

# FAVERSHAM TOWN COUNCIL

## STATEMENT OF INTERNAL CONTROL

FOR THE YEAR 1<sup>ST</sup> APRIL 2016 – 31<sup>ST</sup> MARCH 2017

### 1. SCOPE OF RESPONSIBILITY

Faversham Town Council (the Council) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, 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. Therefore, it can 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 will be in place at the Council for the financial year ended 31<sup>st</sup> March 2016 and up to the date of 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

#### a) The Council:

- a) annually appoints a Mayor who is the Chairman of Faversham Town Council and is, therefore, responsible for the smooth running of meetings and for ensuring, in conjunction with the Town Clerk, that all Council decisions are lawful
- b) reviews its obligations and objections and approves budgets for the following financial year in January of each year and, at such meeting, approves the level of Precept it will require for such period
- c) monitors progress against objectives, financial systems and procedures, and budgetary control, and carries out regular reviews of financial matters

- d) full Council meetings are held 15 times each year and the Council monitors progress against its aims and objectives at each meeting by receiving relevant reports from the Town Clerk
- e) carries out regular reviews of its internal controls, systems and procedures

**b) Town Clerk/Responsible Financial Officer**

The Council has appointed a Town Clerk who acts as the Council's adviser and administrator and is responsible for the 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 adhered to. The Clerk is the Council's Responsible Financial Officer and is responsible for administering the Council's finances.

**c) Payments**

All payments are reported to the Council for approval and two Members of the Council must authorise every cheque.

**d) Risk Assessments/Risk Management**

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

**e) Internal Audit**

The Council has appointed an Independent Internal Auditor who reports to the Council, through the Town Clerk, on the adequacy of its:

- a) Records
- b) Procedures
- c) Systems
- d) Internal control
- e) Regulations
- f) Risk management
- g) Reviews

The effectiveness of the Internal Audit is reviewed annually.

**f) External Audit**

The Council's external auditors, Littlejohn LLP, submit an annual Certificate of Audit, which is presented to the Council and publicised.

**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:

- a) The full Council

- b) The Clerk to the Council/Responsible Financial Officer, who has responsibility for the development and maintenance of the internal control environment and managing risks.
- c) The Independent Internal Auditor who reviews the Council's system of internal control.
- d) Littlejohn LLP who makes the final check using the Annual Return, a form completed and signed by the Responsible Financial Officer, the Chairman of the Council, and the Internal Auditor and issues an annual Audit Certificate.
- e) Any number of issues that may be raised during the year.

**5. SIGNIFICANT INTERNAL CONTROL ISSUES**

No significant internal control issues have yet been identified during the 2015/2016 financial year. Whilst no significant internal control issues have been identified, the Council strives for the continuous improvement of the system it has adopted for internal control and has addressed any minor issues and weaknesses raised and reported during the review process.

<p style="text-align: center;">_____          Mayor          Officer</p>	<p style="text-align: center;">_____          Clerk/ Responsible Financial          Officer</p>
<p>Dated:</p>	<p>Dated:</p>