

# **INTERNAL AUDIT REPORT – 2024/25**

## **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 Ministry of Housing, Communities and Local Government (MHCLG), 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 2023/24 and confirmed that there were no recommendations to be followed up.

### **4. Findings**

#### **4.1. Payroll**

- 4.1.1 The Council employs 4 officers who are paid a salary in accordance with NJC conditions of service.
- 4.1.2. The payments were examined for 2024/25 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 2024 and March 2025 is carried out 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 total of 537 payments had been made and A sample of invoices (30%) 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 22nd May 2024 as part of the Constitution review. With the new model of financial regulations adopted at the 16<sup>th</sup> July 2024 Council meeting

- 4.3.2. The risk register for 2024/25 was updated at the Council meeting on 18<sup>th</sup> March 2025.

- 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 for 2024/25 was approved at Council meeting on 18<sup>th</sup> March 2025.

- 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, which was reconfirmed at the 21<sup>st</sup> May Council meeting.

- 4.3.5. The exercise of public rights was announced on 31<sup>st</sup> May 2024 with the inspection period between the 3rd June and 12<sup>th</sup> July 2024.

#### **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. Tests of records between April 2024 to March 2025 were carried out on the income collection and

banking, 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 the 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 2025, which reconciled to the reports from Scribe.

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#### **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, and was reviewed at the Policy and Resources meeting on 18<sup>th</sup> February 2025/

#### **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 20<sup>th</sup> November 2024 and presented at the 26<sup>th</sup> November 2024 Council meeting, and the budget for 2025/26 and the precept agreed by Full Council on 17<sup>th</sup> December 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: 12<sup>th</sup> May 2025**

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