Karen Mann
YLCA Internal Audit Services

25 May 2023

FOSTON AND THORNTON LE CLAY PARISH COUNCIL INTERNAL AUDIT

I have completed the Internal Audit for Foston and Thornton le Clay Parish Council on behalf of the Yorkshire Local Councils Associations Internal Audit Service. I have provided the Internal Audit Checklist for 2022/2023, along with this letter to YLCA. The Annual Internal Audit Report has also been provided to YLCA to send to the council.

Having gone through the internal control objectives I would like to explain my reasons for the assertions ticked 'NO' as follows:

Assertion B – the minutes do not explain that payments were supported by invoices, however, VAT was properly accounted for. The minute for the "payments approval" is not complete, there is no resolution stated in some minutes and the invoice dates were not included. (e.g., April 2022 minute 23/8 states *payment approval*, not that payments were approved and there is no heading explaining what 100599 means and no invoice date).
A minutes states that the council's financial regulations were reviewed in November 2022, however in February 2023 YLCA provided members with an update on contract threshold mandatory information that must be included. This has not been completed and the financial regulations on the council's website are dated 2020. (Also, to note that the Standing Orders on the website are dated 2020 and should also be updated).

Assertion G – Some minutes included payment of salary to the clerk however no evidence was provided to check the clerk's salary payment against the contract of employment. PAYE was correctly applied. If there was a tick for partial approval, I would have placed a tick in this box.

Assertion L – The council's website does not comply with the Transparency Code requirements, please refer to the comments at L on the Internal Auditor Checklist provided for further information and recommendations.

Assertion M – There was no evidence provided that the period for the exercise of public rights was published, it was not on the website and the only reference in the minutes APCM 22/11 of a council meeting was to approve financial documents for 2021/2022 with the notice included but no date set.

Assertion N – There was no AGAR for 2021/2022 available on the council's website.

I would like to point out that the AGAR for 2022/2023 provided by the clerk had already had ticks on the Annual Governance Statement. The council should consider each assertion at the meeting and decide if a Yes or No is included, this should not be completed prior to the meeting.

I hope the information provided above and recommendations in the checklist are helpful and I thank the Parish Clerk for providing the information to allow me to complete the Internal Audit on behalf of the Parish Council in a timely manner.

Yours faithfully

Karen Y Mann

YLCA Internal Audit Service

INTERNAL AUDIT REPORT FOR YEAR ENDING 31 MARCH 2023

By Yorkshire Local Councils Associations, Internal Audit Service

Name of Council	**Foston and Thornton le Clay Parish Council**	**Name of Clerk:**	**Fiona Hill**
Internal Auditor's name and date of Audit	**Karen Mann 24 May 2023**	**Name of RFO (if different)**	

Note: This Internal Audit is a 'point in time' audit. You will agree the 'point in time' with your allocated auditor. Yes/No statements must apply on the date of the audit.

		Internal Auditor Observations
	Last year's internal audit – Minute reference of when this was reported to council.	APCM 22/11 minute 9 May 2022 ✓
	Review of the Effectiveness of Internal Controls – evidence of internal controls checklist and minute reference of review.	There are several minutes that state internal controls were checked and correct ✓
	Annual Governance and Accountability Return for previous year on council's website	No, they are not available on the website. * To Do

	AGAR Part 2 Internal Control Objective	Objective Met Yes/No, N/A or Partly	Internal Auditor Observations
A	**Appropriate accounting records have been properly kept throughout the financial year.**		
	Were there regular financial reports to the council including bank reconciliations, bank statements (all accounts), report comparing budget against spend, evidence of payments being approved by the Council (in the minutes), evidence of receipts received (minutes). (For the whole financial year).	Yes	The cashbook is well laid out with separate worksheets for I&E, Bank Reconciliation and Ringfenced funds ✓
	Was S137 expenditure recorded in the minutes and highlighted (column or otherwise), in the cash book?	N/A	

