

Annual Internal Auditor's report 2024/25 Yarnton Parish Council

Internal Auditor: Deborah O'Brien CiLCA PIALC

Smaller authorities are required by the Accounts and Audit Regulations 2015 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.

In accordance with guidelines contained in the 2024 Practitioners' Guide (JPAG) paragraphs 4.6-4.12, I am independent of the Parish Council and its members as well as being a CiLCA qualified Clerk with over 10 years' experience.

I have carried out a selective assessment of the Council's compliance with relevant procedures and controls, which I expected to be in operation during the year ended 31st March 2025, as outlined in the letter of engagement signed by the Council at its 4th December 2024 meeting. The function of this internal audit is to improve efficiency and effectiveness of the Council's procedures, not to detect errors or fraud, or to give legal advice, as the management of the Council's internal controls and governance is a function of the Council as a whole. (Practitioners' Guide, paragraphs 4.4-4.5).

The Council is required to take appropriate action on all matters raised in reports from internal and external audit and to respond to matters brought to its attention by internal and external audit. Failure to take appropriate action may lead to a qualified audit opinion.

An excellent interim audit was conducted in July 2024, following the employment of a new Clerk/RFO, as well as an advisory report from a VAT specialist in November 2024. I will not re-iterate the findings of either but have considered them and taken notice, with reference to them made in some cases. The Parish Council has also reviewed them and acted accordingly. I would also recommend the need to consult with sector-specific and/or legal advisors for any situations that merit it, such as VAT, employment/HR, Charity trustees etc.

This internal audit has been conducted electronically utilising requested documents and information provided by the Clerk, as well as those present on the website at [Yarnton Parish Council](#). In addition, a Zoom meeting was held on 3rd June 2025 to review this report.

This written report is laid out using the same format and headings as the AGAR Internal Audit report (page 3). Where I have answered NO to any of the AGAR

assertions, the comments in bold in this report demonstrate the reasoning. I would recommend that the Practitioners' Guide is also referenced – the version for 2024/25 is available at [Practitioners' Guide 2024](#). A newer version for 2025/26 can also be downloaded.

Overall, the standard of management and governance processes is improving, with some issues highlighted below for the attention of the Parish Council. I would like to thank the Parish Clerk/RFO, David Thornhill for his cooperation and assistance in facilitating this internal audit. He has made great strides in remedying some of the Council's processes ensuring compliance with legislation and best practices.

Internal Audit report assertions

A. Appropriate accounting records have been properly kept throughout the financial year.

- Appropriate accounting records have been kept throughout the year (Scribe accounting system). These are now up to date and well maintained. I would recommend uploading all invoice documentation to Scribe and note that this was done for the latter part of the year. Certain areas of cost-coding need to be adjusted, particularly relating to staff costs, to ensure that year-end AGAR reports can be easily and accurately produced. I would also recommend the inclusion of expenditure approval dates and power for expenditure.
- Council minutes for the year are complete and up to date and have been initialled & signed. Parish Council minutes become a legal document once they are physically initialled (each page), signed and dated following approval at the ensuing meeting. The pages must be numbered sequentially and filed in accordance with [Local Government Act 1972 sched 12 paragraph 41 \(1\) \(2\)](#). I would also recommend that the document title includes the full date including the year (not just Meeting held on 3rd July) and that a document header is added so that each page of the minutes contains the full date.

B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved, and VAT was appropriately accounted for.

- Financial Regulations have been reviewed and are based on the 2024 model template. The Council needs to adopt the latest 2025 amendments to the NALC Model Template Financial Regulations, in particular 5.4, 5.7 and 5.11 as a result of The Procurement Act 2023 and The Procurement Regulation 2024 which came into force March 2025.
- **The Council's Financial Regulations are being followed in most cases, but there are instances of services/orders placed by other bodies without authorisation, not following procurement guidelines in Financial Regulations, and yet the PC agreed to make payments. Some Direct Debit charges were not authorised or set up by the Parish Council and are under review. I would recommend that the Proper Officer should be the only**

person authorising purchase orders, utilities and contracts, subject to a resolution made by full Council at a meeting.

