

Fernhurst Parish Council

Internal Audit Report 2024-25 (Final update)

Claire Lingard
Consultant Auditor

For and on behalf of
Auditing Solutions Ltd

Background

Statute requires all town and parish councils to arrange 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 Return.

This report sets out the work undertaken in relation to the Internal Audit for the 2024-25 financial year; the Interim Review which took place remotely on the 4th of November 2024, supplemented by the final-update review which took place on the 3rd of June 2025.

Internal Audit Approach

In commencing our review for the year, we have again had regard to the materiality of transactions and their susceptibility to potential misrecording or misrepresentation in the year-end Statement of Accounts / Annual Return. Our programme of cover is designed to afford appropriate assurance that the Council has appropriate and robust financial systems in place that 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 controls and the national statutory regulatory framework.

The programme is also designed to facilitate our completion of the 'Internal Audit Report' as part of the Council's Annual Governance and Accountability Return process, which requires independent assurance over a number of fifteen internal control objectives.

We have followed up the recommendations made in our 2023-24 reports noting that the Clerk & RFO and Members have noted these in their deliberations. We report that, on the basis of the work undertaken to date, the Council continues to operate adequate and effective internal controls in all areas examined. Resultantly, we made six recommendations for improvement during the Interim Review, and six during the final-update review (twelve recommendations in total) which are detailed in the main body of the report and the appended Action Plan. We draw the attention of the Clerk & RFO and Members to our recommendation pertaining to the proper use of Earmarked reserves.

We note that the new Clerk & RFO in post Mrs Elizabeth Ford has passed her probationary period in the role and has accepted the permanent position. We would like to thank Miss Ford for her assistance in undertaking this final-update audit of the 2024-25 financial year and congratulate her permanent appointment as Clerk & RFO to the Council.

We ask that members consider the content of this report and acknowledge that the report has been formally reviewed and adopted by Council.

Detailed Report

Review of Accounting Arrangements & Bank Reconciliations

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 date. The Council currently operates three accounts with the National Westminster Bank: a current, reserve and second reserve (with notice) account. The Council's account at National Savings & Investments was closed during the 2023-24 financial year with the residual funds being transferred to the Council's second reserve National Westminster bank account. To meet this objective, we have: -

- Agreed the opening trial balance detail in the Alpha software for 2024-25 with that in the closing 2023-24 Statement of Accounts;
- Ensured that the ledger remains in balance at the 31st of March 2025;
- Ensured that an appropriate cost centre and accounting structure remains in place;
- Checked and agreed transactions (both receipts and payments) in the Council's combined bank account cashbooks to the relevant bank statements for the months of April, May, June, July, August and September 2024, and March 2025;
- Checked detail on the bank reconciliations of the 30th of April, 30th of June, 30th of September and 30th December 2024, and the 30th of March 2025;
- Noted that there were no out-of-date cheques recorded on the cashbook; and,
- Checked and verified the year-end Trial Balance and Balance Sheet.

Conclusions

There are no matters arising in this area of review warranting formal comment or recommendation.

Review of Corporate Governance

Our objective is to ensure that the Council has a robust series of corporate governance documentation in place; that Council and Committee meetings are conducted in accordance with the adopted Standing Orders and that, as far as we are able to ascertain, no actions of a potentially unlawful nature have been or are being considered for implementation. We have: -

- Noted that the Council received a Qualified External Audit report for the 2023-24 financial year due to the fact that the Council confirmed that it did not review certain governance documents including its own internal controls. The External Auditor stated that: "The Council is required to review the effectiveness of its internal controls on an annual basis as per the Accounts and Audit Regulations 2015 section 6 paragraph and the Practitioners Guide at paragraph 1.2. Therefore, the Council should have provided a 'No' response at Assertion 2."

