

## **SANDOWN TOWN COUNCIL**

### **INTERNAL AUDIT REPORT 2022 - 23**

#### **1.INTRODUCTION**

All Local Councils in England are required to complete an annual return summarising their financial records at the end of the financial year. A section on the Annual Return needs to be completed by an Internal Auditor who shall be independent of the Council. The Councils External Auditor needs to place reliance on the work of the Internal Auditor and provides guidance on the minimum level of testing required to provide this assurance.

#### **2.SCOPE OF AUDIT**

The audit includes for examination on a test basis of evidence relevant to the amounts and disclosures as contained in the accounts. This examination has included the following-

- Matching of financial statements to invoices and receipts
- Examination of budget preparation & precept setting
- Inspection of bank statements
- Matching of payment records to invoices
- Examination of Risk Assessment.
- Compliance with Transparency Code.

#### **3. FINDINGS**

- 1) Payroll provision is outsourced to Community Action and payments to HMRC are reported. The account is regularly monitored. Pension arrangements are through the LGPS and one member of staff has opted out. Auto enrolment will take place in the next few weeks.
- 2) The accounting records, bank statements and bank reconciliation were examined and agreed. All payments are presented to the Council for approval. A robust system is in place for authorising invoices, online payments and presentation to full council. While there is no authorisation evidence on every invoice by way of a certification stamp or signatures, the system has an audit trail and is well devised.
- 3) The bank reconciliations are presented and signed off regularly at meetings. A report on performance against budget is also noted at full council meetings. The investment procedure continues as in previous years.
- 4) Standing Orders and Financial Regulations were reviewed and adopted with amendments on 9<sup>th</sup> May 2022 Minute 10-2022/2023 refers.
- 5) VAT had been accounted for correctly and refunds from HMRC are being claimed on a quarterly basis.
- 6) Insurance policies are in place until 6<sup>th</sup> June 2023. There is a good level of cover, however, the high value items are not all individually listed but are included in an overall amount.

- 7) The budget and precept proposals were discussed at a full council meeting on 6 February 2023 and it was resolved to set the precept to £531,299 for 2023/24. Full details of the process is outlined in the minutes.
- 8) The Financial Risk Assessment Policy is in place for 2023 and is scheduled to be reviewed annually. Provision for inspection of play areas and the skate park is robust.
- 9) Public Works Board loans remain in place and payments have been identified in the correct manner.
- 10) The 2022-23 financial year saw turnover once again of over £200,000, therefore the accounts operate, through the Scribe system, on an income and expenditure basis. A petty cash balance of £2.41 remains static.
- 11) The Transparency Code requires the publication of certain information on a website. All items have been displayed correctly and clearly.
- 12) The authorisation of the AGAR for 2021/22 was not made in the correct order, the Governance Statement was approved after the Accounting Statements. This has been highlighted by the External Auditor.

#### **RECOMMENDATIONS**

- Ensure the authorisation of the AGAR is carried out in the required order.
- Consider closing the petty cash account as it has been dormant for several years
- Consider detailing high value items from the asset register, such as the mayoral chain and ships bell, on the insurance cover, rather than including them in a block cover.
- A certification stamp for invoices is considered good practice and maybe something to be discussed in the future for full transparency. However, the current system appears to work well and is robust .

**Having regard to the above, I believe I have adequate assurance to complete and sign the relevant section of the Annual Return.**



**Maxine Warr**  
**11<sup>th</sup> May 2023**