



## Internal Audit Report.

Council:	Sturton by Stow Parish Council
Internal Auditor:	Elaine Atkin
Year Ending:	31 <sup>st</sup> March 2025
Date of Report	04/02/2025

This internal audit has been conducted in accordance with JPAG The Practitioners' Guide - March 2024 - Section 4 'Internal Audit'. It is recommended that a council completes an intermediate mid-year audit which allows any weaknesses in governance and internal controls to be corrected during the financial year and an end-of-financial-year audit.

Internal audit is the periodic independent review of a council's internal controls resulting in an assurance report designed to improve the 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 council through its staff and management and not left for internal audit. It would be incorrect to view internal audit as the detailed inspection of all records and transactions of a council to detect error or fraud. This report is based on the evidence made available to me and sampling tests undertaken by me and consequently the report is limited to those matters set out below.

**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 further audit enquiries being raised and the external auditor issuing a qualified opinion.**

**Lincolnshire Association of Local Councils**  
**Internal Audit Report.**

**To the Chairman of Sturton by Stow Parish Council**

I have examined council business documents including policies, agendas & minutes, accounting and financial statements and other documents relevant to this internal audit.

I confirm that I am independent of the council, its officers and councillors and its activities and I identified no conflicts of interest to my work with this council to the best of my knowledge.

The results of this internal audit are recorded on the next page. If any part of the audit was found to 'unsatisfactory' I have provided recommendations to improve the weakness identified.

Yours sincerely

***Elaine Atkin***

Internal Auditor

Lincolnshire Association Local Councils

Date: 07/02/24

<b>Area of work checked</b>	<b>Outcome</b>
Implementation of previous auditor recommendations	Satisfactory
Implementation of previous AGAR weaknesses/ recommendations	Satisfactory
Key Governance Review	Satisfactory
Transparency	Satisfactory
Accounting	Unsatisfactory
Budget	Satisfactory
Income Control	Satisfactory
Bank Reconciliation	Satisfactory
Petty Cash	Not applicable
Asset Control	Satisfactory
Risk Management	Unsatisfactory
General Administration	Satisfactory
Proper Process/Practice	Unsatisfactory
Payroll/HR	Satisfactory
Transaction spot checks	Satisfactory
Year-end process	Not audited
Allotments	Not applicable
Cemetery/burials	Not applicable
Charities	Not applicable
Community Buildings	Satisfactory
Markets	Not applicable
Other:	Choose an item.
Other:	Choose an item.

## Recommendations

Whilst there are a few 'unsatisfactory' assessments as above, there is nothing critical and the recommendations below suggest how these can be improved.

1. Key Governance Review: Standing Orders to be reviewed to ensure procurement thresholds match Financial Regulations.
2. Key Governance Review: Information Published under the Publication Scheme needs to be reviewed to include information available on the website.
3. Transparency: The website should be reviewed to ensure that information can be easily found i.e. tidy up AGAR information; update out of date information (councillor vacancies); ensure agendas and minutes are not in multiple places.
4. Transparency: Asset register (or a high-level version of it) to be published on the website. (Flagged in previous internal audit).

5. Accounting: There is a lack of clarity around grants. Whilst s.137 grants are minuted and identified in the accounts, it is not clear under what powers the other grants are awarded (and therefore whether there is a legal power to award). I would recommend recording the legal power in the minutes.
6. Budget: Council may want to consider a specific agenda item to review reserves, so that it is clear that this has been done.
7. Asset control: Recommend that the Land Registry title is recorded against land and buildings, on the asset register.
8. Risk Management: As per item 5 above, Council to ensure it knows what legal powers it is using when awarding grants (as required by its Grant Aid Policy).
9. Risk Management: For transparency, consider publishing draft minutes of the Annual Parish Meeting so that parishioners know in advance what they are being asked to approve at the next year's Annual Parish Meeting.
10. Risk Management: Council may want to consider the length and detail of the minutes. Minutes should be a clear and concise record of resolutions made and not necessarily the full details of discussions. (Supporting detail can be made available via published reports). There is no legal requirement to record items raised during the public participation session although as this agenda item is within the body of the meeting, council may want to consider a brief summary of the key points raised. Council may want to consider holding the public participation session before the formal agenda commences.
11. Proper Process/Practice: As per government guidelines, council must check that a job applicant is allowed to work for you in the UK before you employ them, (even if the person is known to you). You could face a penalty if you employ an illegal worker and have not carried out a correct right to work check.
12. Proper Process/Practice: Council may want to revisit their Code of Conduct and Standing Orders in relation to declaration of interests and what actions to take if a councillor has declared an interest at a meeting. What a councillor with a declared interest does should be recorded in the minutes against the particular agenda item they have declared an interest in i.e. Cllr Smith left the room at 7:45pm.
13. Proper Process/Practice: Co-option Policy should be published, for full transparency.
14. Proper Process/Practice: Council to consider whether it is necessary to resolve to move into closed session for relevant items such as discussing commercially sensitive tender responses or discussing staffing matters, rather than discussing them in open session.
15. Payroll & HR: Council should have a written record of pension opt-out decisions made by staff.
16. There are a few other minor observations or suggestions that have been documented in the Internal Audit Checklist.

## Recommendations regarding the Annual Governance Statement 2024-25

Annual Governance Statement Assertion	Internal Auditor comments
1. <i>We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.</i>	
2. <i>We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness</i>	
3. <i>We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and Proper Practices that could have a significant financial effect on the ability of this authority to conduct its business or manage its finances</i>	
4. <i>We provided proper opportunity during the year for the exercise of electors’ rights in accordance with the requirements of the Accounts and Audit Regulations.</i>	
5. <i>We carried out an assessment of the risks facing this authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.</i>	
6. <i>We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.</i>	
7. <i>We took appropriate action on all matters raised in reports from internal and external audit.</i>	
8. <i>We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this authority and, where appropriate, have included them in the accounting statements</i>	
9. <i>Trust Funds</i>	

-End of Internal Auditor’s Report-