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Milton Under Wychwood Parish Council
Internal Audit Report

Financial Year Ending 31st March 2025

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Statement of Responsibility

1.1 Background

The Accounts and Audit Regulations 2015; 5 (1) require a relevant authority to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.' The Governance and Accountability Practitioners Guide is regarded as the 'non-statutory' guidance referred to within the above act. A copy of the guide is available from the National Association of Local Councils website. Smaller authorities in England must complete an Annual Return and an Annual Governance Statement to the public. The Annual Return must be submitted to the external auditor within the statutory deadline of 30 June.

1.2 Purpose of Internal Audit

Internal auditing is an independent, objective assurance activity designed to improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. Internal auditing tests the continuing existence and adequacy of the authority's internal controls. The internal audit function must be independent from the management of the financial controls and procedures of the authority which are the subject of review. The person or persons carrying out internal audit must be competent to carry out the role in a way that meets the business needs of the authority. It results in an annual assurance report to members designed to improve effectiveness and efficiency of the activities and operating procedures under the authority's control. Managing the authority's internal controls is a day-to-day function of the authority's staff and management, and not the responsibility of internal audit.

1.3 Responsibility

The internal audit work was undertaken in accordance with the agreed scope of assignment and in accordance with the letter of engagement. The council as a corporate body is responsible for ensuring that council business is conducted in accordance with the law, regulations and proper practices and that public money is safeguarded and properly accounted for. This report and findings are based on the information that was made available during the course of the audit. The matters raised in this report should not be read as a comprehensive statement of all the weaknesses identified or all improvements to be made. Internal Audit work should not be relied upon to identify all circumstances of fraud and irregularity, should there be any. Internal audit does not involve the detailed inspection of all records and transactions of an authority in order to detect error or fraud.

1.4 Our Objectives & Programme of Work

Our work during the audit has enabled us to reach the judgements on the internal control objectives in the Annual Internal Audit Report which forms part of the Councils Annual Governance and Accountability Return [AGAR] on whether, in all significant aspects, the control objectives were being achieved throughout the year to an adequate standard. Negative responses (if any) are supported by the findings in the internal audit report. Where the response is negative, the council is required to explain to the external auditor the corrective action being taken to address the weaknesses in the control identified. The Internal audit report should inform the authority's responses to Assertions 2 and 6 in the Annual Governance Statement that forms part of the Annual Governance and Accountability Return [AGAR]. This internal audit report should therefore be made available to support and inform members considering the authority's approval of the annual governance statement.

The Council

1.1 Milton Under Wychwood Parish Council

Milton Under Wychwood is a large village bordering two other villages in the Cotswold. The parish council is the first tier of local government and comprises of a total of eight members. West Oxfordshire District Council and Oxfordshire County Council represent the other tiers of local government covering the Parish area. Council meetings take place monthly and Finance committee meetings take place periodically.

1.2 The council is made up of eight councillors and the recent elections were held in May 2024. The administration team comprises of a part-time Clerk, RFO and a Lengthsman.

1.3 The Councils precept for the 2023/2024 financial year was £52,000.

1.4 We are informed that the councils areas of responsibilities include:

- Maintenance of the Village Green
- Cemetery Management
- Play Area
- Sole Management Trustee of the Allotments
- Sole Trustee of the Milton Under Wychwood Recreational Ground

1.5 We would like to thank the RFO Mr Chris Trotman for all his help and assistance during the audit.

Internal Audit Findings and Recommendations

Accounting Records

Internal Control Objective A: Appropriate accounting records have been kept properly throughout the year.

Aim: To provide assurance that the books of account have been properly kept throughout the year and that data input controls are accurate.

