

Annual Internal Audit Report 2021/22

EM Sandown Town Council

www.sandowntowncouncil.gov.uk IF AVAILABLE WEBSITE/WEBPAGE ADDRESS

During the financial year ended 31 March 2022, this authority's internal auditor acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with the relevant procedures and controls in operation and obtained appropriate evidence from the authority.

The internal audit for 2021/22 has been carried out in accordance with this authority's needs and planned 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 control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

Internal control objective	Yes	No*	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.	✓		
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓		
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓		
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	✓		
G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.	✓		
H. Asset and investments registers were complete and accurate and properly maintained.	✓		
I. Periodic bank account reconciliations were properly carried out during the year.	✓		
J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and 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.	✓		
K. If the authority certified itself as exempt from a limited assurance review in 2020/21, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2020/21 AGAR tick "not covered")			✓
L. The authority publishes information on a free to access website/webpage up to date at the time of the internal audit in accordance with any relevant transparency code requirements	✓		
M. The authority, during the previous year (2020-21) correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations (evidenced by the notice published on the website and/or authority approved minutes confirming the dates set).	✓		
N. The authority has complied with the publication requirements for 2020/21 AGAR (see AGAR Page 1 Guidance Notes).	✓		
O. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.			✓

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

Date(s) internal audit undertaken

02/05/2022 DD/MM/YYYY DD/MM/YYYY

Name of person who carried out the internal audit

GARETH HUGHES INTERNAL AUDITOR

Signature of person who carried out the internal audit

REQUIRED

Date

02/05/2022

*If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

**Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned; or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).

SANDOWN TOWN COUNCIL

INTERNAL AUDIT REPORT 2021-22

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 record's, bank statement's and bank reconciliation for the year ended 31st March 2022 were examined and agreed.
- (2) A proper budget process was undertaken in support of the 2022-23 precept. The budget for the 2022-23 financial year was first considered at the Town Council meeting on the 15th November and the budget and precept for 2022-23 were agreed at the Council meeting on the 7th February 2022.
- (3) The Council continues to have outstanding loans with the Public Works Loan Board (PWLB). As at 31st March 2022 a sum of £496,631 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 Register was approved at the Council meeting held on 7th February 2022.
- (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 the 2021-22 annual accounts in order with this requirement..

- (6) 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.
- (7) Consideration was given in the year to the level of financial reserves held in the Council bank accounts. It was agreed that a minimum sum of £100k be held in the Treasures account a balance based on expenditure commitments plus £75k be held in the Instant Access account.
- (8) The Annual Governance Statement (Section 1) and the Accounting Statements (Section 2) of the Annual Governance & Accounting Return (AGAR) were inspected for the 2021-22 year and the latter was reconciled to accounting records. Records of variances from the 2020-21 accounts and significant items are included in supporting records submitted with the AGAR.
- (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 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

1ST MAY 2022

Section 1 – Annual Governance Statement 2021/22

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 2022, that:

	Agreed		
	Yes	No*	
1. We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.	✓		<i>prepared its accounting statements in accordance with the Accounts and Audit Regulations.</i>
2. We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.	✓		<i>made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.</i>
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.	✓		<i>has only done what it has the legal power to do and has complied with Proper Practices in doing so.</i>
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.	✓		<i>during the year gave all persons interested the opportunity to inspect and ask questions about this authority's accounts.</i>
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.	✓		<i>considered and documented the financial and other risks it faces and dealt with them properly.</i>
6. We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.	✓		<i>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.</i>
7. We took appropriate action on all matters raised in reports from internal and external audit.	✓		<i>responded to matters brought to its attention by internal and external audit.</i>
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.	✓		<i>disclosed everything it should have about its business activity during the year including events taking place after the year end if relevant.</i>
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
			✓

*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 must be published with the Annual Governance Statement.

