



## Internal Audit Report.

Council:	Sturton by Stow Parish Council
Internal Auditor:	Elaine Atkin
Year Ending:	31 <sup>st</sup> March 2025
Date of Report	04/05/2025

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

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### **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. As part of the year-end audit I have completed a spot-check of two more transactions.

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: 04/05/2025

Area of work checked	Outcome
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	Unsatisfactory
Allotments	Not applicable
Cemetery/burials	Not applicable
Charities	Not applicable
Community Buildings	Satisfactory
Markets	Not applicable
Other:	Choose an item.
Other:	Choose an item.

The recommendations below only relate to items identified as part of the year-end process. Other recommendations were made in the previous intermediate internal audit report.

## Recommendations

1. That the Asset Register format is reviewed. Consider having a value brought forward from last year, details of all additions in the year, details of items disposed in the year, and a total asset value at year end (to be carried forward for the next year). As it stands, the current Asset Register format does not clearly explain the differences in the AGAR asset totals between this and the previous year (and therefore it is not possible to say if this year's total is correct). If the difference had been such that the external auditors required an explanation of the variance, having a clear asset recording format would make the task very easy.

2. When completing the Explanation of Variances as required by the external audit, the clerk should include numerical as well as narrative explanation for all required boxes, as detailed in 5.199 in the Practitioner's Guide. The external auditor publishes each year what the common issues are with submitted AGAR information, and they clearly state that *"There is often a lack of full numerical explanations provided for year on year variances for Boxes 2/3/4/5/6/9/10."* I would recommend that the clerk reads all the guidance material published by the external auditor each year.

## Recommendations regarding the Annual Governance Statement 2024-25

Annual Governance Statement Assertion	Internal Auditor comments
<i>1. We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.</i>	'Yes' response
<i>2. We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness</i>	Council should consider its response – see 1.18 guidance in the Practitioner's Guide. Its procedures for the recording of asset disposal are not clear, as disposed assets do not appear to be clearly identified in the Asset Register.
<i>3. 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>	Council should consider its response, based on the internal audit findings relating to: <ul style="list-style-type: none"> <li>• Lack of clarity over under which powers grants are being awarded,</li> <li>• Non-compliance with actions required by the Code of Conduct following declarations of interest at meeting,</li> </ul>
<i>4. 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>	'Yes' response
<i>5. 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>	'Yes' response
<i>6. We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.</i>	'Yes' response
<i>7. We took appropriate action on all matters raised in reports from internal and external audit.</i>	Council should consider its response.
<i>8. 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>	'Yes' response
<i>9. Trust Funds</i>	N/A

-End of Internal Auditor's Report-