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2024/25 Internal Audit Report for Deddington Parish Council

From Jane Olds – Internal Auditor

I reviewed the documents provided and met with the Clerk, Susan Fuller, on 6 May via Teams and finalised the information on 16 June.

BASIS OF REPORT

This internal audit report is based upon the Joint Panel on Accountability and Governance (JPAG) Practitioners' Guide in England 2024 publication.

The scope of this internal audit is focused on assessing the effectiveness of the Council's internal controls and was outlined in the original Letter of Engagement. Where any such controls are found to be deficient, the internal audit will help lead to improvement in those processes.

By applying the principles of internal auditing, outlined in the current Accounts and Audit Regulations and applying the approach to internal audit testing outlined above, every effort is made to ensure that all internal audits are conducted with due professional care, integrity and independence. All conclusions derived from the audit are based upon objective and traceable evidence.

Please note: it would be incorrect to view internal audit as the detailed inspection of all records and transactions of the Council in order to detect error or fraud. It is the periodic independent review of a Council's internal controls resulting in an assurance report designed to improve effectiveness and efficiency of the activities and operating procedures under the Council's control. Managing the Council's internal controls should be a day-to-day function of the staff and Councillors and not left for internal audit. (Source: (JPAG) Practitioners' Guide 2024 – Section 4).

Annual Return Section	Process	Findings	Recommendations and actions
A	Bookkeeping Arrangements	Appropriate books of account have been kept properly throughout the year and are well maintained with sound audit trails.	No further recommendations.

Annual Return Section	Process	Findings	Recommendations and actions
B	Council's Financial Regulations have been met with regard to expenditure	The Council's Financial Regulations have been met in that appropriate authorisations have been given for each level of expenditure. Payments were supported by invoices, and expenditure was approved and VAT appropriately accounted for.	No further recommendations.
C	Review of Internal Controls	The Council has adequate Internal Control provision including a policy and a Councillor Responsible for Internal Financial Control.	No further recommendations.
C	Review of Risk Assessment	The Council did not assess the significant risks to achieving its objectives using their Risk Assessment during the financial year.	Ensure that the Risk Assessment is reviewed, updated and published annually, preferably at the beginning of the financial year to use as a working document throughout the year.
D	Budgetary Controls (Precept requirement)	The annual Precept requirement resulted from an adequate budgetary process.	Minute the budget expenditure and income as well as the precept.
D	Budgetary Controls (Budget monitoring)	Progress against the budget was monitored and minuted regularly.	No further recommendations.
D	Reserves were appropriate	Reserves were adequately accounted for.	Devise a policy for adoption.
D	The final outturn is in line with expectations	The final outturn was materially in line with expectations.	No further recommendations.
E	Income controls	Expected income was fully received and properly recorded.	No further recommendations.
E	VAT	VAT had been appropriately accounted for.	No further recommendations.
F	Petty cash controls	Petty cash is not operated by the Council.	No further recommendations.

Annual Return Section	Process	Findings	Recommendations and actions
G	Payroll controls	Salaries to employees were paid in accordance with Council approvals and with appropriate deductions applied.	No further recommendations.
H	Asset Controls - all material assets correctly recorded	The current asset register has correctly recorded all material Assets. The correct basis of valuation has been applied.	No further recommendations.
H	Asset Controls - all additions and removals correctly recorded	Additions in the year have been correctly recorded within the Cash Book and Register.	No further recommendations.
H	Asset Controls - all Deeds and Titles established and shown on register?	All appropriate Deeds and Titles have been established and are shown on the Register.	No further recommendations.
H	Investment Registers	Investment registers were properly accounted for.	No further recommendations.
I	Bank Reconciliations	Periodic and year-end reconciliations were properly carried out.	No further recommendations.
J	Accounting Statements	The Accounting Statements prepared during the year were prepared on the correct accounting basis and were supported by an adequate audit trail.	No further recommendations.
K	Limited Assurance Review Exemption	The Council does not meet the exemption criteria.	No further recommendations.
L	Information published on website	The information is fully available.	No further recommendations.
M	Exercise of Public Rights	The Parish Council published the exercise of public rights notice on the website and noticeboard with the following dates: 24 June to 2 August.	No further recommendations.
N	AGAR publication Requirements	The Parish Council complied with the publication requirements for the 2023/24 AGAR.	No further recommendations.

Annual Return Section	Process	Findings	Recommendations and actions
O	Trust funds (If applicable) – the Council met its responsibilities as a trustee	The Parish Council operates as a Trustee for two external bodies. 'Nil' Returns are filed.	No further recommendations.

