

INTERIM AUDIT REPORT BY THE INTERNAL AUDITOR TO PENRITH TOWN COUNCIL
1ST APRIL 2021- 31ST DECEMBER 2021
FINANCIAL YEAR ENDING 31ST MARCH 2022

Introduction

The Town Council has a statutory responsibility to provide an adequate and effective Internal Audit by engaging an Internal Auditor. The role of the Internal Auditor is to provide independent assurance that the Council's risk management, governance and internal control processes are operating effectively, spending public funds for intended purposes and complying with laws and regulations.

The Finance Committee reviewed the effectiveness of Internal Audit and Internal Controls. The Council at the meeting held on 24th May 2021 ratified the decisions and the Internal Auditor was appointed for the period 2020-21 & 2021-22

The Finance Committee approved the Internal Audit Plan for 2021-22 – Minute FIN 21/25.

I confirm I have, on the 9th February 2022 undertaken an internal audit for the period 1st April – 2021 -31st December 2021 in accordance with the Account and Audit Regulations (England) 2015 as outlined in the schedule previously circulated and approved by Council and incorporating any new requirements as outlined in "Governance and Accountability for Smaller Authorities in England" March 2021

To comply with Government guidance and social distancing regulations during the Covid 19 pandemic, the Audit was conducted by examining documents sent by e-mail by the Responsible Financial Officer, information displayed on the Council website, and the provision of additional information for clarification, in response to queries.

All meeting papers had been forwarded throughout the year for inspection and the Council website was regularly monitored to ensure compliance with the Local Government Transparency Code 2015

Appropriate accounting records have been kept throughout 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 payments and receipts are coded to the Council's budgeted headings, allowing immediate identification of spending in each budget sector and enables quarterly management accounts to be prepared. There is the additional security of an internal checking system to monitor the accuracy of the data input into the computerised accounts. Daily backup procedures are undertaken by means of external hard drives, which are stored off the premises in secure conditions. Additionally the hardware provider operates separate security.

The authority complied with its financial regulations, invoices supported payments, all expenditure was approved and VAT was accounted for.

The schedule of payments for each month are distributed with the agenda of the Finance Committee, as is the bank reconciliation and relevant bank statements, ensuring compliance with the system outlined in the Financial Regulations.

It is confirmed that the bank balance on the corresponding bank statements verifies the final balance on bank reconciliations where a variation existed, 30th June 2021 a full explanation was given and the subsequent adjustment ensured accurate reporting.

A random sample of payments in excess of £2000.00 was checked for each month of the financial year until 31st December 2021.

There was a detailed audit trail for each of the following transactions:-

			Gross
21/01	KTD	Printer/Photocopier etc.	£4510.80
21/13	KTD	MS Office Licences etc.	£2990.54
21/31	Came & Company	Annual Insurance	£3318. 51
21/45	Penrith BID	Summer Floral Displays	£4467.78
21/80	J Richardson & Son	Monument Planters	£3436.80
21/128	Ian Cannon Ltd	Allotment Drainage	£11520.00

Sample invoices were provided which verified invoices are checked for accuracy and endorsed by the signature of an officer prior to passing to the External Accountant for subsequent payment. The Finance Committee approves all payments.

Vat reclaims are prepared on a monthly basis. The following documents were forwarded as evidence of accuracy – Sage Reconciliation, Sage Transactions and HMRC verification.

All expenditure on bank cards is regularly reported and allocated to budget heads with VAT Identified. The bank account is debited with the expenditure within a few working days. Security measures are in place to ensure appropriate use by permitted officers.

Invitations to tender or quotations for goods, services and contracts are operated as outlined in Financial Regulations. Documented evidence was provided which confirmed that a detailed specification is forwarded to interested parties, which outlines precisely the procedure to be followed if a price is to be submitted.

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

A full report outlining the Council's comprehensive Risk Assessments for all Council activities is compiled, received and approved by the Finance Committee for ratification of the Council. The current year review was undertaken 20th. September 2021. Minute FIN21/23 i. – xviii. i. The Procurement Policy i. and Financial Regulations ii. Were also reviewed. All were ratified by Council 27th. September 2021. Minute PTC/67 b. c.

Checks confirmed renewal of Insurance Policies with Came & Company - 24thMay 2020
Minute PTC 21/10

The Precept requirement resulted from an adequate budgetary process, progress against the budget was regularly monitored and reserves are appropriate.

The Responsible Financial Officer (RFO) with full explanations of the recommendations prepares a budget report and it is presented to the Finance Committee for approval and development prior to recommendations being made to Council. The Council subsequently approves the budget and notes in the Minutes the precept to be requested – 25 January 2020 Minute PTC20/110.

The budget is set in time to comply with the District Council's timetable.

Full budget comparison reports are prepared by the RFO which, (if appropriate) highlight any variances to set budgets. This ensures openness and transparency in the management of public money and enabling the Council to make the necessary virements, which are recorded in the minutes.

Expected income was fully received based on correct prices, properly recorded and promptly banked and VAT appropriately accounted for.

The Council has minimal income from sources other than the Precept. Where received, it is properly recorded and promptly banked. No cash income.

The Council has 200 allotment plots allocated over 4 sites. Penrith Allotment Association operates the sites on the Council behalf.

Petty Cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.

The Council does not operate a Petty Cash account.

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

All payments reflect salary scales approved by Council. Returns to HMRC are processed by the external accountant. All records will be fully checked at the

conclusion of the financial year 31st March 2022.

Assets and investments register were completed and accurate and properly maintained.

The Asset Register for the financial year 2020/21, was adopted 24th May 2021 Minute PTC 21/08 ii. It will be further reviewed in the current financial year to reflect any acquisitions and disposals and ensuring accuracy for the completion of the 2021/22. AGAR.

The authority has, during the previous year, correctly provided for the period for the exercise of public rights as required by the Accounts and Audit regulations.

AGAR 2020-21

Regulation 15(2) 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.

A copy of the notice was made available for inspection, which confirmed the date the notice was posted being 1st June 2021 with inspection period 7th June 2021– 16th July 2021.

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 Council website advising that the 2020-21 Audit has been completed.

The Clerk/RFO has undertaken the requirement and the Annual Governance and Accountability Return, (AGAR) with all attendant information was publicly displayed upon receipt from the External Auditor – 28th September 2021, on the Council website – www.penrithtowncouncil.gov.uk ensuring compliance with all aspects of the Regulations.

The Council received an unqualified audit report from the External Audit. It is confirmed the Accounts and all governance documents fulfilled the requirements of the Account and Audit Regulations.

I wish to express my appreciation to the Officers for their assistance with supplying information and for the completeness of information on the website which facilitated the audit.



Internal Auditor – 9th February 2022

