



Macclesfield Town Council

Internal Audit 2023/24

Interim Report

JDH BUSINESS SERVICES LTD

Registered to carry on audit work by the Institute of Chartered Accountants in England and Wales

The internal audit of Macclesfield 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)
- Year end testing on the accuracy and completeness of the 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

ACTION PLAN

	ISSUE	RECOMMENDATION	FOLLOW UP
<i>2023/24 interim internal audit</i>			
1	<p>The Pavilion and other projects:</p> <ul style="list-style-type: none"> The council is currently reviewing application for PWLB to support the Pavilion project. Undertaking major projects requires ongoing risk management. 	<p><i>The council should ensure they comply with the requirements for loans as detailed in section 8. of the adopted Financial Regulations.</i></p> <p><i>The council should continue to identify, monitor and mitigate key project risks.</i></p>	
2	<p>There is no current adopted Investment Strategy and Treasury Management strategy displayed with the council website policies, although there is some coverage of Investments in section 8.) of the Financial Regulations. Guidance on Local Government Investments is issued under section 15(1)(a) of the Local Government Act 2003. The guidance applies to all local authorities in England and applies to Town & Parish Councils providing their total investments exceed or are expected to exceed £100,000 at any time during the financial year.</p>	<p><i>The council should consider establishing an Investment Strategy and Treasury Management strategy with reference to the requirements of the Local Government Act 2003.</i></p>	

	ISSUE	RECOMMENDATION	FOLLOW UP
3	<p>The Financial Regulations require the following with respect to fixed assets:</p> <p><i>14.6 'The continued existence of tangible assets shown in the Register shall be verified at least annually, possibly in conjunction with a health and safety inspection of assets.'</i></p> <p>The fixed asset register is not currently reported to council as part of the year end process.</p>	<p><i>The council should ensure that a complete annual inspection and verification of fixed assets is implemented.</i></p> <p><i>The fixed asset register should be reported to Council as part of the year end process as the fixed asset total is included in the AGAR accounts approved by council.</i></p>	
4	<p>Review of Policies:</p> <ul style="list-style-type: none"> - The current procedures for gifts and hospitality requirements at the council are those included in the adopted Code of Conduct which covers members only. - There is no overarching expenses policy in place covering officers, volunteers and members. 	<p><i>The council should establish a gifts and hospitality policy that covers officers as well as members.</i></p> <p><i>The council should consider establishing an expenses policy that covers officers, volunteers and members.</i></p>	

	ISSUE	RECOMMENDATION	FOLLOW UP
<i>2022/23 year end internal audit</i>			
<p><i>No further issues arising over and above those relating to the Pavilion project in the interim report below. The council has also earmarked £500,0000 towards the Pavilion project at the year end.</i></p> <p><i>A robust set of year end records have been maintained with a comprehensive audit trail to supporting information.</i></p>			
<i>2022/23 interim internal audit</i>			
1	<p><u>Pavilion Project</u></p> <p>a.) VAT issues</p> <p>Although the council has received preliminary information that the Pavilion scheme is zero rated for VAT it has not received direct confirmation of the VAT status of the entire construction project. This is important as if VAT is incurred on the scheme the council will need to review the impact of the VAT partial exemption rules and to clarify whether any of the VAT incurred on the project is recoverable.</p> <p>We understand the council has had initial communication with a VAT consultant regarding the project. The partial exemption VAT rules may also be a factor for the ongoing</p>	<p><i>The council need to ensure they have received definitive clarification as to the VAT status of the Pavilion construction project, the recoverability of any VAT incurred on the scheme, and that any partial exemption VAT implications both for the construction project and the ongoing operations are confirmed through a review by the council's VAT consultant.</i></p>	<p><i>The council have engaged a VAT consultant to provide ongoing advice for the Pavilion project.</i></p>