



Stowmarket Town Council

Internal Audit 2025-26 (2nd Interim Report)

25th February 2026

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for Auditing Solutions Ltd

Background and Scope

Town and parish councils are required by statute to make arrangements for an independent internal audit examination of their accounting records and system of internal control, and for the conclusions to be reported each year in the Annual Governance and Accountability Return (the AGAR). Auditing Solutions Ltd has been appointed to undertake this function on behalf of Stowmarket Town Council for the 2025-26 financial year.

This report sets out the results of our second interim audit visit for the year, which was undertaken on 17th and 18th February 2026. It updates the report issued in November 2025, following our first interim audit. We wish to thank the Head of Corporate Services and her colleagues for their assistance in enabling us to complete our audit work.

Internal Audit Approach

In carrying out our audit work, we have had regard to the materiality of transactions and their susceptibility to potential mis-recording or misrepresentation in the year-end Statement of Accounts, employing a mix of 100% substantive testing and selected sampling techniques, where considered applicable.

Our audit programme is designed to afford appropriate assurance that the Council's financial systems remain robust and operate in a manner which ensures effective probity of transactions and affords 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 'Annual Internal Audit Report' in the AGAR, which requires independent assurance over a number of internal control objectives

Overall Conclusion

On the basis of the programme of audit work that we have undertaken for the year to date, we have concluded that the Council continues to maintain an adequate and effective system of internal control. The records held in support of the accounting transactions are of a high standard and provide an effective audit trail, with clear cross-referencing of all relevant documentation.

In the sections below, we explain the objectives of each area of our audit, summarising the work undertaken and our findings. We are pleased to confirm that there were no matters arising that required a formal recommendation. We ask that Members consider the content of this report.

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Detailed Report

Accounting Records & Banking Arrangements

Our objective is to confirm that the accounting records are accurate and up to date, with no anomalous entries in the cashbooks or financial ledgers, and that appropriate banking arrangements are in place.

The Council continues to maintain its accounting records using the RBS Rialtas ‘Omega’ software, which is generally acknowledged as a market leader for town and parish councils.

A NatWest Bank current account is used for the majority of the Council’s day-to-day banking activities, including on-line payments, with a TSB current account used for cash handling. Funds not required for immediate use are held in a range of instant access and short-term savings accounts. In addition to the savings accounts that have been in place throughout the year with NatWest Bank and the Nationwide Building Society, the Council has recently opened an account with the CCLA Public Sector Deposit Fund. This Fund is widely used within the local government sector and combines an instant access facility with a competitive rate of interest.

During the course of our interim audits, we have confirmed the following:

- The opening trial balance on Omega for 2025-26 agreed to the closing balances in the 2024-25 AGAR;
- The financial ledger remained “in balance” as at the end of January 2026, (the latest completed month’s accounts on Omega as at the time of our second interim audit);
- The accounting code structure continues to provide sufficient detail to enable effective budget monitoring to be undertaken;
- From a sample review of three months’ financial activity (April and August 2025, plus January 2026), the detailed transactions recorded in the Omega cash books, reconciled fully to the supporting bank statements for all of the Council’s accounts;
- From review of the latest monthly bank reconciliations, as at 31st January 2026, there were no long-standing un-cleared items or anomalous entries.
- Appropriate arrangements remain in place for raising, processing and reviewing journal entries made in the Omega accounts;
- The External Auditors completed their work on the Council’s 2024-25 AGAR and issued their certificate on 9th September 2025, with no matters arising, and
- Remote back-ups of the IT systems continue to be made by the Council’s IT providers on, at least, a daily basis.

Conclusion

There are no matters arising that require a formal comment or recommendation.

Corporate Governance

Our objective is to confirm that the Council has robust corporate governance arrangements in place and that, as far as we may reasonably be expected to ascertain (as we do not attend Council or Committee meetings), all meetings are conducted in accordance with the adopted Standing Orders and Financial Regulations, and no actions of a potentially unlawful nature have been, or are being, considered for implementation.

