

## Annual Internal Auditor's report 2025/26 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 2025 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 31<sup>st</sup> March 2026, as outlined in the letter of engagement signed by the Council at its 8<sup>th</sup> October 2025 meeting. The function of this internal audit is to improve efficiency and effectiveness of the Council's procedures, not to detect errors or fraud, as the management of the Council's internal controls is a function of the Council as a whole. (Practitioners' Guide, paragraphs 4.4-4.5).

This internal audit has been conducted electronically utilising requested documents provided by the Clerk, as well as those present on the website at [Yarnton Parish Council](#). In addition, a Zoom meeting was held on 28<sup>th</sup> May 2026 to review this report and view hard copies of certain records.

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 2025/26 is available at [Practitioners' Guide 2025](#). A newer version for 2026/27 can also be downloaded.

Overall, the standard of management and governance processes is good, with some issues highlighted below for the attention of the Parish Council. I would like to thank the Parish Clerk/RFO, Dave Thornhill for his cooperation and assistance in facilitating this internal audit.

## 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. Most invoices have been uploaded to the Scribe system.
- The corrected figure from the prior year's cashbook has been brought forward to the new financial year. The External Auditor highlighted some £1 rounding discrepancies from last year and these have been corrected as requested by the EA. I would recommend referring to Practitioner's Guide paragraph 2.9 to determine of the word 'restated' needs to be applied. (Also see paragraphs 5.147-5.150)
- Council minutes for the year are complete and up to date and each page has been initialled & the final page dated and 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 \(1\) \(2\)](#).

### 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 updated at the June 2025 meeting and are based on the 2025 model template. Procedures as set out in the FRs are being followed.
- A random sample of payments was reviewed and found to be generally administered and processed correctly.
- The agreement for expenditure is minuted in most cases. However, although a resolution is made to purchase or spend on a certain item, an amount of expenditure allowed is not recorded. I would recommend recording the amount of the quote accepted or a maximum amount permitted to be spent.
- The Council has adopted effective controls, 4 councillors are on the banking mandate 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."*
- The Council has a Multipay debit card for smaller expenses and a policy has been developed to cover this.

- S137 expenditure should always be recorded as a separate item to ensure that it does not exceed the lawful limit for the year. S137 is the power of last resort, and if other powers are relevant, then they should be utilised.
- 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. This was conducted at the June 2025 meeting.
  - A dedicated non-signatory councillor has been appointed to oversee financial controls.
  - A Financial Risk Assessment was reviewed and adopted at the October 2025 meeting. I would still recommend further expanding upon this to incorporate more strategic operational activities such as risk assessments and inspections. Such as office RA etc.
  - It was noted that various risk assessments are still outstanding from the PFC. I would recommend prioritising this as a requirement.
  - The 2025 model template Standing Orders were adopted at the October 2025 meeting.
  - Insurance coverage (Public & Employers' Liability, assets) is generally adequate. However, the Fidelity guarantee is for £250,000, which, given the year-end cash balance of £206,469 and the 1<sup>st</sup> half year precept payment of £76,341, I would recommend increasing the Fidelity Guarantee to £300,000.
  - The Parish Council insured the Village Hall extension during 2025/26 although the 10<sup>th</sup> December meeting minutes appear to confirm that the PC is not responsible for the management of the hall. This insurance has been removed going forward.
  - The Parish Council is also paying for insurance of the insurance of the Sports & Football pavilions which are in turn leased to the Playing Field Committee. The Parish Council invoices the PFC for the insurance premiums for the 2 buildings and some equipment at Rutten Lane. I would recommend obtaining confirmation with your insurers in writing, that this is acceptable in the event of a claim being made.
  - Play equipment inspections are now the responsibility of the leasing tenant - PFC.
  - 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.
  - Remedial tree-works have been conducted, and I would again recommend that formal tree inspections are conducted regularly (in line with your insurer's requirements) by an independent arboriculturalist.

- Electronic documents are backed-up on a remote hard drive as well as Google cloud storage.
- Hard-copy documents are stored in the Clerk's 'Council Office', with a fireproof filing cabinet for sensitive documents.

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

- The 2025/26 budget was reviewed and considered at the 22<sup>nd</sup> January 2025 meeting followed by the setting of the precept in the amount of £148,235.83.
- The 2026/27 budget was reviewed and considered at a special PC budget meeting on 21<sup>st</sup> January 2026. The precept was then set in the amount of £152,682.90.
- A reserves policy was also adopted at the January meeting. Scribe shows that £59,475 is ear-marked with a general reserve of £146,991.
- **There is no documented evidence that financial reports compared to budget are presented to council and considered at meetings. Practitioners' Guide paragraphs 1.8 and 5.28 require this and I recommend that these are conducted quarterly at a minimum (and signed off and minuted).**

*Paragraph 1.8 states:*

*Budgeting - In accordance with relevant legislation, the authority needs to prepare and approve a budget in a timely manner before setting a precept or rates and prior to the commencement of the financial year. It needs to monitor actual performance against its budget during the year, taking corrective action where necessary.*

*Paragraph 5.28 states: review progress against the budget regularly throughout the year - at least quarterly in all but exempt authorities - including a year-end projection and a clear minuted commentary of likely significant variances from the budget.*

**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 £4,198 and a flood grant of £25,000. Cemetery fees of £10,301 were also received. Refunds for electricity charges and unspent grants totalled £3,863, with an insurance payment made by the PFC in the amount of £1,242.59. Miscellaneous and other refunds totalling £1,352 were also received.
- No VAT claims were made, pending the outcome of the current review by HMRC. VAT was last reclaimed/received during the 2023/24 financial year.
- Cemetery/burial fees were reviewed during the year.

