

Smaller authority name: **SANDOWN TOWN COUNCIL**

**NOTICE OF PUBLIC RIGHTS AND PUBLICATION
OF UNAUDITED ANNUAL GOVERNANCE &
ACCOUNTABILITY RETURN**

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019

**Local Audit and Accountability Act 2014 Sections 26 and 27
The Accounts and Audit Regulations 2015 (SI 2015/234)**

NOTICE	NOTES
<p>1. Date of announcement a) Friday 28th June 2019</p> <p>2. Each year the smaller authority's Annual Governance and Accountability Return (AGAR) needs to be reviewed by an external auditor appointed by Smaller Authorities' Audit Appointments Ltd. The unaudited AGAR has been published with this notice. As it has yet to be reviewed by the appointed auditor, it is subject to change as a result of that review.</p> <p>Any person interested has the right to inspect and make copies of the accounting records for the financial year to which the audit relates and all books, deeds, contracts, bills, vouchers, receipts and other documents relating to those records must be made available for inspection by any person interested. For the year ended 31 March 2019, these documents will be available on reasonable notice by application to:</p> <p>(b) _____ Tina Bailey, Town Clerk/ RFO The Broadway Centre, Sandown IW PO36 9GG Tel: 01983 408287 Between 10am – 12 noon Monday - Friday</p> <p>commencing on (c) Monday 1st July 2019 _____</p> <p>and ending on (d) Friday 9th August 2019 _____</p> <p>3. Local government electors and their representatives also have:</p> <ul style="list-style-type: none">• The opportunity to question the appointed auditor about the accounting records; and• The right to make an objection which concerns a matter in respect of which the appointed auditor could either make a public interest report or apply to the court for a declaration that an item of account is unlawful. Written notice of an objection must first be given to the auditor and a copy sent to the smaller authority. <p>The appointed auditor can be contacted at the address in paragraph 4 below for this purpose between the above dates only.</p> <p>4. The smaller authority's AGAR is subject to review by the appointed auditor under the provisions of the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015 and the NAO's Code of Audit Practice 2015. The appointed auditor is:</p> <p>PKF Littlejohn LLP (Ref: SBA Team) 1 Westferry Circus Canary Wharf London E14 4HD (sba@pkf-littlejohn.com)</p> <p>5. This announcement is made by (e) Tina Bailey Town Clerk/RFO</p>	<p>(a) Insert date of placing of the notice which must be not less than 1 day before the date in (c) below</p> <p>(b) Insert name, position and address/telephone number/ email address, as appropriate, of the Clerk or other person to which any person may apply to inspect the accounts</p> <p>(c) Insert date, which must be at least 1 day after the date of announcement in (a) above and at least 30 working days before the date appointed in (d) below</p> <p>(d) The inspection period between (c) and (d) must be 30 working days inclusive and must include the first 10 working days of July.</p> <p>(e) Insert name and position of person placing the notice – this person must be the responsible financial officer for the smaller authority</p>

LOCAL AUTHORITY ACCOUNTS: A SUMMARY OF YOUR RIGHTS

Please note that this summary applies to all relevant smaller authorities, including local councils, internal drainage boards and 'other' smaller authorities.

The basic position

The Local Audit and Accountability Act 2014 (the Act) governs the work of auditors appointed to smaller authorities. This summary explains the provisions contained in Sections 26 and 27 of the Act. The Act and the Accounts and Audit Regulations 2015 also cover the duties, responsibilities and rights of smaller authorities, other organisations and the public concerning the accounts being audited.

As a local elector, or an interested person, you have certain legal rights in respect of the accounting records of smaller authorities. As an interested person you can inspect accounting records and related documents. If you are a local government elector for the area to which the accounts relate you can also ask questions about the accounts and object to them. You do not have to pay directly for exercising your rights. However, any resulting costs incurred by the smaller authority form part of its running costs. Therefore, indirectly, local residents pay for the cost of you exercising your rights through their council tax.

The right to inspect the accounting records

Any interested person can inspect the accounting records, which includes but is not limited to local electors. You can inspect the accounting records for the financial year to which the audit relates and all books, deeds, contracts, bills, vouchers, receipts and other documents relating to those records. You can copy all, or part, of these records or documents. Your inspection must be about the accounts, or relate to an item in the accounts. You cannot, for example, inspect or copy documents unrelated to the accounts, or that include personal information (Section 26 (6) – (10) of the Act explains what is meant by personal information). You cannot inspect information which is protected by commercial confidentiality. This is information which would prejudice commercial confidentiality if it was released to the public and there is not, set against this, a very strong reason in the public interest why it should nevertheless be disclosed.

