
Devizes Town Council

First Interim Audit Report 2021-22

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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. This is the First Interim report to the Council for 2021-22. In places this has been carried out remotely, because it was discovered that this method would be advantageous during the restrictions caused by the Covid-19 pandemic. Because of social distancing, not all of the processes normally required were carried out during the interim reports in 2020-21 and so these methods have continued to be used in 2021-22. Any changes to the normal processes are indicated 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 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 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 shall sign off the internal audit certificate at Section 4 of the Annual Return (Annual Governance and Accountability Return - AGAR) for 2021-22, 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 this interim audit, especially where we have had to rely on officers providing information for us to work remotely, and where information has been forwarded from the Council electronically. Given the circumstances the process has been conducted 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:

- Checked Bank Statements for the period from 1st to 30th June 2021 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 amended its procedures to cope with the restrictions required as a result of the Covid-19 pandemic in 2020-21. It reviewed Standing Orders (SOs) and Financial Regulations at its meeting on 10th June 2021
- The Council also considers supplementary policies and procedures to support the Corporate Governance process with a possible proposal that individual standing committees be delegated responsibility to review policies at its meeting on 10th June; and
- We have commenced our review of the Council's minutes for 2021-22, 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

The changes in Standing Orders and Financial Regulations 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 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 to date in excess of £2,000 and a further random check of 5% sample have been checked excluding salary, superannuation and NI payments. Our sample of 27 invoices during the financial year to date had a total value of £107,992 and represented 52% of the value of non pay invoices processed during the year. All supporting documentation was in place and all payments had been reviewed by the Community and Civic Resources Committee. Some of these invoices have been taken from those scanned to me working from home by Town Councils officers. and no issues have arisen.

The Council pays a quarterly charge for the use of Devizes Leisure Centre. There has been an agreement with Wiltshire Council and the Council needs to be aware of payments made during the closure due to Covid-19.

We shall consider the latest Commercial Property Portfolio Management Report at a later visit to ensure that an appropriate return has been achieved and have examined a sample of agreements in this area.

Conclusions

An effective system of control is in place over the checking, authorisation and release of Council funds and we shall consider the position of Commercial Property agreements at a later visit.

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 Health and Safety Review for 2021-22 review including the review of risk assessments shall be reviewed at a later visit. The last time these documents were approved by the Community and Civic Resources Committee was at its meeting on 5th January 2021; and

- Examined the Council's insurance policy for 2021-22 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 last approved its Health and Safety Review at the meeting of the Community and Civic Resources Committee meeting on 5th January 2021 and shall be considering this again later in the year.

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 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.
- At its December 2020 meeting, the Council agreed a precept of £1,051,476 (£1,037,180 in 2020-21) on Wiltshire County Council for 2020-21 following the preparation of budgets for that year, an increase of 2.06%. The effect of Covid-19 and other changes were considered to confirm the Council's projected financial position during this period. We reported last year that the Council's the level of Reserves at the end of 2019-20 fell short of the CIPFA recommended rate of 3 – 6 months turnover. However in 2020-21 this level has improved to 3 months turnover i.e. £377,099 on a turnover of £1,514,021. We shall be considering the implications of the budget process at our third Interim visit.
- The implication of Asset Transfer agreements with Wiltshire Council seems to have been completed for now and the streamlining of some procedures was achieved.

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 shall analyse Receipts during a later quarter in 2022-23 and carry out a test check of a sample of income items and we shall also consider the ongoing financial position of the Hillworth Park Cafe at a later interim visit. We note that Fees and Charges were reviewed together with Cemetery charges for 2021-22

before the start of the financial year to be effective from 1st April 2021 by the Recreation and Properties Committee.

The level of Income has been affected by the Covid-19 pandemic, but the Corn Exchange has been used to support the NHS delivery of flu vaccinations and the roll out of Covid-19 vaccines. No Government funding was available, so free use of the building has been provided.

Conclusions

The Council regularly reviews the performance of the Hillworth Park Café. The figures for the first quarter for 2021-22 were not examined at this visit and our checks will be resumed at our next visit.

Petty Cash Account

We checked the Council's Petty Cash Account at this First Interim visit in 2020-21 and found that the balance of £400, made up of cash and vouchers was intact. Further checks will be made during 2021-22.

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 service has been provided in house in 2020-21.

Details of payroll payments are supplied to the Council by its payroll contractor. The council could consider a review of this contract from time to time to ensure it continues to receive good value for money.

A test check on the Salaries payments was carried out for the month of May 2022 with the schedule produced by the Council's contractors. During the year a redundancy payment was made to a member of staff and these payments will be checked during the remaining audit visits during the financial year.

Asset Register

We examined the Asset Register at our final visit in 2020-21 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 £9,724,225 (9,599,967 as at 31st March 2021). The Register for the 2021-22 year will be examined at our final visit. This will be given further consideration at the end of the financial year

Investments and Loans

Surplus Funds were held in a Current Account (£50,000 as at 30th June 2021), a Public Sector Deposit Account (£478,553.24 as at 30th June 2021) and a Premium Account (£800,000 as at 30th June 2021) 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 and 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.

Conclusions

We shall sign off the Internal Audit certificate for 2021-22, assigning positive assurances 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