- A random sample of 15% of payments was reviewed and found to be generally administered and processed correctly. I would recommend that a schedule of invoices is signed by 2 councillors upon payment approval. The Council has adopted effective controls, and dual authorisation is required to authorise BACS payments, which agrees with Paragraph 7.1 of your Financial Regulations state: *"Where internet banking arrangements are made with any bank, the Clerk/RFO shall be appointed as the Service Administrator. The bank mandate agreed by the Council shall identify a number of Councillors who will be authorised to approve transactions on those accounts and a minimum of two people will be involved in any online approval process. No signatory should be involved in approving any payment to themselves."*
- In the interest of transparency, where contracts are awarded, the successful contractor should be named in the minutes and also named when payments are made rather than just 'Grass cutting £xxx.'
- **A large amount of parish expenditure relates to the activities of the Playing Field Committee, a charity, which manages the pavilion and land involved under a full repairing lease: [THE PLAYING FIELD - 294537, Register of Charities - The Charity Commission](#) (PFC). The Parish Council is reviewing these costs and expenditures, and I would strongly recommend that a clear delineation of activities and responsibilities needs to be formally determined, documented and actioned to ensure that the Council is complying with its own responsibilities and regulations. The PFC has (in February 2025), acknowledged full responsibility for the play area and going forward will also be responsible for its repairs and insurance. Many invoices for upkeep and utilities are being paid by the Parish Council when they should be the responsibility of the PFC. The EDF electricity bills transferred back into the PFC's name as of 1/4/25, when the PC ceased making payments. There is a large outstanding bill which is currently under appeal. The invoices are not always made out to the Parish Council or represent orders made by the Parish Council which may not comply with legal requirements for making VAT reclaims. The Council has consulted with a VAT expert who has made recommendations that the Council has accepted, and a letter of explanation has been sent to HMRC. The Parish Council must ensure that it is complying and acting in accordance with the terms of any leases into which it has entered and that its actions comply with legislation and its financial regulations.**
- I would strongly recommend that the Council does not make payments on behalf of other entities but instead considers grant applications made in accordance with its Grants Policy in line with legislative powers for expenditure.

- S137 expenditure should always be recorded as a separate item to ensure that it does not exceed the lawful limit for the year. (2024/25: 2,409 electors@ £10.81 = £26,041) Scribe indicates that £23,306.96 (net of VAT) was allocated to S. 137. See [SLCC | Section 137 spending limit for 2024/25](#) and [Section 137 expenditure limit for parish and town councils announced for 2025/26](#). However, this is the power of last resort and I would venture to suggest that other expenditure powers should have been allocated to some costs, such as OurBus Bartons - Community Transport – Local Government and Rating Act 1997 s.26-29; Village News – Local Government Act 1972 s.142. I would recommend that the Council refers back to the interim audit report page 2.
- The Council has just acquired a debit card for smaller expenses and a policy has been developed to cover this.

C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.

- [The Accounts and Audit Regulations 2015](#) require smaller authorities, each financial year, to conduct a review of the effectiveness of the system of internal control and prepare an annual governance statement in accordance with proper practices in relation to accounts. Please also refer to Model Financial Regulations 2.4.
- I would recommend that one non-signatory Councillor is nominated as responsible for internal controls and that this person signs off bank reconciliations and statements at least quarterly and this is minuted.
- A Financial Risk Assessment was reviewed and adopted at the January 2025 meeting. I would recommend expanding upon this to incorporate more strategic operational activities such as risk assessments and inspections. (See Practitioners Guide page 66 for a template Strategic Risk Assessment)
- I would also recommend that the Parish Council keeps on file copies of public liability certificates and risk assessments for its contractors providing repairs and maintenance. In addition, the PFC as tenants, should provide risk assessments and proof of insurance for its activities.
- The 2018 (revised 2020) version of Standing Orders was adopted in December 2024 and should be reviewed regularly. NALC has also issued (April 2025) updated Model Template Standing Orders 14 (Code of Conduct) and 18 to reflect the changes made to Financial Regulations, and I would recommend reviewing and adopting these when practical.
- Insurance coverage (Public & Employers' Liability, assets and Fidelity Guarantee) is generally adequate. However, given the full repairing lease for the Pavilion and associated land, I would recommend formally establishing which body (the Council or PFC) is responsible for insuring same. At present the policy is in the name of the Parish Council and Playing Field Committee when they are two separate entities. I would also recommend a full review of all assets and insurance coverage prior to renewal of coverage and that this is

minuted in detail. It would appear that some assets of the Village Hall are also included in the PC insurance – again it is recommended that a formal review of this is undertaken. I would strongly recommend that advice is obtained from your Insurers as to which entity and what they will cover.

