

Public Sector Audit

Kirton in Lindsey Town Council

Internal Audit Report for the year ended 31 March 2026

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Introduction

Part 2, paragraph 5 (1) of the Accounts and Audit Regulations 2015 imposes a duty on Local Councils to “undertake an effective Internal Audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”.

Internal audit is a key component of the system of internal control. The purpose of internal audit is to review whether the systems of financial and other controls over a council's activities and operating procedures are effective.

At the request of the council I have conducted an Internal Audit review of the council's accounting records in respect of the financial year ended 31 March 2026. I have acted independently and, on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls expected to be in place during the financial year.

The audit has been carried out in accordance with the council's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions and recommendations have been recorded in the table below.

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Prioritisation of recommendations

In accordance with good internal audit reporting practice and the Governance and Accountability for Local Councils Practitioners Guide, the recommendations contained in this report have been prioritised. The following 'traffic light' system for the prioritisation of recommendations has been adopted: Page | 3

- Significant weakness in internal control requiring urgent attention.
- Moderate weakness in internal control requiring attention within the current year.
- Minor weakness in internal control, or matters of good practice the council may wish to consider, to be addressed within the current year.

Distribution List

Chairman of the Council

All Members of the Council

Clerk to the Council

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The findings of the audit are summarised below

	Test	Findings and Recommendations
1	Have appropriate books of account been properly maintained throughout the year?	<p><u>Appropriate accounting records</u></p> <p>Findings</p> <p>The cash book is maintained on spread sheets on a receipts and payments basis and has been balanced to the 31st March 2026.</p> <p>It is sufficiently well analysed to provide all the information required for the completion of the Annual Governance and Accountability Return (AGAR).</p> <p>The spread sheets are arithmetically correct and bank reconciliations have been undertaken monthly.</p> <p>All invoices and receipts are consecutively numbered and cross referenced to the cash book which provides an audit trail from original documentation to the council's financial records.</p>
2	Have the council's Financial Regulations and Standing Orders been formally adopted and complied with?	<p><u>Adherence to Financial Regulations and Standing Orders</u></p> <p>Findings</p> <p>The council's Standing Orders, including a NALC recommended amendment in respect of the Code of Conduct, was approved at the Annual meeting of the Town Council held on the 7th May 2025. The council's Financial Regulations were also re-approved at the same meeting. Standing Orders and Financial Regulations reflect the latest NALC Models.</p>
3	<p>Are payment controls effective and VAT properly accounted for?</p> <p>Has the council recorded s137 expenditure separately and is it within the statutory limit?</p>	<p><u>Adequate payment controls</u></p> <p>Findings</p> <p>I have tested a large sample of payments from April 2025 to March 2026.</p> <ul style="list-style-type: none"> ➤ All payments tested have been correctly reported to council for authorisation and approval.

		<p>➤ For the sample of invoices tested I have reviewed and confirmed completeness, accuracy, the correct year of account, classification within the council's accounts and compliance with Financial Regulations.</p> <p>I have tested and confirmed that VAT has been correctly identified and recorded in the cash book for reclaim from HMRC.</p> <p>Following the council's re-adoption of the General Power of Competence at the Annual Meeting held on the 24th May 2023 all grant funding is allocated to this legislative power unless a more specific power is available. The council is, however, required to use s.137 of the 1972 Local Government Act for certain specific expenditure such as donations to registered charities. £361.67 has been analysed to s.137 during the year; the expenditure is appropriate for this statutory power and is well within the annual statutory limit.</p> <p>No cheques have been issued to the date of the audit.</p>
4	<p>Has the council assessed the significant risks in delivering its activities and services and regularly reviewed the adequacy of these assessments?</p> <p>Is insurance cover appropriate and adequate?</p> <p>Are financial controls documented and regularly reviewed?</p>	<p><u>Assessment of significant risks</u></p> <p>Findings</p> <p>The council's Risk Management Policy was agreed, with no amendment, at the Annual Meeting held on the 7th May 2025. The Financial Risk Assessment was also reviewed at this meeting. The council's Health & Safety Policy was approved at the Town Council meeting held on the 28th May 2025. The RA's for VE Day, including beacon lighting, and the Summer Gala were reviewed and approved at the Promoting Kirton Committee meeting held on the 14th April 2025. The RA for the Christmas Festival was agreed at the Promoting Kirton Committee held on the 14th July 2025. The Lone Worker Policy was reviewed at the meeting held on the 17th December 2025. The Cemetery and Play Area RA's were reviewed in March 2026.</p> <p>The council has a contract with PlaySafety Ltd to undertake an annual detailed inspection of the Play Area for Health and Safety purposes. This was undertaken during September and all remedial works have been completed. Additionally, Council Members continue to carry out weekly checks.</p>