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

9. May - 2022

and recorded as minute reference:

13 - 2022 / 2023(8)

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

Chairman

Clerk

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Section 2 – Accounting Statements 2021/22 for

Sandown Town Council

	Year ending		Notes and guidance	
	31 March 2021 £	31 March 2022 £		
1. Balances brought forward	355,689	445,379	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	339,587 Restated	335,212	Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.	
3. (+) Total other receipts	54,668 Restated	45,586	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	90,740	92,712	Total expenditure or payments made to and on behalf of all employees. Include gross salaries and wages, employers NI contributions, employers pension contributions, gratuities and severance payments.	
5. (-) Loan interest/capital repayments	34,045	33,743	Total expenditure or payments of capital and interest made during the year on the authority's borrowings (if any).	
6. (-) All other payments	179,780	248,082	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	445,379	451,639	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	518,454	435,586	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	1,162,054	1,274,981	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	513,724	496,631	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	N/A	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.

I certify that for the year ended 31 March 2022 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

03/05/2022

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

9. May 2022

as recorded in minute reference:

18-2022/2023 (6)

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

REQUIRED

SANDOWN TOWN COUNCIL
Annual Return

Accounts for Year from 01/04/2021 to 31/03/2022

This is prepared based on information in "Governance and Accountability for Local Councils : a Practitioner's Guide"

Important note: These figures have been prepared on an INCOME and EXPENDITURE basis.

Box No.	Description	Last Year £	This Year £
1	Balances brought fwd	355688.97	445378.78
2	Annual precept	339587.00	335212.00
3	Total other receipts	54667.76	45586.16
4	Staff Costs	90739.91	92712.31
5	Loan interest/capital repayments	34044.98	33742.98
6	Total other payments	179780.06	248082.28
7	Balances carried forward	445378.78	451639.37
8	Total Cash and Short Term Investments	518454.33	435586.07
9	Total Fixed Assets and Long Term Investments	1162053.79	1274980.85
10	Total Borrowings	513724.46	496630.61

SANDOWN TOWN COUNCIL
Income & Expenditure Account
01/04/2021 to 31/03/2022

(Last) Year Ended
31 Mar 2021

(Current) Year Ended
31 Mar 2022

Income

ISLE OF WIGHT COUNCIL PRECI	335,212.00
TOILETS	800.59
BROADWAY CENTRE	26,827.20
ADMINISTRATION	1,659.37
COMMUNITY GRANTS & EVENT	6,000.00
SANDHAM GARDENS	12,500.00
SERVICE PROVISION	750.00
Restated	-2,951.00
	<u>£380,798.16</u>

Expense

ADMINISTRATION	56,686.58
TOILETS	173,929.20
STAFF	93,927.47
SANDHAM GARDENS	772.11
COUNCILLORS	5,388.83
COMMUNITY GRANTS & EVENT	17,433.66
CIVIC	2,876.46
BROADWAY CENTRE	15,486.01
BEACHES	10,428.00
ADVERTS & PUBLICITY	1,315.28
SERVICE PROVISION	50,994.23
OTHER	17.69
LOS ALTOS	4,378.32
SANDHAM GARDENS (SJP)	18,911.49
Restated	-78,007.76
	<u>£374,537.57</u>

General Fund

355,688.97	Balance at 01 Apr 2021	445,378.78
<u>394,254.76</u>	ADD Total Income	<u>380,798.16</u>
749,943.73		826,176.94
<u>304,564.95</u>	DEDUCT Total Expenditure	<u>374,537.57</u>
445,378.78		451,639.37
	DEDUCT Reserves Balance	
<u>£445,378.78</u>	Balance at 31 Mar 2022	<u>£451,639.37</u>

SANDOWN TOWN COUNCIL

Prepared by: _____ Date: _____

Name and Role (Clerk/RFO etc)

Approved by: _____ Date: _____

Name and Role (RFO/Chair of Finance etc)

	Bank Reconciliation at 31/03/2022		
	Cash in Hand 01/04/2021		518,454.33
	ADD Receipts 01/04/2021 - 31/03/2022		415,087.45
			933,541.78
	SUBTRACT Payments 01/04/2021 - 31/03/2022		497,955.71
A	Cash in Hand 31/03/2022 (per Cash Book)		435,586.07
	Cash in hand per Bank Statements		
	Petty Cash	2.41	
	5 - 32 Day Access Acc Number TB 31/03/2022	300,034.16	
	2 - Treasurers Account 30-97-42 1 31/03/2022	0.00	
	5 - Business Bank Instant 30-97-4 31/03/2022	0.10	
	3 - Reserves 30-97-42 24097868 31/03/2022	0.00	
	4 - Business Bank Instant 30-97-4 31/03/2022	13,000.00	
	1 - Treasurers Account 30-97-42 0 31/03/2022	122,460.90	
			435,497.57
	Less unrepresented payments		
			435,497.57
	Plus unrepresented receipts		88.50
B	Adjusted Bank Balance		435,586.07
	A = B Checks out OK		

