

## **BLYTH TOWN COUNCIL**

### **Governance Committee**

### **Decision Report**

**Thursday 24 April 2025**

## **1. Review of Out-turn Against Probable 2024/25**

### **Recommendation**

**The Governance Committee resolve to:**

- 1. Confirm the financial situation following the completion of the accounts for 2024/25 for Council to approve and**
- 2. Resolve the ongoing financial commitments to be finalised in 2025/26, re previously funded initiatives and Committee decisions.**

### **Ward**

Not ward specific.

### **Risk Management**

To provide the required updates to reflect the financial standing of the Council.

### **Objective**

To ensure compliance with the Governance arrangements in place as outlined within the Accounts and Audit Regulations.

### **Report**

## **Review of Out-turn Against Probable 2024/25**

During the process of preparing the final accounts for 2024/25, a comparison was carried out between the Probable, as prepared at the time the budget was being considered, and the Out-turn, (Appendix A). Although the Out-turn reflects a lower level of net expenditure of some £36k, this is within 2.4% of the Probable Budget. For information, in terms of previously agreed commitments agreed during the year yet to be

paid, the lower level of expenditure reduces to some £26k, which is 1.8% of the budget, as detailed later in the report.

The reduced out-turn is mainly brought about by a decrease in expenditure for the:

Governance Committee (£23k), which is mainly due to additional investment income of £31k and various other budget increases.

Community Development Committee (£13k), which is mainly due to a small reduction on grants paid, additional income from events and grant income for the Neighbourhood Plan.

The additional balances of £36k going into 2025/26 do not materially affect the Council's 6-year plan.

In considering the reserves of £1,100,002 at 31/03/2025, Appendix B, Members should note that the following:

- Good practice level of reserves £400k
- Self-insurance of £350k

In looking at the figures above, they initially show a variance of some £350k between the balances available to those needed. Appendix C shows the use of reserves against commitments over the next 6 years, which fluctuate between years to the lowest difference of £139k.

As an example of using this £139k and based on current financial planning thoughts this could be, for example, a one off spend of £139k or a £23k spend over each of the next 6 financial years, in order to maintain the existing financial planning strategy.

Shown on:

Appendix A is a summary by Committee,

Appendix B is the situation regarding the Council's Reserves and

Appendix C is the estimated reserves over the next 6 years against earmarked reserves.

### **Ongoing Financial Commitments for 2025/26**

During 2024/25 the Council completed the construction of the Isabella skate park, albeit certain aspects of the scheme could not be carried out because of the timing of its completion. This related to arranging some workshops with an artist to design and paint some of the steeper features within the park, as well as provide some further coaching sessions as we

have done previously. A figure of some £5k should accommodate this and we are in the process of agreeing the outline of these. It is suggested that, as we have no specific budget in the current financial year, that we use the Council's balances on the basis that the underspend on this budget last year was as a result of County Councillors MLIS monies specifically contributing to the project and could not be fully spent by the 31 March. These unspent monies went into Balances.

Another commitment of £5k related to the award of a Community Grant, which has not yet been made. The budget was underspent by this amount, and as such was returned to balances.

Officers recommend that these amounts be met from balances when payment is due.

## **2. Annual Governance and Accountability Return 2024/25**

### **Recommendation**

**The Committee resolve to approve the documents listed in connection with the Annual Governance and Accountability Return (AGAR) 2024/25 prior to approval by the Council before submission to the External Auditor:**

### **Ward**

Not ward specific.

### **Risk Management**

To provide the required documents to reflect the financial standing of the Council in order for the External Auditor to give their independent opinion.

### **Objective**

To ensure compliance with the Governance arrangements in place as outlined within the Accounts and Audit Regulations.

### **Report**

The key sections within the Annual Return for 2024/25 have been prepared and are attached. These documents have been prepared on the guidance given by the external auditor for the accounts.

Members should note that the figure at box 9 reflects the original long-term investment of £500K in the CCLA Property account.

The terms of this investment account reflect market valuation in a volatile economic climate and will be carefully monitored as part of the overall treasury management and investment strategy.

Members should further note that the AGAR figures include monies, £25,199.16, belonging to the Blyth Trust for Youth as at this stage we are awaiting the agreement for a separate Bank Account to be established.

The Council's Internal Auditor has also submitted his annual summary report which is attached.

