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Mrs E Till
Central Swindon North Parish Council
Moredon Sporting Hub
Cheney Manor Industrial Estate
Swindon
SN2 2QJ

12 June 2026

Dear Emma

Re: Central Swindon North Parish Council
Internal Audit Report for Financial Year Ended 31 March 2026

Executive summary
Following completion of our internal audit on 12 June 2026, we are pleased to enclose our report for your review and presentation to the council. The audit was conducted in accordance with current professional standards and guidelines, employing a risk-based approach to our testing. While not all transaction were examined, our sample testing, where appropriate, covered the financial year to date.

The structure of this report aligns with the assertions set out in the Annual Internal Auditor Report section of the published Annual Governance and Accountability Return (AGAR). Each section begins with a summary of the assertion being assessed, followed by details of the testing undertaken, which was guided by the audit plan previously shared with the council. A copy of the audit plan is available upon request. The report concludes with our opinion on whether each assertion has been met as of the date of the audit. **Any recommendations for action are highlighted in bold and summarised in the table at the end of the report.**

Our testing did not identify any procedural errors requiring reporting to the external auditor at this time, nor did we observe any material weaknesses in internal controls that would pose a risk to public funds. However, it was noted that in many instances the council's actual procedures and processes do not accurately reflect the adopted policies.

Many of my recommendation in the report below relate to reviewing and updating the Financial Regulations. The council should use the current NALC model as a basis, ensuring that the statutory requirements (shown in bold type on the model) are followed, and then tailor the other sections to suit the size and structure of the council.

While this report may include other recommendations for improvement, these should not be viewed as indicators of significant deficiencies. Rather, they are intended to support the continued development of what is, in our view, a well-managed and robust governance framework.

I have completed the Annual Internal Audit Report page of the AGAR and provided this to the council for onward submission to the External Auditor.

Regulation

The Accounts and Audit Regulations 2015 require smaller authorities, each financial year, to conduct a review of the effectiveness of the system of internal control and prepare an annual governance statement in accordance with proper practices in relation to accounts. In addition to this, a smaller authority is required by Regulation 5(1) of 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."

Internal auditing is an independent, objective assurance activity designed to improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The primary purpose of internal audit is to assess and report to the authority on the effectiveness of its financial systems and other internal controls, including the operational procedures that support its activities.

The internal audit function involves testing and evaluating whether the authority's internal control framework is both adequate and functioning effectively. Internal audit reports should be made available to all Members, providing a basis for informed decision making when considering the authority's approval of the Annual Governance Statement.

Independence and competence

Your audit was conducted by Andy Beams of Mulberry Local Authority Services Ltd, who has over 36 years' experience in the financial sector with the last 16 years specialising in local government.

Your auditor is independent from the management of the financial controls and procedures of the council and has no conflicts of interest with the audit client, nor do they provide any management or financial assistance to the client.

Engagement Letter and inherent risk assessment

An engagement letter was previously issued to the council covering the 2025/26 internal audit assignment, which includes the scope and plan of works and fee structure. Copies of this document are available on request from anna@mulberrylas.co.uk

In summary, our work will address each of the internal control objectives as stated on the Annual Internal Audit Report of the AGAR.

It is our opinion that the inherent risk of error or misstatement within the council's financial systems is low. The internal control environment is considered reliable, and as such, substantive testing of individual transactions is not deemed necessary at this stage.

Audit testing will therefore consist of walk-through testing on a selection of sample data, covering the period under review within the current council year. This approach is designed to confirm that key controls are operating effectively throughout the financial period.

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INTRODUCTION

This is the first internal audit conducted by Mulberry Local Authority Services Ltd, having been appointed by the council at the Finance & General Purposes Committee meeting held on 2 September 2025 (minute ref FGP468).

The audit was conducted on site. The information advised in advance of the visit had been prepared and was available for review, and overall, I have the impression that accounting records are neatly maintained and easily accessible.

Other information was reviewed through discussion with the officers and a review of the council website www.centralswindonnorth-pc.gov.uk

I would like to thank the officers for their assistance in completing the internal audit process and trust my findings below will support them in making any changes to their processes and procedures.

A. BOOKS OF ACCOUNT

Internal audit requirement

Appropriate accounting records have been kept properly during the year.

Audit findings

The council uses the Rialtas Business Solutions (RBS) accounting package for recording the council's finances. This is an industry specific accounting package. The accounting package is updated regularly and used to produce management information reports for review at council meetings.

I went through the Sales and Purchase Ledgers with the officers responsible, reviewing the outstanding balances at the year-end and confirming their processes for updating the accounting package. Month-end bank reconciliations are completed by the Finance Manager.

