



Internal Audit Report

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

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.

Council: Heydour, Aisby and Oasby Parish Council
Internal Auditor: Cathryn Nicoll
Year Ending: March 2024
Date of Report: 2 February 2024

Lincolnshire Association of Local Councils Internal Audit Report

To the Chairman of Heydour, Aisby and Oasby Parish Council

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

The Clerk/RFO has been in post for circa two years and is doing well.

Key Governance Review

- Policy documents are up to date and have been appropriately reviewed, however the Financial Regulations have been prepared but not adopted and displayed on the website. Noted Clerk/RFO is to add the adoption of the Financial Regulations to the Agenda for the next meeting and then will display appropriately (see note below).
- Security checklist needs checking.

Transparency

- The website needs bringing up to date - the following should be displayed
 - Five years of agendas/minutes/financial information
 - Exemption of External Audit declaration
 - Insurance documents
 - Current year financial information
 - Asset Register

Recommend that the website is brought up to date as soon as possible and if necessary, engage Pete Langford for additional hours to assist.

Accounting

- Current cash book up to date but should be displayed on website.
- Financial Regulations - viewed but noted not adopted by council; will be tabled for adoption at next Council meeting, appropriately minuted and displayed on website - see note above.

Income / Banking (including reconciliation)

- Historical bank mandate in place. Clerk/RFO has not seen the original. Only the Chair and Vice-Chair have access (in addition to the Clerk/RFO) for online banking. Currently using Virgin Bank. **Suggest** change of bank be investigated for all councillors to have online banking to authorise payments which should be done on a rotational basis. Also **suggest** Clerk/RFO should have Council credit card to allow purchases to be made instead of using personal credit card or cash.

Asset Control

- RoSPA engaged for annual checks of play equipment. Clerk/RFO currently visually inspects play equipment at regular intervals. **Recommend** written record of intermediate visual inspections which should detail equipment inspected and condition.

Risk Management

No risk register in place.

Recommend Risk Register/Management Scheme is put in place as soon as possible.

General

- The Council information on the currently Council laptop is backed up to USB stick. **Recommend** additional external hard drive is obtained for storage of data which should be stored along with other important documents etc in a fireproof/waterproof box/bag/filing cabinet.

Proper Process / Practices

Recommend

- Co-options Policy is put in place as soon as possible.
- The pages of the Minute Book are numbered sequentially and signed by the Chair (to start from January 2024).

Suggest investigating "gov.uk" for emails, however noted the cost implication on a Council with a very small Precept.

Transactional checks

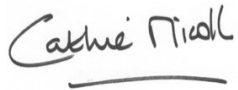
- Three transactional checks were carried out and confirmed that these were correctly managed. **Recommend** however that all invoices are initialled by two councillors to signify approved for payment and the date of the BACS payment is annotated to the invoice.

Other

Suggest

- Lincolnshire County Council Newsletters from 2021 are removed from the website as very out of date.
- Council mobile telephone is provided to Clerk/RFO to give continuity of telephone number.

Thank you, Rowena for meeting with me to complete this audit (and for the hospitality), please continue with the good work you are doing.



Cathryn Nicoll - Internal Auditor
Lincolnshire Association Local Councils
5 February 2024



Lincolnshire Association of Local Councils

Internal Audit Checklist 2023/24

Name of Parish or Town Council	Heydour, Aisby and Oasby Parish Council			
Parish Council website	https://heydour-aisby-oasby.parish.lincolnshire.gov.uk			
Name of internal auditor	Cathryn Nicoll			
Date of audit	29 January 2024			
Type of audit (Please tick)	Intermediate	<input checked="" type="checkbox"/>	Year-end (including AGAR)	<input checked="" type="checkbox"/>
Council contact information	Name	Email		
Clerk	Rowena Boden	Heydour.clerk@outlook.com		
RFO* if different				
Chairman*	Richard Peace	Heydour.cllrpeace@outlook.com		
Electorate	278	Total number of seats	6	
Quorum	4	Number of councillor vacancies	0	
Precept Demand 2023/24	£5000	Gross budgeted Income	£8550	
Date of most recent audit	Internal Audit 08/05/2023 AGAR 2023	Date of next audit agreed with Clerk	Final/AGAR completed 13/05/2024	
	Y/N	Comments		
Has the internal auditor seen previous audit reports including the most recent?	Y	Available on the website		
Is there evidence that previous internal and external audit reports have been acted upon?	N	No recommendations made - previous report very limited.		