		<p>➤ Inspection sheets are completed for all play area inspections and details of the items checked and any actions found to be required are recorded. The inspection sheets include provision to record the action taken to remedy faults. The sheets are completed and presented to council monthly for review and approval. They are signed as reviewed and approved by a member of the council. When any actions required have been completed, the weekly sheets record is updated, by changing the outstanding issue (coloured red) to "completed" (coloured green).</p> <p>I have reviewed the council's insurance renewal and the levels of indemnity are considered to be adequate.</p> <p>Basic Internal financial controls and procedures are included in the council's Financial Regulations. I have reviewed the council's electronic data storage arrangements. A full back up of all council information is carried out weekly and saved onto an external hard drive which is stored in a secure fireproof safe.</p>
5	<p>Has the annual precept requirement resulted from an adequate budgetary process?</p> <p>Has progress against budget been regularly monitored and reported and were reserves appropriate?</p>	<p><u>Adequate budgetary process</u></p> <p>Findings</p> <p>The council prepared a detailed annual budget for 2025/26 in the correct format; it was adopted at the Full Council Meeting held on the 18th December 2024. A Budget and Precept of £117,224.56 was approved.</p> <p>A detailed budget monitoring report in respect of quarter 4 of 2024/25, to the 31st March 2025, was presented to the council meeting held on the 23rd April 2025. A Statement of Reserves was also reviewed and agreed at this meeting. It is noted that, in addition to specific Earmarked Reserves, the council increased its General Reserve to a figure within the range prescribed by the External Auditor. Quarter 1 budget monitoring report in respect of 2025/26 was provided to the meeting held on the 23rd July and the quarter 2 monitoring report was reviewed at the meeting held on the 22nd October. Quarter 3, up to the 31st December 2025 was reviewed, with no comments made, on the 12th January 2026. A quarter 4 report will be presented to the council meeting to be held on the 22nd April 2026.</p> <p>The council's balances brought forward on the 1st April 2026 totalled £78,542.96. Earmarked reserves are due to be discussed at the April 2026 meeting when the split between Earmarked and General reserves will be</p>

		decided. The proposed level of General Reserve of £48,000 (38.6% of the 2026/27 Precept requirement) is considered to be adequate and prudent for a council the size of Kirton in Lindsey Town Council.
6	<p>Was all expected income fully received in accordance with the current scale of charges, properly accounted for and promptly banked?</p> <p>Were security controls over cash and cash equivalents effective?</p>	<p><u>Adequate income controls</u></p> <p>Findings</p> <p>The two Precept instalments of £58,612.28 received from NLC on the 25th April and 23rd July 2025 agree to the council's Precept requirement of £117,224.56.</p> <p>The council also received income in respect of devolved grass cutting, a VAT refund, the cemetery, a Police grant for CCTV, National Lottery Community funding, VE Day grant funding, an NLC grant for the Christmas Festival, allotment rent, Summer Gala, Christmas Market stalls, donations, bank and investment interest, cheque administration fees, compensation from HSBC, Civic Service and Civic Dinner and miscellaneous.</p> <p>Minute 2505/17 of the council meeting held on the 28th May 2025 resolved to not increase Allotment charges and to consider them again early in 2026.</p> <ul style="list-style-type: none"> ➤ I have agreed the Allotment Register, which records the plot numbers, the current tenants, the rent due for the year and the amount and date the rent has been paid to the council's invoices and the cash book. <p>I have reviewed the charges for stalls for the Summer Gala, which were confirmed as not to be increased from the previous year by the Promoting Kirton committee meeting held on the 10th March 2025.</p> <p>I have also reviewed and agreed income for the 2026 Christmas Festival to the charges approved by the Promoting Kirton Committee held on the 13th October 2025.</p> <p>I have checked a large sample of income throughout the year and agreed the income received to invoices, remittance advices and the council's authorised and minuted charges. All income checked was well documented, accurately recorded, and cross referenced to the cash book.</p>