During the course of our interim audits, we confirmed the following:

- Our review of the minutes of the meetings of the Council and its standing committees held during the year to date has not identified any matters that we consider might have an adverse effect, through litigation or other causes, on the Council's future financial stability;
- The Standing Orders and Financial Regulations continue to be kept under regular review. The latest updates to both documents were approved by the Council at its meeting on 23rd July 2025, following consideration by the Audit & Governance (A&G) Committee on 18th June 2025;
- The Council adopted the General Power of Competence at the Annual Council Meeting on 17th May 2023 and this remains in place until the 2027 elections;
- During the summer of 2025, the Council provided the proper opportunity for the exercise of public rights in relation to the 2024-25 accounts, in accordance with the requirements of the Accounts & Audit Regulations;
- The A&G Committee continues to monitor the Council's governance arrangements at each meeting, and
- The Council is aware of its responsibilities in relation to digital and data compliance and is taking appropriate action to ensure that it can provide a positive response to the new 'Assertion 10' included in the Annual Governance Statement of the 2025-26 AGAR. The action taken has included:
 - Reviewing the Digital Strategy and the Data Protection Strategy. These were considered by the Improvement & Innovation Committee on 19th November 2025 and adopted by the Council on 10th December 2025.
 - Undertaking an internal 'data and digital compliance' audit, which is on-going.

We understand that the Annual Review of Internal Control Measures to be reported to the Council on 4th March 2026 will include a section on Assertion 10.

Conclusion

There are no matters arising to date that require a formal comment or recommendation.

Expenditure and VAT

Our objective in this area is to ensure that:

- Council resources are released in accordance with its approved procedures and budgets;

- 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;
- Any discounts due on goods and services supplied are identified and appropriate action taken to secure the discount;
- An official ordering process is in place and operated for appropriate purchases, acknowledging that a range of goods and services are provided under contractual requirements (e.g., grass cutting) or legislation (e.g., non-domestic rates);
- The correct expense codes have been applied to invoices when processed, and
- VAT has been appropriately identified and coded to the VAT control account for periodic recovery.

To test compliance with the above, we have examined a sample of payments recorded in the Omega cashbooks. Our sample included all individual payments over £5,000, plus every 50th expenditure transaction in the cash books, irrespective of value. The total value of transactions examined to the end of Month 10 is £523,671. We are pleased to report that there were no matters arising.

The Council makes use of NatWest corporate credit cards, issued to named members of staff, which are settled in full every month by direct debit. Currently, there are twelve designated users, all of whom have an individual card and an assigned credit limit. During our interim audits, we reviewed the controls in place regarding the use of the credit cards in the months of August 2025 and December 2025. We confirmed that all of the payments made appeared to be appropriate to the Council's functions and were adequately supported by receipts.

As part of our testing of expenditure, we also check, on a sample basis, to confirm that appropriate national regulatory requirements and the Council's own Financial Regulations and Standing Orders are followed when entering into contracts that require to be formally tendered. At our first interim visit, we reviewed documentation relating to the contract for the design, supply and installation of a new play area at Stowmarket Recreation Ground, undertaken as part of the Stowmarket Recreation Ground Redevelopment Project.

We confirmed that a sound approach was taken to the management of the tender process. In accordance with the national requirements, the tender opportunity was published on the Government's 'Find a Tender' website. Four valid tenders were received by the closing date and these were subsequently assessed by a panel of members, using an evaluation matrix approach and a preferred supplier was chosen. At the time of our first interim, some planning and funding issues needed to be resolved before the project could commence. We note that these matters were subsequently resolved and the work is underway.

During our second interim audit, we reviewed documentation relating to the tender for the refurbishment of the Recreation Ground toilet block. Once again, we were able to confirm that the tender process was in line with both the national regulatory requirements and the Council's own Financial Regulations and Standing Orders.

VAT Returns continue to be submitted quarterly in electronic format, as required by extant legislation, with the detail being reconciled to the Omega financial ledger. At our second

interim audit visit, we confirmed that the VAT Returns for the first three quarters of the financial year had all been submitted by the due dates.

Conclusion

There are no matters arising to date that require a formal comment or recommendation.

Assessment and Management of Risk

Our objective is to confirm that the Council has put in place appropriate arrangements to identify all potentially significant areas of risk of both a financial and health & safety nature, and to monitor and manage those risks, to minimise the opportunity for them to occur.

There is a requirement for the Council to formally review and approve its risk management arrangements during each financial year. We confirmed that this requirement has been met for 2025-26, with a revised version of the detailed Risk Register considered by the A&G Committee at its meeting on 22nd October 2025 and subsequently approved by the Council on 5th November 2025. At our second interim audit, we were informed that, following a health & safety audit, action is currently being taken by Officers to further develop the risk management arrangements and controls across the organisation.

The Council's main insurance cover is provided by Hiscox. The current policy is for the period 1st February 2026 to 31st January 2027. The levels of Public Liability and Employer's Liability are both set at £10m, with Fidelity Guarantee of £1m. This level of cover is in line with other similar sized local authorities and would appear to be adequate to meet the current needs of the Council. A separate motor insurance policy is in place for the Council's vehicles.

