



Terry Heath  
RFO to Stoke sub Hamdon Parish Council  
The Council Office  
North Street Workshops  
Stoke sub Hamdon  
Somerset, TA14 6QR

13<sup>th</sup> April 2026

Dear Terry,

### **INTERNAL AUDIT 2026**

Parish & Town Auditing Services have been appointed to undertake the internal audits at Stoke sub Hamdon Parish Council. The annual internal audit for 2025/26 financial year was completed on 15<sup>th</sup> April 2026.

I can confirm that I am independent of the Parish Council.

As stated in the Letter of Engagement letter, the scope of our work is limited to completing the audit testing and enquiries we deem necessary to complete the internal audit section of the Annual Report for Local Councils in England. We do not provide assurance over or accept responsibility for areas of work not included in this scope, unless specifically agreed with the Council during the financial year. In providing internal audit services we are not conducting a financial statement audit in accordance with standards and guidelines issued by the Smaller Authorities Proper Practices Panel and our procedures are not designed to provide assurance over the reliability and quality of your financial statements. This will be undertaken by the Council's appointed External Auditor.

We are required by the Annual Internal Audit Report included in the Annual Governance and Accountability Return (AGAR) to review controls in place at the Council against predefined control assertions. These controls are included in the following report.

The Audit has identified a number of recommendations to help update and improve the Council's current procedures. The audit has found no areas of concern and the Council's procedures and controls are generally working well.

Thank you for all the information you have provided to enable the audit to be undertaken.

Yours sincerely,

Paul Russell, Internal Auditor

## **INTERNAL AUDIT**

Outlined below is an overview of the 10 Assertions within the Practitioners Guide 2025. Each of these are dealt with under the relevant Governance sections contained in Section 1 of the AGAR:

### AGS Assertion 1 — Financial management and preparation of accounts

- Accounting Records and supporting documents:
- Bank reconciliation:
- Budget setting:
- Investments:
- Reserves:
- General Reserves:
- Earmarked and other reserves:

### AGS Assertion 2 — Internal control

- Standing Orders and Financial Regulations:
- Safe and efficient arrangements to safeguard public money:
- Employment:
- VAT
- Fixed assets and equipment:
- Loans and long-term liabilities:

### AGS Assertion 3 — Compliance with laws, regulations and proper practices

- Acting with its powers:

### AGS Assertion 4 — Exercise of public rights

### AGS Assertion 5 — Risk management

### AGS Assertion 6 — Internal audit

### AGS Assertion 7 — Reports from auditors

### AGS Assertion 8 — Significant events

### AGS Assertion 9 — Trust funds (local councils only)

### AGS Assertion 10 — Digital and data compliance

The following headings are based on Section 1 – Annual Governance Statement.

**A. Appropriate accounting records have been properly kept throughout the financial year.**

Council has appointed a separate RFO and the appointment was minuted in the 2023/24 financial year (LGA1972 s151).

The roll over figure is £160,009 (Box 7).

The Council maintains its accounts using a spreadsheet. A sample of the financial transactions between 1<sup>st</sup> April and 31<sup>st</sup> March 2026 has been undertaken. The following checks were carried out:

- A review of the cashbook against the bank statements and invoices paid;
- A sample of Payments have been checked against the bank statements to verify accuracy;
- Expenditure incurred is appropriate.

There is a proper process in place to ensure that financial information is correctly recorded and reported to Council as part of its governance procedures. Procedures are included in the Financial Regulations. A copy is available on the Council website.

A Financial report is presented to Council at each meeting. This includes a list of invoices for payment, list of income, the monthly bank reconciliation and budget monitoring reports. Approvals are minuted in the Council minutes and payment is via online banking. All payments are authorised by two Councillors.

The Council has a Risk Management Strategy in place.

There is appropriate segregation in place and a robust process to enable the detection and identification of potential fraud. There are four Councillor signatories and two are required to authorise payments.