Transparency Compliance

Process	Criteria	Findings	Recommendations and actions
Review of Internal audit action plan has been considered and actioned?	Good Practice	The Internal Audit had been reviewed the previous year.	No further recommendations.
External Audit recommendations have been considered and actioned.	Good Practice	The Conclusion of Audit report had been received for 23/24 and had been published on the website. Findings: None	No further recommendations.
Accounting Statements agreed and reconciled to the Annual Return	Section 2 of the Annual Return is complete and accurate and reconciles to the statement of accounts.	The accounting statements in this annual return present fairly the financial position of the Council and its income and expenditure.	No further recommendations.
Compliance with the Transparency Code	While the Parish Council does not fall in to the criteria for Councils below the £25k threshold, it is good practise for Parish Councils above the threshold to comply.		
Compliance with the Transparency Code	1) Expenditure over £500 is recorded on the Council website and with all information requirements	Available on the website.	No further recommendations.
Compliance with the Transparency Code	2) Annual Return published on the website	Available on the website.	No further recommendations.
Compliance with the Transparency Code	3) Explanation of significant variances	Not currently available.	Publish on the website.
Compliance with the Transparency Code	4) Explanation of difference between Box 7 & 8 if applicable	Not currently available.	Publish on the website.

Process	Criteria	Findings	Recommendations and actions
Compliance with the Transparency Code	5) Annual Governance Statement recorded	Available on the website.	No further recommendations.
Compliance with the Transparency Code	6) Internal Audit Report Published	Available on the website.	No further recommendations.
Compliance with the Transparency Code	7) A List of Councillors' responsibilities	Available on the website.	No further recommendations.
Compliance with the Transparency Code	8) Details of Public Land and Building Assets	Available on the website.	Ensure that the latest version is published.
Compliance with the Transparency Code	9) Minutes & Agenda	Available on the website.	No further recommendations.

Further Recommendations:

Following the completion of the Internal Audit, the Council should undertake a review of effectiveness of internal financial controls as per Regulation 6 of the Accounts and Audit Regulations 2015. A blank form can be supplied.

Training

The Clerk and Assistant Clerk should be supported in training. The Assistant Clerk may wish to undertake CiLCA (Certificate in Local Council Administration) which will be of great benefit, not only to their professional development, but to the Council.

The Council should be congratulated on the number of training courses attended and should continue to encourage all councillors to attend training.

Risk Assessment

As mentioned in Point C. above, the Council must assess the significant risks to achieving its objectives annually, but it does not appear that the Risk Assessment was formally reviewed last year. The document should also be fully reviewed to ensure it is up-to-date. The Council will need to mark 'no' to assertion 5 of the Annual Governance Statement.

Standing Orders

NALC has recently updated the model Standing Orders to comply with the Procurement Act 2023 and the document should be revised accordingly.

Reserves

The Parish has earmarked reserves. I recommend that the Council adopts a full Reserves Policy which explains the need for the fund amounts, to be reviewed annually. Guidance can be found in the latest edition of the Practitioners' Guide (JPAG).

Provision of equipment

I recommend that the Council should consider providing the Clerk with a mobile smartphone in order that her personal details are not published and all two-factor authentication needs can be contained on Parish Council-owned equipment.

I further recommend that the Council invest in at least one external hard drive for backing up the computer data.

Website and Gov.uk domains

As mentioned last year, the current domain name is a .org domain. According to Nominet, the UK registrar, .co.uk is for companies and .org / .org.uk is for charities, neither of which, the Parish Council could be considered.

The latest edition of the *Practitioners' Guide* is recommending that it is good practice to transfer over to a .gov.uk domain which can also accommodate all the Council's email needs; for a Council the size of Deddington, this would be highly appropriate.

While the government's £100 incentive has now finished, the Parish Council Helper Service is still available to help guide councils through the process with regular webinars. For more information see the website: <https://www.gov.uk/guidance/moving-your-parish-council-to-a-govuk-domain>

Councillor Email Accounts

As recommended in the 2025 Practitioners' Guide (point 1.47) which has been recently published, the Council must use a generic email account hosted on an authority owned domain. At the very least, the Clerk must use clerk@, but as part of the ICO interpretation of GDPR, I strongly recommend that all Councillors should use the email addresses provided for them by the Council and these should be associated with the domain name.

It is possible to still use a Gmail client, but sending and receiving as the domain name.

The Council (as well as the Clerk) should be aware of its responsibilities regarding GDPR. I recommend that all Councillors regularly refresh their understanding using the GDPR awareness checklist which is available in the Advice section of the SLCC website.

Conclusion

The above are recommendations to help the Council improve its processes and in no way detract from the work it, and the Clerk, has already done.

I have noted that many of the actions which I recommended last year have been completed; the Clerk and Council should be commended for this.

Deddington Parish Council has an electorate in the region of 1901 and the Precept for the year 24/25 was set at £72,678.

In general, I believe that the Council has competent arrangements in place to satisfy itself that its systems of internal financial control are transparent and effective. There are approval and

authorisation controls to minimise risk. The audit and management trail for financial transactions is good.

This report should be noted and taken to the next meeting of the Council for minuting to inform them of the Internal Audit work carried out.

For information, I have now undertaken three reviews of Deddington Parish Council and I recommend that the Council fully reviews the internal audit provision for the year 2025/26.

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