



Mel Alexander
Town Clerk
Thatcham Town Council
Council Offices
Brownsfield Road
Thatcham
RG18 3HF

18th June 2023

Dear Mel,

Report on Internal Audit carried out on 12 June 2023

An audit was carried out by Kevin Rose on Monday 12 June 2023. This was the Year End audit following on from the Interim Internal Audit carried out on 20 October 2022.

The audit was undertaken using our standard IAC Audit Checklist, used for all Local Councils, which has 196 items. A total of 57 items were tested during this audit. Including the items tested during the Interim Internal Audit visit a total of 148 items have been checked during the financial year a further 48 items on the standard Checklist were checked and confirmed as being Not Applicable to your Council. There were no items unchecked at the year end.

Areas subject to audit were;

the payment system (Box B), risk and insurance (Box C), budget and precept setting and monitoring (Box D), income billing, collection and VAT (Box E), payroll (Box G), assets and investments (Box H), bank reconciliations (Box I), and accounting Statements (Box J).

Of the 57 items tested during this audit a Positive response was obtained in respect of 49 tests. There were 8 Negative responses identified, details of which are set out in the attached Year End Internal Audit Observations. A detailed breakdown of our audit testing and Responses is set out in the attached Year End Internal Audit Summary.

I can confirm that none of the Observations raised during the year will give rise to a Negative response in the year end Internal Audit Report.

I would like to express my thanks for the assistance provided to me during my audit.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'K. Rose'.

Kevin Rose ACMA
Director

The Clerk
Thatcham Town Council
Brownsfield Road
Thatcham
Berkshire
RG18 3HF

18-Jun-23

Explanation of "Not Covered" responses

Further to our Internal Audit of your Council for the financial year 2022/23, I am pleased to submit the signed Internal Report for your Annual Return. We have completed our work and can confirm that we have not given a Negative response for any of the Internal Control Objectives.

You will note that we have given 'Not Covered' responses in respect of Control Objectives F, K, and L and we are required to explain why we have done this.

- *The reason for the Not Covered response for Objective F is that we understand that your Council does not maintain a Petty Cash.*
- *The reason for the "Not Covered" response for Objective K is that it is not applicable to your Council as the Council did not certify itself exempt from limited assurance review for the 2021/22 financial year.*
- *The reason for the Not Covered response for Objective L as your 'annual turnover' exceeds £25,000 and you are therefore not subject to the publication requirements of the Transparency Code.*

The External Auditor may query why we have responded 'Not Covered' and, if so, you should provide them with a copy of this letter.

Yours sincerely,



Kevin Rose ACMA
Director

Thatcham Town Council

Interim Audit Date: 20/10/2022



Internal Audit Summary 2022-23

Year End Audit Date 12/06/2023

(shaded Internal Control Objectives are not applicable to your Council)

Internal Control Objective		Negative Analysis					Responses				Recommendations
		Non - Compliance	High	Medium	Low	Advisory	Positive	Negative	N/A	Not Checked	
A	Appropriate accounting records have been properly kept throughout the financial year.	0	0	0	0	0	6	0	0	0	0
B	This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	0	0	0	0	0	34	0	5	0	0
C	This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	0	1	0	0	0	10	1	1	0	1
D	The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	0	0	0	0	0	15	0	0	0	0
E	Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	0	0	1	0	0	13	1	10	0	1
F	Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	9	N/A	N/A
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.	1	4	1	0	0	15	7	2	0	6
H	Asset and investments registers were complete and accurate and properly maintained.	0	0	0	0	0	7	0	4	0	0
I	Periodic bank account reconciliations were properly carried out during the year.	0	0	0	0	0	12	0	4	0	0
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.	0	0	0	0	0	9	0	2	0	0
K	If the authority certified itself as exempt from a limited assurance review in 2021/22, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2020/21 AGAR tick "not covered"	N/A	N/A	N/A	N/A	N/A	N/A	N/A	3	N/A	N/A
L	If the authority has an annual turnover not exceeding £25,000, it publishes information on a website/ webpage up to date at the time of the internal audit in accordance with the Transparency code for smaller authorities.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	7	N/A	N/A

Internal Control Objective		Negative Analysis					Responses				Recommendations
		Non - Compliance	High	Medium	Low	Advisory	Positive	Negative	N/A	Not Checked	
M	<i>The authority, during the previous year (2021/22) 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).</i>	0	0	0	0	0	5	0	0	0	0
N	<i>The authority has complied with the publication requirements for 2021/22 AGAR (see AGAR Page 1 Guidance Notes).</i>	0	0	1	0	0	7	0	1	0	1
O	<i>(For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee</i>	0	1	0	0	0	6	0	0	0	1
Total		<u>1</u>	<u>6</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>139</u>	<u>9</u>	<u>48</u>	<u>0</u>	<u>10</u>

Thatcham Town Council

Financial Year 2022-23



IAC Audit and Consultancy Ltd

Audit date: 12 June 2023

Year End Internal Audit Observations

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

No.	Audit Test	Observation	Recommendation	Priority	Comments
1	The Council, meeting as a whole, has reviewed the effectiveness of its internal control system as required by Regulation 6 of the Accounts and Audit Regulations 2015	<i>The Council has formally documented Internal Controls and a schedule went to Full Council 27th June 2022 as part of the process of approving the Annual Governance Statement, however Minutes of that meeting do not formally record Council review and approval.</i>	The Council to ensure that, in future, its review of Internal Controls is formally recorded in the Minutes of the relevant meeting.	High	MT: The annual Review of Internal Control shall be recorded in the Minutes of future meetings.