	AGAR Part 2 Internal Control Objective	Objective Met Yes/No, N/A or Partly	Internal Auditor Observations
B	**This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved, and VAT was appropriately accounted for.**		
	Financial Regulations reviewed annually and in line with NALC model	Partly	The Financial Regulations were reviewed in November 2022, according to the minutes, however, the Financial Regulations on the council's website are dated 2020. YLCA informed council's of an increase in the contracts threshold from £25k - £30k which was mandatory information that needed to be updated, this has not been completed. **Recommendation: That a review of the Financial Regulations be completed as soon as possible and the up to date and accurate regulations are added to the council's website.**
	Audit trail for all payments (council minute agreeing the spend, invoice, evidence of signatory councillors authorising the payment, either on cheque stub or record of BACS transfer authorisations,	Yes	The payments are agreed by the council, there is a minute taken, the cheque stubs have been initialled by two signatories.
	IA actions: a. Separate column in cash book b. VAT has been reclaimed in the current financial year (either for this year or for last year). c. Spot check invoices for accuracy to see that amount being reclaimed concurs with the VAT 126 form.	Yes	VAT is shown separately in the cashbook and a VAT claim was submitted for the correct amount.
C	**This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.**		
	Risk Assessments document in place and reviewed annually: a. Overarching risk assessment schedule – for all risks assessed. b. Where appropriate, more detailed operational risk assessments	Partly	The parish council has risk assessments and risk management documents on its website. The risk management policy and risk assessments, were discussed at the March 2023 meeting with the YLCA templates provided for the council, the minute states that the documents would be recirculated for

	c. Evidence of the review		discussion at the next meeting, however, the April 2023 draft minutes are not available on the website for checking.
	Insurance cover appropriate, adequate and reviewed annually: a. Ensure there are the mandatory insurances in place, ie employers liability. b. Fidelity insurance is not mandatory but under S114 of the LGA 1972 there is a requirement for the Council to take some security measures of this kind. If there is no fidelity insurance in the policy, question how the Council has fulfilled this duty.	Yes	The insurance policy provided runs from 1 June 2022 – 31 May 2023, and the renewal documentation from 1 June 2023 was provided by the clerk. A Fidelity guarantee is in place at £25,000.
	AGAR Part 2 Internal Control Objective	**Objective Met Yes/No, N/A or Partly**	**Internal Auditor Observations**
D	**The precept or rates requirement resulted from an adequate budgetary process, progress against the budget was regularly monitored and reserves were appropriate.**		
	Is there an annual budget to support precept demand?	Partly	There is an income and expenditure worksheet that shows the previous years budget, actual to date and budget for 2022/2023. However, there is no budget shown for 2023/2024. The budget was discussed at the November 2022 meeting with a minute taken but no figures included. **Recommendation: That the predicted budget for 2023/2024 (and future years) is shown on the I&E worksheet to show what the precept figure was based upon. Also, a minute with figures included be completed in the future.**
	Level of reserves within proper practices?	Yes	
E	**Expected income was fully received based on correct prices, properly recorded, and promptly banked; and VAT was appropriately accounted for.**		
	Expected income was fully received	Yes	
	Expected income properly recorded and banked	Yes	The council received two grants from the principal authority, which was not expected, one for Foston and one for Thornton Le Clay areas.

	VAT accounted for where relevant on income	N/A	
F	**Petty cash payments were properly supported by receipts, all petty cash expenditure was approved, and VAT appropriately accounted for.**		
	Petty cash used yes or no	N/A	
	If yes, supported by receipts?		
	If yes, expenditure approved by council?		
	If yes, VAT on petty cash payments appropriately accounted for?		
G	**Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.**		
	Amount paid corresponds with salary approved by the council for the year	No	There is no record in the minutes of the clerk's salary being approved. The clerk provided the payslip and expenses sheets however there was no contract available to check that salary payments correspond to the approved salary in the contract.
	PAYE scheme in place	Yes	Evidence provided.
	PAYE and NI deductions properly applied	Yes	Evidence provided.
	AGAR Part 2 Internal Control Objective	**Objective Met Yes/No, N/A or Partly**	**Internal Auditor Observations**
	Are any allowances paid to councillor? If so, were they treated correctly?	N/A	
H	**Asset and investments registers were complete and accurate and properly maintained.**		
	Register of assets exists and complies with Proper Practices in The Practitioner's Guide and is up to date	Yes	There is an asset register, however it is not dated. There is nothing to show it is updated and reviewed annually. **Recommendation: That the asset register adopted and reviewed dates are included on the document provided.**

I	**Periodic bank account reconciliations were properly carried out during the year.**		
	Bank reconciliations are produced with reasonable frequency and reconciled to the bank (checked by council using bank statements)	Yes	The bank reconciliation, income and expenditure and budget information is provided at council meetings. However, there is no minute that states the bank reconciliation is checked against the bank statement. **Recommendation: That if the clerk provides the council with the bank statement as well as the bank reconciliation this is included in the minute.**
J	**Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.**		
	a. Agree to the cash book? b. If the accounts are produced on an I&E basis, are debtors and creditors properly recorded	Yes	A clear and well-presented cashbook is prepared by the clerk/RFO.
K	**If the authority certified itself as exempt from a limited assurance review in 2021/2022 (last year). It met the exemption criteria and correctly declared itself exempt.**		
	Council resolution to declare exemption (2022), made at the correct time, i.e., after year end not before	Yes	9 May 2022
	Certificate of Exemption completed and sent to external auditor	Yes	Evidence provided.
L	**The authority publishes information on a free to access website/webpage up to date at the time of the internal audit, in accordance with any relevant Transparency Code requirements.**		
	Internal auditor to check website to ensure that this criteria is met against the Transparency Code checklist.	No	The transparency code specifically asks for documents to be published, however, there are none of the following on the council's website: • List of councillors responsibilities • Items of expenditure above £100, date expenditure incurred, the purpose of expenditure (in the minute it states the name, chq no (with no heading) and amount only) • End of Year Accounts (last record 2020)

