Internal Audit Report

Council:	Toft Newton
Internal Auditor:	Lydia Hopton
Year Ending:	31st March 2026
Date of Report	18/06/2026

This internal audit has been conducted in accordance with SAPPP Practitioners' Guide - March 2025 - 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 Toft Newton 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

Lydia Hopton
Internal Auditor
Lincolnshire Association Local Councils

Date: 17 June 2026

The year-end internal audit identified that Toft Newton Parish Council has made substantial progress in strengthening its governance arrangements during the 2025/26 financial year.

The council has responded positively to previous audit recommendations and has implemented a significant number of improvements, including the adoption and review of key governance policies, improvements to transparency and website information, introduction of improved data protection arrangements, the use of a .gov.uk email address for the clerk, improved banking mandate arrangements, and strengthened administrative procedures.

The council now has a generally sound framework of governance and internal control.

However, a number of improvements remain necessary to fully embed good financial management practices, particularly in relation to regular financial reporting, routine bank reconciliations, completion of remaining transparency requirements, and ensuring accounting records and AGAR figures fully reconcile.

Overall, the council has demonstrated a positive commitment to improving governance. The remaining matters identified are primarily medium-risk improvements rather than fundamental weaknesses in governance.

Area of work checked	**Outcome**
Implementation of previous auditor recommendations	Evidence produced
Implementation of previous AGAR weaknesses/ recommendations	Evidence Produced
Key Governance Review	Weaknesses identified
Transparency	Weaknesses identified
Accounting	Weaknesses identified
Budget	Weaknesses identified
Income Control	Evidence Produced
Bank Reconciliation	Weaknesses identified
Petty Cash	Not applicable
Asset Control	Weaknesses identified
Risk Management	Evidence Produced
General Administration	Not applicable
Proper Process/Practice	Evidence Produced
Payroll/HR	Weaknesses identified
Information and Data Compliance	Evidence Produced
Transaction spot checks	Evidence Produced
Year-end process	Weaknesses identified
Allotments	Not applicable
Cemetery/burials	Not applicable
Charities	Not applicable
Community Buildings	Not applicable
Markets	Not applicable

Recommendations

1. Governance Documents and Procedures

a. Adopt the latest NALC Model Standing Orders (April 2025).

b. Adopt the latest NALC Model Financial Regulations (March 2025).

c. Establish a Personnel Committee and approve appropriate Terms of Reference.

d. Adopt a formal Complaints Procedure.

2. Transparency and Website Compliance

a. Publish the external auditor report for 2024/25 once received.

b. Publish previous years' AGAR documents and end-of-year accounts to ensure the required historical information is available.

c. Publish expenditure above £100 as a separate document in accordance with the Transparency Code for Smaller Authorities.

d. Continue the programme of updating historical agendas and minutes on the website.

e. Maintain up-to-date information regarding councillor responsibilities, including Chairman, Vice-Chairman and committee responsibilities.

3. Financial Controls, Accounting and Bank Reconciliations

a. Ensure the accounting records are complete and accurately reconcile to the AGAR, including staff costs, expenditure totals and the treatment of internal transfers.

b. Introduce regular budget monitoring reports to the council, ideally at each meeting and at least quarterly, including explanations of significant variances.

c. Prepare bank reconciliations regularly, present them to council for approval and ensure the chairman signs the reconciliation and bank statements as evidence of review.

d. Continue maintaining the internal audit action log as a standing agenda item until all actions have been completed.

e. Issue the clerk with a council debit card.

4. Asset Management

a. Update the asset register to include a separate insurance valuation column.

b. Record acquisitions and disposals appropriately to provide a clear audit trail between annual asset valuations.

c. Ensure asset values are recorded in accordance with proper practice, using purchase cost rather than replacement or current market value.

d. Confirm the ownership status of the playing field, including whether the land is held in trust or freehold and whether it is correctly registered with HM Land Registry.

5. Risk Management and Insurance

a. Consider fireproof storage folder for key documents e.g. legal.

6. Human Resources and Payroll

a. Introduce annual staff appraisals undertaken by two councillors acting on behalf of the council.

b. Maintain up-to-date job descriptions.

c. Establish an appropriate workplace pension provider and ensure ongoing compliance with automatic enrolment responsibilities.

d. Adopt outstanding employment policies, including disciplinary, grievance, equality and diversity policies.

e. Introduce a training policy and maintain training records for both staff and councillors.

7. Data Protection and Information Governance

a. Ensure all adopted policies include a review date and are reviewed periodically.

AGAR

A & J – Accounting Records and Accounting Statements

The Council should review and correct the accounting records to ensure that they reconcile fully with the AGAR, including staff costs, expenditure totals and internal transfers.

D – Budget Monitoring and Reserves

The Council should implement regular budget monitoring and undertake an annual review of general and earmarked reserves as part of the budget-setting process.

H – Asset Register

The asset register should be updated to provide a clear audit trail of acquisitions and disposals and ensure asset valuations are recorded in accordance with proper practice.

I – Bank Reconciliations

Bank reconciliations should be completed regularly, presented to Council and evidenced through signed approval.

L & N – Transparency and Publication Requirements

The Council should complete all outstanding website publication requirements, including historical AGAR documents, expenditure disclosures and publication of the external auditor's report when received.

Overall Internal Audit Opinion

Based on the evidence reviewed and sample testing undertaken, it is my opinion that Toft Newton Parish Council has made substantial progress in strengthening its governance, transparency and internal control arrangements during 2025/26.

The council has demonstrated a clear commitment to addressing previous audit recommendations and many significant improvements have been implemented. The remaining recommendations relate primarily to embedding robust financial

management processes, ensuring complete transparency compliance, and correcting year-end accounting and AGAR reconciliation matters.

Subject to the council implementing the recommendations contained within this report and correcting the identified accounting issues, the council should be well placed to demonstrate compliance with the relevant assertions within the Annual Governance Statement.

I would like to thank the clerk for their assistance during the audit and for their positive approach towards improving the council's governance arrangements.

End of Internal Auditor's Report

-End of Internal Auditor's Report-