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Knutsford Town Council

Internal Audit 2023/24

Interim Report

JDH BUSINESS SERVICES LTD

The internal audit of Knutsford Town Council is carried out by undertaking the following tests as specified in the AGAR Annual Return for Local Councils in England:

- Checking that books of account have been properly kept throughout the year
- Checking a sample of payments to ensure that the Council's financial regulations have been met, payments are supported by invoices, expenditure is approved, and VAT is correctly accounted for
- Reviewing the Council's risk assessment and ensuring that adequate arrangements are in place to manage all identified risks
- Verifying that the annual precept request is the result of a proper budgetary process; that budget progress has been regularly monitored and that the council's reserves are appropriate
- Checking income records to ensure that the correct price has been charged, income has been received, recorded and promptly banked and VAT is correctly accounted for
- Reviewing petty cash records to ensure payments are supported by receipts, expenditure is approved and VAT is correctly accounted for
- Checking that salaries to employees have been paid in accordance with Council approvals and that PAYE and NI requirements have been properly applied
- Checking the accuracy of the asset and investments registers
- Testing the accuracy and timeliness of periodic and year-end bank account reconciliation(s)
- Review of year end financial statements
- The authority has complied with the publication requirements for the prior year AGAR.
- The authority correctly provided for a period for the exercise of public rights for the prior year AGAR
- The authority published required information on a website up to date at the time of the internal audit in accordance with relevant legislation.

The interim internal audit provides evidence to support the annual internal audit conclusion in the AGAR Annual Return for larger councils.

Conclusion

On the basis of the internal audit work carried out, which was limited to the tests indicated above, in our view the council's system of internal controls is in place, adequate for the purpose intended and effective, subject to the recommendations reported in the action plan overleaf.

J D H Business Services Ltd

2023/24 YEAR END INTERNAL AUDIT ACTION PLAN

REF	ISSUE	RECOMMENDATION	RFO RESPONSE
1	<p>The council fidelity cover is currently £1,000,000. Fidelity insurance should aim to cover the maximum projected cash, bank and investment balances which is estimated as year-end balances of £957,633 plus the next 50% precept instalment received of £359,755, which gives an estimated maximum projected balances of £1,317,388 for 2024/25</p> <p>Financial Regulations require the following:</p> <p><i>15.5. All appropriate employees of the council shall be included in a suitable form of security or fidelity guarantee insurance which shall cover the maximum risk exposure as determined by the council.</i></p>	<p><i>As part of risk assessment procedures, the council should annually estimate maximum projected cash, bank and investment balances as part of annual risk assessment and set the level of fidelity insurance accordingly as required by s15.5 of the Financial Regulations</i></p>	<p>The Council's fidelity guarantee insurance has been increased to £2m to cover the higher balances currently held (due to receipt of Market Hall grant funds)</p>
2	<p>The council public rights notice period complied with Regulation 15 of the Accounts and Audit Regulations 2015, however, 2022 instead of 2023 was included as the starting and end year of the notice period although the dates and days were correct.</p>	<p><i>The notice period document should be double checked before publication to ensure the dates and years included are correct.</i></p>	<p>Error arose from re-use of a formatted template and missing updating 2022 on two dates (other dates were listed as 2023 e.g. the date of notice etc)</p> <p>This has been double checked before publication for the 2023/24 notice and is correct.</p>

2023/24 INTERIM INTERNAL AUDIT ACTION PLAN

REF	ISSUE	RECOMMENDATION	RFO RESPONSE
1	There is no formal budget timetable in place evidencing the key milestones leading to the agreement of the precept request for the year and approval of the annual budget.	<i>A comprehensive formal budget timetable should be established annually covering the main elements of the Council's budget setting process together with key dates and responsibilities.</i>	This has now been implemented.
2	Two items in our income sample of cemetery fees covering memorial repairs had been processed incorrectly in the nominal ledger. The clerk has confirmed the items have now been corrected in the Rialtas ledger.	<i>Cemetery fees should be accurately posted to the Rialtas ledger. The cemetery fees for the financial year to date should be reviewed to ensure any further transactions that have not been posted correctly to the Rialtas ledger are identified and corrected.</i>	As previously reported, RFO undertakes routine reviews and a though yearend review of the nominal ledger to identify any data-entry errors.

OUTSTANDING ACTIONS FROM PREVIOUS INTERNAL AUDIT REVIEWS

These issues have previously been reported to the committee. The RFO response is updated where applicable. This includes all actions from the 2022/23 report and any outstanding issues from prior years.

REF	ISSUE	RECOMMENDATION	RFO RESPONSE
21/01-F	There are £7826 CEC accruals from 2020/21 still listed as accruals in the 2021/22 year end balance sheet. These represent licence fees and road closure order costs that have never been invoiced.	<i>The council should inform the principal council that long outstanding accruals are being held in the town council balance sheet for which invoices are required to enable settlement.</i>	The Town Council is still awaiting invoices. The Town Clerk has reminded services to submit invoices.