### Appendices

1. Council's Internal Auditor's Report
2. Annual Governance and Accountability Return; which includes:
  - a. Annual Internal Audit Report for 2024/25,
  - b. Annual Governance Statement for 2024/25, and
  - c. Accounting Statements for 2024/25

### **3. Appointment of Internal Auditor 2025/26**

#### **Recommendation**

**The Governance Committee recommend to Council to confirm the appointment of Mike Slaughter as Internal Auditor for the financial year 2025/26.**

#### **Ward**

Not ward specific.

#### **Risk Management**

To have in place effective internal audit coverage for the Council.

#### **Objective**

To ensure compliance with the Governance arrangements in place as outlined within the Accounts and Audit Regulations.

#### **Report**

The Council is required to have in place an effective internal audit resource, to evaluate the impact of its risk management, control, and governance processes, in consideration with the guidance in place.

The Internal Audit Reviews since 2022/23 have been carried out by Mike Slaughter, who has competence due to his extensive experience within



Local Government and he is also independent. Mike has been of benefit to the Council in his approach etc.

If the Council are agreeable Mike would be willing to do the 2025/26 audit.

**Malcolm Wilkinson**  
**Town Clerk**

**16 April 2025**

**Appendix A**  
**Summary by Committee**

Committee	Probable 2024/25 £	Out-Turn 2024/25 £
Governance	425,847	402,414
Environment	699,430	699,800
Community Development	383,153	369,740
Overall Net Expenditure	1,508,430	1,471,954

**Appendix B  
Council's Reserves**

	<b>2024/25</b>	<b>2024/25</b>
	<b>Probable</b>	<b>Actual</b>
Net service Expend	1,508,430	1,471,954
Precept Income	1,448,766	1,448,766
Use of Reserves	59,664	23,188
Total Resources	1,508,430	1,471,954