It should be noted that the Council did indeed review its Internal Controls documentation during the 2024-25 financial year, and it does appear that a confusion arose due to the language being used by the new External Auditors. This matter has been discussed at length with the new Clerk & RFO and is commented on below;

- Noted that the Council correctly published the Notice of the Exercise of Public Rights for the 2023-24 financial year. The announcement was made on the 24th of June 2024, the period for the Exercise of Public Rights being from Monday 1st of July 2024 to Friday the 9th of August 2024 inclusive. A period of exactly 30 days including the first 10 working days in July;
- Concluded the Review of Minutes for the Council and its Committees, excluding Planning, for the 2024-25 financial year noting that the Minutes are of a generally high quality, and are published, along with the corresponding Agenda on the council's official website. However, we have noted that there is no Minute sub-referencing, with different items of business being grouped together with bullet points under one Minute reference, also, the specific Statutory Powers under which Grant Aid and Donations have been Awarded is not recorded in the Council's Minutes. We have commented on this below;
- Noted that the Council's Standing Orders were revised and readopted, unamended, at the 20th of March 2024 meeting of the Parish Council under Minute Reference 43/24. The Standing Orders were again revised and readopted during the 18th of December 2024 meeting of the Parish council under Minute reference 146/24 (second bullet point);
- Noted that Schedule of Payments presented to Members for their Scrutiny and Approval are not uniquely referenced in all cases;
- Noted that the Council's Financial Regulations were last revised and readopted at the 18th of December 2024 meeting of the Parish Council under Minute reference 146/26 (third bullet point);
- We note that the Clerk & RFO is in the process of reviewing and revising Council's statutory documents and its policies with the Code of Conduct and Investment Policy both being revised and readopted during the 2024-25 financial year; and,
- Noted that the Council has published an official website at <https://fernhurst-pc.gov.uk> on a secure server. This website is fully functional, easy to use and complies, as far as can be ascertained with current Accessibility Legislation. The Council has published all the information that it is required to, along with additional information relating to local resources. The holds a second domain: <https://www.fernhurst-pc.org> which is still active which we have commented on below.

Conclusion & recommendations

FINAL UPDATE REVIEW

We have noted that the quality of the Councils Agenda and Minutes is generally high, however we have made two recommendations for improvement:

- R7 Several items of business are grouped together under one Minute Reference. As the Minutes are the Legal Record of the Council's Business its is essential that each item of business discussed is individually referenced so that it may be uniquely identified. Henceforth the Clerk & RFO must ensure that each item of business listed under a Minute reference receives a unique Sub-reference. I.e., Minute reference 47(a), (b), (c) etc.*
- R8 As the Council has not adopted the General Power of Competence it is required to record the Statutory Power under which it has made all Awards of Donations and Grant Aid but has failed to do so. Henceforth, the Clerk & RFO must ensure that the Statutory Power is recorded for each Award of Grant Aid and Donation made by the Council,*

remembering that Local Government Act 1972 s.137 is the Power of last resort and may only be used where the Council has the lawful Power to act and no other Statutory Power exists.

- R9 *The Clerk & RFO must ensure that each Schedule of Payments is uniquely identified in the Council's Minutes to ensure that there is a full audit trail of all the Council Member's Approvals of payments.*
- R10 *The <https://www.fernhurst-pc.org> is still active and is not being updated as the Council's official website: <https://www.fernhurst-pc.gov.uk> has now been published. The Clerk & RFO should request that GoDaddy, the old site's host, make this a 'Pointer' account, directed to the official website to avoid confusion when members of the public are searching for the Council's official website.*

INTERIM REVIEW

We have noted the comments made in the External Auditor, Moore's External Audit report for the 2023-24 financial year in relation to the failure to review its own internal controls documentation. As we have noted above, the Council did review its internal controls documentation, as confirmed in its Approved and Published Minutes. What appears to have occurred is a failure of communication between the new External Auditors and the outgoing Clerk & RFO due to the shift in language that was used.

We have discussed this matter with the new Clerk & RFO, at length, and have provided additional documentation as appendices to this report.

- R1 *The Clerk & RFO and Members must ensure that proper attention is afforded to the Council's Statutory Documents: Standing Orders and Financial Regulations, and its portfolio of policies. As previously advised, these should be reviewed at least once annually and readopted by Council Members subsequent to their scrutiny and approval. we have provided the Joint Panel on Accountability and Governance (JPAG) Practitioners Guide 2024 and a template Statement of Internal Controls for the Clerk & RFO's information and ongoing use. **IMPLEMENTED 03.06.25.***
- R2 *We have noted that during the October 2024 meeting of the Full Council, the Clerk & RFO was instructed to review the Council's Statutory and Policy Documents. We advise the Clerk & RFO and Members that the Council should also review which additional policy documents it requires and should ensure that in addition to reviewing and readopting its current Code of Conduct, Investment Strategy and Privacy Policy, it should consider adopting a formal Grants Policy, GDPR / Data Protection Policy, Document retention Policy, Complaints Policy, Vexations Policy, Social Media Policy, Freedom of Information Request Policy. **IN PROGRESS 03.06.25.***

