

INTERNAL AUDIT REPORT – 2022/23

BISHOP AUCKLAND TOWN COUNCIL

1. Background

- 1.1. Following the abolition of the Audit Commission a new organisation has been established which is responsible for issuing proper practices in relation to the accounts of smaller authorities. It is called the Smaller Authorities Proper Practices Board (SAPPB), and is made up of members of the SLCC, NALC, CIPFA, the Department of Housing, Communities and Local Government (DHCLG), the Department of Environment, Food and Rural Affairs (DEFRA), the National Audit Office and a representative of the external audit firms appointed to smaller authorities
- 1.2. Every smaller authority in England that either received gross income or incurred gross expenditure exceeding £25,0000 must complete Part 3 of the Annual Governance and Accountability Return (AGAR) at the end of each financial year. The AGAR is made of 3 sections along with an annual internal audit report. which is to be completed by the Town Council's independent internal auditor, who is to give an opinion of the Town Council's internal controls
- 1.3. CDALC have provided Councils with a checklist to be used, this annual audit uses this list as the minimum of the tests to be carried out.

2. Objectives of the Audit

- 2.1. To examine the system of internal controls to ensure that the Town Council may obtain an adequate level of assurance for its activities.

3. Scope of the Work and the areas of Audit Work examined.

- 3.1 The Scope of Work covers the internal Audit key control tests identified in the A.G.A.R.
- 3.2 Information was provided through the Scribe Financial system (where I have been given read only access), website and e.mails from the Clerk.
- 3.2. To properly complete the audit the following areas of activity have been examined and tested by Internal Audit:
 - Payroll
 - Creditors
 - Risk Management/Governance arrangements
 - Income collection and Banking arrangements
 - Assets
 - Debtors
 - Budgetary Control (including year end procedures)
- 3.3. The audit findings of this report have been discussed with the Clerk of the Council and any audit recommendations have been agreed with her.
- 3.4. I examined the previous internal and external reports for 2021/22 and confirmed that all actions from those reports had been actioned.

4. Findings

4.1. Payroll

- 4.1.1 The Council employs 3 officers whom are paid a salary in accordance with NJC conditions of service.
- 4.1.2. The payments were examined for 2022/23 and were found to be approved by Council through the payments system and correctly paid.

4.2. Creditors

- 4.2.1. There are good separation of duties involving the 3 members of office staff when receiving,

checking and processing invoices, and Councillors who approve the payments.

A monthly payments list is produced which is confirmed by the Town Clerk and this list goes to the Finance Committee for approval. (Invoices are made available for examination if required)..

Compensating checks are carried out as the Chair agrees the schedule of payments each month and 2 Members signs any cheques. (Cheque stub initialed)

- 4.2.2. The Council uses Scribe financial system to record all expenditure and a report (Payments list) was downloaded and examined. This was compared to the invoices (in Scribe), the bank statements, and the Transactions for current account report. Every invoice paid had a voucher number and an invoice on scribe, unless payments had been agreed at a Council meeting such as donations. Details of the meeting are shown on scribe.
- 4.2.3. A payments approved list is produced every month for the Finance Committee showing payment type so as Members can verify payments.
- 4.2.4. Payments are made by electronic payments, cheques, Direct Debits and debit card.

Governance/Risk Management

- 4.3.1. Financial Regulations and Standing Orders were reviewed at the Council's Annual meeting on 17th May 2022, as part of the Constitution. The policy and strategy committee is to review the Council's Committee structure and a review of Standing Orders and Financial Regulations on 20th April 2023..
- 4.3.2. The risk register was updated at the Council meeting on 26th April 2022 and 21st February 2023.
- 4.3.3. The Risk to the Town Council is improved with the appointment of an independent Internal Auditor who gives assurance on the Council's internal controls. The Council appears to have adequate insurance levels in place.
- 4.3.4. An effectiveness of Internal Control report was approved at 21st February 2023 Council meeting.
- 4.3.5. The exercise of public rights was announced on 15th June 2022 with the inspection period between the 16th June and 27th July 2022.

4.4. Income collection and Banking arrangements

- 4.4.1. All sums due to the Council shall be the Responsibility of the Finance Officer (Clerk).
- 4.4.2. The Council receives income from
 - Precept
 - LCTS grant
 - Allotment rents
 - interest from bank accounts
 - Other grants
 - Vat claim
- 4.4.3. I examined the Receipts list from Scribe and confirmed all income had been received and recorded in the bank account
- 4.4.3. I examined the bank reconciliation at the end of the year to the bank statements as at 31st March 2023, which reconciled to the reports from Scribe.
- 4.4.4. Vat was recorded during the year, from the Scribe financial system reports showing how much the Council can reclaim. 3 reclaims were made during the financial year.

4.5. Accounting Records

- 4.5.1. The Council uses Scribe financial system to record all income and expenditure information, and

this appears adequate for the Town Council.

4.6. Security/Assets

- 4.6.1. An Inventory of all assets is completed from Scribe and was agreed by the Finance Committee on 14th February 2023. The asset register is updated when required throughout the year,.

4.7. Debtors

- 4.7.1. Invoices are raised through Scribe Financial system and when they are paid this is converted to a receipt. The invoice number is recoded on the receipt to enable an adequate audit trail.

4.8. Budgetary Control

- 4.8.1. The Budget setting process was initially discussed at the November Finance meeting and later on 14th December 2022, and approved by Full Council 10th January 2023

- 4.8.2 Budgetary control was carried out throughout the year using reports from the Scribe financial system when possible.

- 4.8.3. Bank reconciliations are carried out during the year using the Financial system, when possible

5. Conclusions/Recommendations

- 5.1. **The internal controls of the Council are satisfactory, and no recommendations are made.**



Gordon Fletcher (C.M.I.I.A.)
Internal Auditor to the Council
Date: 2nd May 2023