			• AGAR statements as above • Internal Auditor reports as above • Agendas – only the 5 April 2023 stated on the website with no link to the actual agenda. **Recommendation: That the clerk ensures the list of requirements to be published on the council's website, in accordance with the Transparency Code is completed as soon as possible. (YLCA can provide the transparency code checklist to assist the clerk in ensuring the council complies with the code)**
	AGAR Part 2 Internal Control Objective	**Objective Met Yes/No, N/A or Partly**	**Internal Auditor Observations**
M	**The authority during the previous year (2021/2022) correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations (evidenced by the notice published on the website and/or authority approved minutes confirming the dates set).**		
	The authority published the exercise of public rights notice on its website	No	The notice for public rights was not published on the council's website. **Recommendation: That the notice for public rights is published on the council's website as well as being posted in the noticeboard in the parish.**
	The authority minuted the dates for the exercise of public rights	No	No evidence provided.
N	**The authority has complied with the publication requirements for the 2021/2022 AGAR**		
O	**Trust funds (charitable) – The council met its responsibilities as a trustee**		
	Does the council hold separate meetings as a Trustee (please provide example set of minutes) ?	N/A	
	Has the council completed separate accounts for the charity and submitted necessary returns to the charity commission during the year (please provide evidence of separate accounts record and submissions to charity commission)?	N/A	

Transaction Spot Check – 6 checks of each.

Check No.	1 Village Institute	2 HMRC	3 Markek	4 Zurich	5 Inprint/wonderwall	6 Jubilee event
Cheque stubs initialled	Yes	Yes	Yes	Yes	Yes	Yes
Cheque number in cash book	Yes	Yes	Yes	Yes	Yes	Yes*
Payment approval minuted	*	Yes	Yes	Yes	*	Yes
Invoice value correct	Yes	N/A	Yes	Yes	Yes **	Several invoices/receipts
Minute value correct	Yes	Yes	Yes	Yes	Yes	Yes
Cheque value correct	Yes	Yes	Yes	Yes	Yes	Yes
Timely payment	Yes	Yes	Yes	Yes	Yes	Yes
VAT recorded in cash book	N/A	N/A	Yes	N/A	Yes	Yes
S137 recorded in cash book (if appropriate)						
S137 minuted						
PAYE payments timely		Yes				
Notes	*Although the payment approval was in the minutes there is no resolution that says thepayments were approved.				*Although the payment approval was in the minutes there is no resolution that says the payments were approved. **2 invoices to make up the cheque value.	*Various receipts for the jubilee event, total paid to Chris Walker. Minute shows Resolved that payments were approved.

Annual Governance and Accountability Return

	Year ending 31 March 2022 (£)	Year ending 31 March 2023 (£)
1. Balances brought forward	9693	9391
2. Annual precept	2600	2600
3. Total other receipts	231	4582
4. Staff costs	1559	2257
5. Loan interest/capital repayments	0	0
6. Total other payments	1573	1824
7. Balances carried forward	9391	12493
8. Total cash and investments	9391	12493
9. Total fixed assets and long-term assets	5253	5253
10. Total borrowings		

Internal Auditor's concluding comments

The Annual Governance Statement for 2022/2023 provided has already had ticks included by the clerk. The council must consider all the assertions at its meeting and decide if the assertion should be a YES or NO, it should not be completed prior to the meeting.

There are a few recommendations included in the checklist above, which should be considered by the council.

Internal audit carried out by:Karen Mann	Karen Y Mann (Signed - on behalf of Yorkshire Local Councils Associations, Internal Audit Service)	(print)
Date: 25 May 2023		
For internal auditor's use only		
Internal audit section of AGAR completed, signed, and sent to YLCA.	Yes	
This Internal Audit Report completed and sent to YLCA	Yes	

A final note:

A list of mandatory and best practice documents is attached for the council's reference. The 'search documents' facility on the YLCA website includes lots of templates/example policies and procedures.

Should the council require any advice/guidance on any of the Internal Auditor's observations in this report. Please submit a 'request advice' ticket on the YLCA website.

Thank you for using the YLCA Internal Audit Service