



Internal Audit Report

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

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| Council: | Heckington Parish Council |
| Internal Auditor: | Stacey Knowles |
| Year Ending: | March 2025 |
| Date of Report | 12 th May 2025 |

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 Heckington 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 14th January 2025, this forms the completed internal audit for the year ending March 2025.

A few areas were identified in the audit conducted in January 2025 where actions were recommended and are offered as suggestions for improvement. Many of these recommendations have been implemented or will be implemented in the next financial year. This includes:

- **Key documents**
 - **Policies** – Recommendation to review and adopt the following policies: Complaints policy, freedom of information policy including the model publication scheme, data protection policy, Subject Access Request Procedure and a section within the data protection policy for dealing with breaches of data. *Action partially completed. The council is in the process of reviewing and adopting these policies*
 - **Insurance review** – Recommendation to review the current insurance levels against an accurate asset register - *Action partially completed. The council has taken steps to revise the asset register which has resulted in a restatement of box 9-fixed assets on the AGAR for the prior year. The revised asset figure is being used to effect new insurance cover from 25/26. The council has revaluation of buildings on its action plan to complete.*
- **Transparency**
 - **AGAR** - Approval of the AGAR sections and confirmation that the council has confirmed the dates for the public rights inspection period. *Recommendation completed. The council has made changes for consideration of the 24/25 AGAR documents and will follow the recommended order of business on the agenda to approve the documents.*
 - **5 Years of annual returns published** – *Recommendation not completed.*
 - **Roles not published and other transparency information** – *Recommendation not completed. The council has an action plan in place for considering the recommendations of the internal audit carried out in January 2025. A website review to ensure that the council is complying with all aspects of transparency regulations and best practice will be carried out.*
- **Accounting**
 - **Internal controls** – Recommendation to ensure regular budget monitoring and bank reconciliations were carried out and minuted. *Recommendation completed. The council has been monitoring its budget since September 2024. Bank reconciliations are now clearly minuted. The process for bank reconciliations has been changed. Two members of the Finance committee meet with the RFO on a rota to review the cashbook against the bank statement and the corresponding invoices. This process meets best practice.*
 - **Dual authorisation for payments** – *Recommendation not yet completed. The council is in the process of setting up an account with Unity trust to enable dual authorisation for payments.*
 - **S137 expenditure**- recommendation that the council needs to make clear when it is relying on the use of s137 LGA 1972. *Unable to review - No further s137 payments were made in the financial year so this recommendation could not be followed up.*
 - **Adoption of a financial reserve policy** – *Recommendation completed. A Financial Reserve policy was adopted in January 2025.*
 - **Review of earmarked reserves** – *Recommendation partially completed – A review of the Earmarked reserves was scheduled in April 2025 but deferred pending the sale of land.*
- **Asset control and risk assessment**
 - **Asset register review** – *Recommendation completed.*

- **Inspection of assets and introduction of risk assessments and inspections for buildings**
Recommendation completed. The council has taken steps to put in place regular fire inspections and other health and safety measures for its buildings including risk assessments.
- **Check registration of council land at HM Land Registry** – *Recommendation completed. Land is confirmed to be registered appropriately.*
- **Adoption of risk register and risk management scheme** – *Recommendation partially completed. The council has been working on this document and is due to adopt this in May 2025.*
- **Grants and donations policy** – *Recommendation completed. Policy adopted.*
- **Proper process and practice**
 - Confidential items – *Recommendation completed. Now used and minuted appropriately.*
- **Payroll and HR**
 - Adoption of staffing policies – *Recommendation completed – The council has adopted a suite of HR policies.*
- **Transactional checks**
 - Three further transactional checks were carried out during the final audit for the financial year. There was a clear audit trail from the decision to incur expenditure through to payment of the invoice.

Further audit checks completed on 12th May 2025

A review of burials, community buildings and allotments were carried out during this audit meeting as well as end of year audit checks.

Community buildings - being managed appropriately with health and safety checks in place and approved rates for hire.

Burials – The clerk was aware that the cemetery regulations required review to bring them in line with best practice. The clerk had recently attended training to facilitate this work.

Allotments – All allotment tenants have an agreement in place. The tenancy register is being put together.

Year-end process

The council is using receipts and payments, has reviewed its asset register and the final bank reconciliation was seen by the IA. The explanation of variances has not yet been completed so has not been reviewed.

Annual Internal Audit Report 2024/2025

The Internal Audit section of the AGAR has been completed and signed appropriately. The following responses are given with the reasoning which is further detailed throughout this report and the report dated 14th January 2025. The responses below will affect the authority's ability to give positive assertions on the Annual Governance Statement.

| Internal control objective | Response | Reason |
|-----------------------------------|-----------------|--|
| A | No | The council did not always have appropriate accounting records kept throughout the financial year. This was evidenced in the transactional checks carried out and its processes in purchasing land. |
| B | No | The council did not always follow its financial regulations as evidence by purchase of land, lack of budget monitoring prior to September 2024. |
| C | No | A risk management scheme was not in place in the financial year. Insurance cover was not based on a sound asset register or review of the authority's risks. |
| D | No | The council did not review its reserves in the financial year and had not policy in place for financial reserves. |
| E | No | In the months prior to September 2024, the council held petty cash which was being topped up by income received. This is contrary to the council's adopted Financial Regulations. |
| F | No | Petty cash payments was not properly evidenced. <i>Petty cash account now ceased but was applicable for 6 months of the financial year.</i> |
| G | No | Instances of incorrect PAYE being paid have occurred. <i>This has now been rectified and processes changed but was applicable during the financial year.</i> |
| H | No | Asset registers were not properly reviewed or maintained throughout the year. |
| I | Yes | Periodic bank reconciliations have been carried out. Now explicitly minuted and the process improved to meet best practice |
| J | Yes | Receipts and payments in use |
| K | N/A | The authority did not certify exemption in 2023/24 |
| L | No | The authority has not published 5 years of annual returns on its website. The council's minutes did not always include clear resolutions and the agendas did not always provide enough detail to disclose the council's intentions behind an item. |
| M | Yes | The council adequately provided for a period for the exercise of public rights. |
| N | Yes | All required documents were published. |
| O | N/A | The council does not act as a trustee. |

Thank you to Heidi for meeting with me. Although the council has not met its internal control objectives, Heidi should be congratulated on making the recommended steps to improve the council's governance processes and putting in place proper practices.

Yours sincerely

Stacey Knowles

Internal Auditor
Lincolnshire Association Local Councils
Date: 12th May 2025