

Royal Wootton Bassett Town Council

*ADOPTED BY COUNCIL
8th December 2016*

Annual Governance Statement Policy

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1. Introduction

1.1 The way in which the Council carries out its financial business is governed by the Accounts & Audit Regulations alongside guidance issued in Governance and Accountability for Smaller Authorities in England - a Practitioners' Guide. These regulations require the Council to carry out an annual review of the effectiveness of its system of internal control and audit (hereafter called "the Annual Review") and to publicly report the outcome. The Council is required to make a series of statements, by formal resolution, in its Annual Return which confirms that it has carried out such a review. This policy details the process to be followed to ensure that the Annual Review is carried out and that the Council is able to make the necessary resolutions.

2. Internal Controls

2.1 The Councils internal controls are managed on a day to day basis by the staff and management of the Council. Internal controls are set out in the Standing Orders and Financial Regulations together with the policies set out in the Councils Policy Plan, Performance Management Strategy and Financial Management Strategy.

3. Internal Audit

3.1 The Council is required by regulation to appoint an Independent **Internal Auditor**. This is in addition to the annual **External Audit**, which is carried out by auditors appointed by the Smaller Authorities' Audit Appointments (SAAA) Ltd. Internal Audit is the periodic independent review of the Councils internal control systems, designed to improve effectiveness and efficiency of its activities and operating procedures. **Internal Audit is not, and should never be seen as, a detailed inspection of transactions in order to detect error or fraud.**

3.2 Royal Wootton Bassett Town Council has appointed Lightatouch Internal Audit Services to meet its Internal Audit needs. The work that is required is set out in a letter of engagement approved by the Council. The Internal Auditor will submit to the Council for approval a forward plan of work to be carried out; will visit at least quarterly, and will provide a written report and action plan to address any issues raised at each visit. In addition, at the end of each financial year and prior to the final Council meeting of the Municipal year, the Internal Auditor will submit to the Council an overall Annual Report on the adequacy of the Councils systems of internal control and operating procedures, to assist the Councils review of Internal Audit.

4. Review of Internal Audit

4.1 It is the responsibility of the Council (i.e. the elected members) to carry out an annual review of internal audit as part of its corporate governance remit. This review cannot be delegated to the Responsible Financial Officer (RFO), or to the External Auditor and certainly not to the Internal Auditor.

5. Annual Review Process

5.1 A Working Group of appropriately qualified and/or experienced elected members will be set up to carry out the Annual Review. The Working Group will meet at regular intervals throughout the year, usually following the Internal Audit visits, to review the Internal Audit report. The Working Group will report its findings to the following Revenue & Resources Committee and to the following Council meeting. Prior to the final Council meeting of the Municipal year the Working Group will receive the Internal Auditor's Annual Report referred to in paragraph 3.2 and will then report fully on its annual review of the Councils systems of control and Internal Audit to the Council.

5.2 The Finance Working Group will consider the following matters in relation to Internal Audit:

- The breadth of scope of internal audit;
- The independence of the appointed internal auditor;
- The competence of the appointed internal auditor;
- Examination of relationships to ensure no conflicts;
- The forward planning for internal audit;
- The internal audit reporting process.

A checklist of matters for consideration is provided at Appendix A. In addition, the Working Group will consider the eight statements of assurance that form part of Section 2 of the Annual Return.

5.3 During the process of Annual Review on the basis of the matters described above, the Working Group will gather the necessary evidence to support its findings. Such evidence may include, but is not restricted to, the following paperwork:

- The previous year's action plan and review;
- The Annual Report provided by the Internal Auditor;
- Periodic internal audit reports;
- The results of any investigations;
- Any reports by the External Auditor covering internal audit.

5.4 Having followed the process, the Working Group will be in a position to provide an opinion as to whether or not the system of controls and the internal audit system are effective. If there are any areas of concern, an Action Plan will be prepared which

details any remedial actions required, the individuals responsible for delivering improvement and deadlines for completion of the actions.

5.5 Having formed an opinion, a report will be prepared by the Working Group for consideration by the Council. The Council must resolve to approve the eight statements of assurance at the same time as the year end accounts are adopted.