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2025/26 Internal Audit Report for Milton-under-Wychwood Parish Council

From Jane Olds – Internal Auditor

I reviewed the documents provided and met with the Clerk, Vanessa Oliveri and RFO Chris Trotman, on Saturday 20 June via Teams and finalised the information on 24 June.

BASIS OF REPORT

This internal audit report is based upon the Smaller Authorities Proper Practices Panel (formerly the Joint Panel on Accountability and Governance) *Practitioners' Guide 2025* 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. Internal Audit 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: *Practitioners' Guide 2025* – Section 4).

AGAR Ref	Process	Findings	Recommendations and actions
A	Bookkeeping Arrangements	Books of account have been kept throughout the year using a spreadsheet. While there is a monthly RFO report on the website, there is no record of any detailed finance report in the Minutes.	Ensure that a full finance report is recorded in the minutes which includes account balances, itemised income (allotment income can be combined), outstanding payments, any standing orders or direct debits and bank reconciliation.

AGAR Ref	Process	Findings	Recommendations and actions
A	Minutes	Minutes for the year are complete and have been signed / initialled as approved by the Chair of the following meeting.	No further recommendations.
B	Council's Financial Regulations and Standing Orders are in place and were reviewed	The Council's Financial Regulations were reviewed at a meeting on 16 April 2025 The Council's Standing Orders were reviewed at a meeting on 16 April 2025.	No further recommendations.
B	Council's Financial Regulations have been met with regard to expenditure following review of a random sample of transactions	It is difficult to determine from the minutes (the formal record of meetings) whether the Council's Financial Regulations have been consistently met as approval of expenditure is not clearly recorded. Whilst there is evidence that payments were supported by invoices, and that VAT had been appropriately accounted for, the Minutes do not provide sufficient evidence to confirm that all expenditure was formally authorised in accordance with the Regulations.	The Council must ensure that that appropriate authorisations have been given and are minuted for each level of expenditure. Consideration should be given to the adoption of a formal scheme of delegation.
B	Payment process	Payments are made by bank transfer. There is no minuted evidence that the Council considers approval of the payments as there is no list of payments included in the Minutes (see section 6 of Financial Regulations).	Ensure that a full payments list is provided in the minutes or as an appendix. Any payments made using the Clerk / RFO's delegated responsibility must also be recorded.
B	Debit card payments	The RFO holds a debit card on the Council account.	Consideration should be given to the adoption of a Debit Card use policy to expand what is provided in the Financial Regulations. Only the Clerk and RFO should have access to debit cards.

AGAR Ref	Process	Findings	Recommendations and actions
B	Review of S137 expenditure	There is a column for S137 expenditure, as required.	No further recommendation.
B	General Power of Competence	The Council did not qualify for the General Power of Competence.	No further recommendation.
C	Review of Internal Controls	The Council has Internal Control provision including a Councillor Responsible for Internal Financial Control. However, there is no evidence recorded in the Minutes of any checks being under taken.	Ensure that actions are recorded in the minutes.
C	Review of Risk Assessment	A Risk Assessment was adopted on 18 March 2026 and is relatively comprehensive.	Ensure that the Risk Assessment is fully considered at a meeting and a full review is undertaken using the recommendations in the *Practitioners' Guide* (from section 5.85).
C	Review of insurance	Insurance was reviewed at a meeting on 16 July 2025 for the renewal on 1 August 2025. However, it was not clear who the provider was and no confirmation was given in subsequent minutes.	Ensure that the cost of the insurance, together with the provider, is included in the minutes.
D	25/26 Budget and Precept consideration	The 25/26 Precept requirement resulted from a budgetary process considered at a finance committee on 28 October 2024. However, Minutes on 20 November did not record the amount of the budget. The Precept was agreed on 20 November 2024 with the amount £52,000.	Ensure that the budgeted expenditure and income amounts are recorded in the minutes in order that the need for the Precept can be demonstrated.
D	26/27 Budget and Precept consideration	The 26/27 Precept requirement resulted from an unminuted budgetary process which was agreed on 19 November 2025 with the amount £56,000.	As above