Review of Expenditure

Our aim here is to ensure that: -

- Council resources are released in accordance with the Council's approved procedures and approved 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;

- All discounts due on goods and services supplied are identified and appropriate action taken to secure the discount;
- The correct expense codes have been applied to invoices when processed; and,
- VAT has been appropriately identified and coded to the control account for periodic recovery.

Due to the appointment of the new Clerk & RFO, we examined all transactions recorded in the Council's Rialtas Cashbooks for the months of April, May, June, July, August and September 2024 during the Interim audit with one matter identified for rectification. We examined all transactions for March 2025 during the final-update audit with no matters arising.

Additionally, we have checked and verified a sample of payments for the financial year to the 31st of March 2025, ensuring that these had been correctly entered onto the Rialtas cashbook, VAT correctly recorded, and payment had been made within an appropriate period. The payment sample for the 2024-25 financial year was conducted on the basis of every non-pay related payment in excess £750.00 and every 20th payment irrespective of value. A total of 36 payments were examined totalling £68,098.23 and representing approximately 62% of all non-pay related payments.

Finally, in this area of our review we have noted that manual VAT recovery claims continue to be submitted annually. The VAT reclaim for the 2023-24 financial year, in the amount of £5,786,36, was received to bank on the 07th May 2024. The s.126 VAT reclaim to the 31st of March 2025 had been prepared and submitted, in the amount of £11,369.74, which we have checked and verified noting that this amount had been correctly declared as a year-end debtor.

Conclusions and recommendation

There are no matters arising in this area of review, during the final-update audit, warranting formal comment or recommendation.

INTERIM REVIEW

The internal controls pertaining to the management of payments and payment authorisations is generally sound. However, it is imperative that solid controls of the documentary evidence supporting payments made is properly maintained, i.e. invoices and receipts, at all times. As stated above, the new Clerk & RFO was unable to provide two payment documents within our sample of payments. IMPLEMENTED 03.06.25.

R3 The Clerk & RFO must ensure that all payment documents: invoices & receipts are properly retained on file to provide clear evidence of the legitimacy of any payment transaction made by the Council.

Review of 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 note that the Council undertook a detailed Review of its Risk Assessments during the 2024-25 financial year. The Council's Risk Registers were revised and readopted during the 19th of February 2025 meeting of the Full Council under Minute reference 30/24 (second bullet point).

However, we note that the Council's Register only contains Business and not Health & Safety Risks. We have made a detailed recommendation in this regard;

The Council's insurance schedule for the 2024-25 financial year, Policy Number LCO01394 has been examined, with cover provided by the Clear Councils Scheme, underwritten by Aviva Insurance Ltd. The policy runs from the 10th of June 2024 to the 9th of June 2025. We note that Employers' and Products & Public Liability are both in place at £10 million, Officials Indemnity at £500,000, Libel & Slander at £250,000, Legal Expenses at £250,000, and Fidelity Guarantee cover at £150,000. This level of cover is considered appropriate for the Council's present needs.

Finally, in this area of our review we note that the Council's single playground continues to be inspected by the Parish Ranger, or the Clerk in his absence. Both have received informal inspection training from a qualified Playground Inspector and the Village Handyman holds a RoSPA Playground Inspector certificate.

The Parish Ranger is now responsible for conducting playground inspections on a weekly basis and submits inspection reports to the Clerk for his retention. The Annual Independent Playground Inspection is conducted by RoSPA.

We note from the Council's Minutes, that Health & Safety issues concerning the Councils playground are given appropriate consideration at each meeting of the Property Highways & Environment Committee, with remedial actions agreed under formal resolution.

Conclusion & recommendation

FINAL-UPDATE REVIEW

We have noted the significant improvement in the Council's Currently Adopted Risk Register, however, the current Risk Assessments contained therein only pertain to Business and not Health & Safety Risks.

