



Faringdon Town Council

Internal Audit Report 2024/25: Year End Report

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For and on behalf of Auditing Solutions Ltd

Background

All town and parish councils are required by statute to make arrangements for an independent internal audit examination of their accounting records and system of internal control and for the conclusions to be reported each year in the Annual Governance and Accountability Return (AGAR). Auditing Solutions Ltd has been appointed to provide this service to Faringdon Town Council.

This report sets out the work undertaken in relation to our interim and final visits for the 2024/25 financial year, which took place on the 9th January and 17th April 2025 together with our preparatory offsite work.

Internal Audit Approach

In undertaking our review for the year, we have regard to the materiality of transactions and their susceptibility to potential mis-recording or misrepresentation in the year-end Statement of Accounts/AGAR. We have employed a combination of selective sampling techniques (where appropriate) and 100% detailed checks in a number of key areas.

Our programme of cover has been designed to afford appropriate assurance that the Council's financial systems are robust and operate in a manner to ensure effective probity of transactions and to afford a reasonable probability of identifying any material errors or possible abuse of the Council's own and the national statutory regulatory framework. The programme is also designed to facilitate our completion of the 'Annual Internal Audit Report' which forms part of the Council's AGAR and requires independent assurance over specified internal control objectives.

Overall Conclusion

We are pleased to conclude that, in the areas examined, the Council has effective systems in place to help ensure that transactions are free from material misstatement and that they will be reported accurately in the Statement of Accounts/AGAR.

We wish to thank the Clerk for providing the records to enable us to undertake our review and for the quality of records presented. We request that this report is presented to Members.

Detailed Report

Review of Accounting Arrangements & Bank Reconciliations

The Council's financial records are maintained on the Rialtas Omega accounting system. Separate cash books are set up specifically, for the current account and deposit accounts with the Co-op bank (cash book one), the Lloyds TSB account (cash book two), petty cash and floats (cash book three) and Tourist Information Centre (TIC) receipts (cash book four). Rialtas (RBS) provide support with the year-end closedown.

Our objective here is to ensure that the accounting records are being maintained accurately and currently and that no anomalous entries appear in cashbooks or financial ledgers. To that end, we have:

- Confirmed closing balances from 2023/24 have been correctly brought forward to the current year, 2024/25;
- Checked to ensure that a comprehensive, meaningful and appropriate nominal coding schedule together with cost centres remains in place;
- Run a data check on the Rialtas system, based on the back-ups provided to us on 17th December 2024 and 10th April 2025, to confirm the accounting system was in balance;
- Discussed with the Clerk arrangements for backing up the Council's IT systems including the Rialtas Ledger which we understand is done hourly by the IT provider;
- Confirmed the External Auditor raised no issues on the 2023/24 accounts requiring our follow up;
- For cash book one, as a sample, we agreed the reconciliation to the bank at 30th November, 31st December 2024, 28th February and 31st March 2025 and agreed the movements in December 2024 and March 2025 between the Co-op bank statements and the cashbook;
- For cash book two, we similarly agreed the reconciliation at 30th November, 31st December 2024, 28th February and 31st March 2025 and agreed the movements in December and March between the cash book and the Lloyds bank statement. We further test checked the transfers from cash book four; and
- For cash book four, which is a control account for the income from the TIC, (the income per the cash sheets is posted to this cash book, when the amounts are identified on the bank statements the amounts are cleared to cash book two), we test checked the income for December to the cash sheets and agreed the transfers to cash book two. We further test checked the income for week 52 to the cash sheet; and
- As our final test we agreed the year end balances to the AGAR section 2 line 8.

Our work on petty cash is detailed in a later section of this report.

Conclusions and recommendation

The Rialtas ledger is in balance and reconciliations are being completed regularly and reviewed quarterly by a nominated member.

We note the Clerk is appointed as a bank signatory, we understand this follows previous practice and recognise the internal controls in place at the Council, however, it is not normal practice for the Clerk to be a signatory. We further recognise that for the Clerk to be able to speak to the Bank some banks expect them to be on the mandate. Some Councils allow the Clerk to set up payments without being able to authorise them.

