

15 May 2025

Jane Olds
13 Oak Close
Bicester
Oxfordshire
OX26 3XD
01869 247171
janeolds.parishclerk@gmail.com

2024/25 Internal Audit Report for Great Milton Parish Council

From Jane Olds – Internal Auditor

I reviewed the documents provided and met with the Clerk, Jacqueline Wren, on 23 April via Teams and finalised the information on 15 May.

BASIS OF REPORT

This internal audit report is based upon the Joint Panel on Accountability and Governance (JPAG) Practitioners' Guide in England 2024 publication.

The scope of this internal audit is focused on assessing the effectiveness of the Council's internal controls and was outlined in the original Letter of Engagement. Where any such controls are found to be deficient, the internal audit will help lead to improvement in those processes.

By applying the principles of internal auditing, outlined in the current Accounts and Audit Regulations and applying the approach to internal audit testing outlined above, every effort is made to ensure that all internal audits are conducted with due professional care, integrity and independence. All conclusions derived from the audit are based upon objective and traceable evidence.

Please note: it would be incorrect to view internal audit as the detailed inspection of all records and transactions of the Council in order to detect error or fraud. It is the periodic independent review of a Council's internal controls resulting in an assurance report designed to improve effectiveness and efficiency of the activities and operating procedures under the Council's control. Managing the Council's internal controls should be a day-to-day function of the staff and Councillors and not left for internal audit. (Source: (JPAG) Practitioners' Guide 2024 – Section 4).

Annual Return Section	Process	Findings	Recommendations and actions
A	Bookkeeping Arrangements	Appropriate books of account have been kept throughout the year and are maintained with audit trails.	While accounting records have been kept throughout the year, the resolution to make purchases / transactions must be minuted more effectively.

Annual Return Section	Process	Findings	Recommendations and actions
B	Council's Financial Regulations have been met with regard to expenditure	The Council's Financial Regulations have been met in that authorisations have been given for each level of expenditure. Payments were supported by invoices, and expenditure was approved and VAT appropriately accounted for.	Ensure that all agreements for orders are minuted at Full Council prior to the payment being made.
C	Review of Internal Controls	The Council currently has limited Internal Control provision.	Appoint a Councillor responsible for internal financial control and use a check sheet which should include checks against the minuted agreement for purchase to ensure that the invoice agrees with the minuted cost.
C	Review of Risk Assessment	The Council does not appear to have recorded that it assessed the significant risks to achieving its objectives using their Risk Assessment during the current year.	Ensure that the Risk Assessment is reviewed annually – preferably at the beginning of the Financial Year in order that it can be used as a working document throughout the year. JPAG recommendations should be used (currently starting at 5.89 and criteria 5.97).
D	Budgetary Controls (Precept requirement)	The annual Precept requirement resulted from a budgetary process.	The budget amount (both expected expenditure and expected income) and the Precept amount should be agreed and minuted in order that the final outturn can be confirmed.
D	Budgetary Controls (Budget monitoring)	Progress against the budget was monitored.	Minute the review of the regular budget monitoring.
D	Reserves were appropriate	Reserves required more explanation	A policy should be devised and earmarked reserves allocated.
D	The final outturn is in line with expectations	The final outturn was materially in line with expectations.	No further recommendations.

Annual Return Section	Process	Findings	Recommendations and actions
E	Income controls	Expected income was received and recorded.	Ensure that income is recorded in the minutes.
E	VAT	VAT appears to have been appropriately accounted for.	No further recommendations.
F	Petty cash controls	Petty cash is not operated by the Council.	No further recommendations.
G	Payroll controls	Salaries to the current employee appears to have been paid in accordance with Council approvals and with appropriate deductions applied.	No further recommendations.
H	Asset Controls - all material assets correctly recorded	The current asset register has correctly recorded all material Assets. The correct basis of valuation has been applied.	No further recommendations.
H	Asset Controls - all additions and removals correctly recorded	Additions in the year have been correctly recorded within the Cash Book and Register.	No further recommendations.
H	Asset Controls - all Deeds and Titles established and shown on register?	Deeds and Titles do not appear on the Register.	Establish any titles for land – see below.
H	Investment Registers	No investment register was required.	No further recommendations.
I	Bank Reconciliations	Periodic and year-end reconciliations were properly carried out.	No further recommendations.
J	Accounting Statements	The Accounting Statements prepared during the year were prepared on the correct accounting basis and were supported by an adequate audit trail.	No further recommendations.
K	Limited Assurance Review Exemption	The Council does not meet the exemption criteria.	No further recommendations.
L	Information published on website	The information is available.	However, some documents are provided as photographs and are not accessible to screen readers.

