FULL COUNCIL – 20 MAY 2025

END OF YEAR ACCOUNTS INTERNAL AUDIT REPORT AND ACTION PLAN

1. RECOMMENDATIONS

1.1 That the contents of the internal Auditor's end of year report be noted; and

1.2 That the Council notes the internal audit action plan.

2. PURPOSE

2.1 To review the report of the Internal Auditor attached at Appendix 1 dated 29 April 2025 and the actions undertaken/proposed as a result as shown in Appendix 2.

3. INTERNAL AUDIT REPORT

3.1 The internal Auditor's interim report following her visit on 29 April 2025 is attached at **Appendix 1**

4. AUDIT ACTION PLAN

4.1 Where there were recommendations from the Internal Auditor, the Parish Clerk, Deputy Clerk and Responsible Finance Officer have undertaken to address all actions and these are set out in the audit action plan **(Appendix 2)** for the Council to approve and note.

For further information:	**Background papers:**
Finance Officer, Jo Cahill	
finance@fair-oak.gov.uk	None.

Appendix 1

Do the Numbers Limited

29th April 2025

Melanie Stephens, Clerk
Fair Oak and Horton Heath Parish Council

Dear Melanie,

Subject: Review of matters arising from Internal Audit for 31 March 2025

Following my visits to the office today and earlier in the year, please find below the list of matters arising. The records and systems of the council are in very good order.

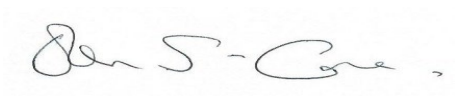
The internal audit was carried out in accordance with the requirements of the Audit and Accounts Regulations 2015 and the guidance and instruction in the Practitioners Guide 2025

Test	Matter arising	Recommended Action
A	*Appropriate accounting records have been properly kept throughout the financial year*	
Ledger updates	The Rialtas accounting system ledgers are still not being used to their full potential.	Purchase invoices should be entered immediately upon receipt so that the I&E reflects all committed expenditure right away.
Ledger descriptions	The description box in the ledger system is not being used to explain what purchases actually are.	To save checking back to paper invoices, the capacity of the software should be fully utilised.
Officer debit cards	It is unclear whether authorisation codes for cards are going to personal or council run codes.	Pleas ensure that all codes for cards, banking, HMRC and the like are linked to council owned phones.
B	*This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT appropriately accounted for*	
Meeting attendance	On several occasions, more than half of the council members were not present. This is not good practice. Meeting dates are set a year in advance and the 'summons' to a meeting is not an 'invitation'.	If members are unable or unwilling to fulfill their obligations to taxpaying residents, they should stand down and allow other residents to join the council.
Devolution working group	The council has set up a group to consider land transfers from the Borough that do not appear to come with commuted sums or newly precept paying properties.	The parish must be very clear that until the devolution proposals are further along and new developments actually paying council tax, the precautionary principle should be applied.
C	*This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these*	
Risk assessment	The council risk assessment lacks detail that would allow it to work as a stand alone document.	Details of insurer names and renewal dates and clarity over inspection periods would aid usability.
Policy reviews	It is good practice to spread policy reviews across the year.	When the new clerk is in post, a cycle of reviews should be started.
D	*The budget resulted from an adequate budgetary process, progress against the budget was regularly monitored, the reserves were appropriate*	
Developer funded	The council hold £229,772 in EMRs at the year which are s106 or CiL	Developer funding and funded projects have been a significant part

Earmarked reserves	funds and thus cannot be rolled into the general reserve.	of the council's activities over the past 5 and through the next 5 years.
General reserve	The current year precept increase was insufficient to replenish the general reserve to a level that allows the council to meet contingencies.	The 2025/26 precept increase will start to address this issue
E	*Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for*	
	The records of the council comply	with this test
F	*Petty cash payments were properly supported by receipts, all petty cash was approved and VAT appropriately accounted for*	
Petty cash	The petty cash tin is nearly obsolete due to charge cards and debit cards.	The tin should be run down to zero without further delay.
G	*Salaries to employees and allowances to members we paid in accordance wit this authority's approvals, and PAYE and NI requirements were properly applied*	
S106 funded wages	All salaries, NI and pensions must be included in box 4 of the AGAR, regardless of how they are funded.	Please ensure that all wages costs are included in the 40** codes and thus correctly shown on the AGAR
H	*Asset and investment registers were complete and accurate and properly maintained*	
Delegated decisions	When significant contract decisions are delegated to the proper officer, clear outcome minuting is essential.	When such delegation is agreed, te date of expected reporting should be minuted.
I	*Periodic Bank reconciliations were carried out during the year*	
Bank statements	It appears that all bank statement checks are carried out by a limited number of members.	All councillors in rotation should check the bank statement balances. *(also raised last year)*
J	*Accounting statements prepared during the year were prepared on the correct accounting basis, agreed to the cash book, supported by an adequate audit trail and debtors and creditors recorded.*	
	The records of the council comply	with this test
K	*Certified Exempt in prior year*	
	Not applicable to this council	
L	*Transparency Code*	
	The records of the council now	comply with this test
M	*Public Rights*	
	The records of the council now	comply with this test
N	*Publication of prior year AGAR*	
	The records of the council comply	with this test
O	*Trust funds*	
	Not applicable to this council	
P	*Borrowing*	
	Not applicable to this council	

