

INTERNAL AUDIT CHECKLIST

Council: Evesham Town Council

Date: 19th June 2023

Appropriate accounting records have been properly kept throughout the year AND Periodic bank account reconciliations were properly carried out during the year

REVIEW	COMMENT	Action Required
Ensure the correct roll forward figures of the prior year's cashbook balances to the new financial year.	Roll forward figure is correct.	
Check a sample of financial transactions in cashbooks to bank statements, etc: the sample size dependent on the size of the authority and nature of accounting records maintained.	Samples checked and correct.	
Ensure that bank reconciliations are prepared routinely, are subject to independent scrutiny and sign-off by members.	All in order. Bank reconciliations are completed monthly and authorised. These are undertaken on all the cashbooks currently in place.	Consider reducing number of accounts. Noted that reconciliations are now in place following recruitment.
Verify the accuracy of the year-end bank reconciliation detail and ensure accurate disclosure of the combined cash and bank balances in the AGAR, section 2, line 8.	Checked and confirmed based on reconciliations.	
Where the authority has bank balances in excess of £100,000 it has an appropriate investment strategy.	Authority has balances of around £500k and requires an investment strategy.	Recommend that investment strategy is developed and that Council reviews it options to take advantage of increased interest rates.

This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT appropriately accounted for.

REVIEW	COMMENT	Action Required
Review the procedures in place for acquisition of formal tenders and quotes, ensuring they	Standing Orders and Financial Regulations have been reviewed. These outline process for tenders.	Recommend that both SOs and FRs be reviewed based on latest NALC models.

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REVIEW	COMMENT	Action Required
are in line with the SOs and FRs which should be based on the latest version.		
Ensure that consistent values are in place for the acquisition of formal tenders between SOs and FRs (frequently different limits are recorded in the two documents)	<p>Standing Orders and Financial Regulations have recently been reviewed. Limits match but are incorrect at £35,000 for contracts.</p> <p>Note that Contracts Finder limits have been amended to £30,000 inclusive of VAT.</p> <p>https://www.gov.uk/government/publications/ppn-0123-requirements-to-publish-on-contracts-finder/procurement-policy-note-update-to-legal-and-policy-requirements-to-publish-procurement-information-on-contracts-finder-html</p>	<p>Continue to review FRs and SOs annually at the May meeting and to ensure that the website versions reflect the latest policies adopted.</p> <p>Standing Order 18(c) should read £30,000 inclusive of VAT and reference Contracts Finder.</p> <p>Financial Regulation 11(f & g) should be amending to read above £30,000 inclusive of VAT and reference Contracts Finder.</p>
Review the procedures for receipt of invoices, agreement of invoice detail and confirmation of goods/services delivery and approval for payment: ideally, a suitably designed certification stamp should be in place providing for evidencing of these checks and payment authorisation.	Reviewed. Invoices are sent out for a range of goods and services provided by the Council.	
Check that there is effective segregation between the writing of cheques or the setting up of online payments, and physical release of payments.	All in order. Finance & General Purposes Committee review the strategic financial information and budget reports. Full Council ratifies monthly payments based on the reports provided.	
Check that VAT reclaims are prepared and submitted in a timely manner in line with the underlying records and in accordance with current HMRC requirements	VAT claimed quarterly. Submissions checked.	

This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT appropriately accounted for.

REVIEW	COMMENT	Action Required
Where debit / credit cards are in use, establish the total monthly and individual transaction limits and ensure appropriate controls over physical security and usage of the cards are in place	Appropriate procedures and limits are in place. Monthly expenditure is reported.	

This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.