Internal Audit Testing	Compliance	Comments / Recommendations
Has the council appointed a Responsible Financial Officer (RFO)?	Yes	The council must appoint an officer to oversee the financial management of the authority in accordance with section 151 of the Local Government Act 1972. Cllr Chris Trotman initially filled the role of Responsible Financial Officer on a voluntary basis. However, during the meeting on 19th July 2023, this position was officially confirmed as a permanent role within the council (minute reference 6). A contract of employment was found to be in place for the post-holder and was issued on 01st October 2024.
Has the Responsible Financial Officer (RFO) determined a form of accounting and supporting records which have been maintained throughout the year?	Yes	The cash book serves as the central element for daily accounting activities, including balancing and reconciling with the bank statement, and it continues to be the primary control mechanism within the accounting system. The accounts are managed using an Excel spreadsheet by the Responsible Financial Officer (RFO). The cashbook was found to be up to date and including all income and expenditure transactions on individual spreadsheets for each month.
Do the accounting records contain entries from day to day of all sums of money received and expended by the council? Is the arithmetic correct?	See findings	A sample of invoices were reviewed against the cashbook data to confirm data input accuracy. Some issues were identified from the sample selected for audit. The refund transactions were incorrectly classified as income during the month of January and February. Where the council receives a valid refund for an expense documented in the cashbook, it is essential to record the refund in the cashbook as a credit to offset the previously recorded expenditure.
Do the previous year's annual return figures agree with the current year's opening balances in the cash book? **Review the rolled over figure at 01st April.*	See comments	In our last year internal audit report, we recommended that the opening balances and running totals of income and expenditure be recorded in the monthly spreadsheets. The figure recorded in box 7 at 31st March 2024 was recorded as £70,308 and this figure was found to be recorded in the quarter 1 statement.
Internal Audit Response:		**Yes**

Payment Controls [Standing Orders – Financial Regulations – Expenditure Testing & VAT]

Internal Control Objective B: This smaller authority met its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.

Aim: To provide assurance that Standing Orders, Financial Regulations and Appropriate payment controls (payments supported by invoices, expenditure is approved, VAT is correctly accounted for) are in place and are followed

Internal Audit Testing	Compliance	Comments / Recommendations
Has the Council adopted the Standing Orders and are these in accordance with the latest NALC model?	Yes	The Standing Orders are based on the model issued by the National Association of local councils. These were last reviewed and on 17/05/2024 (minute item 24/012)
Has the Council adopted Financial Regulations and are these up to date with the latest NALC Model? And tailored to the Council?	Yes	The Financial Regulations were adopted at the council meeting held on 17th May 2024 and are based on the latest model of Financial Regulations issued by the National Association of Local Councils (minute item 24/012).
Are there procedures for formal tenders and quotes consistent with the Standing Orders and Financial Regulations?	No	The Financial Regulations based on the latest model include the changes to contracts exceeding £30,000 as per requirements of the Public Contracts Regulations 2015. The Standing orders have not reflected this value following our recommendation in last year's internal audit report. **RECOMMENDATION 1:** **That the value for formal tenders in the Standing Orders be updated to £30,000 including VAT following changes by Government, see link:** **https://www.legislation.gov.uk/uksi/2022/1390/made**
Are all payments listed in the cashbook supported by invoices, authorised and minuted in accordance with the Financial Regs? Certification of an account stamp used?	Yes	Payments documented in the cashbook were backed by an invoice, and a certificate stamp was utilized to indicate the authorization and payment date. There was evidence found in the minutes and supporting documents setting out the payments made under the Clerks delegated authority and payments held back for council approval. It is noted that the Financial Regulations have been updated to allow the Clerk to make payments up to the value of £500 and subject to the payments being reported as part of the following payments schedule reported to the next meeting of the council.

Does the council have any direct debits or Standing Orders in place? Have these been reviewed in accordance with the Financial Regulations? Is there an authorised list of continuing contracts and obligations (FR 5.6)? Does the council operate with a Charge Card?	See findings	Financial Regulation 6.6 sets out that the RFO may draw up a schedule of regular payments due in relation to a continuing contract or obligation (such as Salaries, PAYE, National Insurance, pension contributions, rent, rates, regular maintenance contracts and similar items), which the council {or a duly delegated committee} may authorise in advance for the year. A review of the annual council minutes found that council have authorised payments in relation to the continuing contracts and obligations: • Salaries - contract HMRC • DD Pension contributions • contract Big bin emptying • DD Small bin emptying • DD CAA Payroll – contract <u>Direct Debits</u> No evidence could be found of any formal review of direct debits and standing orders. Financial Regulation 7.9 requires the approval for the use of a direct debit to be renewed by the council at least once every two years. <u>Standing Orders</u> No evidence could be found of any formal review of Standing Order payments. <u>Subscriptions</u> It is noted that the council approved the payment of subscriptions at the annual council meeting in May (minute item 24/015): • Monthly bank charges - £8.00 • Wordpress (village website) - £35.99 • Fasthosts (village domain) - £19.19 • Parish Online - £100.00 • Town and Parish web hosts £300.00 • Google storage - £15.99 • OALC annual membership - £398.52 <u>Credit Card / Charge Card</u> The council does not have a credit or charge card; however, it does have a debit card associated with the primary current account. The highest transaction made on the visa debit card amounted to £507.52 in May 2024, which was spent on alcoholic beverages for the Parish Meeting. Despite Financial Regulation 9.1 indicating that "Any Debit Card issued for use will be specifically restricted to the Clerk and the RFO and will also be restricted to a single transaction maximum value of £500

