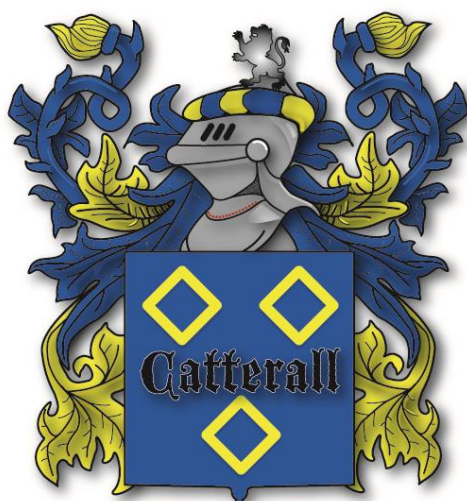


Catterall Parish Council



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 Governance and Accountability 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 Council's internal controls are managed on a day to day basis by the clerk of the Council. Internal controls are set out in the Standing Orders and Financial Regulations together with the policies set out in the Financial Management Strategy, Risk Management Policy and Asset Register

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 Catterall Parish Council has appointed Mrs. A. May, Clerk to Preesall Town Council in 2021, to meet its Internal Audit needs. The work required is set out in a letter of engagement approved by the Council. The Internal Auditor will submit to the Council for approval a written report and action plan to address any issues raised at the end of the financial 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 Council's 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 Finance Committee of appropriately qualified and/or experienced elected members will be set up to carry out the Annual Review. The Committee will meet to review the Internal Audit report and report its findings to the full Council. The internal audit is completed for submission to the external auditor and the action plan arrives in April/May.

5.2 The Finance Committee 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.

In addition, the Committee will consider the eight statements of assurance that form part of Section 2 of the Annual Governance and Accountability Return.

5.3 During the process of Annual Review on the basis of the matters described above, the Finance Committee 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 Finance Committee 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 Finance Committee 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.

Version	Changes	Author	Presented	Minute
1.0	Draft from S L C C	G. Benson, Clerk	3rd March, 2020	3163
1.1	Review	G. Benson, Clerk	2nd March, 2021	3310
1.2	Review	G. Benson, Clerk	March, 2022	