

Internal Audit Report

to be read in conjunction with the Annual Internal Audit Report in the
Annual Governance and Accountability Return 2024 - 2025

Name of Authority:	Oakham Town Council		
Name of Internal Auditor:	Stuart McDonald	Year ending:	31 March 2025
Date audit carried out:	11/6/2025	Date of report:	13/06/2025

Internal audit is the periodic independent review of an authority's internal controls. This should result in an assurance report designed to improve the effectiveness and efficiency of the activities and operating procedures under the council's control. Managing the authority's internal controls should be a day-to-day function through its staff and management and not left for internal audit. It would be incorrect to view internal audit as the detailed inspection of all records and transactions of an authority to detect error or fraud. This report is based on the evidence made available to me and consequently the report is limited to those matters set out below.

The proper practices referred to in the [Local Audit and Accountability Act 2014](#) and [Accounts and Audit Regulations 2015](#) are set out in the Smaller Authorities Proper Practices Panel (SAPPP) *Practitioners Guide*. This is a guide to the accounting practices to be followed by local councils which sets out the appropriate standard of financial reporting to be followed.

- Para 4.11 of the *Practitioners' Guide* asserts that the independence of the appointed person or firm should be reviewed every year.
- Para 4.16 requires that authorities should carry out a review of the effectiveness of their overall internal audit arrangements, at least once each year.
- Para 5.103 specifies that the authority should take appropriate action on all matters raised in reports from internal and external audit and to respond to matters brought to its attention by internal and external audit.

This report is addressed to the Chair of Council or Parish Meeting for circulation to all members. It must be considered in a meeting of the full council or parish meeting.

The authority needs to have considered all matters brought to its attention by internal and external audit, and should have taken corrective action as appropriate. *Practitioners Guide* 1.39



To the Chair of Oakham Town Council.

Before I start my review, and noting the absence of the Clerk, I must draw your attention to the deadlines for submission of documents to the External Auditors and for publishing certain information on your website. I understand that the Council meeting planned for 11th June did not take place and I am conscious that the deadlines are fast approaching.

The precise requirements are laid out on Pages 1 and 2 of the AGAR (Form 3) pack. In summary (not exhaustive):

- A. Sections 1 and 2 of the AGAR must be approved (in that order) and published by the Council before July 1st, preferably after noting this Annual Internal Audit Report (AIAR).
- B. These, along with bank reconciliations as at 31/3/25, an explanation of significant variances in the accounting statements, notification of the dates for Public Rights, and the AIAR, must be returned to Moore by email or post by June 30th.
- C. Before 1st July, the Council must publish the Notice of the period for the exercise of Public Rights.

Moore's website provides templates to assist.

The Council should also check its obligations under the mandatory Transparency Code.

Now to my audit.

I met with Kathy Geraghty, the Deputy Clerk to the Council, at the Council offices, to carry out the internal audit for the year ended 31st March 2025. I should like to thank her for her assistance and hospitality.

Some background may help here. I was informed in early May that the Clerk was not available through illness. Our original planned meeting on 21/5/25 was postponed until 11/6/25 which is understandable in the circumstances. I was informed that this meeting would be with the Chair of the Council and the Chair of the Finance Committee. Due to unforeseen circumstances, this was not possible, and Kathy has helpfully stepped in. It is apparent that only the Clerk has the knowledge to access fully the accounting system and resulting documentation. My audit is, therefore, as the rubric at the top of this report indicates, based only on the evidence that has been presented to me.

