Cotford St Luke Parish Council Final Internal Audit Report Financial Year 2025-26

Internal audit carried out by:
Jill Larcombe
6 The Old School
Chapel Street
Tiverton
EX16 6ND
jilllarcombe@yahoo.co.uk

Smaller authorities are required by the Accounts and Audit Regulations 2015 to 'undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance'.

This report details the results of the Internal Audit for Cotford St Luke Parish Council which has been carried out in accordance with the requirements as detailed within the Joint Panel on Accountability and Governance Practitioners Guide 2025.

Internal Control Objective	Tests carried out	Response
A. Appropriate accounting records have been properly kept throughout the year.	Check that: A 1. The accounting system in use (whether manual, spreadsheet or a formal accounting system) is adequate.	The accounting system is a manual spreadsheet, the Clerk is experienced in using spreadsheets and this system is adequate.
	A 2. The council's accounting records are accurate, up to date and well maintained.	The records for the first half of the financial year 2025-26 are accurate, up to date and well maintained. Records checked for the second half of the financial year 2025-26 are accurate, up to date and well maintained.
	A 3. Council Minutes for the year are complete and up to date and have been initialled and signed.	Yes, minutes for April to September 2025 (No meeting in August) are complete and up to date. The last page of each set of minutes are signed and dated and other pages are initialled. Minutes for the November 2025 and January and March 2026 meetings are complete and up to date.
B. This authority complied with its financial regulations, payments were supported by	Check that: B 1. The Council has in place a set of Financial Regulations and Standing Orders and that these have	Standing Orders reviewed and adopted on 18th September 2025 item 178/25. Standing Orders last reviewed 18th September on 23rd January 2025. The current Standing Orders correctly refer to procurement regulations.

invoices, all expenditure was approved and VAT was appropriately accounted for.	been subject to regular review.	Financial Regulations reviewed 18th September 2025. Previously reviewed 21st November 2024. The current Financial Regulations still refer to the Public Contract Regulations 2015 which have been replaced by the Procurement Act 2023. Both documents are published on the Parish Council's website.
	B 2. In the case of publicly advertised contracts with a value over £30,000, the Council has complied with the requirements of the Public Contracts Regulations, or from 24th February the Procurement Act 2023.	No contracts over this value.
	B 3. Check that both Standing Orders and Financial Regulations specify the same contract thresholds.	Yes.
	B 4. That invoices have been 'verified and certified' on receipt	The Clerk has explained that the payee and amount are highlighted on invoices and they are checked against quotes to make sure they are correct.
	B 5. That orders for goods and services have been made in accordance with the requirements of the Council's Financial Regulations, (for example the requirement to obtain 3 quotes as set out in section 5 of the Model Financial Regulations).	Yes. The minutes clearly show that orders are being made in accordance with the Council's Financial Regulations. Also checked for the final internal audit.
	B 6. The Council has approved the payments in	Payments are being approved in accordance with the Financial Regulations. Also checked for the final internal audit.

	accordance with the requirements of it's Financial Regulations.	
	B 7. The Council has in place effective controls on the making of payments. This should include the need for two signatures on cheques and the dual authorisation of online payments.	Dual authorisation is required for online payments. Details of the councillors who authorised the payment can be found in transaction details within Unity Trust Bank 2 signatures required on any cheques. Signatories reviewed and confirmed at the meeting held on 15/01/26 and signatories added – item 204/26.
	B 8. Where debit / credit cards are in use, check that these transactions have been made in accordance with the Councils Financial Regulations and that the invoices supporting these payments have been certified and payments reviewed and approved by Council.	No debit card
	B 9. That any limits on credit cards and debit cards are reasonable and not excessive and ensure there are appropriate controls over physical security and usage of the cards are in place.	N/A
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	Check that: C 1. The council has formally minuted a review of risk during the financial year.	Risk Register reviewed and approved 18th September 2025 item 178/25.
	C 2. The council has in place a Risk Register, or Risk	Approved 18th September 2025

	Policy, which sets out the risks that the council faces and how it intends to address these and that this has been subject to formal review. (It is not a requirement for the auditor to review this in detail).	
	C 3. The Council has reviewed the effectiveness of its internal controls.	The Council's Statement of Internal Controls was reviewed at the meeting held on 24th April 2025 item 128/25. Also reviewed on 19/03/26 item 218/26 j.
	C 4. The Council has reviewed the scope and value of its insurance cover. In particular that the value of fidelity insurance is sufficient to cover the Councils cash and bank balances and that buildings are insured based on up to date valuations.	Final year of a 3 year long term agreement with Zurich from 5th May 2023. Fidelity cover is £250,000 which is more than sufficient to cover the Council's bank balances. For 2025-26 the Council has reviewed the policy against its needs and increased cover in some areas' Clerk delegated to find insurance cover for 2026-27.
	C 5. 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	The Council does not own any buildings. Appropriate levels of cover are in place for public, employers' and hirers' liability. Cover for business interruption and cyber security added for 2025-26. Cover increased for tennis court.
	C 6. Ensure that appropriate arrangements are in place for the inspection of play areas, open spaces and sports pitches:	The Council has a contract with Somerset Council to carry out regular inspections.

