

# **DEVIZES TOWN COUNCIL**

## **Third 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 third 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 third 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 December to 31 December 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 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 third quarter 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 82 invoices during the third quarter of the financial year had a total value of £633,738 and represented 87% 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 is due to be considered by members during Q4 of the 2022-23 financial year, together with the adoption of Corporate Governance policies including a review of Risk Management policies. These documents have been previously approved by the Community & Civic Resources committee.

Examined the Council's insurance policy for 2022-23. 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. The Health & Safety review will be checked at the 4<sup>th</sup> internal audit visit.*

## **Management of Bad Debt**

The outstanding balances at the end of December were considered and Referenced to any items that may rise to a potential bad debt risk. A system of credit control was in place at month end and all debts over their payment due date were chased. It was identified that a vigorous chase of any unpaid invoices over the next month would enable an accurate Bad debt provision to be made at year end.

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. At the time of writing this report new tenants are actively being sought for two of the commercial properties whilst enforcement action is being taken against a third tenant.*

## **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 19 December 2022, the Council agreed a precept of £1,158,431 (£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. 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 fourth 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 analysed receipts during the third 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. These will be further examined on the 4th interim visit.*

## **Review of Expenditure**

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

A further analysis will be completed at the end of the fourth quarter when a fuller impact of the energy price increase on the financial statements of the Town Council can be more accurately identified. It is recommended to officers that an effort is made to ensure that all utility accounts are brought up to date with actual readings rather than estimates to minimise the impact at year end.

## **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 October, November and December 2022 with the schedule produced by the Council's 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 31 December 2022.

## **Investments and Loans**

Surplus funds were held in a Current Account (£50,729 as at 31 December 2022), a Public Sector Deposit Account (£1,200,000 as at 31 December 2022) and a Business Premium Account (£550,957.22 as at 31 December 2022) and the Bank reconciliation agreed with these balances at that date.

Interest rates continue to increase with the resultant impact on the Council's finances. At the end of Q3 bank interest was £11,689 against a budget of £500. The Council has no loans

## **Petty Cash**

An imprest system of Petty Cash is maintained at the Town Council and normally covers minor expenditure. The Petty Cash system which was in operation at Hillworth Park has been discontinued. The closure of the local branch of the Town Council's bankers has made the availability of cash more onerous. The Petty cash system is maintained correctly but further checks will be completed in the 4th interim visit.



## **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***

***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.***