REVIEW	COMMENT	Action Required
Ensure that authorities have prepared, and formally adopted, at least once annually, an appropriate and comprehensive register of assessed risks, both regular and ad hoc.	Council does not currently have a Financial Risk Register in place but it does have a comprehensive H&S policy, though there are some small amendments required to this. Th financial Risk Register is required and should be developed as soon as possible.	Recommend that Council develops and adopts a Risk Register.
Ensure that appropriate levels of insurance cover are in place for land, buildings, public, employers' and hirers' (where applicable) liability, fidelity / employees (including councillors) liability, business interruption and cyber security.	Insurance policy is in place. Zurich provides cover.	Continue to monitor replacement costs of all buildings following recent increases in the cost of raw materials and inflation.
Ensure that appropriate arrangements are in place for monitoring play areas, open spaces and sports pitches: such reviews should be undertaken by appropriately qualified external inspectors or, if by officers or members, that they have received the appropriate training and accreditation.	N/A	
Review the effectiveness of internal control carried out by the authority.	The internal controls have improved since the new Clerk has been in post and a Internal Controls document was considered and adopted in August 2022.	

The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.

REVIEW	COMMENT	Action Required
Ensure that the full Authority, not a committee, has considered, approved and adopted the annual precept for the coming year in accordance with the required parent Authority timetable.	All in order. Fully minuted and checked. F&GP reviewed the budget, Council adopted the budget and set the precept.	
Ensure that current year budget reports are prepared and submitted to Authority / Committees periodically during the year with appropriate commentary on any significant variances.	Minute that the Financial Report for Q3 considered.	Consider uploading the quarterly Financial Report on to the website. (to include budget report created by Rialtas and a trial balance report)
Review the budget performance either during the year or at the financial year-end seeking explanations for any significant or unanticipated variances.	Council needs to review its financial performance against budget on a regular basis, at least quarterly. During 2022/23 no significant variances recorded.	
Ensure that the Authority has considered the establishment of specific earmarked reserves and, ideally, reviews them annually as part of the budget assessment process	Earmarked Reserves set annually and adopted by Full Council as part of its end of year closedown.	
Ensure that the precept received in the accounts matches the prior year submission form to the relevant authority and the public record of precepted amounts .	All in order.	

Expected income was fully received based on correct prices, properly recorded and promptly banked; and VAT appropriately accounted for.

REVIEW	COMMENT	Action Required
Review "Aged debtor" listings to ensure appropriate follow up action is in place.	No long term debtors identified.	
Allotments: ensure that appropriate signed tenancy agreements exist, that an appropriate register of tenants is maintained identifying, that debtors are monitored.	Council operates an allotment site. Invoices are sent out annually. Tenancy agreements are in place and rents have been reviewed.	Recommend that information relating to the allotments is included on the Council website.

Expected income was fully received based on correct prices, properly recorded and promptly banked; and VAT appropriately accounted for.		
REVIEW	COMMENT	Action Required
	Information is being transferred to the Rialtas allotment programme.	
Burials: ensure that a formal burial register is maintained that it is up-to-date and that a sample of interments and memorials are appropriately evidenced, that fees have been charged at the correct approved rate and been recovered within a reasonable time: (Authorities should also acquire and retain copies of Burial / Cremation certificates)	Council operates a cemetery. Register of Burials and Register of Grave Spaces are maintained. Record are up to date and burial fees have been reviewed.	
Hall hire: ensure that an effective diary system for bookings is in place identifying the hirer, hire times and ideally cross-referenced to invoices raised.	Council offers the Town Hall for hire. A booking system is in place and the venue can be boood via the website	
Leases: ensure that leases are reviewed in a timely manner in accordance with the terms of the lease and rents similarly reviewed appropriately at the due time.	Council has a number of leases in place. The leases are reviewed as required.	
Other variable income streams: ensure that appropriate control procedures and documentation are in existence to provide a clear audit trail through to invoicing and recovery of all such income.	Appropriate controls are in place. Invoices are raised for burial fees, allotment rents and other fees and properly recorded in the financial software.	
Where amounts are receivable on set dates during the year, ensure that an appropriate control record is maintained duly identifying the date(s) on which income is due and actually received / banked.	Precept is received on time in two payments and other income received regularly.	

