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

2024/25 Internal Audit Report for Hinton Waldrist Parish Council

From Jane Olds – Internal Auditor

I reviewed the documents provided and met with the Clerk, Allison Leigh, on 19 March via Teams and finalised the information on 12 April.

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 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 had limited Internal Control provision.	Adopt a policy for Internal Financial Control and appoint a Councillor who should check all processes against the policy at least three times a year.
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 24 March 2025 and will be published.	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.
D	Budgetary Controls (Precept requirement)	The annual Precept requirement resulted from an adequate budgetary process.	No further recommendations.
D	Budgetary Controls (Budget monitoring)	Progress against the budget was monitored and minuted regularly.	No further recommendations.
D	Reserves were appropriate	Reserves were accounted for.	While the reserves were accounted for, they were extremely limited. See below for further recommendations.
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 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	No additions or removals have been made.	No further recommendations.
H	Asset Controls - all Deeds and Titles established and shown on register?	None required.	No further recommendations.
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 meets the exemption criteria.	No further recommendations.
L	Information published on website	The information is available.	The website functionality is limited. The provider should consider further updates for ease of use.
M	Exercise of Public Rights	The Parish Council published the exercise of public rights notice on the website and noticeboard with the following dates: 27 June to 7 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.

Annual Return Section	Process	Findings	Recommendations and actions
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

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.	No further recommendations.
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	As the Parish falls into the criteria for Councils below the £25k threshold, it must conform to the criteria and publish the items below.		
Compliance with the Transparency Code	1) Expenditure over £100 is recorded on the Council website and with all information requirements	Available on the website.	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	Available on the website.	No further recommendations.
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.

Process	Criteria	Findings	Recommendations and actions
Compliance with the Transparency Code	8) Details of Public Land and Building Assets	Not applicable.	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. I recommend maintaining the inclusion of a regular agenda item and budget for training.

Standing Orders and Financial Regulations

It was noted that both documents were now available and had been updated.

Employment

It must be acknowledged that the Council is an employer and as such, has a duty to provide the staff (the Clerk) with the relevant documentation including a written statement of particulars – as mentioned in the previous audit. I strongly recommend that the Council forms a Staffing Committee to consider the Contract for the Clerk using the model provided by NALC / SLCC. The Staffing Committee should also be responsible for arranging the Clerk's annual appraisal.

The Council should acknowledge that the Clerk should be considered one of the major assets. I noted that the Clerk is only employed for 2 hours a week – even for the smallest of councils, this is an unusually small number of hours and cannot take into account the work involved or the requirement for paid annual leave. Advice should be taken from OALC on the number of hours appropriate for a Council of this size. The Clerk's salary scale point could also be reconsidered due to her experience in the sector.

Financial Management

I note that the Council did consider the previous Internal Auditor's recommendation of a debit card last year and that following deliberation, the Council rejected it due to the costs involved in having a card on the Council's bank account. However, the Clerk should not use her own card (in effect 'bankrolling' the Council) for items such as the monthly 'phone charge, replacement defibrillator pads or the Microsoft Office expenditure. The Council should reconsider the decision or look at alternative provision.

Reserves

I recommend that the Parish considers the earmarked reserves and agrees to adopt a full Reserves Policy which should be reviewed annually. Guidance can be found in the latest edition of the *Practitioners' Guide*.

As recommended by the previous Internal Auditor, the Council should consider further the earmarking of reserves for future asset replacement including a laptop, mobile telephone, defibrillator or street furniture.

Grants

I note that the Council awards a small number of grants to the community. In order to be open and transparent, I recommend adopting a simple grants awarding policy.

Website

The Council should be congratulated on adopting a gov.uk domain name and engaging a sector-led website provider. I found it difficult to find some documents, including the Standing Orders and Financial Regulations, and the Council may wish to give some feedback to the provider on the ‘topic’ headings together with a request for telephone, as well as email, support.

Councillor Co-option

I recommend that the Council adopts a co-option / vacancy procedure in order that the process from initial resignation to formal co-option is understood by all.

Electorate Observation

I note that the Council electorate is one of the smallest in the county. The Council may like to consider whether it is able to make a difference to its community with such a small electorate or whether it would be appropriate to ask the District Council for a Community Governance Review.

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.

Hinton Waldrist Parish Council has an electorate in the region of 280 and the Precept for the year 24/25 was set at £4,400.

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