

Narrative Internal Audit Report

to be read in conjunction with the Annual Internal Audit Report in the
Annual Governance and Accountability Return 2025 - 2026

Name of Authority:	OAKHAM TOWN COUNCIL		
Name of Internal Auditor:	STUART MCDONALD	Year ending:	31 March 2026
Date audit carried out:	27/05/26	Date of report:	03/06/2026

Local Clerk/RFO responses in red

As internal auditor, I confirm that I am independent of your authority and competent as required by the Smaller Authorities Proper Practices Panel (SAPPP) *Practitioners Guide*. I confirm that I have no connection with your authority that will conflict with my role as internal auditor and that I am not involved in any aspect of decision-making, management or control of your authority.

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 *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.

- Section 4.11 of the *Practitioners' Guide* asserts that the personal, financial and professional independence of the appointed person or firm should be reviewed every year.
- Section 4.16 requires that authorities should carry out a review of the effectiveness of their overall internal audit arrangements, at least once each year.
- In addition, section 1.38 specifies that the authority is required to have considered all matters brought to its attention by its external auditor and internal audit and taken corrective action as appropriate.

Failure to take appropriate action may lead to a qualified audit opinion.

This report is addressed to your chair for circulation to all members. It should be considered in a meeting of the full council or parish meeting.



To the Chair of Oakham Town Council

I have carried out the Internal Audit of the Council for the year just ended. My thanks to Melanie for her assistance and patience whilst helping me obtain the information I required.

Some context is required at this point.

The year 25/26 has seen some personnel changes in the office. During the year on which I am reporting, the RFO role was undertaken by Anna Douthwaite, a Councillor, from April 2025 to July 2025, at which point the previously appointed RFO, Chris Evans, reassumed the position. This pertained throughout the financial year. However, it must be noted that currently, Chris is off work, which is why I have met with Melanie, who has been recently appointed the acting RFO.

The Deputy RFO was in post until November 2025. Anna Douthwaite resigned from the Council in December 2025.

Melanie started with the Council in July 2025 as Administrative Assistant. The Council also employed Sam, a locum, for 1 day a week, soon to rise to 2, I understand.

It is also worth noting therefore that Melanie and Sam have not been responsible for the running of the office during the period upon which I am required to report.

I am going to consider in turn each of the Internal Control objectives upon which I have to report. Please refer to Page 3 of the Annual Governance and Accountability Return (AGAR)

A. Appropriate accounting records have been properly kept throughout the financial year.

“Yes”. I have examined the records and the accounting documents produced by the RIALTAS system, and I am satisfied that appropriate records have been kept during the year.

B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.

“Yes”. I have examined the Financial Regulations (FR), and whilst I cannot verify every single statement therein, I am satisfied that this objective has been met “in all significant respects” as far as the payments and authorisation processes are concerned. But please see Objectives I and G below.

C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.

“No”. The risk register was reviewed in March 2025 and again this year in March 2026. However, I noted in my report last year, and the External Auditor also did so, that there was no mention of the risks that may occur as a result of the temporary or permanent loss of key office staff, and therefore no mention of the processes and procedures through which such risks could be mitigated. Despite my recommendation, the Register has not been amended in this regard.

This will be actioned as a matter of priority and presented to Full Council for consideration.

It is not surprising perhaps that in the latter part of the financial year, and going into 26/27, access to the on-line bank accounts has been problematic. For example, the May 26 salary payments were processed by Chris, who is off work due to ill-health, from home. Even now, the current



acting RFO has no access to the on-line bank accounts – there is a risk payments could be delayed, as it currently requires a councillor to access the account. Since the Deputy RFO's absence from November, no-one has been able to access the Cambridge Building Society on-line account, and the balance remains unverified at year-end.

I recommend this is rectified as soon as possible. The Council may wish to consider its responses to Assertions 5 and 7 on the Governance Statement.

This will be actioned as a matter of priority. It should be noted that changing bank signatories is not a quick process so this will take some time.

D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate

“Yes”. I am satisfied that the budgetary process was sufficiently robust, and that progress against the budget was monitored throughout the year – each meeting's papers contain a comparison of actual spend v. budget. Earmarked reserves were reviewed as part of the process, and general reserves are appropriate.

