

## Beverley Town Council Internal Control Checklist: Review of the Effectiveness of the System of Internal Control

Internal Control	Suggested Testing	Yes	No	Town Council Controls / Comments
<b>Standing Orders &amp; Financial Regulations</b>	<ol style="list-style-type: none"> <li>1) Has the Parish Council formally adopted Standing Orders and Financial Regulations?</li> <li>2) Have these been reviewed against the latest model of NALC documents?</li> </ol>	1) ✓	2) ✓	<ol style="list-style-type: none"> <li>1) Standing Orders and Financial Regulations reviewed in September 2020.</li> <li>2) A Working Group established in May 2021 to carry out a further revise these documents against latest NALC versions.</li> </ol>
<b>Payment Controls &amp; Bookkeeping</b>	<ol style="list-style-type: none"> <li>1) Has a Responsible Financial Officer been appointed with specific duties?</li> <li>2) Have items or services been competitively purchased?</li> <li>3) Is the cashbook maintained and up to date?</li> <li>4) Is a bank reconciliation carried out regularly?</li> <li>5) Are payments in the cashbook supported by invoices, authorised in accordance with a minute resolution or delegated authority within the Financial Regulations or Scheme of Delegation?</li> <li>6) Has VAT on payments been identified, recorded and reclaimed?</li> <li>7) Is s137 expenditure separately recorded and within statutory limits? If the Council has declared the General Power of Competence, this is no longer a requirement. Ensure power of GPC is declared.</li> </ol>	1) ✓ 3) ✓ 4) ✓ 6) ✓ 7) ✓	2) ✓ 5) ✓	<ol style="list-style-type: none"> <li>2) In 2020-21 the internal system for competitive quotes was not robust enough, therefore additional measures put in place from Quarter 4 of 20-21 and will be used on-going.</li> <li>5) Whilst supporting documents relating to cashback were predominantly in place during 20-21, there were some gaps, which were positively addressed in later 20-21 and are on-going.</li> </ol>
<b>Receipts / Income Controls &amp; Petty Cash</b>	<ol style="list-style-type: none"> <li>1) Is income properly recorded and banked?</li> <li>2) Does the precept approved, agree to the Council Tax authority's notification?</li> <li>3) Are the petty cash floats adequate in size to meet small expenditure and do not require reimbursement more frequently than a month?</li> <li>4) Is all the petty cash recorded and supported by VAT invoices/receipts?</li> <li>5) Is petty cash expenditure reported to a council meeting?</li> </ol>	1) ✓ 2) ✓ 3) N/A 4) ✓ 5) ✓		<ol style="list-style-type: none"> <li>3) At the end of 20-21, petty cash was closed on an on-going basis. Items will be purchased on debit card rather than holding a petty cash float. This will enable an electronic paper trail.</li> </ol>

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<b>Debt Collection</b>	1) Does the Council have in place debt monitoring arrangements for the collection of sums of money owed to them for Allotments, Cemeteries and other council chargeable activities/services?	1) ✓		1) This is regularly monitored and reviewed via the RBS accounting system. The only main source of regular income is allotment rents, which are also recorded on an additional database that is monitored on a regular basis.
<b>Employment/ Payroll Controls</b>	1) Do all employees have contracts of employment with clear terms and conditions? 2) Do salaries paid agree with those approved by the Council? 3) Are other payments to employees reasonable and approved by the Council? 4) Have PAYE/NIC been properly and operated by the Council as an employer?	1) ✓ 3) ✓ 4) ✓	2) ✓	2) Councillors are currently undertaking a staff review to address changing need and any historic anomalies.
<b>Asset Controls</b>	1) Does the Council maintain an asset register of all material owned or in it's care? 2) Are the assets and investments registers up to date? 3) Do asset insurance valuations agree with those in the asset register? 4) Has the council carried out a physical audit of their assets to confirm their existence?	1) ✓	2) ✓ 3) ✓ 4) ✓	2) Assets and investment registers to be updated over 2021-22. 3) As above 4) As above
<b>Risk Management Arrangements</b>	1) Does a review of the minutes identify any unusual financial activity? 2) Do minutes record the council carrying out an annual corporate risk assessment? 3) Is the insurance cover appropriate and adequate, including the arrangement for Fidelity Guarantee?	1) ✓	2) ✓ 3) ✓	2) This has been identified and will be addressed by a working group established in May 2021

Internal Control	Suggested Testing	Yes	No	Parish Council Controls / Comments
Bank Accounts	1) Is the bank mandate up to date and have the list of authorised signatories been approved by the Council?	1) ✓		1) Yes – this was up to date at the end of the financial year, but following the subsequent resignation of a signatory councillor it will need revising.
Budget and Financial Statement	1) Has the Council prepared an annual budget in support of it's precept? 2) Is actual expenditure against the budget regularly reported to the Council? 3) Are there any significant unexplained variances from budget?	1) ✓ 2) ✓	3) ✓	1) From 2021 onwards, reserves were allocated to specific projects/outcomes within the budget. In addition, the line for contingency will be properly listed as General Reserves, whilst the allocation previously in General Reserves will be earmarked as Unallocated Reserves in the budget.  2) All payments are signed by two councillors and reviewed at Policy and Finance Committee (six weekly). Quarter Finances are reviewed by Full Council.
Year End Controls	1) Are year-end accounts prepared on the correct accounting basis (Receipts and Payments or Income and Expenditure) by the RFO or by a competent individual i.e. Accountant?	1) ✓		

**The review of the effectiveness of the internal control system (underpinned by the internal controls checklist above) was carried**

Signed: \_\_\_\_\_

Print Name: \_\_\_\_\_

Date: \_\_\_\_\_

Signed: \_\_\_\_\_

Print Name: \_\_\_\_\_

Date: \_\_\_\_\_

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