

J – Assertion No chosen due in relation to the point noted against “B” above

M – The External Auditor has advised, due to complaints from the public we are to chose “No” because the provision for the exercise of public rights were not sufficient.

Overall, this Council needs vast improvement. This work has already been started by the Locum Clerk and I understand there is a significant amount of improvements in Controls and Governance from this point onwards.

I have made several recommendations in my Internal Audit Report.

Yours sincerely



Rachel Pearson
Director

FAO PKF Littlejohn

5th April 2023

Dear Sir/Madam

RE: Items marked "Not Covered" or "No" in Annual Internal Audit Report – Thornton Le Dale Parish Council 2022/23

With regards to the Internal Audit of Thornton Le Dale Parish Council for the year ending 31st March 2023, please see below:

"Not Covered"

F – The council does not operate Petty Cash

"No"

A – The Clerk left around June 2022. Some Councillors stood in as RFO (unpaid) and there have been two Locum Clerks in the year. As of January 2023 the standard were improving a great deal but as an Auditor I cannot say the accounting records have been kept properly throughout the year

B – All invoices are present. The Auditor has chosen the assertion No due to a complaint from a Councillor that a Grant of £3000 was not agreed in the meeting despite the meeting minutes to the contrary. The Auditor feels this needs further investigation and potentially legal advice.

C – No risk assessments have been completed. Auditor advised risk assessments to be completed yearly and minuted in last year's audit report.

D – The precept requested was not duly considered and was not related back to the budget produced. The Auditor advised the Council to review Budget vs Actually on a quarterly basis as a minimum. This recommendation has not been acted upon

E – Overpayment from prior year found

H – A great deal of work has been undertaken by the Locum Clerk to bring the Asset Register up to date and accurate however I cannot say that it was maintained properly prior to this point

I – Bank Reconciliations were not completed properly between June and January

Audit Report Year 2022/23

Thornton Le Dale

Status - Complete

Period Audited: 1st April 2022 - 31st March 2023

YEAR 22/23

Objective (Automated)	QUESTIONS	Answer	Recommendations
Proper Bookkeeping	Is cashbook maintained and up to date?	Is has been regularly balanced since January 2023 but before then it was extremely sporadic	
Proper Bookkeeping	Is cashbook arithmetically correct?	Yes, the Cashbook is now in Scribe which is a self balancing system and is therefore correct	
Proper Bookkeeping	Is the cashbook regularly balanced?	Now balanced weekly as a result of the Locum Clerk but this has most definitely not been the case for the majority of the year	
A) Standing Orders and Financial Regulations adopted and applied; AND B) Payment Controls	Has the council formally adopted standing orders and financial regulations?	Formally adopted during the Jan 23 meeting. Will be reviewed again in the year with regards amending Contract Value	
A) Standing Orders and Financial Regulations adopted and applied; AND B) Payment Controls	Has a Responsible financial officer been appointed with specific duties?	The current Clerk is a Locum brought in with the project of getting this Council up to required standard	
A) Standing Orders and Financial Regulations adopted and applied; AND B) Payment Controls	Have items or services above the de minimus amount been competitively purchased?	The only cost above De Minimus has been regarding works to the Clocks. This is a specialist requirement and therefore there is one company in the country who can provide the service	

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Period Audited: 1st April 2022 - 31st March 2023

YEAR 22/23

Objective (Automated)	QUESTIONS	Answer	Recommendations
A) Standing Orders and Financial Regulations adopted and applied; AND B) Payment Controls	Are payments in the cashbook supported by invoices, authorised and minuted?	Since January payments have been supported, authorised and minuted. Before this date the Auditor cannot say with any confidence that this was the case. There were several changes in personnel in the year and the payments made during the year were not always reported in the Meeting minutes. One example is a Grant of £3000. The value alone goes against the Section 137 powers in that a report should be written within 12 months of the benefit (which would have been March if agreed in April meeting minutes) but also there is a letter attached to the expenditure in Scribe that throws doubt on the legality of this transaction.	Seek advice from YLCA on the legalities
A) Standing Orders and Financial Regulations adopted and applied; AND B) Payment Controls	Has VAT on payments been identified, recorded and reclaimed?	VAT reclaim processed yearly	
A) Standing Orders and Financial Regulations adopted and applied; AND B) Payment Controls	Is s137 expenditure separately recorded and within statutory limits?	S137 see above comment with regards Grant expenditure	
Risk Management Arrangements	Does a review of the minutes identify any unusual financial activity?	No unusual activity identified from the meeting minutes published on the website	See above comment
Risk Management Arrangements	Do minutes record the council carrying out an annual risk assessment?	No record of a risk assessment nor its agreement in the meeting minutes	Risk Assessment not present. Risk Assessments MUST be completed yearly and documented within the meeting minutes. This was clarified on the last audit report produced
Risk Management Arrangements	Is insurance cover appropriate and adequate?	Insurance appears to be appropriate and adequate. The Auditor notes Radar from Axa cover added	
Risk Management Arrangements	Are internal financial controls documented and regularly reviewed?	No internal financial controls documented as being reviewed in the meeting minutes. This will naturally form part of the improvement of controls required by the Council	Review Internal Controls and implement process