R11 The Council's Risk Register should be expanded to include Health & Safety Risks including Health & Safety Risk assessments for each of the Council's facilities, i.e. Its office, the public toilets, cemetery and Playground. Separate Risk Assessments should also be undertaken for any event organised by the Council.

R12 We strongly suggest that the Council adopts a Playground Risk Management Policy to ensure that all the Council's playground operations including replacement, repairs and maintenance fall under one area of Internal Control.

INTERIM REVIEW

There are no matters arising in this area of review warranting formal comment or recommendation. We take this opportunity to remind the Clerk & RFO and Members of the necessity to continuously review its Risk Register (portfolio of Risk Assessments). It is considered Best Practice to formally review the Risk Register, at least once annually, and to formally Adopt the Approved Risk Register, with said Adoption recorded in the published Minutes of that meeting.

R4 The Clerk & RFO and Members should ensure Best Practice standards are maintained by formally reviewing the Risk Register, at least once annually, with the subsequent Approval and Adoption being recorded in the published Minutes of the corresponding meeting. IMPLEMENTED.

Review of Budgetary Control & Precept Determination

We note that members continue to receive periodic finance reports including bank reconciliations and budgetary analysis.

We noted that the Budget setting and Precept determination process for the 2025-26 financial year was again undertaken at the Finance Committee. The Budget and Precept were Established by the Council at the 18th of December 2024 meeting of the Parish Council under Minute reference 145/24:

1. First bullet point: Members Noted the final draft budget and Precept report.
2. Second bullet: point Members Resolved to Approve the Increase in Burial Ground fees of 20%.
3. Third Bullet point: Resolved to Approve the 2025-26 Precept in the amount of £91,500 (£76,250 prior-year).
4. Fourth Bullet point: Resolved to Approve the 2025-26 Budget in the amount of £119,612.00

We note that the Council continues to maintain one earmarked reserve EMR 322 - Asset Replacement Reserve. EMR 322 opening balance as at the 1st of April 2024 was £53,352.00 with no in-year transfers to the 31st of March 2025.

As we have commented on in previous reports, all earmarked reserves are required to be formally established for specific projects and expenditure, properly recorded in the Council's Accounting software. Once again there has been no movement on this earmarked reserve which could lead to the conclusion that the earmarked reserve has not been established for proper purposes and is acting as a contingency fund outside the General Reserve.

The Council's total managed funds at the 31st of March 2025 stood at £99,846.89 (£131,008 prior year), with earmarked reserves totalling £53,325 (£53,325 FY2023-24, £53,325 FY2022-23).

Finally, in this area of our review, we have noted that the residual General Reserve balance of approximately £46,521.89 (£43,491 prior year) equates to approximately four-and-a-half months' revenue spending at average prior year levels. This level of retained General Reserve sits comfortably within the current range recommended by the Chartered Institute of Public Financial Accountants (CIPFA) of between three and six months' revenue spending based on the average prior year level. *(JPAG The Practitioners Guide specifies a range of between 3 and 12 months however, this is based on the size and turnover of a council, and we recommend the range appropriate for Fernhurst Parish Council's requirements falls within the level of retained reserve recommended by CIPFA).* We deem this appropriate for the Council's budgeted spending requirements or the 2024-25 financial year.

We note however, that Earmarked Reserve 322, unutilised for a period of three financial years, is removed from the equation, the total general reserve in the amount of £99,846.89 stands at 11.80 months, nearly double the level of retained General Reserve recommended by CIPFA which could call into question the veracity of the Council's Budget Setting and Precept Determination process.

Conclusions and recommendation

INTERIM AND YEAR END REVIEWS

For some time, the Council has operated a 'catch all' earmarked reserve: EMR 322 – Asset Replacement Reserve. This earmarked reserve is managed as a catch all budget, externally from the Council's accounting package Rialtas Alpha, via a spreadsheet which is not an appropriate practice. We have in previous years made recommendations that the Council should formally constitute proper earmarked reserves to accrue for future projects and expenditure, for example for the replacement of playground equipment, the Cemetery Memorial restoration project, etc., We are disappointed to note that once again, this essential tool for budgetary management has not been implemented.

