

FALMOUTH & TRURO PORT HEALTH AUTHORITY

INTERNAL CONTROL POLICY

REVIEWED MARCH 2008

1. Scope of Responsibility

The Falmouth and Truro Port Health Authority is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

In discharging this overall responsibility, the Falmouth and Truro Port Health Authority is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of the Falmouth and Truro Port Health Authority's functions and which includes arrangements for the management of risk.

2. The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Falmouth and Truro Port Health Authority's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

3. The Internal Control Environment

The Members recognise that the Authority is a small entity and the controls in place should reflect this. Although we believe that the Authority has a number of controls in place to ensure financial management is adequate, the Members recognise that a more robust system of internal control needs to be established.

The Responsible Financial Officer is responsible for the proper administration of the financial affairs of the Authority and compliance with the Financial Regulations. The Responsible Financial Officer is also responsible for establishing an annual budget and regularly reporting financial performance to the Members.

The Chief Port Health & Executive Officer, acting as Clerk, is responsible for compliance with Standing Orders, statutory regulations and procedures determined from time to time by the Members. He is further responsible for compliance with all laws and regulations applicable to the Authority.

Independent internal audit has been introduced in the previous financial year.

Delivery of services and compliance with health and safety regulations is the responsibility of the Authority's Chief Officer. To minimise the risk of failing to deliver the main service of protecting public health and the environment, the Authority has entered into a reciprocal working arrangement with another port health authority to provide competent professional cover if the need should arise.

4. Review of Effectiveness

Falmouth and Truro Port Health Authority has the responsibility for conducting, at least annually, a review of the system of internal control. The review of the effectiveness of internal control is informed by the work of the internal auditor, senior Officers and also by comments made by external auditors and other review agencies and inspectorates.

In respect of the current year, the principle input to the effectiveness of the internal controls has come from the internal audit report and the report from the external auditors from their review of the previous year's accounts.

5. Significant Internal Control Issues

The following internal control issues have been identified:

1. A total budget of £14,000 was set up for the relocation of the Deputy Port Health Officer, comprising £11,000 for the relocation expenses and £4,000 for advertising and related initial costs. A review of expenditure identified a total of £13,982 had been recorded against the budget, however, the split was £12,156 relocation and £1,826 other costs. Approval of revised levels of expenditure could not be found in the Authority's minutes.
2. Relocation expenses in excess of £8,000 were not disclosed on an employee's P11D and no disclosure of the Authority's liability for Class 1A contributions was made.
3. One employee had been placed on the incorrect NI band and was overpaying NI contributions.
4. Nine overtime hours for one employee had been duplicated on the May and June timesheets.

The proposed actions to address these issues are:

1. Request that the board approve the revised split of the relocation expenses and record the Resolution in the Authority's minutes. (Actioned in the Resolution (b) of Minute 14 of the meeting of 6th July 2007).
2. File an amended P11D showing £3,217.36 excess over £8,000 of all qualifying relocation expenses for the employee. (Actioned on 31st July 2007).
3. Move the employee to the correct NI band and re-claim the overpayment of employee and employer NI contributions from HMR&C. (Actioned on 6th August 2007).
4. Re-coup the 9 hours overpayment and implement a system to avoid overpayment in the future (Actioned July 2007).

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Signed:
Chairman of Falmouth and Truro Port Health Authority

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Date