
Devizes Town Council

Final Internal Audit Report 2019-20

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Background and Scope

The Accounts and Audit Arrangements introduced from 1st April 2001 require all Town and Parish Councils to implement an independent internal audit examination of their Accounts. Devizes Town Council appointed AM Financial Services Ltd to carry out this role from 2013. Our visits to the Council in 2019-20 were on 14th August and 13th November 2019 and 2nd February 2020. The final quarter's work was carried out remotely and completed on 2nd June 2020. This is our Final report for 2019-20. Because of social distancing required as a result of Covid-19, not all of the processes normally required have been carried out during our Final Audit. Any changes are shown at the appropriate places in this report.

Internal Audit Approach

As the Council's Internal Auditor we have a duty to complete the Internal Audit Certificate in the Council's Annual Return.

We have completed our examination of records, and confirm that systems and procedures used by the Council continue to be appropriate. We have included the testing of areas such as the payment of invoices and bank reconciliations during the year and also reviewed progress made in areas of Corporate Governance. These items are examined by the appropriate committee of the Council. We have also considered the materiality of transactions and potential misrepresentation in the year-end Statement of Accounts.

Overall Conclusions

We are pleased to report that, in the areas examined, the financial control systems in place at the Council continue to be operating effectively. We are able to sign off the internal audit certificate at Section 4 of the Annual Return (Annual Governance and Accountability Return - AGAR) for 2019-20, assigning positive assurances for each relevant area at the end of the financial year.

We would like to thank the officers of the Town Council for their co-operation during the course of our audit especially during the period of the final work where we have had to be reliant on officers providing information for us to work remotely. This has necessarily resulted in extra time because the checks have been carried out over several days with progressive information being forwarded at different times. This was partly due to staff working from home during this period and not always being instantly available because of the virus. However, given the circumstances the process has been conducted reasonably conveniently and I would commend the work of the Council's staff.

Detailed Report

Review of Accounting Arrangements & Bank Reconciliations

Our objective is to ensure that the accounting records are maintained accurately and currently and that no anomalous entries appear in cashbooks or financial ledgers. We have therefore:

- Checked Bank Statements for the periods 1st to 30th June, 1st to 30th September, 1st to 31st December 2019 and 1st to 31st March 2020 with the Omega Cash Books for the same periods and the Bank Reconciliations for all Accounts held by the Council. This includes cheque, BACS and cash payments, account transfers and receipts to ensure all are made in a timely manner:

Conclusions

No issues have been identified with the Cash Book balance agreeing with the Bank Reconciliation.

Review of Corporate Governance

Our objective is to ensure the Council has robust corporate governance documentation in place, that Council and Committee meetings are conducted in accordance with the adopted Standing Orders and no actions of a potentially unlawful nature have been considered for implementation. We have undertaken the following work in this area:

- The Council carried out a full review and update of Standing Orders (SOs) and Financial Regulations (FRs) at its May 2019 meeting;
- The Council's consideration of supplementary policies and procedures to support the Corporate Governance process is ongoing and the Annual Investment Policy was reviewed at its meeting in May 2019; and
- We have completed our review of the Council's minutes for 2019-20, examining those for the Full Council and Standing Committee meetings (with the exception of Planning), with a view to identifying any issues that may have an adverse effect, through litigation or other causes, on the Council's future financial stability;

Conclusions

Standing Orders and Financial Regulations were reviewed at the Council's meeting in March 2019.

Review of Payments

Our objective is to ensure that: -

- Council resources are released in accordance with the Council's approved procedures;
- Funds are spent in accordance with approved budgets;
- Payments are supported by appropriate documentation, such as an original trade invoice or other appropriate form of documentation confirming the payment as due; and
- All discounts due on goods and services supplied are identified and appropriate action taken to see the discount has been properly applied.

For the financial year, all invoices in excess of £2,000 and a further random check of 5% sample were checked excluding salary, superannuation and NI payments. Our sample of 138 invoices to the end of December 2019 had a total of £1,923,000 and represented 84.1% of the value of non pay invoices processed during the year to date. The value at that date had increased significantly since the previous report because there were 3 invoices in respect of the Wiltshire FA Headquarters developments at Green Lane, totalling £275,000 up to September 2019. A further 5 invoices from PAH Building & Construction Ltd totalling £839,000, and 3 invoices from Tiger Turf (UK) Ltd totalling £719,000 were paid between October 2019 and March 2020. All supporting documentation was in place and all payments had been reviewed by the Community and Civic Resources Committee. By the end of March a further sample of 36 invoices had been taken from those scanned to me working from home by Town Councils officers. We were unable to have direct access to these invoices, due to the necessary social distancing for that audit and there have been no issues arising. This brought the total to 174 invoices, totalling 32,360,000 in value, and representing 84.2% of non pay invoices paid during the year.

