



Internal Audit Report.

Council:	Crowland Parish Council
Internal Auditor:	Andrew Everard
Year Ending:	31 st March 2025
Date of Report	23/05/2025

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-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 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 Crowland 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.

I wish to thank the Responsible Financial Officer for providing responses to my questions and other documents when I requested them.

Yours sincerely

Andrew Everard

MBA, BA(Hons), IRRV (Hons), FMAAT.

Internal Auditor

Lincolnshire Association Local Councils

Date: 23rd May 2025

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	Satisfactory
Income Control	Satisfactory
Bank Reconciliation	Satisfactory
Petty Cash	Satisfactory
Asset Control	Satisfactory
Risk Management	Satisfactory
General Administration	Satisfactory
Proper Process/Practice	Unsatisfactory
Payroll/HR	Satisfactory
Transaction spot checks	Unsatisfactory
Year-end process	Satisfactory
Allotments	Not audited
Cemetery/burials	Not applicable
Charities	Not applicable
Community Buildings	Not audited
Markets	Not applicable
Other:	Not applicable
Other:	Not applicable

Crowland Parish Council has assets on its Asset register exceeding £2.5million, funds in its bank accounts of nearly £0.5million, spending reaching £300,000 a year and taxation it applies to its residents of about £150,000 per year and receives other income of nearly £0.25million. It has experienced theft of items during the 2024-25 financial year.

Recommendations

1. Progress has been made to address some weaknesses identified in the previous internal audit report. **Items still outstanding include;**
 - a. **Key Governance Review:** Ensuring that the policies and procedures are promptly adopted, published on the parish council website and implemented particularly where there is a statutory duty on the Parish Council. Documents such as the Councillor's Code of Conduct, Freedom of Information Act 2000 Publication Scheme and the Council's current Standing Orders are not available or published on the parish council website. These are long-standing

statutory requirements and should be well-embedded and available. Other policies were not adopted and published until April 2025 and were not in place during the 2024-25 financial year. Most of these policies are from model national template documents and should be downloaded and ready for adoption by the council and in place promptly.

- b. **Transparency** and compliance with the Transparency Code of Local Government and the Freedom of Information Act 2000 'Publication Scheme for Parish Councils' remains weak. Many decisions appear to be made which are not published and available to the public in committee meetings as those minutes are not published.
- c. **Internal controls** have been adopted by the Parish Council in the Financial Regulations 2024 but are not being applied because certain procurement and payments MUST be approved by Full Parish Council and they are not. Two larger purchases over £5,000 and were found not to have been approved by full Parish Council meetings. Crowland Parish Council's Financial Regulations 2024, Paragraph 5.15 applies to procurement. This year's largest procurement was the replacement utility vehicle and this was never approved by the Parish Council even though the purchase value exceeded £5,000. Councillors approved this £18,958 purchase by an email from an officer asking for any objections by a certain date and it was left to officers to make the decision as to how much to pay. There was no budget approval for the purchase. The purchase was never voted on and minuted in a Parish Council meeting. This potentially makes this purchase and payment able to be challenged and found unlawful because Local Government Act 1972 – Schedule 12, Part II, Paragraph 10(2)(b) states, *"a summons to attend the meeting, specifying the business proposed to be transacted at the meeting and certified by the proper officer of the council, shall be sent to every member of the council by an appropriate method,"* and Paragraph 13(1) states:
" Unless otherwise provided by the council's standing orders the manner of voting at meetings of a parish council shall be by a show of hands.."
These provisions mean:
 - Decisions must be made in a properly convened meeting.
 - Only those present and voting can influence the decision.
 - Decisions are by majority vote.
 - Decisions by email or by an online meeting are not permitted (– see High Court case decision Hertfordshire County Council, Lawyers in Local Government and the Association of Democratic Services Officers -v- Secretary of State for Housing, Communities and Local Government (2021)) .
- d. **Publication of Audited AGAR and External Auditor's Certificate 2023-24** – this is a statutory requirement to be published by 30th September but it was not published until its omission from the website was identified during the 2024-25 internal audit in 2025.

Recommendations regarding the Annual Governance Statement 2024-25

Annual Governance Statement Assertion	Internal Auditor comments
<i>1. We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.</i>	Satisfactory.
<i>2. We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness</i>	Internal controls have been adopted, however, there have been lapses in applying them. This allows purchases to take place without knowledge of the Parish Council and taxpayers. Recommend that the Parish Council states 'no' to this Assertion for 2024-25.
<i>3. We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and Proper Practices that could have a significant financial effect on the ability of this authority to conduct its business or manage its finances</i>	The Parish Council needs to consider if the lapses in internal controls and processes are potentially likely to leave them at risk of affecting their ability to conduct its business or manage its finances as outlined above in Assertions 2, 4 and 7 and whether they need to review their risk register in Assertion 5.
<i>4. We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.</i>	Proper Practices in The Practitioners' Guide 2024-25 states "1.29 External Auditor's Review — A notice of the conclusion of the external auditor's limited assurance review of the Annual Governance and Accountability Return, together with relevant accompanying information, was published (including on the authority's website or other website) in accordance with the requirements of Regulation 16 the Accounts and Audit Regulations 2015." This was not complied with as it was not published on the parish council's website until it was identified during this internal audit process. Recommended that the Council answers 'no' to Assertion 4.
<i>5. We carried out an assessment of the risks facing this authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.</i>	Satisfactory
<i>6. We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.</i>	Satisfactory
<i>7. We took appropriate action on all matters raised in reports from internal and external audit.</i>	This has not been completed promptly during 2024-25. Recommended that the Parish Council answer 'No' to this Assertion.
<i>8. We considered whether any litigation, liabilities or commitments, events or</i>	Satisfactory.

<i>transactions, occurring either during or after the year-end, have a financial impact on this authority and, where appropriate, have included them in the accounting statements</i>	
9. Trust Funds	Not applicable.

-End of Internal Auditor's Report-