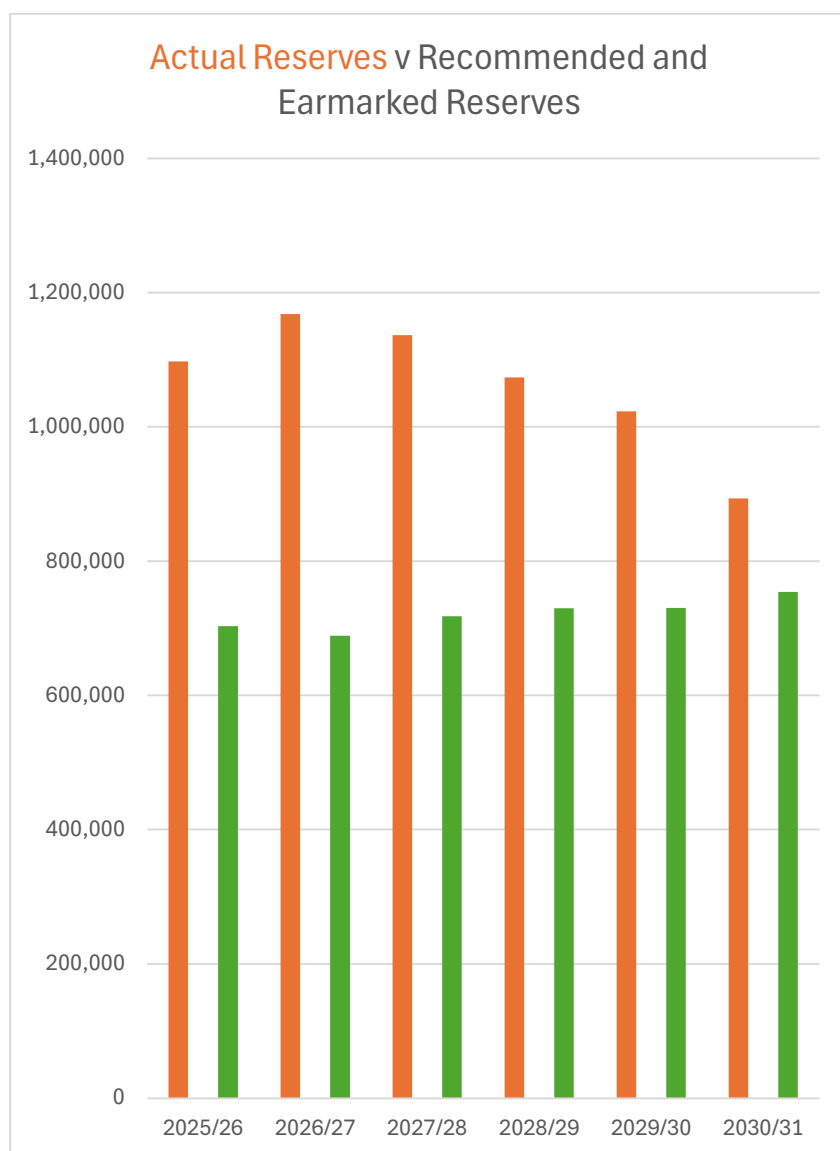
**Position of Reserves**

	<b>2024/25</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2025/26</b>
	<b>Probable</b>	<b>Actual</b>	<b>Original Budget</b>	<b>Revised Budget</b>
1 April B/F	1,123,190	1,123,190	1,063,526	1,100,002
From/(To) Reserves	59,664	23,188	2,533	2,533*
31 March C/F	1,063,526	1,100,002	1,060,993	1,097,469*

Note \* these could be adjusted by £10k re the financial commitments from 2024/25.

## Appendix C

### Estimated reserves over the next 6 years against earmarked reserves



The table above shows the total reserves, in orange, against the earmarked reserves, in green.

The smallest variation between the sets of data are in 2030/31, which is £139k.

Based on current financial planning thoughts this could be, for example, a one off spend of £139k or a £23k spend over each of the next 6 financial years, in order to maintain the existing strategy.



Mr Malcolm Wilkinson  
Town Clerk & Responsible Financial Officer  
Blyth Town Council  
Town Hall  
Arms Everytne House  
Blyth  
Northumberland  
NE24 2AS

Dear Malcolm,

**Internal Audit Report to the members of Blyth Town Council.**

I have now completed the full internal audit work of the Town Council's accounts, governance and financial procedures for the 2024/25 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 guided by and in accordance with the Practitioners' Guide, issued by the Joint Panel on Accountability and Governance (March 2024) and jointly published by the National Association of Local Councils and Society of Local Council Clerks.

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 detailed points raised during both the interim and year-end audit were answered to my full satisfaction.

Please find enclosed my assessment of the system of internal control and my audit checklist giving 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, subject to the comments below regarding the Town Council's sole trustee role of the former charitable trust "Blyth Valley Trust for Youth", the summary accounts present fairly the Income and Expenditure of Blyth Town Council for the financial year ended 31 March 2025.

I certify that I have now finalised the year end work for 2024/25 and have, as required, completed the Annual Internal Audit Report required as part of the Annual Governance and Accountability Return (AGAR) for 2024/25.

You will note that in Control Objective "O" (Trust Funds) of the Annual Internal Audit Report, I have asserted that the Council did not meet its responsibilities as a trustee within the accounting period reviewed. This view was reached as I was informed that the Council's accounting statements for the 2024/25 financial year ended 31 March 2025, include a trust transaction, namely the receipt of the sum of £25,199.16 from the retiring trustees.

This sum relating to a third party organisation remains within the Council's bank account as at the date of this letter.

Despite the best efforts of the Council's officers, they were unable to set up the required separate bank account for the trust as the retiring trustees had not, as understood, amended the governing document to reflect the change in the trustee structure.

The governing document was properly updated with the Charity Commission, along with a change of name to "Blyth Trust for Youth" in March 2025. As the Council is the sole trustee, the banking mandate required the signature of all Council members and this was unable to be achieved by the end of the 2024/25 financial year.

As stated, the funds currently remain within the Council's bank account. I am however assured that this is a short-term measure and it is expected that the required separate trust bank account will be set up in May 2025, following the election of the new Town Council.

The Council officers properly and correctly sought the advice and guidance of the External Auditor (Forvis Mazars) relating to this matter and have completed the AGAR for 2024/25 in full accordance with the recommendations received. Furthermore, it is expected that by acknowledging the issue and non-compliance at this stage, it is likely that the Council will avoid a qualification point in the subsequent external audit.

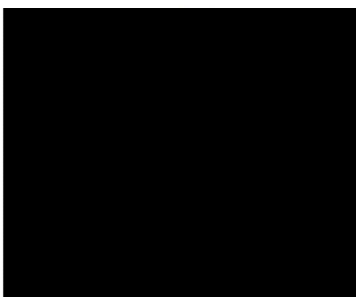
It is recommended to the Town Council that, as best practice and for the avoidance of doubt or any confusion to local electors, you should look to publish the Annual Internal Audit Report (Page 3 of the AGAR) on the Town Council's website alongside Sections 1, 2 & 3 of the AGAR 2024/25 in accordance with the publication requirements.

