



## **STATEMENT OF INTERNAL CONTROL** **FOR YEAR ENDING 31<sup>ST</sup> MARCH 2018**

### **1. SCOPE OF RESPONSIBILITY**

Amble Town 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.

### **2. THE PURPOSE OF THE SYSTEM OF 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 them efficiently, effectively and economically.

The system of internal control has been in place at the Council for the year ending 31<sup>st</sup> March 2018 and up to the date of the approval of the annual report and accounts and, except for the details of significant internal control issues at section 5, accords with proper practice.

### **3. THE INTERNAL CONTROL ENVIRONMENT**

#### **The Council:**

The Council has appointed a Chairman who is responsible, with the advice of the Clerk, for the smooth running of meetings and for ensuring that all Council decisions are lawful.

The Council reviews its obligations and objectives and approves budgets for the following year at its January meeting. The January meeting of the Council approves the level of the precept for the following financial year.

The Council meet 12 times a year and monitor progress against objectives, financial systems and procedures, budgetary control and carry out regular reviews of financial matters.

The Council monitors progress against its aims and objectives at each meeting by receiving relevant reports from the Clerk/ the Responsible Finance Officer.

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

#### **Clerk to the Council and Responsible Financial Officer:**

The Council has appointed the Clerk as the Responsible Financial Officer who acts as the Council's advisor and administrator. The Clerk/RFO is responsible for administering the Council's finances. The Clerk/RFO is responsible for the day to day compliance with laws and

regulations that the Council is subject to and for managing risks. The Clerk/RFO also ensures that the Council's procedures, control systems and policies are adhered to.

**Payments:**

All payments are reported to the Responsible Financial Officer for payment. Two designated signatories of the Council authorise every BACS payment, which is the new system of payment with effect from 1<sup>st</sup> March 2018, previously, 2 members signed every cheque.

**Risk Assessment and Management:**

The Council carries out regular risk assessments in respect of actions and regularly reviews its systems and controls – APPENDIX A.

**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 is reviewed annually. The current appointed Internal Auditor is Peter Basnett. Mr Basnett has many years' experience of carrying out audits and was the Internal Auditor for the former Castle Morpeth Borough Council. He holds the recognised AAT financial qualification and has many years' experience of being a Parish Clerk in Northumberland.

**External Audit:**

The Council's External Auditor submits an annual Certificate of Audit, which is presented to the Council.

The 'Annual return and governance statement' must be formally approved by the Town Council and minuted as such.

**4. 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 Clerk to the Council/Responsible Financial Officer has responsibility for the development and maintenance of the internal control system and managing risks
- The Independent Internal Auditor who reviews the Council's system of Internal Control
- The Audit Commission, the Council's External Auditors, who make the final check using the Annual Return, a form completed and signed by the Responsible Financial Officer, the Chairman and the Internal Auditor. The Audit Commission issue an annual audit certificate;
- The number of significant issues that are raised throughout the year

**5. Actions taken in regard to issues Raised following 2016/17 External Audit**

With effect from December 2017, a full bank reconciliation for every bank account has been presented to Council on a monthly basis.