When smaller authorities have finished preparing accounts for the financial year and approved them, they must publish them (including on a website). There must be a 30 working day period, called the 'period for the exercise of public rights', during which you can exercise your statutory right to inspect the accounting records. Smaller authorities must tell the public, including advertising this on their website, that the accounting records and related documents are available to inspect. By arrangement you will then have 30 working days to inspect and make copies of the accounting records. You may have to pay a copying charge. The 30 working day period must include a common period of inspection during which all smaller authorities' accounting records are available to inspect. This will be 1-12 July 2019 for 2018/19 accounts. The advertisement must set out the dates of the period for the exercise of public rights, how you can communicate to the smaller authority that you wish to inspect the accounting records and related documents, the name and address of the auditor, and the relevant legislation that governs the inspection of accounts and objections.

The right to ask the auditor questions about the accounting records

You should first ask your smaller authority about the accounting records, since they hold all the details. If you are a local elector, your right to ask questions of the external auditor is enshrined in law. However, while the auditor will answer your questions where possible, they are not always obliged to do so. For example, the question might be better answered by another organisation, require investigation beyond the auditor's remit, or involve disproportionate cost (which is borne by the local taxpayer). Give your smaller authority the opportunity first to explain anything in the accounting records that you are unsure about. If you are not satisfied with their explanation, you can question the external auditor about the accounting records.

The law limits the time available for you formally to ask questions. This must be done in the period for the exercise of public rights, so let the external auditor know your concern as soon as possible. The advertisement or notice that tells you the accounting records are available to inspect will also give the period for the exercise of public rights during which you may ask the auditor questions, which here means formally asking questions under the Act. You can ask someone to represent you when asking the external auditor questions.

Before you ask the external auditor any questions, inspect the accounting records fully, so you know what they contain. Please remember that you cannot formally ask questions, under the Act, after the end of the period for the exercise of public rights. You may ask your smaller authority other questions about their accounts for any year, at any time. But these are not questions under the Act.

You can ask the external auditor questions about an item in the accounting records for the financial year being audited. However, your right to ask the external auditor questions is limited. The external auditor can only answer 'what' questions, not 'why' questions. The external auditor cannot answer questions about policies, finances, procedures or anything else unless it is directly relevant to an item in the accounting records. Remember that your questions must always be about facts, not opinions. To avoid misunderstanding, we recommend that you always put your questions in writing.

The right to make objections at audit

You have inspected the accounting records and asked your questions of the smaller authority. Now you may wish to object to the accounts on the basis that an item in them is in your view unlawful or there are matters of wider concern arising from the smaller authority's finances. A local government elector can ask the external auditor to apply to the High Court for a declaration that an item of account is unlawful, or to issue a report on matters which are in the public interest. You must tell the external auditor which specific item in the accounts you object to and why you think the item is unlawful, or why you think that a public interest report should be made about it. You must provide the external auditor with the evidence you have to support your objection. Disagreeing with income or spending does not make it unlawful. To object to the accounts you must write to the external auditor stating you want to make an objection, including the information and evidence below and you must send a copy to the smaller authority. The notice must include:

- confirmation that you are an elector in the smaller authority's area;
- why you are objecting to the accounts and the facts on which you rely;
- details of any item in the accounts that you think is unlawful; and
- details of any matter about which you think the external auditor should make a public interest report.

Other than it must be in writing, there is no set format for objecting. You can only ask the external auditor to act within the powers available under the Local Audit and Accountability Act 2014.

A final word

You may not use this 'right to object' to make a personal complaint or claim against your smaller authority. You should take such complaints to your local Citizens' Advice Bureau, local Law Centre or to your solicitor. Smaller authorities, and so local taxpayers, meet the costs of dealing with questions and objections. In deciding whether to take your objection forward, one of a series of factors the auditor must take into account is the cost that will be involved, they will only continue with the objection if it is in the public interest to do so. They may also decide not to consider an objection if they think that it is frivolous or vexatious, or if it repeats an objection already considered. If you appeal to the courts against an auditor's decision not to apply to the courts for a declaration that an item of account is unlawful, you will have to pay for the action yourself.

