

TOWN AND PARISH COUNCIL INTERNAL AUDIT TESTING
THORNTON LE MOOR WITH THORNTON LE STREET PARISH COUNCIL
INTERNAL AUDIT REPORT

RFO: DEBBIE ROBSON

AUDIT: 10th JUNE 2022

YEAR ENDING: 31ST MARCH 2022

INTERNAL CONTROL	SUGGESTED TESTING	FINDINGS	RECOMMENDATIONS
PROPER BOOKKEEPING	Is the cashbook maintained and up to date?	A manual cashbook is maintained for the small number of transactions of the Council. It was up to date.	
	Is the cashbook arithmetically correct?	Yes	
	Is the cashbook regularly balanced?	Yes	
A) STANDING ORDERS AND FINANCIAL REGULATIONS ADOPTED AND APPLIED; AND B) PAYMENTS CONTROLS	Has the council formally adopted standing orders and financial regulations?	The Council has standing orders which are appropriate for an authority of its size.	

INTERNAL CONTROL	SUGGESTED TESTING	FINDINGS	RECOMMENDATIONS
	Has a Responsible financial officer been appointed with specific duties?	Debbie Robson was appointed Clerk with effect from 1 st July 2021. No list of duties seen.	The Council consider drawing up a Job Specification for the Clerk detailing her duties.
	Have items or services above the de minimus amount been competitively purchased?	No evidence seen of quotations being sought for any purchases, but the largest payment made in the year was £540 for grass cutting.	
	Are payments in the cashbook supported by invoices, authorised and minuted?	All payments in the sample tested had been minuted and were supported by documentation.	
	Has VAT on payments been identified, recorded and reclaimed?	VAT totalling £94 was identified in the cash book. A claim for reimbursement of VAT incurred during the previous year had been received	
	Is s137 expenditure separately recorded and within statutory limits?	No s137 expenditure seen	
RISK MANAGEMENT ARRANGEMENTS	Does a review of the minutes identify any unusual financial activity?	No unusual activities seen.	

INTERNAL CONTROL	SUGGESTED TESTING	FINDINGS	RECOMMENDATIONS
	Do minutes record the council carrying out an annual risk assessment?	No formal risk assessment is in place but informal checks are carried out on both defibrillators.	The council consider drawing up a risk assessment and formalising the checks.
	Is insurance cover appropriate and adequate?	The Council has insurance cover with Zurich Municipal for the year to 30 th June 2022. Coverage includes £20m public and products liability	
	Are internal financial controls documented and regularly reviewed?	Procedures are set out in Standing Orders.	
BUDGETARY CONTROLS	Has the council prepared an annual budget in support of its precept?	A budget was presented to the November 2021 meeting and it was agreed that the precept for 2022/23 would be kept at the same level as the current year.	
	Is actual expenditure against the budget regularly reported to the council?	Yes	
	Are there any significant unexplained variances from budget?	No	
INCOME CONTROLS	Is income properly recorded and promptly banked?	The only items of income received were the precept and VAT reimbursement.	

INTERNAL CONTROL	SUGGESTED TESTING	FINDINGS	RECOMMENDATIONS
	Does the precept recorded agree to the Council Tax authority's notification?	Yes	
	Are security controls over cash and near-cash adequate and effective?	Not applicable	
PETTY CASH PROCEDURES	Is all petty cash spent recorded and supported by VAT invoices/receipts?	No petty cash.	
	Is petty cash expenditure reported to each council meeting?	Not applicable	
	Is petty cash reimbursement carried out regularly?	Not applicable	
PAYROLL CONTROLS	Do all employees have contracts of employment with clear terms and conditions?	The Clerk does has a contract of employment.	
	Do salaries paid agree with those approved by the council?	Yes	

INTERNAL CONTROL	SUGGESTED TESTING	FINDINGS	RECOMMENDATIONS
	Are other payments to employees reasonable and approved by the council?	None seen.	
	Have PAYE/NIC been properly operated by the council as an employer?	Yes – payments made to HMRC for PAYE.	
ASSET CONTROLS	Does the council maintain a register of all material assets owned or in its care?	The council had assets with a value of £419 at the start of the year according to the previous year's AGAR but no register seen. The defibrillators cost £2,636 in 2020-21 but were not included.	The council consider drawing up a register of its assets
	Are the assets and Investments registers up to date?	Not known	
	Do asset insurance valuations agree with those in the asset register?	No	
BANK RECONCILIATION	Is there a bank reconciliation for each account?	Yes – only one account.	
	Is a bank reconciliation carried out regularly and in a timely fashion?	Yes	

INTERNAL CONTROL	SUGGESTED TESTING	FINDINGS	RECOMMENDATIONS
	Are there any unexplained balancing entries in any reconciliation?	No	
	Is the value of investments held summarised on the reconciliation?	No other investments	
YEAR-END PROCEDURES	Are year end accounts prepared on the correct accounting basis (Receipts and Payments or Income and Expenditure)?	Receipts and payments basis used.	
	Do accounts agree with the cashbook?	Yes	
	Is there an audit trail from underlying financial records to the accounts?	Yes – supporting documentation seen.	
	Where appropriate, have debtors and creditors been properly recorded?	No accruals	

INTERNAL CONTROL	SUGGESTED TESTING	FINDINGS	RECOMMENDATIONS
OTHER ISSUES	Is the Council registered with the Information Commissioner?	The Council is not registered with the Information Commissioner. Further advice as to whether it should be registered or not can be found at https://ico.org.uk/for-organisations/register/self-assessment/ .	
	What arrangements does the Council have for the back up of computer files?	The clerk backs up files on a USB drive.	
	Does the Council have responsibility for any Trust Funds? If so, are they independently examined?	The Council does not operate any Trust Funds.	
	Has the Council made arrangements to comply with the Transparency Code for smaller authorities?	The Council has considered the Code and publishes minutes and agendas on the Thornton le Street website. However, no AGAR forms have been so published since 2019-20.	The Council arrange to keep the website up to date.