy	Yes	The Council owns a building, Blue Light Hall, it is unclear what the insurance arrangements are in respect of this building.	The Council to review the insurance arrangements at the Blue Light Hall and ensure that they are in place, are adequate, and note the Council interest as owner of the building.	High	

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	The Council, or nominated committee, has reviewed and approved any changes to staff rates of pay, or terms of conditions, made during the financial year.	No	From a review of records it was not possible to verify that the Council, or appropriate committee, has formally approved, or noted, the changes to staff pay resulting from the national pay award.	The Council to ensure that, in future, any agreed changes to staff terms and conditions and rates of pay are formally recorded in the appropriate Minutes of the Council or relevant committee.	High	

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

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	The Year End bank reconciliations have been signed and dated as evidence of independent review.	No	The Year End bank reconciliations have not been signed and dated as evidence of independent review.	Prior to the Council's approval of the Accounting Statements the year end bank reconciliations should be subject to review and signed and dated as evidence of this review.	Medium	

J Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	Audit Extended Trial Balance agrees to draft Accounting Statements	No	<i>It was noted that there was a difference of £286.87 on the Box 5 (loan payments) value. This was due to VAT being incorrectly recorded on a PWLB payment.</i>	When submitting their AGAR Accounting Statement the Box 5 value should record the total value of payments of PWLB, without adjustment for the VAT incorrectly recorded. The VAT debtors balance- the reconciling item between Box 7 and 8) should be reduced £286.87.	High	

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

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	Charity accounts have been subject to Independent Examination or audit as required by legislation.	Yes	<i>The Northam Burrows Charity has been subject to Independent Examination, however the Independent Examiners Report has not been uploaded on to the Charities Commission website. It is understood that this is due to issues with online access to the Charities Commission website.</i>	The Council to ensure that the Independent Examiners report is uploaded on to the Charities Commission website.	High	

Northam Town Council



Internal Audit Summary for the year 2023-24

Interim Audit Date: 04/10/2023

Year End Audit Date 30/04/2024

(shaded Internal Control Objectives are not applicable to your Council)

Internal Control Objective	Observations	Non - Compliance	Observation Analysis				Responses			
			High	Medium	Low	Advisory	Positive	Negative	N/A	Not Checked
A <i>Appropriate accounting records have been properly kept throughout the financial year.</i>	1	0	1	0	0	0	6	0	0	0
B <i>This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.</i>	3	0	1	2	0	0	33	1	9	0
C <i>This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.</i>	3	0	2	0	0	1	10	2	0	0
D <i>The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored, and reserves were appropriate.</i>	3	0	3	0	0	0	12	2	2	0
E <i>Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.</i>	2	0	0	2	0	0	20	0	5	0
F <i>Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.</i>	1	0	0	1	0	0	8	1	0	0
G <i>Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.</i>	1	0	1	0	0	0	22	1	1	0
H <i>Asset and investments registers were complete and accurate and properly maintained.</i>	0	0	0	0	0	0	7	0	4	0
I <i>Periodic bank account reconciliations were properly carried out during the year.</i>	2	0	0	2	0	0	15	1	0	0
J <i>Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.</i>	1	0	1	0	0	0	6	0	5	0
K <i>If the authority certified itself as exempt from a limited assurance review in 2022/23, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2022/23 AGAR tick "not covered"</i>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	3	N/A
L <i>The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation.</i>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	7	N/A

2023-24 Internal Audit Northam Town Council

Internal Control Objective	Observations	Observation Analysis					Responses			
		Non - Compliance	High	Medium	Low	Advisory	Positive	Negative	N/A	Not Checked
M <i>The authority, during the previous year (2022/23) 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).</i>	2	0	2	0	0	0	4	1	0	0
N <i>The authority has complied with the publication requirements for 2022/23 AGAR (see AGAR Page 1 Guidance Notes).</i>	0	0	0	0	0	0	7	0	1	0
O <i>(For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee</i>	2	0	1	1	0	0	7	1	0	0
Total	21	0	12	2	0	1	157	10	97	0

Annual Internal Audit Report 2023/24

Northam Town Council

www.northamtowncouncil.gov.uk

During the financial year ended 31 March 2024, this authority's internal auditor acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with the relevant procedures and controls in operation and obtained appropriate evidence from the authority.