As we have stated on numerous occasions, Earmarked reserves are required to be formally constituted and established for specific projects or expenditure. They are not intended for general use or discretionary spending.

We take this opportunity to advise the Clerk & RFO and Members that the retention of the circa £50,000 funds in EMR 322, which has seen no in-year transactions for a period of three years, as a general projects budget is not appropriate.

We have noted and advised that when the funds held in EMR 322 is returned to the General Reserve, the level of Reserve sits at twice the level of retained Reserve recommended by CiPFA and therefore calls the Council's Budget Setting and Precept determination process into question.

We strongly recommend that the Council now properly and formally constitute appropriate earmarked reserves and manages and reports on those earmarked reserves via its accounting software.

R5 The Clerk & RFO and Members should work to define the earmarked reserves required by the Council during its current Budget setting and Precept determination process. These earmarked reserves should be formally constituted, recorded in the Council's Minutes, and established in Rialtas Alpha.

Thereafter, these should be properly managed and reported on using the accounting software, providing proper reporting in the Council's Income & Expenditure accounts.

Review of Income

In considering the Council's income streams, we aim to ensure that robust systems are in place to ensure that all income due to the Council from its various sources is identified and invoiced in a timely manner and effective procedures are in place to pursue of any outstanding monies due to the Council. To meet this objective, we have:

- Noted that the Council's income is made up of the Precept, Interment and related fees, the New Homes Bonus, CIL monies, S.106 funding, Interest Received, Occasional Grants and VAT reclaims;
- Noted that the non-precept income for the 2024-25 financial year was received as follows:
 - Interest Received £ 3,009.57

- Cemetery Fees £16,560.00
 - Memorial Fees £ 2,820.00
 - Exclusive Rights £ 6,110.00
 - Miscellaneous Income £ 200.00
 - VAT Reclaim £11,369.74
- Checked and agreed all transactions from cashbook receipts for the months of April, May, June, July, August and September 2024, and March 2025 to the current account bank statements and other supporting documentation as noted earlier in this report; and,
 - Reviewed the income records relating to interments and memorials for the financial year to the 30th of September 2024 referring to the current schedule of fees and charges, Nominal Ledger report and the Council's NatWest current account statement, with no matters arising.

Conclusion

There are no matters arising in this area of our review warranting formal comment or recommendation.

Review of Petty Cash Account

The Council does not operate a petty cash account; any "out-of-pocket" expenses incurred being reimbursed by cheque payments authorised in the same manner as other supplier payments.

Conclusion

There are no matters arising in this area of our review warranting formal comment or recommendation.

Review of 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. To meet this objective, by reference to the month of August 2024 detail, we have:

- Noted that the outgoing Clerk & RFO, retired as at the 30th of September 2024. The Clerk was employed at NJC SCP 37 for a 23 hour week, plus variable pay in relation to overtime approved by the Council.
- Noted that the new Clerk & RFO, commenced employment on the 30th of September, at NJC SCP 34 during the probationary period of employment, rising one scale point to NJC SCP 35 upon successful completion of the same. During September the new Clerk & RFO was employed on a 13 hour week, increasing to a 23 hour week from the 1st of October.
- Ensured that the Council has approved staff pay rates for the financial year, where appropriate, and that these have been duly and accurately applied throughout the year;
- Checked the computation of staff member's net pay and salary deductions, noting that the HMRC's free software (PAYE Tools) is utilised "in house" for this purpose;

- Noted that the Council was making payments into the outgoing Clerk & RFO's defined contribution pension scheme which is managed by Sippdeal Trustees;
- Noted that upon completion of the probationary period, the new Clerk & RFO is to be enrolled in the LGPS with West Sussex Pension Fund with staging date from first date of full time employment (the 1st of October 2024);
- Checked to ensure that the appropriate tax code and NIC table has been applied with tax and NI deductions / Council contributions calculated correctly and paid over to HMRC in a timely manner;
- Noted that the Clerk & RFO is in receipt of a formal Pay advice slip produced from HMRC PAYE Tools; and,
- Noted that the new Clerk'/RFO's remuneration has increased in line with the backdated pay award to commencement of her employment.

Conclusions

There are no matters arising in this area of review that warrant formal comment or recommendation.

