



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 2025
Date of Report	8 th December 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.

Several areas have been identified where action is recommended. I have discussed these with the Clerk/RFO and they are detailed in the report below.

Budget

- When setting the annual budget and subsequently the precept, the budget amount agreed upon should be included in the minutes. This allows residents to see that the precept figure arrived at is supported by a clear budgetary process and figure.

Proper Process / Practice

- Confidential session of the council was used to consider the NJC contractual pay award. It is not necessary to consider the acceptance of the national pay award in confidence. This is because the NJC pay award and revised salary scales are already within the public domain. The council would only need to use a confidential session if an employee's salary point was being discussed as this would be considered personal information relating to the employee.
- It is recommended to check the IR35 rules for contracts. In particular, for cleaning of the bus shelters.

Payroll and HR

- The pension redeclaration documents were not available for review. These are currently held by a councillor. It is recommended that the clerk as proper officer of the council retains all official documentation on behalf of the council. This is in line with Standing Orders, Councillor/employee protocol and the clerk's job description. This check will be completed at the next internal audit meeting.

The clerk and council should be acknowledged for implementing recommendations made in the previous internal audit report. Signatories now have access to the bank account, there is clearer compliance with Financial Regulations including consideration of 3 quotes in line with the thresholds adopted within Financial Regulations and the introduction of a council debit card. The use of the debit card has resulted in no expense claims being made within the financial year to date and the clerk manages all payments and transactions on behalf of the council. PAYE deductions are consistently applied and there are clear records in place to evidence this. The asset register has been reviewed, adopted and published. Policy documents are up to date and the recommended policies from the previous audit have been adopted.

Three transactional checks were carried out during this intermediate audit. All three transactions showed a clear audit trail from authority to incur expenditure through to payment of the invoice.

Thank you to Lisa for meeting with me to complete this audit.

Yours sincerely

Stacey Knowles

Internal Auditor

Lincolnshire Association Local Councils

Date: 8th December 2024