- Inspections of play equipment are carried out monthly by trained Councillors, with a RoSPA inspection conducted annually. However, this area again appears to fall under the PFC's responsibility (full repairing lease) and I would recommend that legal advice is taken and a formal agreement must be confirmed and recognised by both parties going forward, as there could be serious potential ramifications should this be neglected. A meeting has now been held with the PFC, who have confirmed their responsibility. A decision should be made as to which party will make inspections and their frequency. Following the recent repairs made by the Parish Council to the play area, I would recommend a post-installation inspection by RoSPA to confirm that the repairs are as required.
- Other asset inspections are conducted regularly, and repairs made accordingly. A register of these repairs should be maintained for insurance purposes. Defibrillator checks are made by Councillors and the Clerk.
- I would recommend that regular formal tree inspections are made, by an independent arboriculturalist of any trees for which the Council is responsible and of course, any necessary remedial works carried out. I note that some inspections have been conducted and recommend that you check with your insurers as to their requirements for frequency. (Road-side trees usually should be inspected more frequently – see Court of Appeal decision in Witley Parish Council v Cavanagh EWCA Civ 2232.
- Electronic documents are presently backed-up on a remote hard drive as well as Google cloud storage. I would recommend that a digital file or envelope containing passwords and access codes should be stored with the Chairman in case of emergencies.
- Hard-copy documents are stored in the Clerk's 'Council Office'. The Council may wish to review the security of access to this space.

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

- The 2024/25 budget was reviewed and considered at the 9th January 2024 meeting, followed by the setting of the precept in the amount of £142,465.
- The 2025/26 budget was reviewed and considered at the 22nd January 2025 meeting followed by the setting of the precept in the amount of £148,235.83.
- Financial reports compared to budget are presented to council and considered at monthly meetings.
- I would refer the Council back to the Interim Audit report of July 2024, pages 12-13.

- The Council has developed a Reserves policy and both ear-marked and general reserves are considered during the budget setting process. Currently approximately £52,586 is ear-marked with £83,408 in general reserves. However, because of a potential VAT repayment and a substantial outstanding EDF bill which is under appeal, some of these reserves may be depleted, necessitating in a further review.

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

- The correct precept amounts were received and match the government's national parish data report.
- In addition to the precept, the council received a devolved services grant of £2,941 from Oxford County Council, and bank interest in the amount of £3,667 and some smaller grants. Burial fees were also received.
- No VAT claims were made, pending the outcome of the current review. VAT was last reclaimed/received during the 2023/24 financial year.
- Cemetery/burial fees were reviewed during the year.
- An investment policy is now in place (adopted 9/4/25).
- The Council is not VAT registered.

F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.

- No petty cash held. £60 balance from 2023/24 has been paid into the bank.

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.

- The Council is registered with HMRC as an employer, and both current employees have up-to date contracts. (Clerk & Village Tidier)
- A payroll provider is used for processing staff salaries and pensions.
- The Council re-declared compliance with the Pensions Regulator on 28th March 2025.
- The former village tidier was not on an employment contract and invoiced for services as an independent contractor. As of 1/1/2025, the new tidier is employed, under contract and both his and the Clerk's salaries, PAYE and any NICs or pensions are included in line 4 Staff costs of the AGAR.
- **The Council has historically been processing a salary for a non-employee of the Council, including making the salary and PAYE payments then allocating the costs of same as a retrospective grant to the PFC. As of 1 April 2025, full responsibility has been handed back to the PFC. These costs are not included in line 4 staff costs, as they are for a non-contracted, non-employee of the Parish Council.**

- No working from home (WHA) allowance is paid as the Council maintains an office within the Village Hall. For further guidance, see [Claim tax relief for your job expenses: Working from home - GOV.UK](#)
- Councillors' allowances are paid and processed through payroll with appropriate (if any) deductions made. These costs are not included in line 4 staff costs. I would recommend confirming that the current Remuneration Panel rates from Cherwell DC have been agreed and applied. (Refer to the Remuneration Panel notice in the 2023/24 Accounts for guidance)
- I have reviewed a year-end statement from HMRC showing a small balance of £2.08 due.

H. Asset and investment registers were complete and accurately and properly maintained.

- The asset register shown in Scribe has a purchase price value which is as Practitioners' Guide requires and also a 'current value' which in some cases reflects depreciation. For the purpose of local authority assets, I would recommend keeping the purchase values for publication on the AGAR and an insured value for purposes of insurance. Depreciation of assets does not apply.
- The Council still needs to determine if in fact, all of the included assets are 'theirs' and not those of the PFC or village hall. Guidance on which assets should be declared as the PCs can be found in Practitioners' Guide, paragraphs 2.25, 2.27, 5.140, 5.174, 5.177, 5.180 and page 32 section 'H'.
- The Council does not hold any long-term investments or loans.

I. Periodic bank account reconciliations were properly carried out during the year.

- Bank reconciliations are presented to the Council at monthly meetings. I was able to see minuted evidence for some months, that the bank statements were also reviewed.
- The year-end bank reconciliations agree to the bank statements and equates to box 7 of the Accounting Statement.

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.

- The totals shown on the AGAR accounting statements match the cashbook and last year's brought forward figures.
- Staff costs do not include payroll costs, payments to non-employees, independent contractors or councillors' allowances.
- The asset register value shown in line 9 matches the asset register.

