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2023/24 Internal Audit Report for Shipton under Wychwood Parish Council

From Jane Olds – Internal Auditor

I reviewed the documents provided and met with the Clerk, Zoe Thornburgh, on 31 May via Zoom and finalised the information on 2 June.

BASIS OF REPORT

This internal audit report is based upon the Joint Panel on Accountability and Governance (JPAG) Practitioners' Guide in England 2023 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 2023 – Section 4).

Annual Return Section	Process	Findings	Recommendations and actions
A	Bookkeeping Arrangements	Appropriate books of account have been kept properly throughout the year and are well maintained with sound audit trails.	No further recommendations.

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 appropriate authorisations have been given for each level of expenditure. Payments were supported by invoices, and expenditure was approved and VAT appropriately accounted for.	No further recommendations.
C	Review of Internal Controls	The Council has adequate Internal Control provision including a policy and Councillors were taking it in turns to be Responsible for Internal Financial Control.	Ensure that this is maintained. An individual Councillor who maintains the checks would be advisable.
C	Review of Risk Assessment	The Council has assessed the significant risks to achieving its objectives using their Risk Assessment; the document was adopted at a meeting on 17 July 2023 and has been published.	Ensure that the Risk Assessment is reviewed annually.
D	Budgetary Controls (Precept requirement)	The annual Precept requirement resulted from an adequate budgetary process.	Ensure that both the budget and Precept are minuted separately.
D	Budgetary Controls (Budget monitoring)	Progress against the budget was monitored.	Ensure that a budget monitoring report is provided at least quarterly.
D	Reserves were appropriate	Reserves were accounted for.	See below.
D	The final outturn is in line with expectations	The final outturn was materially in line with expectations.	No further recommendations.
E	Income controls	Expected income was fully received and properly recorded.	No further recommendations.
E	VAT	VAT had been appropriately accounted for.	No further recommendations.
F	Petty cash controls	Petty cash is not operated by the Council.	No further recommendations.

Annual Return Section	Process	Findings	Recommendations and actions
G	Payroll controls	Salaries to employees were paid in accordance with Council approvals.	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 and removals 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 are not available on the Register.	Publish the title numbers on the Asset Register.
H	Investment Registers	No register or strategy was available.	An investment register and strategy should be devised as the Council holds more than £100,000.
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.	Publish all non-confidential papers for consideration at meetings on the website.
M	Exercise of Public Rights	The Parish Council published the exercise of public rights notice on the website and noticeboard with the following dates: 16 June to 28 July 2023. This is one day too many.	The dates should be for 30 working days and cover the first ten working days of July. A calculator spreadsheet has been provided to assist.
N	AGAR publication Requirements	The Parish Council complied with the publication requirements for the 2022/23 AGAR.	No further recommendations.

Annual Return Section	Process	Findings	Recommendations and actions
O	Trust funds (If applicable) – the Council met its responsibilities as a trustee	The Parish Council operates as a Trustee for one external body. Returns are filed.	No further recommendations.

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 been reviewed the previous year.	Ensure that the review is minuted.
External Audit recommendations have been considered and actioned.	Good Practice	The Conclusion of Audit report had been received for 22/23 and had been published on the website.	
		Findings: Public rights for last year was for 31 days. The 2022 figures in Section 2 should have included the words 'restated'. Ensure that variances are more detailed	Ensure more attention to detail this year.
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.		

Process	Criteria	Findings	Recommendations and actions
Compliance with the Transparency Code	1) Expenditure over £100 is recorded on the Council website and with all information requirements	Available in the minutes.	No further recommendations.
Compliance with the Transparency Code	2) Annual Return published on the website	Available on the website.	No further recommendations.
Compliance with the Transparency Code	3) Explanation of significant variances	Not currently available.	Publish as part of the year end documentation.
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	Partly available on the asset register.	Establish full details of land.
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 Council should be congratulated on the training recently undertaken. I continue to recommend including a regular agenda item for training. For the Council to attend OALC's regular Councillor forum and for the Clerk to attend SLCC events and training.

Burials

As the Council has taken on responsibility for burials, I recommend that the Council considers membership of the ICCM (Institute of Cemetery and Crematorium Management - <https://www.iccm-uk.com/iccm/>) to assist the Clerk with any queries which may arise.

Payments

While some agreements to purchase were well documented in the Minutes (such as the purchase of the bin and the Bowls Club contribution), there were some items which it was not possible to ascertain. More care must be taken to ensure that the Council formally resolves to agree items for purchase – such as the Christmas Tree which was not clear from the Minute reference 2023/010 Item 11; this had neither the mention of the tree, the contractor or the price.

As per your Financial Regulations, I recommend creation of a payment schedule which includes the following columns:

Payment Method	Payee and reason	Budget	Minute Ref	Net Payment	Payment inc VAT

This will ensure that the minute reference when the Council resolved to agree to undertake the work is included and will enable the Council to be able to check the amounts previously agreed for accuracy.

Reserves and investments

The Council had earmarked some of the reserves, but I recommend that further consideration be given to the levels as the Council could still find it difficult to justify the Precept with the current levels. Advice on allocating reserves is published in the Joint Practitioners Guide (from section 5.31).

A policy giving an explanation would be beneficial.

As the Council holds more than £100,000, an investment strategy should be developed (see Practitioners' Guide sections 1.11 and 5.29). The SLCC has a model document which could be used as a basis for a policy.

IT Equipment

I noted that the Council had purchased a new laptop for the Clerk. The Council should also consider providing the Clerk with a mobile smartphone in order that her personal numbers are not publicly available, and all 2 factor authentication needs can be contained on Parish Council-owned equipment.

Gov.uk domains

The current domain name is a .org domain. The Cabinet Office is currently promoting the adoption of .gov.uk domain names for all parish and town councils. According to Nominet, the UK registrar, .co.uk is for companies and .org / .org.uk is for charities, neither of which, the Parish Council could be considered.

The Smaller Helper Domain Service was created by the Cabinet Office to help parish and town councils transfer over to .gov.uk and currently has a grant of £100 to pay for the first year's domain registration. As the current website is a number of years old, and the provision should be reviewed anyway, I recommend that a review of the website provision is undertaken and consideration given to the transfer to a .gov.uk domain. More information about the project can be found at <https://www.slcc.co.uk/funding-2024-25-moving-to-a-gov-uk-domain/>

Councillor Email Accounts

As part of GDPR, it is recommended that all Councillors should use the email addresses provided for them by the Council and gmail accounts should not be used (see the Practitioners' Gude section 5.210).

The Council (as well as the Clerk) should be aware of its responsibilities regarding GDPR. I recommend that all Councillors regularly refresh their understanding using the GDPR awareness checklist which is available in the Advice section of the SLCC website.

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 already done.

I have noted that many of the actions which I recommended last year have been completed; the Clerk and Council should be commended for this.

Shipton under Wychwood Parish Council has an electorate in the region of 1,157 and the Precept for the year 23/24 was set at £38,847.

In general, I believe that the Council 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