For more detailed guidance on public rights and the special powers of auditors, copies of the publication <u>Local authority accounts: A guide to your rights</u> are available from the NAO website.	If you wish to contact your authority's appointed external auditor please write to the address in paragraph 4 of the <i>Notice of Public Rights and Publication of Unaudited Annual Governance & Accountability Return</i> .
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SANDOWN TOWN COUNCIL

**NOTICE OF PUBLIC RIGHTS AND PUBLICATION
OF UNAUDITED ANNUAL GOVERNANCE &
ACCOUNTABILITY RETURN**

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019

Local Audit and Accountability Act 2014

Accounts and Audit Regulations 2015

DECLARATION

The status of the Accounting Statements are unaudited and the Accounting Statements as published may be subject to change.

Signed ...



Town Clerk/ Responsible Financial Officer

Section 1 – Annual Governance Statement 2018/19

We acknowledge as the members of:

SANDOWN TOWN COUNCIL

our responsibility for ensuring that there is a sound system of internal control, including arrangements for the preparation of the Accounting Statements. We confirm, to the best of our knowledge and belief, with respect to the Accounting Statements for the year ended 31 March 2019, that:

	Agreed		'Yes' means that this authority:
	Yes	No*	
1. We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.	✓		prepared its accounting statements in accordance with the Accounts and Audit Regulations.
2. We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.	✓		made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.
3. We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and Proper Practices that could have a significant financial effect on the ability of this authority to conduct its business or manage its finances.	✓		has only done what it has the legal power to do and has complied with Proper Practices in doing so.
4. We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.	✓		during the year gave all persons interested the opportunity to inspect and ask questions about this authority's accounts.
5. We carried out an assessment of the risks facing this authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	✓		considered and documented the financial and other risks it faces and dealt with them properly.
6. We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.	✓		arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of this smaller authority.
7. We took appropriate action on all matters raised in reports from internal and external audit.			responded to matters brought to its attention by internal and external audit. NOT RECEIVED EXTERNAL AUDITOR REPORT FOR 2017/18 YET.
8. We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this authority and, where appropriate, have included them in the accounting statements.	✓		disclosed everything it should have about its business activity during the year including events taking place after the year end if relevant.
9. (For local councils only) Trust funds including charitable. In our capacity as the sole managing trustee we discharged our accountability responsibilities for the fund(s)/assets, including financial reporting and, if required, independent examination or audit.	Yes	No	N/A
			N/A

*Please provide explanations to the external auditor on a separate sheet for each 'No' response and describe how the authority will address the weaknesses identified. These sheets should be published with the Annual Governance Statement.

This Annual Governance Statement was approved at a meeting of the authority on:

17 / 06 / 2019

and recorded as minute reference:

1738/19 (1)

Signed by the Chairman and Clerk of the meeting where approval was given:

Chairman #

Clerk

Other information required by the Transparency Codes (not part of Annual Governance Statement)

Authority web address

www.sandowntowncouncil.gov.uk

Section 2 – Accounting Statements 2018/19 for

SANDOWN TOWN COUNCIL

	Year ending		Notes and guidance
	31 March 2018 £	31 March 2019 £	
1. Balances brought forward	823729	RESTATED 115791	Please round all figures to nearest £1. Do not leave any boxes blank and report £0 or Nil balances. All figures must agree to underlying financial records. Total balances and reserves at the beginning of the year as recorded in the financial records. Value must agree to Box 7 of previous year.
2. (+) Precept or Rates and Levies	240139	429902	Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.
3. (+) Total other receipts	108566	197926	Total income or receipts as recorded in the cashbook less the precept or rates/levies received (line 2). Include any grants received.
4. (-) Staff costs	91493	83634	Total expenditure or payments made to and on behalf of all employees. Include salaries and wages, PAYE and NI (employees and employers), pension contributions and employment expenses.
5. (-) Loan interest/capital repayments	34951	34649	Total expenditure or payments of capital and interest made during the year on the authority's borrowings (if any).
6. (-) All other payments	920203	334466	Total expenditure or payments as recorded in the cashbook less staff costs (line 4) and loan interest/capital repayments (line 5).
7. (=) Balances carried forward	125787	290870	Total balances and reserves at the end of the year. Must equal (1+2+3) - (4+5+6).
8. Total value of cash and short term investments	115791	303411	The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March – To agree with bank reconciliation.
9. Total fixed assets plus long term investments and assets	295276	1120355	The value of all the property the authority owns – it is made up of all its fixed assets and long term investments as at 31 March.
10. Total borrowings	562854	546817	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).
11. (For Local Councils Only) Disclosure note re Trust funds (including charitable)	Yes	No	The Council, as a body corporate, acts as sole trustee for and is responsible for managing Trust funds or assets. N.B. The figures in the accounting statements above do not include any Trust transactions.
	N/A		

I certify that for the year ended 31 March 2019 the Accounting Statements in this Annual Governance and Accountability Return have been prepared on either a receipts and payments or income and expenditure basis following the guidance in Governance and Accountability for Smaller Authorities – a Practitioners' Guide to Proper Practices and present fairly the financial position of this authority.

