

YORKSHIRE INTERNAL AUDIT SERVICES
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TELEPHONE 01845 501660

Mr Nigel Bailey
Clerk to Penistone Town Council
St John's Community Centre
Church Street
Penistone
S36 6AR

Dear Mr Bailey

**To the Mayor and Members of Penistone Town Council
Internal Audit of Accounts for the Financial Year ending 31 March 2023**

I am pleased to inform you that the internal audit is complete. This report covers the third interim and final audit visits for the council for the year ending 31 March 2023. Appropriate tests and checks have been carried out on the accounts and management arrangements to confirm that the systems of financial and other controls over the council's activities and operating procedures are effective. This council has in place the necessary policies and internal controls which are applied consistently to the council's activities. Following my work, I can confirm that there are no matters to give cause for concern and internal controls are operating as expected. Action to take on the matter raised in my previous report is discussed in the following paragraphs. There are two new matters to bring to the attention of members also discussed in the following paragraphs.

The Annual Internal Auditors Report contained within the Annual Governance and Accountability Return 2022/23 has been completed as required.

Staffing and Recruitment

My previous report referred to the lack of reference and formal decisions in the Town Council minutes to important staff changes, particularly the resignation of the clerk, the appointments of an interim clerk, and a Finance Officer.

No staff appointments (apart from some positions at the Paramount) appeared to have been authorised by the council or the decision delegated appropriately and reported to the council. Ultimately, all decisions are for the full council, including the appointment of staff. Many councils delegate this to a staffing committee and full council ratifies their recommendations. The Town Council has a Finance and Human Resources committee which met in April and September but did not cover these matters.

The council did not appear to have any documented delegation arrangements or protocols for appointing staff.

S151 of the Local Government Act 1972 requires local councils to appoint a Responsible Financial Officer (RFO) to be responsible for the financial administration of the council. As, at the time of my report the council were currently engaged in this process, I recommended that they formally consider and evidence their decision in the council minutes as required.

I also recommended that for future staffing matters a protocol should be drawn up and suitable delegation arrangements determined as necessary.

Since then a new clerk and RFO has been appointed but the appointment was not formally approved in the minutes and no protocol for appointing staff has been determined. I strongly recommend that this is done at the earliest opportunity for the Town Council to fulfil its required duties as an employer.

Governance Arrangements

As part of its Annual Governance Statement the Town Council declare that they have made proper arrangements for the safeguarding of public money and have a sound system of internal control. This is demonstrated by the key documents the council has in place, including Standing Orders, Financial Regulations and a Risk Management Strategy including a Financial Risk Assessment all of which should be regularly reviewed.

These documents were last reviewed in February 2022. The recent elections and appointment of a new Clerk and Responsible Financial Officer provide an opportunity to review these important documents.

I recommend that a timetable of required reviews of governance and policy documents is drawn up and adhered to thus ensuring that the necessary reviews take place.

Fidelity Guarantee Insurance

The level of fidelity guarantee insurance held by the Town Council is £330,000. The current cover was increased to this level in 2016. Balances held at 31 March 2023 were around £312,000. Using the generally applied criteria of balances at the 31st March plus half the precept a prudent level of cover should now be around £465,000 as a minimum. If the investment bond is also taken into account (currently shown as a long-term asset until the expiry of its term) then the necessary cover could increase to £565,000. The Town Council, in my opinion are potentially underinsured. I recommend that the Town Council keep this under review and consider increasing the current level of cover.

I would like to thank the staff of the Town Council as always for their assistance during the audit.

Yours sincerely

Janet L Bennett

JL Bennett
8 June 2023

PARTNERS ~ KC Stephenson Tel: 0113 2585610
RF Entwistle Tel 01845 501660
PRINCIPAL AUDITOR ~ Mrs JL Bennett Tel: 01924 671829

Annual Internal Audit Report 2022/23

Penistone Town Council

www.penistonetowncouncil.gov.uk

During the financial year ended 31 March 2023, this authority's internal auditor acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with the relevant procedures and controls in operation and obtained appropriate evidence from the authority.

The internal audit for 2022/23 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

Internal control objective	Yes	No*	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.	✓		
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓		
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓		
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	✓		
G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.	✓		
H. Asset and investments registers were complete and accurate and properly maintained.	✓		
I. Periodic bank account reconciliations were properly carried out during the year.	✓		
J. Accounting statements prepared during the year were 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 debtors and creditors were properly recorded.	✓		
K. If the authority certified itself as exempt from a limited assurance review in 2021/22, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2021/22 AGAR tick "not covered")			✓
L. The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation.	✓		
M. In the year covered by this AGAR, the authority correctly provided for a period for the exercise of public rights as required by the Accounts and Audit Regulations (during the 2022-23 AGAR period, were public rights in relation to the 2021-22 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set).	✓		
N. The authority has complied with the publication requirements for 2021/22 AGAR (see AGAR Page 1 Guidance Notes).	✓		
O. (For local councils only)	Yes	No	Not applicable
Trust funds (including charitable) – The council met its responsibilities as a trustee.			✓

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

Date(s) internal audit undertaken

03/10/2022 13/02/2023 08/06/2023
04/10/2022

Name of person who carried out the internal audit

JANE L. BENNETT
YORKSHIRE INTERNAL AUDIT SERVICES

Signature of person who carried out the internal audit

Jane L. Bennett

Date 08/06/2023

***If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).**

****Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned; or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).**