

# LODDON 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 effectiveness 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 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 regulations which set out the way that the Council's finances are to be managed. These are reviewed and approved annually.

Two Councillors, out of three named signatories, must sign all cheques and other financial documents. The Clerk or Responsible Financial Officer may not authorise payments (except in an emergency), 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.

The Clerk and Responsible Financial Officer are responsible for the day-to-day financial management of the Council. The payments shall be presented to the Parish Council meeting each month, as detailed on the Agenda, for approval.

In December, the Council shall review the budget in detail and shall decide on the precept for the forthcoming year.

### Internal Audit

The Council has appointed an independent and competent internal auditor and carried out a review of the effectiveness of the internal audit annually. The auditor reports their findings to the full Council and completes Section 4 of the Annual Return.

### External Audit

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

### Review

This review shall be carried out when required, but at least every three years and recorded in the Council's minutes.

Approved at the meeting of Loddon Parish Council on 11<sup>th</sup> May 2017