The year end bank reconciliation has been completed. This was referenced back to the bank statements. The final balance held by the Council amounts to £55,524.75 as at 31<sup>st</sup> March 2026

**The Council has met this control objective.**

**B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.**

Tenders and Contracts are governed by Financial Regulations and the Procurement Policy ([Microsoft Word - Procurement Policy 2018](#)). All contracts being tendered should be published on the Parish Council's website as well as the Find a Tender portal where required.

**It is strongly recommended that the Procurement Policy is updated to reflect the requirements of the Procurement Act 2023 which has now been fully enacted. The current policy is dated 2021.**

The following quotations and tenders were undertaken in the 2025/26 financial year:

- Grounds Maintenance contract
- Lengthsman contract
- Cloudy IT contract for IT services

Both Standing Orders and Financial Regulations are based on older NALC template versions and require updating. The limits between the two documents do not currently match.

**Recommend that both documents be reviewed during the forthcoming year and updated to reflect legislative changes. Contracts Finder no longer is in place and the requirements of the Procurement Act 2023 have now been fully enacted.**

The invoices procedure is as follows:

- On receipt reviewed for accuracy;
- Coded to correct cost centre;
- Invoices are printed, filed and reviewed;
- Payment schedule presented at each meeting for approval;
- Payments ratified at each meeting;
- Invoices are kept in secure storage.

There is appropriate segregation in place.

VAT is claimed annually. A Claim during the year has been made and a sum of £1,669.75 was reported in January 2026. Accurate VAT records are maintained.

The Council has a Corporate Card in place which is linked to its main bank account. Expenditure is recorded in the cashbook and reported separately to Council.

The Council does not have General Power of Competence in place.

**The Council has met this control objective.**

**C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.**

The Council has a Risk Management Policy ([attachments.asp](#)) and a Risk Register ([attachments.asp](#)) in place.

An Asset Register is in place and is published on the website. The value of assets meets Box 9 of the AGAR: £ 634,400.32.

The Council is insured with Hiscox through Gallagher. Cover runs from 1<sup>st</sup> June 2025 and provides continuous cover until the policy is cancelled.

A review of the insurance policy has been undertaken and Council is adequately insured.

The Council is responsible for two play areas. Stonehill Play Area and Memorial Hall Play Area. An annual independent inspection is carried out by the Play Inspection Company. Regular inspections are also undertaken by Members, but these are not recorded. **Recommend that Council reviews its inspection regime and considers recording all inspections undertaken with findings.**

The Council has adequate internal controls in place to ensure that it carries out its day-to-day business effectively and efficiently. There is an Internal Controls Policy in place which is available on the website.

**The Council has met this control objective.**

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

At its meeting held on 4<sup>th</sup> December 2024. Full Council formally approved the budget and the setting of a precept. (Minute 162/24). Precept Resolved was £97,281.

*24/289 2025/2026 PRECEPT Following the approval of the budget for next financial year, Council RESOLVED to APPROVE the 2025/2026 precept demand of £97,281, therefore no increase on the 2024/2025 precept. It was NOTED that the impact on the band D tax base could not be assessed as information from Somerset Council to allow the calculation has not been received.*

It has been confirmed that a precept of £97,281 was requested. (MHCLG Parish Code E3301P269)

Budget monitoring is undertaken monthly. The Council reviews its income and expenditure against the budget. Financial reports are uploaded onto the Council website ([RFO Finance Report - Stoke sub Hamdon Stoke-Sub-Hamdon, Somerset - Stoke sub Hamdon, Stoke-Sub-Hamdon](#)).

The Council has set up Earmarked Reserves and these are reviewed regularly and minuted. The Earmarked Reserves stand at £143,163.23 at year end. Reserves are clearly explained and are reviewed four times a year.

The Council has an adequate General Reserve to meet the current recommendations in place, with specific allocated EMRs also in place.