Review of Fixed Asset Registers

The Governance and Accountability Manual (G&AM) requires all councils to develop and maintain a register of their asset stock. The Clerk has provided an electronic copy of the updated asset register which identifies the make-up of the value recorded in the Annual Return for our examination, which we have undertaken subsequent to our visit.

The Clerk maintains a detailed and robust Asset Register, recording assets at a consistent year on year level, as required by the Governance and Accountability Manual.

We have checked and verified the Council's Fixed Asset Register, having agreed the revised value in-line with the in-year acquisitions and disposals applied and the revaluation of the Asset Register after a physical review of the Council's Assets by the new Clerk & RFO and Council Members, in the amount of £135,146, (*£213,816 prior year now Restated as £133,673*).

We confirm that this value has been correctly recorded in the 2024-25 AGAR Section 2 – Accounting statements at Box 9: Total fixed assets plus long term investments and assets.

Conclusions

There are no matters in this area of review warranting formal comment or recommendation.

Review Investments and Loans

Our aim in this area of review is to ensure that the Council has appropriate investment and borrowing strategies in place and that the most advantageous interest rates are being obtained.

We note that Members originally resolved to adopt an Investment Strategy on the 10th of July 2019 in line with the Government guidance at that time. We further note that this strategy continues to be reviewed by the Clerk & RFO and Members, most recently in February 2025.

As at the 31st of March, the Town Council held the public funds under its management as follows:

Account	Cashbook Number	Reconciled Value as at 31.03.25
NatWest Current Account	CB2	£10,691.70
NatWest Deposit Account	CB3	£11,728.80
NatWest Notice Deposit Account	CB4	£72,637.05
Subtotal		£95,057.55
Financial Services Compensation Scheme		-£85,000.00
NatWest funds at risk		£10,057.55

The Council now holds its funds in a three National Westminster Bank accounts: a Current, Reserve, and Reserve with Notice Account having closed its National Savings & Investments Account during the 2023-24 financial year. We have checked and verified the closing balances against all these accounts as at the 31st of March 2025, against the prime documentation.

The public funds under the Council's management which were not protected by the Government's Financial Services Compensation Scheme (FSCS) have fallen to £10,057.55 as at the 31st of March 2025 (£38,296.89 at 30th of September 2024). The FSCS guarantee provides protection, for organisations with a turnover less than €500,000 protects investments in each institution to a maximum of £85,000.

Finally, in this area of review we note that the Council has no loans owed either by it, or to it.

Conclusion and recommendation

INTERIM REVIEW

Now that the Council has consolidated all its banking with the National Westminster Bank, it has increased the risk of loss, of the public funds under its management, as described above. We strongly suggest that the new Clerk & RFO and Members review this situation, whilst reviewing the Council's own Investment Strategy remembering that the Clerk & RFO and members are required to ensure that all reasonable and proportionate steps are taken to protect the public funds under the Council's Management whilst achieving a reasonable rate of return of any investment.

R6. *The Clerk & RFO and Members should ensure that all reasonable and proportionate steps are taken to protect the public funds under the Council's management whilst achieving a reasonable rate of return on any investment. IN PROGRESS 03.06.25*

Statement of Accounts and Annual Return

The Council's Rialtas Alpha accounting system automatically generates the Management Accounts, Balance Sheet, Trial Balance, Income & Expenditure Accounts and Reserves reports as part of the software's year-end closed down procedure.

We have checked and verified these reports, against prime documentation, and consider that the Council's Accounting reports accurately record the 2024-25 financial year's transactions. The software also generates the detail for inclusion in the year's Annual Return, which we have also verified as being consistent with the accounting and other relevant supporting records.

We have also reviewed the procedures in place for identifying year-end debtors, creditors and accruals and agreed the detailed values recorded in the year-end Balance Sheet to the underlying records with no long-standing unpaid accounts or other issues arising.

Conclusion

We are pleased to record that there are no matters arising in this area of our review warranting formal comment or recommendation and, on the basis of the work undertaken during the course of our review for the year, we have “signed off” the Internal Audit Certificate in the Annual Return assigning positive assurances in all areas.

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NOTE TO REPORT

We confirm that all confidential & sensitive information, supplied for the purposes of this audit including, Personnel Minutes, Payroll and Employment data have been permanently deleted from Auditing Solutions Ltd.’s servers and any printouts made for the purposes of this audit have been destroyed in accordance with the Company’s data and document retention policies and with the prevailing General Data Protection Legislation.