The year end balances reported in the AGAR agreed to the bank.

R1 We recommend the Council seeks for the Clerk to be on the bank mandate without being a bank signatory. Response: The Council's Bank are unable to facilitate this, the Clerk is looking at options for using banks who can allow the Clerk to be the administrator with two members to approve payments.

Review of Corporate Governance

Our objective here is to ensure that the Council has robust corporate governance documentation and processes in place and that Council and Committee meetings are conducted in accordance with the adopted Standing Orders, although we do not attend meetings. We have:

- Examined the minutes of the Full Council and Standing Committees for the year to ensure that no issues affecting the Council's financial stability exist in the short, medium or long-term;
- Noted that the Council adopted its Standing Orders and Financial Regulations at the Town Meeting held in May 2024. Further that Finance and Audit Committee adopted revised Financial Regulations, which took account of recent NALC guidance, at their meeting in January 2025;
- Noted that the Council confirmed and adopted the General Power of Competence at the Town Meeting in May 2023;
- Confirmed the Council advertised the audit of its 2023/24 accounts by publishing the notice of public rights; and
- Noted the Council posts detail of payments onto its website to meet the requirements of the Transparency Code.

Conclusion

No issues have arisen from this area of our work.

Review of Expenditure

Our aim here is to ensure that:

- Council resources are released in accordance with the Council's approved procedures and budgets;
- Payments are supported by appropriate documentation, either in the form of an original trade invoice or other appropriate form of document confirming the payment as due and / or an acknowledgement of receipt, where no other form of invoice is available;
- An official order has been raised for all purchases and service delivery where one would be expected;
- All discounts due on goods and services supplied are identified and appropriate action taken to secure the discount; and
- VAT has been appropriately identified and coded to the control account for periodic recovery.

We discussed with the Clerk the arrangements for processing and authorising payments at our first visit. To gain assurance in this area we selected a test sample comprising all payments individually in excess of £2,000 plus every 25th cashbook transaction, irrespective of value, covering the period April 2024 to March 2025. Our sample included also the regular non-domestic rates payments on Council properties. Our test sample comprised 68 payments plus the non-domestic rate payments to the District Council and totalled £230,855 representing 76% of all non-pay related payments for the year to 31st March 2025.

We confirmed the VAT due for recovery at 31st March 2024 was re-claimed in the current year. We have reviewed the four quarterly VAT returns for 2024/25 agreeing receipt of reclaims to the Council's accounts, or inclusion in year-end debtors in the case of the claim for the final quarter.

Conclusions

The Council has arrangements for making payments. The items in our payment sample were supported by relevant documentation.

VAT reclaims are being completed.

Assessment and Management of Risk

Our aim here is to ensure that the Council has put in place appropriate arrangements to identify all potential areas of risk of both a financial and health and safety nature, whilst also ensuring that appropriate arrangements exist to monitor and manage those risks identified in order to minimise the opportunity for their coming to fruition.

We have reviewed the Council's current insurance schedule provided by Aviva through Brokers James Hallam. The Policy runs to 31st May 2025 and cover includes:

- Buildings insurance;
- Equipment and street furniture;
- Business interruption insurance;
- Employer's liability £10m;
- Public liability £10m; and
- Internal Crime £0.5m.

We note the Council continues to obtain reports on the safety of its play equipment from independent inspectors, RoSPA.

We confirmed the Council reviewed and updated its risk assessment at the meeting of the Finance and Audit Committee in January 2025. The Risk assessment identifies the risks, assesses them and details control measures. It includes a range of financial and governance risks.

Conclusions

No issues have arisen in this area of our work. The Council has arrangements for monitoring risks.

Precept Determination and Budgetary Control

We aim in this area of our work to ensure that the Council has appropriate procedures in place to determine its future financial requirements leading to the adoption of an approved budget and formal determination of the amount to be precepted on the District Council, that effective arrangements are in place to monitor budgetary performance throughout the financial year and that the Council has identified and retains appropriate reserve funds to meet future spending plans.

We note the Council receives regular financial reports, done at Committee level.