The Council had the following Bank Statement Balances as at 31<sup>st</sup> March 2026:

<b>ACCOUNT</b>	<b>AMOUNT</b>
Lloyds Current Account	£5,690.51
Lloyds Reserve Account	£15,475.98
The Cambridge Building Society	£85,191.63
Hinkley and Rugby Building Society	£70,016.11
<b>TOTAL</b>	<b>£176,374.23</b>

**The Council has met this control objective.**

**E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.**

The Council has no aged debtors.

Stoke sub Hamdon Parish Council manages three allotment sites at North Street, Furlands and Stonehill. There is an allotment page on the website and a tenancy agreement has been uploaded ([Allotments - Stoke sub Hamdon Stoke-Sub-Hamdon, Somerset - Stoke sub Hamdon, Stoke-Sub-Hamdon](#))

It is noted that the Council has not received any income from its allotments following a decision not to charge rents.

The Council is not a burial authority.

The Council does not hire out any venues.

The Council has a lease in place with the Duchy of Cornwall for its Office. Council also rents allotment land from the Duchy of Cornwall

Council's other income for 2025/26 included bank interest, grant funding and donations.

**The Council has met this control objective.**

**F. Cash payments were properly supported by receipts, all cash expenditure was approved and VAT appropriately accounted for.**

The Council does not operate a petty cash system and did not make any cash payments during the financial year.

**The Council has met this control objective.**

**G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.**

The staff all have contracts of employment in place.

Member do not receive a members' allowance.

A sample of staff salaries has been checked and confirmed. Salaries paid during the year have been reviewed. Gross pay is calculated in accordance with the relevant NJC scale.

Tax codes are included on the payslips and deductions properly calculated.

Payroll is undertaken using the HMRC payroll software.

No Pension contributions are made.

Employee National Insurance contributions have been deducted and both employee and employer National Insurance contributions are paid.

A test sample was undertaken and it was confirmed that the correct net pay was paid to the employee with tax and NI contributions correctly deducted and paid to the respective agencies.

**The Council has met this control objective.**

**H. Asset and investments registers were complete and accurate and properly maintained.**

An Asset Register is in place and has been reviewed. Asset purchase cost is recorded and additional information is included where appropriate.

The current Asset Register includes a number of additions as well as insurance value of relevant items and replacement values.

A comparison of the insurance schedule against the asset register has been undertaken. Council has adequate insurance cover in place.

Council has no long-term investments in place.

Council has one loan in place. Details outlined below:

Number	From	To	Principal Balance Outstanding
PW508055	19/11/2018	19/11/2038	£105,634.92

**The Council has met this control objective.**

**I. Periodic bank account reconciliations were properly carried out during the year.**

Bank reconciliations are prepared monthly and are signed off by Full Council. Copies of the signed bank reconciliations have been provided and reviewed.

**The Council has met this control objective.**

**J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded. Accounts are maintained on a receipts and payments basis.**

**The Council has met this control objective.**

**K. If the authority certified itself as exempt from a limited assurance review in 2024/25, it met the exemption criteria and correctly declared itself exempt. (If**

**the authority had a limited assurance review of its 2024/25 AGAR tick “not covered”).**

Not covered.

**L. The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation.**

The following information should be published on the Parish Council’s website under the Smaller Authorities Transparency Code ([SI/SR Template](#))

**Expenditure exceeding £100**

Local authorities must publish details of each individual item of expenditure that exceeds £100. [Published monthly in the minutes.](#)

**End of year accounts**

Annual publication no later than 1 July in the year immediately following the accounting year to which it relates. [Published](#)

**Annual governance statement**

Annual publication no later than 1 July in the year immediately following the accounting year to which it relates. [Published](#)

**Internal audit report**

Annual publication no later than 1 July in the year immediately following the accounting year to which it relates. [Published](#)

**List of councillor or member responsibilities**

Annual publication of councillor or member responsibilities no later than 1 July in the year immediately following the accounting year to which it relates. [Published](#)