Rec. No.	Recommendations	Response
Review of Corporate Governance		
R7	Several items of business are grouped together under one Minute Reference. As the Minutes are the Legal Record of the Council's Business it is essential that each item of business discussed is individually referenced so that it may be uniquely identified. Henceforth the Clerk & RFO must ensure that each item of business listed under a Minute reference receives a unique Sub-reference. I.e., Minute reference 47(a), (b), (c) etc.	
R8	As the Council has not adopted the General Power of Competence it is required to record the Statutory Power under which it has made all Awards of Donations and Grant Aid but has failed to do so. Henceforth, the Clerk & RFO must ensure that the Statutory Power is recorded for each Award of Grant Aid and Donation made by the Council, remembering that Local Government Act 1972 s.137 is the Power of last resort and may only be used where the Council has the lawful Power to act and no other Statutory Power exists.	
R9	The Clerk & RFO must ensure that each Schedule of Payments is uniquely identified in the Council's Minutes to ensure that there is a full audit trail of all the Council Member's Approvals of payments.	
R10	The https://www.fernhurst-pc.org is still active and is not being updated as the Council's official website: https://www.fernhurst-pc.gov.uk has now been published. The Clerk & RFO should request that GoDaddy, the old site's host, make this a 'Pointer' account, directed to the official website to avoid confusion when members of the public are searching for the Council's official website.	
R1	The Clerk & RFO and Members must ensure that proper attention is afforded to the Council's Statutory Documents: Standing Orders and Financial Regulations, and its portfolio of policies. As previously advised, these should be reviewed at least once annually and readopted by Council Members subsequent to their scrutiny and approval. we have provided the Joint Panel on Accountability and Governance (JPAG) Practitioners Guide 2024 and a template Statement of Internal Controls for the Clerk & RFO's information and ongoing use.	<i>Implemented 03.06.25</i>
R2	We have noted that during the October 2024 meeting of the Full Council, the Clerk & RFO was instructed to review the Council's Statutory and Policy Documents. We advise the Clerk & RFO and Members that the Council should also review which additional policy documents it requires and should ensure that in addition to reviewing and readopting its current Code of Conduct, Investment Strategy and Privacy Policy, it should consider adopting a formal Grants Policy, GDPR / Data Protection Policy, Document retention Policy, Complaints Policy, Vexations Policy, Social Media Policy, Freedom of Information Request Policy.	<i>In progress 03.06.25</i>
Review of Expenditure		
R3	The Clerk & RFO must ensure that all payment documents: invoices & receipts are properly retained on file to provide clear evidence of the legitimacy of any payment transaction made by the Council.	<i>Implemented 03.06.25</i>
Review of Assessment & Management of Risk		

R11	The Council's Risk Register should be expanded to include Health & Safety Risks including Health & Safety Risk assessments for each of the Council's facilities, i.e. Its office, the public toilets, cemetery and Playground. Separate Risk Assessments should also be undertaken for any event organised by the Council.	
R12	We strongly suggest that the Council adopts a Playground Risk Management Policy to ensure that all the Council's playground operations including replacement, repairs and maintenance fall under one area of Internal Control.	
R4	The Clerk & RFO and Members should ensure Best Practice standards are maintained by formally reviewing the Risk Register, at least once annually, with the subsequent Approval and Adoption being recorded in the published Minutes of the corresponding meeting.	<i>Implemented 03.06.25</i>
Review of Budgetary Control and Precept Determination		
R5	The Clerk & RFO and Members should work to define the earmarked reserves required by the Council during its current Budget setting and Precept determination process. These earmarked reserves should be formally constituted, recorded in the Council's Minutes, and established in Rialtas Alpha. Thereafter, these should be properly managed and reported on using the accounting software, providing proper reporting in the Council's Income & Expenditure accounts.	<i>No action taken. Recommendation reinstated.</i>
Review of Investments and loans		
R6	The Clerk & RFO and Members should ensure that all reasonable and proportionate steps are taken to protect the public funds under the Council's management whilst achieving a reasonable rate of return on any investment.	<i>In progress 03.06.25</i>