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Period Audited: 1st April 2022 - 31st March 2023

YEAR 22/23

Objective (Automated)	QUESTIONS	Answer	Recommendations
Risk Management Arrangements	(Burial Authorities only) Is the Council aware of the Ministry of Justice guidance on "Managing the Safety of Burial Ground Memorials"	So far a wobble test has been undertaken by Council Members but improved risk assessment is also required in this area. This has not been documented in the minutes	Risk Assessments for Cemetery should also form part of the meeting agenda.
Burial Authority	Do you have a ledger of permits from which I can choose a sample?	The Burials Ledger is in Scribe. There is work to be done on the Unreturned Green Forms and there is a short list of permits returned evident in Scribe	
Burial Authority	What is the process for storing Burial records	Burial Records are now recorded in Scribe	
Burial Authority	If you have Interred Ashes can you provide certificate of cremation? Can you provide a list of interred Ashes in order for us to choose a sample?	Interred Ashes have certificates held within Scribe	
Risk Management Arrangements	(Burial Authorities only) Is the Council aware of the Ministry of Justice guidance on "Managing the Safety of Burial Ground Memorials"	The Council is currently a member of the ICCM and is able to receive advise.	The Council MUST give due consideration to the spend vs budget. As advised in the last Internal Audit Report. Budget vs Actual should be reviewed quarterly as a minimum. At the current rate of spend the Council will run out of funds.
Market Authority	Please provide a rate card for the market stalls	n/a not a Market Authority	
Market Authority	Please provide a list of regular stall holders	n/a not a Market Authority	
Budgetary Controls	Has the council prepared an annual budget in support of its precept?	An Annual budget has been compiled for 23/24 and shows the position of the Council, however, the Council have requested a precept of £45,000 and continued to spend more than budget. This is not a sufficiently considered budget process by the Council and due consideration must be given to it in future years. Prior year was compiled but shows a deficit which means reserves were to be used.	
Budgetary Controls	Is actual expenditure against the budget regularly reported to the council?	The actual vs budget has not been reviewed during the year. It was recommended by the Internal Auditor in prior year that this been completed as a minimum quarterly and it is somewhat disappointing to note this recommendation was not taken	See above comment
Budgetary Controls	Are there any significant unexplained variances from budget?	There are significant variances reported in the variance reporting. They have been explained but it is a concern that the council has so many variances	Variances are explained however, they are a concern. Again budget vs actual MUST be reviewed as part of budget process but as a minimum quarterly
Income Controls	Is income properly recorded and promptly banked?	Income is recorded and banked. However, it has been difficult to review the bank as the signatories were the Parish Clerk and one Councillor. Attempts to change the bank mandate have not progressed	The Auditors was not clear on whether this was still ongoing. As far as they were aware the Clerk did not have access to the bank. This should be a priority
Income Controls	Does the precept recorded agree to the Council Tax authority's notification?	Yes, the precept received matches	
Income Controls	Are security controls over cash and near-cash adequate and effective?	No cash handled	