		unless authorised by council or finance committee in writing before any order is placed," we found that this transaction exceeded the limit established by the Financial Regulations. Additionally, we found that there was no payment authorisation available to confirm that the council approved the purchase. Consequently, in the absence of this documentation, it is probable that the purchase was sanctioned under delegated authority. It raises concerns about whether this transaction provided the best value for money and complied with Financial Regulation 5.2 which requires the Responsible Financial Officer to verify the legality of the proposed purchase and the legal authority being invoked prior to the transaction. It is noted that the council approved this payment as part of the payment schedule reported to Full Council.
Is there a segregation of duties between writing cheques and/or setting up online payments and physical release of payments? Do the instructions for the payment of invoices comply with the Financial Regulations?	Yes	<u>Cheque Payments</u> The RFO has confirmed that the council does not operate with cheque payments. <u>Online Payments</u> These remain unchanged since the prior year. All payments are made via bank transfer with dual authorisation in place as confirmed by the RFO.
Is VAT correctly recorded in the cashbook and linked to invoices? VAT evidence, recording and reclaim?	See Findings	A sample of invoices were reviewed to verify that the VAT was linked to the cashbook. No issues were identified from the sample selected for audit. <u>VAT Reclaim</u> A discussion took place with the RFO regarding the VAT reclaim process. The RFO explained that in the past, VAT reclaims were submitted online to HMRC, but there have been complications with the login and access information associated with a mobile phone number belonging to a former employee. In our previous year's audit report, we noted that the most recent reclaim related to the period from 01st April 2022, to 31st December 2022. It is recommended that the council address the access and login issues and ensure that the VAT reclaims are up to date. **RECOMMENDATION 2:** **That the council follows-up on the VAT access/login issues and ensure that the VAT reclaims are up to date.**
Internal Audit Response:		**Yes**

Risk Management

Internal Control Objective C: This smaller authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.

Aim: To obtain assurance that risk management arrangements are adequate to manage all identified risks.

Internal Audit Testing	Compliance	Comments / Recommendations
Has an annual risk assessment been carried out? Does this include all financial and non-financial risks? **To be formally adopted at least annually*?	Yes	Risks are uncertain events or conditions (not just financial) that if they occur, they will affect the authority's ability to achieve its objectives. The council as a corporate body and members individually are responsible for risk management. The council remains focused on managing the ten primary risks that could affect the organisation. However, risks should not be limited to just these top ten risks. Our review found that whilst the risk register includes a column for impact or consequences, it lacks a risk rating matrix to clarify how the risk levels are determined. Additionally, we found that the some identified risks did not take into account the existing controls designed to mitigate these risks, nor did they consider supplementary controls with time-sensitive measures aimed at minimizing potential impacts. For example, the risk associated with loss of the Clerk or RFO does not mention a business continuity plan or a password list that could be utilized in the event of a Clerk's or RFO's absence or loss or other control measurers for example, the council appointing a member to temporarily undertake the role of an officer in accordance with section 112 (5) of the Local Government Act 1972. **RECOMMENDATION 3:** **That the council makes improvements to the risk register by incorporating a risk matrix and evaluating both existing controls and any additional measures needed for effective risk management. For further information on risk management, please refer to the Governance and Accountability Practitioners Guide.**
Is there appropriate arrangements in place for the monitoring of play areas, open spaces and sports pitches?	See findings	<u>Play Equipment</u> The council continues to conduct annual play area equipment inspections by a qualified inspector. Visual checks are periodically carried out by councillors. <u>Open Spaces & Football Pitch</u> Monitoring is in place with the Sports Association who are responsible for pitch marking and supervising on a contract agreement.

