

SANDOWN TOWN COUNCIL

INTERNAL AUDIT REPORT 2020-21

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 2021 were examined and agreed.

(2) A proper budget process was undertaken in support of the 2021-22 precept, and the precept for 2021-22 was set at the Council meeting on the 15th February 2021, there being no increase on the 2020-21 financial year.

Reductions in budgeted income for 2020-21 were arising from the impact of Covid 19 and social distancing and this had been reflected in revisions to the budget. There were also unbudgeted costs arising from the pandemic.

(3) The Council continues to have outstanding loans with the Public Works Loan Board (PWLB). As at 31st March 2021 a sum of £513,724.46 was outstanding to PWLB.

(4) 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 15th February 2021.

(5) 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. Section 2 of the AGAR had been completed on an income and expenditure basis for 2020-21.

(

- (6) At its meeting on 15th July 2019 the Council agreed to set up a Finance Committee. Having regard to Staff turnover Covid – 19 lockdown no meetings of the Committee took place during the year ended 31st March 2021. Details of payments, receipts and a bank reconciliation were however produced on a monthly basis throughout the year.
- (7) Payroll is administered by Community Action IW who make all statutory declarations to HMRC. Evidence of submissions to HMRC was provided together with the Annual Statement to HMRC.
- (8) All outstanding matters with the External Auditor PKF Littlejohn had been resolved and completion of audit certificates had been issued in respect of the 2017-18, 2018-19 and 2019-20 Annual Governance & Accountability returns.
- (9) 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). It is recommended that this order of approval should be detailed in the minutes of future approvals. The AGAR for 2019-20 was approved at the meeting held on 27th July 2020 and submitted to the External Auditor in accordance with set requirements.
- (10) 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 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

GARETH HUGHES BA (Hon) CPFA

10TH MAY 2021