

# **DEVIZES TOWN COUNCIL**

## **Final Interim Audit Report 2022-23**

**Prepared by R Hopkins Accountancy & Taxation Services  
Limited**

## **Background and Scope**

The Accounts and Audit Arrangements introduced from 1<sup>st</sup> April 2021 require all Town and Parish Councils to implement an independent internal audit Examination of their accounts. Devizes Town Council appointed R Hopkins Accountancy & Taxation Services Ltd to carry out this role from 2022. This is the final report to the Council for the 2022/23 financial year.

## **Internal Audit Approach**

As the Council's internal auditor we have a duty to complete the Internal Audit Certificate on 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 final quarter of 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 operate effectively. We shall sign off the internal audit certificate at Section 4 of the Annual Return (Annual Governance and Accountability Return – AGAR) for 2022/23, assigning positive assurances 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 this interim audit and 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 that no anomalous entries appear in cashbooks or financial ledgers:

Checked bank statements for the period from 1 March to 31 March 2023 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/will be undertaking the following work in the following areas:

The Council reviewed its Standing Orders and Financial Regulations at its meeting held on 9 June 2022

The Council also considers supplementary policies and procedures to support the Corporate Governance process with the establishment of working parties to provide support on a specific area and report back to the appropriate committee.

A review of the Councils minutes for 2022-23 was undertaken at the 3rd interim visit 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***

***The Council's Standing Orders and Financial Regulations subject to minor amendment have been reviewed in this financial year.***

### **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 within approved budgets;

Payments are supported by appropriate documentation, such as an original trade invoice or other appropriate form of documentation confirming the payment as being due and are signed as being valid by the originator; 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 to date in excess of £2000 and a further random check of 5% sample have been checked excluding salary, superannuation and Tax and NI payments. Our sample of 188 invoices during the financial year had a total value of £1,035,558 and represented 75% of the value of all costs during the period. All supporting documentation was in place and all payments had been reviewed by the Community and Civic Resources Committee.

The Council also pays a quarterly charge for the use of Devizes Leisure Centre by the residents of Devizes. This is a long term agreement and is included in the above data.

### ***Conclusions***

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

## **Assessment and Management of Risk**

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

Noted that the Council's Health and Safety Review was considered and approved by members at the meeting of the Community & Civic Resources committee year held on 14 March 2023.

Examined the Council's insurance policy for 2022-23 as out third interim visit. Although we consider appropriate cover to be in place the policy needs to be constantly updated to take account of disposals and additions to the Council's portfolio of assets.

### ***Conclusions***

***The level of insurance cover for the Council continues to be appropriate to the Council's needs.***

## **Management of Bad Debt**

The outstanding balances at the end of March were considered and referenced to any items that may rise to a potential bad debt risk. A provision has been made in the 2022-23 financial statements regarding two significant bad debts on the commercial property sales ledger. These bad debts can be written off once ratified by members of the Town Council.

The Commercial Property ledger has a mixture of monthly and quarterly invoicing and payments which differs from the leases themselves but enables many of the commercial property tenants to pay monthly with the resultant positive impact on their cash flow.

## *Conclusions*

*An effective system of control is in place over the identification of potential bad debts. The Commercial Property ledger is more complex with four tenants requesting delayed payments during the period when they were unable to trade due to the Covid regulations. It was agreed that the 3 month payment holiday would be recovered by the Town Council during the remaining period of the existing lease.*

## **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 and effective reporting and monitoring process is in place, This should ensure that the Council retains appropriate funds in general and earmarked reserves to finance its ongoing spending plans.

We have noted that;

The Council receives regular updates of financial expenditure and income received through a variety of committee reports.

At the meeting of the Council held On 17 January 2023, the Council agreed a precept of £1,164,225 (£1,101,013 in 2021-22) on Wiltshire Council for 2023-24 following the preparation of budgets for that year.

The CIPFA recommended rate of 3–6 months reserves against turnover was achieved at year end 2022-23. General and specific reserves were £869,878 on a turnover of £1,890,616.

## **Review of Income**

In addition to its precept, the Council received income from the rent of commercial properties, venues hire, allotment rents, the Devizes Cemetery and reclaimed VAT.

We analysed receipts during the final interim visit and carried-out a test sample of income over the various income streams. We note that fees and

Charges were reviewed together with Cemetery charges for 2022-23 before the start of the financial year to be effective from 1<sup>st</sup> April 2022 by the Recreation and Properties Committee.

### *Conclusions*

*The Council regularly reviews the performance of its venues. Venues income showed a significant upturn during the 2022-23 financial year With the previous financial year still suffering from the effects of the Covid pandemic.*

### **Review of Expenditure**

The Income & Expenditure account was reviewed at the end of the financial year with many of the budget headings within budget.

The energy price increase on the financial statements of the Town Council continues to be of concerned. The installation of smart meters is still awaited in some Town Council venues, therefore there is still a requirement for officers to take meter readings.

### **Review of Salaries and Wages**

Salaries for directly employed staff are processed by an outside company from information provided by the relevant managers.

Details of payroll are supplied to the Council by its payroll contractor, Devizes Town Council after checking the output make payment to staff via online banking.

A test check on salary payments was carried out in respect of January, February and March 2023 with the schedule produced by the Councils contractors with no errors found. New backdated NJC approved pay scales were implemented during the November payroll.

## **Asset Register**

We examined the Asset register as at 31 March 2023 and compared the content with the Assets shown in the Council's Final Accounts for the year. The Total Asset value on the Balance Sheet is £9,794,522 (9,768,487 as at 31 March 2022). The Register for the 2022-23 year was examined at this final visit.

## **Trial Balance**

The Trial Balance was found to be in balance at the end on 31 March 2023.

## **Investments and Loans**

Surplus funds were held in a Current Account (£50,000 as at 31 March 2023), a Public Sector Deposit Account (£1,200,000 as at 31 March 2023) and a Business Premium Account (£247,032.69 as at 31 March 2023) and the Bank reconciliation agreed with these balances at that date.

Interest rates have risen dramatically during the financial year with the resultant impact on the Council's finances. At the end of the financial year bank interest was £26,625 against a budget of £500. The Council has no loans

## **Petty Cash**

We checked the Council's Petty Cash Account at this final visit in 2022-23 and found that the balance of £400 at the end of March 2023, made up of cash and vouchers was intact.

## **Company credit card**

Devizes Town Council has a business credit card which enables transactions to be completed in a timely manner and often when internet purchases are necessary and providers require a card transaction. Monthly payments are collected by Barclaycard at Month end, whilst individual payments are identified and matched off against the payment on the purchase ledger.



## **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

### ***Conclusions***

***We have signed off the Internal Audit Certificate for 2022-23, assigning positive assurance as appropriate at our final visit and the Council's external auditors will be asked to sign off the certificate of approval after the end of the financial year.***