Annual Return Section	Process	Findings	Recommendations and actions
M	Exercise of Public Rights	<p>The Parish Council published the exercise of public rights notice on the noticeboard with the following dates: 18 June to 29 July 2024.</p> <p>It is not clear whether the notice was published on the website.</p> <p>The EA reported that the date of publication was the same as the same day it commenced and was against the Regulations.</p>	<p>The Council will need to take the findings into account when considering Assertion 4.</p> <p>Ensure that the Electors' Rights notice is published before the date of commencement, that the dates are for 30 working days and cover the first ten working days of July.</p>
N	AGAR publication Requirements	It is not possible to know whether the Parish Council complied with the publication requirements for the 2023/24 AGAR. The documents are available, but it is not clear whether they are the final ones.	Ensure the correct documents are published.
O	Trust funds (If applicable) – the Council met its responsibilities as a trustee	The Parish Council does not appear to operate as a trustee.	Further investigation needs to be undertaken to ascertain the Council's status regarding the land ownership.

Transparency Compliance

Process	Criteria	Findings	Recommendations and actions
Review of Internal audit action plan has been considered and actioned?	Good Practice	The Internal Audit had not been reviewed the previous year.	Ensure that the Council fully reviews the Internal Audit.
External Audit recommendations have been considered and actioned.	Good Practice	<p>The Conclusion of Audit report had been received for 23/24 and had been published on the website.</p> <p>Findings:</p>	
		Electors' Rights Announcement date incorrect	See above

Process	Criteria	Findings	Recommendations and actions
		Significant Variances were not explained	Submit the completed variances pro-forma with the documentation.
		The correct 22/23 AGAR was not available on the website at the time of the review.	Ensure that the correct AGAR is published.
		Box 8 Figure incorrect and a rounding error meant Box 7 was not arithmetically correct.	Pay attention to the arithmetic and ensure Box 7 is correct.
		The reserves were too high.	Review the reserves (see below)
		<p>Submission of the AGAR</p> <p>Sections 1 and 2 of the AGAR did not include the minute references, approval dates or relevant signatures.</p> <p>The bank reconciliation was not provided.</p>	Ensure the AGAR is correct prior to submission and use the bank reconciliation pro-forma.
		<p>The IA supporting documentation had not been provided to justify the IA Report's answers. Control Objective I should have been answered 'No'.</p> <p>Objective L should have been covered and Objective O should have been answered 'not applicable'.</p>	Ensure that the IA written report is submitted as part of the supporting papers.

Process	Criteria	Findings	Recommendations and actions
Accounting Statements agreed and reconciled to the Annual Return	Section 2 of the Annual Return is complete and accurate and reconciles to the statement of accounts.	The accounting statements in this annual return present fairly the financial position of the Council and its income and expenditure.	No further recommendations.
Compliance with the Transparency Code	While the Parish Council does not fall in to the criteria for Councils below the £25k threshold, it is good practise for Parish Councils above the threshold to comply.		
Compliance with the Transparency Code	1) Expenditure over £100 is recorded on the Council website and with all information requirements	Not available for last year.	Good practice to publish as a separate document.
Compliance with the Transparency Code	2) Annual Return published on the website	Available on the website, although not possible to ascertain whether it is the correct one.	No further recommendations.
Compliance with the Transparency Code	3) Explanation of significant variances	Not available for last year.	Publish.
Compliance with the Transparency Code	4) Explanation of difference between Box 7 & 8 if applicable	Not applicable.	No further recommendations.
Compliance with the Transparency Code	5) Annual Governance Statement recorded	Available on the website.	No further recommendations.
Compliance with the Transparency Code	6) Internal Audit Report Published	Available on the website.	No further recommendations.
Compliance with the Transparency Code	7) A List of Councillors' responsibilities	Available on the website.	No further recommendations.
Compliance with the Transparency Code	8) Details of Public Land and Building Assets	Not currently available.	Publish the asset register with the Land Registry reference numbers.
Compliance with the Transparency Code	9) Minutes & Agenda	Available on the website.	No further recommendations.

Further Recommendations:

Following the completion of the Internal Audit, the Council should undertake a review of effectiveness as per Regulation 6 of the Accounts and Audit Regulations 2015. A blank form can be supplied.

Training

The Clerk and the Councillors should be encouraged to take up the training offered by OALC and SLCC to increase their knowledge and expand the Clerk's professional development. The Clerk may like to consider ILCA and FILCA or CiLCA (Certificate in Local Council Administration) in the future.

Standing Orders and Financial Regulations

Both the Standing Orders and Financial Regulations are out of date and need a full revision. NALC has recently published updates to both model documents which are available from OALC. Items in bold in the model documents must not be amended. Update of these documents should be completed as a matter of urgency.