Firstly, I will examine the Council's response to the matters raised by the internal auditor last year:

1. **The auditor reported that appropriate accounting records were not properly kept throughout the financial year.** This related especially to the early part of the 23/24 year. I have reviewed the available evidence and am satisfied that the RIALTUS system is updated regularly and is reported at each meeting. **Improvement implemented**



2. **The auditor reported that there was little or no evidence of compliance with many of the financial elements of the council's "System of Internal Control" document.** My limited review of the payment files, and RIALTUS reports indicated that these controls have improved. However, I will highlight one issue. Re. electronic banking, the document states that "two signatories are to sign such documentation as well as any order for payment (i.e. BACS)". I understand that the HSBC system used throughout 24/25, and before, did not allow for online authorisation by other signatories, and that it was possible for payments to be made without additional pre-authorisation. Be assured that there is no evidence of any mismanagement here, and I note that there are additional controls down the line e.g., presentation to each meeting of the payments list, and regular budget reviews. I understand that the new Lloyds account does indeed facilitate online pre-authorisation – this is being implemented fully in 2025/26 and as such, is to be welcomed. Other smaller concerns with the "System of Internal Control" document are: It refers to a "General Power of Competence" – I have seen no minute nor any reference to such a power. It refers to Petty Cash – I understand there is no such system. **Some Improvement**
3. **The auditor reported that the Risk Assessment (RA) had not been adopted.** At the meeting on 12/6/24, minute 06/24-11, it was agreed that the RA was adequate and was adopted. Furthermore, at the meeting on 12/3/25, an updated Risk assessment was adopted – minute 04/25-17. **Implemented.**
4. **The auditor reported that the accounting statements were not prepared correctly.** He noted that this referred specifically to the first half of 23/24. I am satisfied that this improvement has carried over to 24/25, using the RIALTUS software. **Implemented**
5. **The auditor noted that the Council had not complied with the mandatory requirements of the Transparency Code (TC).** I note that it is a requirement of the TC that the "Notice of Conclusion of Audit" is published on the website by 30th September each year – however, it is not there. **I have therefore marked "No" to Objective L on the Annual Internal Audit Report (AIAR).**
6. **The auditor reported that the Council used "Closed sessions" incorrectly.** Used 3 times in the year (after the receipt of the internal audit report), one session went ahead without a vote to go into closed session (September meeting – minute 09/24-16), and the outcome was unclear as to what the recommendation of the Staffing Committee was (minute 09/24-17). The other 2 sessions were satisfactory. **Partial improvement.**

Secondly, the External Auditor (EA) made the following comments.

7. The EA's main comments derived from the mismatch between the Internal Auditor's conclusions as summarised in the AIAR and the Council's Annual Governance Statement's (AGS) assertions. The Council should always consider carefully its responses to the assertions on the AGS.

Other matters. The Council left too much time between approval of the Annual Governance and Accountability Return (AGAR) on 8/5/24 and the commencement of the Public Rights period on 19/6/24. Proper practice and the Audit and Accounts Regulations 2015 state that commencement of Public Rights should follow the AGAR approval as soon as reasonably practical, bearing in mind that the Public Rights period must include the first 10 working days of July. (Given my comments at the top of this report, this will not be an issue this year). The EA also noted that insufficient explanation of variances had been provided in the initial submission, although later provided on request. I do not know what additional information Moore required in this instance, but I have seen them request this



when a narrative explanation does not show the figures involved. For example, explaining that income has risen because you have received a grant for playground equipment is insufficient. You will need to say it has risen because you have received a grant for £xx.

These are the matters I should draw to your attention as a result of my 24/25 review