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D	Budget monitoring	The RFO made reports, but the progress against the budget did not appear to be minuted regularly.	Ensure that the details of the Finance Report are included in the minutes.
D	Reserves were appropriate	There is no Reserves Policy and no formal record of any reserves.	Adopt a Reserves Policy which includes the amounts. 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 received and properly recorded in the spreadsheet, but not the Minutes. The correct Precept amounts were received and match the Government's report.	Ensure that income is recorded in the Minutes.
E	VAT	VAT had been appropriately accounted for and the reclaims had been made each quarter.	No further recommendations.
F	Cash controls	Petty cash is not operated by the Council. No cash is received.	The Council should be mindful of the Financial Regulations should cash be received.
G	Payroll controls	Salaries to employees were paid. However, it was not possible from the spreadsheet to allocate the payment to the employee.	The salary payments should be separated in the cashbook to ensure the correct amounts have been paid and crosschecked against the bank statement and the Payroll provider's submission.
G	HMRC Registration	The Council is registered with HMRC as an employer and uses a payroll company for the administration. Payments in respect of PAYE were verified.	No further recommendations.
G	Payroll rates	The current hourly rates of pay for the Clerk and RFO are based on the 2025/26 NJC National Salary Award (issued July 2025).	No further recommendations.

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G	Home Working Allowance	The Home Working Allowance of £6 a week is paid. Although no evidence of this is available in the Minutes.	A Council expenses policy which outlines home working costs and the allowance should be devised and adopted. This could also include mileage for Councillors for meetings outside the Parish.
G	Pensions Regulator	The Council is registered and in compliance with the Pensions Regulator, however, no evidence was provided.	Evidence will need to be provided in the future.
H	Asset Controls - all material assets correctly recorded	The current asset register has now recorded all material Assets at purchase cost. The amount in the previous year's AGAR was explained and rectified.	The revised figure will need to indicate that it has been restated on the AGAR and an explanation included in the statement of variances.
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 have been established and shown on register	All appropriate Deeds and Titles have apparently been established but are missing from the Register.	Ensure that the 'see notes' section is included on the published asset register.
H	Investment Registers	No investment register was currently required.	As the Council is nearing £100k in the bank, I recommend that an investment strategy is adopted. See the *Practitioners' Guide* section 1.11.
H	Loans	The Council does not have any loans.	No further recommendations.
I	Bank Reconciliations	Periodic and year-end reconciliations were carried out and reviewed.	Ensure that the reconciliation is published as part of the Minutes.
J	AGAR Accounting Statements	The Accounting Statements prepared during the year were prepared on Receipts and Payments accounting basis.	No further recommendations.
J	AGAR Accounting Statements	Line 2 matched the Precept amount.	No further recommendations.
J	AGAR Accounting Statements	Lines 2 and 3 equal the total receipts in the cashbook.	No further recommendations.
J	AGAR Accounting Statements	Line 4 only contains staff costs.	No further recommendations.
J	AGAR Accounting Statements	Lines 4, 5 and 6 equal the total payments in the cashbook.	No further recommendations.

AGAR Ref	Process	Findings	Recommendations and actions
J	AGAR Accounting Statements	Year-end bank statements match line 8 of the Accounting Statement.	No further recommendations.
J	AGAR Accounting Statements	Line 9 agrees to the value of the asset register.	No further recommendations.
K	Limited Assurance Review Exemption	The Council did not meet the exemption criteria for the year 2024/25.	No further recommendations.
L	Information published on website	The information is generally available.	No further recommendations.
L	The Council is in compliance with the Accounts and Audit Regulations 2015 regulation 13	The Council has five years of AGARs and associated documents published.	No further recommendations.
L	Compliance with the Transparency Code for Smaller Authorities 2015	While the Parish Council does not fall in to the criteria for Councils below the £25k threshold, it is good practice for Parish Councils above the threshold to comply.	
L	Expenditure over £100 is recorded on the Council website and with all information requirements	Not currently available on the website as a separate document.	Publish a list of expenditure over £100.
L	AGAR Exemption Certificate	Not applicable.	No further recommendations.
L	Section 1 Annual Governance Statement	Available on the website and recorded in the minutes (minute reference: 25/065 3.)	No further recommendations.
L	Section 2 Annual Accounting Statements	Available on the website and recorded in the minutes (minute reference: 25/065 4.)	No further recommendations.
L	Explanation of significant variances	Available on the website.	No further recommendations.
L	Explanation of difference between Box 7 & 8 if applicable	Not applicable.	No further recommendations.
L	Internal Audit Report Published	Available on the website and recorded in the minutes (minute reference: 25/065 1.)	No further recommendations.
L	A List of Councillors' responsibilities	Available on the website.	No further recommendations.
L	Details of Public Land and Building Assets	Available on the website in the Asset Register. Publish the Land Registry numbers.	No further recommendations.

