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## 2024/25 Internal Audit Report for Minster Lovell Parish Council

From Jane Olds – Internal Auditor

I reviewed the documents provided and met with the Clerk, Vanessa Oliveri, on 27 May via Teams and finalised the information on 8 June.

### **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).

<b>Annual Return Section</b>	<b>Process</b>	<b>Findings</b>	<b>Recommendations and actions</b>
A	Bookkeeping Arrangements	Appropriate books of account have been kept properly throughout the year and are maintained with audit trails using Scribe Accounting.	Include invoices as supporting documentation in the Accounting System.

<b>Annual Return Section</b>	<b>Process</b>	<b>Findings</b>	<b>Recommendations and actions</b>
B	Council's Financial Regulations have been met with regard to expenditure	<p>The Council's Financial Regulations have been met in that appropriate authorisations have been given for each level of expenditure.</p> <p>Payments were supported by invoices, and expenditure was approved and VAT appropriately accounted for.</p>	<p>Ensure that all agreements for orders are fully minuted at Full Council prior to the payment being made including the name of the provider and the amount agreed.</p> <p>The play park minuted agreement had no record of the expected expenditure.</p>
C	Review of Internal Controls	The Council had adequate Internal Control provision during the year.	I recommend adoption of an Internal Controls policy. A new Councillor Responsible for Internal Financial Control should be appointed.
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 19 August 2024 and has been published.	Ensure that the Risk Assessment is reviewed annually and that the website version is dated.
D	Budgetary Controls (Precept requirement)	The annual Precept requirement resulted from a budgetary process.	Ensure that the budget amount (both expected expenditure and income) and the Precept amount is agreed and minuted at a Full Council meeting.
D	Budgetary Controls (Budget monitoring)	Progress against the budget was monitored and minuted regularly.	No further recommendations.
D	Reserves were appropriate	Reserves were adequately accounted for.	Devise a policy to explain the reserves.
D	The final outturn is in line with expectations	The 24/25 budget did not appear to include the anticipated expenditure for the play park project.	<p>Ensure that all anticipated expenditure and income is included in future budgets.</p> <p>Publish the budget.</p>
E	Income controls	Expected income was received and properly recorded.	No further recommendations.

<b>Annual Return Section</b>	<b>Process</b>	<b>Findings</b>	<b>Recommendations and actions</b>
E	VAT	VAT had been accounted for. However, due to the amount of VAT incurred this year, the reclaim should have been completed quickly.	Devise a policy for VAT reclaim if over a certain amount.
F	Petty cash controls	Petty cash is not operated by the Council.	No further recommendations.
G	Payroll controls	Salaries to employees were paid in accordance with Council approvals and with appropriate deductions applied.	No further recommendations.
H	Asset Controls - all material assets correctly recorded	The current spreadsheet asset register has recorded all material Assets. The correct basis of valuation has been applied.	The date of purchase and price should also included on the Register where possible.
H	Asset Controls - all additions and removals correctly recorded	Additions in the year have been recorded within the Cash Book and Register.	Ensure that each item of play park equipment is fully itemised on the Register and that Scribe is updated.
H	Asset Controls - all Deeds and Titles established and shown on register?	No Deeds and Titles were available.	Take advice on how to establish the information.
H	Investment Registers	No investment register was required.	No further recommendations.
I	Bank Reconciliations	Periodic and year-end reconciliations were carried out.	Ensure that reconciliations are completed for each meeting.
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.	Ensure that accompanying documents are also published.

<b>Annual Return Section</b>	<b>Process</b>	<b>Findings</b>	<b>Recommendations and actions</b>
M	Exercise of Public Rights	The Parish Council published the exercise of public rights notice on the website and noticeboard with the following dates: 1 July to 9 August 2024.	No further recommendations.
N	AGAR publication Requirements	The Parish Council complied with the publication requirements for the 2023/24 AGAR.	No further recommendations.
O	Trust funds (If applicable) – the Council met its responsibilities as a trustee	The Parish Council does not operate as a trustee.	No further recommendations.

### Transparency Compliance

<b>Process</b>	<b>Criteria</b>	<b>Findings</b>	<b>Recommendations and actions</b>
Review of Internal audit action plan has been considered and actioned?	Good Practice	The Internal Audit had been reviewed the previous year.	No further recommendations.
External Audit recommendations have been considered and actioned.	Good Practice	The Conclusion of Audit report had been received for 23/24, receipt minuted, and had been published on the website.  Findings:  Rounding errors in boxes 1-6 – ensure mathematically correct.	Ensure that the Accounting Statements are mathematically correct.
		Insufficient supporting information provided initially.	Provide information requested.
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 the financial position of the Council and its income and expenditure.	No further recommendations.

Process	Criteria	Findings	Recommendations and actions
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	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 on the website.	Publish on the website.
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	Assets list available on the website. More detail needed on the land registry numbers.	No further recommendations.
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 taking her education further by looking at the Level 4 Community Governance course or attendance at SLCC conferences and branch meetings.

## **Financial Regulations and Standing Orders**

Updates have been provided by NALC for both the Financial Regulations and Standing Orders to reflect the 2023 Procurement Act which should be taken into account when revising the documents.

## **Asset Register**

Ensure that the newly-installed play equipment is itemised individually on the Asset Register. The Asset Register should also record the date of purchase and the purchase price as well as an insurance value. As recommended in the Practitioners' Guide, the asset register value is usually the recorded purchase price.

## **Scheme of Delegation**

I recommend that the Council adopts a scheme of delegation in order that the Clerk is able to act on behalf of the Council under certain circumstances. There is a model document available on the advice section of the SLCC website.

## **Financial Reserves**

Now that the play area has been completed, I recommend reviewing the reserves and creating a Reserves Policy.

## **Banking and Debit Card**

I noted that the banking provision is now reviewed annually. I recommend that the Council considers a debit card for use by the Clerk. With the appropriate safeguards including a debit card use policy and a scheme of delegation, this would be acceptable.

## **Allotments**

I note that the Council is responsible for allotments. I recommend that the Council joins the National Allotment Society; the Clerk may also find it helpful to attend allotment webinars provided by SLCC.

## **Website and Email Accounts**

As mentioned above, while the Transparency Code does not apply to the Council, it is recommended that the Council complies as much as possible. With this in mind, I recommend publishing meeting documents (such as draft papers and finance reports) which accompany the agenda on the website.

It was good to see that some of the councillor email accounts were in operation. The Council should be reminded that in order to comply with the Information Commissioner's recommendations, all councillors should use the email accounts provided by the Council to ensure that the Council complies with GDPR.

## **Councillor Resignations**

The Council should note that Councillor resignations take effect on receipt of the letter from the Councillor to the Chair. A member cannot give notice of resignation.

## **Document Management**

I recommend that the Council adopts a document retention and disposal policy and reviews the documents in its possession. It may be that old minute books and AGARs can be deposited with the County Records Office.

## **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.

Minster Lovell Parish Council has an electorate in the region of 1339 and the Precept for the year 24/25 was set at £43,363.

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.

For information, I have now undertaken four reviews of the Parish Council and I recommend that the Council fully reviews the internal audit provision for the year 2025/26.

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