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.*

No.	Audit Test	Observation	Recommendation	Priority	Comments
1	Salaries paid agree with those approved by the council	<i>It was not possible to agree salaries paid to staff in November 2022 to those agreed by Council. It appears that, in at least one instance, the salary paid differs from the contractually agreed pay rate.</i>	The Council to review the salaries paid and verify whether they are correct.	High	MT: upon leaving, the former RFO advised that the salaries 'working document' required attention. The Town Clerk/RFO and Finance Manager will address this as a priority to ensure all data is accurate and will report to the Staff Committee accordingly

2	The Council, or nominated committee, has reviewed and approved any changes to staff rates of pay, or terms of conditions, made during the financial year.	<i>The Council does not maintain a formal listing of staff contractual hours and Spinal Column Points. A listing was provided to the Internal Auditor during the audit visit but this did not agree, in some instances, with the hours and rates of pay being paid.</i> <i>It was also noted that Minutes of the Staffing Committee of 10th October 2022 refer (Min Ref STA/2022/05) to an increase for the Town Clerk, of 'two spinal column points', but they do not state what the new Spinal Column Point is to be.</i>	The Council should consider putting in place a formal schedule of staff hours and pay rates. This should be subject to formal review and approval as part of the budget setting process. When reviewing staff terms and conditions the Council should ensure that the Minutes clearly state what revised Spinal Column Point, or what hours, have been agreed.	High	This will be addressed in unison with item 1 above. Minutes shall include SCP's in future.
3	The Council operates a PAYE scheme and is registered with HMRC for PAYE purposes.	<i>The Council does not operate a PAYE scheme and is not registered with HMRC for PAYE purposes. It is understood that this is managed through the local District Council.</i>	The Council should review its PAYE arrangements and ensure that it complies with HMRC requirements. This may require the Council to formally register with HMRC as an Employer and operate a PAYE scheme.	Non Compliance	The Town Clerk/RFO and Finance Manager will review PAYE arrangements and report to Council / Committee accordingly
4	Pension deductions have been correctly computed (RAS or Superannuation/Net Pay)	<i>Due to the summarised nature of payroll reports provided by the payroll provider it is not possible to verify the PAYE treatment of employee pension payments.</i>	The Council to confirm with the payroll provider that the correct PAYE treatment has been applied to employee pension contributions.	High	The Town Clerk/RFO to request report from payroll provider (West Berkshire Council)
5	Deductions have been properly paid over to Pension provider	<i>The Council payroll is operated by the District Council. It is understood that pension returns are submitted by the District Council.</i>	The Council to review the arrangements for the annual confirmation of pension contributions. The Council should ensure that it receives confirmation from its payroll provider that correct returns have been submitted.	Medium	The Town Clerk/RFO to request report from payroll provider (West Berkshire Council)

Annual Internal Audit Report 2022/23

ENTER NAME OF AUTHORITY
Thatcham Town Council

https://thatchamtowncouncil.gov.uk/ AVAILABLE WEBSITE/WEBPAGE ADDRESS

During the financial year ended 31 March 2023, this authority's internal auditor acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with the relevant procedures and controls in operation and obtained appropriate evidence from the authority.

The internal audit for 2022/23 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

Internal control objective	Yes	No*	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.	✓		
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓		
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓		
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT 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.	✓		
H. Asset and investments registers were complete and accurate and properly maintained.	✓		
I. Periodic bank account reconciliations were properly carried out during the year.	✓		
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.	✓		
K. If the authority certified itself as exempt from a limited assurance review in 2021/22, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2021/22 AGAR tick "not covered")			✓
L. The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation.			✓
M. In the year covered by this AGAR, the authority correctly provided for a period for the exercise of public rights as required by the Accounts and Audit Regulations (during the 2022-23 AGAR period, were public rights in relation to the 2021-22 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set).	✓		
N. The authority has complied with the publication requirements for 2021/22 AGAR (see AGAR Page 1 Guidance Notes).	✓		

O. (For local councils only)	Yes	No	Not applicable
Trust funds (including charitable) – The council met its responsibilities as a trustee.	✓		

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

Date(s) internal audit undertaken

Name of person who carried out the internal audit

03/06/2022

20/10/2022

DD/MM/YYYY

Kevin Rose - IAC Audit & Consultancy Ltd

Signature of person who carried out the internal audit

SIGNATURE REQUIRED

Date

18/06/2023

*If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

**Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned; or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).