

# **Tharston and Hapton Parish Council**

Internal Audit Report  
Financial Year 2022/23

Prepared by Sonya Blythe  
24 April 2023

I have completed an internal audit of the accounts for Tharston and Hapton Parish Council for the year ending March 2023.

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?	Yes, regular updates given to Council
Standing Orders, Financial Regulations and payment controls	Has the council formally adopted Standing Orders and Financial Regulations?	Yes
	Date Standing Orders last reviewed	* see notes
	Date Financial Regulations last reviewed	* see notes
	Has a Responsible finance officer been appointed with specific duties?	Clerk is RFO
	Are payments in the cashbook supported by purchase orders, invoices, authorised and minuted?	Yes- invoice payments are recorded in minutes (with a couple of exceptions), included in cashbook and amounts match bank accounts expenditure
	Has VAT on payments been identified, recorded and reclaimed?	Yes, accounted for in cashbook, and regular claims made throughout year
	Is s137 expenditure separately recorded and within statutory limits?	No separate column on expenditure report, but S137 expenditure is recorded in brackets
Have S137 payments been approved and included in the minutes as such?	Can't find wreath payment identified in minutes	
Risk management arrangements	Does a review of the minutes identify any unusual financial activity?	No
	Do minutes record the council carrying out an annual risk assessment or	May 22 *see notes section

Internal control	Test	Observations
	review of their risk management scheme?	No minuted record of asset checks
	Is insurance cover appropriate and adequate?	Yes, policy seen
	Are internal financial controls documented and regularly reviewed?	Last reviewed in March 23, per minutes
Budgetary controls	Has the council prepared an annual budget in support of its precept and has this been minuted as being approved?	Yes – January 2022 meeting for 22/23 accounts
	Has the precept been calculated from the budget and been approved?	Yes, approved as £24,625.00
	Does the budget include an actual completed year?	Yes
	Is actual expenditure against budget regularly reported to the council?	Yes, spend against budget document updated quarterly
	Are there any significant unexplained variances from budget?	Hapton community project budget line overspent. Clerk advised this was paid from CIL, not precept
Income controls	Is income properly recorded and promptly banked?	All banked, but see note below
	Does the precept recorded agree to the Council Tax authority's notification?	Minuted as £24625 £24625 received from SNC by BACS
Petty cash procedures	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, contract seen

Internal control	Test	Observations
	Do salaries paid agree with those approved by the council?	Yes, payslips match bank accounts
	Are salaries above the National Living Wage/Minimum Wage?	Yes
	Are other payments to employees reasonable and approved by the council?	Yes, expense claims seen
	Have PAYE/NIC been properly operated by the council as an employer?	Yes, HMRC records attached and regular 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?	Includes items to March 2023
	Do asset insurance valuations agree with those in the asset register?	Yes
Bank reconciliation	Is there a bank reconciliation for each account and is this reported to council?	Yes, regular reports in minutes
	Is a bank reconciliation carried out regularly and in a timely fashion?	Yes
	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?	Cashbook £30750.26 Bank statement £30750.26
	Has a year-end bank reconciliation been undertaken?	Yes, agreed with above
	Is there an audit trail from underlying financial records to the accounts?	Yes, payments recorded in minutes and match bank accounts
Procedural	Is eligibility for the General Power of Competence properly evidenced?	N/A

Internal control	Test	Observations
Transparency: For smaller councils with turnover under £25,000	Have points raised on the last Internal Audit report been considered by council and actioned?	Update Standing Orders. Yes  £22.86 owed to HMRC in NI – yes, paid April
	Minutes for whole year on website?	Yes
	Agendas for whole year on website?	Yes
	Payments over £100 detailed on website?	Mostly, there are a few missing
	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)	Most land information online, other than cost	

### Summary:

Thank you to Alan for providing information and answering questions 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

### Recommendations / items to note:

I understand that policy reviews including Standing Orders, Financial Regulations and Risk Assessment were undertaken in May. The Clerk was away and this item was missed from the minutes, but the updated documents are on the website. I recommend you add these items on to your next agenda to re-confirm.

Related to the risk register, it would be a good idea to carry out an annual check of all of your physical assets and record this check within your minutes, as well as any remedial work required.

As a note for any future events that you organise, when holding your Queens Jubilee event you took in £748.23 in cash. £592.58 was then paid out in expenditure from the cash, with the difference being paid into the bank. Really the full £748.23 should have been paid into the bank account and then the expenditure paid from the bank account so that you have a complete record of income and expenditure.

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

*Sonya*

Sonya Blythe  
Internal auditor