



Internal Audit Report.

Council:	Great and Little Carlton Parish Council
Internal Auditor:	Andrew Everard, LALC
Year Ending:	31 st March 2026
Date of Report	01/10/2026

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-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

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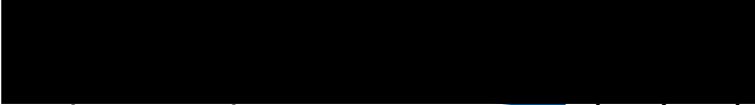
To the Chairman of Great and Little Carlton Parish Council

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



Andrew Everard, MBA, FMAAT, IRRV (Hons), BA(Hons)

Internal Auditor

Lincolnshire Association Local Councils

Date: 1st October 2026

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	Evidence produced
Bank Reconciliation	Weaknesses identified
Petty Cash	Not applicable
Asset Control	Weaknesses identified
Risk Management	Weaknesses identified
General Administration	Weaknesses identified
Proper Process/Practice	Weaknesses identified
Payroll/HR	Weaknesses identified
Information and Data Compliance	Weaknesses identified
Transaction spot checks	Weaknesses identified
Year-end process	Weaknesses identified
Allotments	Not applicable
Cemetery/burials	Not applicable
Charities	Not applicable
Community Buildings	Not applicable
Markets	Not applicable
Other: Wind Turbine Community Fund – council's role	Not audited
Other:	Not applicable

Recommendations

Findings are based on the bank statements, the published minutes for April 2025 to May 2026, the 2025-26 AGAR documents, the Clerk's pre-audit return and her answers to the auditor's questions, and sample invoices and a payslip. Bank statements for both accounts for the whole year have also been examined.

No.	Area	Finding	Recommendation	Priority
1	Bank mandate and payment authorisation	For most of the year payments were authorised by one councillor, and the annual meeting on 08.05.25 minuted reliance on a former councillor (Cllr Pike) to make payments. Former members were not removed until 08.01.26, and the bank statements for both	Ensure at least two current councillors authorise every online payment, as the Financial Regulations require. Review the mandate annually and minute the result. Former members should not usually authorise payments or receive council bank statements.	High

		accounts were addressed to the former councillor's home until at least 30.01.26.		
2	Bank reconciliation	Only a year-end reconciliation was produced. No periodic reconciliations were signed by a councillor or minuted, and balances were first minuted on 14.05.26. The savings account is kept outside the cashbook. The bank statements show every receipt and payment in the cashbook, and the year-end balances agree, but many cashbook payment dates differ from the bank (for example, April wages and both LALC invoices are recorded as paid in April but left the bank on 1 May 2025).	Reconcile all accounts to bank statements at least quarterly; have a councillor who is not an authoriser sign the reconciliation and statements; minute balances at each meeting; record the savings account in the cashbook; take payment dates from the bank statement.	High
3	Budget and precept	Budget income and expenditure figures were not minuted before the precept was set for 2025-26 (30.01.25) or 2026-27 (08.01.26).	Minute the detailed budget (income and expenditure) before resolving the precept, and record any virements during the year.	High
4	Reserves	Balances of £720 at 31.03.26 represent about six weeks' expenditure. There is no reserves policy, and about 80% of income came from the Wind Turbine Community Fund grant. The Clerk has warned that contested elections in May 2027 would cost at least £4,000.	Adopt a reserves policy with reference to the Practitioners' Guide; build a general reserve; earmark for election costs; and plan for the end of WTCF funding to avoid a sudden precept increase.	High
5	Risk management	The risk register was last reviewed in June 2024; it was re-adopted on 14.05.26, after the year end.	Review the risk register and insurance cover annually within the financial year, informed by the completed asset register.	High
6	Asset register and land	The register was still a draft at the year end, and Box 9 (£3,260) is unchanged from 2024-25. Land at the car park (half registered), the spinney (no title) and Glebe Road (unregistered deed of gift) is not fully registered.	Complete and adopt the register by resolution, reconcile Box 9 to it (restating 2024-25 if needed), and register the council's land with HM Land Registry.	High
7	Public rights period	The 2024-25 inspection period was 32 working days rather than the 30 the Regulations require. The 2025-26 period was compliant.	Set exactly 30 working days including the first 10 working days of July, and minute the dates.	High
8	Internal audit and the AGAR	The 2024-25 internal audit report was not formally received or minuted. The 2025-26 AGAR was approved on 14.05.26 before this report was received, and the internal	Receive and minute this report and agree an action plan; consider whether any Section 1 answers need revisiting; publish this report with the AGAR documents. In future, appoint the internal auditor	High