Key governance review		Y/N	Comments & recommendations	Risk ⁱ		
				Low	Med	High
1	Standing Orders (tailored and reviewed)	Y	Adopted May 2022 / Reviewed May 2023 / Next Review May 2024.	X		
2	Financial Regulations* (tailored and reviewed)	N	Document on website deals more with risk. Financial Regulations viewed, to be taken to March meeting for adoption and uploaded to website		X	
3	Terms of reference (committees / working groups)	N	No committees	X		
4	Councillors' Code of Conduct*	Y		X		
5	Complaints procedure* (tailored and reviewed)	Y	Approved May 2022 - to be reviewed May 2024	X		
6	Insurance Cover <ul style="list-style-type: none"> • Reviewed annually • Certificate(s) viewed & valid • Employees' Liability Cover in place and published* • Public Liability Cover • Employees' Fidelity Guarantee • Councillors' ages reviewed and recorded • Other e.g. vehicles, assets, equipment, volunteers ... 	Y	Viewed - to be displayed on website		X	
7	Council contact details available online	Y		X		
8	Up to date employment contracts for all staff	Y		X		
9	Publication scheme in place*	Y		X		
10	GDPR policies in place* <ul style="list-style-type: none"> • Record Retention Schedule • Data Breach Assessment • Process for dealing with a Subject Access Request • Security Compliance Checklist 	Y	However, Security Checklist needs checking.	X		
11	Arrangement for inspection of public records adequate*	Y		X		
12	External audit report published by 30 Sept (if relevant)*	Y		X		

Transparency		Y/N	Comments & recommendations	Risk		
				Low	Med	High
13	End of year accounts published by 1 July*	Y		X		
14	Annual Governance statement published by 1 July* • Correctly claimed exemption from audit (if relevant)	Y		X		
15	Internal audit report published by 1 July*	Y		X		
16	Agendas and meeting papers published within three clear days*	Y	Assume this is the case - Clerk/RFO advises is the case.	X		
17	Past 5 years of annual returns available online*	N	Needs updating to include five years information. Is aware of Pete Langford.		X	
18	Asset register published by 1 July*	Y	Asset Register in place but should be published		X	
Councils under £25K turnover and over £200K (Best Practice for those under £200K):						
19	All items of expenditure above £100 published by 1 July (over £500 for larger)	Y		X		
20	Councillor responsibilities published by 1 July	N	No councillors have direct responsibility	X		
21	Draft minutes published within one month of the meeting	Y	Meetings held two monthly - website only	X		
Councils over £200K turnover:						
22	Senior officer salaries published*					
23	Data on issues important to local people (e.g., parking, grants)*					
24	Procurement information over £5,000 published*					

Accounting		Y/N	Comments & recommendations	Risk		
				Low	Med	High
25	Cashbook maintained and up to date	Y	Needs to be displayed on website.		X	
26	Arithmetically correct (checks / balance)	Y		X		
27	Evidence of internal control	Y		X		
28	VAT* • evidence of recording • evidence of reclaiming	Y		X		
29	All payments supported by authorised, minuted invoices	Y		X		
30	s.137* • Recorded separately within accounts • Within legal threshold limits for the current year • Spend in accordance with legislation	N	Not used - nothing spent	X		
31	Payments made in accordance with Financial Regulations • Cheques • Online banking • BACS • Direct Debit • Credit or debit cards • Other payments	N	Financial Regulations in place but not adopted or displayed (viewed) - to be brought to next meeting for adoption. However, payments made in accordance with risk assessment/method as displayed on web		X	

Budget		Y/N	Comments & recommendations	Risk		
				Low	Med	High
32	Annual budget in support of precept approved by full council*	Y		X		
33	Precept demand properly minuted*	Y		X		
34	Earmarked reserves reviewed	Y	"Earmarked" funds not previously detailed - now put in place and being budgeted for.	X		
35	Budget is monitored regularly with variances reported to council in line with Financial Regulations • Variances from budget explained	Y	See comments in relation to Financial Regulations.		X	

Income control		Y/N	Comments & recommendations	Risk		
				Low	Med	High
36	Income properly recorded and banked promptly	Y	BACS - only income is precept.	X		
37	Precept income received in bank account	Y		X		
38	Effective security of cash and cash transactions	N	No cash	X		
39	Effective security of card transactions	N	No card - recommend Council obtains council credit card	X		

Bank reconciliation		Y/N	Comments & recommendations	Risk		
				Low	Med	High
40	Regular bank statement reconciliation	Y		X		
41	Balancing entries (adjustments) explained	Y		X		
42	Bank mandate up to date <ul style="list-style-type: none"> Evidence of signatories 	N	Bank mandate not available been in place for a number of years. Virgin Bank - not able to obtain authority from bank to get additional levels of approval. Only Chair/Vice-Chair have online banking arrangements.		X	