Nevertheless, I noted that contrary to proper practice, the £budget and £precept figures were not minuted at the January meeting – the Council agreed to accept the figures on a working paper sent to it as part of the agenda. It would be difficult/impossible for an observer of events to ascertain what the Council's precept was going to be for 26/27. **These numbers must be recorded in the minutes.**

I always regularly review the budget and present it for review at each Finance Committee meeting and I will ensure this happens. The budget will also be published on the website, and updated if Council resolve any changes to it throughout the year.

E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.

“Yes”. The Council's income is derived from 5 main sources – VAT reclaims, the precept, CIL, allotments, and leases. Whilst I am satisfied that, with one exception, the dance classes, due income has been received, this should not disguise the fact that the Council has no systems in place to ensure its income is promptly and correctly received. This affects the allotments and leases, in that no invoices are issued to demand payment – rather, the Council waits until the respective tenants have paid. **I recommend invoices are sent prior to the due date in accordance with the lease terms.** The Council can then check whether receipts are overdue via an aged debtor listing, and the position can be reported to the Council at each meeting, and further recovery actions can be agreed if necessary.

I will look into this and take action.

F. Cash payments were properly supported by receipts, all cash expenditure was approved and VAT appropriately accounted for.

“Not Covered”. Not applicable as the Council does not operate a cash system.

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”. The following 2 statements are taken from the Financial Regulations:

“ 11.6. Salary rates shall be agreed by the council, or a duly delegated committee. No changes shall be made to any employee’s gross pay, emoluments, or terms and conditions of employment without the prior consent of the council”

“ 4.2. Budgets for salaries and wages, including employer contributions shall be reviewed by the Finance Committee at least annually in November for the following financial year and the final version shall be evidenced by a hard copy schedule signed by the Clerk and the Chair of the Finance Committee”

Apart from 1 reference in the minutes to the locum’s rate of pay, I can find no evidence that the Council has reviewed, agreed and minuted the rates of pay for its employees, other than perhaps by acceptance of the overall salary budget approved as part of the precept process, but this does not go into individual detail as required by the FR. Furthermore, the current acting RFO has no employment contract – this is a legal requirement. **I recommend a Contract of Employment is provided as soon as possible, and the Council reviews and minutes its agreement to its employees’ rates of pay on an annual basis.**

I will action the salary scales.

I need to look into the contract as I am getting conflicting reports as to whether there is one in place. I have this action as priority.

H. Asset and investments registers were complete and accurate and properly maintained

“No”. The mandatory part of the Practitioners Guide (PG) states the following:

“The value of the cell at Line 9 is taken from the authority’s asset register which is up to date at 31 March and includes all acquisition and disposal transactions recorded in the cashbook during the year.”

I have a number of concerns with the recording of fixed assets:

- a) The register does not record individual additions and disposals as required by the PG. For example, the Christmas decorations in the 2024-2025 asset register at £17,516 are not included in the 2025-2026 register. Assuming they were bought to be used at more than one Christmas, they should be still on the Register. If they were one-offs and not reusable, their cost should have been recorded as normal expenditure.
I will do an audit of the assets once time allows and other priorities have been actioned.
- b) The categories of asset in the register are very wide, and it is not therefore possible to identify individual assets. For example, Play Equipment is valued as a category at £350,636. I would expect to see a sub-list detailing each item of equipment, but I have been unable to examine such an analysis. **I recommend a list of individual fixed assets across all categories is drawn up.**
I will action this when time allows.
- c) The values used in the register are not consistent – some are “insured value”, others are noted as “Cost of replacing”, and I suspect some are historic cost eg the laptop computer and perhaps the office equipment. Although it is acceptable to use different valuation methods, the best practice approach is historic cost. **I recommend the use of two columns for valuation – one for the book value and one for the insurance value.**
Agree. We need to try and find purchase cost but if we do not have that info then I do two



columns – one for purchase cost, one for insurance value. This will be actioned when time allows.

