



## 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 2024
Date of Report	14 <sup>th</sup> May 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

## 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. Together with the interim audit report dated 15<sup>th</sup> December 2023, this forms the completed internal audit for the year ending March 2024.

A few areas were identified in the audit conducted in December 2023 where actions were recommended and are offered as suggestions for improvement. Many of these recommendations have now been implemented including:

- Review of the asset register and regular inspection of assets
- Councillor responsibility and scope of role has been made clearer at a meeting of the council.
- RFO has revised the system for financial record keeping
- The bank reconciliation review process has been revised to bring it in line with best practice
- Councillor are able to view invoices to confirm details of payments to be made
- Council now aware of the need to authorise expenditure for items
- All expenditure is through the clerk except in exceptional circumstances. Council is reviewing the need for a debit or credit card to avoid the use of personal cards.
- Completed a DSE assessment
- Revised Terms of Reference adopted for Grange Park working group

A few items from the previous report are outstanding but the Clerk/RFO is aware and will be implementing these or bringing these to the council for consideration. The council may wish to prioritise gaining access to the online bank account for signatories. This mitigates against business continuity risks in the event that an individual is unable to authorise online. It also ensures that the responsibility for authorising payments is rotated among signatories, reducing the risk of fraud or errors.

Within the financial year, confidential minutes have been kept. This is contrary to best practice. There are no 'confidential minutes' or 'Part B' minutes. Items requiring resolution or noting that are made within the confidential session of the meeting should be recorded in the minutes giving sufficient information to ensure clarity around what has been agreed but not so much that it divulges confidential information. For example. *'The clerk's salary was reviewed and the clerk was awarded a single point salary increase within the contracted scale SCP 20 to 24'*.

### Internal Audit Report for the AGAR

The internal auditor has ticked no to '**Internal Control Objective B**' because the authority did not always comply with its Financial Regulations with regard to:

- the consideration of 3 quotes;
- the authority to spend; and
- use of personal debit and credit cards.

As reported in December 2023, purchasing has not always been in line with Financial Regulations. For example, benches from TDP Ltd were included on the list of payments in September and October minutes. However, the IA could not locate the minutes in which the council resolved to incur this expenditure. The payment was listed in both September and October minutes – different values were reported. Without an item resolving to incur the expenditure or specify the chosen supplier, the council has not followed its Financial Regulations in relation to procurement or authority to spend– receipt of three quotations (FR 11.1h), authority to spend (FR 4.1).

Within the financial year, there has been significant use of personal debit and credit cards with expense claims being subsequently submitted and paid. This is contrary to FR 6.19.

The internal auditor has ticked no to **'Internal Control Objective G'** because there have been instances where PAYE deductions have not been made correctly within the financial year.

Thank you to Lisa for her assistance in carrying out this audit. It should be noted that Lisa has made a number of changes to the council's processes since starting in the role, ensuring best practice is now in place for a number of areas outlined in the previous report

Yours sincerely

Stacey Knowles  
Internal Auditor  
Lincolnshire Association Local Councils  
Date: 14<sup>th</sup> May 2024