

STATEMENT ON INTERNAL CONTROL FOR THE YEAR ENDING 31ST MARCH 2023

Reviewed by F&GP committee on 12 June 2023
Approved by Council on 26 June 2023 minute 210 iii)

I SCOPE OF RESPONSIBILITY

The Broadstairs and St Peter's Town Council (The Council) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

In discharging this overall responsibility, the Council is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of the Council's functions and which includes arrangements for the management of risk.

II THE PURPOSE OF THE INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage risk efficiently, effectively and economically.

III THE INTERNAL CONTROL ENVIRONMENT

The Council

The Council has appointed a Chairman to the Council and Chairmen of its committees, who are responsible for the smooth running of meetings and – with the assistance of the Clerk if necessary - for ensuring that all Council decisions are lawful.

The Council reviews its obligations and objectives and its sub-committees make budget recommendations to the Finance and General Purposes Committee. The Finance and General Purposes Committee approves budgets for the following year, and recommends any council tax increase, at its November or January Meeting. The January meeting of the Council approves the level of precept for the following financial year.

The Council has appointed a Finance and General Purposes Committee that convenes seven ordinary meetings each year and monitors progress against objectives, financial systems and procedures, budgetary control and has regular reviews of financial matters. The minutes of the meetings are reported to and approved by the Council.

The Council meets eleven times each year and monitors progress against its aims and objectives at each meeting by receiving relevant reports from the Finance and General Purposes Committee and the Town Clerk.

The Council carries out regular reviews of its internal controls, systems and procedures.

Clerk to the Council/Responsible Financial Officer

The Council has appointed a Clerk to the Council who acts as the Council's advisor and administrator. The Clerk is the Council's Responsible Financial Officer and is responsible for administering the Council's finances. The Clerk is responsible for day-to-day compliance with laws and regulations that the Council is subject to and for managing risks. The Clerk also ensures that the Council's procedures, control systems and policies are followed.

Payments

All payments and out of meeting payments are reported to the Council for approval.

Payments made out of the Natwest current accounts are for direct debits and staff payments (salaries, HMRC, pension) only. Direct debits and regular payments are approved en masse at the Annual Council Meeting each May under Financial Regulation 6.6. They are then paid automatically and added to the accounting system by the Finance Officer. They are included on the payment schedule presented at each Council meeting. The payments regarding staff costs is approved at the Annual Council Meeting each May under Financial Regulation 5.6. Salaries, Tax and Ni payments and pension payments are checked quarterly by an appointed councillor.

Cheque signatories are Cllrs Jill Bayford, Kristian Bright, Paul Moore and James Hobson. Two signatories are required in order to set up a new direct debit.

Changes to the Nationwide 95 day Notice account must be approved by Council and then authorised by two signatories: account signatories are Cllrs Jill Bayford, Kristian Bright, Paul Moore and James Hobson.

Payments out of the Unity Trust current account must be electronically authorised by two signatories. Signatories are Cllrs Jill Bayford, Kristian Bright, Paul Moore and James Hobson.

Risk Assessment/Risk Management

The Council carries out regular risk assessments in respect of actions and regularly reviews its systems and controls. An Annual Assessment of Risk is created by the Town Clerk and is regularly reviewed annually.

Internal Audit

The Council has appointed an Independent Internal Auditor who reports to the Council on the adequacy of its:-

- records

- procedures
- systems
- internal control
- regulations
- risk management
- reviews

The effectiveness of the internal audit system is reviewed annually.

External Audit

Smaller Authorities' Audit Appointments Ltd (SAAA) was formally appointed in January 2016 as the 'person specified to appoint local auditors' under powers set out in Regulation 3 of the Local Audit (Smaller Authorities) Regulations 2015 to perform the functions set out in legislation for smaller authorities.

Following a tender process in 2022 Mazars was appointed to all relevant smaller authorities (i.e. local councils, including town council and parish councils, and parish meetings) in 36 contract areas for 5 years from 2022/3, as well as all internal drainage boards (IDBs) and 'other' smaller authorities (e.g. charter trustees, port health authorities, etc) in England.

On conclusion of the external audit Mazars will produce an annual External Auditor Report and certificate, which is presented to the Council.

IV REVIEW OF EFFECTIVENESS

The Council has responsibility for conducting an annual review of the effectiveness of the system of internal control. The review of the effectiveness of the system of internal control is informed by the work of:

- the full Council;
- the Finance and General Purposes Committee;
- the Clerk to the Council/Responsible Financial Officer who has responsibility for the development and maintenance of the internal control environment and managing risks;
- the independent Internal Auditor who reviews the Council's system of internal control;
- Mazars, the Council's external auditors, who make the final check using the Annual Governance and Accountability Return (AGAR) duly signed by the Responsible Financial Officer, the Chairman and the Internal Auditor together with any additional information requested for audit. Mazars issue an annual external audit report and certificate.
- Central Government or external agency on any significant issue, matter or legislation that's raised or implemented during the year.

V SIGNIFICANT INTERNAL CONTROL ISSUES

No significant internal control issues were identified during the 2022-23 financial year, and following an internal audit undertaken on the 19th May 2022, the internal auditor signed the Annual Internal Audit Report 2022/23.

Whilst no significant internal control issues were identified during the year, the Council strives for the continuous improvement of the system it has adopted for internal control and seeks to address any minor issues and weaknesses raised and reported during the review process.

ANNUAL GOVERNANCE STATEMENT 2022/23

(FOR INCLUSION IN THE AGAR)

Note: all statements that will have to be considered are set out below

| | Agreed | | | <i>'Yes' means that this authority:</i> |
|---|--------|-----|-----|--|
| | 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 | <i>has met all of its responsibilities where, as a body corporate, it is a sole managing trustee of a local trust or trusts.</i> |
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