Is there appropriate levels of cover in place for land, buildings, public, employers' and hirers (where applicable) liability, fidelity / employees (including councillors) liability, business interruption and cyber security?	Yes	The councils long-term agreement with Zurich expires on the 01st August 2025. The insurance cover was in place and renewed to cover the period of 01/08/2024-31/07/2025. No changes have been made to the policy and adequate cover was found to be in place for employers liability, public liability, fidelity guarantee, asset replacement, legal expenses and personal accident. **RECOMMENDATION 4:** **That the council carries out a competitive tendering exercise for the renewal of the insurance and explores the possibility of entering into a long-term agreement with the new insurance provider, which could offer the best value for money.**
Has the council carried out a review of the effectiveness of internal controls?	No	Regulation 6 of the Accounts and Audit Regulations 2015 requires the council to conduct each financial year a review of the effectiveness of the system of internal control. The review assists the council to respond to the Annual Governance Statement, Assertion two which states that: • *We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.* Due to the lack of Finance committee minutes available on the website, our limited testing in this area did not find any evidence of a review of the internal control checks. It appears that the recommendation from our last year internal audit report remains unaddressed. **RECOMMENDATION 5:** **That the council carries out a review of the effectiveness of internal controls to part comply with the Annual Governance Statement assertion 2. The outcome of the review should be formally recorded in the council minutes with any proposed actions resolved by the meeting.**
GDPR and back-up data? Is there a password list and business continuity plan?	See Findings	<u>GDPR Policies</u> The council continues to have one GDPR policy adopted which was available on the website. In our last year internal audit report we had recommended that a review of GDPR policies be carried out using the template policies available from the Society of Local Council Clerks or the National Association of Local Councils. This recommendation remains unaddressed. **RECOMMENDATION 6:** **That a review of the GDPR policies be carried out and that relevant GDPR policies be adopted using the template policies and checklist available from the Society of Local Council Clerks or the National Association of Local Councils.**

		Back-up Data A review of the risk register evidenced that the data is backed up on regular intervals. This does not detail if this is backed up on a hard-drive and where that hard-drive is located or if arrangements are made for cloud based back-ups. **RECOMMENDATION 7:** **That a review of the back-up data arrangements is carried out and that the risk register be updated accordingly.**
Internal Audit Response:		**No – due to no evidence relating to the review of the effectiveness of internal controls**

Budgetary Controls And Financial Health

Internal Control Objective D: The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.

Aim: Verify the annual precept request is the result of a proper budget process, that budget progress has been regularly monitored and the Councils reserves are appropriate.

Internal Audit Testing	Compliance	Comments / Recommendations
Is there an annual budget to support precept? Has the budget been discussed and adopted by council? Is the precept demand correctly recorded in the minutes?	Yes	The council's budget was reviewed and approved during the meeting held on 15th January 2025. While the budget and rolling plan received the council's approval, the specific details regarding the precept to be levied for the 2025/2026 financial year were not included in the minutes. The Responsible Financial Officer (RFO) was asked for a copy of the precept request which did not exist. The RFO confirmed that the precept amount was notified to West Oxfordshire County Council over the phone, with the amount being verified by the Chairman of the Parish Council which is not good practice. The budget detail and precept was tested to verify the precept amount of £55,000 for the 2025/2026 financial year. The budget document did not include the actual year to date expenditure or any earmarked reserves or any calculations to demonstrate how all the balances had contributed towards the level or precept to be levied. Our precept findings detailed below demonstrated that the councils general reserves were found be higher than the recommended level as per Governance and Accountability Practitioners Guide.

		<table><tr><td>Opening Cashbook Balance 01 April 2024 (box 7 carry forward)</td><td>£70,308</td><td>A</td></tr><tr><td>Actual Precept Received 2024/2025</td><td>£54,000</td><td>B</td></tr><tr><td>Projected Income 2024/2025 (not inc the precept)</td><td>£43,950</td><td>C</td></tr><tr><td>Projected Expenditure 2024-25 (inc earmarked reserves)</td><td>£92,406</td><td>D</td></tr><tr><td>Total</td><td>£75,852</td><td>A + B + C - D</td></tr><tr><td>Earmarked Reserves</td><td>£0</td><td>E</td></tr><tr><td>General Reserves 2024/2025</td><td>£75,852</td><td>F</td></tr><tr><td>Projected Balance at 31 March 2025 - Contribution towards 25-26 Budget</td><td>£0</td><td>G</td></tr><tr><td>Projected Year End Balances 31 March 25</td><td>£75,852</td><td>E + F + G</td></tr><tr><td>Projected Opening Balance 01 April 2025</td><td>£75,852</td><td>A</td></tr><tr><td>Agreed Income Budget 25/26 (less precept)</td><td>£3,650</td><td>B</td></tr><tr><td>Agreed Expenditure Budget 25/26</td><td>£65,210</td><td>C</td></tr><tr><td>Earmarked Reserves 2025/2026</td><td>£0</td><td>D</td></tr><tr><td>General Reserves 2025/2026</td><td>£69,292</td><td>E</td></tr><tr><td>Projected Closing Balance - Deficit to be raised via the Precept 2025/2026</td><td>£55,000</td><td>A + B - C - D - E = Precept Requirement</td></tr></table> RECOMMENDATION 8: That the council follows the key budgeting stages in determining the budget requirements and level of precept to be set as per guidance set out in the Governance & Accountability Practitioners Guide.
Is the budget against spend comparisons provided regularly to the Council? I.e. quarterly basis? Any unexpected variances?	Yes	Budget monitoring reports were reported to the Full Council meetings.
Level of reserves within Proper Practice? I.e. between 3 and 12 months running costs. Review earmarked reserves.	No	See findings detailed above.
Internal Audit Response:		**Yes**

Income Controls Including The Precept

Internal Control Objective E: Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for

Aim: Obtain assurance that income controls are in place and operating effectively.