Petty Cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.		
REVIEW	COMMENT	Action Required
A number of authorities are now running down and closing their petty cash accounts and	No petty cash accounts are operated. However, there are two small cash accounts	

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REVIEW	COMMENT	Action Required
using debit / credit cards for ad hoc purchases. Consequently, a "Not covered" response is frequently required in this area.	at Almonry, a cash float and a cash account. Noted that a petty cash account is being considered.	
Review the systems in place for controlling any petty cash and also cash floats (used for bar, catering, etc).	N/A	
Check a sample of transactions during the financial year to ensure appropriate supporting documentation is held.	N/A	
Review the existence of evidenced periodic independent verification of the petty cash and any other cash floats held.	N/A	
Ensure that VAT is identified wherever incurred and appropriate.	N/A	
Physically check the petty cash and other cash floats held.	N/A	
Where bar or catering facilities are in place, ensure that appropriate cashing-up procedures are in place reconciling the physical cash takings to the till "Z" total readings.	N/A	

Salaries to employees and allowances to members were paid in accordance with the authority's approvals, and PAYE and NI requirements were properly applied.		
REVIEW	COMMENT	Action Required
Ensure that, for all staff, a formal employment contract is in place together with a confirmatory letter setting out any changes to the contract.	Confirmation provided that all employees have contracts of employment.	
Ensure that appropriate procedures are in place for the payment of members allowances and deduction of any tax liability	There are no Councillor allowances paid. Mayoral allowance is in place and paid via payroll.	

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Ensure that, for a sample of staff salaries, gross pay due is calculated in accordance with the approved spinal point on the NJC scale or hourly rate, if off-scale, and also with the contracted hours.	P60 checked.	
Ensure that appropriate tax codes are being applied to each employee.	All in order.	
Where free or paid for software is used, ensure that it is up to date.	Payroll contracted out.	
For the test sample of employees, ensure that tax is calculated appropriately.	All in order.	
Check the correct treatment of Pension contributions	All in order.	
For NI, ensure that the correct deduction and employer's contributions are applied: NB. The employers' allowance is not available to councils but may be used by other authorities	All in order.	
Ensure that the correct employers' pension percentage contribution is being applied	All in order.	
Ensure that for the test sample, the correct net pay is paid to the employee with tax, NI and pension contributions correctly paid to the respective agencies.	All in order.	

Asset and investment registers were complete and accurate and properly maintained. This section/assurance includes loans to or by the authority		
REVIEW	COMMENT	Action Required
Tangible Assets		
Ensure that the Authority is maintaining a formal asset register and updating it routinely to record new assets at historic cost price, net	All in order. The asset register has been updated. New purchases have been added and long term investment is included.	

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REVIEW	COMMENT	Action Required
of VAT and removing any disposed of or no longer serviceable assets.		
Physically verifying the existence and condition of high value, high risk assets may be appropriate.	Not checked.	
The register should identify for each asset the purchase cost and, if practicable, the replacement/insured cost, the latter being updated annually and used to assist in forward planning for asset replacement.	Asset Register has been reviewed.	
Additions and disposals records should allow tracking from the prior year to the current.	All correct.	
Ensure that the asset value to be reported in the AGAR at section 2, line 9 equates to the prior year reported value, adjusted for the nominal value of any new acquisitions and / or disposals.	All correct.	
Compare the asset register with the insurance schedule to ensure that all assets as recorded are appropriately insured or “self-insured” by the Authority.	All correct.	
Fixed asset investments:		
Ensure that all long-term investments (i.e., those for more than 12 month terms) are covered by the “Investment Strategy” and reported as Assets in the AGAR at section 2, line 9.	A CCLA long term investment is in place. Asset value as at 31/03/23 is £98,655.	
Borrowing & Lending:		
Ensure that the authority has sought and obtained appropriate DMO approval for all loans acquired	No loans currently in place.	