K. If the authority certified itself as exempt from a limited assurance review in 2023/24, it met the exemption criteria and correctly declared itself exempt.

- Not applicable – the Council exceeded the exemption threshold.

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.

- The council is above the £25,000 threshold and is not subject to the [Transparency Code for Smaller Authorities 2015](#). However, it is publishing as much information as possible in the interests of transparency. I was unable to view agendas for 2024 online – I would recommend uploading these when practical.
- The council is in compliance with [The Accounts & Audit regulations 2015 regulation 13](#) (At least five years of AGARs and associated documents must be published).
- [The Public Sector Bodies \(Websites and Mobile Applications\) Accessibility Regulations 2018](#) requires that public sector bodies must comply with the accessibility requirement. Regular testing of the website should be undertaken; the required standard is now WCAG 2.2 AA. There is no test date shown (according to the Accessibility Statement). The accessibility statement also references Launton Parish Council. I would recommend referring to [Sample accessibility statement \(for a fictional public sector website\) - GOV.UK](#). It is the council's legal responsibility to ensure that the website meets accessibility requirements. (WCAG 2.2 AA)
- All published documents dated after 23 September 2018 and created by the Council should be in an accessible format and where these are PDFs should be PDF/A created with header bookmarks within the document. Assistance with this can be found at [Creating Accessible Documents | AbilityNet](#).
- A Model Publication Scheme and a Privacy policy are available on the website in accordance with the Freedom of Information Act 2000. ICO data protection registration fee has been paid for 2024/25.

M. In the year covered by the AGAR, the authority correctly provided for a period for the exercise of public rights as required by the Accounts and Audit Regulations (*during the 2024-25 AGAR period, were public rights in relation to the 2023-24 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set?*)

- **2023-24 Electors' Rights notice is on the website allowing for 30 working days review and including the first 10 working days in July. (5th June – 16th July 2024). The announcement date was 4th June 2024. However, the minuted AGAR approval meeting was 6th June 2024, and the electors' rights cannot be announced or commence until after the approval meeting. This**

was commented upon by the External Auditor in their 2023/24 report and certificate.

N. The authority has complied with the publication requirements for 2023/24 AGAR (see AGAR page 1 Guidance Notes)

- The council complied with this requirement.

O. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.

- Not applicable – the Council is not a trustee.

Other matters not covered above:

- I would recommend that the Council reviews the 2025 edition of Practitioners' Guide, as it contains new requirements and guidance which will affect the 2025/26 audit, in particular relating to 'Digital & Data Compliance', and the requirement for an IT policy. A summary of the changes and the guide itself can be viewed at [Practitioners' Guide 2025](#).
- I would recommend that a link to the Councillors' registers of interests, published at Cherwell District Council should be included on the relevant webpage listing Councillors.
- As well as the Accessibility statement, two policies online reference Launton instead of Yarnton – Biodiversity and Communication. I would recommend making the relevant corrections to all three documents.
- The Council has a Virtual Meeting Procedure which relates to legislation during Covid and is no longer valid. I would recommend removing it or updating to reflect that it only applies to members of the public and not Councillors, who must attend in person.
- Election of Chairman in May and at any other time due to stepping down (e.g. August 2024): The first order of business on the agenda must be the election of Chairman. Following election, their acceptance of office must be signed, and it is recommended that this should be minuted. [Local Government Act 1972 sched 83 \(4\)](#). If any co-options take place through the year, they must also sign an acceptance of office which should be minuted.
- "Confidential discussions (e.g. in June 2024)": – these require the Exclusion of Public and Press and therefore a resolution must be made by the council to so do. Suggested agenda wording: "The following items will be likely to disclose exempt information relating to establishment and contractual matters. It is therefore RECOMMENDED, pursuant to the provisions of the Public Bodies (Admissions to Meetings) Act 1960, that the public and press be excluded. (followed by item(s) to be discussed such as staff matters, commercial tenders or legal advice)." Then it should be recorded in the minutes that "pursuant to the provisions of the Public Bodies (Admissions to Meetings) Act 1960, the Council RESOLVED that the public and press be excluded." The minutes for the

confidential session should also include some limited detail such as 'legal advice relating to a lease was considered and adopted.'

This report and its recommendations are meant to assist the Parish Council and not to criticise it. As mentioned previously, the Clerk has undertaken an enormous amount of work to introduce new policies and best practices to ensure compliance with legislation. I would again stress the recommendation to take expert sector-specific legal advice and guidance where needed. The report should be submitted along with the Annual Internal Audit Report 2024/25 to the full council for review and consideration, prior to completing the Annual Governance Statement.

If you have any questions, please do not hesitate to ask.

Deborah O'Brien CILCA PIALC

3rd June 2025