

# Salhouse Parish Council

## 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 set up and authorise online payments, or sign all cheques (and initial stubs) and other financial documents. All payments are agreed by full Council.

The signatories shall check the supporting documents at the time of signing/authorising, to ensure that the cheque or online payment agrees with the amount of the invoice along with the payee named on the invoice and the bank account details. If paying by cheque, the cheque stub should also be initialled to record that the name on the cheque stub is the same as that on the cheque.

The list of online payments will be agreed to supporting documentation and will be signed by two out of three named signatories. At the next meeting, another councillor will check the online payments to the relevant bank statements and will sign the list as evidence of this check.

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 councillor other than the Chairman 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 Council's budget detail shall be presented to be reviewed and agreed at a full Council meeting to agree 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 their findings to the full Council and completes the relevant section of the Annual Return.

**External audit:**

The Council's external auditors are PKF, 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.

Please also refer to other Parish Council policies including:

- Standing Orders
- Financial Regulations
- GDPR

Date reviewed and updated: 20<sup>th</sup> May 2024

Date of next review: March 2025