

Section 1 – Annual Governance Statement 2019/20

We acknowledge as the members of Howden Town Council our responsibility for ensuring that there is a sound system of internal control, including arrangements for the preparation of the Accounting Statements. We confirm, to the best of our knowledge and belief, with respect to the Accounting Statements for the year ended 31 March 2020, that the following have not been achieved. We therefore provide explanations to the external auditor for each 'No' response and describe how the authority will address the weaknesses identified. These sheets should be published with the Annual Governance Statement. The questions on the left of Section 1 of the Annual Governance Statement 2019/20 we had to answer No to.

We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements

Although there is an arrangement for effective financial management and for the preparation of the accounting statements, mainly an accounting package known as rialtas, the former clerk did not use it as she found it not very user friendly and regularly said she needed more training. The Council offered her additional training which she never took up. The Internal Audit Report for the year ended 31 March 2020 commissioned June 2020 and accepted by Council 21 July 2020 highlighted a number of recommendations: Once the 2019/20 accounts have been agreed the closing figure will be entered into rialtas by RBS and all of the Council's accounts will be entered from 1 April 2020.

We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.

Due to the failings of the former clerk it now appears that there was very little internal control undertaken other than a schedule of invoices presented to Council each month. The Internal Audit Report for the year ended 31 March 2020 commissioned June 2020 and accepted by Council 21 July 2020 highlighted a number of recommendations regards internal controls, some of which have already been adopted: Adopt an internal financial control system; Comply with section 2. Accounting and audit (internal and external) (Financial Regulations adopted May 2020); Maintain a record of all payments made by the council; Approve a system of reporting to council all payments for approval (within the constraints of the coronavirus restrictions);

We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and Proper Practices that could have a significant financial effect on the ability of this authority to conduct its business or manage its finances.

The former clerk failed to regularly review policy and procedures as highlighted in the internal audit report for year ending March 31st 2019.

We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.

Although the 2017/18 AGAR was completed and accepted by Council, the former clerk added a letter to the AGAR before forwarding to the external auditor regards her failure to commission an internal auditor. It can only be assumed that due to this the AGAR for 2017/18 did not get put on the town council's website for the exercise of electors' rights. The Internal Audit Report for the year ended 31 March 2020 commissioned June 2020 and accepted by Council 21 July 2020 highlighted a number of recommendations: The completed and approved AGAR for 2019/20 along with all of its associated documents will be placed on the Council's website for the exercise of electors' rights in accordance with

	the requirements of the Accounts and Audit Regulations.
We carried out an assessment of the risks facing this authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required	The former clerk failed to undertake a financial risk assessment during the year. The Internal Audit Report for the year ended 31 March 2020 commissioned June 2020 and accepted by Council 21 July 2020 highlighted a number of recommendations some of which have been introduced and adopted, including; adopting the ERNLLCA model for financial risk assessment and reviewing it; Increase the Fidelity Guarantee cover as recommended; Ensure that the Fidelity Guarantee cover includes Council Members. All of which have been undertaken already. All other weaknesses of internal control identified in the Internal Audit Report have either been instigated or are being reviewed.
We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.	The former clerk failed to appoint an internal audit for 2019/20 and failed to inform Council. The Internal Audit Report for the year ended 31 March 2020 commissioned June 2020 and accepted by Council 21 July 2020 highlighted a number of recommendations regards internal audit, some of which have already been adopted: Adopt the latest NALC Model Financial Regulations; Comply with section 2. Accounting and audit (internal and external) of the financial regs.; Implement recommendations described on page 4 of the internal audit report and the requirements of the 2020 Governance and Accountability Guide for Local Councils.
We took appropriate action on all matters raised in reports from internal and external audit.	The council has reacted to the Internal Audit Report for 2019, but has not been able to submit the AGAR for 2019/20 due to the ongoing police investigation.
We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this authority and, where appropriate, have included them in the accounting statements	The former clerk admitted to theft of public money and this has been reported to the Police. The findings of the Police investigation will have a financial impact on the authority and where and when appropriate they will be included in the accounting statements. All recommendations of the Internal Audit Report for year ending 31 March 2020 will be implemented and accepted by Howden Town Council during the financial year 2020/21 and reported back on in the Internal Audit Report for 2020/21.