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

Regards,



Eleanor S Greene

Appendix 2

INTERNAL AUDIT ACTION PLAN - AUDIT APRIL 2025

CONTROL AREA	ISSUE	RECOMMENDED ACTION	ACTION UNDERTAKEN
Ledger updates	The Rialtas accounting system ledgers are still not being used to their full potential.	Purchase invoices should be entered immediately upon receipt so that the I&E reflects all committed expenditure right away.	Ensure timely receipt and review of invoices: ensure invoices are processed on Rialtas as they are received.
Ledger descriptions	The description box in the ledger system is not being used to explain what purchases actually are.	To save checking back to paper invoices, the capacity of the software should be fully utilised.	Finance Officer to write more specific details of the invoices in this field.
Officer debit cards	It is unclear whether authorisation codes for cards are going to personal or council run codes.	Please ensure that all codes for cards, banking, HMRC and the like are linked to council owned phones.	Finance Officer, CDO and DEO to use staff phones for access bank account.
Meeting attendance	On several occasions, more than half of the council members were not present. This is not good practice. Meeting dates are set a year in advance and the 'summons' to a meeting is not an 'invitation'.	If members are unable or unwilling to fulfil their obligations to taxpaying residents, they should stand down and allow other residents to join the council.	Members will be reminded although attendance is not mandatory, that attendance at Council meetings is expected. Members that do not attend for 6 meetings in a row without apologies received and accepted, are required to step down from office.
Devolution working group	The council has set up a group to consider land transfers from the Borough that do not appear to come with commuted sums or newly precept paying properties.	The parish must be very clear that until the devolution proposals are further along and new developments actually paying council tax, the precautionary principle should be applied.	Officers have made Cllrs aware that sites to be transferred will not come with commuted sums. However, the Council will be in receipt of special expenses element of the council tax (from April 26)

NB: Action plan last reviewed by FULL COUNCIL in Feb 25

Risk assessment	The council risk assessment lacks detail that would allow it to work as a stand alone document.	Details of insurer names and renewal dates and clarity over inspection periods would aid usability.	Council to use the model Risk Assessment in Practitioners Guide 2025 as recommended by IA.
Policy reviews	It is good practice to spread policy reviews across the year.	When the new clerk is in post, a cycle of reviews should be started.	Council already follow a Constitution Review Document with dates spread out across the year for policy review. This is currently set up until 2029.
Developer funded	The council hold £229,772 in EMRs at the year which are s106 or CiL funds and thus cannot be rolled into the General Reserves	Developer funding and funded projects have been a significant part of the council's activities over the past 5 and through the next 5 years.	The Council has already set up a 10-year financial strategy for Play Provision from 2025 budget to remove reliance on S106. Similar strategies and longer-term financial planning particularly for buildings, fleet and larger assets will be developed by the new Proper Officer once in post.
General reserve	The current year precept increase was insufficient to replenish the general reserve to a level that allows the council to meet contingencies.	The 2025/26 precept increase will start to address this issue	More robust budgeting in future will be carried out with appropriate buffers/contingencies - as supported by a new corporate financial plan.
Petty cash	The petty cash tin is nearly obsolete due to charge cards and debit cards.	The tin should be run down to zero without further delay.	Petty Cash tin will be run down asap with staff to use office debit cards for all adhoc purchases.
S106 funded wages	All salaries, NI and pensions must be included in box 4 of the AGAR, regardless of how they are funded.	Please ensure that all wages costs are included in the 40** codes and thus correctly shown on the AGAR	All wages costs to be included in the 40** codes and noted in box 4 of accounting statement from 2025/26
Delegated decisions	When significant contract decisions are delegated to the proper officer, clear outcome minuting is essential.	When such delegation is agreed, the date of expected reporting should be minuted.	Example prescribed by IA to be used to ensure clear minuting.

NB: Action plan last reviewed by FULL COUNCIL in Feb 25

Bank statements	It appears that all bank statement checks are carried out by a limited number of members.	All councillors in rotation should check the bank statement balances.	Develop a rotation schedule that ensures all councillors take turns reviewing the bank statements on a regular basis as set out in Statement of Internal Control.

NB: Action plan last reviewed by FULL COUNCIL in Feb 25