Internal Audit Testing	Compliance	Comments / Recommendations
Does the precept approved agree to the Council Tax authority's notification and has this been received and banked?	See findings	The council levied the precept amount of £52,000 for the 2024/2025 financial year. See findings above relating to the precept form. The level of precept levied was agreed against the data from the government website. The precept of £52,000 was received in two equal instalments of £26,000 received in April and September.
Does the council receive any other income in addition to the precept? Is the income properly recorded and banked?	Yes	The councils other income streams relate to: • miscellaneous income relating to vendor trading and Pound Parking fees. • Cemetery charges • Donations • Recreational ground rent **RECOMMENDATION 9:** **Refunds that have been documented as income should be revised and recorded as credits in the cashbook to offset the expenditure, provided that these refunds are legitimate refunds received by the council.**
Has the council correctly invoiced for any sales and is the correct rate of VAT applied? (if applicable)	See findings	<u>Pound Parking</u> The council own four bays designated for car parking, which are available for rental through block bookings. Invoices for these bookings are issued by the Responsible Financial Officer on a quarterly schedule. <u>Cemetery</u> The fees can be found on the website, and the administration is managed by the RFO in conjunction with the funeral directors.
Internal Audit Response:		**Yes**

Petty Cash Procedures

Internal Control Objective F: Petty cash payments were properly supported by receipts; all petty cash expenditure was approved and VAT appropriately accounted for

Aim: Obtain assurance that petty cash controls are in place and operating effectively

Internal Audit Testing	Compliance	Comments / Recommendations
Does the Council manage petty cash and is it accounted for properly and included in the AGAR figures? Is all petty cash spent recorded and supported by VAT receipts?	Not applicable	The council does not maintain any form of petty cash and this corresponded with the requirements set out in Financial Regulation 10.

Payroll Controls & Members Allowances

Internal Control Objective G: Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.

Aim: Obtain assurance that payroll costs are supported by employment contracts, expenditure is approved and PAYE/NIC is properly operated. Review Members Allowances to ensure PAYE and NI requirements are met.

Internal Audit Testing	Compliance	Comments / Recommendation
Is there a contract of employment for the Clerk/RFO and all employed staff? Has the Council approved the salaries paid? Do the salary records correspond with the pay points agreed by the Council? Is the Tax and NI contributions paid within the expected parameters to HMRC?	See findings	The council have three employees: • RFO • Clerk (appointed in May 2024) • Lengths man Employment contracts were provided for all three employees, and both the employee and employer signatures were present. The contracts for two of the employees included specified pay points; however, no pay point was identified for the RFO. Additionally, no information regarding the pay scale or a confirmatory letter for the RFO was provided for the purposes of the internal audit. The date of issue in this contract was dated as 01st October 2024. The contract refers to a salary commencing 12 months after the commencement date which is yet to be decided. It is noted that the RFO has been receiving a salary which conflicts with the terms of the contract of employment. It

		is noted that the RFO was a former councillor and stepped down from his councillor role in January 2024 (minute item 15). The salary payment for the RFO commenced from January 2025. Payroll testing was carried out for the Clerk for the month of January and February 2025. The basic pay for the employee did not correspond to the contract of employment and the agreed hourly rate/contracted hours. **RECOMMENDATION 10:** **That the council issues a confirmatory letter to the RFO setting out the agreed hourly rate and that this be appended to the original contract of employment with clear details and dates of when the 12 month period ceased from being a councillor.**
Are pension obligations met as part of the auto-enrolment process? Criteria £10k salary p.a. Are allowances paid to members and paid via the payroll and/or other arrangements?	Not applicable	There are no employees that meet the pension auto-enrolment requirements. <u>Members / Chairmans Allowance</u> The Parish Council does not pay the Chairman or Members an allowance.
Internal Audit Response:		**No**

Asset And Investment Registers

Objective H : Asset and investments registers were complete and accurate and properly maintained

