Thurcroft Parish Council

Internal Audit 2025/26: Final report

21 April 2026

For and on behalf of Phil Parkin Ltd

Internal Audit Forum

THE VOICE FOR LOCAL COUNCIL AUDIT

Background

All town and parish councils are required by statute to make arrangements for an independent internal audit and for the conclusions to be reported each year in the Annual Governance and Accountability Return (AGAR). The Parish Council has requested that Phil Parkin Ltd provides this service, based on a letter of engagement agreed and signed by the Council. Phil Parkin Ltd is a member of the Internal Audit Forum – an association of Internal Auditors for local councils which seeks to promote high quality internal audit.

Independence

It is important that the auditor is independent of the Council and has no conflict of interest, in order that a truly professional audit is performed. I can confirm that I comply with the Auditing Practices Board's Ethical Standards for auditors, including ES 1 (revised) - Integrity, Objectivity and Independence. I am not aware of any relationships that might constitute a threat to my independence.

Internal Audit Approach

In undertaking my audit, I have been guided by the revised Section 4 of the Practitioners' Guide, March 2025. The Council's Clerk assisted the audit by preparing an Advance Audit Information questionnaire in October 2025, which was supported by suitable evidence.

In addition to the information provided in advance, substantive testing of underlying accounting records was undertaken.

Following the final stage of my audit, I will prepare a further audit report to the Council and complete the Annual Internal Audit Report section of the AGAR for submission to the external auditor. I have now done this. I repeat the findings from my interim audit and have added additional comments in highlighted text.

Introduction

My report herewith sets out the interim work undertaken in relation to the 2025/26 financial year. I wish to thank the Clerk for assisting the process and providing documentation in electronic format to facilitate the audit.

Overall Conclusion

The Council continues to make progress which reflects the positive approach taken by the Council and its officers. Where appropriate, I have made recommendations below.

My interim audit was undertaken in. November 2024, and I am satisfied that sufficient evidence has been made available to support this conclusion. Additional work in April 2026 confirmed this position. I have entered positive assessments on the Internal Audit section of the AGAR, except for D- budget monitoring.

Detailed Report

My detailed report follows the structure of the most recently published Annual Internal Audit Report section of the AGAR; this may change when the 2025/26 AGAR is published.

A. Appropriate accounting records have been kept throughout the year

Accounts are maintained on Scribe and kept up to date.

I have confirmed the correct rolling forward of the previous year's balance.

An Investment Policy is in place and was reviewed and adopted in October 2025. Investments have now been made with the CCLA in line with this Policy.

B. The authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.

Model versions of Financial Regulations and Standing Orders were adopted by the Council in May 2025 and are published on its website.

Quotations are sought for all work, and when appropriate, are evidenced in the Council's minutes. There are controls over the receipt and payment of invoices and a stamp is in place and used on all invoices received by the Council detailing the type of payment, date, who checked the payment and the cost code to which it refers.

The first two quarter's VAT claims were submitted reasonably promptly. I confirmed that the amounts claimed were credited to the Council's bank.

I reviewed payments made in September 2025, and found that payments were generally supported by invoices or other documentation. However, I noted the following matters:

- Payment re GBMH Water – VAT was incorrectly reclaimed
- Payment to British Gas – VAT was claimed at the standard rate instead of the 5% rate for energy
- Payments for Smarty mobile phones – VAT was claimed without VAT invoices - it transpires that none are available from Smarty
- The payment to HMRC of £1,412.59 was not clearly cross referenced to payroll schedules.

I recommend the next VAT return be amended to correct the overclaimed VAT, and that VAT on Smarty is no longer claimed.

Also, I recommend that payments made to HMRC are supported by, and clearly cross

referenced to, payroll schedules.

C. The authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.

A corporate risk register was approved by the Council on 8 November 2024. The policy has undergone a major edit and review and was adopted by the Council on 30 October 2025.

The play areas are inspected by RMBC once a month and issues are highlighted. These reports are emailed to the Clerk and any serious issues addressed. RMBC also completes an annual inspection of the play areas.

The Council's fidelity insurance cover was previously set at £250,000 but has now been increased to £1m which – at present – covers the maximum funds likely to be held by the Council. However, this should be kept under review, should funds held exceed £1m.

A review of the effectiveness of its system of internal controls for 2025/26, was considered and agreed on 22 May 2025 (Minute reference FG/2025/97).

D. The precept or rates requirement resulted from an adequate budgetary process, progress against the budget was regularly monitored; and reserves are appropriate.