D. The precept or rates requirement resulted from an adequate budgetary process: progress against the budget was regularly monitored; and reserves were appropriate.	Check that: D 1. The Council prepared and formally approved a budget for the year prior to the setting of the precept.	Budget prepared and presented at meeting held on 9th January 2025 item 83/25 and agreed at meeting held on 23rd January 2025 item 91/25 d)
	D 2. That the Full Council, not a committee, has considered, approved and adopted the annual precept, for the year subject to internal audit, prior to the statutory deadline of 1st March.	Precept of £65,000 agreed by Full Council on 23rd January 2025 item 91/25 e)
	D 3. That budget reports are prepared and submitted to either Full Council or the appropriate Committees periodically during the year.	Detailed budget v spend reports are presented monthly and included with the minutes. This continued for the November 2025, January and March 2026 meetings.
	D 4. That the Council, or nominated committee, has properly reviewed budgetary reports and that any significant variances have been subject to detailed query/review.	The Council reviews the budget reports, no significant variances
	D 5. That the Council has considered the establishment of specific Earmarked Reserves and that these are reviewed as part of the budget setting process.	Reserves reviewed during budget setting process. The Council has a Reserves Policy which was approved on 30th September 2021. This policy was not reviewed in the September 2025 review of policies.
	D 6. That the Council has reviewed the level of its General	General reserves are more than one year's precept. During 2025-26 payments exceeded receipts by £18,083.45 which

	Reserve and that the level of the General Reserve is adequate and not excessive.	reduced reserves. Taking into account earmarked reserves of £24,000, general reserves are less than one years precept. This appears to be adequate because the precept for 2026-27 was increased.
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked and VAT was appropriately accounted for.	Check that: E 1. The precept received during the year agrees to the precept raised by the Council. E 2. That any VAT due in respect of the preceding accounting year have been claimed and received during the year subject to internal audit. E 3. That a VAT claim has been prepared for the year subject to internal audit and that this agrees to supporting accounting records. E 4. That that the Council has complied with any requirement to register for VAT and that income has been correctly treated for VAT purposes	Yes. £65,000 received as one receipt. Yes, VAT due for 2024 - 25 claimed and received. VAT for March 2025 included with VAT reclaim for April to September 2025. VAT claim for the period October 2025 to February 2026. VAT for 01.03.25 – 30.09.25 has been claimed in year and agrees to supporting accounting records. VAT for 01.10.25 – 31.03.26 has been claimed in year and agrees to supporting accounting records. No requirement to register for VAT as income is only bank interest, CIL and VAT repayments
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	**Only be used if there is petty cash.**	No petty cash system. The Clerk/RFO and Councillors can claim for expenses incurred on behalf of the Council. Expense claims properly supported by receipts for purchases made on the Council's behalf. VAT appropriately accounted for.
G. Salaries to employees and allowances to members were	G 1. Ensure that the Council is properly registered with HMRC as an Employer.	Yes

paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.	G 2. Ensure that, for all staff, a formal employment contract is in place together with a confirmatory letter setting out any changes to the contract.	Clerk/RFO has a Contract of Employment.
	G 3. Verify that gross pay due is correctly calculated in accordance with contract terms and conditions (for example at the correct national pay rate/spinal column point).	~~No pay increases approved by the Council.~~ Pay rise agreed by Councillors. Clerk moved up by one scp.
	G 4. Verify that the Council has in place formal, up to date, payroll software, or is using a suitable payroll provider.	HMRC Basic Payroll Tools
	G 5. Ensure that the correct PAYE treatment has been applied to all remuneration paid (for example the payment of any lump allowances.)	Yes
	G 6. Check that the Council has not claimed the National Insurance Employers Allowance.	Allowance correctly not claimed
	G 7. Check that the council has submitted RTI returns to HMRC and made payments due as required.	Yes, returns submitted and payments made.
	G 8. Check that the Council has submitted	Yes, returns submitted and payments made.

	returns and made payments due for any pension contributions.	
H. Asset and investment registers were complete and accurate and properly maintained.	Check that: H 1. The Council is maintaining a formal asset register and this has been updated with any additions or disposals during the year. H 2. That the basis of valuation of assets is in accordance with the requirements of the Practitioner's Guide (normally at cost value).	Yes Yes, basis is cost value.
I Periodic bank account reconciliations were properly carried out during the year.	Check that: I 1. That bank reconciliations are prepared regularly, for all Council bank accounts. I 2. That bank reconciliations are subject to independent review by members and that they are signed and dated as evidence of this review I 3. That the bank statements are periodically independently verified to the balances stated in bank reconciliations. I 4. The accuracy of the year-end bank reconciliation and agree it to supporting bank statements.	Bank reconciliations are prepared on a monthly basis. This continued in the period October 2025 – March 2026. The bank reconciliation, bank statements, and R&P are sent to the Councillor responsible for internal controls for checking and signing/dating. This continued for October 2025 to March 2026. Councillor verifies to the balances stated in bank reconciliations. Year end bank statements agree with the year end bank reconciliation.