The internal audit for 2023/24 has been carried out in accordance with this authority'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 this authority.

Internal control objective	Yes	No	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.	✓		
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓		
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓		
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	✓		
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.	✓		
H. Asset and investments registers were complete and accurate and properly maintained.	✓		
I. Periodic bank account reconciliations were properly carried out during the year.	✓		
J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	✓		
K. If the authority certified itself as exempt from a limited assurance review in 2022/23, it met the exemption criteria and correctly declared itself exempt. (if the authority had a limited assurance review of its 2022/23 AGAR tick "not covered")			✓
L. The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation.			✓
M. In the year covered by this AGAR, the authority correctly provided for a period for the exercise of public rights as required by the Accounts and Audit Regulations (during the 2023-24 AGAR period, were public rights in relation to the 2022-23 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set).	✓		
N. The authority has complied with the publication requirements for 2022/23 AGAR (see AGAR Page 1 Guidance Notes).	✓		
O. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.	Yes	No	Not applicable
	✓		

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

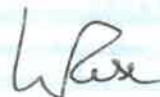
Date(s) internal audit undertaken

17/05/2023 04/10/2023

Name of person who carried out the internal audit

Kevin Rose ACMA

Signature of person who carried out the internal audit



Date

25/06/2024

*If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

**Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned; or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).

Year End audit summary Northam Town Council

(shaded Internal Control Objectives are not applicable to your Council)



Year End Audit Date 30 April 2024

Internal Control Objective	N/A	Tested	Positive	Negative	Observations	Non Compliance
Box A <i>Appropriate accounting records have been properly kept throughout the financial year.</i>		0	0	0	0	
Box B <i>This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.</i>	5	1	1	0	0	
Box C <i>This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.</i>		10	9	1	2	
Box D <i>The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.</i>	1	3	3	0	0	
Box E <i>Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.</i>	5	4	4	0	0	
Box F <i>Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.</i>		0	0	0	0	
Box G <i>Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.</i>	1	22	21	1	1	
Box H <i>Asset and investments registers were complete and accurate and properly maintained.</i>	4	6	6	0	0	
Box I <i>Periodic bank account reconciliations were properly carried out during the year.</i>		9	8	1	1	
Box J <i>Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.</i>	4	5	5	0	1	
Box K <i>If the authority certified itself as exempt from a limited assurance review in 2022/23, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2022/23 AGAR tick "not covered")</i>		N/A	N/A	N/A	N/A	
Box L <i>The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation.</i>		N/A	N/A	N/A	N/A	
Box M <i>The authority, during the previous year (2022/23) 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).</i>		0	0	0	0	
Box N <i>The authority has complied with the publication requirements for 2022/23 AGAR (see AGAR Page 1 Guidance Notes).</i>	1	0	0	0	0	
Box O <i>(For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee</i>		6	6	0	1	
Totals	21	66	63	3	6	0

The Clerk
Northam Town Council
Town Hall
Windmill Lane
Northam
Devon
EX39 1BY

25-Jun-24

Explanation of "Not Covered" responses

Further to our Internal Audit of your Council for the financial year 2023/24, I am pleased to submit the signed Internal Report for your Annual Return. We have completed our work and I can confirm that we have not given a Negative response for any of the Internal Control Objectives.

You will note that we have given 'Not Covered' responses in respect of Control Objectives K, and L and we are required to explain why we have done this.

- *The reason for the "Not Covered" response for Objective K is that it is not applicable to your Council as the Council did not certify itself exempt from limited assurance review for the 2022/23 financial year.*
- *At present no specific guidance has been provided to set out what the 'relevant legislation' is in respect of Control Objective L. We have tested against the requirements of Statutory Instruments 2015/480 The Local Government (Transparency Requirements) and 2015/494 The Smaller Authorities (Transparency Requirements), neither of which apply to your Council. The publication requirements of Statutory Instrument (2015/234) The Accounts and Audit Regulations are covered in our responses to Internal Control Objectives M and N. The Council should note that we have not considered any additional publication requirements that may apply, for example those set out in the ICO Model Publication Scheme for Parish Councils.*

The External Auditor may query why we have responded 'Not Covered' and, if so, you should provide them with a copy of this letter.

Yours sincerely,



Kevin Rose ACMA
Director

