

**INTERIM REPORT BY THE INTERNAL AUDITOR TO  
PENRITH TOWN COUNCIL  
PERIOD 1<sup>ST</sup> APRIL 2022 – 31<sup>ST</sup> DECEMBER 2022.  
FINANCIAL YEAR ENDING 31 MARCH 2023**

I confirm I have, on the 7<sup>TH</sup> February 2023 undertaken an interim audit for the period 1<sup>st</sup> April 2022 – 31<sup>st</sup> December 2022 in accordance with the Account and Audit Regulations (England) 2015 and incorporating any new requirements as outlined in “Governance and Accountability for Smaller Authorities in England” March 2022

The following areas have been inspected to verify the internal financial procedures and governance documents are appropriate and relevant, to ensure compliance with all statutory and outlined criteria.

**A. Appropriate accounting records have been accurately kept throughout the financial year.**

**Periodic bank account reconciliations were properly carried out during the year.**

The Council operates a commercial accounting package – Sage, which is comprehensive and fulfils the requirements needed to complete all monthly and cumulative Income and Expenditure accounts as required by the Regulations. All expenditure and income are coded to the Council’s budgeted headings, allowing immediate identification of spending in each budget sector and enables monthly management accounts to be prepared. There is the additional security by an internal checking system to monitor the accuracy of the data input into the computerised accounts. Backup procedures are undertaken by means of external hard drive and the system provides a robust procedure to safeguard computer records.

Bank reconciliations are prepared monthly and the signature of a Member on this document and the corresponding bank statement verifies the accuracy of the information.

The council has an Investment Policy, which deals with all cash reserves in excess £100,000. The earmarked sums are clearly designated to specific commitments; e.g. Election/By-election expenses. An initial allocation of £30,000 has been set aside for forthcoming elections in May 2023.

Subsequently, a sum of £5000 will be allocated annually.

**B. The authority complied with its Financial Regulations; invoices supported payments, and VAT was appropriately accounted for.**

There is a well-documented process for the awarding of tenders and acquisition of goods and services. All procedures adhere to Financial Regulations.

The record verifies the internal financial controls in the Minutes and signatures on the relevant documents. There is clear segregation from the approval of members of the schedule of payments and the release of funds.

Vat is reconciled in the Sage accounts and the reclaims are made monthly. Repayments are made to the Council's bank account and agree with the monthly claims.

**C. The authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.**

The Clerk/RFO has a robust process for ensuring that all documents are reviewed at the Annual Council Meeting or scheduled for a set review later in the financial year.

Additionally, reviewed annually are the comprehensive Policies and Procedures

**D. The precept requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored. Reserves are appropriate.**

There is clear documented evidence of the budget process with a comprehensive RFO report with accompanying explanations of all budget figures. Outcomes are clearly specified enabling the Council to make informed decisions on the appropriate precept level to fulfil all documented service delivery plans.

Submission is made to the District Council within the required deadline. The budget is regularly monitored. Earmarked reserves in cash balances are clearly documented.

The General Reserve is appropriate to enable the Council to meet budgeted expenditure.

**E. Expected income was fully received based on correct prices, properly recorded and promptly banked. Vat was appropriately recorded**

Income other than the precept is minimal and closely monitored and documented. Services charged provided by the Council are reviewed annually. An Allotment Association with the fee of £450 being paid annually operates allotments.

Other income arises from the hiring of the Band Stand .

**F. Petty Cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT accounted and reclaimed**

Not relevant. The Council operates Debit Cards held by three officers. A receipt for the acquisition of the goods and/or services verifies all expenditure.

VAT is identified and allocated to the appropriate budget heading.

All expenditure is included in the schedule of payments presented to Council.

**G. Salaries to employees and allowances to members were paid in accordance with the council's approvals. PAYE and NI requirements were properly applied.**

All staff has a formal contract of employment. Members do not claim allowances.

The appointment of the Responsible Financial Officer (RFO) as of 12<sup>th</sup> September 2022 was recorded in the Minutes and approved – Meeting 26<sup>th</sup> September 2022. Minute No. 6 i, ii.

Salaries paid to staff are documented and subsequent payments are as authorised by the Council. All PAYE, NI, Pension calculations are operated externally. of payments. All payments to HMRC and the Pension provider are up to date.

**H. Asset and investment registers were complete and accurate and properly maintained.**

There is a formal asset register with all substantial and material assets included.

The register is monitored and all acquisitions and disposals are amended as required.

There is formal review and adoption prior to the conclusion of the appropriate year Annual Governance and Accountability Return (AGAR). All assets are adequately covered by insurance and all are index linked, renewal being May annually with the provider- Hiscox.

**J. Accounting Statement.**

Correct preparation of the accounts for the AGAR will be confirmed at the final audit for the 2022-2023 financial year.

**K. Exemption Authorities.**

Not applicable

**L. The authority publishes information on a website, up to date at the time of the internal audit in accordance with the relevant transparency code requirements.**

The Clerk/RFO has displayed on the website comprehensive information which is in the interests of best practice and provides for the electorate of Penrith Town Council open and transparent detail of the financial and other activity of the Council.

**M. The authority has, during the previous year, correctly provided for the exercise of public rights as required by the Account and Audit Regulations.**

Regulation 12(3) Accounts and Audit Regulations 2015 requires the Responsible Financial Officer (RFO) to publish a Notice of Public Rights of inspection of accounts for a period of thirty days which must include the first 10 working days in July.

Inspection of document confirms that the RFO has undertaken the obligation. The date the notice was posted being 12<sup>th</sup> June 2022 with inspection period 13<sup>th</sup> June 2022 – 22<sup>nd</sup> July 2022.

**N. The authority complied with the publication requirements of the prior year AGAR**

The Local Audit and Accountability Act 2014 Sct 20(2) & 25 and The Accounts and Audit (England) Regulations 2015 (S1 2015/234) requires a Council to publish, as soon as reasonably practicable, after the conclusion of the audit, a statement on the website advising that the 2021-22 Audit has been completed. The Clerk/RFO has undertaken the requirement and the Notice of Conclusion of Audit was published on the website 31<sup>st</sup> August 2022.

The conclusion of audit was notified to Council – 26<sup>th</sup> September 2022- Minute No. 13 a/b.

The 2021-2022 AGAR received no comments from the External Auditor or matters arising, confirming that Penrith Town Council was fully compliant with all statutory obligations under the Accounts and Audit Regulations.

## **CONCLUSION**

The Council's control systems are efficient and effective and give the appropriate level of confidence, that the financial statements and reports reflect a true and accurate account of the Council's finance and governance records.

I express my appreciation to the Officers of the Council for their assistance in facilitating the audit with help and very comprehensive preparation of all required documentation.

A handwritten signature in black ink, appearing to read 'G. Airey', with a large, stylized flourish at the end.

**Georgina D Airey – Internal Auditor 7<sup>TH</sup> FEBRUARY 2023.**