	I 5. Review and clarify the nature of any uncleared transactions.	No uncleared transactions.
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.	J 1. Review the computations for the Accounting Statements prepared by the RFO to verify that they are accurate and agree to the Councils cashbook. Check that: J 2. Line 2 agrees to the value of precept raised and received J 3. The total of Lines 2 and 3 agree to the total value of receipts recorded in the cashbook. J 4. The value stated in Line 4 includes only "*gross salary of employees, employer's national insurance contributions, employers pension contributions, gratuities for employees or former employees and severance or termination payments to employees.*" as set out in the Practitioner's Guide. J 5. The total of Lines 4, 5 and 6 agree to the total value of payments in the cashbook. J 6. The value stated in Line 8 agrees to the year end bank	Yes, Accounting Statement checked against cashbook spreadsheet. Yes. Precept of £65,000 raised and received. Yes, Lines 2 and 3 agree to value of receipts on cashbook spreadsheet. Yes. Only includes Clerk's gross salary, NI contributions and pension payments. Yes, lines 4,5 and 6 agree to the total value of payments in the cashbook spreadsheet. Yes. Line 8 agrees to the year end bank reconciliation and supporting bank statements.

	reconciliation and supporting bank statements. J 7. The value stated in Line 9 agrees to the total value of the asset register. J 8. The balance stated in Line 10 agrees to the value stated in the year end PWLB/DMO audit confirmation (this is normally supplied by email to the Clerk and additional copies can be obtained on request).	 Line 9 agrees to the asset register No PWLB loan
K. If the authority declared itself exempt from a limited assurance review in 2022/23, it met the exemption criteria and correctly declared itself exempt.		Not applicable - no checks carried out for this section as the Council had a limited assurance review.
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.		Information required published
M. In the year covered by this AGAR, the authority correctly provided for a period for the exercise of public	Check that: M 1. The Council published, including on it's website, the Notice for the Period for the Exercise of Public Rights	 Notice published on the website

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).	M 2. The 'Announcement Date' was the working day prior to the Commencement Date (they cannot be the same date) M 3. The period set was for **exactly** 30 working days and included the first 10 working days in July	Yes. As noted in the External Auditors Report the announcement date was before the Annual Governance Statement was signed. The period set was exactly 30 working days and included the first 10 working days in July.
N. This authority has complied with the publication requirements for 2024/25 AGAR (see AGAR Page 1 guidance notes)	Check that: N 1. That the Council published the Annual Governance Statement on it's website N 2. That the Council published the Accounting Statements on it's website N 3. That the Council published the External Auditor report on it's website N 4. That the Council published the Notice of Conclusion of Audit on its website.	Published Published Published Published
O. The Council has complied with laws, regulations & proper practices relating to digital and data compliance	O 1. Does the Council own a .gov,uk or .org.uk domain name and does the Council have an email address with that domain name	Yes, the Council owns the domain name cotford-st-luke.org.uk. The clerk and Coucillors have email addresses with that domain name.

	O 2. Does the Council have a aW3C Compliant website with an Accessibility Statement and Privacy Policy. 0 3. Does the Council have an IT Policy, Data Protection Policy and Freedom of Information Publication Scheme	The website has an accessibility statement which states '*This website is largely compliant with WCAG 2.2 AA. Automated testing using the WAVE accessibility tool currently reports a score of 9.8'*. I have not checked the accessibility myself. The website also has a Privacy Policy. The Council has an IT Policy and a Data Protection Policy. It has a Freedom of Information Publication Scheme which was reviewed in September 2025. The Clerk has carried out a data audit and has attended GDPR training and Councillors have received a briefing.
P, The Council met its responsibilities as a trustee		Not applicable

Signed: Jill Larcombe Date: 11th June 2026

Jill Larcombe PIALC

A member of Internal Audit Forum THE VOICE FOR LOCAL COUNCIL AUDIT

Documentation inspected

Cash book - spreadsheet

Copies of invoices

Bank statements all accounts

Bank reconciliations

Budget monitoring reports – minutes

VAT Return information

Asset Register- website

Current Risk Assessment – website

Review of Internal Controls - website

Insurance Policy Schedule and Employers Liability Certificate - email with insurance details

Policies - website

Current Standing Orders, Financial Regulations and Code of Conduct - website

Pay information

Notice of the period for the exercise of public rights - website