I reviewed the nominal ledger entries for the period 1 April to 31 March to ensure items were posted to the correct heading and that there were no instances of netting off and the expenditure was correctly posted to the headings to which the line item related. This has confirmed that the accounting package is being properly used.

Check receipt of VAT refund matches last submitted VAT return

The council submits its VAT return on a quarterly basis. I reviewed the submission for the period ending 31 March 2026 which showed a refund amount due of £103,607.01 and was fully supported by the required details. I was able to confirm receipt of this amount to the council's bank account on 24 April 2026. The council is up to date with its VAT submissions.

CONCLUSION

I am satisfied this control objective has been met.

B. FINANCE REGULATIONS, GOVERNANCE AND PAYMENTS

Internal audit requirement

This authority complied with its Finance Regulations, payments were supported by invoices, all expenditure was approved, and VAT was appropriately accounted for.

Audit findings

Confirm by sample testing that councillors sign statutory office forms

I confirmed by sample testing that councillors sign “Acceptance of Office” forms.

I recommend that councillors also sign a declaration to include formal acceptance to receive information by electronic means in the form *“As per Schedule 12 of the Local Government Act 1972, I consent to the receipt of all council meeting papers by electronic methods. I understand I may withdraw this consent at any time.”*

The council website includes a councillor page where the individual Register of Members’ Interests forms are published, although I note this page is currently being updated with details of the councillors following the election held on 7 May 2026.

Confirm that the council meets regularly throughout the year

In addition to full council, the council has a committee structure in place. Terms of Reference are in place and during the 2025/26 financial year this was reviewed and adopted at the council meeting held on 28 May 2025 (minute ref AGM052).

The Terms of Reference are published on the council website, along with a diary of future meeting dates and historic agendas and minutes for meetings.

Check that agendas for meetings are published giving 3 clear days’ notice

I was able to confirm that at least 3 clear days’ notice is given on agendas. Whilst we have not tested every single committee and council meeting there was no evidence of non-compliance in giving three clear days’ notice of the meeting.

I note the council publishes the non-confidential supporting documents accompanying agendas on the council website in accordance with the requirements of the Information Commissioner’s Office (ICO).

Check the draft minutes of the last meeting(s) are on the council’s website

Minutes are routinely uploaded to the council website.

Confirm that the Parish Council’s Standing Orders have been reviewed within the last 12 months

The Standing Orders are based on an older NALC model and during the 2025/26 financial year were reviewed and adopted by council on 28 May 2025 (minute ref AGM063).

I recommend that the council updates the Standing Orders using the current NALC model to ensure that all statutory and regulatory requirements are included within the council’s adopted policy.

Confirm that the Parish Council has adopted and recently reviewed Financial Regulations

Financial Regulations are based on the previous NALC model and during the 2025/26 financial year were reviewed and adopted at the council meeting held on 28 May 2025 (minute ref AGM064). The regulations contain provisions for the approval of spending, setting of budgets, reconciliation of the bank and reporting to council.

I note the council also has a Scheme of Delegation in place to support the Financial Regulations, and during the 2025/26 financial year this was reviewed and adopted at the council meeting held on 28 May 2025 (minute ref AGM052).

I recommend that the council updates the Financial Regulations using the current NALC model to ensure that all statutory and regulatory requirements are included within the council's adopted policy.

Check that the council's Financial Regulations are being routinely followed

Procurement

The council's adopted Financial Regulations include processes relating to procurement and include the following:

FR 10.1 *An official order or letter shall be issued for all work, goods and services unless a formal contract is to be prepared or an official order would be inappropriate. Copies of orders shall be retained.*

From discussion with the officers, there does not appear to be an official order system in place, and the council should consider implementing a purchase order system, or amending the Financial Regulations to reflect their practices.

Authorisation

The council's adopted Financial Regulations include thresholds at which authorisations to spend must be obtained as below:

FR 4.1 *Expenditure on revenue items may be authorised up to the amounts included for that class of expenditure in the approved budget. This authority is to be determined by:*

- *the council for all items over £10,000;*
- *except the Finance & General Purposes Committee which holds authority for spend up to £20,000; or*
- *the Clerk, for service delivery spend up to £25,000 and an assigned Councillor for all greater approved service delivery spend. All spend must have a pre-checked budget code allocation prior to purchase; or*
- *in consultation with the Chair & Vice-chair the Clerk may appointment temporary staff up to a maximum of £1,000; or*
- *Tier Two Officers, for the delivery of services, up to a maximum of £1,000*

Such authority is to be evidenced by a minute or by an authorisation slip duly signed by the Clerk or Tier Two Officer, and where necessary also by the appropriate Chair and Vice Chair.

Contracts may not be disaggregated to avoid controls imposed by these regulations.