- d) Insurance. On comparing the values (insurance, reinstatement or otherwise) in the register with the values as noted in the insurance policy schedule, I could not see sufficient correlation. The risk is that the assets are either under or over-insured. **I recommend a thorough review of your asset valuations, particularly for high value items, and the corresponding insurance provision. This will be actioned when time allows.**
- e) The register includes many very low value items, notably in the Property Log eg Broom £10, Cement Trowel £20. In fact, there are 22 items under £200. Of course, the Council can decide its own policy in this regard, but standard practice would put a de minimis value on a fixed asset of perhaps £250. **I recommend you consider a de minimis value for fixed assets. I will action this when time allows. A lot of councils do not add assets under the value of £500. I personally do £100 as there are many assets that are under £500, for example, laptops, printers, tablets etc can be purchased under £500 and none of these would be on the asset register which I do not consider appropriate. I will present a motion to Full Council to approve the minimum value.**

The PG, in (non-mandatory, but best practice) section 5.57-5.69, also advises what should be recorded in the register, and how valuation should be handled, amongst other information.

I. Periodic bank account reconciliations were properly carried out during the year.

“No”. I reported last year that I could see no evidence of a formal Bank reconciliation being provided at the meetings. By this, I meant the ability to compare the cash book balance as reported by the RIALTAS system to the bank balance on the bank statement. This is a feature of the system and I am pleased to report that on four occasions during the year, such a reconciliation was included in the councillors’ packs sent out with the agenda – 9/7/25, 10/9/25, 8/10/25 and 10/12/25. On other occasions, the councillors received only the income and payments lists and the Bank Statements. **I usually add all financial statements to the Finance Committee agenda, including bank reconciliations/bank statements. I ask two Members (preferably non-bank signatories and not the Chairman) to check and sign the statements, invoices and bank reconciliations. This will be implemented.**

The PG (mandatory section) states:

“Bank reconciliation - Statements reconciling each of the authority’s bank accounts with its accounting records need to be prepared on a regular basis, including at the financial year-end and reviewed by members of the authority.”

I have reviewed and agreed the year-end reconciliation. However, apart from the one presented for November 2025, I could see no evidence of the 3 other reconciliations being signed off, and I saw no evidence of a reconciliation being prepared for any of the other bank accounts.

Your own Financial Regulations in para 2.6 require quarterly reconciliations for ALL accounts, and for them to be signed and dated by a councillor other than the Chair, and reported to and noted by the Council.

I recommend that a proper reconciliation of the Lloyds current account is presented and signed off at each meeting, and for the other, less active accounts, this exercise is done quarterly.

- J. **Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.**

“No”. At first glance, it appears the Council is operating on an Income and Expenditure basis, rather than Receipts and Payments. This is because there is a difference between Boxes 7 and 8 on the Accounting Statements, and this can only arise as a result of the existence of debtors and creditors. In this case, the difference is explained mainly by the VAT debtor due from HMRC for the last quarter’s activity.

Given that the Council has income over £200,000, it must operate on an Income and Expenditure basis. Chris, the RFO, identified this requirement and brought it to the meeting on 29/4/26 (minute 04/26-11). It would appear that except for the adjustment for the VAT debtor, there has been no consideration of any other areas where eg income received or expenditure paid out really belongs in a future financial period, thereby giving rise to debtors/creditors, and Chris wished to address this with RIALTAS.

I am otherwise satisfied that the Council’s Accounting Statements are an accurate reflection of the underlying books of account.

I recommend the Council adopt the Income and Expenditure method of accounts preparation to ensure that the 26/27 accounts are fully prepared on this basis, in line with the mandatory requirement outlined in the PG. The PG does provide assistance in this regard. I will add this to a Council meeting agenda for approval and then action it once approved.

