

BISHOP MIDDLEHAM AND MAINSFORTH PARISH COUNCIL
INTERNAL AUDIT REPORT
2022/2023 Annual Return

1. Background

- 1.1. Local Councils in England and Wales (Parish Councils, Town councils) are expected to complete an annual return (AGAR) summarising their annual activities at the completion of each financial year.
- 1.2. One of the sections within the annual return is to be completed by the Council's independent internal auditor, who is to give an opinion of the Council's internal controls.

2. Objectives of the Audit

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

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

- 3.1. The Scope of Work covers the key control tests identified in the AGAR of the annual return.
- 3.2. To properly complete the audit the following areas of activity have been examined and tested by the Internal Auditor for the financial year 2022/2023.
- Payroll
 - Creditors
 - Risk Management
 - Income collection and Banking arrangements
 - Assets
 - Debtors
 - Budgetary Control (including year end procedures)
 - Exercise of Public Rights

4. Findings by the Council,

4.1. Payroll

- 4.1.1. The Parish Council has one employee, the Parish Clerk, who works varied hours and is paid a basic rate each month and is paid by cheque. It has been agreed that an external provider be contracted to carry out the monthly salaries and associated payments to HMRC. This is good independent internal control for the Council.
- 4.1.2. The Parish Clerk completes a timesheet each month which is approved when payments are agreed each month.
- 4.1.3. "Details of employee payments" are produced each month which records the amounts paid to the employee and to HMRC. These payments appeared reasonable and were confirmed.

4.2. Creditors

- 4.2.1. All payments (by cheque with some direct debits) for the Parish Council are recorded and input in the Rialtus Financial System and reported and agreed each month to the Council on a Monthly Financial Transaction report. I understand that the invoices are presented for examination if requested. At 9th November 2022 meeting internet banking was discussed and payments were made where the Clerk inputs the information and the Chair authorizes the payment.
- 4.2.2. There are no separation of duties at Bishop Middleham and Mainsforth Parish Council as the Clerk is the only Officer responsible for Finance and Administration. Compensating checks are carried out by Members who confirm the payments at Council meetings.
- 4.2.3. On examining all the payments from April 2022 to March 2023 to the Cash book 3 report (which also shows vat) from Rialtus, all payments had been properly paid and recorded.

4.3. Risk Management

- 4.3.1. The Council has a Financial Risk Assessment which is approved at the annual meeting (11th May 2022). The risks to the Parish Council have also been reduced with the appointment of an independent Internal Auditor who gives assurance on the Council's activities, and as the Parish Council has a very small budget with only 1 employee, its risks are considered to be low.
- 4.3.2. The Council takes steps to reduce its risks by annually reviewing its Financial Standing Orders which include Financial Regulations at the AGM. (11th May 2022)

4.4. Income collection and Banking arrangements

- 4.4.1. There is very little income received by the Council and is banked through direct debits, mainly for garage rents and football rents and are recorded on the finance system and reported which is approved by Members and recorded in the minutes.
- 4.4.2. There are 3 bank accounts held by the Council:
- Business Saver account – used to hold monies and obtain interest and to transfer money to Business Community account (for a specific purpose)
 - Business saver account – used to hold monies and obtain interest and to transfer money to Business Community account,
 - Community Account – shows all income and expenditure
- 4.4.3. Bank reconciliations are carried out from Rialtus reports, where the Parish Clerk identifies all payments shown from the bank statements. Regular reports are produced from the Rialtus system with the bank statements being available for members to view.
- 4.4.4. A Vat claim for 2021/22 has been paid into the Council's bank account on 11th November 2022..

4.5. Accounting Records

- 4.5.1. For the financial year 2022/23 the Council uses Rialtas Accounting System, (used by many Town and Parish Councils), and all income and expenditure is input into here, which has improved the financial reporting of the Council.
- 4.5.2. The end of year accounts has been completed with an end of year bank reconciliation and figures for the 2022/23 AGAR.

4.6. Security/Assets

- 4.6.1. An Inventory is to be completed of all assets for 2022/2023 and is to be approved with the statement of accounts.

4.7. Debtors

- 4.7.1. There are no accounts raised for debts.

4.8. Budgetary Control

- 4.8.1. Budgetary control is discussed from financial reports from Rialtus when required with detailed reports discussed and reported when the precept requirements and next year's budget are to be determined.
- 4.8.2. The precept and budget was initially discussed at the 21st December 2022 Council meeting and approved on the 11th January 2023 Council meeting.. The annual budget was prepared to support the precept.

4.9. Governance Arrangements

- 4.9.1. The Council's Governance arrangements are shown in an Internal Control Report which includes the effectiveness of internal control covering, Internal Audit, Policies and Procedures and Risk Management. This was not completed by the year end but has been completed and is to be reported with the AGAR.

4.9.2. The Council agrees its Standing Orders including Financial Regulations, at the AGM each year.

4.9.3. The exercise of Public Rights for 2021/22 was announced on 16th June 2022 and covered the inspection period of 17th June to 28th July 2022. And was placed on the Council's web site.

5. Conclusions/Recommendations

5.1. The internal controls for the Council are satisfactory for the size of the Council and no action plan was required.

5.2. The purchase of Rialtas Accounting software has helped improve the financial controls for the Council and better reporting, and for producing the end of year accounts.



Gordon Fletcher (C.M.I.I.A.)

Internal Auditor

Date: 7th May 2023