SANDOWN TOWN COUNCIL
Reconciliation between Box 7 and Box 8

31/03/2022

This report explains the difference between the total balance in Box 7 and the cash balance in Box 8 by showing the totals for each type of adjustment, the details of which can be listed using the Adjustments report. It deducts the additional assets which have been included on the balance sheet and adds back in the liabilities to arrive at the balance for actual cash and short term investments. This only applies to Annual Returns prepared on Income and Expenditure basis

	<i>Amount</i>	<i>Amount</i>
Box 7 - Balances carried forward		451,639.37
Debtors	5,914.00	
Prepayments		
Stocks and Stores		
VAT Recoverable	14,527.91	
TOTAL DEDUCTIONS		20,441.91
Creditors	4,388.61	
Receipts in Advance		
Doubtful Debts		
TOTAL ADDITIONS		4,388.61
Box 8 - Total cash and short term investments		435,586.07

SANDOWN TOWN COUNCIL
ANNUAL RETURN - Section 2 : Statement of Accounts

Explanation of variances

This is prepared based on information in "Governance and Accountability for Local Councils : a Practitioner's Guide"

Important note: These figures have been prepared on an INCOME and EXPENDITURE basis.

Box No.	Description	31/03/2021 £	31/03/2022 £	Variance £	Variance %	Explanation Required?	Notes
1	Balances brought fwd	355688.97	445378.78				BALANCE B/F AGREES
2	Annual precept	339587.00	335212.00	-4375.00	1%	No	
3	Total other receipts	54667.76	45586.16	-9081.60	17%	Yes	
4	Staff Costs	90739.91	92712.31	1972.40	2%	No	
5	Loan interest/capital repayments	34044.98	33742.98	-302.00	1%	No	
6	Total other payments	179780.06	248082.28	68302.22	38%	Yes	
7	Balances carried forward	445378.78	451639.37	6260.59	1%	No	
8	Total Cash and Short Term Investments	518454.33	435586.07	-82868.26	16%	No	
9	Total Fixed Assets and Long Term Investments	1162053.79	1274980.85	112927.06	10%	No	
10	Total Borrowings	513724.46	496630.61	-17093.85	3%	No	

Rounding errors of up to £2 are tolerable

Variances of £200 or less are tolerable

BOX 10 VARIANCE EXPLANATION NOT REQUIRED IF CHANGE CAN BE EXPLAINED BY BOX 5 (CAPITAL PLUS INTEREST PAYMENT)

INCOME

	Variance	
Bank Interest	£22.30	Tranfser of baance to better interest rate
Grants	-£17,970.00	Reductuion in grants applied for - 2020/21 inflated due to Covid support grants
Room Hire	£16,747.86	Increased bookings following removal of Covid-19 restrictions
Insurance/Refunds/Recharges	-£3,173.35	Recharges for economy of scale purchases with adajcent councils.
Lease	£2,000.00	Lease payments charged from Q3 in 20/21, full year in 2021/22, one of rent of carpark.
CT Grant	-£2,859.00	No Council Tax grant 2021/22
Support Servcies	-£4,725.00	End of contract to provide admin support to another council.
Toilet Income	£787.69	New facilities with chargingpoints
2020/21 Debtors (-)	-£2,951.00	Self explanatory
Uncashed	£75.90	Self explanatory
Outstanding Debtors (+)	£2,963.00	Self explanatory
	<u>-£9,081.60</u>	

