

Stephen Hill
Town Clerk
Honiton Town Council
Council Offices
The Beehive
Dowell Street
Honiton
EX14 1LZ

26th May 2026

Dear Stephen

Year End Internal Audit Report

An audit was carried out by Kevin Rose on Friday 22 May 2026. This was the Year End audit following on from the interim audit carried out on 3 December 2025.

The audit was undertaken using the standard IAC Audit Checklist, which we use for all Local Councils, which has 210 items. A total of 147 items were tested during this audit in addition to the 63 items tested and checked during the interim audit process. All items on the checklists were tested during the year.

The following 'Internal Control Objectives' of the Annual Internal Audit Report (part of the AGAR) were checked and confirmed as being Not Applicable to your Council for this financial year.

- Petty cash (Box F)
- Exemption from External Audit (Box K)
- Trust Funds (Box P)

(Please refer to the explanation of my 'Not Covered' responses on Page 3)

Areas subject to audit were;

- 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)
- Petty cash (Box F)
- Payroll(Box G)
- Assets and investments (Box H)
- Bank reconciliations (Box I)
- Accounting Statements (Box J)
- Exemption from External Audit (Box K)
- the Transparency Code (for Smaller Authorities) (Box L)
- the Publication of the Annual Governance and Accountability Return (Box N)
- compliance with digital and data legislation (Box O)
- Trust Funds (Box P)

Summary of tests undertaken during this audit

Positive response	80
Negative response	1
Not Applicable to your Council	66
Total tests carried out	<u>147</u>

Of the 81 applicable items tested a Positive response was obtained in respect of 80 tests. There was 1 Negative response identified and 2 Observations were made, details of which are set out in the attached Year End Internal Audit Observations.

Summary of tests undertaken for the financial year (including interim audit work)

Positive response	136
Negative response	7
Not Applicable to your Council	67
Total tests carried out	<u>210</u>
Tests not carried out	Nil

Although there were no Non-Compliances in the year end Internal Audit Report, there was a significant failure by the Council to properly approve the payment of the grants. The grants were considered by Council in August, but the subsequent payment of those grants were not properly reported to Council. The Council must ensure that, in future, ALL payments made by the Council are subject to the same formal approval process.

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

Yours sincerely,



Kevin Rose ACMA
Director

Internal Audit 'Not Covered' Responses

Internal Control Objective	Reason for Not Covered Response
F: Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	The reason for the Not Covered response for Objective F is that we understand that your Council does not maintain a Petty Cash. (Note: Where cash is held as a cash float, solely for the purpose of providing change, this is covered in our response to Internal Control Objective I)
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”	The reason for the “Not Covered” response for Objective K is that it is not applicable to your Council as the Council did not certify itself exempt from a limited assurance review for the relevant financial year.
P: (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee	The reason for the Not Covered response for Objective P as it is our understanding that the Council does not act as Trustee.