

**BISHOP MIDDLEHAM AND MAINSFORTH PARISH COUNCIL  
INTERNAL AUDIT REPORT  
2023/2024 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 me for the financial year 2023/2024.
- Payroll
  - Creditors
  - Risk Management
  - Income collection and Banking arrangements
  - Assets
  - Debtors
  - Budgetary Control
  - 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 by Council 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. Payments were by cheque with some direct debits, for the Parish Council and 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.  
Internet banking payments are made by bank transfer, where the Clerk inputs the information, and the Chair authorizes the payment.
- 4.2.2. There is 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 2023 to March 2024 to the Cash book 3 report (which also shows vat) from Rialtus, all payments had been properly paid and recorded.

### **4.3. Income collection and Banking arrangements**

- 4.3.1. There is very little income received by the Council and is banked through direct debits, mainly for garage rents and football fees and are recorded on the finance system and reported which is approved by Members and recorded in the minutes.
- 4.3.2. During the year the Council changed to having 3 bank accounts with the Unity Trust Bank, where it has 1 current account and 2 savings accounts.
- 4.3.3. 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.
- 4.3.4. A Vat claim for 2022/23 has been paid into the Councils bank account on 17<sup>th</sup> April 2023

### **4.4. Accounting Records**

- 4.4.1. For the financial year 2023/24 the Council uses the 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.
- 4.4.2. The end-of-year accounts have been completed with an end of year bank reconciliation and figures for the 2023/24 AGAR.

### **4.5. Security/Assets**

- 4.5.1. An Inventory is to be completed of all assets for 2023/2024 and is to be approved with the statement of accounts.

### **4.6. Debtors**

- 4.6.1. Invoices are sent out for football fees.

### **4.7. Budgetary Control**

- 4.7.1. 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.
- 4.7.2. The precept and budget were initially discussed at the 8<sup>th</sup> November 2023 Council meeting and discussed at the 13<sup>th</sup> December 2023 meeting and agreed and approved at the 10<sup>th</sup> January 2024 Council meeting. A review of fees was also discussed. The annual budget was prepared to support the precept.

### **4.8. Governance Arrangements**

- 4.8.1. 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. Along with the AGAR (statement of accounts) and asset register and was approved at the 14<sup>th</sup> June 2023 Council meeting.  
This was further updated review approved at the 13<sup>th</sup> March 2024 Council meeting.  
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 low.
- 4.8.2. The Council takes steps to reduce its risks by annually reviewing its Financial Standing Orders which include Financial Regulations at the AGM. On 10<sup>th</sup> May 2023.
- 4.8.3. The exercise of Public Rights for 2022/23 was announced on 15<sup>th</sup> June 2023 and covered the inspection period of 16<sup>th</sup> June 2023b to 27<sup>th</sup> July 2023, and was placed on the Councils 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 use of Rialtas Accounting software has helped improve the financial controls for the Council and gives better reporting, and for producing the end of year accounts.



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

**Internal Auditor**

**Date: 6<sup>th</sup> May 2024**