Aim: To provide assurance that all material assets are accounted for correctly

Internal Audit Testing	Compliance	Comments / Recommendations
Does the council keep a register of all material assets owned? Is asset register up to date?	See findings	The council's asset register has been updated, reflecting a total fixed asset value of £551,308. In contrast, the draft AGAR asset value as of 31st March 2025 reported an asset value of £451,048. The source of these figures remains unclear. There is no evident connection between the asset values from the previous financial year and those for the current financial year ending 31st March 2025. While the asset register indicates a checkmark for each asset to verify their existence, it does not provide specific details regarding the dates when these assets were physically inspected. In our last year audit report, we had recommended that the asset register does not include assets held on trust. We have not been provided with any information to confirm that these assets have been excluded from the register.

Does the asset register record the replacement value of individual assets for insurance purposes?	Yes	The updated register includes a column to record the asset purchase cost and a replacement/insurance value.
Compare the Asset Register value reported in section 2, box 9 prior year reported figure, adjusted to include new assets / and/or disposals. Is there a record of disposals to record non-serviceable/disposed assets?	No	See findings above.
Does the Asset Register value correspond to box 9 of the Annual Return?	No	See findings above.
Internal Audit Response:		**No**

Periodic Bank Reconciliations

Objective I : Periodic and year-end bank account reconciliations were properly carried out.

Aim: To provide assurance that bank reconciliations were carried out on a regular basis and reported to Council.

Internal Audit Testing	Compliance	Comments / Recommendations
Is there a bank reconciliation for each account?	Yes	Copies were provided during the audit and these were found to be signed off by a councillor.
Reconciliation carried out on receipt of statement?	Yes	See findings above
Are bank reconciliations reported to council and committee? Are these independently signed off by members and recorded in the minutes?	Yes	These were found to be reported to the council.
Bank Reconciliation to the 31 March?	No	There was no bank reconciliation provided for the period to 31st March 2025. The council have three bank accounts: 1) Current Account 2) Investment Account

		3) Money Manager Bank statements as at 31st March 2025 were not provided for all three bank accounts. **RECOMMENDATION 11:** **That a bank reconciliation to the 31st March 2025 be carried out for all three bank accounts.**
Internal Audit Response:		**Yes**

Accounting Statements

Internal Control Objective J : Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.

Aim: Obtain assurance that accounts prepared on correct statements (income and expenditure, debtors and creditors, over £200,000) or (summary receipts and payments, under £200,000) and that working papers can be followed through to final document

Internal Audit Testing	Compliance	Comments / Recommendations
Year-end accounts prepared on correct accounting basis?	Yes	The accounting statements were prepared on a receipts and payments basis. The RFO has informed us that the accounting statements include the Trust transactions and that historically the council has reported these figures to the Charities Commission. Box 11b of the accounting statements requires the Council to confirm that the accounting statements do not include Trust transactions. In view of this declaration from the RFO, the accounting statements would need to be updated to exclude the Trust transactions and the prior year figures restated accordingly.
Staff Costs [Box 4] Do payments relate to employment of staff including gross salary, employers' national insurance contributions, employers' pension contributions, gratuities for employees or former employees and severance or terminations payments to employees?	Yes	There was an adequate audit trail to support the staff costs figure reported in box4 to the cashbook data and HMRC payments.
Do the Bank statements and ledger reconcile at 31 March?	No	The absence of a year-end bank statements as at 31st March 2025, for all bank accounts, along with the unavailability of a bank reconciliation, prevented any testing from being carried out. It is noted that the RFO has reported a balance of £63,433. The breakdown was recorded in the cashbook as detailed below but could not be verified against the bank statements.

		1) £26,029.92 - Bank Account 1 2) £37,403.35 - Bank Account 2 3) £0.03 - Bank Account 3
Is there an underlying financial trail from records to presented accounts?	Yes	
Is the explanation of significant variances from completed? Explanations are now required for all variances of £100,000 or more regardless of the % variance. All responses should comprise both narrative and numerical explanations.	No	This form is part of the submission requirements for external audit and would require completing by the RFO.
Is there a reconciliation between boxes 7 and 8? Where appropriate, debtors and creditors properly recorded?	Not applicable	This is not applicable for the Parish Council reporting on a receipts and payments basis.
Internal Audit Response:		**No – due to the accounting statement including Trust transactions as declared by the RFO**

Legislative Publication Requirements

Internal Control Objective L: The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation.

