



## Internal Audit Report.

This audit report is to read in conjunction with the Annual Internal Audit Report in the Annual Governance and Accountability Return.

Council:	Nocton Parish Council
Internal Auditor:	Elaine Atkin
Year Ending:	March 2024
Date of Report	4 <sup>th</sup> June 2024

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 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 a qualified audit opinion.**

# Lincolnshire Association of Local Councils

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### **To the Chairman of Nocton Parish Council**

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

The Internal Audit Report for 2022/23 is published online and was made available to me.

A number of recommendations were made at the intermediate audit in April 2024. Given the short timescale between intermediate and year-end audit (one month), there has been little chance for my recommendations to be actioned, however it has been noted that:

- Council have agreed that Personnel Committee minutes should be published
- The June 2024 agenda now has the date of publication on

All other recommendations as made at the intermediate internal audit still stand.

Two further transactional checks were made on this audit and there was an evidenced audit trail from the expenditure authorisation through to invoice payment.

On the Annual Internal Audit Report I have said “No” to internal control objective B (This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for), for the following reasons:

- Whilst Financial Regulations have been reviewed and accepted they have not been tailored to the council.
- Whilst the system of financial control includes some robust practices, these do not align to the requirements of the council’s adopted Financial Regulations.

I have said “No” to internal control objective C (This authority assessed the significant risk to achieving its objectives and reviewed the adequacy of arrangements to manage these), for the following reasons:

- An annual review of the council’s Risk Register has not taken place in the financial year being audited.

- Whilst the defibrillator is looked after by a local resident, it is still a council asset and council therefore have the responsibility to ensure that appropriate and documented checks take place.
- Financial controls are not correctly documented/followed in the Financial Regulations, as per above.
- There have been issues with the council's agendas and minutes during the financial year (as flagged in the intermediate audit), with the subsequent risk that council could be challenged over the legality of decisions made at those respective meetings (for example, decisions made in confidential session, which have not been included in the approved minutes).

I have said "No" to internal control objective J (Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cashbook, supported by an adequate audit trail from underlying records and, where appropriate, debtors and creditors were properly recorded) for the following reason:

- Whilst the figures on the 2023-24 AGAR Accounting Statement have been made on a receipts and payments basis, as per the council's accounting basis, the RFO has confirmed that the year-end figures are presented differently i.e. on an income and expenditure basis, to make it easier and clearer for members of the public to understand the council's performance against budget. I have clarified to the council that the accounting and reporting basis should be the same and is open to challenge if it is not.

I would recommend that council considers its response to the relevant assertion statements on the Annual Governance Statement, in light of the internal control objective "No" responses as above.

I would like to thank the Clerk, RFO and Chair for their assistance with this audit.

Yours sincerely

*Elaine Atkin*

Elaine Atkin

Internal Auditor

Lincolnshire Association Local Councils

Date: 4<sup>th</sup> June 2024