

During the financial year ended 31 March 2026, this authority's internal auditor acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with the relevant procedures and controls in operation and obtained appropriate evidence from the authority.

The internal audit for 2025/26 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

Internal control objective	Yes	No*	Not covered**
	A. Appropriate accounting records have been properly kept throughout the financial year.	✓	
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓		
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓		
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
F. Cash payments were properly supported by receipts, all cash expenditure was approved and VAT appropriately accounted for.			N/A applicable
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.	✓		
H. Asset and investments registers were complete and accurate and properly maintained.	✓		
I. Periodic bank account reconciliations were properly carried out during the year.	✓		
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.	✓		
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")	✓		
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.	✓		
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).	✓		
N. The authority has complied with the publication requirements for 2024/25 AGAR (see AGAR Page 1 Guidance Notes).	✓		
O. The authority has complied with laws, regulations & proper practices relating to digital and data compliance.	✓		
P. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.	Yes	No	Not applicable
			✓

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed). Date(s) internal audit undertaken Name of person who carried out the internal audit

05/04/2026 DD/MM/YYYY ENTER NAME OF INTERNAL AUDITOR  
S J Pollard for Auditing Solutions Ltd

# **Tormarton Parish Council**

*Internal Audit Report 2025-26*

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*Stuart Pollard*

*Director  
Auditing Solutions Ltd*

## **Background**

Statute requires all town and parish councils to arrange for an independent Internal Audit (IA) examination of their accounting records and systems of internal control and for the conclusions to be reported each year in the Annual Governance and Accountability Return (AGAR).

This report details the work undertaken in relation to the 2025-26 financial year following provision of documentation in support of the year's financial transactions and governance arrangements. We thank the retiring Clerk for assisting the process, providing all necessary documentation in a mix of hard copy and electronic format to facilitate the conduct of our review and sign-off of the IA Certificate in the year's AGAR. Work has been taken initially on 9<sup>th</sup> March 2026 having collected the records from the Clerk and subsequently remotely in April 2026 following final closure of the Accounts for the year and the Clerk providing all necessary final documentation.

## **Internal Audit Approach**

In undertaking this year's review, we have again paid due regard to the materiality of transactions and their susceptibility to any potential mis-recording or misrepresentation in the year-end Statement of Accounts / AGAR. Our programme of cover is designed to afford appropriate assurance that the Council's financial systems are robust and operate in a manner to ensure effective probity of transactions and to afford a reasonable probability of identifying any material errors or possible abuse of the Council's own and the national statutory regulatory framework. The programme is also designed to facilitate our completion of the 'IA Certificate' in the year's AGAR, which requires independent assurance over a series of internal control objectives.

## **Overall Conclusion**

As the total receipts and payments are each below £25,000, the Council may again claim exemption from the external audit process and will consequently need to complete a Form 2 AGAR. The Clerk will then only need to submit the Exemption Certificate to the external auditors, whilst posting all necessary documents on the Council's website in accordance with the Transparency Code disclosure requirements and those detailed in the preface to the year's AGAR.

We have reviewed the Council's approach to the new, for 2025-26, Assertion 10 in the AGAR Governance Statement and are pleased to record that the Council has taken appropriate action to ensure compliance with no issues arising and that we consider a positive response to the assertion is appropriate.

Detail of issues arising is, as in prior years, set out in the body of the report with resultant recommendations further summarised in the appended Action Plan for ease of members' review and response.

We have duly signed off the Part 2 IA Certificate in the year's AGAR assigning positive assurances in each relevant area.

We also take this opportunity to advise the new Clerk that this report should be presented to and adopted by the Council.