Petty cash		Y/N	Comments & recommendations	Risk		
				Low	Med	High
43	Petty cash account used/authorised	N	No petty cash held.	X		
44	Petty cash spending supported by VAT receipt(s)					
45	Petty cash reported to Council					
46	Petty cash float reconciled/reimbursed					
47	Other					

Year-end process		Y/N	Comments & recommendations	Risk		
				Low	Med	High
48	Accounting according to <ul style="list-style-type: none"> Income and expenditure Receipts and payments 	Y	Receipts and payments	X		
49	Bank statements reconcile to ledger	Y		X		
50	Robust audit trail evident	Y		X		
51	Debtors and creditors recorded	N	No debtors or creditors	X		
52	Other					

Asset control		Y/N	Comments & recommendations	Risk		
				Low	Med	High
53	Register of assets* <ul style="list-style-type: none"> Exists Reviewed Up to date 	Y		X		
54	Assets inspected and Health & Safety issues considered* <ul style="list-style-type: none"> Play equipment Street furniture Fire safety Defibrillators Other 	Y	Play equipment only - RoSPA annually. Visual checks by Clerk - should be recorded.		X	

Risk management		Y/N	Comments & recommendations	Risk		
				Low	Med	High
55	Risk Register / Management scheme in place	N	No risk register in place - advised to get in place - RAG ratings to be included.			X
56	Annual risk assessment undertaken as a minimum					
57	Financial controls and procedures documented					
58	Regular financial reporting to Council in line with Financial Regulations					
59	Reporting of bank balances minuted	Y				
60	Grants ratified and minuted according to policy					
61	Evidence of unusual activity from minutes					

General		Y/N	Comments & recommendations	Risk		
				Low	Med	High
62	General Power of Competence <ul style="list-style-type: none"> • Council eligible • General Power of Competence adopted/ up to date 	N				
63	Back up of files adequate	Y	Using USB stick however suggested use of external hard drive to store everything to be kept securely in fireproof/waterproof box/bag/filing cabinet.		X	
64	Storage of files (paper and electronic) adequate	Y	Secure storage available	X		
65	Local Council Award Scheme <ul style="list-style-type: none"> • Foundation • Quality • Quality Gold 	N		X		
66	Website Accessibility Statement published online*	Y		X		

Proper Process / Practice		Y/N	Comments & recommendations	Risk		
				Low	Med	High
67	Employee posts properly recorded/ correct job descriptions <ul style="list-style-type: none"> • Proper Officer (Clerk) • RFO • Deputy Clerk • Admin assistant • Site staff • Other 	Y	Only clerk/RFO employed.	X		
68	List of Members' interests* <ul style="list-style-type: none"> • displayed on website • reviewed regularly 	Y	via South Kesteven District Council	X		
69	Declarations of acceptance of office* <ul style="list-style-type: none"> • New Councillor • Chairman 	Y		X		
70	Co-options according to policy	N	Co-options policy to be put in place.	X		
71	Agenda documents correct	Y		X		

72	Minutes correct / signed*	Y	But minute pages should be numbered sequentially.	X		
73	Council-owned email address account in place	Y	Via "outlook" - something for the future due to cost.	X		
74	Purchase order system used/correct	N		X		
75	Purchasing authorised in line with Financial regs / limits	N	Financial regulations to be published - see notes above.	X		
76	Council operating within legal powers* • Legal powers identified in minutes	Y		X		
77	Delegation to officers or committees • Scheme of delegation • Limits set out in financial regulations and / or standing orders; • adhered to; • reported adequately	N		X		

Payroll & HR		Y/N	Comments & recommendations				Risk		
							Low	Med	High
78	Written statement of particulars for all staff from day one (April 2020 onwards)*	Y					X		
79	Proper procedures for payroll, PAYE & NI*	Y	Via HMRC				X		
80	Is payroll inhouse or external provider used?	Y	In-house	X	External				
81	PAYE & NI payments verified	N	Clerk/RFO is below limits for PAYE/NI				X		
82	Approval of salaries and increments	Y					X		
83	Approval of expense claims	Y					X		
84	Minimum wage threshold met	Y					X		
85	HR procedures and policies adopted / reviewed	Y					X		

86	Training policy and record staff /elected Members	N	Training Policy to be put in place. Cllrs to be encouraged to attend training.			X		
87	Qualified Clerk <ul style="list-style-type: none"> • CiLCA 2015 or later • Level 4 Community Governance or higher 	N				X		
88	Annual appraisals undertaken	Y	Done by Chair only. Consideration of Staffing Group to be reviewed in the future.			X		
89	Job description up to date / reviewed	Y				X		
90	Health and safety of staff workstation & PC equipment undertaken * <ul style="list-style-type: none"> • Display Screen Equipment 	N	Advised Clerk/RFO undertake the online training available.			X		
91	Adequate Pension provision in place		LGPS		Tick			
			NEST		Tick			
			Other		Identify			
	• Automatic Enrolment for Staff*		Y		N		DD/MM/YYYY	
	• Opt Out Evidenced*		Y		N		DD/MM/YYYY	
	• Declaration of Compliance*		Y		N		DD/MM/YYYY	
	• Redeclaration of Compliance		Y		N		DD/MM/YYYY	
	Nothing in place at present - low salary							

