



LOOE TOWN COUNCIL

STATEMENT OF INTERNAL CONTROL FOR THE YEAR ENDING 31 MARCH 2018

1. SCOPE

Looe 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 as well as being 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 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, therefore it can only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed:

- a. to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives;
- b. to evaluate the likelihood of those risks being realised and the impact should they be realised;
- c. to manage them efficiently, effectively and economically.

The system of internal control has been in place at the Council for the year ended 31 March 2018 and up to the date of approval of the annual report and accounts and accords with proper practice as laid down by the Council's Financial Regulations. The Town Council's Financial Regulations were last reviewed and amended February 2018

3. THE COUNCIL'S INTERNAL CONTROLS

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

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

The Council's Finance and General Purposes Committee monitors the Council's financial systems and procedures, budgetary control and carries out regular reviews of financial matters. The Committee will, on a quarterly basis ensure that all accounting entries are completed and reconciled against bank statements. A list of all payments and receipts for each month will also be provided along with a report comparing against the budget. From this report the Committee will make any necessary recommendations to the Full Council.

The Full Council meets 8 times a year and monitors progress against its aims and objectives at each meeting by reviewing and ratifying the recommendations of the Finance and General Purposes Committee and by receiving relevant reports from the Clerk.

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

The Council nominate a ‘non bank signatory’ Council Member annually to undertake internal audit checks of the Council’s business activities, procedures and practices. Whilst the focus of such internal checks is upon financial governance, the remit given to the nominated member is not restrictive allowing the member the freedom to check all areas of the Council’s business activity and service delivery. The nominated Council member commenced making audit checks in May 2017 and has continued to undertake such checks at least on a quarterly basis during 2017/18 Internal Audit Reports by the Council Member are submitted to the Finance and General Purposes Committee for review and action.

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 as such manages and administers the Council’s finances. The Clerk is responsible for the day to day compliance with laws and regulations that the Council is subject to and for managing risks as well as ensuring adherence to the Council’s procedures, control systems and policies.

The Clerk to the Town Council is duly qualified and the Town Council exercises the General Power of Competence accordingly.

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 and reviews. The incumbent Internal Auditor was appointed during the latter part of 2015.

The Council’s External Auditors, PKF Littlejohn, submits an annual Report of Audit, which is presented to the Council.

All payments made during 2017/18 were by cheque, direct debit, standing order or by Internet Banking. In respect of cheque payments, two authorised Council Members plus the Clerk/RFO must sign every cheque for payment and initial cheque stubs and invoices. Similarly, during 2016/17, all payments by Internet Banking were controlled and made only when authorised by two authorised member signatories plus the Clerk/RFO All payments are reported to the Council for approval, resolution and minuting.

The Council carries out regular risk assessments in respect of its activities and regularly reviews its systems and controls as an integral part of its Risk Management process.

4. EFFECTIVENESS

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

- the Finance and General Purposes Committee
- the Tourism and Amenities Committee
- the Planning and Public Consultation Committee
- the Full Council
- the Clerk to the Council/Responsible Financial Officer who has responsibility for the development and maintenance of the internal control environment and the management of risks

- the nominated Council Member undertaking internal audit checks of the Council’s activities, procedures and practices.
- the independent Internal Auditor who reviews the Council’s system of internal controls
- the Council’s External Auditors 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 External Auditor issues an annual Audit Certificate;
- any significant issues that are raised during the year.

5. INTERNAL CONTROL ISSUES

Following the Council’s review of its Standing Orders, Financial Regulations, Risk Assessments and Governance Structure any identified weaknesses in its organisation, procedures and practices that could impact upon the effectiveness of its business activity and service delivery are programmed for remedial action and are subject to the Council’s ongoing review.

The Council strives for the continuous improvement of the system it has adopted for internal control and has addressed all other minor issues and weaknesses raised and reported during the 2017/18 financial year.

Signed Chairman Looe Town Council

..... Clerk Looe Town Council

Date