

# **INTERNAL AUDIT REPORT – 2023/24**

## **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 have examined the previous internal and external reports for 2022/23 and confirmed that there were no recommendations to be followed up.
- 3.5. It was agreed that an interim audit on 2 of the main systems of the Council after 6 months would be carried out. The 2 systems agreed were Accounts Payable and Income Collection and Banking arrangements, where detailed tests were carried out. An interim report was dated 10<sup>th</sup> November 2023 where there were no recommendations made.

### **4. Findings**

#### **4.1. Payroll**

- 4.1.1 The Council employs 3 officers who are paid a salary in accordance with NJC conditions of service.

- 4.1.2. The payments were examined for 2023/24 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 from Scribe, 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. Detailed tests on the payments system between April to September 2023 was carried out in November 2023 and this current audit concentrated on carrying out compliance tests on the payments between October 2023 to March 2024, to ensure that the internal controls were working satisfactorily.  
The Council uses Scribe financial system to record all expenditure and a report (Payments list) was downloaded and examined. A sample of invoices was compared to the invoices (in Scribe), to the bank statements, and to 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 discussed at the Council's Annual meeting on 16<sup>th</sup> May 2023, as part of the Constitution review. At the 12<sup>th</sup> September 2023 Council meeting, a review of the policies had been undertaken and some additional policies were needed, with updates to others.

The new NALC Model Financial regulations will be reviewed once the updated version has been released and any recommended amendments be identified and brought to a future council meeting

- 4.3.2. The risk register was updated at the Council meeting on 27<sup>th</sup> February 2024.

- 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 27<sup>th</sup> February 2024 Council meeting.

- 4.3.5. At the 17<sup>th</sup> October 2023 Council meeting it was stated that the Clerk has achieved the CiLCA qualification, which enables the Council to adopt the General Powers of Competence

- 4.3.5. The exercise of public rights was announced on 7<sup>th</sup> June 2023 with the inspection period between the 9<sup>th</sup> June and 20<sup>th</sup> July 2023

#### **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 Detailed tests of records between April to September 2023 was carried out in November 2023 on the income collection and banking system and this audit concentrated on carry out compliance tests on the system between October 2023 to March 2024, to ensure that the internal controls were working satisfactorily. I examined the Receipts list from Scribe and confirmed that internal controls were working satisfactorily regarding the collection and banking of income.
- 4.4.3. I examined the bank reconciliation at the end of the year to the bank statements as at 31<sup>st</sup> March 2024, 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 is agreed by the Finance Committee and approved with the statement of accounts at the end of the year. 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 recorded 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 on 21<sup>st</sup> November 2023 and later at the Council meeting on 12<sup>th</sup> December 2023, and approved by Full Council 16<sup>th</sup> January 2024
- 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. I am pleased to report that on examining the records 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: 20<sup>th</sup> May 2024**