Aim: Obtain assurance that the council has complied with the publication of the AGAR for the last five years; compliance with the Local Government Data Transparency Code and Freedom of Information Act, Publication Scheme.
Note: The auditing requirements in the practitioners guide are not entirely clear that provide the guidance for testing relating to objective L. Therefore testing has been carried out to seek assurance on the publication requirements of the Accounts and Audit Regulations 2015 - Section 13 (2) (b) to ensure that Councils display the AGARs for the five years 2019-20, 2020-21, 2021-22, 2022-23 and 2023-24 on their website; Compliance with the Local Government Data Transparency Code (if applicable) and testing of the Freedom of Information Act (Publication Scheme).

Data Transparency Code
The Government has published the 'Local Government Transparency Code' as a code of recommended practice under section 2 of the Local Government, Planning & Land Act 1980. This Code, which can be found at Title (publishing.service.gov.uk) came into effect on the 01 April 2015. This is applicable to parish and town councils where gross income or gross expenditure exceeds £200,000. The Code does not replace or supersede the existing framework for access to and re-use of public sector information provided by the:

- Freedom of Information Act 2000 (as amended by the Protection of Freedoms Act 2012)
- Environmental Information Regulations 2004

- Re-use of Public Sector Information Regulations 2005
- Infrastructure for Spatial Information in the European Community regulations 2009
- Sections 25 and 26 of the Local Audit and Accountability Act 2014 which provides rights for persons to inspect a local authority's accounting records and supporting documentation, and to make copies of them.

The Code provides for publication of a comprehensive set of information, including Unique Property Reference Numbers of land and building assets (principal authorities may be able to help with these). There is no prescribed Code for councils where gross turnover is between £25,000 and £200,000 but all councils must have a Publication Scheme complying with the Information Commissioner's requirements.

Internal Audit Testing	Compliance	Comments / Recommendations
Has the council published the required information in compliance with the Local Government Data Transparency Code 2015? **This code has been issued in accordance with section 2 of the Local Government, Planning & Land Act 1980*		Not applicable to the Parish Council due to the turnover being less then £200,000 and more than £25,000.
Publication of the AGAR for the last five years in accordance with the Accounts and Audit Regulations 2015, section 13 (2)?	Yes	2019/20: Yes, see link: AGAR 2019-20 (miltonunderwychwood-pc.gov.uk) 2020/21: Yes, see link: AGAR 2020-2021 (miltonunderwychwood-pc.gov.uk) 2021/22: Yes, see link: AGAR 2021-2022 (miltonunderwychwood-pc.gov.uk) 2022/23: Yes, see link: AGAR 2022-23 (miltonunderwychwood-pc.gov.uk) 2023/2024: Yes, see links: https://miltonunderwychwood-pc.gov.uk/wp-content/uploads/2024/05/Section-1-AGAR-24.pdf; https://miltonunderwychwood-pc.gov.uk/wp-content/uploads/2024/05/Section-2-AGAR-24.pdf ; https://miltonunderwychwood-pc.gov.uk/wp-content/uploads/2024/10/Moore-external-audit-2023-2024.pdf
Freedom of Information Act – Has the Council adopted a Publication Scheme?	Yes	Although the council have adopted a Publication Scheme, see link: https://miltonunderwychwood-pc.gov.uk/freedom-of-information-publication-scheme-draft-edition/ **RECOMMENDATION 12:** **That the Council adopts the template model Publication Scheme available from the Information Commissioners Office, see link:** **https://ico.org.uk/media2/migrated/4018916/template-parish-councils-20211029.doc**
Internal Audit Response:		**Yes**

Publication Requirements – Exercise of Public Rights 2023/2024

Internal Control Objective M: In the year covered by this AGAR, the authority correctly provided for a period for the exercise of public rights as required by the Accounts and Audit Regulations *(during 2024/2025 AGAR period, were public rights in relation to the 2023/2024 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set).*

Aim: Obtain assurance that the Council has advertised the dates for the inspection of public rights correctly.

Internal Audit Testing	Compliance	Comments / Recommendations
Do arrangements for public inspection of council's records exist? The inspection window must include a 30-working day period including the first 10 working days of July following the end of the financial year to which the accounts relate. Evidence of public inspection notice seen? And website address.	Yes	See link: https://miltonunderwychwood-pc.gov.uk/wp-content/uploads/2024/04/AGAR-PUBLISHING-DATES.pdf
Internal Audit Response:		**Yes**

Publication Requirements for 2023/2024 AGAR (previous year)

Internal Control Objective N: The authority has complied with the publication requirements for 2023/24 AGAR *(see AGAR Page 1 Guidance Notes).*

Aim: Review evidence for publication (Form 3): AGAR to be approved and published by 01 July 2024 at the very latest. External Audit Certificate and Conclusion of Audit of Notice to be posted on the council website by 30 September 2024.