		All income received in respect of the cemetery was in accordance with the previous year's charges as confirmed by council at the Annual Meeting held on the 7th May 2025.
7	<p>Were petty cash payments appropriate and supported by receipts?</p> <p>Was all expenditure approved and reported to members?</p> <p>Has VAT been correctly accounted for?</p>	<p><u>Appropriate petty cash controls</u></p> <p>Findings</p> <p>The council does not maintain a petty cash account. Small items are purchased using the council's Debit Card and travelling costs are reimbursed to the Clerk and council members via the normal payments system and reported to council together with all other council payments.</p> <p>I have checked a sample of petty disbursements and all of those checked have been correctly recorded in the council's accounting system and reported to council for approval.</p>
8	<p>Do all employees have contracts of employment with clear terms and conditions?</p> <p>Are salaries to employees and all other payments and allowances paid in accordance with council approvals?</p> <p>Has PAYE and NI been correctly deducted and paid to HMRC?</p>	<p><u>Adequate payroll controls</u></p> <p>Findings</p> <p>All council employees have received contracts of employment which contain clear terms and conditions.</p> <p>I have checked and agreed the gross pay calculations for the Clerk, Assistant Clerk and the council's previous and current Community Co-ordinator/Venue Manager to the current 2025/26 NJC Pay Scales, including back pay from 1st April 2025, hours worked and approved overtime.</p> <p>The External Auditor requires me to check that the correct employer's pension percentage contribution has been applied. I have reviewed the council's minutes and confirmed that the percentage employer's pension contribution paid during the year is in accordance with the latest council approval in November 2018, Min 1811/09.</p> <p>The council's employees are subject to PAYE and NI regulations using HMRC Basic Tools software and for the sample checked statutory deductions have been correctly paid to HMRC.</p>

9	<p>Is the Asset and Investment Register complete and accurate and reviewed on a regular basis?</p>	<p><u>Appropriate recording of assets</u></p> <p>Findings</p> <p>The council maintains an Asset Register in a spreadsheet format.</p> <p>I have checked and confirmed, for the sample tested, that new assets purchased during the year have been added to the register using the correct valuation method, i.e., cost price, net of VAT and £1 nominal value for gifted assets.</p> <p>The updated total on the Asset Register, as at 31st March 2026, agrees to the declaration in box 9 of the Accounting Statement on the AGAR.</p>
10	<p>Were bank reconciliations performed on a regular and timely basis?</p> <p>Has a year-end reconciliation been performed and balanced?</p> <p>Have all bank reconciliations been reviewed by an appointed member and evidenced as such?</p>	<p><u>Adequate bank reconciliations</u></p> <p>Findings</p> <p>The council's bank balances for both the current and savings accounts and the deposits held in the Public Sector Deposit Fund are identified on each month's Finance Report which are submitted to council and are signed by the Chair and one other council member. The respective bank statements are also provided to the authorising councillors at the same time as the reconciliations and these have also been signed as authorised. This procedure is considered to be best practice and forms an important part of the council's internal financial control systems. I have checked and agreed the balances on the Finance Reports from April 2025 to March 2026 to the bank statements for the council's two accounts at HSBC and for the Public Sector Deposit Fund.</p> <p>A separate bank account is not held for the Mayor's Charity account; the Clerk therefore maintains a document which identifies both receipts and payments during each civic year. This provides a record of funds raised and subsequently dispersed to the Mayor's chosen charity(s) or cause. The account reconciled by the Clerk provides detailed evidence of all receipts and payments up to the date of the dispersal of funds to the Mayor's chosen charities. I have reviewed the account and agreed all entries to the council's records of receipts and payments up to the end March 2026.</p>

11	<p>Were Accounting statements 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, were debtors and creditors properly recorded?</p> <p>Has the previous Internal Audit Report been submitted to council and actioned as necessary?</p>	<p><u>Correct accounting basis and previous Internal Audit Report actioned</u></p> <p>Findings</p> <p>The year-end statements have been prepared on the correct accounting basis (Receipts and Payments) and, therefore, debtors and creditors have not been included.</p> <p>The statements agree with the cash book and there is an audit trail from underlying financial records to the year-end statements.</p> <p>The declaration in box 9, fixed assets, on the AGAR agrees to the total value of assets recorded in the updated Asset Register as at the 31st March 2025.</p> <p>The figure in box 8, deposits at bank accounts, agrees to the year-end bank reconciliation.</p> <p>The 2025/26 Interim Internal Audit Report was submitted to the Town Council meeting held on the 28th October 2025. The recommendations were considered and an action plan was agreed.</p>
12	<p>If the council certified itself as exempt from an External Audit Limited Assurance Review last year, has it met the exemption criteria and correctly declared itself exempt?</p>	<p><u>Exemption Certificate</u></p> <p>Findings</p> <p>The council, correctly, did not complete an Exemption Certificate under Section 9 of the Local Audit (Smaller Authorities) Regulations 2015.</p>
13	<p>Did the council correctly provide, during the summer, the proper opportunity for the exercise of public rights in accordance with the requirements of the Accounts and Audit Regulations 2015?</p>	<p><u>Exercise of Public Rights</u></p> <p>Findings</p> <p>I have confirmed by a review of the council's website that, during the summer of 2025, the council correctly provided the proper opportunity for the exercise of public rights in accordance with the requirements of the 2015 Accounts and Audit Regulations. It is noted that the Notice of Public Rights was correctly published by the Town Clerk & RFO.</p>