AGAR Ref	Process	Findings	Recommendations and actions
L	Minutes & Agenda	Available on the website.	No further recommendations.
M	Exercise of Public Rights for 24/25	The Parish Council published the exercise of public rights notice on the website and noticeboard with the following dates: 24 June to 6 August 2025. The dates included two extra days. The notice was dated: 23 June 2025	Care should be taken to ensure that the dates are for 30 working days including the first 10 working days of July. Ensure that the dates are minuted. An Electors' Rights Dates calculator has been provided. Completion of Assertion 4 should be carefully considered this year.
N	AGAR publication Requirements	The Parish Council complied with the publication requirements for the 24/25 AGAR by publishing Sections 1 and 2 on the website.	No further recommendations.
N	24/25 Internal Audit has been published, and the recommendations have been considered and actioned	The Internal Audit had been published on the website. It had been reviewed the previous year with reservations.	No further recommendations.
N	24/25 External Audit Certificate has been published, and the recommendations have been considered and actioned	The receipt of the Conclusion of Audit report and certificate had been recorded in the minutes on 15 October and the Certificate has been published on the website.	Consideration should be given to how the Council answers the Annual Governance Statement for 25/26 bearing the 24/25 External Auditor's comments in mind.
		Findings: Asset register was inaccurate. Staff contracts of employment needed completing. As the two points above were raised in 23/24, the Council should have answered 'no' to assertion 7 in 24/25.	

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		The controls in the Risk Assessment had not been fully considered during the year and Assertion 5 should have been consistent with Internal Audit Control objective C.	
		Internal control checks had not taken place and VAT reclaims were not up-to-date indicating that the council did not appear to have robust arrangements in place. Assertion 2 should have been considered 'no'.	
		The Accounting Statements should have excluded charity account transactions. A 'No' response should have been provided for Assertions 1 and 9 and Box 11b of Section 2.	
		The time between the approval of the AGAR and the posting of the commencement of public rights was significant. The previous year's period was set for 33 working days which is considered a minor technical breach.	Assertion 4 of the 25/26 AGAR must be considered carefully.
		The asset register included items which should not have been included and therefore Box 9 should have been restated in 24/25	
N	24/25 Conclusion of Audit Notice	The Conclusion of Audit Notice was not available on the website.	Ensure that the Conclusion of Audit Notice is published on the website and is displayed on the public noticeboard.

AGAR Ref	Process	Findings	Recommendations and actions
O	Website domain name and accessibility	The Council has an authority owned domain name: https://miltonunderwychwood-pc.gov.uk/ The website does not appear to have an Accessibility Statement. A Privacy Notice was adopted on 16 July, but does not appear to have been published. An old version from December 2023 is available.	Ensure that an updated Accessibility Statement and Privacy Notice are published.
O	Authority owned email accounts to align with GDPR principles	The Council has council-owned domain email accounts for the Clerk, RFO and Councillors. However, Councillor use is limited.	The Council should consider a communications policy which includes the required use of Council-owned email accounts for Councillors to ensure that the Council complies with the GDPR and Freedom of Information requirements.
O	IT Policy	The Council has an IT Policy which demonstrates protection of equipment and mandates for authority owned email accounts. It was adopted on 18 March 2026.	If the Council purchases mobile telephones for the staff, include the use in the IT Policy.
O	Data protection	The Council was not registered with the Information Commissioner's Office (ICO). The Council does not have a full publication scheme There is no general data protection policy to inform procedures.	Register with the ICO. Adopt the full publication scheme. The model "template guide to information for Parish Councils" document is available on the ICO's website at https://ico.org.uk/for-organisations/foi/publication-schemes-a-guide/definition-documents
O	Transparency Code	See above	