An area we have been unable to cover and that will be considered at our next visit is to review the management of Commercial Properties in the town to ensure that an appropriate return has been achieved.

Conclusions

An effective system of control is in place over the checking, authorisation and release of Council funds.

Assessment and Management of Risk

Our aim is to ensure that the Council has appropriate arrangements to identify all potential areas of risk of both a financial and health and safety nature, and to ensure that appropriate arrangements exist to monitor and manage risks. We have:

- Noted that the Council's risk assessments were last presented to Community and Civic Resources Committee in October 2019; and
- Noted the Council's insurance policy for the current year to ensure that appropriate cover is in place. The cover is similar to that shown on the previous year's schedule with a 3% increase applied where appropriate.

Conclusions

The level of insurance cover in place continues to meet the Council's needs. The Council last reviewed Risk Assessments at its meeting of the Community and Civic Resources Committee in October 2019.

Budgetary Control and Reserves

Our objective is to ensure the Council has a robust procedure for identifying and approving future budgetary requirements leading to the approval of the precept to be drawn down from the Unitary Authority. An effective reporting and monitoring process is in place. This ensures that the Council retains appropriate funds in general and earmarked reserves to finance its ongoing spending plans.

We note that;

- The council receives regular updates of financial expenditure and income received.
- At its December 2019 meeting, the Council agreed a precept of £1,037,180 (£924,185 in 2019-20) on Wiltshire County Council for 2020-21 following the preparation of budgets for 2020-21. At the end of 2019-20, reserves had reduced to under one month's turnover, mainly because of considerable spend on the Green Lane Project, which is non recurring in nature. The Council needs to be mindful that this level of Reserves falls short of the CIPFA recommended rate of 3 – 6 months turnover. It has also been considering the implications of any Asset Transfer requirements from Wiltshire Council that may be proposed in the foreseeable future, but there has been no agreement with Wiltshire Council about adding to this commitment.

Review of Income

In addition to its precept, the Council receives income from rent of commercial properties, venue hire, allotment rents, and burials and reclaimed VAT.

We have analysed Receipts during the first quarter of 2019-20 and carried out a test check of a sample of income items in June at our first interim visit. We also checked the returns from the Hillworth Park Cafe with the Cash Receipts during a sample month at a later visit to consider the ongoing viability of the Cafe. We note that Fees and Charges were reviewed together with Cemetery charges for 2020-21 at the November 2019 meeting of the Recreation and Properties Committee.

Conclusions

The Council regularly reviews the performance of the Hillworth Park Café with reports for information to the members being submitted to the Councils' Recreation & Properties Committee. These details were considered by the Recreation and Properties Committee in December 2019 when a net loss of £2,900 was reported, compared to a loss for the year of £9,522 in 2018-19.

Petty Cash Account

We checked the Council's Petty Cash Account at our Second Interim visit. There was a small shortfall in the balance, but this has been addressed by the Council.

Review of Salaries and Wages

Salaries for directly employed staff are processed by an outside company from information provided by the relevant managers. In 2019/20 Devizes Town Council agreed to take over the grass cutting contract for the whole of the Devizes & Roundway area. This is administered and continues to be delivered by IdVerde under a contract with Wiltshire Council. The payment of this contract by Wiltshire Council forms just a part of the devolution of assets and services by Wiltshire Council during the 2019/20 financial year. The cost of the contract, whilst substantial, has enabled the Town Council to be less reliant on the usage of temporary staff during the summer months. Details of payroll payments are supplied to the Council by its payroll contractor. It is some time since a review of the payroll contractor was considered and the council may wish to consider this in the future.

A test check on the Salaries payments in the month of September 2019 was carried out at our Second Interim visit and agreed with supplementary records.

Investments and Loans

Surplus Funds were held in a Current Account (£50,000 as at 31st March 2020), a Public Sector Deposit Account (£200,000 as at 31st March 2020) and a Premium Account (£211,893.29 as at 31st March 2020) and the Bank Reconciliation agreed with these balances at that date.

Interest rates continue to be low, but this is a suitable way of investing funds. The levels of investments vary from time to time, mainly due to the changing requirement to cover Council's exchequer needs.

The Council has no loans.

Statement of Accounts and Annual Return

The Local Audit (Smaller Authorities) Regulations 2015 and the Accounts and Audit Regulations 2015 requires Councils to prepare annually a detailed Statement of Accounts and Annual Return together with supporting statements

identifying other aspects of the Council's financial affairs. This process is now complete and enables us to sign its Internal Audit Return for the financial year.

Conclusions

We have signed off the Internal Audit certificate for the 2019-20, assigning positive assurances as appropriate.