14	Did the council comply with the publication requirements for the previous year's AGAR?	<p><u>Publication Requirements</u></p> <p>Findings</p> <p>I have reviewed the council's website and confirmed that the Town Council published the correct documents as required by the Accounts and Audit Regulations 2015.</p>
15	Has the council complied with laws, regulations & proper practices relating to digital and data compliance?	<p><u>Digital and Data Compliance</u></p> <p>Findings</p> <p>The council's email address and website are compliant - i.e., .gov.uk, .org.uk or another council owned suffix.</p> <p>The council's website complies with the accessibility guidelines in accordance with WCAG 2.2AA.</p> <ul style="list-style-type: none"> ➤ It has an Accessibility Statement which was last updated on the 28th October 2025. ➤ It contains Transparency Code information in a logical and accessible section. <p>The council has an IT Policy.</p> <ul style="list-style-type: none"> ➤ It was formally adopted by the council on the 23rd July 2025. ➤ It applies to all individuals who use the council's IT resources, including computers, networks, software, devices and data resources including access to .gov.uk email and any associated digital storage. <p>The council has an Information and Data Protection Policy recognising it's obligations under Data Protection law. It was adopted in February 2025 and last reviewed in May 2025.</p>
16	Has the council met its responsibilities as a Trustee?	<p><u>Trustee responsibilities</u></p> <p>Findings</p> <p>A Trust Fund, known as The Green and the Marketplace, was registered with the Charity Commission in 1974. This fund has a dormant bank account. The Clerk has a bank statement dated September 2013 showing a nil</p>

balance and the bank has confirmed that the account contains no funds. The Charity Commission identifies that the activities of the Trust are to *"maintain and preserve the Green and Marketplace for the use and enjoyment of the residents of Kirton in Lindsey"*. Apart from maintaining the grass, additional expenditure has been incurred on land registration fees and chain link fencing. Such expenditure is in accordance with the intention of the Trust and, in accordance with the External Auditor's advice, the council minute of the 23rd January 2019 confirmed that, *"Because there are no Trust Fund monies available, the council has spent its own funds on the maintenance and upkeep of these assets and areas for the good of the community as a whole"*.

A further fund, known as The War Memorial and the Garden of Edward Elmhirst Duckering has also been identified. The council has confirmed that there are no known bank accounts associated with this Trust. No income has been received and expenditure has been incurred in respect of painting, two Union flags and Land Registry and valuation fees.

The Council is also the Sole Trustee for KLASSIC. The Charity Commission website confirms that KLASSIC is a registered charity, number 1115978. The purpose of the Charity is the provision of recreational and sports facilities for the community. The website confirms that Kirton in Lindsey Town Council was appointed as sole trustee on the 22nd June 2020 and the date for the charity's financial reporting is the 31st May each year.

- The charitable objectives are confirmed as: the Trustees are to provide or assist in the provision of a recreation ground (grounds) involving the construction of pitches, greens, courts, pavilions, changing facilities and associated amenities to be held upon charitable trust namely for the purpose of providing recreation and leisure time occupation in the interest of social welfare and with the object of improving the conditions of life for the benefit of the inhabitants of Kirton in Lindsey and the neighbourhood (hereinafter called the "area of benefit") and for other charitable purposes for the benefit of the inhabitants in the area of benefit.
- It is noted that the KLASSIC Trustees are currently seeking legal advice regarding the possibility of maintaining overall arm's length control of KLASSIC following the possible conversion of the Trust into a Charitable Incorporated Organisation (CIO).

		➤ The Charity Commission's website confirms that the Charity's financial reporting is up to date.
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Executive Summary

The accounts and governance arrangements of the council have continued to be maintained to a very high standard and the assistance of the Clerk of the council in the completion of this audit was much appreciated.

The internal financial control environment within the council is excellent and is a credit to the hard work and diligence of the Clerk.

The Internal Audit has been conducted in accordance with the Governance and Accountability for Local Councils – Practitioners Guide 2025.

I confirm that I have no relationship or interest, financial or otherwise, with any member or officer of the council.

Richard Dixon

Public Sector Audit

10th April 2026

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