- K. **If the authority certified itself as exempt from a limited assurance review in 2024/25, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2024/25 AGAR tick “not covered”)**

The Council did not, correctly, certify itself as exempt, and I have therefore ticked “Not covered” as per the instructions

- L. **The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation**

“Yes”. I am satisfied that the Council has complied with publication requirements. It is mandatory to publish details of all land and building assets. These are contained in the asset register, which appears on the meeting agenda once a year, when the register is formally agreed by the Council – usually March-time. **I would recommend it is put up on the website in its own right, thereby becoming immediately more accessible.** Currently, it is somewhat difficult to locate. **I will action this.**

- M. **In the year covered by this AGAR, the authority correctly provided for a period for the exercise of public rights as required by the Accounts and Audit Regulations (during the 2025/26 AGAR period were public rights in relation to the 2024-25 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set).**



“No”. In a covering letter to the Clerk, Cllr Douthwaite, dated 30th September 2025 (and included in the Councillors’ pack for the October 8th meeting), Moore, the External Auditor, noted that the name of the person to contact to exercise Public Rights was omitted from the form, hence non-compliance with the Accounts and Audit regulations 2015 15(2)(b).

Moore also noted that the Council did not commence the Public Rights period until July 1st 2025, which “*is after the earliest possible period that would satisfy the Audit and Accounts Regulations 2015. Section 12 (3)(a) and proper practices require that following approval of the Return, the Public Rights period should commence as soon as is reasonably practical when taking into consideration the mandatory inclusion of the first 10 working days of July.*” A reason should be provided to Moore if there is such a delay. I note, however, that the meeting at which the AGAR was approved was held on July 23rd, and the Public Rights period commenced on the 24th as per the form which has been published and is now available on the website. The correct 30-day period is specified.

Moore’s point is valid if there was a gap between the approval of the AGAR – 23rd June – and the start of the Rights Period – according to Moore, this was 1st July. Moore’s point is invalid, if the start of the Rights Period was 24th June. I cannot comment on this apparent discrepancy on the dates.

The Council must comply with the Regulations concerning Public Rights.

N. The authority has complied with the publication requirements for 2024/25 AGAR (see AGAR Page 1 Guidance Notes).

“No”. The Council MUST publish, by July 1st each year, the following:

- a) Notice of Period of Public Rights – see M. above. **Published**, although note Moore’s comments.
- b) Section 1 Annual Governance Statement approved and signed. The Report and Certificate from Moore identifies some confusion re the date of the meeting at which this (and Section 2) were approved. Nevertheless, **Published** - there is on the website a Section 1 document, although it omits the Council’s website address at the foot of the page, as noted by Moore.
- c) Section 2 Accounting Statements. **Not Published** on the website. Although Moore have clearly received a copy as part of document submission, this document is not on the website currently – I would expect to see it in the “Finance” section. Moore also made several comments about this form – the Council incorrectly approved this Return before the RFO did. Also, Moore noted that the prior year figures in Boxes 4 and 6 had been restated, but the items were not marked as “Restated” as required by the PG, and the initial submission of the Return had Boxes not completed (Boxes 11a and 11b). Resubmission of the Return corrected these matters.

The Council must publish, by September 30th each year, the following:

- d) Notice of Conclusion of Audit – **Not Published**. I noted this the previous year also.
- e) Section 3 External Auditor Report and Certificate – **Published**
- f) Sections 1 and 2 of the AGAR including any amendments as a result of the limited assurance review. In Moore’s Report and Certificate, they noted that they would have expected the answer to Assertion 1 on the Annual Governance Statement to be “No”, given my comments about the Bank Reconciliations. This was not amended.
- g) Although not mandatory, the Council has not followed best practice by not publishing the Annual Internal Audit Report Page 3 of the AGAR. – **Not Published. I would expect to see this in the “Finance” section.** However, the narrative Internal Audit report was published.



(Strangely, Moore noted that the Annual Internal Audit Report (Page3) that they received as part of the Council's submission was incomplete. It is important that the document I complete is subsequently passed on to Moore in its entirety. I am not suggesting anything untoward, but in common with certain other parts of the initial submission to Moore, the correct/complete information was not sent, as noted in the Report and Certificate. I am sure this will be rectified this time around.)

The Council must comply with the publishing requirements as laid out on Page 1 of the AGAR pack.

I will also all documentation is published.

O. The authority has complied with laws, regulations & proper practices relating to digital and data.

"No". It is a legal requirement that the Council's website complies with current Accessibility requirements, specifically the "Web Content Accessibility Guidelines (WCAG) 2.2AA". It is not currently compliant.

