INTERNAL AUDIT CHECKLIST

Council: Porlock Parish Council

Date: 14th April 2025

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.	Starting balance confirmed as £176,179.	
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.	A sample to compare invoices against the bank statements was undertaken. No material differences have been identified.	
Ensure that bank reconciliations are prepared routinely, are subject to independent scrutiny and sign-off by members.	Regular reconciliations are presented to Council on a monthly basis, proposed, seconded and approval is minuted.	
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.	End of year reconciliation has been reviewed and confirmed.	
Where the authority has bank balances in excess of £100,000 it has an appropriate investment strategy.	An investment strategy is in place and was adopted in February 2025. This has been actioned since the last internal audit.	

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 are in line with the SOs and FRs which should be based on the latest version.	Procurement procedures are contained under Section 5 of the updated Financial Regulations. Both updated recently.	

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**
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)	Standing Orders and Financial Regulations have recently been reviewed. Limits do not match.	Standing Orders Section 18 (a) and (c) needs updating from £25,000 to £30,000 inc VAT.
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.	Financial Regulations have been revised to improve payment of invoices and transparency. All payments and included on the Schedule of Payments presented at each Full Council meeting and are signed off by two Members at the meeting.	
Check that there is effective segregation between the writing of cheques or the setting up of online payments, and physical release of payments.	Effective segregation is in place. RFO sets up payments and two Councillors authorise those payments.	
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 is claimed quarterly. Four claims have been submitted: • Q1 - £1,648.68 (received) • Q2 - £2,971.23 (received) • Q3 - £1,376.12 (received) • Q4 - £865.16 (awaited)	
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	A debit card is in place and is paid off in full on a monthly basis. Receipts are attached to the debit card statement. A £500 credit limit is in place.	

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	A Risk Register is in place and was updated in May 2024. It is uploaded on to the website.	

This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.		
REVIEW	**COMMENT**	**Action Required**
appropriate and comprehensive register of assessed risks, both regular and ad hoc.		
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.	Council has a standard agreement in place provided by Clear Insurance. The schedule has been reviewed and adequate insurance cover is in place.	
Review the effectiveness of internal control carried out by the authority.	Internal controls are detailed in the Financial Regulations and are followed.	

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.	Full Council approves the budget and precept: • 2024/25 – Minute 12(v)(a) • 2025/26 – Minute C-2024-387	
Ensure that current year budget reports are prepared and submitted to Authority / Committees periodically during the year with appropriate commentary on any significant variances.	These are presented to Full Council on a monthly basis and signed off. Details are uploaded on to the website	
Review the budget performance either during the year or at the financial year-end seeking explanations for any significant or unanticipated variances.	Budget monitoring and performance is in place and minuted accordingly.	
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 are in place (EMRs). These are reviewed as required.	

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

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 aged debtors identified.	
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)	The Burial Register has been reviewed. A great deal of work has been undertaken to bring the cemetery records up to date. There is a spreadsheet in place and burial fees have been reviewed and increased.	
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.	One building lease. • Dovery Manor lease The photocopier is leased from Crown Commercial Services. The lease has been reviewed.	
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 and documentation is saved electronically.	
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.	Appropriate controls are in place.	

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 using debit / credit cards for ad hoc purchases. Consequently, a “Not covered” response is frequently required in this area.	There is no petty cash account in place now.	

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.	Staff contracts are in place.	
Ensure that appropriate procedures are in place for the payment of members allowances and deduction of any tax liability	No Members allowances paid.	
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.	The Payroll is outsourced. Monthly reports are provided and have been reviewed.	
Check the correct treatment of Pension contributions	There is a Nest pension in place and two employees are members.	
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	Deductions are made from all salaries and relevant reports are provided.	
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.	Monthly payments are made to HMRC Cumbernauld and to Nest pensions.	

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 of VAT and removing any disposed of or no longer serviceable assets.	The asset register has been updated and is published on the website. The assets recorded correspond to the AGAR.	
Physically verifying the existence and condition of high value, high risk assets may be appropriate.	The Old School building houses the Council Offices. The audit was carried out onsite.	
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. It includes insurance values.	Recommend that replacement values for assets with a finite life be included to enable transparency on potential future liabilities.
Additions and disposals records should allow tracking from the prior year to the current.	No additions to the asset register have been acquired during the year. This will be reviewed in May 2025.	
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.	Values have been cross referenced.	
Compare the asset register with the insurance schedule to ensure that all assets as recorded are appropriately insured or "self-insured" by the Authority.	Cross referencing confirms that adequate insurance cover in place.	
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	Treasury Stock of £24,501 is in place and included on the asset register. Interest paid into NatWest account.	

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**
reported as Assets in the AGAR at section 2, line 9.		
Borrowing & Lending:		
Ensure that the authority has sought and obtained appropriate DMO approval for all loans acquired	The Council does not have any loans outstanding.	

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.	Checked and verified.	
Ensure that appropriate accounting arrangements are in place to account for debtors and creditors during the year and at the financial year-end.	Appropriate accounting arrangements are in place. The Council runs receipts and payments accounts as it is under £200,000.	

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) • 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	Not Covered.	

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.	Website reviewed and required documentation is published.	

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 inspection.	30 Day notice ran from 24th June to 2nd August 2024 and was published according to requirements.	
Check whether council has minuted the relevant dates at the same time as approving the AGAR	Confirmed that Council minutes the relevant dates – Minute C-2024-094	

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.	AGARs from 2018/19 are uploaded on to the website and meet the requirement to publish a minimum of five years.	

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 Council is not the Trustee of any Trusts. It has representation on the Porlock Recreation Ground Charity (1176921)	