**This report has been prepared for the sole use of Tormarton Parish Council. To the fullest extent permitted by law, no responsibility or liability is accepted by Auditing Solutions Ltd to any third party who purports to use or rely, for any reason whatsoever, on this report, its contents, or conclusions.**

# Detailed Report

## Maintenance of Accounting Records & Bank Reconciliations

Our objectives in this area are to ensure that the accounting records are maintained accurately and in a timely manner with detail reconciled routinely to the bank accounts in use. The Clerk has maintained the Council's accounting records in spreadsheet format with two accounts in place with Nat West, a Current Account used for day-to-day transactions and a Deposit Account for surplus funds attracting a degree of interest: periodic inter-account transfers take place during the year to ensure a positive balance is retained in the current account.

As part of our review process, we have checked and agreed detail of all receipts and payments throughout the year as recorded in the cashbook spreadsheet to the supporting bank statements for both accounts.

We have also verified the accuracy of the year-end bank reconciliation. Whilst we are pleased to note that the above mentioned inter account transfers are correctly recorded in the cashbook current account receipts and deposit account (Columns D & N), they have also been recorded in the "Other receipts and other payments" columns (Columns H & V). As the transactions are purely movements between the two accounts, they should not be recorded in Columns H & V, as this effectively overstates the year's total receipts and payments. We have discussed this with the former Clerk also providing her with a suitably amended spreadsheet which we are pleased to note she has adopted and used as the final year-end cashbook. We also noted that the March £1,000 transfer from the deposit account had incorrectly been recorded in the Current account payment column M instead of column N: this has also been corrected accordingly.

We are also pleased to note that regular reconciliations are presented to Council during the year and signed off accordingly together with the supporting bank statements as required by the adopted Financial Regulations (FRs).

We have consequently ensured, after adjusting for the above identified issues, the accuracy of the recorded year-end balance in the AGAR at Section 2, Boxes 7 & 8.

### *Conclusions*

*We are pleased to record that no residual issues arise in this area this year, although we urge that, once in post the new clerk ensures appropriate action is applied in populating the 2026-27 cashbook taking account of the above identified matters.*

## Review of Corporate Governance

Our objective in this area is to ensure that the Council has robust corporate governance documentation and procedures in place; that Council meetings are conducted in accordance with the adopted Standing Orders (SOs) and that, as far as we may be reasonably expected to ascertain as we do not attend meetings, no actions of a potentially unlawful nature have been or are being considered for implementation.

We note that the SOs and FRs were re-adopted at the May 2025 Council meeting, with both broadly in line with the latest NALC model documents including reference to the requirements of the Public Contracts Regulations 2015 with the tender limit set at £30,000 including VAT. In examining the documents we note that the adopted FRs are in line with the NALC 2025 updated

model document and record at Para 5.6 a value of £60,000 including VAT for formal tender action. The SOs, re-adopted in May 2025 record a tender value of £3,000 at Paras 11.a.v and 12: However, we also note that Para 11.0.v also refers to Para 11.c – that Para does not exist in the SOs!

Action should be taken to ensure that both the SOs and FRs record a consistent value for formal tender action (we also suggest that for a Council the size of Tormarton, a more appropriate value would be set at between £5,000 or £10,000 excluding VAT).

We have examined the Council's website and are again pleased to note compliance with the requirements of both the Accounts and Audit Regulations 2015 and Transparency Code for Smaller Authorities with the requisite financial information posted: we are also pleased to note the Council's actions to address the requirements of the new Assertion 10 in the 2025-26 AGAR Governance Statement..

We note that the requisite Notice of Public Rights to inspect the Council's records was published on the website, although availability was again set at 31 days rather than the statutorily required 30 working days.