Internal Audit Testing	Compliance	Comments / Recommendations
Before 01 July 2024, the authority should have published: a) Notice of the period of exercise rights and a declaration that the accounting statements are as yet unaudited.	Yes	See link: https://miltonunderwychwood-pc.gov.uk/wp-content/uploads/2024/04/AGAR-PUBLISHING-DATES.pdf

b) Section 1 the Annual Governance Statement approved and signed page 4	Yes	See link: https://miltonunderwychwood-pc.gov.uk/wp-content/uploads/2024/05/Section-1-AGAR-24.pdf
c) Section 2 the Accounting Statements approved and signed page 5	Yes	See link: https://miltonunderwychwood-pc.gov.uk/wp-content/uploads/2024/05/Section-2-AGAR-24.pdf
Not Later than the 30 September 2024: d) Notice of conclusion of audit	No	The notice of conclusion of audit was published after the 30th September 2024, see link: https://miltonunderwychwood-pc.gov.uk/wp-content/uploads/2024/10/Notice-of-Conclusion-of-Audit-.pdf
e) Section 3 – External Auditor Report and Certificate	Yes	See link: https://miltonunderwychwood-pc.gov.uk/wp-content/uploads/2024/10/Moore-external-audit-2023-2024.pdf
f) Sections 1 and 2 of AGAR including any amendments as a result of the limited assurance review	Not applicable	Not applicable
Internal Audit Response:		**No – due to the notice of conclusion of audit being published after 30th September 2024.**

Trust Funds

Internal Control Objective O : Trust funds (including charitable) – The council met its responsibilities as a trustee

Aim: Obtain assurance that all charities of which the council is a trustee are filed and up to date; details are available on the Charity Commission Website; charity meetings and accounts are recorded separately from the council

Internal Audit Testing	Compliance	Comments / Recommendations
Charities reported and accounted separately?	Yes	The council is a sole managing trustee of Milton Under Wychwood Recreational Ground. The Charity Number is 304332. Refer to our findings above relating to trust transactions incorporated within the AGAR accounting statements as declared by the RFO.
Internal Audit Response:		**Yes**

*Internal Control Objectives F & K were not applicable to the Parish Council

Milton Under Wychwood Parish Council - Recommendations Action Plan

Internal Audit Year Ending 31st March 2025

Internal Audit Yorkshire
For Town & Parish Councils
www.internalaudityorkshire.co.uk

No	Recommendation	Page Number	Responsibility	Timescale
1	That the value for formal tenders in the Standing Orders be updated to £30,000 including VAT following changes by Government, see link: https://www.legislation.gov.uk/uksi/2022/1390/made	5		
2	That the council follows-up on the VAT access/login issues and ensure that the VAT reclaims are up to date.	7		
3	That the council makes improvements to the risk register by incorporating a risk matrix and evaluating both existing controls and any additional measures needed for effective risk management. For further information on risk management, please refer to the Governance and Accountability Practitioners Guide.	8		
4	That the council carries out a competitive tendering exercise for the renewal of the insurance and explores the possibility of entering into a long-term agreement with the new insurance provider, which could offer the best value for money.	9		
5	That the council carries out a review of the effectiveness of internal controls to part comply with the Annual Governance Statement assertion 2. The outcome of the review should be formally recorded in the council minutes with any proposed actions resolved by the meeting.	9		
6	That a review of the GDPR policies be carried out and that relevant GDPR policies be adopted using the template policies and checklist available from the Society of Local Council Clerks or the National Association of Local Councils.	9		
7	That a review of the back-up data arrangements is carried out and that the risk register be updated accordingly.	10		
8	That the council follows the key budgeting stages in determining the budget requirements and level of precept to be set as per guidance set out in the Governance & Accountability Practitioners Guide.	11		

9	Refunds that have been documented as income should be revised and recorded as credits in the cashbook to offset the expenditure, provided that these refunds are legitimate refunds received by the council.	**12**		
10	That the council issues a confirmatory letter to the RFO setting out the agreed hourly rate and that this be appended to the original contract of employment with clear details and dates of when the 12 month period ceased from being a councillor.	**14**		
11	That a bank reconciliation to the 31st March 2025 be carried out for all three bank accounts.	**16**		
12	That the Council adopts the template model Publication Scheme available from the Information Commissioners Office, see link: https://ico.org.uk/media2/migrated/4018916/template-parish-councils-20211029.doc	**18**		

----------End of Report ----------