INTERNAL AUDIT CHECKLIST

Council: Porlock Parish Council

Date: 16th May 2024

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.	Draft checked. Starting balance confirmed as £179,449 as stated on the draft AGAR.	Ensure correct AGAR is completed prior to Council formally adopting Sections 1 and 2.
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.	Sample checked. No material differences identified.	
Ensure that bank reconciliations are prepared routinely, are subject to independent scrutiny and sign-off by members.	Regular reconciliations are presented to Council, proposed, seconded and approval 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 checked.	
Where the authority has bank balances in excess of £100,000 it has an appropriate investment strategy.	Balances are currently over £100,000.	Recommend that an Investment Policy is developed as this is a requirement for Councils with over £100k in balances.

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.	Contained in the Council's Financial Regulations.	Recommend that both Standing Orders and Financial Regulations are reviewed following the publication by NALC of revised Financial Regulations.

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 match.	See above.
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.	There is a sound procedure in place for the approval and payment of all invoices. A stamp is not in place.	Recommend that consideration be give to purchasing a stamp indicating boxes for receipt of invoice, Clerk and RFO approval and cost centre allocation.
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 in place. RFO sets up payments and two Councillors authorise.	
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 regularly.	
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 monthly. Receipts are attached to the debit card statement. £500 limit in place.	Noted that occasionally an invoice is missing. Recommend that the procedure for obtaining and printing invoices is reviewed.

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.	A Risk Register is in place and has been updated. 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**
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. Confirmed that the insurance policy has been reviewed and any assets no longer in the possession of the council have been removed including Dovery Manor.	
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.	This is covered in the Financial Regulations.	

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.	Checked and approved by Full Council. (Minute 12(v)(a) – 17/01/24)	
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 provided regularly from the Rialtas software programme.	
Review the budget performance either during the year or at the financial year-end seeking explanations for any significant or unanticipated variances.	Provided regularly and minuted accordingly.	

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 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) and reviewed at year end.	
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.	Checked.	

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.	
Allotments: ensure that appropriate signed tenancy agreements exist, that an appropriate register of tenants is maintained identifying, that debtors are monitored.	N/A	
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)	Burial Register is in place and plot positions are available on the website. The Register of Burials is updated on a spreadsheet.	Recommend that the burial fees be reviewed. New Cemetery Committee has been created to help manage the facility.
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.	N/A	
Leases: ensure that leases are reviewed in a timely manner in accordance with the terms of	Two building leases. Photocopier also leased. • Visitor Centre • Dovery Manor lease	

Expected income was fully received based on correct prices, properly recorded and promptly banked; and VAT appropriately accounted for.		
REVIEW	**COMMENT**	**Action Required**
the lease and rents similarly reviewed appropriately at the due time.		
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.	
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.	Petty cash account has been run down. Balance at 01/04/2023 was £20.53 and at year end it was 4p. Account is managed in the Rialtas system.	Recommend that as the Council now has a debit card in place the petty cash account is discontinued. This recommendation follows the advice from JPAG.

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.	Checked and 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	Payroll is outsourced.	

Salaries to employees and allowances to members were paid in accordance with the authority's approvals, and PAYE and NI requirements were properly applied.		
with the approved spinal point on the NJC scale or hourly rate, if off-scale, and also with the contracted hours.		
Ensure that appropriate tax codes are being applied to each employee.	Checked on annual printout.	
Where free or paid for software is used, ensure that it is up to date.	Payroll outsourced.	
Check the correct treatment of Pension contributions	Nest pension in place	
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	Checked on annual printout.	
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 of VAT and removing any disposed of or no longer serviceable assets.	All in order. The asset register has been updated and is published on the website.	
Physically verifying the existence and condition of high value, high risk assets may be appropriate.	Office items and Old School building physically verified.	
The register should identify for each asset the	Asset Register has been reviewed. It includes insurance values.	Recommend that Council considers adding replacement values to the asset register so

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**
purchase cost and, if practicable, the replacement/insured cost, the latter being updated annually and used to assist in forward planning for asset replacement.		that it is aware of costs of replacement if required in future.
Additions and disposals records should allow tracking from the prior year to the current.	Tracking is not in place.	Recommend that asset register includes additions and disposals annually.
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.	Checked and 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.	Checked. Adequate insurance cover in place for all items.	
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.	Treasury Stock of £24,501 is in place and included on the asset register. Interest paid into NatWest account.	
Borrowing & Lending:		
Ensure that the authority has sought and obtained appropriate DMO approval for all loans acquired	No loans in place.	

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	Checked and financial details included.	

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**
accounting records maintained for the financial year.		
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.	N/A	
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 records are in place.	

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	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.	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.	Checked and correct.	
Check whether council has minuted the relevant dates at the same time as approving the AGAR	Minute 16(v) May 2023.	Ensure that public notice dates are minuted again this year.

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.	Publication requirements have been met and uploaded on to the website.	

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	Councillors are represented on the Porlock Recreational Trust.	