

# 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 every year.

The parish 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 from time to time and include the regular reconciliation of the bank statements to the Council's cashbook report from Scribe.

The Finance Committee reviews the budget in detail in November and Full Council sets the precept for the forthcoming year. The precept request form must be submitted to Broadland District Council by the end of December.

The Community Hall Committee and Buckenham Wood Project Committee are both required to provide their budget submissions to the Finance Committee prior to the November Finance Committee meeting for consideration.

## **1. Cheque payments and Standing Orders**

Two councillors, out of three named councillors, must sign all cheques, standing orders and direct debit agreements. The clerk may be a signatory, for banking purposes, but may not sign cheques, standing orders or direct debit forms.

The cheque signatories 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 number and date of payment shall be written on the relevant invoice.

The cheque signatories will also initial the cheque stub to confirm that the name on the cheque stub is the same as that on the cheque.

## **2. Online Payments**

The parish clerk will prepare the list of payments awaiting authorisation from Scribe for each Council meeting and sign the list. The supporting invoices will be attached to the list. Once approved by the Council, two parish councillors will review the list, compare the payments to the supporting invoice and sign the list. The clerk will then make the payments online.

At the following Council meeting, the clerk will present the list, cross-referenced to the actual payments on the bank statement. This will be checked by a third councillor, who will evidence this check by signing the payments list.

The clerk will be permitted to make online payments between meetings where this is authorised by the full Council, Finance and Building Committee or the Community Hall Committee, up to limits agreed by the full Council. All payments made between meetings must be reported to the next full Council meeting and the payment checked to the bank statement by a parish councillor, and this check evidenced by the councillor's signature.

The clerk is also authorised to make payments up to £250 in the case of an emergency of where this is necessary to avoid fines or penalties for late payment.

At least one of the parish councillors must also have online access to the Council's Santander accounts so as to be able to carry out irregular checks on receipts, payments and the balances.

## **3. Bank Reconciliations**

The clerk must reconcile the Scribe cashbook report to the bank statements each month. A copy of the clerk's bank reconciliation shall be checked by a councillor at the following Council meeting and the reconciliation shall be signed by the clerk and by the councillor as evidence of this check.

The clerk shall report the current balances from the Scribe cashbook at each Council meeting.

## **4. Receipts**

The clerk shall undertake weekly online banking checks for income received and record the receipts on Scribe. A soft copy of the relevant documentation shall be uploaded against the Scribe transaction.

Paid invoices for Community Hall bookings will be updated by the clerk weekly and converted to a receipt. The Scribe booking system is automatically updated with any paid invoices (permitting fully paid hirers access to the hall).

The clerk will prepare a list of receipts since the last Council meeting and this shall be checked and signed by one councillor (other than the chair) at each Council meeting.

## **5. Community Hall**

Income must be banked promptly. A summary of all income must be listed at the following Community Hall Committee meeting and be included in the minutes of that meeting. An efficient and effective system must be set up to ensure that all bookings are invoiced and paid promptly. The Committee must review income regularly for completeness.

Copies of Community Hall minutes must be sent to all parish councillors at least once they are approved by the following Community Hall Committee meeting, if not before.

## **6. Year-end**

At the year-end, the Chairman of the Parish Council shall review the bank reconciliations for all bank accounts and check that they agree to the respective Scribe cashbook and other Scribe year end reports and shall countersign the bank reconciliations as evidence of this check.

## **7. Internal audit**

The Council has appointed an independent and competent internal auditor and reviews this appointment once a year. The auditor shall report his findings to the full Council and complete Section 4 of the Annual Return.

## **8. 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.

## **9. Review**

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

***Reviewed by Strumpshaw Parish Council on 18 July 2023***

Signed: *Michael Green*                                      Date: *18 July 2023*  
Chairman

Signed: *Tanya Rowlandson*                                  Date: *18 July 2023*  
Responsible Financial Officer