- a. **The Annual Governance Statement for 23/24 was not approved by the Council.** In the meeting on 8/5/24, minute 03/24-18, only the Internal Audit report and the Accounting Statements were “reviewed and accepted”. I appreciate this appears to be an oversight as the Governance Statement itself shows it was “approved” at the same meeting with the same minute number – 03/24-18. **I have therefore marked “NO” against Objective N on the AIAR, as the Council has not complied with the requirement to publish an approved Annual Governance Statement.**
- b. **Bank Reconciliations.** I note that each meeting’s papers contain an item named “RIALTUS Bank Reconciliation” or “Bank Reconciliation Receipts and Payments” along with copies of the HSBC bank statements. These “Reconciliation” documents show the monthly receipts and payments, and it is possible to agree these individual transactions to the Bank Statements. The month-end bank balances are also visible.
- However, whilst these documents and the control they afford are valuable, I cannot see an actual reconciliation between the balance in the Bank and the balance in the RIALTUS “cash book”. I have seen that RIALTUS does facilitate this as I have seen a year-end document entitled “Bank Reconciliation Statement as at 31/3/2025”. It starts with the Bank Statement balance for the account concerned, deducts unrepresented payments, adds unrepresented receipts, which produces a balance which is then compared to the cash book balance, and a difference noted. There are two spaces noted for signatures, the Clerk and Deputy Clerk.
- The very fact I have been able to see this document (produced on 8/4/25) indicates that perhaps it is completed by the Clerk, but just not presented to the meeting for sign off.
- I recommend that this reconciliation document is also agreed at each meeting (in addition to the others) and the Bank Statement figure on it checked across to the actual Bank statement. I have also been unable to see any of these documents actually signed by councillors – it is important that the documents are signed to indicate they have been reviewed at the meeting.
- Given the evidence made available to me, I have answered “No” to Objective I on the AIAR.**
- c. **Accounting Statements.** The Accounting Statements 2024/25 contain comparatives for 23/24. The comparative figures for 23/24 on the current 24/25 statement do not match those 23/24 figures that were approved last year. There is a difference in both the Staff Costs Box 4 and All Other Payments Box 6. The difference of £9,487 is equal and offsetting, thus the closing balance is unaffected. If the Council has restated the basis for the figures in these boxes for 24/25 which has resulted in a change to 23/24’s numbers, this should be disclosed and marked as “Restated” on the form.



- d. **Clerk's absence.** I wish Chris well and a speedy recovery. The sudden reduction in important staff resource such as this is the sort of thing that should be included in your Risk Assessment, but on this matter, it is silent. **I recommend updating the Register.**
- e. **Other Governance matters.** Each page of the minutes should be initialled and the last page signed.


I am required to state why I have ticked "Not covered" in answer to objective F (Petty Cash) – it is that I understand the Council does not operate a Petty Cash system.

Included in the assertion statements on the AGAR in 25/26 will be a new assertion 10, which will cover "Digital and Data Compliance", previously covered under assertion 3. I would recommend reviewing any steps needed to be able to answer this assertion with a "Yes". This is clearly outside the scope of this year's audit, but will of course be considered next year, so I thought it worth bringing to your attention now.

CONCLUSION

I have tested the objectives that the AIAR requires me to consider on the basis of the evidence presented to me, and control and governance arrangements have continued the improvement seen in the latter half of 23/24. Nevertheless, I have marked "No" against 3 objectives – namely I (Bank Reconciliations not evidenced), L (Lack of required website information) and N (AGAR Section 1 not approved). I have signed the Annual Internal Audit Report accordingly.

Yours Sincerely,



Stuart McDonald – Internal Auditor to the Council

sminternalaudit@yahoo.com



Areas in the 2024-2025 AGAR Annual Internal Audit Report for which Yes or N/A cannot be ticked

	Reason
A	
B	
C	
D	
E	
F	
G	
H	
I	Bank Reconciliations not evidenced
J	
K	
L	Transparency Code not complied with
M	
N	Governance Statement not approved
O	

Section 2 - Accounting Statements 2024/25

	Year ending 31 March 2024	Year ending 31 March 2025
1. Balances brought forward	305,301	291,038
2. Annual precept	262,675	280,325
3. Total other receipts	69,416	284,632
4. Staff costs	67,390	72,798
5. Loan interest/capital repayments	0	0
6. Total other payments	278,964	327,197
7. Balances carried forward	291,038	456,000
8. Total cash and investments	289,228	442,051
9. Total fixed assets and long-term assets	1,658,162	1,727,628
10. Total borrowings	0	0



LRALC, Jubilee Hall, Staddon Road, Anstey, Leics, LE7 7AY
0116 235 3800 | admin@leicestershireandrutlandalc.gov.uk
www.leicestershireandrutlandalc.gov.uk
Registered office as above. Registered in England No. 11323405



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