**Location of public land and building assets**

Annual publication no later than 1 July in the year immediately following the accounting year to which it relates. Parish councils and port health authorities to publish details of all public land and building assets – either in its full asset and liabilities register or as an edited version. [Published as part of the asset register.](#)

**Minutes, agendas and papers of formal meetings**

Publication of draft minutes from all formal meetings not later than one month after the meeting has taken place. Publication of meeting agendas and associated meeting papers not later than three clear days before the meeting to which they relate is taking place. [Published](#)

**The Council has met this control objective.**

**M. In the year covered by this AGAR, the authority correctly provided for a period for the exercise of public rights as required by the Accounts and Audit Regulations (*during the 2025/26 AGAR period, were public rights in relation to the 2024-25 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set*).**

The publication requirements were met. The Notice states 3<sup>rd</sup> June to 14<sup>th</sup> July 2025. This meets the statutory 30 day requirement.

Council formally minuted the dates of the Public Notice at its meeting held on 7<sup>th</sup> May 2025 (Minute25/113.i)

**The Council has met this control objective.**

**N. The authority has complied with the publication requirements for 2024/25 AGAR.**

Publication Requirements Under the Accounts and Audit Regulations 2015, Authorities must publish the following information on the authority website/webpage: Before 1 July 2025 authorities must publish:

- Notice of the period for the exercise of public rights and a declaration that the accounting statements are as yet unaudited: [Published](#)
- Section 1 - Annual Governance Statement 2024/25, approved and signed, page 4: [Published](#)
- Section 2 - Accounting Statements 2024/25, approved and signed, page 5: [Published](#)

It is recommended as best practice, to avoid any potential confusion by local electors and interested parties, that you also publish the Annual Internal Audit Report. [Published](#).

**The Council has met this control objective.**

**O. The authority has complied with laws, regulations & proper practices relating to digital and data compliance.**

Council has a .gov.uk email addresses for its Clerk/RFO and its Councillors. Council meets best practice advice by having a .gov.uk domain for its website and email account.

The Council is in the process of adopting an IT policy as required. Once adopted it will be uploaded onto the website.

The Council has an Accessibility Statement link on its website but it does not currently have the actual statement. **Recommend that this be updated and published on the website.**

**Note** that since September 2020, all parish and Parish councils must have a website that complies with Website Content Accessibility Guidelines (WCAG). As from October 2024 that rating level changed from WCAG2.1 AA to WCAG2.2AA so that it meets Accessibility Guidelines as set in the Public Sector Bodies Accessibility regulations.

It has been confirmed that Stoke sub Hamdon Parish Council website does not currently comply with WCAG 2.2 AA. It achieves 77% and requires improvement [Scan Results — CompliaScan](#)

Accessibility has been reviewed and the parish council section of the website scores 7.9 out of 10. [WAVE Report of Stoke sub Hamdon, Stoke-Sub-Hamdon](#)

**Recommend that Council contacts its web provider to ensure it meets the accessibility requirement.**

Data Protection requirements:

- Data Protection Officer – Parish Clerk.
- Data Audit: Currently being completed.
- Training for staff and Councillors: Being undertaken.
- Data Protection Policy: In place.
- Secure data to protect it from Data Breaches: In place.

The Council has the following Data Protection Policies in place:

- Privacy Notices for various services
- Data Protection Policy
- Document Retention Policy: To be adopted
- Subject Access Request Policy: To be adopted
- Data Breach Policy: To be adopted

**Council will need to ensure that the following requirements are met (Noted that this is currently being actioned):**

- Ensure that both hard copy and electronic data have relevant protections in place. For hard copy records this will be identified by the audit. For electronic data it is recommended that your IT provider outlines what protections are in place, how often data is backed up and how it is stored. Ensure that all computers have some level of virus protection.

A Freedom of Information Policy is in place and waiting to be approved.

The Council meets the Smaller Councils Transparency Code as required.

**The Council meets this control objective.**

**P. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.**

The Council is not a sole trustee.