



## Internal Audit Report.

Council:	Nocton Parish Council
Internal Auditor:	Elaine Atkin
Year Ending:	31 <sup>st</sup> March 2025
Date of Report	01/05/2025

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 Nocton Parish Council**

I have examined council business documents including policies, agendas & minutes, accounting and financial statements and other documents relevant to this internal audit. For this year-end audit I completed a further two transaction spot-checks.

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: 01/05/25

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	Satisfactory
Budget	Satisfactory
Income Control	Satisfactory
Bank Reconciliation	Satisfactory
Petty Cash	Not applicable
Asset Control	Satisfactory
Risk Management	Unsatisfactory
General Administration	Unsatisfactory
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. Updating of asset register:
  - a. Ensure that new assets are added when purchased and clearly identify them as additions for that financial year.
  - b. Ensure when assets are disposed of they are clearly identified as disposed items for that financial year.
  - c. Ensure the year-end total asset value takes account of the figure brought forward from previous financial year, plus any additions minus any disposed items.

2. That items flagged in the intermediate internal audit and/or by the external auditor are considered and actioned in a timely manner.

On the (AGAR) Annual Internal Audit Report 2024/25 I have said 'No' to Internal Control Objective C (This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements in place).

In the External Auditor's 'Except for Matters' report for 2023-24, it was noted that *"Section 1, Assertion 5 has been incorrectly completed, the council did not review its risk register therefore Assertion 5 should have been answered No. This is consistent with the Internal Auditor's response to Internal Control Objective C."*

The Parish Council have already indicated that for 2024-25 they will be saying 'No' to assertion 5, relating to risk. Council acknowledge that the Risk Register was not updated but realise it should have been. They plan to do so in the coming months.

Council is therefore acknowledging that they have failed to act on a previous 'Except for Matters' report and the external auditor will likely flag this up.

A separate explanation of my 'No' response has been provided, and will need to be issued to the external auditor along with my completed Annual Internal Audit Report.

## 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>	'Yes' response
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>	'Yes' response
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>	'Yes' response
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>	'Yes' response
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>	I am recommending that council should say 'No' to this assertion, for the reasons already given in my explanation as to why I have said 'No' to Internal Audit Control Objective C.
6. <i>We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.</i>	'Yes' response
7. <i>We took appropriate action on all matters raised in reports from internal and external audit.</i>	'No' response. It is clear that council has not "considered all matters brought to its attention by its external auditor and internal audit and taken corrective action as appropriate", as per the Practitioner's Guide.
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>	'Yes' response
9. <i>Trust Funds</i>	N/A

-End of Internal Auditor's Report-