

Shipton-on- Cherwell & Thrupp Parish Council

Internal auditor: Lisa Wilkinson

Internal Audit Report 2025/26 – Shipton-on-Cherwell & Thrupp Parish Council

This internal audit was undertaken in accordance with the scope and requirements set out in the Practitioners' Guide 2025: Governance and Accountability for Smaller Authorities in England. The audit is based on a review of documentation provided by the Clerk, responses to the Internal Audit Questionnaire 2025/26, sample testing where appropriate, and the auditor's professional judgement.

Overall Conclusion

On the basis of the work carried out, it is my opinion that Shipton-on-Cherwell & Thrupp Parish Council has a system of internal control in place; however, a number of weaknesses have been identified in financial reporting, bank reconciliation and compliance with proper practices which require attention.

These matters are set out in detail within this report and require attention to ensure full compliance with the Accounts and Audit Regulations 2015 and the Practitioners' Guide.

Internal Audit Objectives and Findings

A. Proper accounting records were kept throughout the year

Accounting records were properly maintained and kept up to date. Records reviewed were consistent with bank statements and supporting documentation.

Response: Yes

B. This authority complied with its financial regulations, payments were supported by invoices, approved and minuted

Financial Regulations are in place and reviewed periodically. Payments sampled were properly authorised, supported by invoices, and approved in accordance with council procedures.

Standing Orders and Financial Regulations were reviewed and re-adopted on 23 March 2026.

Response: Yes

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

A Risk Assessment is maintained and forms part of the Council's governance framework. The Risk Assessment and Internal Financial Controls were acknowledged by Council on 23 March 2026.

The Council also has an Internal Financial Controls Policy, last reviewed in March 2025, which sets out the framework for financial control and member oversight.

Whilst this provides evidence that internal control arrangements are in place, no separately documented review of the effectiveness of internal control for the 2025/26 financial year has

been identified or published at the time of audit. This is a requirement under the Accounts and Audit Regulations 2015.

Response: Yes (with recommendation)

Recommendation:

The Council should ensure that a clear and documented review of the effectiveness of internal control is undertaken annually, approved by Council, and published to provide a transparent audit trail.

For best practice, the Risk Assessment should be reviewed early in the financial year so that it operates as a working control document for the year ahead.

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

The Council prepares a budget to support the setting of the precept and financial planning for the year.

The 2025/26 budget and precept were approved at the meeting of 12 November 2024 (minute 22/24).

Response: Yes

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

Income reviewed was properly recorded and banked.

The VAT reclaim for the year had not been submitted at the time of audit.

Response: Yes (with recommendation)

Recommendation:

VAT should be reclaimed regularly and at least annually to ensure compliance with HMRC reclaim time limits.

F. Salaries to employees and allowances to members were paid in accordance with authority approvals, and PAYE and NI requirements were properly applied

Payroll arrangements are in place and PAYE obligations are administered appropriately through payroll services.

Response: Yes

G. Asset and investment registers were complete, accurate and properly maintained

The Council maintains an Asset Register which has been updated for the financial year and includes a total value that agrees to Box 9 of the AGAR.

Response: Yes

H. Periodic and year-end bank account reconciliations were properly carried out

A bank reconciliation was provided which agrees internally to the accounting records and the figures reported in the AGAR.

Due to the bank's statement cycle, a full bank statement to 31 March 2026 was not available at the time of audit. As a result, the reconciliation could not be independently verified to a year-end bank statement.

Response: Yes (with recommendation)

Recommendation:

The Council should ensure that appropriate evidence of the year-end bank balance is retained, for example by obtaining a bank-generated balance confirmation or equivalent supporting documentation where standard statements are not available.

I. Accounting statements prepared during the year were prepared on the correct accounting basis and agreed to the cashbook

Accounting records were provided and an updated Statement of Account includes a breakdown of staff costs, allowing the figures reported in the AGAR to be reconciled to the underlying financial records.

However, the format of the accounting records remains unclear and does not provide a straightforward year-end receipts and payments summary.

Response: Yes (with recommendation)

Recommendation:

The Council should ensure that its accounting records are presented in a clear and structured format, enabling all figures in the AGAR to be readily traced to the underlying records.

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

The Council certified itself as exempt from a limited assurance review in the prior year. Based on the financial information available, the exemption criteria do not appear to have been met for that year.

The Council has confirmed that, following discussion with the external auditor, it is submitting a Form 3 AGAR for 2025/26.

Response: No

Recommendation:

The Council should ensure that both gross income and gross expenditure are below the statutory threshold before certifying exemption from external audit.

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

The Council maintains a website where governance documents and transparency information are published.

An explanation of significant year-on-year variances was not identified on the website at the time of audit.

Response: Yes (with recommendation)

Recommendation:

The Council should ensure that a clear explanation of significant year-on-year variances is prepared and published with the AGAR documentation.

L2. Members' interests were properly registered and managed

A register of members' interests is in place and published. Declarations of interest are recorded in the minutes where applicable.

Response: Yes

M. In the year covered by this AGAR the authority correctly provided for a period for the exercise of public rights

The Notice of Public Rights for the prior financial year was published in accordance with the Accounts and Audit Regulations.

Response: Yes

M2. Governance policies

Key governance and operational policies are in place, reviewed and published.

Standing Orders, Financial Regulations, the Code of Conduct, Risk Assessment, Asset Register and Internal Financial Controls were reviewed and/or acknowledged by Council on 23 March 2026.

Response: Yes

N. The authority has complied with the publication requirements for the prior year's AGAR

The AGAR documentation for the prior year is partially published; however, the Annual Internal Audit Report could not be identified on the website.

Response: No

Recommendation:

The Council should ensure that the full AGAR, including the Annual Internal Audit Report, is published in accordance with statutory requirements.

N2. Website accessibility and publication compliance

An Accessibility Statement is published in accordance with the Public Sector Bodies (Websites and Mobile Applications) Accessibility Regulations 2018.

Response: Yes

N3. Biodiversity duty

The Council is aware of its duty under the Environment Act 2021 and has adopted a Biodiversity Policy.

Response: Yes

P. Digital and data governance (Assertion 10)

The Council maintains appropriate digital and data governance arrangements, including data protection policies and the use of council-controlled email addresses for council business through an authority-owned domain.

Response: Yes

AGAR Page 3 – Internal Audit Opinion Summary

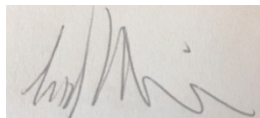
Based on the work undertaken, the responses to the individual control objectives (A–K) are set out above and should be reflected accordingly in Section 3 of the AGAR.

Assertion 10 (Digital & Data Compliance): Yes

Final Statement

Internal audit work was carried out on a sample basis and therefore cannot provide absolute assurance. However, the work completed provides reasonable assurance that the Council's systems of internal control are effective and operating in accordance with proper practices.

Signed:

A photograph of a handwritten signature in black ink on a light-colored background.

Date: 02/05/2026