In concluding my work for 2024/25, my personal thanks to you, Elaine and all your staff for the 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 2024/25. I confirm also that I am happy to continue to provide an internal audit service to the Town Council for the financial year 2025/26, 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,



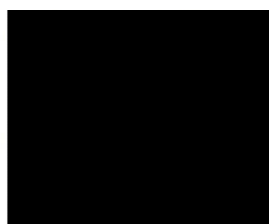


## SYSTEM OF INTERNAL CONTROL 2024/25

By appointment, I provided an internal audit service for Blyth Town Council for the financial year ending 31 March 2025 and acting independently, I examined the system of internal control 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 to date.	Yes
2	Checking a representative sample of payments (75% of all transactions 1 April 2024– 31 March 2025) 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 records 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 overall reserves are adequate.	Yes
5	Checking a sample of income records (75%) 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	Evaluating the accuracy and timeliness of periodic bank account reconciliations.	Yes
10	Year-end testing on the completeness and accuracy of the financial statements	Yes

Based on my examination of the Council's records for the financial year 2024/25, which is limited to the tests indicated above, it is my view that the Town 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.



**BLYTH TOWN COUNCIL  
FINANCIAL YEAR 2024/25  
INTERNAL AUDIT CONTROLS AND TESTS**

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



	<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"> <li>• Check that there is effective segregation between the writing of cheques or the setting up of online payments, and physical release of payments</li> <li>• 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</li> <li>• 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</li> </ul>	<p>Yes</p> <p>Yes</p> <p>Yes</p>
<p><b>Risk Management Arrangements</b></p> <p><b>C.</b> 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"> <li>• 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</li> <li>• 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</li> <li>• Ensure that appropriate arrangements are in place for monitoring play areas, open spaces and sports</li> </ul>	<p>Yes</p> <p>Yes</p> <p>Yes</p>

	<p>itches: 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"> <li>• Review the effectiveness of internal control carried out by the authority</li> </ul>	Yes
<p><b>Budgetary Control and Review</b></p> <p><b>D.</b> 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"> <li>• 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</li> <li>• Ensure that current year budget reports are prepared and submitted to Authority / Committees periodically during the year with appropriate commentary on any significant variances</li> <li>• Review the budget performance either during the year or at the financial year-end seeking explanations for any significant or unanticipated variances</li> <li>• Ensure that the Authority has considered the establishment of specific earmarked reserves and, ideally, reviews them annually as part of the budget assessment process</li> <li>• 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</li> </ul>	<p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p>

<p><b>Income Controls</b></p> <p><b>E.</b> 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"> <li>• Review "Aged debtor" listings to ensure appropriate follow up action is in place</li> <li>• Allotments: ensure that appropriate signed tenancy agreements exist, that an appropriate register of tenants is maintained identifying, that debtors are monitored.</li> <li>• 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:</li> <li>• 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</li> <li>• 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</li> <li>• 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</li> <li>• 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</li> </ul>	<p>Yes</p> <p>Yes</p> <p>Not Applicable</p> <p>Not Applicable</p> <p>Yes</p> <p>Yes</p> <p>Yes</p>
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<p><b>Petty Cash Procedures</b></p> <p><b>F.</b> 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"> <li>• Review the systems in place for controlling any petty cash and also cash floats (used for bar, catering, etc)</li> <li>• Check a sample of transactions during the financial year to ensure appropriate supporting documentation is held</li> <li>• Review the existence of evidenced periodic independent verification of the petty cash and any other cash floats held</li> <li>• Ensure that VAT is identified wherever incurred and appropriate</li> <li>• Physically check the petty cash and other cash floats held</li> <li>• 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</li> </ul>	<p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Not Applicable</p>
<p><b>Payroll Controls</b></p> <p><b>G.</b> 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"> <li>• Ensure that, for all staff, a formal employment contract is in place together with a confirmatory letter setting out any changes to the contract</li> <li>• Ensure that appropriate procedures are in place for the payment of members allowances and deduction of any tax liability</li> <li>• 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</li> </ul>	<p>Yes</p> <p>Yes</p> <p>Yes</p>