Annual play area inspections are undertaken by Playsafety Ltd. The latest inspections were completed in October 2025. Copies of the reports, together with a summary of the matters arising and the remedial action being taken were reported to the Operations & Services Committee on 18th February 2026.

As in previous years, a wide range of health & safety, outdoor working, specific event and other related risk assessments are in place, details of which are formally reviewed and updated on a regular basis. From our discussions with the Head of Corporate Services, we note that, following a health & safety audit during the year, officers are further developing the risk management controls across the whole organisation.

Conclusion

There are no matters arising to date that require a formal comment or recommendation.

Budget Setting, Budgetary Control and Reserves

Our objective is to confirm that the Council has robust processes for identifying and approving future budgetary requirements and the level of Precept to be drawn down from Mid Suffolk District Council, and that effective budget monitoring and reporting arrangements are in place. We also consider whether the Council retains appropriate funds in

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

From our review of the minutes and discussions with officers, we confirmed that, in line with the sound approach adopted in previous years, budget monitoring reports continue to be considered by the Council on a quarterly basis and include a commentary on variances. We note that the income and expenditure report for the third quarter of 2025-26 was taken to the Council meeting on 4th February 2026.

The 2026-27 Budget and the Precept requirement were formally determined by the Council at its meeting on 4th February 2026. The Budget Book, produced by the Town Clerk in consultation with the Financial Strategy Group, sets out the revenue requirements and capital programme for the year ahead, and the reserve levels required to deliver the Medium-Term Financial Plan. As in previous years, it also includes details of the key risk factors and cost pressures impacting on the Council, providing Members with very clear information to inform the decision-making process. The Precept for 2026-27 was set at £1,651,996.46, which equates to an increase of 8.0%, or £0.323 per week for a Band D property.

We will review the revenue outturn for 2025-26 and the year-end reserves position at our final audit visit.

Conclusion

There are no matters arising to date that require a formal comment or recommendation.

Review of Income

Our objective is to confirm that the Council has effective procedures in place to ensure that all income due is identified; that fees charged are in accordance with approved Council rates; that income is recovered appropriately and within a reasonable time span, and that the Council is adhering to relevant legislation and charging VAT where appropriate for services provided.

During our interim audits, we confirmed the following:

- *Fees and charges:* The fees for the current year were agreed as part of the 2025-26 budget setting process, in February 2025, and detailed in Appendix C of the Budget Book. We confirmed that a similar approach has now been followed for 2026-27;
- *Cemetery and related income:* We checked documentation in respect of interments in the cemetery, together with purchases of grave plots and memorials, for the three months period 1st May to 31st July 2025, through to the receipt and banking of monies due. There were no matters arising;
- *Market traders:* We reviewed the market records for June 2025, confirming that all traders (permanent and casual) had been invoiced for the correct amounts and that payments had been received on a timely basis. There were no matters arising.
- *Allotments:* Allotment tenancies are held on a three-yearly basis, with payment made in the first year. The next full tenancy renewal is due in October 2026. At this year's audit, we checked the new tenancies entered into since the start of the current financial year (i.e. where plots had become vacant) and confirmed that in all cases the

correct tenancy fee had been paid and that a signed tenancy agreement is held by the Council. There were no matters arising.

- Regal Theatre: From a sample review, we confirmed that payments made by cash or card (from the purchase of tickets, gift vouchers, “Royalty” cards and café sales) and recorded on the Theatre’s box office system are being independently reconciled to the relevant bank statements by the Corporate Services Team on a regular basis. During our second interim audit, we also visited the Theatre and discussed the various contract arrangements in place for the film distributors and performers. There were no matters arising;
- Community Centre: We reviewed the booking diary for a sample week (w/c 3rd November 2025), confirming that users were being invoiced at an appropriate rate and that there were no outstanding hire fees.

We also checked, on a sample basis, that copies of signed agreements and other relevant documentation are held for current Community Centre users. We confirmed that, in line with a previous internal audit recommendation, relevant documentation provided by hirers is now held as scanned documents. However, we did identify that, for several long-term hirers, whilst confirmation of valid public liability insurance had been obtained when the most recent agreement was entered into, updated confirmation of insurance had not been sought when the policy subsequently expired. We have confirmed that improved controls in this area will be introduced as part of the overall development of risk management controls across the organisation, which is currently underway.

- Receipt of income: As noted earlier in this report, we have checked and agreed a sample of three months’ cashbook receipt transactions to all relevant bank statements.
- Outstanding debts: We reviewed the outstanding debtors’ position as at the end of January 2026 and were pleased to confirm that, as a result of the continuing action by the Corporate Support Team, the number and value of unpaid debts of 60 days or more has remained very low

Conclusion

There are no matters arising to date that require a formal comment or recommendation.

