Emma James
Town Clerk
Okehampton Town Council
Town Hall
Fore Street
Okehampton
Devon
EX20 1AA

Date: 8 October 2026

Dear Emma,

Interim Internal Audit Report

An audit was carried out by Kevin Rose on Tuesday 6 October 2026. This was the interim internal audit, part of the annual internal audit coverage of the Council. Prior to the audit a 'Pre-Audit' was carried out remotely which tested items which are required to be published on the Council's website.

The audit was undertaken using the standard IAC Audit Checklist, that we use for all Local Councils, which has 216 items. A total of 116 items were tested during this audit, including items that were examined and tested as part of the pre-audit process.

Areas subject to audit were;

-the accounting system and records (Box A)
-the payment system (Box B)
-risk and insurance (Box C)
-budget and precept setting and monitoring (Box D)
-income billing, collection and VAT (Box E)
-cash payments (Box F)
-bank reconciliations (Box I)
-accounting Statements (Box J)
-publication of transparency information (Box L)
-the exercise of public rights (Box M)
-the publication of the Annual Governance and Accountability Return (Box N)
-compliance with digital and data legislation (Box O)
-trust funds (Box P)

Of the 110 applicable items tested a Positive response was obtained in respect of 105 tests. There were five Negative responses and there were ten Observations made. details of which are set out in the attached 'Internal Audit Observations'.

Summary of tests undertaken during this audit

Positive response	105
Negative response	5
Not Applicable to your Council	6
Total tests carried out	**116**
Non-Compliances	-

I am pleased to advise that no 'Non-Compliances' were identified at this stage that would give rise to a negative response on the statutory Annual Internal Audit Report.

One matter that I would particularly like to draw to the Council's attention is the review of Risk. It is a requirement of the Annual Governance Statement and Annual Internal Audit report to confirm that a review of Risk has been carried out during the financial year. As at the date of this interim audit this has not yet been done. The Council must ensure that such a review is conducted and formally recorded in the Minutes prior to the end of the financial year.

I would like to express my thanks for the assistance provided to me during my audit.

Yours sincerely,



Kevin Rose ACMA
Director

Okehampton Town Council
Financial Year 2026-27

Date considered by Council _____

Minute Reference _____

IAC Audit and Consultancy Ltd

Audit date: 6 October 2026

Visit 1 Internal Audit Observations

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

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	Have valid VAT invoices been obtained to support reclaim of VAT?	Yes	*It was noted that one invoice was addressed to 'Park Keepers Office' and not to the Town Council.*	Council to review the transaction identified and ensure that a valid VAT invoice is obtained to support the reclaim.	Medium	

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

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	The Council, as a body, has undertaken a formal review of risk. (this cannot be delegated to sub-committee) - Interim Audit	No	*As at the date of the Interim Audit the Council had not formally Minuted a review of Risk.*	The review of Risk is a key requirement of both the Annual Governance Statement and the Annual Internal Audit Report. The Council MUST ensure that it Minutes a formal review of Risk prior to the end of the financial year.	Advisory	
2	Minutes reviewed and no 'unusual activity' identified. (interim - give date of last Minutes reviewed)	Yes	*Minutes of 2026 Annual Council Meeting were not published on Council website (these were provided to the auditor during the audit visit).*	The Council to ensure that all Minutes are promptly published on the Councils website.	Medium	

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

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	When preparing the budget, and subsequent precept demand, did the Council specifically consider the level of its General Reserve and whether the level of the General Reserve was adequate and not excessive?	No	*It is understood that the level of the General Reserve is discussed as part of the budget process, but this is not formally recorded in Minutes.*	When setting the budget the Council should specifically consider the level of its General Reserve. This should be recorded in the Minutes of the relevant meeting.	Medium	
2	Any significant variations from budget have been subject to review by Council?	Yes	*It was noted that the Council has agreed [Minute Ref. 98.6] to 'vire' funds, however on review it was established that these were not 'virements', they were 'rollovers' of unspent budget amounts from the prior year. [A virement is an increase in a budget heading amount funded by a corresponding reduction in another budget heading i.e. there is no increase in the overall budget].* *It is accepted that the Council understood the nature of these budget adjustments, but that the terminology used was not correct.*	The Council to note that the items approved under Minute Ref. 98.6 were a rollover of underspends from the prior year, and therefore represent an increase in budgeted expenditure for the current year.	Low	
3	Does the budget recorded in the Councils accounting system agree to the budget set by Council?	Yes	*It was noted that a manual working paper reconciling the approved budget with the budget recorded on the Rialtas system was available at the date of the internal audit but a formal reconciliation is not prepared.*	Each year a formal reconciliation schedule should be prepared which agrees the budget approved by Council with the budget recorded in the Rialtas system. This schedule should be subject to formal review by the Town Clerk and should be retained for audit purposes.	High	