- An investment policy is in place (adopted 9/4/25).
- The Council is not VAT registered.

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

- No cash received or petty cash held – not applicable. Financial regulations contain provision for this should it occur.

**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 three current employees have up-to date contracts. (Clerk, Village Tidier & Gardener)
- A payroll provider is used for processing staff salaries and pensions.
- I have reviewed a year-end statement from HMRC showing zero balances due.
- NI payments have been processed and made.
- The Council re-declared compliance with the Pensions Regulator on 28<sup>th</sup> March 2025. NEST pensions are provided to the Clerk & Village Tidier.
- No working from home (WHA) allowance is paid as the Council maintains an office within the Village Hall.
- When changes are made to contracts, I recommend ensuring confirming letters are issued.
- Councillors' allowances are paid and processed through payroll with appropriate (if any) deductions made. These costs are not included in line 4 staff costs.

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

- The Asset register was reviewed and agreed at the 21<sup>st</sup> January 2026 meeting.
- The Village Hall is included on the asset register when it is not owned by the Parish Council who are the Custodial Trustees. I would recommend taking advice as to whether or not this should be included.
- The Rutten Lane playing field is included in the asset register at a valuation of £60,000. It was apparently gifted to the PC and therefore its valuation should be recorded at £1. I recommend referring to Practitioners' Guide paragraphs 5.64-5.65 for guidance and asking for advice from OALC.
- 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 only able to see minuted evidence for 2024-25 year-end at the June 2025 meeting. There is evidence within Scribe that occasional checks are made

against bank statements. I would recommend minuting in detail when these are conducted. A dedicated non-signatory Councillor has financial oversight for bank accounts. I was able to view monthly signed bank reconciliations.

- The year-end bank reconciliations agree to the bank statements and equates to box 7 of the Accounting Statement.
- The Council developed and adopted an Investment Strategy on 9<sup>th</sup> April 2025, and it was noted that the Council planned to invest funds in CCLA at the June 2025 meeting. However, I can see no further action on this.

**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 2024/25, 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.
- 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).
- 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 2025/26.

**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 2025-26 AGAR period, were public rights in relation to the 2024-25 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set?)**

- 2024-25 Electors' Rights notice is on the website allowing for 30 working days review and including the first 10 working days in July. (16<sup>th</sup> June – 25<sup>th</sup> July 2025). The announcement date was 12<sup>th</sup> June 2025.

**N. The authority has complied with the publication requirements for 2024/25 AGAR (see AGAR page 1 Guidance Notes)**

- The council complied with this requirement.

**O. The authority has complied with laws, regulations & proper practices relating to digital and data compliance.**

- E-mail management – the parish council has a dedicated generic email account hosted on the PC's domain, and all councillors also have PC specific e-mail accounts.
- All websites must meet the [Web Content Accessibility Guidelines 2.2 AA and the Public Sector Bodies \(Websites and Mobile Applications\) \(No. 2\) Accessibility Regulations 2018](#) (where applicable). The website accessibility statement currently indicates compliance with WCAG 2.1 AA and does not indicate when it was last reviewed and the website tested. Even if the website is outsourced, it is the responsibility of the Parish Council to be compliant with regulations. Accessibility statement requirements are that it is reviewed when there are major changes to legislation and at least annually. [Make your website or app accessible and publish an accessibility statement - GOV.UK](#)
- The Parish Council follows both the [General Data Protection Regulation \(GDPR\) 2016](#) and the [Data Protection Act \(DPA\) 2018](#). Appropriate policies are available on the website. [Policies & Governance | Yarnton Parish Council | Yarnton](#).
- A Data Audit has been conducted.
- The Council is registered with the [Information Commissioner's Office \(ICO\)](#) as a Data Processor as required. The Information Available document is also available on the website.
- The Parish Council adopted an IT policy on 14<sup>th</sup> May 2025.

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

- The Council is not a managing trustee – not applicable.

**Other matters not covered above:**

- I recommend that the Council reviews the 2026 edition of Practitioners' Guide, as it contains new requirements and guidance which will affect the 2026/27 audit. A summary of the changes and the guide itself can be viewed at [Practitioners' Guide 2026](#).
- I would like to highlight the length of each set of minutes. I would recommend referring to Arnold Baker on Local Council Administration 14<sup>th</sup> edition, paragraph 7.40: *"Minutes of proceedings of a council must be kept. They are intended to be formal records of official acts and decisions, not reports, still less verbatim reports.....Minutes should, therefore, be as short as is consistent with clarity and accuracy, and the arguments used in discussion need be recorded only if the decision cannot be clearly expressed in any other way. Short simple minutes are less likely to be defamatory than long reports"*. Some months are as many as 24 pages long, with much of the content repeating what was reported the month before. The previous month's minutes (and the preceding months) can always be referred back to for information. That way they are more likely to be fully read before approval and initialling and signing them will not be such an onerous task.
- I would recommend supplying more detailed numeric responses in the Explanation of Variances which is to be submitted to the External Auditor, particularly when explaining box 4 Staff Costs.

This report should be submitted along with the AGAR Annual Internal Audit Report 2025/26 to the full council for review and consideration, prior to completing the Annual Governance Statement.

Deborah O'Brien CiLCA PIALC  
28<sup>th</sup> May 2026