

## Internal Audit Report

(to be read in conjunction with the Annual Internal Audit Report in the Annual Governance and Accountability Return)

Name of council:	Castle Donington Parish Council		
Name of Internal Auditor:	Hannah Shaw	Date of report:	16.05.24
Year ending:	31 March 2024	Date audit carried out:	14.05.24

*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 in order to detect error or fraud. This report is based on the evidence made available to me and consequently the report is limited to those matters set out below.*

*The proper practices referred to in Accounts and Audit Regulations are set out in JPAG Practitioners Guide. It is a guide to the accounting practices to be followed by local councils and it sets out the appropriate standard of financial reporting to be followed.*

***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 a qualified audit opinion.***

### To the Chairman of the Council:

#### Observations and Overview

In accordance with the terms of my engagement, I undertook a review of Castle Donington Parish Council's accounts, records, policies and procedures for the financial year ending 31st March 2024, following which I completed and signed the Annual Internal Audit Report, of the Annual Governance and Accountability Return 2023/24 Form 3.

Through a virtual meeting with the Clerk/RFO, Fiona Palmer and by inspection of information publicly accessible via the Council's website and documentation sent to me by email, I was able to review aspects of the Council's systems including payroll, bank reconciliations, risk management, Council owned assets, budgetary control and the Exercise of Public Rights.

Castle Donington Parish Council has 14 seats (5 quorum) and currently employs 18 members of staff. Fiona Palmer is employed as Clerk and Responsible Financial Officer to the Council. There are three Committees who are each guided by clear Terms of Reference. Councillor Registers of Interests are published to the Council's website.

The Council banks with HSBC and payments are made by online bank transfer or direct debit. The Council also have a credit card and a pre-paid credit card which are used when required. Any balances outstanding on the credit card are cleared each month. The Clerk and Bookkeeper are the only people to have access to the online banking, however, Councillors authorise a payments

list at Parish Council meetings and a bank reconciliation is approved, both of which are formally minuted and all documents are initialled/signed.

The Parish Council's online banking facility should offer two-person authorisation before payments are made; however, I appreciate there are few banks who offer this service and the controls in place to protect the Council from financial risk, are satisfactory.

The Council uses Scribe accounting software on an Income and Expenditure basis and all transactions are uploaded by the Clerk/RFO. VAT is reclaimed quarterly and is up-to-date. Payroll is outsourced to The Goldcroft Partnership and there is evidence that a good level of internal control is in place. Castle Donington Parish Council holds the General Power of Competence and this was readopted following the May 2023 elections. There is no petty cash.

The Council have an array of comprehensive policies in place, including a Council Risk Assessment, which now includes business continuity following a recommendation made last year. The level of Governance at Castle Donington Parish Council would be considered at a high level.

Castle Donington Parish Council owns and maintains various areas of land, including the Cemetery and Cemetery house, Community Hub, Village Hall, Pavilion, Bowls Club, allotments and 12 play areas, as well as many items of street furniture as detailed in the Assets Register, which is regularly reviewed and updated. The Council has public and employer's liability insurance arranged with BHIB in its last year of a three-year agreement. The Clerk regularly liaises with the insurers with regards to any changes to the Council's Asset register and therefore, I believe the Council's insurance schedule would compare appropriately. The Clerk also informs me a buildings revaluation is being considered, which would address those assets listed on the register where a nominal value of £5 has been assigned, to ensure that the Council's total asset value is accurate.

Agendas and minutes of Parish Council meetings are available to view on the Council's website. Minutes are published within the required 28-day period after being confirmed and signed by the Chairman at the following meeting and agendas include a publication date. Payments are also routinely minuted at meetings, as are bank balances. As suggested last year, dates for the Exercise of Public Rights should be minuted upon approval at a Parish Council meeting and the Clerk informs me this will be actioned in 2024.

