



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:	Scothern Parish Council
Internal Auditor:	Stacey Knowles
Year Ending:	March 2023
Date of Report	15 th December 2022

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

Internal Audit Report

To the Chairman of Scothern Parish Council

I have examined council business including policies, agendas & minutes, accounting and financial statements and other documents relevant to this audit. The Internal Audit report for 2021-2022 was made available. No actions were required.

During this interim audit, some areas were identified where action is recommended. These matters are offered as suggestions for improvement and have been discussed with the RFO.

- A number of council policies have been reviewed within the financial year including Financial Regulations and Standing Orders. The council has adopted the LGA Code of Conduct in line with the district authority. The Code of Conduct is not currently published on the website. It is recommended that this is published as soon as possible.

It is recommended that a co-option policy is put in place which outlines the council's process and procedures for co-option. This aids transparency.

- The Council has a number of internal controls in place including financial reporting on a monthly basis, bank reconciliations and an authorisation process for invoices received. The bank reconciliation process could be strengthened by providing the council with the original bank statements and to ask a councillor (non-signatories) to sign the document to confirm the bank statement and the cashbook match.

It is recommended that a dual authorisation process is put in place for making BACs payments using the online bank.

- The asset register is published but requires review. The RFO was aware of this and noted that it was an ongoing piece of work. Asset inspections are carried out regularly by councillors. It is recommended that these inspections are recorded in writing alongside any remedial action required.
- The council currently backs up electronic records to an external hard drive. It is recommended that the hard drive and any paper records are kept in fire proof storage.
- Insurance documentation was not checked within the interim audit due to the unforeseen absence of the clerk. This will be included within the final audit for the year in April 2023.

Three transactional spot checks were carried out during this interim audit and there was a clear audit trail from order to payment for each.

I would like to thank Cathie in her role as RFO for accommodating this interim internal audit and ensuring that documents were made available as needed. The final audit will be completed in April 2023 following completion of the annual accounts.

Yours sincerely

Stacey Knowles

Stacey Knowles
Internal Auditor
Lincolnshire Association Local Councils
Date: 15th December 2022