



HELSTON TOWN COUNCIL

INTERNAL CONTROLS POLICY

PART I

Introduction

Helston Town Council is responsible for ensuring that its business is conducted ethically and in accordance with the law, and that public funds are safeguarded, properly accounted for, and used economically, efficiently and effectively in the public interest.

The Council's Standing Orders (including Financial Regulations and Committee terms of reference) set parameters for the Council's operations.

In discharging this overall responsibility the Council is also responsible through the Responsible Finance Officer, who implements financial systems and controls, for ensuring that there is a sound system of internal control which allows for the effective exercise of the Council's functions and which includes arrangements for the management of risk.

The Purpose of the System of Internal Control

Internal controls have four primary purposes:

- to protect the Council's assets,
- to ensure records are accurate,
- to promote operational efficiency, and
- to encourage adherence to policies and procedures.

The Internal Control Environment

The Council has established internal control systems as follows:

- Division of Duties
- Council Policies including Standing Orders and Financial Regulations
- Budget Setting and Monitoring
- Independent Internal Auditor
- Internal audits by Members
- External Audit
- Annual Return
- Register of Assets
- Insurance Policy
- Risk Management
- Protection of data

Each is described in more detail in Part II

Review of Effectiveness

The Council has responsibility for conducting a Review of the Effectiveness of Internal Controls. This is conducted by two members of the Policy, Finance & Resources Committee in March each year.

The Review monitors the following:

- Internal Audit
- Risk Assessments
- Internal Audits by Members
- Budget Monitoring
- Insurance
- Assets Register

The Review is reported to the Policy, Finance & Resources Committee and any concerns are investigated and action taken as appropriate.

PART II

Internal Control Environment

1. Division of Duties

Whenever possible, a division of duties is adopted by the Council. For example, cash and cheques are receipted in Reception, banked by the TC, input onto Omega by the ATC with budget monitoring by the TC reporting to P,F&R Committee.

2. Standing Orders

These are agreed by the Full Council and include Financial Regulations and committee Terms of Reference. Standing Orders are reviewed annually by the P,F&R Committee that recommends amendments to Full Council for approval.

3. Budget Setting and Monitoring

The Annual Budget is approved by Full Council in January each year following detailed scrutiny by the P,F&R Committee from October onward.

The TC produces a Budget Monitoring Statement monthly from Omega which is considered by the P,F&R Committee.

4. Independent Auditor

It is imperative that the appointed Internal Auditor is totally independent of the Council ie does not carry out any other function for the Council.

Reports by the Internal Auditor are considered by the P,F&R Committee.

5. Internal Audits by Members

The P,F&R Committee appoints four Members (not including those selected to carry out the Review of Internal Controls) to conduct internal audits on a quarterly basis.

Each internal audit is reported back to the P,F&R Committee.

6. External Audit

The External Auditor is independently appointed and is currently conducted by PFK Littlejohn LLP. The external Auditor examines the Annual Return and other documents specifically requested.

7. Annual Governance & Accountability Return (AGAR)

The AGAR is completed by the TC each year and presented to Full Council. The Full Council must approve the Accounting Statements and Annual Governance Statement by resolution prior to it being forwarded to the External Auditor.

8. Register of Assets

The TC maintains a Register of Assets and ensures that major assets are periodically valued to ensure adequate insurance is held.

The ATC maintains a mapping record of assets such as benches, bins and bus shelters using the Parish On-line software package.

9. Insurance Policy

An insurance policy is purchased each year and includes cover for assets, Public Liability, Employer's Liability and Fidelity Guarantee.

The Insurance Policy and Assets Register are reconciled annually to ensure adequate cover. Every three years the Policy is put out to tender to obtain best value.

10. Risk Management

The P,F&R Committee reviews the Council's General Risk Assessment annually. Other more specific risk assessments are reviewed by the TC periodically.

11. Protection of Data

Under the Data Protection Act 2018 and General Data Protection Regulations (May 2018), the Council is registered with the Information Commissioner's Office and the TC is the designated Data Controller.

Individual computers are password protected and all data is regularly backed-up.