The Town Council approved a budget and set a precept of £213,081 at its meeting on 30 January 2025. Reserves are analysed between general and a range of those earmarked.

Regular budget monitoring reports were not prepared for the first six months of the year, and only commenced in October 2025. I understand that regular reports will be prepared for the remainder of the financial year. However, on balance this is not sufficient to meet the Internal Control objective – D.

E. Expected income was fully received based on correct prices, properly recorded and promptly banked; and VAT appropriately accounted for.

I confirmed that the precept of £213,081 was received in two installments in April and September 2025.

Allotments are managed by the Allotment Association in Thurcroft**.** An annual rental charge of £300 was historically charged, but the Council has recently reviewed its agreement with the Association, and now charge a peppercorn rent of £1 a year.

A long term lease (60 years) exists with Rotherham MBC for the Thurcroft library, though the lease does not provide for any rental income.

I reviewed a sample of cemetery receipts and found them to be correct and to have been paid.

I also reviewed a sample of users of the Gordon Bennett Hall and I confirmed that the correct charges had been made and received.

Currently, there are outstanding debtors of £1,726.15, all of which are reasonably recent and not of concern.

F. Petty Cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.

No petty cash is held by the Council.

G. Salaries to employees and allowances to members were paid in accordance with the authority's approvals, and PAYE and NI requirements were properly applied.

All staff have a contract of employment signed by both the employee and the employer.

I sample tested payroll payments and deductions for September 2025 and found that gross pay was supported by authorised and minuted salaries. I tested deductions and employer contributions and found them all to be correct. I noted that one contract of employment did not refer to the employee's pension contribution.

I recommend that the contract in question be amended to include the pension contribution.

H. Asset and investment registers were complete and accurate and properly maintained.

The Council now uses Scribe to record its assets and will provide figures for the year end accounts. At my final audit, I confirmed that the asset register agreed to box 9 of the AGAR.

I. Periodic bank reconciliations were properly carried out during the year.

Regular bank reconciliations were carried out, scrutinised by the Finance and General Committee and approved by councillors. I reviewed two bank reconciliations in the year and agreed them to bank statements. I reviewed the year-end bank reconciliation and agreed it to bank and investment statements totalling £843,408.00.

J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cashbook, supported by an adequate audit trail from underlying records and, where appropriate, debtors and creditors were properly recorded.

The Council maintains its accounts on the correct basis, namely income and expenditure. I have seen the pro-forma AGAR derived from the accounting system, which incorporates debtors and creditors and is to be used as the basis of the AGAR to be approved by the Council.

K. If the authority certified itself as exempt from a limited assurance review in the prior year, it met the exemption criteria and correctly declared itself exempt.

This does not apply to the Town Council.

L. The authority published the required information on a website / web page, up to date at the time of the internal audit in accordance with the relevant legislation.

The Council maintains a well populated website, including council agendas and minutes and complies with the 2015 Transparency Code. The legislative requirement to publish five year's accounts is complied with.

M. The authority has, during the previous year, correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations.

The Council approved and published dates for the exercise of public rights, which complied with requirements.

N. The authority complied with the publication requirements for the prior year AGAR.

The prior year AGAR was published in line with requirements. The Council also published the detailed Internal Audit report. However, whilst it attempted to publish the summary Internal Audit report (page 3 of the AGAR), this was just a repeat of my detailed report.

This has now been corrected.

O. The Authority has complied with laws, regulations and proper practices relating to digital and data compliance.

Recent guidance to Internal Auditors is to assess the following matters (the Council's response is added in brackets and in bold):

• Ensure local authority has, as a minimum, a single generic email address on an authority owned domain. (**This requirement is met**)

• Check that website accessibility has been tested, at least annually, and that the accessibility statement has been updated as required. **(Vision ICT confirmed that our website is fully compliant with the required standards.)**

• Check when the authority last completed a data audit. **(A data map was prepared and considered by the Finance and General Committee in March 2026.)**

• Ensure the authority has prepared and formally adopted a data protection policy that is reviewed at least once annually. **(A data protection and GDPR policy is regularly reviewed)**

• Ensure the authority has an up to date IT policy in place. **(A comprehensive IT Policy is in place.)**

P. Trust funds (including charitable) - the Council has met its responsibilities as a trustee.

The Council does not act as a trustee for any trust funds.

Next steps

My interim audit has covered around 75% of the required audit work and I will raise an invoice to reflect this. The remaining work will be completed later in 2026, when the AGAR and final year end documentation is available.

Report ends.