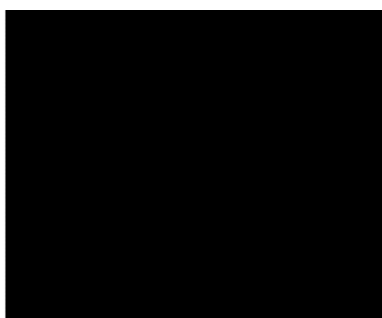
	<ul style="list-style-type: none"> <li>• Ensure that appropriate tax codes are being applied to each employee</li> <li>• Where free or paid for software is used, ensure that it is up to date.</li> <li>• For the test sample of employees, ensure that tax is calculated appropriately</li> <li>• Check the correct treatment of Pension contributions</li> <li>• For NI, ensure that the correct deduction and employer's contributions are applied</li> <li>• Ensure that the correct employers' pension percentage contribution is being applied</li> <li>• 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.</li> </ul>	<p>Yes</p> <p>Not Applicable</p> <p>Yes*</p> <p>Yes*</p> <p>Yes*</p> <p>Yes*</p> <p>Yes*</p> <p><b>*Northumberland County Council acts as a payroll agent for the Town Council, providing third party security and additional internal control</b></p>
<p><b>Assets &amp; Investment Controls</b></p> <p><b>H.</b> 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"> <li>• 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</li> <li>• The register should identify for each asset the purchase cost</li> <li>• Additions and disposals records allow tracking from the prior year to the current</li> <li>• The asset value to be reported in the AGAR at section 2, line 9 equates to the prior year reported</li> </ul>	<p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p>

	<p>value, adjusted for the nominal value of any new acquisitions and / or disposals</p> <ul style="list-style-type: none"> <li>• 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:</li> <li>• 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.</li> <li>• Ensure that the authority has sought and obtained appropriate DMO approval for all loans acquired</li> <li>• Ensured that the authority has accounted for the loan appropriately and recorded the full value of the loan.</li> <li>• Ensure that the combined principal loan repayment and interest for the year is correctly recorded in the AGAR at section 2 line 5</li> <li>• Ensure that the outstanding loan liability as at 31st March each year is correctly recorded in the AGAR at section 2, line 10</li> <li>• 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.</li> </ul>	<p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Not Applicable (N/A)</p> <p>N/A</p> <p>N/A</p> <p>N/A</p> <p>N/A</p>
<p><b>Accounting Statements &amp; Year-End Procedures</b></p> <p><b>J.</b> 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"> <li>• Ensure that, where annual turnover exceeds £200,000, appropriate records are maintained throughout the year on an Income and Expenditure basis to</li> </ul>	<p>Yes</p>





<b>Publication Requirements</b>  <b>N.</b> The authority complied with the publication requirements for the prior year AGAR.	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
<b>Trust Funds</b>  <b>O.</b> Trust funds (including charitable) - the Council met its responsibilities as a trustee	<ul style="list-style-type: none"> <li>• Confirm that all charities of which the council is a Trustee are up to date with CC filing requirements</li> <li>• that the council is the sole trustee on the Charity Commission register</li> <li>• that the council is acting in accordance with the Trust deed</li> <li>• that the Charity meetings and accounts recorded separately from those of the council</li> <li>• review the level and activity of the charity and where a risk-based approach suggests such, review the Independent Examiners report</li> </ul>	Yes  Yes  Yes  Yes  Yes





# Annual Governance and Accountability Return 2024/25 Form 3

To be completed by Local Councils, Internal Drainage Boards and other Smaller Authorities\*:

- where the higher of gross income or gross expenditure exceeded £25,000 but did not exceed £6.5 million; or
- where the higher of gross income or gross expenditure was £25,000 or less but that:
  - are unable to certify themselves as exempt (fee payable); or
  - have requested a limited assurance review (fee payable)