Audit Report Year 2022/23

Thornton Le Dale

Status - Complete

Period Audited: 1st April 2022 - 31st March 2023

YEAR 22/23

Objective (Automated)	QUESTIONS	Answer	Recommendations
Petty Cash Procedures	Is all petty cash spent recorded and supported by VAT invoices/receipts?	No cash handled	The Auditor has noted that an employment committee was mentioned in the minutes. As part of the employment committee there should be a clear policy on how pay increases and other employment items are to be administered and monitored Please review the Training Policy and create a Training Record to accompany it. This relates to all training including the training of Councillors HR Policies should be created as part of the employment committee recommendation above Health and Safety Policies again should be created as part of the employment committee recommendations above
Petty Cash Procedures	Is petty cash expenditure reported to each council meeting?	No cash handled	
Petty Cash Procedures	Is petty cash reimbursement carried out regularly?	No cash handled	
Payroll Controls	Do all employees have contracts of employment with clear terms and conditions?	There is currently one member of staff who is on a standard 30 day contract. This is a locum position	
Payroll Controls	How many members of staff are there?	One member of staff	
Payroll Controls	How many members of staff are on National Minimum Wage?	n/a	
Payroll Controls	What is the approval process for pay increases?	The approval process for pay reviews does not appear to be documented	
Payroll Controls	Do you have a Training Policy & Record?	There is a training policy which should be reviewed in line with the improvement of controls . No Training Record is in existence	
Payroll Controls	Is your Clerk CiLCA Qualified?	Current Locum Clerk is not currently CiLCA qualified and is studying on a self funded basis	
Payroll Controls	Do you have HR policies?	No HR policies exist	
Payroll Controls	Do all employees have contracts of employment with clear terms and conditions?	The current locum does have a contract	
Payroll Controls	Do you have Health and Safety Policies in place with regards staff workstations?	No health and safety policies	
Payroll Controls	Do salaries paid agree with those approved by the council?	Yes	
Payroll Controls	Are other payments to employees reasonable and approved by the council?	No expenses were chosen as part of the sample	
Payroll Controls	Have PAYE/NIC been properly operated by the council as an employer?	Yes, the council operates PAYE	

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Thornton Le Dale

Status - Complete

Period Audited: 1st April 2022 - 31st March 2023

YEAR 22/23

Objective (Automated)	QUESTIONS	Answer	Recommendations
Asset Control	Does the council maintain a register of all material assets owned or in its care?	The council does maintain a register. It has been thoroughly reviewed in recent months. The Auditor noted that a land item was discussed in the September 22 meeting and subsequently taken off the register. The register is already being reviewed but I would strongly suggest the rights to all land items be checked and also any spend on this Beck Isle should be compiled and subject to at least a charge to the landowner if not pursued legally.	Review Beck Isle spends. If spend has occurred pursue repayment and/or seek legal advice. The asset should never have been added to the register.
Asset Control	Are the assets and Investments registers up to date?	The Asset register has been rebuilt. As mentioned in the last Audit report the Asset register was not sufficient	
Asset Control	Do asset insurance valuations agree with those in the asset register?	Insurance appears to be appropriate	
Bank Reconciliation	Is there a bank reconciliation for each account?	There is a bank reconciliation present which encompasses both bank accounts	
Bank Reconciliation	Is a bank reconciliation carried out regularly and in a timely fashion?	The bank reconciliation is currently carried out weekly	
Bank Reconciliation	Are there any unexplained balancing entries in any reconciliation?	There are no unexplained balancing entries. Scribe is a double entry system and therefore no opportunity for balancing errors	
Bank Reconciliation	Is the value of investments held summarised on the reconciliation?	n/a no investments	
Year End Procedures	Are year end accounts prepared on the correct accounting basis (Receipts and Payments or Income and Expenditure)?	Yes	
Year End Procedures	Do accounts agree with the cashbook?	Yes	
Year End Procedures	Is there an audit trail from underlying financial records to the accounts?	The Auditor chose a sample and found it difficult to find some of the payments and receipts related to the transactions chosen. The invoices are present but the transaction on the bank is not always on the same date. Cashed Date should be the date the payment leaves the bank.	
Year End Procedures	Where appropriate, have debtors and creditors been properly recorded?	Yes the appropriate method has been used as part of the Scribe system recently introduced	Check the "cashed date" is the date of the transaction in the bank or has an explanation for it's difference
Other Issues	Is the Council registered with the Information Commissioner?	ZB257289 - expires November 2023	
Other Issues	What arrangements does the Council have for the back up of computer files?	The Council uses One Drive to Backup files	
Other Issues	Does the Council have responsibility for any Trust Funds? If so, are they independently examined?	n/a no Trust Funds	

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Objective (Automated)	QUESTIONS	Answer	Recommendations
Other Issues	Are the Policies and procedures on the website up to date?	The Policies have been updated on the website but there are several still missing. This is part of the work which the Locum Clerk is undertaking	Add all relevant policies to the website. When readopted add a readopted date to the document for transparency to the general public
Other Issues	Any other issues that are worthy of reporting.	To reiterate the main, worrying issues above. The Grant for £3000 was contested in it's legality but the Council did not undertake sufficient review at the time to confirm this. The land at Beck Isle was not owned by the Council. If Parish monies were spent on this item then this must be pursued with the owner and possibly through legal process - please seek legal counsel	