In addition, para 1.54 of the PG (mandatory) states:

"All smaller authorities (excluding parish meetings) must also have an IT policy. This explains how everyone - clerks, members and other staff - should conduct authority business in a secure and legal way when using IT equipment and software. This relates to the use of authority-owned and personal equipment."

**I recommend the Council adopt an IT policy as soon as possible.
I will action all the requirements for Assertion 10 shortly.**

NALC has a template for councils to use. The Council should consider its response to the new Assertion 10 in Section 1 of the AGAR.

P. Trust Funds – Not Applicable.

There are just three more matters to which I should draw your attention.

1. The Council held around £450,000 in its various bank accounts at the year-end. The minutes of the meeting on 6/8/25 raised the prospect of a review of interest rates, presumably to maximise revenue from this source. There was no mention of this excellent proposal after that. The HSBC deposit account, £314,435 at year-end, attracted an interest rate of 1.36% at 31.3.26. The HSBC current account, the balance on which has varied from just less than £100,000 to a low of around £20,000 during the year, and stood at £57,057 at the year-end, attracted no interest.

I recommend a review of the cash holdings, the development and adoption of an investment policy/strategy, and a formal, minuted, quarterly review to demonstrate hands-on management of this source of income.

I will look at the Investment Strategy and present a proposal to Council.

I note that the Council has authorised a move to Unity bank from HSBC, but as of the latest published agenda (for the meeting on 13/5/26), the funds transfers had not taken place.



2. **Finance Committee** – apart from a published agenda for a meeting in April 2025, it appears that neither this committee, nor its Working Group replacement, actually met during the year. It is, of course, the Council's prerogative to manage its committees as it sees fit, but I would comment that such a committee can do much of the financial background work prior to its being presented to the full Council – detailed budgeting, strategic planning, reviewing financial risk, assessing internal controls and the Financial Regulations, assessing bank mandates, reviewing the detailed accounts, comparing interest rates, to name but a few. **Council policy states that the Finance Committee should meet at least quarterly. I will ensure this happens.**

3. **The website itself is not particularly intuitive to navigate, and there is a lot of old information that could perhaps be archived, as part of a general tidy. This will be actioned when other priorities have been actioned.**



Reports from internal and external auditors 2024-2025

All smaller authorities	
Have comments from the internal audit 2024-2025 been considered and addressed?	
Comment from internal auditor 2024-2025	Response from internal auditor for this report
Annual Governance Statement for 23/24 not approved	No further comment, but see N. above
Bank Reconciliations	Some improvement but see I. above
Accounting Statements prior year figures changed, but not marked "Restated"	No further comment
Risk register should consider effects of staff unavailability	Not Implemented – see C. above
Minutes should be signed on each page	Much improvement but eg September's not signed
Notice of Conclusion of Audit not published for 23/24	Not published again for 24/25 – see N. d. above

Smaller authorities subject to a Limited Assurance Review for 2024-2025	
Have comments from the external audit 2024-2025 been considered and addressed?	
Comment from external auditor 2024-2025	Response from internal auditor for this report
Notice of Conclusion of Audit not published for 24/25	See N.d. above. This is a repeated omission.
Signing of the Return - incorrect sequence	See N.c. above
Bank Reconciliations not signed or minuted	See I. above
Accounting Statements prior year figures changed, but not marked "Restated"	No further comment
Insufficient explanatory information on variances	No further comment
Confusion re date of AGAR approval meeting	No further comment
Various issues re. incomplete information with the submission	Please ensure the Council complies with the requirement to provide certain information to Moore
Risk assessment – add section re staff absences	Not Implemented – see C. above



Recommendations from internal auditor 2025-2026

All smaller authorities	
Recommendations for action from internal auditor for this report	
Areas for consideration or improvement	Recommendation from internal auditor for this report
PLEASE SEE MY REPORT ABOVE - SECTIONS A TO P, AND NOTES 1 -3.	My recommendations and action points are in Bold