## Guidance notes on completing Form 3 of the Annual Governance and Accountability Return 2024/25

1. Every smaller authority in England that either received gross income or incurred gross expenditure exceeding £25,000 **must** complete Form 3 of the Annual Governance and Accountability Return at the end of each financial year in accordance with *Proper Practices*.
2. **The Annual Governance and Accountability Return is made up of three parts, pages 3 to 6:**
  - The **Annual Internal Audit Report** must be completed by the authority's internal auditor.
  - **Sections 1 and 2 must** be completed and approved by the authority.
  - **Section 3** is completed by the external auditor and will be returned to the authority.
3. The authority **must** approve Section 1, Annual Governance Statement, before approving Section 2, Accounting Statements, and both **must** be approved and published on the authority website/webpage **before 1 July 2025**.
4. An authority with either gross income or gross expenditure exceeding £25,000 or an authority with neither income nor expenditure exceeding £25,000, but which is unable to certify itself as exempt, or is requesting a limited assurance review, **must** return to the external auditor by email or post (not both) **no later than 30 June 2025**. Reminder letters will incur a charge of £40 +VAT:
  - the Annual Governance and Accountability Return Sections 1 and 2, together with
  - a bank reconciliation as at 31 March 2025
  - an explanation of any significant year on year variances in the accounting statements
  - notification of the commencement date of the period for the exercise of public rights
  - Annual Internal Audit Report 2024/25

Unless requested, do not send any additional documents to your external auditor. Your external auditor will ask for any additional documents needed.

Once the external auditor has completed the limited assurance review and is able to give an opinion, the Annual Governance and Accountability **Section 1, Section 2 and Section 3 – External Auditor Report and Certificate** will be returned to the authority by email or post.

## Publication Requirements

Under the Accounts and Audit Regulations 2015, authorities must publish the following information on the authority website/webpage:

Before 1 July 2025 authorities **must** publish:

- Notice of the period for the exercise of public rights and a declaration that the accounting statements are as yet unaudited;
- **Section 1 - Annual Governance Statement 2024/25**, approved and signed, page 4
- **Section 2 - Accounting Statements 2024/25**, approved and signed, page 5

Not later than 30 September 2025 authorities **must** publish:

- Notice of conclusion of audit
- **Section 3 - External Auditor Report and Certificate**
- **Sections 1 and 2 of AGAR** including any amendments as a result of the limited assurance review. It is recommended as best practice, to avoid any potential confusion by local electors and interested parties, that you also publish the Annual Internal Audit Report, page 3.

The Annual Governance and Accountability Return constitutes the annual return referred to in the Accounts and Audit Regulations 2015. Throughout, the words 'external auditor' have the same meaning as the words 'local auditor' in the Accounts and Audit Regulations 2015.

\*for a complete list of bodies that may be smaller authorities refer to schedule 2 to the Local Audit and Accountability Act 2014.



## Guidance notes on completing Form 3 of the Annual Governance and Accountability Return (AGAR) 2024/25

- The authority **must** comply with *Proper Practices* in completing Sections 1 and 2 of this AGAR. *Proper Practices* are found in the *Practitioners' Guide\** which is updated from time to time and contains everything needed to prepare successfully for the financial year-end and the subsequent work by the external auditor.
- Make sure that the AGAR is complete (no highlighted boxes left empty) and is properly signed and dated. Any amendments must be approved by the authority and properly initialled.
- The authority **should** receive and note the Annual Internal Audit Report before approving the Annual Governance Statement and the accounts.
- Use the checklist provided below to review the AGAR for completeness before returning it to the external auditor by email or post (not both) no later than 30 June 2025.
- The Annual Governance Statement (Section 1) must be approved on the same day or before the Accounting Statements (Section 2) and evidenced by the agenda or minute references.
- The Responsible Financial Officer (RFO) must certify the accounts (Section 2) before they are presented to the authority for approval. The authority must in this order; consider, approve and sign the accounts.
- The RFO is required to commence the public rights period as soon as practical after the date of the AGAR approval.
- You must inform your external auditor about any change of Clerk, Responsible Financial Officer or Chair, and provide relevant authority owned generic email addresses and telephone numbers.**
- Make sure that the copy of the bank reconciliation to be sent to your external auditor with the AGAR covers all the bank accounts. If the authority holds any short-term investments, note their value on the bank reconciliation. The external auditor must be able to agree the bank reconciliation to Box 8 on the accounting statements (**Section 2, page 5**). An explanation **must** be provided of any difference between Box 7 and Box 8. More help on bank reconciliation is available in the *Practitioners' Guide\**.
- Explain fully significant variances in the accounting statements on **page 5**. Do not just send a copy of the detailed accounting records instead of this explanation. The external auditor wants to know that you understand the reasons for all variances. Include complete numerical and narrative analysis to support the full variance.
- If the bank reconciliation is incomplete or variances not **fully** explained then additional costs may be incurred.
- Make sure that the accounting statements add up and that the balance carried forward from the previous year (Box 7 of 2024) equals the balance brought forward in the current year (Box 1 of 2025).
- The Responsible Financial Officer (RFO), on behalf of the authority, **must** set the commencement date for the exercise of public rights of 30 consecutive working days which **must** include the first ten working days of July.
- The authority **must** publish on the authority website/webpage the information required by Regulation 15 (2), Accounts and Audit Regulations 2015, including the period for the exercise of public rights and the name and address of the external auditor **before 1 July 2025**.

