

Mike Slaughter

Mrs Tracey Bell
Town Clerk
Morpeth Town Council
Town Hall
Market Place
Morpeth
Northumberland
NE61 1LZ

Dear Tracey,

Internal Audit Report to the members of Morpeth Town Council.

I have now completed the full internal audit work of the Town Council's accounts, governance and financial procedures for the 2022/23 financial year.

The audit has been conducted in accordance with the Audit Commission Act 1998, the Local Audit and Accountability Act 2014, and the Accounts and Audit Regulations 2015. My work was also directed by and in accordance with, the Joint Panel on Accountability and Governance Practitioners' Guide (March 2023) issued by the National Association of Local Councils. The audit was also guided by the Town Council's latest and recent review of the Internal Audit Policy and Risk Assessments.

The audit included examination of evidence relevant to the amounts and disclosures in the summary accounts and notes, sufficient to give reasonable assurance that the accounts and notes are free from any material misstatement. All points raised during both the interim and year-end audit were thoroughly and properly answered to my full satisfaction.

I was also pleased to note that the points raised during the interim audit work earlier in the year relating to both the Council's insured fidelity guarantee cover and reserves policy had been carefully considered and acted upon.

Please find enclosed my assessment of the system of internal control and my audit checklist giving full details of the work conducted. Based on the work undertaken, I am satisfied that the Town Council's robust systems of financial and administrative management operate effectively and efficiently and provide a sound audit trail.

In my opinion, the summary accounts present fairly the Income and Expenditure of Morpeth Town Council for the financial year ended 31 March 2023.

I certify that I have now finalised the year end work for 2022-23 and have, as required, completed the Annual Internal Audit Report required as part of the Annual Governance and Accountability Return (AGAR) for 2022/23.

It is recommended to the Town Council that, as best practice and for the avoidance of doubt or any confusion to local electors, you look to publish the Annual Internal Audit Report on the Town Council's website alongside Sections 1, 2 & 3 of the AGAR 2022/23 in accordance with the publication requirements.

In concluding my work for 2022/23, my personal thanks to you, Joanne and your staff for your hospitality, courtesy and patience in answering my many questions regarding both the systems, plans and projects of the Town Council.

As requested, I have enclosed my invoice for the full year-end internal audit work undertaken in respect of 2022/23. I confirm also that I am happy to continue to provide an internal audit service to the Town Council for the financial year 2023/24, should you wish to retain and appoint me in that role.

If there are any matters you wish to discuss or clarify, please do not hesitate to contact me.

Kind regards,




Mike Slaughter
Internal Auditor

SYSTEM OF INTERNAL CONTROL

I have provided an internal audit service for Morpeth Town Council for the financial year ending 31 March 2023 and acting independently, I examined the system of internal control in the year to date by undertaking the following tests and reporting my findings to the Council.

	TEST	UNDERTAKEN
1	Checking that books of account have been properly kept throughout the year	Yes
2	Checking a representative sample of payments (70%) to ensure that the Council's financial regulations have been met, invoices support payments, expenditure is approved and VAT is correctly accounted for	Yes
3	Reviewing the Council's risk assessment and ensuring that adequate arrangements and insurance cover are in place to manage all identified risks.	Yes
4	Verifying that the annual precept request is the result of a proper budgetary process; that the budget process has been regularly monitored and that the Council's reserves are adequate	Yes
5	Checking a sample of income records (50%) to ensure that correct prices have been charged, income received, recorded and promptly banked and VAT is properly accounted for.	Yes
6	Reviewing petty cash records to ensure receipts support payments, expenditure is approved and VAT is correctly accounted for.	Yes
7	Checking that salaries to employees have been paid in accordance with Council approvals and that PAYE and NI requirements have been properly applied.	Yes
8	Checking the accuracy of the assets and investment records	Yes
9	Testing the accuracy and timeliness of periodic and year-end bank account reconciliations.	Yes
10	Year-end testing on the completeness and accuracy of the financial statements	Yes

On the basis of my examination, which is limited to the tests indicated above, it is my view that the Council have a system of internal controls in place that are adequate and effective for the purpose intended. Where considered appropriate, I have made recommendations to the Town Council for both reference and action.


Mike Slaughter
 Internal Auditor
 Date: 27 April 2023

	Are internal financial controls documented and regularly reviewed?	Yes
Budgetary Controls	Has the Council prepared an annual budget in support of its precept?	Yes
	Is actual expenditure against the budget regularly reported to the Council?	Yes
	Are there any significant unexplained variances from the budget?	No
Income Controls	Is the income properly recorded and promptly banked?	Yes
	Does the precept recorded in the cashbook agree to the County Council's notification?	Yes
	Are security controls over cash adequate and effective?	Yes
Petty Cash procedures	Is all petty cash spent recorded and supported by VAT invoices/receipts?	Yes
	Is petty cash expenditure reported to Council meetings?	Yes
	Is petty cash reimbursement carried out regularly?	Yes
Payroll Controls	Do salaries paid agree with those approved by the Council?	Yes
	Are other payments to the Town Clerk (and other employees) reasonable and approved by the Council?	Yes
	Has PAYE/NIC been properly operated by the Council as an employer?	Yes
	NB: Northumberland County Council acts as a payroll agent, providing third party security and additional internal control.	
Asset Controls	Does the Council keep an asset register of all material assets?	Yes

Bank Reconciliation	Is there a bank reconciliation for each account?	Yes
	Is bank reconciliation carried out regularly on receipt of statements?	Yes
	Are there any unexplained balancing entries in any reconciliation?	No
Year-end Procedures	Are year-end accounts prepared on the correct accounting basis (receipts and payments / income and expenditure)?	Yes
	Do accounts agree with the cash book?	Yes
	Is there an audit trail underlying financial records to the accounts?	Yes
	Where appropriate, have debtors and creditors been properly recorded?	Yes

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Mike Slaughter
Internal Auditor
Date: 27 April 2023