AGAR Ref	Process	Findings	Recommendations and actions
P	Trust funds (If applicable) – the Council met its responsibilities as a trustee	The Parish Council operates as a Trustee for one external body – the Milton Allotment and Recreation Charity. Bank accounts are separate. The Charity Commission website confirms the 2025 return was filed.	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, RFO and the Councillors should be encouraged to take up the training offered by OALC and SLCC to increase their knowledge and expand the staff's professional development. I recommend including a regular agenda item and budget for training.

All Councillors should have a login to access the OALC website information. Joining the monthly OALC Councillor Forum would also be of benefit to the Council.

Committees and sub-committees

The Council should be aware that there cannot be a Sub-committee without a Committee. There is mention of a Finance Sub-Committee in November 2024. Clarification and standardisation of the Committee structure is recommended.

Reserves

I noted that the Council had fairly significant reserves but that 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 provided in the *Practitioners' Guide* from section 5.33. I further recommend that the Council adopts a Reserves Policy which is reviewed annually at the beginning of the financial year.

Minutes and Decision Making

Consideration should be given on how the Minutes are presented as the document should be a record of decisions and not verbatim reports.

Minutes should record formal resolutions and more useful factual detail about those resolutions. An example would be "The Council **RESOLVED** to agree to engage [contractor name] to undertake xx at a total cost of £xx"; a short explanation about why the Council has come to this conclusion can also be useful.

It is useful to have the word “resolved” in bold and capitals as this then indicates that the Council has made a formal decision.

I recommend separating out the recording of Parish Councillor attendees – who are the decision-makers – from others in attendance. The Parish Council only needs to consider apologies from Parish Councillors.

On reviewing the year’s Minutes, I noted that items for decision were occasionally being raised under the topic of “Matters Arising” and “Any Other Business”. All items for decision should have their own clearly written motion / agenda item in order that the Council – and any members of the public – are able to prepare adequately for the meeting; this will also help to focus the members on the items of business needing decision. Therefore, I recommend changing “Matters Arising from the Minutes” to “Update on Progress from the Minutes (where decisions are not to be made)” and “Any Other Business” to “Items for information or next agenda”. I hope that this will help with focus, but I can provide more guidance if needed.

Financial Management

In order to ensure that the accounts are managed in a more efficient manner, I recommend that the Council considers the adoption of a sector-specific accounting package such as Rialtas or Scribe.

While a Finance Report is provided to the meeting, there is currently no mention of finance in the formal Full Council Minutes. Finance is an integral part of the Full Council meeting and should be formally noted.

Payment Schedule

To comply with the adopted Financial Regulations (6.10), a payment schedule should be provided to accompany the invoices at every meeting. The columns may include the payment method, the payee and reason (including invoice number), the power, the minute reference when the item was agreed to be ordered / undertaken, the net payment and the gross payment.

Banking

I strongly recommend that a full review of the Council’s banking provision is undertaken as it could be considered that the current HSBC banking arrangements are not adequate. It is generally recommended that the RFO is the ‘Service Administrator’ and then two Councillors authorise the payments electronically with the bank. A more appropriate provider should be considered.

Conclusion

In general, while the Council has rectified some of the recommendations from the 24/25 Internal and External Audits, the Council still needs to improve its governance and should carefully consider whether it has fully competent arrangements in place to satisfy itself that its systems of internal financial control are transparent and effective.

This report should be included on the agenda for the next meeting of the Council and used to aid consideration of the Council’s responses to the AGAR Annual Governance Statement.

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