Completion checklist – 'No' answers mean you may not have met requirements		Yes	No
All sections	Have all highlighted boxes have been completed?		
	Has all additional information requested, including <b>the dates set for the period for the exercise of public rights</b> , been provided for the external auditor?		
Internal Audit Report	Have all highlighted boxes been completed by the internal auditor and explanations provided?		
Section 1	For any statement to which the response is 'no', has an explanation been published?		
Section 2	Has the Responsible Financial Officer signed the accounting statements before presentation to the authority for approval?		
	Has the authority's approval of the accounting statements been confirmed by the signature of the Chair of the approval meeting?		
	Has an explanation of significant variations been published where required?		
	Has the bank reconciliation as at <b>31 March 2025</b> been reconciled to Box 8?		
	Has an explanation of any difference between Box 7 and Box 8 been provided?		
Sections 1 and 2	Trust funds – have all disclosures been made if the authority as a body corporate is a sole managing trustee? <b>NB:</b> do not send trust accounting statements unless requested.		

**\*Governance and Accountability for Smaller Authorities in England – a Practitioners' Guide to Proper Practices**, can be downloaded from [www.nalc.gov.uk](http://www.nalc.gov.uk) or from [www.ada.org.uk](http://www.ada.org.uk)



# Annual Internal Audit Report 2024/25

## BLYTH TOWN COUNCIL

www.blythtowncouncil.gov.uk

During the financial year ended 31 March 2025, 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 2024/25 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 2023/24, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2023/24 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 2024-25 AGAR period, were public rights in relation to the 2023-24 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 2023/24 AGAR (see AGAR Page 1 Guidance Notes).	✓		

O. (For local councils only)	Yes	No	Not applicable
Trust funds (including charitable) – The council met its responsibilities as a trustee.		✓	

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

19/09/2024 03/12/2024 16/04/2025

Name of person who carried out the internal audit

Mike Slaughter

Signature of person who carried out the internal audit

Date

16/04/2025

**\*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).



## Section 1 – Annual Governance Statement 2024/25

We acknowledge as the members of:

### BLYTH TOWN COUNCIL

our responsibility for ensuring that there is a sound system of internal control, including arrangements for the preparation of the Accounting Statements. We confirm, to the best of our knowledge and belief, with respect to the Accounting Statements for the year ended 31 March 2025, that:

	Agreed		'Yes' means that this authority:
	Yes	No*	
1. We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.	✓		prepared its accounting statements in accordance with the Accounts and Audit Regulations.
2. We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.	✓		made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.
3. 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.	✓		has only done what it has the legal power to do and has complied with Proper Practices in doing so.
4. We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.	✓		during the year gave all persons interested the opportunity to inspect and ask questions about this authority's accounts.
5. 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.	✓		considered and documented the financial and other risks it faces and dealt with them properly.
6. We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.	✓		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 smaller authority.
7. We took appropriate action on all matters raised in reports from internal and external audit.	✓		responded to matters brought to its attention by internal and external audit.
8. 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.	✓		disclosed everything it should have about its business activity during the year including events taking place after the year end if relevant.
9. (For local councils only) 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.	Yes	No	has met all of its responsibilities where, as a body corporate, it is a sole managing trustee of a local trust or trusts.
		✓	

**\*Please provide explanations to the external auditor on a separate sheet for each 'No' response and describe how the authority will address the weaknesses identified. These sheets must be published with the Annual Governance Statement.**

This Annual Governance Statement was approved at a meeting of the authority on:

and recorded as minute reference:

Signed by the Chair and Clerk of the meeting where approval was given:

Chair

Clerk

[www.blythtowncouncil.gov.uk](http://www.blythtowncouncil.gov.uk)



