

DEVIZES TOWN COUNCIL

First Interim Audit Report 2022-23

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

Background and Scope

The Accounts and Audit Arrangements introduced from 1st 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 first 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 first 3 months 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 June to 30 June 2022 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 will be undertaken at the 2nd 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 58 invoices during the financial year to date had a total value of £271,421 and represented 66% of the value of non-payroll 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.

We shall consider the latest Commercial Property Management Report at a later visit to ensure that an appropriate return has been achieved after examining a sample of leases in the area.

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 areas of potential risk of both a financial and health and safety nature, and to ensure that appropriate arrangements exist to monitor and manage risks.

Noted that the Council's Health and Safety Review for 2022-23 review including the review of risk assessments will be reviewed at a later visit. These documents were last approved by the Community and Civic Resources Committee at its meeting held on 5 January 2021; and,

Examined the Council's Insurance policy for 2022/23 at this visit and consider that appropriate cover is in place.

Conclusions

The level of insurance cover for the Council continues to be appropriate to the Council's needs. The Council shall be considering approval of its Health and Safety Review when submitted to committee at a future date.

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 in December 2021, the Council agreed a precept of £1,101,013 (£1,051,476 in 2021-22) on Wiltshire Council for 2022-23 following the preparation of budgets for that year.

The CIPFA recommended rate of 3–6 months reserves against turnover was achieved at year end. General and specific reserves were £607,184 on a turnover of £1,679.092. We shall be considering the implications of the 2023-24 budget process at our third interim visit.

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 shall analyse receipts during the second interim visit and carry 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 1st April 2022 by the Recreation and Properties Committee.

Conclusions

The Council regularly reviews the performance of its venues. These will be examined on the 2nd interim visit.

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 May and June 2022 with the schedule produced by the Councils contractors with no errors found.

Asset Register

We examined the Asset register as at 31 March 2022 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 £8,866,722 (8,839,504 as at 31 March 2021). The Register for the 2022-23 year will be examined at our final visit and further consideration will be given at this stage.

Trial Balance

The Trial Balance was found to be in balance at the end on 30 June 2022.

Investments and Loans

Surplus funds were held in a Current Account (£50,000 as at 30 June 2022), a Public Sector Deposit Account (£1,200,000 as at 30 June 2022) and a Business Premium Account (£450,874.93 as at 30 June 2022) and the Bank reconciliation agreed with these balances at that date.

Interest continues to be low however are gradually increasing and is considered a suitable way of investing funds. 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

Conclusions

It is our intention to sign 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.

