

## **Lyng 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 Regulations 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 signatories shall check the supporting document at the time of signing, to ensure the cheque / bacs payment 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.

A councillor shall review the clerk’s bank reconciliations quarterly, including at the year-end, and shall sign the reconciliation as evidence of this check.

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

In January 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 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:**

Providing the Council’s receipts or payments do not exceed £25,000 per year, no external audit will be required. The Council’s external auditors are PKF Littlejohn, who will be appointed if requested by a parishioner.

#### **Review:**

This review shall be carried out once a year and recorded in the Council’s minutes (ref 221/11).