		auditor was appointed only on 19.03.26.	early in the year, consider an interim audit, and receive the report before approving Sections 1 and 2.	
9	Members' interests	There is no Register of Interests for Cllr Kade, and only a partial one for Cllr Seigneury. Four councillors sit on the Wind Turbine Committee, but no interests were declared when the council resolved WTCF grant matters.	Ensure every register is complete and published; minute the annual reminder; consider declarations where members also sit on the WTCF committee.	High
10	Co-option	No co-option policy or eligibility and disqualification checks are in place.	Use an application form confirming eligibility and absence of disqualification before co-option.	High
11	Payments and approvals	The ICO fee was approved at £35 but £47 was paid. Approved and paid amounts differ for April and May wages. December wages were paid without approval. Grass-cutting was treated as contractual with no minuted contract. The insurance premium was paid after the policy start date. The Clerk's expense reimbursements are combined with her salary payment (February 2026: £258.49 including £9.49 McAfee). A new ICO Direct Debit was set up in July 2025 without a minuted approval and two signatories signed it.	Payments must not exceed the amount approved. Minute the acceptance of contracts and quotes. Confirm salary is a contractual payment under the Financial Regulations. Pay insurance before inception. Pay expenses separately from salary. Approve Direct Debit mandates by resolution.	Medium
12	VAT	2025-26 VAT was reclaimed, but VAT from 2022-23 to 2024-25 has not been. The four-year time limit is now causing the oldest amounts to be lost.	Submit a VAT126 claim for all earlier periods immediately.	Medium
13	HR	No right-to-work evidence was retained, there is no job description, and no DSE assessment has been done. The employment contract has been requested but not seen during the audit. Disciplinary and grievance policies were adopted only after the year end.	Retain a copy of the right-to-work check; adopt a job description; complete a DSE self-assessment; hold the signed contract on file; hold an annual appraisal.	Medium
14	Transparency	The payment schedules do not display in the published minutes. Only a draft asset register is published. The Publication Scheme (reviewed 2024-25) and the 2022 complaints policy were not published or reviewed during	Publish payment data as text; publish the completed asset register; confirm the Publication Scheme and complaints procedure are published and followed; publish an annual (nil)	Medium

		2025-26; both were replaced on 14.05.26, after the year end.	members' allowances statement.	
15	Wind Turbine Community Fund	The Fund is managed by the Clerk/RFO and councillors, and pays most of the council's running costs.	Confirm in writing the council's legal relationship to the Fund (that it is not a trustee) and that the grant conditions permit use for core running costs.	Medium
16	AGAR presentation	Section 2 Box 11 is ticked "No" while Assertion 9 is N/A. The 14.05.26 minute refers to submitting the AGAR to PKF Littlejohn. The 2024-25 Certificate of Exemption showed gross income of £7,664, which includes the £2,025 balance brought forward; Section 2 gives £5,639.	Correct Box 11 if needed. Exempt authorities send only the Certificate of Exemption, and must do so by 30 June. Gross income on the certificate excludes balances brought forward (Box 2 + Box 3).	Low

Comparison with the 2024-25 internal audit

The council has made real progress since the 2024-25 audit. A cashbook with a full audit trail is now maintained, model Standing Orders and Financial Regulations were adopted, 2025-26 VAT was reclaimed, and an IT policy was adopted. As a result, objectives A, E and J move from "No" to "Yes".

Three objectives answered "Yes" in 2024-25 are answered "No" this year. This reflects the evidence for 2025-26 and how the objectives apply, not a deterioration in the council's performance:

Objective I (bank reconciliations): the 2024-25 report found no audit trail for reconciliations from April to December 2024 and recommended that balances be reported to council at least quarterly. That recommendation was not implemented during 2025-26 – only a year-end reconciliation was produced and balances were first minuted on 14.05.26.

Objective L (website publication): the 2024-25 report concluded that the council did not comply with transparency requirements, and the council itself answered "No" to the Transparency Code question in Section 1. At the time of this audit, payment data, members' registers and the asset register remain incomplete online.

Objective M (public rights): this objective tests a different period each year. In 2024-25 it covered the period for the 2023-24 accounts; in 2025-26 it covers the period for the 2024-25 accounts, which began after the AGAR was approved on 26.06.25 and ran for 32 working days rather than 30.

Reserves: the 2024-25 report described reserves of £944 as appearing adequate. Balances have since fallen to £720 while the council has come to rely on the Wind Turbine Community Fund grant for about 80% of its income, including most of the Clerk's salary. In the internal auditor's view, balances are no longer adequate for the council's commitments.

Repeat recommendations: quarterly reporting of bank balances, a reserves policy, a budget process, the asset register, the VAT back-claim (guidance was given in 2024-25) and the Publication Scheme were all raised in 2024-25 and remained outstanding at 31 March 2026. The council answered "No" to Assertion 7 in 2024-25 but "Yes" in 2025-26; the evidence does not support the change.

2024-25 Certificate of Exemption: gross income was stated as £7,664, which includes the £2,025 balance brought forward. The correct figure was £5,639 (Section 2 Boxes 2 and 3). The council remained well within the £25,000 limit, so its exemption was valid (objective K), but the figure should be calculated correctly in future (see recommendation 16).