EXPENDITURE

	Variance	
Advertising and Publicity	£207.22	Rebinding of historcial documents.
Beaches	£27,909.46	Beach Saftey Service reinstated following suspension during pandemic - £20,230, contribution to beach bouys - £5572, Lifeboat Contribution - £1,500. Move from Seaside Awardto Blue Flag additonal £500 = 27,802
Broadway Centre Fixtures, fixing	£55.16	Under £200
Broadway Centre Running Costs	£5,493.39	Centre was closed during multiple lockdowns reducing running costs.
Civic and Community	£25,240.50	Community Support Grant Food Vouchers match funding- £9,000, Decorative Lighting Install - £3,561, Decorative Lighting - £13,288, Remeberance PA system (no event during covid) - £475, Planters - £1,295, War Memorial Cleaning -£579 = £25,197
Councillors and Elections	£4,258.83	Election Year - £5,202, No Mayors allowance claimed - £-1,000 = £4202
General Administration	£11,050.09	Zoom license - £119.9, Pre-planning advice fees - £262.5, Payroll charge for additonal employee - £150, Advert for tender £99, Survey Monkey - £384, 2017/18 audit charges - £6290.64, 2018/2019 audit £1,560, Office 365 software - £406.08, 2019/2020 audit - £1,200, Additonal insurace for new assets - £164.87, Archiving project - £250, Increase in insurance premium - £159.26. = £11,046.25
Grounds Mainteneace - General	-£505.00	Triannual cliff Hedge cutting in 2020/2021 - £548. Increase in annual pathe hedge cutting £145.
Los Altos (Maintenance)	£58.32	Increase to contract costs
Miscellaneous	-£533.41	Church Wall Survey - £551.10
Public Toilets	£134,164.64	Business Rates 2020/2021 billed in 2020/2021 and refunded - £-10,279.4, £25,575.25 increase in cleaning and security costs, Electricity savings - £590.88, Repair and Mainteance (yaverland significant repairs) - £6,543.69, Service - £132.6, Solar /Turbine works - £225, Wallgate & Inspection no wallgate contract) -£-1,051, Waste (St Johns removed) £-526, Water (yaverland reduced due to closure and repairs)£-6,016.63, Refurbishment - £138,673.50, Signage (new toilets) - £229.19 = 134,164.6
Sandham Gardens	£13,365.76	Playground Repairs - £13,738.93, Grounds Maintenance (tree works) - £368.33, Litter Pick Saving - £-1,295, Inspections (none in 2020 due to Covid) - £553.5 = 13,365.76
Staffing Costs	-£835.83	Less training undertaken.
Outstanding Creditors (Bills +)	-£73,619.15	Self Explanatory
2020/2021 Creditors (-)	-£78,007.76	Self Explanatory
	<u>£65,066.99</u>	

ASSETS

Removed Correction to treatment	-£384.00
Removed Correction to treatment	-£119.90
Beach Wheel Chair New	£3,500.00
Removed Correction to treatment	-£12.95
Door Guards Room 3/4 New	£360.00
Fire Exit Lighting Replacement Nev	£106.21
Removed Correction to treatment	-£98.04
Removed Correction to treatment	-£103.14
Hanging Baskets (Highstreet/STC) N	£720.00
Planters War Memorial New	£504.23
War Memorial Flag Poles x2 New	£990.00
Planters High Street/Green Towns	£1,294.47
Eco Fleck Wet Pour (Flooring) New	£2,132.00
Removed and replaced Playgroun	-£1.00
Playground Equipment Cradle Swi	£207.00
Playground Equipment Donkey Rc	£1,278.00
Playground Equipment Crazy Twist	£795.00
Playground Equipment Cuckoo Clo	£350.00
Playground Equipment Make it Rai	£1,425.00
Playground Equipment Sand of Tin	£785.00
Playground Equipment Teacup Tw	£2,495.00
Playground Equipment Xylophone	£1,425.00
Playground Equipment Zip Wire Se	£193.00
Beach Safety Equipment New	£1,536.39
Beach Safety Equipment New	£513.35
Beach Safety Equipment New	£402.65
Decorative Lighting New	£13,288.00
Defibrillator New	£1,550.00
St Johns Toilet Reprovision New	£77,775.00
Misc. Kicthen for Centre New	£20.79
	<u>£112,927.06</u>