4	Does the Council have a Medium Term Financial Plan in place? (see Practitioners Guide 5.27)	No	*The Council does not have a Medium Term Financial Plan in place.* *(Although this is not a statutory requirement it is set out as best practice in The Practitioners Guide.)*	As a 'larger authority' the Council should consider whether it should put in place a Medium Term Financial Plan. This should include consideration of projected reserve levels, particularly of the General Reserve	Medium	

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

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	VAT has been promptly reclaimed	Yes	*It was noted that the Council has 2 HMRC penalty points now for late submittals, one due to a technical issue with the June quarter return and one due to a misunderstanding over year end accounts close down arrangements.* *It is not clear the Rialtas system produces a transaction confirmation when a VAT return has been successfully filed, or a report when it has failed.*	The Council to note that it has accumulated 2 penalty points for late submittal of VAT returns (there is a maximum level of 4 points above which a £200 fee is payable). The Council to clarify with the software supplier how it can receive confirmation of the successful submission of a VAT return.	Medium	

M ***The authority, during the previous year (2025/26) correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations (evidenced by the notice published on the website and/or authority approved minutes confirming the dates set).***

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	The period for the Exercise of Public Rights commenced the day after the Council published the Accounting Statements, the Annual Governance Statement and the Notice as set out in Regulation 15 (3) of the Accounts and Audit Regulations 2015.	No	*It was noted that the announcement of the Notice for the Exercise was on posted on Tuesday 23rd June, with commencement date of Thursday 25th June. Strictly by law the announcement date should be the working day prior to the commencement date. (this is sometimes an issue picked up by the External Auditor).* *It was noted that the dates set for the exercise of public rights were however correct.*	Council to not the slight discrepancy on the announcement date for the Exercise of Public Rights.	Low	

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

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	Has Council formally documented a backup strategy?	No	*The Council has not Council formally documented a backup strategy. It is understood that this is managed through the Council's IT providers.* *(This is an additional item now being checked under Internal Control Objective O)*	The Council should review and confirm that IT back up arrangements are in place, are properly documented, and are robust.	Medium	

Interim Audit testing Okehampton Town Council

(shaded Internal Control Objectives are not applicable to your Council)

Audit 1 Date **6 October 2026**

Internal Control Objective		Tested	Positive	Negative	N/A	Observations	Non Compliance
Box A	*Appropriate accounting records have been properly kept throughout the financial year.*	5	5	-	-	-	
Box B	*This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.*	34	33	-	1	1	
Box C	*This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.*	3	2	1	-	2	
Box D	*The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.*	19	14	2	3	4	
Box E	*Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.*	13	12	-	1	1	
Box F	*Cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.*	9	9	-	-	-	
Box 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.*	-	-	-	-	-	
Box H	*Asset and investments registers were complete and accurate and properly maintained.*	-	-	-	-	-	
Box I	*Periodic bank account reconciliations were properly carried out during the year.*	7	7	-	-	-	
Box 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.*	2	2	-	-	-	
Box K	*If the authority certified itself as exempt from a limited assurance review in 2025/26, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2025/26 AGAR tick "not covered"*	-	-	-	-	-	
Box 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.*	1	1	-	-	-	
Box M	*The authority, during the previous year (2025/26) correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations (evidenced by the notice published on the website and/or authority approved minutes confirming the dates set).*	5	4	1	-	1	
Box N	*The authority has complied with the publication requirements for 2025/26 AGAR (see AGAR Page 1 Guidance Notes).*	7	7	-	-	-	
Box O	*The authority complied with laws, regulations & proper practices relating to digital and data compliance.*	5	4	1	-	1	
Box P	*(For local councils only)* *Trust funds (including charitable) – The council met its responsibilities as a trustee*	6	5	-	1	-	
	Totals	**116**	**105**	**5**	**6**	**10**	**-**