The Finance and Audit Committee considered the draft budget for 2025/26 at their meeting in January 2025. Following this Full Council considered the 2025/26 budget at their meeting on 20th January 2025, setting the precept at £579,233.

To support the process the Clerk prepared detailed budget workings in an excel workbook. This analysed income and expenditure at service level with comparisons across financial years. It noted capital schemes and analysed the overall budget impact on the council tax. The budget took account of key cost drivers, for example the quotes received for energy costs over the next three years and also the National Insurance rise.

At 31st March 2025 the Council's total balances and reserves were £903,246, (compared to £810,316 last year). Of these earmarked reserves stood at £486,997 and the general balance was £416,249. Overall spending in 2024/25 was £644,232 or £53,686 a month. The general balance represents some 8 months spending.

We reviewed outturn income and expenditure for 2024/25 comparing to prior financial years. We noted the change in other receipts which principally related to changes in grants received.

Conclusion

Based on our work completed there are no issues arising.

Review of Income

In considering the Council's income streams, we aim to ensure that robust systems are in place to ensure the identification of all income due to the Council from its various sources; that the income is invoiced in a timely manner and that effective procedures are in place to pursue recovery of any outstanding monies due to the Council.

In addition to the annual precept the Council receives income from lettings, grants and the TIC. We have tested income as follows:

- Precept: Given the overall materiality of this source we agreed the amount receipted in to the 2024/25 accounts to the amount set and approved in the Council minutes and to the amount published on the Government website in respect of Faringdon;
- Hiring of Council facilities: We reviewed the income system and traced two bookings through the Lemon (Income) System to the Accounts. The Lemon System contains the booking agreements and links to the invoices. Amounts are paid either directly to the bank or via a card, in which case they are processed through the Stripe system. Fees are published on the website. For one booking the credit from Stripe on the day the hirer paid appears to include income from another amount. To ensure a full audit trail officers should seek a report from Stripe breaking down the amounts they credit to the Council's Co-op account. For the second booking the rate charged did not tie up to the schedule of fees on the website, which implied £50 whereas the amount charged was £42.50. The system allowed hirers to select their own rate, this has now been stopped in respect of the Old Town Hall with officers confirming the rate;
- Cinema income: We sample tested week 46. The amount collected in respect of the Cinema was £105.83. We agreed the amount to the Rialtas ledger and to the week 46 cash sheet. We further agreed the total for the cash sheet to the till roll and agreed the amounts on the cash sheet to the Lloyds bank statement; and
- Sundry income: We selected the largest item which was Section 106 grant of £48,117 and agreed the amount to a remittance advice from Vale of White Horse DC.

Conclusion and recommendations

The Council has arrangements for collecting income.

- R2 *To ensure a full audit trail officers should seek a report from Stripe breaking down the amounts they credit to the Council's Co-op account. Response: This is now done.*
- R3 *Officers should confirm the rate for all bookings. Response: Officers now check, also the facility to select the rate we understand has been removed.*

Petty Cash Account

We are required, as part of the Annual Internal Audit Report in the AGAR, to confirm the soundness of controls in this area. The Council had an imprest style petty cash scheme with a normal holding of up to £200 and a cash book set up in Rialtas to record transactions. The balance on the cash book reflects also two float balances as well as the petty cash balance.

We sample checked payments made from petty cash in December 2024 through to supporting vouchers and receipts. We confirmed that reconciliations to cash were being completed.

At the year end we note the petty cash account has been closed with the remaining balance being transferred to the Lloyds bank account. We confirmed the floats held at the year end, physically counting the cash held and agreeing it to the year end reconciliation.

Conclusion

No matters arise based on our work in this area.

Salaries and Wages

In examining the Council's payroll function, we aim to confirm that extant legislation is being appropriately observed as regards adherence to the Employee Rights Act 1998 and the requirements of HM Revenue and Customs (HMRC) legislation as regards the deduction and payment over of income tax and NI contributions. We also check contributions are made in relation to the pension scheme.

