



Internal Audit Report

This narrative internal audit report is to be read in conjunction with the Annual Internal Auditor's Report for the Annual Governance and Accountability Return.

Council:	Pinchbeck Parish Council
Internal Auditor:	John Kilcoyne
Year Ending:	31 st March 2024
Date of Report	2 nd 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.

To the Chairman of Pinchbeck Parish Council

This report was compiled between January and May 2024 and includes inspection of

- the parish council website
- documents and other information requested from the Clerk to Council

relating to council business between April 2023 and March 2024. Two remote meetings were held with the Clerk to Council. The first meeting was also attended by the Clerk to Bourne Town Council.

The Internal Auditor's narrative report for 2022-2023 did not identify any recommendations for action. I have examined subsequent council business including policies, agendas and minutes, accounting and financial statements and other documents relevant to this audit.

It should be noted that the year under discussion has included the death of the longstanding clerk and condolences are sent to her family and to her colleagues on council.

Credit is given to the new clerk for his review of council practices and procedures, for the actions he has started already and for the plans in place to improve these. I have discussed with the clerk several areas identified for attention and some of these will already have been addressed by the time council receives this report.

Council business

Several areas of omission were identified during my first inspection of the parish council website including terms of reference for committees, minutes of specified meetings and policies. These have since been addressed. A number of policies and key documents have been reviewed in recent council meetings and missing documents are now available online.

The internal auditor's narrative report for 2022-2023 drew attention to irregularities relating to the approval of the 2021-2022 AGAR. Approval for the 2022-2023 AGAR would appear to have been carried out correctly.

It was noted that a Cemetery Committee met on five occasions between the Annual Meeting of Parish Council on 22nd May and 27th November 2023, on which date committee membership was agreed for each of five committees including the Cemetery Committee. In accordance with usual practice, and particularly considering that Council was newly elected in May 2023, it would have been prudent to appoint members of the Cemetery Committee prior to its first meeting after the Annual Meeting.

Terms of reference have been agreed for the Finance, Cemetery and Open Spaces and Assets committees in January 2024.

Parish Council has responsibility for the closed churchyard at St Mary's. It is noted that Parish Council also pays for regular maintenance and grass cutting at St Bart's which is an open churchyard. The clerk is aware of NALC's December 2023 guidance relating to this, which replaces the earlier guidance of January 2018.

Finance

The annual budget and precept are approved by council as required with detailed recording in the relevant minutes. Payments are made in accordance with financial regulations. An audit trail of six random transactions identified a clear process for authorisation and payment with appropriate

invoices and documentation. VAT has been reclaimed up to end of 2023. Some payments have been made by HMRC, others are still outstanding.

The level of general reserves is appropriately weighted against the overall expenditure and income. Clear explanations are provided for earmarked reserves relating to purpose and timescales.

Payroll was formerly contracted out but is now managed in house with due regard to HMRC payments. The required declarations are made to the Pensions Regulator.

The clerk has drawn attention to cash held on behalf of a charity related to the book sales associated with Pinchbeck Library. Council policy is not to have any cash for council transactions. Steps are being taken to regularise this situation with a new policy to deal with these specific items of cash and to reduce the risk associated with this.

Council intends to move to a new accounting package, Scribe, for the new financial year. The asset register is under review. Insurance is appropriate for the council.

Allotments

The existing arrangement for farm business tenancies is under review with new agreements being prepared. The clerk has identified areas for review within the existing garden allotments, including queries relating to invoices from October 2023. Specialist advice has been sought on these situations.

Cemetery

The clerk expects that existing burial ground has capacity for up to the next 5 years. The majority of the required finance is in place for the new burial ground which is expected to extend the capacity to 100-150 years.

Documents relating to burials are available to members of public from the parish council website. Council intends to move to Scribe Cemetery Software for the new financial year.

Further comments following inspection, May 2024

The minutes of the meeting held on 25th March 2024 noted receipt of the internal auditor's intermediate report (item 25.051.03)

Financial documents are included within the downloadable reports associated with monthly minutes. It would be helpful if these could be provided within the main page for minutes each time but this would involve reformatting to make the information accessible.

The clerk and council are to be commended for their diligence in taking account of earlier recommendations and for their achievement in meeting all the criteria required for the AIAR.

This final narrative report is provided for full council for consideration.

Yours faithfully,

J Kilcoyne

John Kilcoyne

Internal Auditor for Lincolnshire Association of Local Councils

2nd May 2024

An explanation is required for any line within the Annual Internal Auditor's report for which Yes cannot be ticked.

Internal control objective		Yes	No	Not covered	Explanation
A	<i>Appropriate accounting records have been properly kept throughout the financial year.</i>	✓			
B	<i>This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.</i>	✓			
C	<i>This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.</i>	✓			
D	<i>The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.</i>	✓			
E	<i>Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.</i>	✓			
F	<i>Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.</i>			✓	Petty cash not held
G	<i>Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.</i>	✓			
H	<i>Asset and investments registers were complete and accurate and properly maintained.</i>	✓			
I	<i>Periodic bank account reconciliations were properly carried out during the year.</i>	✓			
J	<i>Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.</i>	✓			
K	<i>If the authority certified itself as exempt from a limited assurance review in 2022/23, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2022/23 AGAR tick "not covered")</i>			✓	Correctly identified as not exempt.
L	<i>The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation</i>	✓			
M	<i>In the year covered by this AGAR, the authority correctly provided for a period, for the exercise of public rights as required by the Accounts and Audit Regulations (during the 2023-2024 AGAR period, were public rights in relation to the 2022-23 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set).</i>	✓			
N	<i>The authority has complied with the publication regulations for 2022/23 AGAR (see AGAR Page 1 Guidance Notes)</i>	✓			
		Yes	No	Not applicable	Explanation
O	(For local councils only) <i>Trust funds (including charitable) – The council met its responsibilities as a trustee</i>				No charitable trust.

Accounting Statements 2023-2024

	Year ending 31 March 2023 (£)	Year ending 31 March 2024 (£)
1. Balances brought forward	449,764	432,348
2. Annual precept	102,500	112,236
3. Total other receipts	136,783	112,415
4. Staff costs	61,450	84,768
5. Loan interest/capital repayments	0	0
6. Total other payments	195,249	158,768
7. Balances carried forward	432,348	413,277
8. Total cash and investments	381,529	383,498
9. Total fixed assets and long-term assets	332,144	338,371
10. Total borrowings	0	0

11a. Disclosure note re Trust funds

No

11b. Disclosure note re Trust funds

N/A