



EAST COWES  
TOWN COUNCIL

# **INTERNAL AUDIT KEY CONTROLS 2023**

Parish & Town Councils spend public money and therefore must be fully transparent and accountable for the monies spent. The accounts must be prepared by the Responsible Financial Officer as soon after the 31st March each year and should not be left until the notice is received from the External Auditor. The annual return presents the income and expenditure against the receipts and payments in conjunction with the adopted financial regulations. Internal controls are a set of procedures or tests set by the Parish Council to maintain the financial processes and controls as detailed in the Audit and Account regulations. The Internal Audit is carried out by somebody independent and competent who tests the key controls.

| Key Controls  | Tested |
|---|--------|
| 1. Is cash book maintained and up to date?  |        |
| 2. Is cash book arithmetically correct?   |        |
| 3. Is the account book regularly balanced?  |        |
| 4. Is petty cash book maintained and up to date?  |        |
| 5. Is petty cash book arithmetically correct?   |        |
| 6. Is petty cash book regularly balanced?   |        |
| 7. Does the Council have formally adopted standing orders and financial regulations in place?                           |        |
| 8. Has a Responsible Financial Officer been appointed, and are the duties clearly defined?                              |        |
| 9. Have items above a "de-minimis" amount been competitively purchased?   |        |
| 10. Are payments (including electronic payments) supported by invoices/receipts, authorised and minuted as appropriate? |        |
| 11. Is there evidence of VAT being recorded separately, and reclaimed?  |        |
| 12. Are S137 payments recorded separately, and within Parish limits?  |        |
| 13. Do the minutes show any unusual financial activity?   |        |
| 14. Does a scan of the minutes identify any other unusual activity?   |        |
| 15. Is insurance cover adequate and appropriate?  |        |
| 16. Is there evidence of the Council carrying out an annual risk assessment?  |        |
| 17. Are internal financial controls documented and regularly reviewed?  |        |
| 18. Is there evidence of the precept being supported by a budget?   |        |

19. Is actual expenditure against the budget regularly reported to the Council?
20. Are there any significant unexplained variances from budget?
21. Is income properly recorded and promptly banked?
22. Does the precept recorded in the cashbook agree with the IW Council's notification?
23. Are security controls over cash adequate and effective?
24. Are all petty cash transactions recorded and supported by VAT receipts/invoices?
25. Is Petty cash expenditure reported to each Council meeting?
26. Is petty cash expenditure consistent and reasonable?
27. Are the salaries paid in accordance with agreed figures?
28. Is there evidence that all the Council's PAYE & NI obligations are being met?
29. Are any other payments made to the Clerk reasonable and approved by the Council?
30. Does the Council keep a record of all its assets?
31. Is the asset record up to date?
32. Do asset insurance valuations agree with those in the asset register?
33. Is there evidence of regular bank reconciliation for each cash account?
34. Is there evidence of any unusual or unexplained balancing entries on the cash accounts?
35. Are year-end accounts prepared on the correct accounting basis?
36. Do figures in annual accounts (annual return) agree with the main cash book?
37. Does the main account book entries tally with petty cash account book?
38. If appropriate, have debtors and creditors been recorded properly?
39. Can an audit trail be followed from source to accounts?
40. Are the leases rent reviews conducted every 3 years?

Additional comments:

Signed:

Dated:

The Internal Audit, as outlined above, will need to be carried out twice a year.  
This report will form part of the Annual Return, which the Clerk will make on an annual basis, usually during May/June.