## Section 2 – Accounting Statements 2024/25 for

### BLYTH TOWN COUNCIL

	Year ending		Notes and guidance
	31 March 2024 £	31 March 2025 £	
1. Balances brought forward	379,869	623,190	Total balances and reserves at the beginning of the year as recorded in the financial records. Value must agree to Box 7 of previous year.
2. (+) Precept or Rates and Levies	1,402,764	1,448,766	Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.
3. (+) Total other receipts	187,691	280,640	Total income or receipts as recorded in the cashbook less the precept or rates/levies received (line 2). Include any grants received.
4. (-) Staff costs	225,765	297,928	Total expenditure or payments made to and on behalf of all employees. Include gross salaries and wages, employers NI contributions, employers pension contributions, gratuities and severance payments.
5. (-) Loan interest/capital repayments	0	0	Total expenditure or payments of capital and interest made during the year on the authority's borrowings (if any).
6. (-) All other payments	1,121,370	1,429,466	Total expenditure or payments as recorded in the cashbook less staff costs (line 4) and loan interest/capital repayments (line 5).
7. (=) Balances carried forward	623,190	625,200	Total balances and reserves at the end of the year. Must equal (1+2+3) - (4+5+6).
8. Total value of cash and short term investments	622,223	619,132	The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March – <b>To agree with bank reconciliation.</b>
9. Total fixed assets plus long term investments and assets	2,401,765	2,707,763	The value of all the property the authority owns – it is made up of all its fixed assets and long term investments as at 31 March.
10. Total borrowings	0	0	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).

For Local Councils Only	Yes	No	N/A	
11a. Disclosure note re Trust funds (including charitable)	✓			The Council, as a body corporate, acts as sole trustee and is responsible for managing Trust funds or assets.
11b. Disclosure note re Trust funds (including charitable)		✓		The figures in the accounting statements above exclude any Trust transactions.

I certify that for the year ended 31 March 2025 the Accounting Statements in this Annual Governance and Accountability Return have been prepared on either a receipts and payments or income and expenditure basis following the guidance in Governance and Accountability for Smaller Authorities – a Practitioners' Guide to Proper Practices and present fairly the financial position of this authority.

**Signed by Responsible Financial Officer before being presented to the authority for approval**

SIGNATURE REQUIRED

Date

I confirm that these Accounting Statements were approved by this authority on this date:

as recorded in minute reference:

Signed by Chair of the meeting where the Accounting Statements were approved

SIGNATURE REQUIRED



Section 3 – External Auditor’s Report and Certificate 2024/25

In respect of BLYTH TOWN COUNCIL

1 Respective responsibilities of the auditor and the authority

Our responsibility as auditors to complete a **limited assurance review** is set out by the National Audit Office (NAO). A limited assurance review is **not a full statutory audit**, it does not constitute an audit carried out in accordance with International Standards on Auditing (UK & Ireland) and hence it **does not** provide the same level of assurance that such an audit would. The UK Government has determined that a lower level of assurance than that provided by a full statutory audit is appropriate for those local public bodies with the lowest levels of spending.

Under a limited assurance review, the auditor is responsible for reviewing Sections 1 and 2 of the Annual Governance and Accountability Return in accordance with NAO Auditor Guidance Note 02 (AGN 02 as issued by the NAO on behalf of the Comptroller and Auditor General. AGN 02 is available from the NAO website – <https://www.nao.org.uk/code-audit-practice/guidance-and-information-for-auditors/> .

This authority is responsible for ensuring that its financial management is adequate and effective and that it has a sound system of internal control. The authority prepares an Annual Governance and Accountability Return in accordance with *Proper Practices* which:

- summarises the accounting records for the year ended 31 March 2025; and
- confirms and provides assurance on those matters that are relevant to our duties and responsibilities as external auditors.

2 External auditor’s limited assurance opinion 2024/25

(Except for the matters reported below)\* on the basis of our review of Sections 1 and 2 of the Annual Governance and Accountability Return, in our opinion the information in Sections 1 and 2 of the Annual Governance and Accountability Return is in accordance with Proper Practices and no other matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met.  
(\*delete as appropriate).

(continue on a separate sheet if required)

Other matters not affecting our opinion which we draw to the attention of the authority:

(continue on a separate sheet if required)

3 External auditor certificate 2024/25

We certify/do not certify\* that we have completed our review of Sections 1 and 2 of the Annual Governance and Accountability Return, and discharged our responsibilities under the Local Audit and Accountability Act 2014, for the year ended 31 March 2025.

\*We do not certify completion because:

External Auditor Name

External Auditor Signature  Date