Signed by Responsible Financial Officer before being presented to the authority for approval

Date 17/06/2019

I confirm that these Accounting Statements were approved by this authority on this date:

17/06/2019

as recorded in minute reference:

1738/19 (2)

Signed by Chairman of the meeting where the Accounting Statements were approved

SANDOWN TOWN COUNCIL

Summary Income and Expenditure for the Year Ended 31st March 2019

INCOME	2018/19
Precept& IWC grant	435115.00
Hall Hire	12362.00
Vat refunded	163071.89
Bank Interest	37.38
Refunds	4176.13
Donations	8946.00
Parking & misc	<u>4119.68</u>
	<u>627,828.08</u>

EXPENDITURE	2018/19
PWLB loan repayment	34648.48
General Administration	12731.50
Advertising and Publicity	1878.50
Civic and Community	13406.43
Councillors & Elections	7251.85
Beach Litter /Lifeguard provision	18740.80
Los Altos maintenance	4214.42
Staffing costs	83634.00
Sandham Gardens	71969.61
Public Toilets	51233.00
Van & Maintenance	2884.66
VAT	41114.78
Bway Centre Running Costs	13359.00
Bway Centre Furniture and equipment	13542.00
Bway Centre New building	67863.00
Temp offices & storage	3016.00
Misc	<u>11174.45</u>
TOTAL	<u>452,749.00</u>

RESERVES

Balance at 1 April 2018	115,790.92
Total Income	<u>627,828.08</u>
	743,619.00
Total expenditure	<u>(452,749.00)</u>
Balance at 31 March 2019	<u>290,870.00</u>

BALANCE SHEET

Balance and Reserves as at 31st March 2019	£290,870
Add : Creditors	<u>18,612</u>
	309,482
Less: Debtors	<u>(6,071)</u>
Total	<u>£303,411</u>

Balances as per Bank Statement as at 31st March 2019

A/c 1 Dormant	.10
A/c 2 VAT refunded	153,654.11
A/c 3 Reserves	80,000.00
A/c 4 Current account	69,771.60
Petty cash	13.86
Less: unrepresented payment	<u>(28.67)</u>
	<u>303,411.00</u>

SUPPORTING STATEMENT FOR THE YEAR ENDING 31st MARCH 2019

ASSETS

a) During the year the following assets were purchased	£823,314.46
b) The following assets were disposed of.	£1,235.00
c) At 31 March the following assets were held	£1,120,355.00

BORROWINGS.

At the close of business on 31 March 2016, the following loans to the Council were outstanding:

PWLB - £546,817.50

LEASES AND LICENCES

The following leases are held:

1. Sandham Gardens with the Isle of Wight Council
2. Sandham Gardens with Heritage UK Ltd

TENANCIES

During the year, no tenancies were entered into.

ADVERTISING AND PUBLICITY


The following costs were incurred during the year:

Website and newsletter - £1878.50

Signed


Mayor

Signed


Responsible Financial Officer

Date 17-06-2019

Date 17-6-2019

Internal Audit Report 2018/19

ENTER NAME OF AUTHORITY

authority's internal auditor, acting independently and on the basis of an assessment of risk, at a selective assessment of compliance with relevant procedures and controls to be in **during** the financial year ended 31 March 2019.

Annual audit for 2018/19 has been carried out in accordance with this authority's needs and required coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the controls were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

control objective	Agreed? Please choose one of the following		
	Yes	No*	Not covered**
adequate accounting records have been properly kept throughout the financial year.	✓		
authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓		
budget or rates requirement resulted from an adequate budgetary process; progress against budget was regularly monitored; and reserves were appropriate.	✓		
total income was fully received, based on correct prices, properly recorded and promptly received and VAT was appropriately accounted for.	✓		
all payments were properly supported by receipts, all petty cash expenditure was properly supported and VAT appropriately accounted for.	✓		
payments to employees and allowances to members were paid in accordance with this authority's policies, and PAYE and NI requirements were properly applied.	✓		
fixed investments registers were complete and accurate and properly maintained.	✓		
quarterly and year-end bank account reconciliations were properly carried out.	✓		
financial statements prepared during the year were prepared on the correct accounting basis (including payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	✓		
where authority certified itself as exempt from a limited assurance review in 2017/18, it met the exemption criteria and correctly declared itself exempt. (<i>"Not Covered" should only be ticked if authority had a limited assurance review of its 2017/18 AGAR</i>)	✓		✓
throughout summer 2018 this authority has correctly provided the proper opportunity for the exercise of public rights in accordance with the requirements of the Accounts and Auditing Regulations.			Not applicable ✓
For all councils only)	Yes	No	Not applicable
For all councils (including charitable) – The council met its responsibilities as a trustee.			✓

Other risk areas identified by this authority where adequate controls existed (list any other risk areas on separate sheets if needed).

