



# PENRYN Town Council

## Statement of Internal Controls

### INTRODUCTION

Accounting Practices must be carried out in accordance with the document entitled 'Governance and Accountability for Smaller Authorities in England – a Practitioners Guide 2016 published issued by the Joint Practitioners Advisory Group.

### SYSTEM OF INTERNAL AUDIT

#### *Scope of Internal Audit/Controls*

The scope and extent of testing of Penryn Town Council's internal controls required in order that an adequate level of assurance may be obtained by the Council and for the internal auditor to be able to complete his/her Annual Report, shall be carried out in accordance with guidelines contained in the Practitioners Guide 20160 referred to above.

It is important that where risks have been identified and internal controls have been put in place that there is a system for checking that these are adequate and effective. Therefore, and in accordance with the statutory requirements it is important that there is an independent internal audit to check, amongst other things the internal controls in place.

It is also the responsibility of the Council to ensure that the internal audit is effective. The Practitioners Guide recommends that a review of the effectiveness of internal audit is undertaken as part of the review of the system of internal control.

#### *Internal Auditors*

The Council will source the internal auditor externally to ensure the following standards are met:

- Scope of internal audit – ensure it covers all of the internal controls identified by the Council which mitigate the risks identified.
- Independence – auditor does not have any other role within the Council and that the testing is unbiased and objective.

- Competence – no evidence that internal audit work has not been carried out ethically, with integrity and objectivity – a good internal auditor will be able to make recommendations to improve controls.
- Planning and reporting – an internal audit will be effective if those ultimately responsible i.e. Members of the Council, receive the relevant feedback and receive timely reports in order for them to approve and sign the Annual Return and to say whether the internal controls are effective.

The internal audit is currently carried out by Hudson Accounting.

The Council will ensure that the following standards are met:

- Responsibilities of officers and internal audit are known in relation to internal control, risk management and fraud and corruption matters.
- The responsibilities of Council members are understood.
- The Audit Plan/Procedure properly takes account of corporate risk.
- The Plan/Procedure has been approved by the Council.
- Internal Audit has reported in accordance with the Plan/Procedure.

## **RELEVANT DATES**

The Council's year end is 31 March. The Responsible Finance Officer (RFO) will complete the accounts for the year as soon as practicable after 31 March. The accounts and all related documents will then be submitted to the Internal Auditor as soon as practicable after the year end accounts have been completed.

The Annual Return for the External Auditor including Statement of Accounts, Annual Governance Statement and Annual Internal Audit Report will be completed and submitted at a date agreed with them.

Section 1 of the Annual Return will be approved by the full council no later than 30 June.

The audited or unaudited annual return will be displayed by 30 September.

## **EXTERNAL AUDIT**

Grant Thornton UK LLP has been appointed by the Audit Commission as auditor to Penryn Town Council. The appointment covers the audit of the accounts for the financial year 2015/16.

The external auditor details are as follows:

Grant Thornton UK LLP  
Hartwell House  
55-61 Victoria Street  
Bristol  
BS1 6FT

## **AUDIT TRAIL**

### *Internal Controls*

The Council will have the following internal controls in place:

- Proper bookkeeping
- Financial Regulations: Standing Orders and Payment Controls
- Risk Management Arrangements
- Budgetary Controls
- Payment Controls
- Income Controls
- Petty Cash Procedures
- Payroll Controls
- Assets Controls
- Bank Reconciliation
- Year-End Procedures

### *Audit Process*

Following the completion of the annual accounts by the RFO, the accounts will be issued to the Internal Auditor to carry out the audit exercise. The Internal Auditor will produce a report into the state of the accounts. If the accounts are satisfactory no further action is required of the Internal Auditor and the RFO will inform the Council. Should there be any discrepancies reported by the Internal Auditor these will be jointly investigated by the RFO and the Council until resolved. The accounts will then, if necessary, be reissued to the Internal Auditor for final scrutiny and reissue of report.

Following a satisfactory report from the Internal Auditor, the accounts will be issued to the External Auditor along with all relevant information, at a date advised by them. The External Auditor will then produce a report into the state of the accounts. Should there be any issues raised they will be dealt with as per the required procedure. Completion of the audit will be reported to the Council.

## **RECORDS**

The RFO will hold copies of the annual accounts together with copies of both the Internal and External Auditor's reports for a minimum period of ten years.