Annual Internal Audit Report 2025/26

Internal control objective		Explanation if required
A <i>Appropriate accounting records have been properly kept throughout the financial year.</i>	Yes	
B <i>This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.</i>	Yes	
C <i>This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.</i>	No	SEE C. ABOVE
D <i>The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.</i>	Yes	
E <i>Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.</i>	Yes	IMPROVEMENT RECOMMENDED
F <i>Cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.</i>	Not covered	NO CASH SYSTEM
G <i>Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.</i>	No	SEE G. ABOVE
H <i>Asset and investments registers were complete and accurate and properly maintained.</i>	No	SEE H. ABOVE
I <i>Periodic bank account reconciliations were properly carried out during the year.</i>	No	SEE I. ABOVE
J <i>Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.</i>	No	SEE J. ABOVE
K <i>If the authority certified itself as exempt from a limited assurance review in 2024/25, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2024/25 AGAR tick "not covered")</i>	Not covered	
L <i>The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation</i>	Yes	
M <i>In the year covered by this AGAR, the authority correctly provided for a period, for the exercise of public rights as required by the Accounts and Audit Regulations (during the 2024-2025 AGAR period, were public rights in relation to the 2024-25 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set).</i>	No	SEE M. ABOVE
N <i>The authority has complied with the publication regulations for 2024/25 AGAR (see AGAR Page 1 Guidance Notes)</i>	No	SEE N. ABOVE
O <i>The authority has complied with laws, regulations & proper practices relating to digital and data compliance</i>	No	SEE O. ABOVE
P <i>(For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee</i>	Not applicable	



Section 2 - Accounting Statements 2025/26

	Year ending		Notes and guidance
	31 March 2025 £	31 March 2026 £	
			<i>All figures should be rounded to the nearest £. Do not leave any boxes blank and report £0 or Nil balances. All figures must agree to underlying financial records.</i>
1. Balances brought forward	291,038	456,000	<i>Total balances and reserves at the beginning of the year are recorded in the financial records. Value must agree to Box 7 of previous year.</i>
2. (+) Precept or Rates and Levies	280,325	293,794	<i>Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.</i>
3. (+) Total other receipts	284,632	114,311	<i>Total income or receipts as recorded in the cashbook less the precept or rates/levies received (line 2). Include any grants received.</i>
4. (-) Staff costs	72,798	90,676	<i>Total expenditure or payments made to and on behalf of all employees. Include gross salaries and wages, employers NI contributions, employers pension contributions, gratuities and severance payments.</i>
5. (-) Loan interest/capital repayments	0	0	<i>Total expenditure or payments of capital and interest made during the year on the authority's borrowings (if any).</i>
6. (-) All other payments	327,196	314,570	<i>Total expenditure or payments as recorded in the cashbook less staff costs (line 4) and loan interest/capital repayments (line 5).</i>
7. (=) Balances carried forward	456,000	458,860	<i>Total balances and reserves at the end of the year. Must equal (1+2+3) - (4+5+6).</i>
8. Total value of cash and short-term investments	442,051	453,860	<i>The sum of all current and deposit bank accounts, cash holdings and short-term investments held as at 31 March – To agree with bank reconciliation.</i>
9. Total fixed assets plus long-term investments and assets	1,726,262	1,723,568	<i>The value of all the property the authority owns – it is made up of all its fixed assets and long-term investments as at 31 March.</i>
10. Total borrowings	0	0	<i>The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).</i>

For Local Councils only

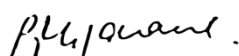
11. Do the figures in the accounting statements above exclude any trust transactions	Yes	<i>For guidance refer to the Practitioners' Guide sections 2.31 to 2.33.</i>
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CONCLUSION

I am very mindful that this is a lengthy report, and it may not make for good reading, but the overall objective is to improve Governance and Accountability, and I hope you find my recommendations helpful. I must emphasise that I am not directing criticism in any particular, or personal, direction. It is the Council's collective responsibility to organise its affairs to enable it to comply with the various legal and regulatory requirements, which themselves seem to grow in number each year.

I have tested each of the objectives I am required to consider, and have completed and signed the Annual Internal Audit Report in accordance with my findings.

Yours sincerely,



Stuart McDonald
LRALC Internal Auditor
sminternalaudit@yahoo.com

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