

AGENDA 10, Enc vi) Suggested Councillor's Financial Review Checklist as part of Internal Audit

Monthly Review Items

- Review bank statement against cashbook balance
- Check bank reconciliations are completed and accurate
- Verify any income – cashbook and bank statement match
- Sample payment of invoices for Cllr approval
- Sample VAT record in cashbook matches VAT on invoice
- Review any new contracts or significant purchases

Quarterly Review Items

- Compare actual spending against budget forecasts, and question anything unusual
- Review earmarked reserves and their movements, and question anything unusual
- Check procurement procedures were followed for large purchases
- Review aged debtors and creditors
- Verify internal controls are being followed
 - Select random transaction and check paper trail and authorisation process
- Check asset register is up to date

Annual Review Items (end of year)

- Review draft annual return (AGAR), prior to presentation at full council
- Check year-end bank reconciliation
- Verify fixed asset register matches AGAR, and insurance coverage
- Review internal auditor's reports and recommendations, prior to presentation at Full Council
- Review external audit report, prior to presentation at Full Council
- Review effectiveness of internal controls
 - Focus on high-risk areas first (like cash handling or large payments)
 - Look for evidence that controls are actually being followed, not just written down
 - Talk to staff about their understanding of the procedures
 - Document any concerns or breaches you find
 - Follow up on previous audit recommendations

Key Documents to Request

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| √ Bank statements for all accounts | √ Internal audit reports |
| √ Payment schedules with supporting invoices | √ Asset register |
| √ VAT returns | √ Financial and Management Risk Assessment |
| √ Budget monitoring reports | |

Red Flags to Watch For

- ❖ Unusual payment patterns or amounts
- ❖ Missing supporting documentation
- ❖ Unexpected budget variances
- ❖ Late submission of returns or reconciliations
- ❖ Delayed responses to queries
- ❖ Changes in accounting procedures without explanation
- ❖ Irregular income patterns
- ❖ Unauthorised signatories