



## Annual Review of the Effectiveness of Internal Control

### **The Accounts and Audit Regulations 2003:**

“(1) The relevant body shall be responsible for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body's functions and which includes arrangements for the management of risk.

(2) The relevant body shall conduct a review at least once in a year of the effectiveness of its system of internal control”

### **Internal Control:**

The system of internal control is designed to reduce the financial risk of the Parish Council to an acceptable level.

### **Financial Management:**

The Parish Council has approved a set of financial standing orders which set out the way that Council's finances are to be managed. These are reviewed and approved once a year.

Two councillors, out of three named signatories, must sign all cheques and other financial documents. The clerk may not authorise payments, but may carry out transfers within the Parish Council's bank accounts.

The cheque signatory shall check the supporting document at the time of signing, to ensure that the cheque agrees with the amount of the invoice and the payee named on the invoice. The cheque stub should also be initialled to record that the name on the cheque stub is the same as that on the cheque.

At the year-end, the Chairman shall ensure that the cash book totals are reconciled to the year- end bank statement and shall sign the cash book as evidence of this check. A member of the finance group shall review the bank reconciliation once per quarter and shall sign the reconciliation.

The clerk is the responsible financial officer and is responsible for the day-to-day financial management of the Council. The duties of the responsible financial officer are reviewed and approved once a year. The RFO shall report all payments to the Council.

The finance group is made up of two councillors. In November, the Councillors' shall review the Council's budget in detail and shall make a recommendation for approval at the full Council meeting for the precept for the forthcoming year.

### **Internal audit:**

The Council has appointed an independent and competent internal auditor and carries out a review of the effectiveness of the internal audit once a year. The auditor reports his findings to the full Council and completes Section 4 of the Annual Return.

### **External audit:**



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The Council's external auditors are ....., who complete Section 3 of the Annual Return; their comments and recommendations are reported to the full Council.

**Review:**

This review shall be carried out once a year and recorded in the Council's minutes.

Signed: .....

Date.....

Chairman

Signed:.....

Date.....

RFO