
Thurcoft Parish Council

Internal Audit 2024/25: Final report

12 May 2025

For and on behalf of Phil Parkin Ltd



Internal Audit Forum

THE VOICE FOR LOCAL COUNCIL AUDIT

This report has been prepared for the sole use of Thurcoft Parish Council. No responsibility or liability is accepted by Phil Parkin Ltd to any third party who purports to use or rely, for any reason whatsoever, on this report, its contents or conclusions.

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 Section 4 of the Practitioners' Guide, March 2024. The Council's Clerk assisted the audit by preparing an Advance Audit Information questionnaire in November 2024, 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.

Introduction

My report herewith sets out the interim work undertaken in relation to the 2024/25 financial year. I wish to thank the Clerk for assisting the process and providing documentation in electronic format to facilitate the audit. I have now done this. I repeat the findings from my interim audit, and have added additional comments in highlighted text.

Overall Conclusion

The Council continues to make progress following a critical internal audit report two years ago, which reflects the positive approach taken by the Council and its officers. Where appropriate, I have made recommendations below. Additional work in May

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2025 updated the position of the Council, and highlighted that in some areas, little progress had been made. Also, the year-end process was challenging, as the new Clerk was unfamiliar with certain aspects. Additional time was spent to identify where adjustments were needed, and appropriate corrections made. Consequently, there is a small additional charge, detailed in the Fees section at the end of this report.

I have entered positive assessments on the Internal Audit section of the AGAR.

My interim audit was undertaken in November 2024, and I am satisfied that sufficient evidence has been made available to support this conclusion.

Detailed Report

My detailed report follows the structure of the Annual Internal Audit Report section of the AGAR .

A. Appropriate accounting records have been kept throughout the year

Accounts are maintained on Scribe and kept up to date.

Reconciliations confirm the correct rolling forward of the previous year's balances.

An Investment Policy is in place. At present, the Council holds most of its cash in a business select account which pays minimal interest, though it is taking advice as to the most appropriate way forward. If the Council were to put half of its available funds into a notice business savings account (currently paying up to 5%) it could earn around £24,000 a year.

I recommend that consideration be given to making suitable investments to generate interest, consistent with maintaining the security of funds. I note that suitable investments have now been made.

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

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 2024, and found that payments were generally supported by invoices or other documentation. However, I noted the following matters:

- Payment to LBM Ltd for £6.75 was not a VAT invoice, though VAT of £1.13 was

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reclaimed;

- Payment to Shaw & Sons Ltd for £702.00 was supported by an order rather than an invoice;
- Payment to B & Q for £289.19 was not supported by a VAT invoice, meaning that £48.20 was not reclaimed;
- Payments to Smarty Phone of £4.50 per month were not supported by VAT invoices, meaning that VAT was not reclaimed;
- Payments to Amazon were entered with Amazon's VAT number rather than the individual number relating to the supplier.

I recommend that VAT invoices be obtained for all payments made and that VAT be reclaimed in line with VAT displayed on the invoice. Also, payments to Amazon should be entered into the accounting system with individual VAT numbers rather than Amazon's number.

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 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 is currently set at £250,000 having taken on a new provider this year. This needs to be increased to cover the maximum funds that the Council is likely to hold, (when it receives the precept in April and September funds held are likely to exceed £1m).

The Council has not yet undertaken a review of the effectiveness of its system of internal controls for 2024/25, but is planning to do so shortly. Disappointingly, no such formal review has yet taken place. However, the new Clerk understands the requirement and intends to action this in the near future.

I recommend that the fidelity insurance cover be reviewed and raised to cover the maximum funds likely to be held by the Council. Fidelity insurance has not yet been increased and should be as a matter of urgency.

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 £195,487 at its meeting on 25 January 2024. Consideration was given to reserves, on 30 May 2024.

Regular budget monitoring reports are provided to the Council, with clear evidence that significant variations from budget are considered.

In setting the 2025/26 precept in January 2025, the Council opted to use £23,000 of reserves to lessen the impact on taxpayers, though no assessment was made at the time of exactly how this impacted on reserves.

I recommend that a formal review be made of both earmarked and general reserves in order to ensure that they reflect the needs of the Council.

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 £195,487 was received in two installments in April and September 2024.

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 will 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.

I also reviewed a sample of users of the Gordon Bennett Hall and confirmed that generally, the correct charges had been made and received. Two invoices (numbers 178 and 22) did not appear to be correctly calculated and the Clerk is to review these and make any necessary adjustments.

Currently, there are outstanding debtors of £4,745. Only one user is cause for concern, but the Clerk is pursuing the debtor and anticipates payment will be made soon.

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.

Most staff have a contract of employment signed by both the employee and the employer. However, no contract has yet been prepared for the relief caretaker.

I sample tested payroll payments and deductions for September 2024 and found that gross pay was supported by the contract of employment. I tested deductions and employer contributions and found them all to be correct.

I recommend that a contract of employment be prepared for the relief caretaker. This has not yet been prepared but the new Clerk is to do so.

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

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end accounts. At my final visit, the asset register recorded the same figure as the previous year. As desks and other items had been purchased, amendments were made to the register.

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

Regular bank reconciliations were carried out, scrutinised by the Council the Finance and General Committee and approved by councillors. I reviewed two bank reconciliations in the year and agreed them to bank statements. I also reviewed the year-end bank reconciliations and agreed them to on-line bank statements, totalling £846,145.09. This did not agree with box 8 on the AGAR, which had incorrectly included a £25 payment received in May 2025. However, this has now been corrected.

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. The draft AGAR had been prepared from the Scribe accounting system but did not include and creditors or accruals. An adjustment has been made. Also, debtors outstanding at 31 March 2025 were not clearly identified. Suitable adjustments have now been made and should provide the correct basis for the AGAR.

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. 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), it was did not display properly on the Council's website. This is to be corrected.

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

The Council is still considering the legal position relating to two parcels of land which should be held in trust.

When this is clarified, regular returns should be made to the Charity Commission. It has now been clarified that this land is not owned by the Council.

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 2025, when the AGAR and final year end documentation is available.

Fees

My letter of engagement says "The fee is based on the assumption that the Parish Council's records and accounts are accurate, up to date and reliable. Should any further work be required, due to shortcomings in records or accounts, then additional fees may be chargeable, but only after consultation with the Parish Council."

The issues raised herein and the additional work at that the audit has consumed more time than would ordinarily be the case.

I have endeavoured to keep any additional fee as low as possible, and done my best to mitigate costs. I have assessed the additional fee as £50.

Report ends.

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