### ***Conclusions and recommendations***

***Positive action is required to ensure a consistent value for formal tender action is recorded in the SOs and FRs also that any erroneous cross-references in the former are corrected: we also urge that the Council's SOs are brought into line with the extant NALC model SOs. Care should be taken to ensure that the Notice of Public Rights affords access for the legally required 30 working days, no less nor more. We will continue to monitor the Council's approach to governance at future years' reviews.***

*R1. The Council should review and adopt the latest NALC model Standing Orders suitably tailored to meet local circumstance, also ensuring that a consistent value for formal tender action is set in the document and in the Financial Regulations.*

*R2. When publishing the Notice of Public Rights, care should be taken to ensure that the legally required period of precisely 30 working days.*

## **Review of Expenditure**

Our aim here is to ensure that: -

- Council resources are released in accordance with the Council's approved procedures and budgets;
- All payments are subject to appropriate approval in accordance with the Council's approved procedures;
- Payments are supported by appropriate documentation, either in the form of an original trade invoice or other appropriate form of document confirming the payment as due and/or an acknowledgement of receipt, where no other form of invoice is available;
- All discounts due on goods and services supplied are identified and appropriate action taken to secure the discount; and
- VAT has been appropriately identified for periodic recovery.

We have again reviewed the Council's approach to the approval and authorisation of payments to traders in discussion with the Clerk and are pleased to acknowledge the positive action taken to ensure compliance with our prior year recommendation with invoices now summarised each month with a signed and dated summary schedule with the individual invoices also subjected to sign-off and dating as required by the Council's adopted procedures.

In checking the entry of payment detail in the spreadsheet cashbook we noted two instances where the actual amounts paid were understated by £0.60 and £0.20 respectively. Whilst the amounts involved are insignificant, the errors should have been identified by the checking councillors and corrected before the payments were released. We also identified two invoices where VAT was recorded but had not been identified in the spreadsheet cashbook. We have pointed these errors out to the Clerk who has made supplementary payments correcting the two underpayments in March 2026 and adjusting the cashbook analysis accordingly to identify the VAT for recovery in the year-end reclaim.

We are pleased to note that following our 2024-25 report recommendation an appropriate VAT reclaim was prepared, submitted to and repaid by HMRC in the current financial year.

### ***Conclusions and recommendations***

***Whilst no significant concerns have been identified in this area, we urge that members scrutiny of payments due to be made is improved to ensure that similar, albeit insignificant under (or over) payments do not occur.***

*R3. Care should be taken by members, when checking invoices due for release of payments, to ensure the accuracy of the payments being drawn.*

## **Assessment and Management of Risk**

Local councils are required to put in place appropriate arrangements to assess and manage all potential risks, financial and others, to which they may be exposed, also ensuring that appropriate insurance cover is in place ("The Practitioner's Guide" refers). We have recorded previously the continued existence of an appropriate Risk Management Strategy and Register both of which have been reviewed and re-adopted in May 2025.

We have examined the 2025-26 insurance schedule with Zurich Municipal and consider that cover remains appropriate for the Council's present needs with Employer's and Public Liability cover in place at £10 million and £12 million respectively, together with Fidelity Guarantee cover at £250,000. Appropriate insurance is also in place for the various premises, street furniture and equipment, etc owned by the Council.

### ***Conclusions***

***We are pleased to record that no issues arise in this area this year warranting formal comment or recommendation.***

## **Budgetary Control and Reserves**

Our objective here is to ensure that the Council has a robust procedure in place for identifying and approving its future budgetary requirements and the level of precept to be drawn down from South Gloucester District Council: also, that an effective reporting and monitoring process is in place. We also aim to ensure that the Council retains sufficient funds in general and earmarked reserves

to finance its ongoing spending plans, whilst retaining appropriate general reserves to cover any unplanned expenditure that might arise.

We note that, following due deliberation, the Council finalised its budget and precept deliberations for 2026-27 formally adopting the latter at the December 2025 meeting at £12,070.

We also note that members continue to be provided with detail of monthly bank balances and payments for approval during the financial year, together with quarterly reports on performance against the approved budget.

### ***Conclusions***

***We are pleased to record that no issues arise in this area warranting formal comment or recommendation.***

## **Review of Income**

The Council receives income from limited sources in addition to the precept, primarily by way of grants, monthly bank interest and recoverable VAT. In examining the cashbook, we note that the first half-year's precept is recorded in the cashbook as £5,439.85, whereas we believe the true precept value for the year is £10,794 (i.e. £5,397 for each half year): consequently, the first half yearly receipt from South Glos DC included a miscellaneous amount of £42.85, which should be recorded as such and be recorded in the AGAR Section 2 at Box 3 (Other income), not Box 2 (Precept).

