**THRYBERGH PARISH COUNCIL**

**INTERNAL AUDIT REPORT 2023/2024 FINANCIAL YEAR**

1. I have completed an audit of the internal controls of Thrybergh Parish Council in respect of the financial year ended 31st March 2024. Having completed the audit, I have been able to sign the Annual Report by the Internal Auditor in accordance with the requirements of the Local Audit and Accountability Act 2014 (The Accounts and Audit Regulations 2015) and in so doing have noted that the Council conducts its affairs in a sound manner.

2. In carrying out the audit I have followed the suggested approach to Internal Audit Testing as defined by the National Audit Office and can confirm that I have acted independently in carrying out the Audit.

3. Internal Control 1 - Proper Book-keeping

(a) Is the cashbook (receipts and payments) maintained and up to date?

Yes. The Accounts continue to be kept in good order throughout the year with a good system of cross-referencing.

(b) Is the cash book arithmetic correct?

Yes. An arithmetical check has been carried out in accordance with the recommendations of audit practice. The use of the computerised accounts system (Edge IT) ensures that the cash book is routinely balanced with the bank statement.

4. Internal Control 2 - Standing Orders, Financial Regulations and Payment Controls

(a) Has the Council formally adopted Standing Orders and Financial Regulations?

Yes. The Parish Council continues to operate based on a comprehensive set of Standing Orders and Financial Regulations. These documents are reviewed on a regular basis.

(b) Has a Responsible Financial Officer been appointed with specified duties?

Yes, the Clerk is also fulfilling the role of Responsible Financial Officer and there is reference to the R.F.O.'s specific duties in the Financial Regulations.

(c) Have items or services above a de-minimis amount been competitively purchased?

Yes. There is no evidence to suggest that the Council is not achieving good value for money from its contracts for the supply of goods or materials, or for the execution of works.

(d) Are payments in the cashbook supported by invoices, authorised and minuted?

Following a complete review of the financial records it is evident that payments are supported by invoices, authorised and are recorded in the minutes of meetings appropriately.

(e) Has VAT on payments been identified, recorded and reclaimed?

Yes. As part of this internal audit, the VAT on payments has been identified and recorded correctly in all cases. It is also appropriate to note that the claims for VAT repayment continue to be made in a very good, accurate and timely manner.

(f) Is Section 137 expenditure separately recorded and within statutory limits?

There is a good process for separately recording Section 137 expenditure. The overall total amount of Section 137 expenditure remains within the statutory limits.

5. Bank Accounts

The Parish Council banks with the Co-operative Bank. During the financial year, the one account which the Parish Council held with the HSBC bank was closed and (occurring in February 2024) the closing balance was duly transferred to the Parish Council’s current account with the Co-operative Bank.

6. Wages

Appropriate records are maintained for each employee. The correct amounts have been paid, including payments to HM Revenues and Customs. As part of this internal audit, these amounts have been checked and have been found to be correct.

The appropriate employer and employee contributions are being made to the South Yorkshire Pension Fund each month.

7. Financial Year End

A Statement of Accounts is produced for the External Auditor, which shows last year’s figures (2022/2023), as well as this year’s (2023/2024). A summary is also produced, recording the Parish Council’s bank accounts and the individual balances at the end of the financial year.

8. Risk Management Arrangements

The carrying out of an annual risk assessment is part of the arrangements for Corporate Governance and appropriate records are kept and reviews undertaken.

It is evident that insurance cover is reviewed on an annual basis and the insurance policy is kept up to date.

9. The Parish Council’s Balances and Reserves

The Parish Council balances and reserves continue to reduce. This year, there was some risk that the very low level of balances and reserves during March 2024 could have resulted in some difficulty in making necessary payments during April 2024, pending receipt of the first half of the precept amount from Rotherham Borough Council (which usually occurs towards the end of April).

The precept has been increased significantly for the 2024/25 financial year and it is recommended that another increase be made in respect of the precept for the 2025/26 financial year.

The Parish Council must also consider where financial savings might be achieved. The task will be difficult, because staffing costs and the maintenance of the Parish Hall are the two principal items of Council spending. Because the Parish Hall is a main source of income, it is necessary to ensure that the building continues to be an attractive venue for current and potential users.

Another possibility is borrowing, although the Parish Council will be aware of the additional costs incurred because of interest payments.

Approval from the Secretary of State is not required for borrowing by temporary loan or overdraft from a bank, or for sums needed to meet expenses pending the receipt of revenues. However, such approval is required for borrowing to finance new and replacement capital projects. The Parish Council may wish to seek advice from the Yorkshire Local Councils’ Associations before making any decision in respect of borrowing.

10. Recommendation

The Parish Council has taken action in response to the recommendation of the 2022/23 internal audit report by increasing the precept significantly for the 2024/25 financial year.

A year-on-year increase in the precept remains necessary and therefore last year’s recommendation has to be reiterated, that the Parish Council give precedence to restoring its financial balances and reserves, with an amount of between three and twelve months’ expenditure being a useful guide as to the amount required.

11. Conclusion

I would like to thank the Parish Clerk for his help and co-operation with the Audit. There are no specific items on which I wish to submit a special report.

Richard Bellamy

Internal Auditor

10th May 2024