Recommendations regarding the Annual Governance Statement 2025-26

The requirements to state 'Yes' for each assertion is described in Chapter One Practitioners Guide 2025-26.

Annual Governance Statement Assertion	Internal Auditor comments
Assertion 1 - Financial management and preparation of accounting statements <i>We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.</i>	Council answered Yes. Supported with qualification: the cashbook was maintained, every transaction traces to the bank statements, and the accounting statements agree to the cashbook and the bank. However, the savings account is outside the cashbook and the AGAR was approved before the internal audit report was received.
Assertion 2 - Internal control <i>We maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.</i>	Council answered Yes – NOT supported. Payments were authorised by a single councillor for most of the year, including reliance on a former councillor; there were no periodic bank reconciliations or councillor review of statements; and payments were made above the approved amounts. In the internal auditor's view this assertion should have been answered No.
Assertion 3 - Compliance with laws, regulations and proper practices <i>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.</i>	Council answered Yes. No non-compliance with a significant financial effect was identified. Procedural non-compliance is noted elsewhere (public rights period 2024-25, publication scheme).
Assertion 4 - Exercise of public rights <i>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>	Council answered Yes – supported for the 2025-26 accounts: 03.06.26 to 14.07.26 is 30 working days including the first 10 working days of July, with notice given 20.05.26. The 2024-25 period was 32 working days (AIAR objective M).
Assertion 5 – Risk management <i>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</i>	Council answered Yes – NOT supported. The risk register was last reviewed in June 2024, with no review during 2025-26; it was re-adopted on 14.05.26 after the year end. Insurance was renewed, but not against a complete asset register.
Assertion 6 – Internal Audit <i>We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.</i>	Council answered Yes – supportable. LALC was appointed on 19.03.26 and independent internal audit was carried out. However, the appointment was late in the year, there was no interim audit, and the AGAR was approved before this report was received.
Assertion 7 – Reports from Auditors <i>We took appropriate action on all matters raised in reports from internal and external audit</i>	Council answered Yes – NOT supported. The 2024-25 internal audit report was not formally received, minuted or acted upon by resolution, and several of its recommendations were still outstanding at 31.03.26.

Assertion 8 — Significant events <i>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.</i>	Council answered Yes. No year-end liabilities or litigation identified. The council should note its reliance on WTCF grant income and the potential cost of contested elections in May 2027.
Assertion 9 — Trust Funds (local councils only) <i>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.</i>	Council answered N/A – agreed: the council is not a sole managing trustee. Section 2 Box 11 should be consistent with this (see recommendation 16), and the council's relationship with the Wind Turbine Community Fund should be confirmed.
Assertion 10 - Digital and data compliance <i>We considered and implemented the requirements to protect data and information.</i>	Council answered Yes – supported. IT policy adopted 08.01.26; security compliance checklist signed February 2026; .gov.uk email in use; ICO registration current.

Appendix – Annual Internal Audit Report 2025/26: explanation of "No" and "Not covered" responses

Objective	Response	Reason	Action
B	No	Payments were authorised by a single councillor for most of the year, with reliance on a former councillor until the mandate was corrected on 08.01.26. Some payments exceeded the amounts approved (ICO fee) or had no prior approval (December wages). VAT from earlier years has not been reclaimed.	Two current councillors to authorise every payment; payments not to exceed approvals; VAT126 claim for 2022-25 (Recs 1, 11, 12).
C	No	Risk register not reviewed during 2025-26 (last reviewed June 2024; re-adopted 14.05.26).	Annual review within the year, linked to the asset register and insurance (Rec 5).
D	No	Budget income and expenditure not minuted before the precept was set; reserves of £720 are inadequate and there is no reserves policy.	Minute the budget before the precept; adopt a reserves policy (Recs 3, 4).
F	Not covered	The council does not operate petty cash; no cash payments were made.	Not required unless petty cash is introduced.
H	No	Asset register incomplete and still in draft at year end; Box 9 unverified; land not registered.	Complete the register, reconcile Box 9, register land (Rec 6).
I	No	No periodic bank reconciliations signed by councillors or minuted; only a year-end reconciliation.	Quarterly reconciliations signed and minuted (Rec 2).
L	No	At the time of the audit: payment schedules are not visible in published minutes; members' registers incomplete (Cllrs Kade and Seigneury); 2025-26 Annual Internal Audit Report not yet published; asset register only in draft.	Recs 9, 14 and publish this report.
M	No	The public rights period for the 2024-25 accounts (which began after the AGAR was approved on 26.06.25) was 32	Exactly 30 working days, dates minuted (Rec 7).

		working days rather than the 30 required (subject to confirmation of the dates).	
P	Not applicable	The council is not a sole managing trustee of any trust.	Confirm the council's relationship with the Wind Turbine Community Fund (Rec 15).

-End of Internal Auditor's Report-