### ***Conclusions***

***No issues arise in this area this year warranting formal comment or recommendation.***

## **Petty Cash Account**

***The Council does not operate a petty cash account, with any expenses incurred by the Clerk or Councillors reclaimed and paid through the usual trader payment process.***

## **Review of Staff Salaries**

In examining the Council's payroll function, we aim to confirm that extant legislation is being appropriately observed as regards adherence to the Employee Rights Act 1998 and the requirements of HMRC legislation as regards the deduction and payment over of income tax and NI deductions and employer contributions.

To ensure compliance with the above objectives, we have: -

- Noted that the Council has prepared a formal contract for the Clerk with an approved hourly pay rate in place for 15 hours per month, with automatic approval for additional hours up to 18 per month: beyond that, the contract requires that the Council needs to formally approve the payment of additional hours;
- Checked the monthly salary payments processed in 2025-26 to the Clerk noting that for the first three months two different hourly rates were applied with the subsequent months salaries paid in accordance with the NJC Scale point recorded in her employment contract: we also note that the hourly rate applied, was that pertaining to the rate applying in 2024-25

- no account has been taken of the national 2025-26 pay award which resulted in a £0.71 increase in the hourly rate payable from 1<sup>st</sup> April 2025; and
- Verified the appropriate calculation of the Clerk's tax liability based on her tax code for the year gross also noting that the monthly earnings were below the threshold for NI contributions to apply.

### ***Conclusions and recommendation***

***Whilst the amounts involved are relatively low, the above identified salary underpayments to the clerk for the last 9 months of the year should be calculated and paid accordingly, obviously also subject to the necessary tax deduction adjustment. We note that the Clerk has tendered her resignation and urge that appropriate adjustment of the above is made with her final salary payment.***

*R3. The Council should ensure that an appropriate adjustment is made to the Clerk's final salary payment addressing the year's underpayment accordingly.*

## **Asset Registers / Inventories**

The Practitioner's Guide requires all councils to maintain a record of its stock of owned assets. We are pleased to note that a formal register is in existence and have reviewed the content accordingly. In doing so, we noted that the register includes detail of property, land, street furniture and office equipment, also noting that the register identifies detail of the nominal cost price and insurance values.

We also note that, due to there having been no new additions or disposals during the financial year, the asset value to be reported in the year's AGAR remains unchanged to that reported in 2024-25.

### ***Conclusions***

***We are pleased to report that no matters have been identified in this area warranting further comment or recommendation this year.***

## **Investments and Loans**

***The Council has no long-term investments, nor does it have any loans in place repayable either by or to it.***

## **Statement of Accounts and AGAR**

Section 2 of the AGAR now forms the Council's formal Statement of Accounts which, as the annual total receipts and payments are both below the £25,000 threshold, the Council may again certify itself exempt from an external audit for the year submitting a copy of the adopted Exemption Certificate to the external auditors.

We have examined and agreed the detail to be recorded in Section 2 for 2025-26.

### ***Conclusions***

*Based on the satisfactory conclusions drawn from our work programme for the year, we have duly signed off the IA Certificate in the Part 2 AGAR assigning positive assurances in each relevant area.*

Rec. No.	Recommendation	Response
<b>Review of Corporate Governance</b>		
R1	The Council should review and adopt the latest NALC model Standing Orders suitably tailored to meet local circumstance, also ensuring that a consistent value for formal tender action is set in the document and in the Financial Regulations.	
R2	When publishing the Notice of Public Rights, care should be taken to ensure that the legally required period of precisely 30 working days.	
<b>Review of Staff Salaries</b>		
R3	The Council should ensure that an appropriate adjustment is made to the Clerk's final salary payment addressing the year's underpayment accordingly.	