PART III

Day to Day Procedures

1. Cash Handling

Cash is paid into the Reception Office at the hatch and receipted by one of the Administrative Assistants. The cash is then held in the safe within the Town Clerk's office. The Town Clerk banks the cash at regular intervals. The Deputy Town Clerk inputs data in to the Omega accounts system from the receipt books. The Town Clerk monitors the receipts against budgeted targets and reports to the Policy, Finance & Resources Committee.

The Reception Office door is locked at all times with keypad entry. There is a personal attack alarm on the office wall. The inner Town Clerk's office door is lockable and the office can be used as an emergency safe area.

Keys to the safe are held by the Town Clerk and Deputy Town Clerk only, and not left on the premises out-of-hours.

Insurance cover is held for cash on the premises.

2. Purchasing and Creditor Payments *See Internet Payments Procedure*

Expenditure is authorised in accordance with the delegated budgets policy. A purchase order is raised with a unique reference number.

Creditor invoices are checked and coded by the Town Clerk. Payments are input to the Omega accounts system by the Deputy Town Clerk. The monthly Schedule of Payments is authorised by Full Council. The Town Clerk actions the internet payments and arranges for cheques to be signed. The Schedule of Payments and Bank Statement are cross-checked by a Member of the Council.

3. Invoicing

The Town Clerk raises invoices mainly for parking spaces and room hire. Copy invoices are filed. Payments are receipted by one of the Administrative Assistants and banked by the Town Clerk. Bad debts are pursued by the Town Clerk. Long-outstanding invoices are reported to Policy, Finance & Resources Committee.

4. Signatories

The Council nominates four signatories for each bank account, any two of which can sign cheques and direct debit mandates.

The Town Clerk is also a bank signatory for the sole purpose of administering the accounts and therefore cannot sign cheques or direct debit mandates.

5. Bank Reconciliation

The individual bank reconciliations and consolidated bank reconciliation are completed by the Deputy Town Clerk. These are monitored by the Town Clerk and included in the Budget Monitoring Report to Policy, Finance & Resources Committee.

6. Budget Monitoring

Budget Monitoring Statements are regularly produced by the Town Clerk and presented to the Policy, Finance & Resources Committee.

7. Assets Register & Insurance

The Assets Register is updated throughout the year by the Deputy Town Clerk. An Asset Check is conducted annually to ensure items are present and to confirm their condition.

Comprehensive insurance cover is provided by Aviva via WPS Insurance Brokers based in Plymouth.

The Insurance Schedule is reconciled with the Assets Register annually.

8. Computer Security

All PCs are password protected and physically secured with cables. Individual items are security marked.

Data is backed-up on two alternating hard-drives swapped over daily with one always locked in the strong-room. Once a week a further back-up is made on a hard-drive which is stored away from the Guildhall building.

For continuity of service, the server is remotely monitored by a local PC maintenance company.

9. Staffing Records and Confidentiality

Hard copy confidential records are retained in a locked cabinet within the Town Clerk's office.

Electronic confidential reports and records are stored on the Town Clerk's area on the server and only accessible to the Town Clerk and Deputy Town Clerk.

Confidential reports are printed and never sent electronically. Such reports are printed on pink paper and collected in by the clerk at the conclusion of the meeting for shredding by the Town Clerk or Deputy Town Clerk.

A record of current passwords is retained in the safe within the Town Clerk's office and is only accessible by the Town Clerk and Deputy Town Clerk.

10. Internal Audits by Members & Review of Internal Controls

Members of the Policy, Finance & Resources Committee are nominated to conduct four internal checks per year. These checks are reported back to the Committee.

Two different Members conduct an annual Review of Internal Controls each March which is also reported back to the Committee.

11. Independent Internal Audit & External Audit

Every year at its first meeting following the Council's Annual Meeting, the P,F&R Committee appoints its Independent Internal Auditor. The current Auditor (Hudson Accounting) conducts an Interim Audit in October/November prior to the main audit in April.

The Annual Return and other requested documentation are examined by the External Auditor – PFK Littlejohn LLP.

12. Statutory Notices

Statutory Notices are displayed on the Council's noticeboards and website in a timely manner.

13. Risk Assessment

See attached