

# Do the Numbers Limited

23<sup>rd</sup> April 2020

Melanie Stephens, Clerk  
Fair Oak and Horton Heath Parish Council  
2 Knowle Park Lane  
Fair Oak  
Eastleigh  
Hants SO50 7GL

Dear Melanie,

## **Subject: Review of matters arising from Internal Audit for 31 March 2020**

Please find below the list of matters arising following my visits to the office today and earlier in the year. The internal audit was completed during COVID lockdown and allowance has been made for such.

I found the records of the council to be in very good order and felt that the visits went well.

<b>Control area</b>	<b>Issue</b>	<b>Recommended Action</b>
Sales ledger	The sales ledger aged debtors report was not available at the time of audit.	All invoices should be raised through the Rialtas system and quarterly reviews of bad debts carried out by members.
Inquorate meetings	The council has had a significant ongoing problem with inquorate meetings, particularly planning. Attendance at meetings is by summons.	During the current lockdown, virtual meetings are permitted ( <a href="#">see guidance here</a> ) which is well used by councils may well improve accountability and should be actively considered by FOHHPC.
Quorum	The council appears to have reduced its full quorum to 3 which is not in accordance with the legislation.	Quorum, as per LGA 1972 ( <a href="#">para 12 here</a> ) is a minimum of one third of members (or three when the council size is less than 9) Please correct the standing orders at the same time as the aGAR is being approved.
Bank reconciliation approval	It appears that only one or two members of the council are carrying out the internal control checking of the bank reconciliation.	All members in rotation should perform the internal controls so that they are aware of the systems and understand the records of the council.
Purchase invoice approval	It is not clear from the invoices when they are input to the ledger system and when they are paid.	It may be beneficial to the council to purchase a grid stamp <a href="#">like this</a> to allow clear ledger record keeping.

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Director: Eleanor S Greene

Precept setting	When the precept was set, the actual amount requested was not minuted. 0% change on Band D when the tax base is changing does not transparently show the activities of the council.	The actual amount of precept should be clearly minuted when the budget is agreed.
Remote working	The council uses the Rialtas System which meets all of its reporting requirements, but is not amenable to remote working.	When the IT systems are reviewed in light of the current situation, it may be possible to move the software to a virtual server and thus allow the officers to work from home.
General reserves	The general reserve of the council is now significantly above the level in the guidance. For a council the size of FOHHPC it should be 3 months of revenue expenditure rather than the current 9. <i>(also raised last year)</i>	Councils do not have the power to hold savings. Precepted funds should be used in a timely manner for the benefit of residents. As per <a href="#">paragraph 5.32 here</a> the council should aim to spend £200,000 from general reserve before the tax base rises further.
Earmarked reserves	Some of the designated reserves of the council do not meet the guidance of a specific location, value and completion date. <i>(also raised last year)</i>	Projects should be brought forward to make use of reserves and all amounts quantified in terms of expected final cost and completion date – at which point they drop to zero. See Para5.33 in the above link.

Please find attached my invoice for the balance of the agreed fee.  
If either you or your councillors have any queries, please do not hesitate to contact me.

Regards



Eleanor S Greene

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