

ANNUAL GOVERNANCE STATEMENT for the COMPLETED YEAR 2022-2023

Review of Internal Controls

Reviewed by F&GP committee 12 June 2023
Approved by Council on 26 June 2023 min 210 iv)

Appointments

- (i) The Town Clerk, Kirsty Holroyd, is the Proper Officer and the Responsible Financial Officer from the 11th January 2021 (min.311 of 2020-2021).
- (ii) It was resolved at the Council Meeting on the 13 December 2021 min 410 (2021-22) that Mr David Buckett be appointed as the Town Council's internal auditor.
N.b. This appointment should be considered and approved by Council annually.

Terms of Reference for the Appointment of the Internal Auditor

Scope of Internal Audit

The Accounts and Audit Regulations 2015 require smaller authorities, each financial year, to conduct a review of the effectiveness of the system of internal control and prepare an annual governance statement in accordance with proper practices in relation to accounts

The scope of the Town Council's internal audit is set out in the following annual guide: "Governance and Accountability for Smaller Authorities in England: A Practitioners' Guide to Proper Practices to be applied in the preparation of statutory annual accounts and governance statements."

The most recent guide was published in March 2022.

The scope of internal control includes the audit of income and expenditure book keeping and accounting, adopted 'Standing Orders' and 'Financial Regulations', payment controls, risk management, risk assessment, budgetary controls, income controls, petty cash procedures, payroll controls, assets controls, bank reconciliations and year end procedures.

Independence

The internal auditor will have no role in the Town Council's financial or decision-making process and will be totally independent of the Council. He/she will not be a Councillor or an employee or be any relation to a Councillor or employee. The internal auditor's report to the Council shall be made in his/her or organisation's own name and address.

Competence

The Town Council must be satisfied that the internal auditor is competent to carry out the work as contained in these 'Terms of Reference'. It is expected that he/she will have a

sound track record at senior level working or associated with local government and will preferably also have formal qualifications in local government accounting and/or business administration. Membership of a relevant institute, e.g. the 'Chartered Institute of Public Finance and Accountancy' would be ideal.

It is essential that he/she will have the following competencies.

- Understanding of basic accounting processes.
- Understanding of the role of internal audit in reviewing systems rather than undertaking detailed checks that are more appropriately the responsibility of the Town Clerk.
- Awareness of risk management issues; and
- Understanding the accounting requirements of the legal framework and powers of a local council.

There should be no evidence that the internal audit work has not been carried out ethically, with integrity and objectivity.

Relationships

The internal auditor will develop a working relationship with, and receive all information and records from, the Town Clerk. The Town Clerk, who is also the duly appointed Responsible Financial Officer (RFO), is responsible for the Town Council's organisational internal governance which includes risk management, internal finance, procedural control, anti fraud and corruption. The internal auditor will be responsible for the audit of all these functions.

The internal auditor will report his/her audit findings, in writing, to Full Council and will attend and report to Full Council if requested.

To ensure that Councillors are clear regarding their responsibilities, for the protection of the public purse within the internal audit framework, external KALC, NALC, SLCC training will be available to all Members of the Council.

Audit Planning and Reporting

The Internal Auditor will perform a minimum of one audit per fiscal year, which is to be undertaken at the end of the financial year and to ensure the successful submission of the AGAR. The Annual Internal Audit Report 2023/24 will be completed by the internal auditor at this stage.

Following the conclusion of the external audit, the RFO will discuss with the internal auditor the need or requirement of a half-year audit, which will be dependent on the outcomes of the Annual Governance Accountability Return.

The Internal Auditor will report his/her findings from all audits undertaken during the civic year in writing to the Town Council following guidance in the 'Governance and

Accountability for Smaller Authorities in England: A Practitioners' Guide to Proper Practices to be applied in the preparation of statutory annual accounts and governance statements'.

The Internal Auditor will report any irregularities to the Town Clerk: If the internal auditor finds or suspects any fraud or corruption then he/she will report, in the first instance, to the Finance and General Purposes Committee.

If the Internal Auditor finds no matters of concern have arisen from his/her internal audit this must be formally reported in writing to the Full Council.

The Internal auditor may be required to give his/her guidance and independent advice on any matter raised by the external auditors.

External Auditor Report Review

The most recent External Auditor Report is for the year ending 31st March 2022. The External Auditor, PKF Littlejohn, reported on the 30th August 2022 that:

On the basis of our review of Sections 1 and 2 of the Annual Governance and Accountability Return (AGAR), in our opinion the information in Sections 1 and 2 of the AGAR is in accordance with Proper Practices and no other matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met.

The smaller authority has not restated the 2021/22 figure when revaluing assets in Section 2 Box 9. Please note that the Practitioners' Guide allows smaller authorities to use any reasonable valuation method provided that the prior figure is restated for consistency and comparability.

PKF Littlejohn's 'External Auditor's Certificate and Opinion' was reported to the Council at the meeting held on Monday 26 September 2022 and published on the Town Council's website and noticeboards on 2 September 2022 along with the Notice of Conclusion of Audit.

Work on the Annual Governance and Accountability Return 2022-2023 has now been completed. The council's system of internal control was reviewed and the Annual Governance Statement was signed at the Council Meeting of TBC. The AGAR will be submitted to the External Auditor within the statutory time frame.

