

**Thattham 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 |

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|---|---|---|--|----------------|---|
| 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. | <p><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></p> <p><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></p> | <p>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.</p> <p>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.</p> | High | <p>This will be addressed in unison with item 1 above.</p> <p>Minutes shall include SCP's in future.</p> |
| 3 | The Council operates a PAYE scheme and is registered with HMRC for PAYE purposes. | <p><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></p> | <p>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.</p> | Non Compliance | <p>The Town Clerk/RFO and Finance Manager will review PAYE arrangements and report to Council / Committee accordingly</p> |
| 4 | Pension deductions have been correctly computed (RAS or Superannuation/Net Pay) | <p><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></p> | <p>The Council to confirm with the payroll provider that the correct PAYE treatment has been applied to employee pension contributions.</p> | High | <p>The Town Clerk/RFO to request report from payroll provider (West Berkshire Council)</p> |
| 5 | Deductions have been properly paid over to Pension provider | <p><i>The Council payroll is operated by the District Council. It is understood that pension returns are submitted by the District Council.</i></p> | <p>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.</p> | Medium | <p>The Town Clerk/RFO to request report from payroll provider (West Berkshire Council)</p> |