The old Standing Orders had an additional section for a scheme of delegation. I recommend that this is removed from the document and a separate policy devised.

Risk Assessment

As mentioned in Point C. above, the Council must assess the significant risks to achieving its objectives annually, but it does not appear that the Risk Assessment was reviewed last year. The new document must cover the financial aspects of Council business – the *Practitioners' Guide* gives comprehensive advice. The Council must consider and assist in completing the document as soon as possible as it is the Council which must take responsibility for this with the Clerk's guidance.

As the Council did not review the document last year, it should consider the response to the Annual Governance statement number 5.

Financial Responsibility

While the Clerk / RFO is responsible for the day-to-day running of the Parish, the Council should be reminded that, as a corporate body, it is the Council which is responsible for financial governance; this responsibility should not be taken lightly.

A Councillor Responsible for Internal Financial Control should be appointed, however, the individual does not have to have a finance background – the key is to be able to follow through process. A check sheet should be provided to help them make the appropriate checks on the accounts. For instance, with the payments, I recommend that the Councillor identifies a number of payments from the bank statement and then follows them back through the Minutes checking the process of paying and agreeing to place the order / undertake the work. The Councillor should also check that any income is recorded.

The Councillor may have access to the bank accounts, but should not authorise payments while they hold the responsibility.

I further recommend that the Minute reference when the Council agreed to place the order / undertake the work is recorded in the payment schedule so that the Council is able to refer back and be satisfied that the correct amount is on the invoice.

Accounts Spreadsheet

I note that the accounts spreadsheet has been developed by an external person and any changes must be made by this person. I would suggest that, while the system is currently working, the Council should consider the provision and should have the ability to manage the updates independently.

Reserves

I noted that the Council had fairly significant reserves and that the External Auditor had also raised this in last year's report. Much of the funds were not currently earmarked for specific projects. I strongly recommend that much of the general reserve is allocated to earmarked reserves as, moving forward, the Council could find it difficult to justify the Precept with the current levels. Advice on allocating reserves is published in the *Practitioners Guide*.

The reserves should be reviewed annually.

Assets

While the assets are recorded on the Asset Register, the Land Registry details of the land owned by the Council is not included. Some of the land which the Council is responsible for may not even be recorded with the Land Registry, which is a government requirement. Guidance is available:

<https://www.gov.uk/registering-land-or-property-with-land-registry>

Banking

I understand that the Council has recently reviewed the banking provision and will be moving to Unity Bank shortly. I recommend that the Council applies for a debit card or charge card on the bank account in the Clerk/ RFO's name in order that items such as Microsoft 365, anti-virus software and other items can be bought in the Parish's name without the need to resort to the Clerk or another Councillor having to use their personal accounts. With the appropriate safeguards and procedures this would be acceptable.

Staff Appraisal / Employment

The Clerk is employed by the Council and the Council, therefore, should be mindful that it is, as a corporate body, an employer. I recommend that the Council form a staffing committee, of at least three members, which is able to perform an annual review of the Clerk's employment. Employment training provided by OALC should be undertaken.

The Council should ensure that it is registered with the Pensions Regulator.

Civility and Respect Pledge

I noted that the Council has not yet signed up to the Civility and Respect pledge. This has been developed by NALC, SLCC and One Voice Wales. It is designed as a starting point to encourage all Councils – regardless of size – to be civil and respectful to all, but it also has advice and assistance which can be used should any member fall short of the pledge. While the current Council is well-run and amicable, it is not known what will happen in the future.

Provision of Equipment

The Council has provided the Clerk with a laptop computer. I recommend that an amount is set aside in the reserves for the purchase of a replacement as the need arises.

A removable external hard drive to take separate backups of the Council's data is also recommended.

I further recommend that the Council considers providing the Clerk with a mobile smartphone in order that her personal numbers are not publicly available and all two factor authentication needs can be contained on council-owned equipment.

Conclusion

The above are recommendations to help the Council improve its processes and in no way detract from the work it, and the Clerk, has started to do.

Great Milton Parish Council Precept for the year 24/25 was set at £22,148.

In general, I believe that the Council now has competent arrangements in place to satisfy itself that its systems of internal financial control are transparent and effective. There are approval and authorisation controls to minimise risk. The audit and management trail for financial transactions is good.

This report should be noted and taken to the next meeting of the Council for minuting to inform them of the Internal Audit work carried out.

I hope that this report is of help to the Council. If you would like any further assistance or clarification, please do contact me.

Jane Olds

Jane Olds
Internal Auditor