Asset and investment registers were complete and accurate and properly maintained. This section/assurance includes loans to or by the authority		
REVIEW	COMMENT	Action Required
Ensured that the authority has accounted for the loan appropriately (i.e., recorded the full value of the loan. Any arrangement fee should be regarded as an admin expense) in the year of receipt.	N/A	
Ensure that the combined principal loan repayment and interest for the year is correctly recorded in the AGAR at section 2 line 5	N/A	
Ensure that the outstanding loan liability as at 31 st March each year is correctly recorded in the AGAR at section 2, line 10 (value should be verified via the DMO website)	N/A	
Where the Authority has issued loans to local bodies, they should ideally seek signed indemnities from the recipient body, or their members, agreeing to underwrite the loan debt.	Council has a small loan outstanding for Wallace House. Council will consider either writing off the loan or deducting the balance from its grant award.	Recommend that this matter be resolved as soon as practical.

Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cashbook, supported by an adequate audit trail from underlying records and, where appropriate, debtors and creditors were properly recorded.		
REVIEW	COMMENT	Action Required
To ensure that the financial detail reported at section 2 of the AGAR reflects the detail in the accounting records maintained for the financial year.	All in order.	
Ensure that, where annual turnover exceeds £200,000, appropriate records are maintained throughout the year on an Income and Expenditure basis to facilitate budget reporting in that vein.	All in order.	

Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cashbook, supported by an adequate audit trail from underlying records and, where appropriate, debtors and creditors were properly recorded.		
Ensure that appropriate accounting arrangements are in place to account for debtors and creditors during the year and at the financial year-end.	Council uses Rialtas software and generates a range of reports for Councillors.	

If the authority certified itself as exempt from a limited assurance review in the prior year, it met the exemption criteria and correctly declared itself exempt.		
REVIEW	COMMENT	Action Required
Ensure that, all relevant criteria are met (receipts and payments each totalled less than £25,000) <ul style="list-style-type: none"> the correct exemption certificate was prepared and minuted in accordance with the statutory submission deadline that it has been published, together with all required information on the Authority's website and noticeboard 	N/A	

The authority publishes information on a free to access website / web page, up to date at the time of the internal audit in accordance with the relevant legislation.		
REVIEW	COMMENT	Action Required
Review the Authority's website ensuring that all required documentation is published in accordance with the relevant legislation.	Agendas, minutes, policies and general council information is published on a free to access website.	

The authority, during the previous year, correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations.		
REVIEW	COMMENT	Action Required
Examine a copy of the required "Public Notice" ensuring that it clearly identifies the statutory 30 working day period when the Authority's records are available for public	Uploaded on to the website.	Recommend that the annual AGAR and year end information is uploaded on to the Financial Reports page.

The authority, during the previous year, correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations.		
REVIEW	COMMENT	Action Required
inspection.		
Check whether council has minuted the relevant dates at the same time as approving the AGAR	Council meets with requirements.	Recommend that in future the dates the public can exercise their public rights is included in the minutes.

The authority complied with the publication requirements for the prior year AGAR.		
REVIEW	COMMENT	Action Required
Ensure that the statutory disclosure/publication requirements in relation to the prior year's AGAR have been met as detailed on the front page of the current year's AGAR.	Council is currently between websites. Previous AGARs are available on the old site but need to be uploaded on to the new site.	Recommend that previous years AGARS are uploaded on to the website going back at least back to 2016/17.

Trust funds (including charitable) - the Council met its responsibilities as a trustee		
REVIEW	COMMENT	Action Required
Confirm that all charities of which the council is a Trustee are up to date with CC filing requirements	The Town Council is no longer involved with the charitable Trust.	
That the council is the sole trustee on the Charity Commission register	N/A	
That the council is acting in accordance with the Trust deed	N/A	
That the Charity meetings and accounts recorded separately from those of the council.	N/A	
Review the level and activity of the charity and where a risk based approach suggests such, review the Independent Examiners report .	N/A	