



Statement of Internal Controls

Revision History

| Date | Section/Paragraph Changed | Reason for Change |
|-------------|--|--|
| April 2015 | Original – upgrade of financial risk assessment (following audit recommendation) | Approved by Resource Committee, 9 April 2015, Minute R34 and Full Council, 16 April 2015 |
| March 2018 | Complete review. Layout amended and controls have now been numbered, previously lettered. Only material change applies to 7, previously g, and the name of the current external auditor has been updated | Approved by Full Council, 15 March 2018 |
| July 2024 | Complete review. Updated accordingly to reflect changes in the new Financial Regulations | Reviewed and adopted by Resource Committee, 25 July 2024 |
| July 2025 | Annual complete review | Reviewed and adopted by Resource Committee, 17 July 2025 |
| | | |
| | | |

Introduction

This statement of internal controls should be read in conjunction with Hayle Town Council Standing Orders and Hayle Town Council Financial Regulations.

It provides details of the methodology by which the council affords itself protection in the day to day operation of its accounting procedures.

1 Orders and Procurement (See Financial Reg 5)

An official purchase order shall be issued for all work, goods and services excluding VAT unless a formal contract is to be prepared or an official order would be inappropriate. Copies of orders shall be retained, along with evidence of receipt of goods.

Order books shall be retained for the requisite period (currently 6 years) with the annual accounts and supporting papers.

2 Authorising Payments (Manual or Automated) (See Financial Reg 6)

On receipt of an invoice, it shall be date stamped and presented to the Clerk or RFO who will check for arithmetical accuracy and authorise for payment by signature and where an order has been placed, a copy shall be attached to the invoice. Where internet banking arrangements are made with any bank, the RFO shall be appointed as the Service Administrator. The bank mandate agreed by the council shall identify a number of councillors who will be authorised to approve transactions on those accounts and a minimum of two people will be involved in any online approval process. The Clerk may be an authorised signatory, but no signatory should be involved in approving any payment to themselves.

All payments shall be made within the due date as specified on the invoice.

The payment limits, as prescribed by the Financial Regulations, shall be applied as part of the authorisation process (See Financial Regs 5 and 6).

3 Salaries (See Financial Reg 11)

The payment of salaries shall be made only with the approval of the RFO acting in accordance with Financial Regulations in relation to PAYE and National Insurance legislation and in accordance with Cornwall Council Superannuation Fund requirements. Payments to HMRC and to Cornwall Council Pension Fund shall be made by the due date (currently the 19th of the succeeding month) and in the case of HMRC electronically.

Staff are employed on National Joint Council Conditions of Service and the outcome of any negotiations between the employers and employees representatives shall be reported to Council as part of the budgetary process in November/December or by no later than January each year and shall be approved as part of the budget and the resolution confirming the precept.

Where the employers and employees representatives have not reached agreement, the council may include an estimate as is deemed necessary to protect its position.

Incremental increases which form part of the employees' contract shall be included in the salary calculations presented to Council as part of the budgetary process.

1 Banking (See Financial Reg 6)

- i) The banking of Council and Community Centre receipts shall be made in accordance with Financial Regulations (See Financial Reg 6).

Invoices for services provided by the council like the Community Centre leases, allotments or burials shall be prepared by the RFO in accordance with the scale of fees determined by the council. The fees shall be reviewed and approved annually as part of the budgetary process.

Income received at the office and in particular cash shall be checked for accuracy against the invoice and a receipt issued where required (and on each occasion in the case of cash) and the monies shall be held securely pending banking by the RFO. A copy of the receipt should be made for office records.

The banking of receipts shall be the responsibility of the RFO and monies shall be banked as soon as practical and at least on a monthly basis.

2 Bank Reconciliations

As part of the audit process (see Financial Reg 2.6) the RFO, shall ensure the monthly reconciliation between the accounts (currently Rialtas Omega) and the bank statements. Monthly bank reconciliations are reported to the council as part of the overall financial reporting regime.

At least once in each quarter, and at each financial year end, The Mayor or Deputy Mayor, shall be appointed to verify bank reconciliations (for all accounts) produced by the RFO. The member shall sign and date the reconciliations and the original bank statements (or similar document) as evidence of this. This activity, including any exceptions, shall be reported to and noted by the council.

3 Accounting Cashbooks (Rialtas Omega) and Reports to Council

The RFO shall ensure that all payments made and income received shall be entered to the accounting system on, at least a weekly basis, to ensure that timely up to date reports can be made to the Resource Committee (or to Full Council as needed).

4 Internal and External Audit.

The council shall appoint an Internal Auditor in accordance with its Financial Regulations (see 3.7) and the RFO shall be responsible for ensuring that the person appointed meets the competency and independence requirements. The council is required to review and formally reappoint the Internal Auditor every year to ensure standards are met and work of internal audit is effective.

The External Auditor is independently appointed and is currently BDO LLP. The External Auditor examines the Annual Return and other documents specifically requested.

The council appoints 2 members annually who will be charged with conducting an internal audit on 2 occasions each year using the forms specified to test compliance with the council's governance documents (Standing Orders, Financial Regulations and Internal Controls) and this shall be reported to the Resource Committee.

5 Risk Management

In accordance with Financial Regulation 2 the Clerk with the RFO shall prepare, for approval by the council, a risk management policy covering all activities of the council. This policy and consequential risk management arrangements shall be reviewed by the council at least annually. The councils' Financial Regulations and Statement of Internal Controls will be reviewed as part of this process. Standing Orders will also be reviewed to ensure compliance with any legislative changes.

6 Insurance and Register of Assets

The requirements in respect of adequate insurance and the management of the Asset Register is as set out in Financial Regulations 16 and 17 retrospectively.