Internal Audit Report

Council:	Metheringham, Sots Hole and Tanvats Parish Council
Internal Auditor:	Stacey Knowles
Year Ending:	31st March 2026
Date of Report	08/06/2026

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.

To the Chairman of Metheringham, Sots Hole and Tanvats 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 have weaknesses, I have provided recommendations to improve the weakness identified.

Yours sincerely

Stacey Knowles
Internal Auditor
Lincolnshire Association Local Councils

Date: 08 June 2026

Report and Recommendations

Recommendations from the intermediate audit

Internal audits for Metheringham, Sots' Hole and Tanvats Parish Council were completed in March 2026 and June 2026. The intermediate review, undertaken on 29 March 2026, identified significant weaknesses across several key areas, including governance, procurement, delegation, statutory compliance and information management. Because this review took place so late in the 2025/26 financial year, the council had no opportunity to implement corrective actions or demonstrate improvements within the period being audited. As a result, the end-of-year audit completed on 8 June 2026 does not alter or amend the weaknesses previously identified.

Although activity undertaken after 31 March 2026 cannot influence the internal audit opinion for 2025/26, it is important to note that the council has already begun to address the issues raised in the intermediate audit. A suite of updated policies has been adopted, including revised Standing Orders, Financial Regulations and a number of HR policies and procedures. The council has reviewed its Terms of Reference for a working group and a committee and has withdrawn other committees where appropriate.

In addition, the council has adopted an action plan, reviewed monthly by Full Council, to monitor progress against the recommendations arising from the March 2026 audit. While these actions fall outside the financial year under review, the council should be commended for responding promptly and proactively to the weaknesses identified.

Findings from the Internal Audit on 8th June 2026

At the audit on 8 June 2026, the end-of-year checks were completed and no further concerns were identified. Accounting records were appropriately maintained, and the Clerk/RFO was able to retrieve invoices and supporting documentation for the additional transactional testing undertaken. A clear audit trail was evident from the council's decision to incur expenditure through to payment of the invoice.

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

Charities	Not applicable
Community Buildings	Weaknesses identified
Markets	Not applicable
Other:	Not applicable
Other:	Not applicable

Annual Governance Statement Recommendations

The weaknesses identified during the intermediate audit mean that the council cannot positively assert to several of the internal control objectives within the Annual Governance Statement. Given the number of negative responses required, the council should submit both internal audit narrative reports (dated 29 March 2026 and 8 June 2026) to the external auditor alongside the Annual Internal Audit Report (AGAR page 3). This will provide essential context for the internal auditor's conclusions and demonstrate the steps the council is taking to strengthen its governance arrangements.

Looking ahead to 2026/27, the council should continue to embed the improvements already initiated, ensuring that new policies, procedures and governance arrangements are fully implemented and consistently applied. Early and ongoing monitoring of the action plan will be essential to demonstrate measurable progress and to evidence a strengthened internal control environment in for future audits.

Annual Governance Statement Assertion	Internal Auditor comments
Assertion 1 - Financial management and preparation of accounting statements *We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.*	The council is unable to positively assert compliance with this due to - the inadequate budgetary process carried out in January 2025 (budgeting for FY 2025/26). - lack of investment strategy. - lack of reserves policy.
Assertion 2 - Internal control *We maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.*	The council is not compliant with this assertion due to: - Financial Regulations and Standing Orders being unfit for purpose during the financial year. - payroll matters and approval of additional time worked. - non-compliance with the council's own procurement thresholds.
Assertion 3 - Compliance with laws, regulations and proper practices *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 smaller authority to conduct its business or on its finances.*	The council is not compliant due to: - lack of appropriate decision making and committees acting outside delegated authority.
Assertion 4 - Exercise of public rights *We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.*	No comments.

Assertion 5 — Risk management *We carried out an assessment of the risks facing this smaller authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required*	The council is unable to positively assert compliance with this due to: - Lack of an adopted risk register outlining the risks and mitigations affecting the councils activity and business continuity. - Lack of written inspections in relation to physical assets. - Levels of insurance and cover were not reviewed before renewal.
Assertion 6 — Internal Audit *We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.*	No comments
Assertion 7 — Reports from Auditors *We took appropriate action on all matters raised in reports from internal and external audit*	The council is unable to positively assert compliance with this due to: - Lack of corrective action following the 2024-2025 internal and external audits.
Assertion 8 — Significant events *We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this smaller authority and, where appropriate have included them in the accounting statements.*	No comments
Assertion 9 — Trust Funds (local councils only) *Trust funds (including charitable). The council is a sole managing trustee and has discharged its accountability responsibilities for the fund(s)/assets, including financial reporting and, if required, independent examination or audit.*	Not applicable
Assertion 10 - Digital and data compliance *We considered and implemented the requirements to protect data and information.*	The council is not compliant due to: - Lack of adopted IT policy within the 25/26 financial year - Website accessibility has not been reviewed since 2021. - Publication scheme wasn't published within the financial year. - Non-compliance with the Local Government Transparency Code 2015.

- End of Internal Auditor's report -