I have seen evidence that strong budgetary controls are in place and the Council set a budget for the 2023-24 financial year, in preparation for setting the precept in January 2023. The budget is published to the Council's website annually and formal monitoring of the budget is ongoing throughout the year.

Castle Donington Parish Council carried forward high financial reserves of £1,325,152, however, £1,188,112 of this is earmarked for various projects, of which £511,774 relates to PSDF funding. Based on the Council's expenditure during the 2023-2024 financial year, general reserves remaining equate to approximately 5 months running costs, which is within the recommended guide of 3 to 12 month running costs and the Council have a plan to increase this year-on-year, to ensure ongoing financial stability.

As recommended during the 2022/2023 internal audit and as outlined in the JPAG Practitioners Guide 2024 Section 4, the Council have now adopted an appropriate Investment Strategy which establishes the formal objectives, policies and practices and reporting arrangements for the effective management and control of the Parish Council's investment activities and any associated risk for an authority where bank balances are in excess of £100,000.

During a transaction spot check, I was presented with supporting invoices of expenditure and bank statements for all transactions selected and the accounts are kept in extremely good order and I have no further matters to raise.

## Summary

The report and findings are based on the information that was made available to me during the course of the audit. I am satisfied there are good internal control measures in place to protect the Parish Council from financial risk.

To the best of my knowledge, all accounts and bank balances appear to be in order and accurate based on the information to hand, however, this internal audit does not involve the detailed inspection of all records and transactions of the Parish Council in order to detect error or fraud. With many thanks to, Fiona Palmer, Clerk and RFO, for preparing the necessary documentation for the purpose of this internal audit.

### Have comments from the internal audit 2022-2023 been addressed?

Recommendation 2022-2023	Comment
Banking – Councillors to consider alternative banking facilities to enable the Clerk to set up payments and for two Councillors to authorise payments.	<b>No</b> – not actioned.
Bank Balances - Consider minuting bank balances in minutes of Council meetings.	<b>Yes</b> – actioned.
Exercise of Public Rights - Recommend minuting both the start and end dates agreed for the Exercise of Public Rights.	<b>No</b> – will be actioned in 2024.
Insurance Certificates – Suggest publishing insurance certificates to the Council’s website	<b>Yes</b> – actioned.
Risk Assessment - Consider inclusion of the risks of online banking and business continuity at next review.	<b>Yes</b> – completed.
Reserves - Consider protection offered by the FSCS with regards to high reserves held with HSBC.	<b>Yes</b> – Investment Strategy now in place

### Areas in the 2023-2024 AGAR Annual Internal Audit Report for which Yes or N/A cannot be ticked

	Reason
<b>A</b>	
<b>B</b>	
<b>C</b>	
<b>D</b>	
<b>E</b>	
<b>F</b>	
<b>G</b>	
<b>H</b>	
<b>I</b>	
<b>J</b>	
<b>K</b>	
<b>L</b>	
<b>M</b>	
<b>N</b>	
<b>O</b>	

## Recommendations for action 2024-2025

Areas for consideration or improvement	Recommendation
Banking – consider two Councillor authorisation	Consider alternative online banking facilities to allow two Councillor authorisation of payments
Exercise of Public Rights	Recommend minuting both the start and end dates approved for the Exercise of Public Rights.

Yours sincerely,

Mrs. Hannah Shaw  
 Internal Auditor to the Council  
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The figures submitted in the Annual Governance and Accountability Return are:

	Year ending 31 March 2023	Year ending 31 March 2024
1. Balances brought forward	679,123	934,182
2. Annual precept	399,927	444,806
3. Total other receipts	420,821	775,551
4. Staff costs	199,066	224,692
5. Loan interest/capital repayments	35,052	35,052
6. Total other payments	331,571	564,483
7. Balances carried forward	934,182	1,330,312
8. Total cash and investments	929,815	1,325,152
9. Total fixed assets and long-term assets	3,543,184	3,545,824
10. Total borrowings	544,510	522,868