We note the Council uses the Money-soft system to record payroll transactions with summary payroll totals included in the Clerk's reports to Members. Further that Council authorised signatures, we understand, receive full detail of salary costs and approve the online payments. To meet our audit objectives, we sample checked payroll, specifically we:

- Note the Staffing Committee monitor payroll costs, including changes in terms and conditions;

- Agreed the totals from the November payroll report to the Rialtas Cash Book One in respect of net pay, pensions and the HMRC payment;
- Test checked gross pay for one new member of staff paid in November to their signed contract;
- Test checked the calculation of back pay paid in November for one officer;
- Confirmed that tax, national insurance and pension contributions were being deducted and paid over and manually checked the calculation for three staff paid in November;
- Confirmed signed and authorised time sheets were on file where appropriate; and
- Completed a trend analysis, month on month covering the whole financial year, of payroll costs in the cash book to identify any potential material anomalies should they arise.

Conclusion

The Council has arrangements for processing payroll.

Fixed Asset Registers

The Governance and Accountability Manual requires all Councils to maintain a record of assets owned.

We note the Council maintains its asset register on the Rialtas system with assets itemised by category for example buildings and land, office equipment, play equipment etc. We have agreed the total on the asset register to the draft AGAR. We note assets are recorded at cost for the AGAR, with insurance values recorded also for management purposes. We have test checked capital expenditure in the year to the additions to the asset register.

Conclusions

The Council is maintaining its asset register. During the year a parcel of allotment land was transferred to the Council at nil cost. The Clerk is to add this to the Fixed Asset Register at a nominal value of £1.

Loans and Investments

Our objectives here are to ensure that the Council is “investing” surplus funds, be they held temporarily or on a longer term basis in appropriate banking and investment institutions; that an appropriate investment policy is in place; that the Council is obtaining the best rate of return on any such investments made; that interest earned is brought to account correctly and appropriately in the accounting records and that any loan repayments due to or repayable by the Council are transacted in accordance with appropriate loan agreements. We:

- Have agreed the balance reported in Rialtas on the CCLA account to the third-party statements dated 5th January and then at 31st March 2025. We agreed the balance at the year-end to the AGAR.;
- Tested the interest arising per the CCLA statements for October and November 2024 to the amount recorded in Rialtas;
- Test checked the interest on the Co-op Deposit account arising in October to the amount recorded in Rialtas;
- Confirmed the Council has a Treasury and Investment Policy; and
- Test checked loan repayments made during the year to date to PWLB demand notifications and agreed the year-end balance reported in the AGAR to the amount reported on the Government's Debt Management Office website.

Conclusion

No issues have been identified in this area from our work.

Annual Governance and Accountability Return (AGAR)

The AGAR provides the Council's statutory Statement of Accounts subject to external audit certification. We have checked and agreed the detail therein from underlying records, specifically we have:

- Agreed the AGAR to the Rialtas Ledger confirming the split between payroll and other costs is accurate;
- Agreed the cash balances in the AGAR to the bank statements;
- Agreed the fixed assets in the AGAR to the fixed asset register;
- Agreed the loans disclosed in the AGAR to the DMO website; and
- Reviewed the reconciliation between cash balances and the reserves carried forward, which relates to accruals and debtors and creditors.

Conclusions

There are no issues arising in this area to warrant formal comment or recommendation.

We have duly signed off the Internal Audit Certificate in the year's AGAR providing a copy for the Clerk's necessary further action. We also take this opportunity to remind the Clerk of the requirements of the guidance notes in the preface to the year's AGAR in relation to the documentation that should be displayed on the Council's website, together with the need to ensure compliance with the timing requirements for publication of the Notice of Public Rights to examine the Council's documentation for the financial year.

Rec. No.	Recommendation	Response
Review of Accounting Arrangements & Bank Reconciliations		
R1	We recommend the Council seeks for the Clerk to be on the bank mandate without being a bank signatory.	The Council's Bank are unable to facilitate this, the Clerk is looking at options for using banks who can allow the Clerk to be the administrator with two members to approve payments.
Review of Income		
R2	To ensure a full audit trail officers should seek a report from Stripe breaking down the amounts they credit to the Council's Co-op account.	This is now done.
R3	Officers should confirm the rate for all bookings.	Officers now check, also the facility to select the rate we understand has been removed.