Transaction spot check

Check number	1	2	3	4	5	6
Ledger date	02/04/2023	22/05/2023	31/08/2023	20/02/2024	12/01/2024	30/11/23
Item / budget heading	LALC Membership	Internal Audit	LALC conference	Internal Audit	Survey regarding Sewage	Clerks salary month 8
Reference / Cheque number	BACS 12/04/23	BACS 22/05/23	BACS	BACS 25/03/24	BACS 30/01/2024	BACS 30/11/23
Order minute reference	23044	23059	23064	23060	23088	24005 (typo re month on minute)
Delivery evidence	Y	Y	Y	Y	Y	Y
Payment minute reference	16/05/23	16/05/23	12/09/23	To be ratified 14/05/2024 Clerk has delegated powers	Agreed to be paid but no amount specified	Cleared Clerk has delegated powers - contract with clerk
Invoice value	142.84	100.00	30.00	180.00	9.72	216.75
Minute value	142.84	100.00	30.00	180.00	9.72	216.75
Payment value	142.84	100.00	30.00	180.00	9.72	216.75
Statement value	n/a	n/a	n/a	n/a	n/a	n/a
Timely payment	Y	Y	Y	Y	Y	Y
VAT recorded	0%	0%	5.00	30.00	1.62	E
S137 recorded in ledger No S137 payments made	N/A	N/A	N/A	N/A	N/A	N/A
S137 minuted	N/A	N/A	N/A	N/A	N/A	N/A
Notes						

Appendix: Additional Areas for Audit (Council Specific)

	Allotments	Y/N	Comments & Recommendations	Risk		
				Low	Med	High
A1	Income for allotment rentals balance	N	No allotments.			
A2	Fees charged in accordance with approved rates					
A3	Up to date occupancy details kept and securely retained					
A4	Agreements/licences issued to all plot holders					
A5	Other					

	Burials	Y/N	Comments & Recommendations	Risk		
				Low	Med	High
B1	Cemetery accounts balance	N	No burial grounds.			
B2	Fees charged in accordance with approved rates					
B3	All interred ashes have certificates of cremation*					
B4	Permits properly documented and stored*					
B5	Cemetery regulations adopted and up to date					
B6	Registers of burials and purchased graves completed correctly and stored safely*					
B7	Burial certificates issued correctly					
B8	Green slips returned appropriately to Registrar					
B9	Legible cemetery burial plan up to date* <ul style="list-style-type: none"> backed up if appropriate 					
B10	Business rates exemptions correctly applied					

	Charities	Y/N	Comments & Recommendations	Risk		
				Low	Med	High
C1	Accounted for separately	N	No charities.			
C2	Independently audited*					
C3	Returns filed within legal time limits*					

	Community buildings	Y/N	Comments & Recommendations	Risk		
				Low	Med	High
Cb1		N	No community buildings.			
Cb2						
Cb3						

	Markets	Y/N	Comments & Recommendations	Risk		
				Low	Med	High
M1	Income for stall hire balances	N	No markets.			
M2	Fees charged in accordance with approved rates					
M3	Up to date occupancy details kept and securely retained					
M4	Statutory records kept / stored safely					
M5	Agreements/licences issued to all stall holders					
M6	Other					

	Other	Y/N	Comments & Recommendations	Risk		
				Low	Med	High
O1						
O2						
O3						

Endnotes

High and medium risk items may lead to the internal auditor stating that the Council does not comply with one or more assertions on the AGAR form at the end of the financial year.

ⁱ **High risk** – these items should be dealt with as a **high priority** because they may affect one or more of the following – statutory and must be done, high financial risk which could reveal the council to losses, not compliant with Proper Practices in the Practitioners’ Guide, high risk of reputational damage, failure to comply may lead to penalties, prosecution or legal action.

Medium risk – these items need to be improved to meet one or more of the following - statutory requirements, support internal control, reduce the risk of financial loss and reputational damage, improve governance, improve compliance with proper practices in the Practitioners’ Guide, and to improve procedures that should be in place.

Low risk – these items are usually **best practice** to improve governance, internal control, transparency, efficiency and effectiveness.

*-Asterisked items are statutory requirements and should be in place where applicable.