Internal Audit Report.

Council:	Dunholme Parish Council
Internal Auditor:	Elaine Atkin
Year Ending:	31st March 2025
Date of Report	11/07/2025

This internal audit has been conducted in accordance with JPAG The Practitioners' Guide - March 2024 - Section 4 'Internal Audit'. It is recommended that a council completes an intermediate mid-year audit which allows any weaknesses in governance and internal controls to be corrected during the financial year and an end-of-financial-year audit.

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-today 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 sampling tests undertaken by 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 further audit enquiries being raised and the external auditor issuing a qualified opinion.

Lincolnshire Association of Local Councils

Internal Audit Report.

To the Chairman of Dunholme Parish Council

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

I confirm that I am independent of the council, its officers and councillors and its activities and I identified no conflicts of interest to my work with this council to the best of my knowledge.

The results of this internal audit are recorded on the next page. If any part of the audit was found to 'unsatisfactory' I have provided recommendations to improve the weakness identified.

Yours sincerely

Elaine Atkin
Internal Auditor
Lincolnshire Association Local Councils

Date: 11/07/25

Area of work checked	Outcome
Implementation of previous auditor recommendations	Unsatisfactory
Implementation of previous AGAR weaknesses/ recommendations	Unsatisfactory
Key Governance Review	Unsatisfactory
Transparency	Unsatisfactory
Accounting	Satisfactory
Budget	Unsatisfactory
Income Control	Satisfactory
Bank Reconciliation	Satisfactory
Petty Cash	Not applicable
Asset Control	Satisfactory
Risk Management	Unsatisfactory
General Administration	Satisfactory
Proper Process/Practice	Unsatisfactory
Payroll/HR	Unsatisfactory
Transaction spot checks	Unsatisfactory
Year-end process	Unsatisfactory
Allotments	Not applicable
Cemetery/burials	Not applicable
Charities	Not applicable
Community Buildings	Unsatisfactory
Markets	Not applicable
Other:	Choose an item.
Other:	Choose an item.

Recommendations

1. LALC were only commissioned to do this internal audit in June 2025, approximately one week before the Council was due to sign off the AGAR. Usually, LALC would be commissioned to do an intermediate internal audit (September/October) and then a year-end audit. The purpose of the intermediate audit is to allow the Council sufficient time to rectify any issues found, prior to the AGAR Annual Internal Audit report being signed. This has not been possible this year, so there are potentially more issues flagged up, which have informed the Internal Audit Report answers.
2. The council had already completed its Annual Governance Assertions on the AGAR prior to the internal audit. Given the feedback from the internal audit, I do not believe that they should have responded 'Yes' to assertion Statement 6 ("we maintained throughout the year an adequate and effective system of internal audit of the accounting records and internal controls"). As there has only been a year-end internal audit, I do not believe this meets the "throughout the year" assertion.

3. I would recommend that when answering the AGAR Assertion Statements, council considers the guidance in the Practitioners' Guide, which details what needs to be in place in order for it to answer "Yes" to each assertion statement.
4. Matters identified above as 'Unsatisfactory' relate to issues found and as documented in the Internal Audit Checklist. Where relevant, recommendations have been made as to how council can make improvements.
5. I am aware that the Council has moved to a new website. At the point of LALC being commissioned to take on the 2024-25 internal audit in late June 2025, the council confirmed they were now ready for its audit and that the new website was now up to date, however an initial audit of documents and information found a number of issues, missing minutes etc. I am aware that some of this may have subsequently been corrected however my audit comments stand as at the point these initial audit checks were done.
6. I am aware that the new website has been populated by a councillor and appreciate that a lot of work has been done on this in recent months. I would suggest that the Clerk still has a responsibility to ensure that the information uploaded onto the website correctly displays so that, for example, formatting and numbering in documents is correct and easily readable, no information (such as date of meeting or payment details) is missed off key documents such as agendas and minutes. Any member of the public should be able to easily find out accurate information about the council's activities.
7. I have encountered some issues which were flagged up in the previous 2023-24 internal audit and which have not been addressed. (These are documented in the Internal Audit Checklist).

See below for explanation of my reasons for saying "No' to any internal control objectives on the Annual Internal Audit Report 2024-25:

Internal control objective D: The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.

From evidence seen in the council's minutes and following discussion with the Clerk, I do not believe that there was an adequate budgetary process leading to the precept demand; the budget (draft or final) was not formally approved by Full Council; there is no formal and minuted monitoring of budget (actuals versus budget); and no formal (minuted) monitoring or review of reserves.

Internal control objective H: Asset and investments registers were complete and accurate and properly maintained.

From evidence seen and following discussion with the Clerk it is not clear whether the assets are recorded as net price (as opposed to gross, including VAT); insurance value is not recorded; there is no date of acquisition; the asset register does not identify assets

purchased in the year as well as assets disposed and so it is difficult to identify (and explain) any variance against the total asset value reported on the previous year's AGAR.

-End of Internal Auditor's Report-