Annual audit undertaken

Name of person who carried out the internal audit

1/19 DD/MM/YY DD/MM/YY

ENT GARETH HUGHES AUDITOR

person who

[Redacted]

SANDOWN TOWN COUNCIL

INTERNAL AUDIT REPORT 2018-19

1. INTRODUCTION

All Local Councils in England are required to complete an Annual Governance & Accountability Return (AGAR) summarising their financial records at the end of the financial year. The Annual Report of the Internal Auditor section of the AGAR needs to be completed by an 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-

Appropriate accounting records have been kept
Payments were supported by invoices and all expenditure reported.
VAT had been accounted for correctly and reclaimed from HMRC
Examination of budget preparation & precept setting
Inspection of bank reconciliation.
Accounting records prepared on the correct basis.
PAYE requirements were being met.

3. FINDINGS

- (1) The accounting records, bank statements and bank reconciliation for the year ended 31st March 2019 were examined and agreed. Sampled payment invoices were agreed to bank statement entries and to accounting records
- (2) There had been well documented problems associated with accounting for VAT and its subsequent recovery from HMRC. This principally related to the capital expenditure incurred on the building of the new Broadway Centre. A VAT Specialist had been engaged by the Town Council to assist with the possible recovery of the VAT paid which had effectively used all reserves. The recovery of the VAT was achieved and a refund of £153,604.11 was received on 20th November 2018.
- (3) A proper budget process was undertaken in support of the 2019-20 precept, and the precept for 2019-20 of £339,587 was set at the Council meeting on the 25th February 2019.
- (4) The Council continues to have outstanding loans with the Pub Works Loan Board (PWLB). Monies previously held prior to the development of the new Broadway Centre have now been expended on the development and as at 31st March 2019 a sum of £546,817 was outstanding to PWLB. The Council has agreed to sell part of the site for housing development and this will generate capital receipts. Capital receipts can be used to fund further capital expenditure and may also be used to repay outstanding loan sums.

- (5) The Internal Auditor needs to be satisfied that the Council considers the risks to not achieving its objectives. A Risk Management document was approved at the Council meeting held on 25th February 2019.
- (6) Where annual turnover exceeds £200,000 it is a requirement that accounts are prepared on an income and expenditure basis and not on a receipts and payments basis. The Town Clerk has advised that Section 2 of the AGAR had been completed on an income and expenditure basis for 2018-19.
- (7) Arrangements for PAYE are carried out by the Clerk, with deductions in respect of income tax and national insurance being paid to Her Majesty's Revenues and Customs (HMRC) on a monthly basis. Payroll records were sampled and found to be satisfactory with payments to HMRC checked to bank statements.
- (8) There were matters arising from the audit of the 2017-18 Annual Return and at this time the final certificate of the External Auditor has yet to be received. The Town Clerk has written to the External Auditor and reported the situation to the Council. It is understood that the External Auditor must respond by the end of June.

Smaller Authorities Audit Appointments Ltd (SAAA) appointed PKF Littlejohn as the External Auditor for a period of five years commencing with the 2017-18 financial year.

The Town Council must undertake a review of the effectiveness of the system for internal control and approve the Annual Governance Statement in advance of approving the Accounting Statements

The approval of the Annual Report of the Internal Auditor section of AGAR needs to take place prior to the approval of the Annual Governance Statement (Section 1) and the Accounting Statements (Section 2). The order of approval should be clearly documented in the Town Council minutes. With regard to the AGAR for 2017-18 the Internal Audit Report was presented to the meeting held on 4th June 2018 and Sections 1 & 2 of AGAR were approved at the meeting on 18th June 2018.

- (9) The Transparency Code requires the publication of certain information on a website. On examination of the website I am of the opinion that the Town Council is now meeting the necessary reporting requirements.

Having regard to the above I am of the opinion that I have adequate assurance to complete and sign the Annual Internal Audit Report section of the Annual Governance & Accountability Return.



GARETH HUGHES BA (Hon) CPFA

20TH MAY 2019