

Thornage Parish Council

Internal Audit Report

For Thornage Parish Council

Financial Year 24/25

Prepared by Di Dann, CiLCA , FILCA, PIALC qualified

20th April 2025

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I have completed an internal audit of the accounts for Thornage Parish Council for the year ending 31st March 2025.

My findings are detailed below using the tests provided in the **Governance and Accountability (England) March 2024**.

I would like to thank the Clerk/RFO for providing me with all the information required for the Internal Audit.

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
Standing Orders, Financial Regulations and payment controls	Has the council formally adopted Standing Orders and Financial Regulations?	Yes
	Date Standing Orders last reviewed	March 2024
	Date Financial Regulations last reviewed	September 2024
	Has a Responsible Financial Officer been appointed with specific duties?	Yes
	Has an Internal Control Officer been appointed?	Yes
	Have items or services above the de minimus amount been competitively purchased?	Yes
	Are payments in the cashbook supported by purchase orders, invoices, authorised and minuted?	Yes
	Has VAT on payments been identified, recorded and reclaimed?	Yes – see below
	Has s137 expenditure been approved and separately recorded and within statutory limits? (where applicable)	GPC adopted May 2023

Internal control	Test	Observations
	Are Financial Regulations followed?	Yes
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 review of their risk management scheme?	March 2024
	Is insurance cover appropriate and adequate?	Yes
	Are internal financial controls documented and regularly reviewed?	Yes
Budgetary controls	Has the council prepared an annual budget in support of its precept and has this been minuted as being approved?	Yes
	Has the precept been calculated from the budget and been approved?	Yes
	Does the budget include an actual completed year?	Yes
	Is actual expenditure against 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?	Yes

Internal control	Test	Observations
	Does the precept recorded agree to the Council Tax authority's notification?	Yes
	Are security controls over cash and near-cash adequate and effective?	N/A
Payroll controls	Do all employees have contracts of employment with clear terms and conditions?	Yes
	Do salaries paid agree with those approved by the council?	Yes
	Are salaries above the National Living Wage/Minimum Wage?	Yes
	Are other payments to employees reasonable and approved by the council?	Yes
	Have PAYE/NIC been properly operated by the council as an employer?	Yes
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?	Yes May 2024
	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 – one bank account only

Internal control	Test	Observations
	Is a bank reconciliation carried out regularly and in a timely fashion?	Yes
	Are there any unexplained balancing entries in any reconciliation?	No
	Is the value of investments held summarised on the reconciliation?	Yes
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?	Yes
	Has a year-end bank reconciliation been undertaken?	Yes
	Is there an audit trail from underlying financial records to the accounts?	Yes
	Where appropriate, have debtors and creditors been properly recorded?	N/A
Procedural	Have points raised on the last Internal Audit report been considered by council and actioned?	Yes May 2024
	Policy documents routinely updated?	Yes
Transparency: For smaller councils	Minutes for whole year on website?	Yes
	Agendas for whole year on website?	Yes

Internal control	Test	Observations
with turnover under £25,000	Payments over £100 detailed on website?	Yes
	Electors' rights advertised on website?	Yes – see below
	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 (on asset register)
General Data Protection Regulation (compliance from 25 May 2018)	Has the Council put in place a privacy policy?	Yes
	Is it on the website?	Yes
	Is there an FOI Publication Scheme?	Yes
	Is it on the website?	Yes
	Is it updated?	Yes – March 2025
FOI Publication Scheme		

Summary of my recommendations:

VAT

Noted that HMRC returned the VAT Claim made in February 2025. (All claims if under £100 must be for a full year.) This can now be resubmitted.

Note that VAT can be reclaimed from till receipts (up to £200), however VAT cannot be reclaimed where items have been invoiced to an individual (as opposed to the Council).

Financial Regulations - The New Procurement Act & Regulations may require changes to Financial Regulations, but certainly changes to Standing Orders at next review. The new Procurement Act came into force in February 2025. This means references to the Public Contracts Regulations 2015 or the Utilities Contracts Regulations 2016 (now both repealed) should be replaced with the Procurement Act 2023 and the Procurement Regulations

2024. Also, the previous requirement for open initiations for contracts over £30,000 including VAT must have been advertised on Contracts Finder – this has been replaced with a need to advertise on the Find a Tender website. For contracts exceeding £30,000 plus VAT where the contract is not being advertised but instead selected contractors are asked to quote or tender, there is no requirement to publish the details on Find a Tender, although the contract award notice would still need to be posted once awarded.