Review of Salaries and Wages

In examining the Council’s payroll function, our objective is to confirm that extant employment legislation is being adhered to, that the requirements of HM Revenue and Customs (HMRC) are satisfied regarding the deduction and payment over of income tax and NI contributions, and that the requirements of the local government pension scheme are met.

The Council continues to manage the payroll service “in-house”, using bespoke Sage software. Payments to staff are made electronically via the NatWest Bank BACS facility.

To meet our objective, we undertook the following audit work:

- We confirmed, by a sample review, that appropriate signed contracts of employment are held for new members of staff recruited during 2025-26;

- For one sample month (September 2025), we confirmed that:
 - The gross amounts paid to all staff agreed to the Council's approved pay points on the NJC annual schedule of rates payable;
 - Tax and NI deductions had been made by applying the appropriate tax code and NI Table, and appropriate amounts were paid over to HMRC;
 - Appropriate employee and employer contributions to the pension scheme had been determined and paid over to the County's Pension Fund Administrators, and
 - The net payments due to staff as per their copy payslips agreed to the bank transfers for the month.
- We confirmed that arrears relating to the national Local Government Services pay agreement for 2025-26 (applicable from 1st April 2025, but not finalised until August 2025), were paid correctly with the August salaries.

Conclusion

There are no matters arising to date that require a formal comment or recommendation.

Petty Cash Account

As part of the internal audit review, and the reporting requirements in the AGAR, we are required to assess the effectiveness of controls over any petty cash accounts in use, ensuring that payments are appropriately supported, that transactions are only made for items connected with the Council's functions and that any recoverable VAT is correctly identified.

The only cash floats now held are for the Regal Theatre tills. We confirmed that the controls over these remain adequate, with regular independent review by the General Manager of the Regal and, on an ad hoc basis, by the Corporate Services Team, who also verify the end of year balances.

Conclusion

There are no matters arising to date that require a formal comment or recommendation. At our final audit visit, we will confirm that the cash balances are reported correctly in the 2025-26 AGAR.

Asset Register

Councils are required to maintain an Asset & Investment Register and to report the overall value of fixed assets and long-term investments held in the AGAR (Section 2, Line 9). Whilst the "Practitioners' Guide" does not specify a particular basis of accounting for fixed assets, it stresses that the approach taken from year to year should be consistent and that the value of individual assets held should not normally change from one year to another - with the only changes being the inclusion of new assets purchased or removal of assets disposed of.

In most cases, assets are recorded at their purchase cost, or at a suitable proxy where that value is not known. However, assets gifted at nil cost or other assets held with no intrinsic

value (often referred to as community assets) are normally included at a nominal £1.

In the recent past, the Council has been using the ‘Asset4000’ asset register to record details of all assets held. However, this is being replaced in the current year by the Rialtas asset inventory software. An exercise is currently being undertaken to populate this inventory and to update the record for asset movements in the year, to ensure the details required for the AGAR are available. We will review the asset register and the entries in the AGAR at our final audit for the year.

Conclusion

There are no matters arising to date that require a formal comment or recommendation. At our final audit, we will review completeness and accuracy of the asset register and confirm that the total asset value is reported correctly in the 2025-26 AGAR.

Investments and Loans

Our objective is to confirm that an appropriate investment strategy is in place, that any funds not required for immediate use, whether temporarily or on a longer-term basis are invested in line with that strategy and that interest earned is brought to account correctly and appropriately in the accounting records. We also confirm that any loan repayments due to or payable by the Council are transacted in accordance with the relevant loan agreements.

We confirmed that:

- The Council does not hold any long-term investments (i.e., investments of over 1 year). As noted earlier in the report, funds not required for immediate use are held in a range of NatWest Bank and Nationwide Building Society savings accounts, and in the CCLA Public Sector Deposit Fund.
- In line with the requirements of the ‘Statutory Guidance on Local Government Investments’, the Council has an Investment Strategy in place, which is reviewed annually. The latest review was undertaken by the A&G Committee at its meeting on 18th June 2025 and subsequently approved by the Full Council on 23rd July 2025.
- In 2020, the Council borrowed £1m from Mid Suffolk District Council, over a 30-year period, towards the costs of the Regal Theatre Redevelopment Project. This loan was drawn down in four tranches, between September and December 2020. We have confirmed that the two half-yearly repayments of principal and interest due in 2025-26 have been made in accordance with the loan agreement.

Conclusion

There are no matters arising to date that require a formal comment or recommendation. At our final audit, we will confirm that the loan repayments and the overall balance outstanding at the year-end are reported correctly in the 2025-26 AGAR.