

# **Tharston and Hapton Parish Council**

Internal Audit Report  
Financial Year 2023/24

Prepared by Sonya Blythe  
25 April 2024

I have completed an internal audit of the accounts for Tharston and Hapton Parish Council for the year ending March 2024.

My findings are detailed below using the tests provided in the Governance and Accountability (England) guidance.

Internal control	Test	Observations
Proper bookkeeping	Is the cashbook maintained and up to date?	Yes
	Is the cashbook arithmetically correct?	Yes
	Is the cashbook regularly balanced?	Updated for each meeting
Standing Orders, Financial Regulations and payment controls	Has the council formally adopted Standing Orders and Financial Regulations?	Yes
	Date Standing Orders last reviewed	June 23
	Date Financial Regulations last reviewed	June 23
	Has a Responsible finance officer been appointed with specific duties?	Clerk is RFO
	Are payments in the cashbook supported by invoices, authorised and minuted?	Yes, evidenced from invoice to minutes to bank account
	Has VAT on payments been identified, recorded and reclaimed?	Yes, separate column in cashbook, four claims received in period
	Is s137 expenditure separately recorded and within statutory limits?	Separate column in cashbook. Not required due to holding GPOC.
Risk management arrangements	Have S137 payments been approved and included in the minutes as such?	Yes *see recommendation
	Does a review of the minutes identify any unusual financial activity?	No
	Do minutes record the council carrying out an annual risk assessment or review of their risk management scheme?	June 23
	Is insurance cover appropriate and adequate?	Yes, policy seen
	Are internal financial controls documented and regularly reviewed?	May 23

Internal control	Test	Observations
Budgetary controls	Has the council prepared an annual budget in support of its precept and has this been minuted as being approved?	2324 – January 23 minuted as approved  2425 - January 24 minuted as approved
	Has the precept been calculated from the budget and been approved?	2324 – approved as £24,864.20  2425 – approved as £25,045.25
	Does the budget include an actual completed year?	Predicted to end of current financial year *see recommendation
	Is actual expenditure against budget regularly reported to the council?	Spend against budget recorded as part of cashbook
	Are there any significant unexplained variances from budget?	Community project line overspent but invoices present
Income controls	Is income properly recorded and promptly banked?	Yes
	Does the precept recorded agree to the Council Tax authority's notification?	Remittance £24864.20  Bank £24864.20
Petty cash procedures	Are security controls over cash and near-cash adequate and effective?	Yes, income from events process simplified this year
	Is all petty cash spent recorded and supported by VAT invoices/receipts?	N/A
	Is petty cash expenditure reported to each council meeting?	N/A
	Is petty cash reimbursement carried out regularly?	N/A
Payroll controls	Do all employees have contracts of employment with clear terms and conditions?	Yes, checked previously
	Do salaries paid agree with those approved by the council?	Yes, payment checked against minutes
	Are salaries above the National Living Wage/Minimum Wage?	Yes  National increment applied from November 23
	Are other payments to employees reasonable and approved by the council?	Yes, expenses seen

Internal control	Test	Observations
	Have PAYE/NIC been properly operated by the council as an employer?	Accounted for on payslips and payments made to HMRC
Asset controls	Does the council maintain a register of all material assets owned or in its care?	Yes
	Are the assets and Investments registers up to date? When were these last reviewed?	New purchases from 2324 uploaded
	Do asset insurance valuations agree with those in the asset register?	Yes schedule checked
Bank reconciliation	Is there a bank reconciliation for each account and is this reported to council?	Yes
	Is a bank reconciliation carried out regularly and in a timely fashion?	Reported each meeting
	Are there any unexplained balancing entries in any reconciliation?	No
Year-end procedures	Are year-end accounts prepared using the correct accounting basis (Receipts and Payments or Income and Expenditure)?	Yes, R&P
	Do accounts agree with the cash book?	AGAR £24331 Statements £24330.92
	Has a year-end bank reconciliation been undertaken?	Yes, £24,330.92
	Is there an audit trail from underlying financial records to the accounts?	Yes, cashbook matches bank accounts
Procedural	Is eligibility for the General Power of Competence properly evidenced?	May 23 minutes
	Have points raised on the last Internal Audit report been considered by council and actioned?	Confirm reviewed policies in minutes – yes, attached to minutes as appendix  Carry out annual check of assets as part of risk assessment – yes  When organising events, income should be paid into the bank rather than used for spending on future events, to complete a full income and expenditure record – yes,

Internal control	Test	Observations
		income now comes as a donation from local group
Transparency: For smaller councils with turnover under £25,000	Minutes for whole year on website?	Yes
	Agendas for whole year on website?	No
	Payments over £100 detailed on website?	Payments all included within minutes
	Electors' rights advertised on website?	Yes
	Councillors' responsibilities detailed on website?	Yes
	Last financial year's AGAR on website?	Yes
	Land and building assets details on website? (Description, location, owner/leaseholder, date and cost of acquisition and present use)	Yes

### Summary of report:

Thank you to Alan for supplying all documentation so promptly.

- I have checked through your accounts and confirmed them against income and expenditure receipts, as well as against payments in your cashbook. Bank reconciliations are regularly carried out for the accounts.
- I have confirmed that your Financial Regulations and Standing Orders are up to date.
- I have noted that your VAT has been claimed within the past year
- I have verified that your insurance is adequate
- I confirm that your payroll management meets requirements
- I have reviewed your budget setting process and noted that you provide Council with regular spend against budget information
- I have reviewed the AGAR against your year-end bank reconciliations and your accounts
- I have checked that your risk management is adequate

I have no concerns to raise and as such have signed the internal audit section of the AGAR.

**Notes / recommendations for 24/25:**

S137 – Council confirmed in May 2023 that it holds the General Power of Competence. This power supersedes S137, and as such S137 should not be used in future. These payments can be recorded under your other budget categories, such as admin or grants, as required.

Email management – the JPAG Practitioners Guide states that “every authority should have an email account that belongs to the council and to which the council has access – this ideally would be a .gov.uk or .org.uk address or could be an address linked to the council website”. I note from your minutes that this is in hand.

When budget setting it is best practice to have a complete budget year on the document for Council to see. For example when setting the 24/25 budget, you would have had a full year showing for 2223, then the estimate to the end of 2324, then the 2425 budget line for consideration. This helps to have a full summary of the financial position available.

*Sonya*

Sonya Blythe  
Internal auditor