FR 4.5 *In cases of extreme risk to the delivery of council services, the Clerk may authorise revenue expenditure on behalf of the Council which in the Clerk's judgement is necessary to carry out. Such expenditure includes repair, replacement or other work, whether or not there is any budgetary provision for the expenditure, subject to a limit of £25,000. The Clerk shall report such action to the relevant delegated committee as soon as practicable thereafter.*

FR 5.2 *A schedule of payments requiring authorisation shall form part of the Agenda for the Council, together with the relevant invoices. The Council shall review the schedule for compliance and, having satisfied itself shall authorise payment by a resolution of the committee. The approved schedule shall form part of the minutes of the meeting at which payment was authorised.*

Based on the level of financial activity of the council, and through discussion with the officers, these authorisation thresholds appear appropriate and have been carefully considered by the council to ensure the efficient authorisation of payments can take place.

I note that the council has recently begun to comply with FR 5.2 and that the payment list is included as a supporting appendix to the June 2026 council agenda.

Payment
The council's Financial Regulations include a section covering the making of payments via online banking and include the following:

FR 6.7 *Payment may be made by BACS, CHAPS or other electronic methods in accordance with the schedule as presented to the Council provided that the instructions for each payment are checked by the Parish Manager and released by one member who is an authorised bank signatory. The signatories shall initial the relevant invoice as confirmation of payment.*

Through discussion with the officer, invoices are checked but not initialled, and this is an area where the council should consider updating its Financial Regulations.

Confirm the council has adopted the General Power of Competence (GPC) and met the eligibility criteria at the time of adoption, or if GPC not adopted, confirm all section 137 expenditure meets the guidelines and does not exceed the annual per elector limit of £11.10 per elector
The council's section 137 expenditure for the 2025/26 financial year was within the allowable threshold.

I note that following the elections in May 2026, the council now meets the eligibility criteria and has adopted the General Power of Competence.

Confirm that checks of the accounts are made by a councillor
The system noted above details internal review takes place and I am under no doubt that council properly approves expenditure.

CONCLUSION
I am satisfied this control objective has been met.

C. RISK MANAGEMENT AND INSURANCE

Internal audit requirement

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

Audit findings

The council's adopted Financial Regulations include a section covering Risk Management and state:

FR 17.1 *The council is responsible for putting in place arrangements for the management of risk. The Clerk/ RFO shall prepare, for approval by the council, risk management policy statements in respect of all activities of the council. Risk policy statements and consequential risk management arrangements shall be reviewed by the council at least annually.*

FR 17.2 *When considering any new activity, the Clerk/RFO shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the council.*

The council has a Risk Register in place, which during the 2025/26 financial year was reviewed and approved by council on 28 May 2025 (minute ref AGM067).

I reviewed the Financial Risk Assessment, which breaks down financial and management risks into different categories of the council's operations, identifies the specific risk, assesses whether the risk level is low/medium/high, details the management controls in place and then determines the review process.

This is a comprehensive approach and includes analysis of all risks typically associated with a council of this size with its range of services and facilities. I note the council also has an adopted Internal Control Policy which is published on the council website to support its risk management.

I confirmed that the council has a valid insurance policy in place with Ecclesiastical Insurance which covers the year under review. Insurance cover for buildings and key assets of the council is consistent with the council's asset register.

The insurance policy includes Public Liability cover of £10 million, Employers Liability cover of £10 million and a Fidelity Guarantee level of £1 million. **Based on the balances held at the year-end, I recommend that the council increases the Fidelity Guarantee level to cover the maximum balance held at any point during the year.**

We discussed assertion 8 on the Annual Governance Statement and whether this had any impact on the council.

"We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this authority and, where appropriate, have included them in the accounting statements."

The Clerk confirmed that they were not aware of any event having a financial impact that was not included in the accounting statements.

CONCLUSION

I am satisfied this control objective has been met.

D. BUDGET, PRECEPT AND RESERVES

Internal audit requirement

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

Audit findings

Budget

Regular detailed budget reports are produced from the accounting software. The year-end budget report shows income reported as 156% of budget and expenditure at 125% prior to any reserve transfers. There is no evidence to suggest that the budget has not been accurately set and carefully monitored throughout the year.

There is evidence within the minutes of meetings that councillors regularly receive budget reports for review, providing them with sufficient financial information to make informed decisions.

Precept

The council set a precept of £2,156,928 for 2025/26. With a tax base of 9,984.2, this equates to a band D equivalent of £216.03 (compared to the average in England of £92.92).

I was able to confirm that the precept amount recorded in the accounts is correct, and equals the amount recorded in box 2 of the Accounting Statements.

I confirmed from the minutes that the 2026/27 budget and precept were approved by the council at the meeting held on 28 January 2026 (minute ref FC531).

Reserves

The Smaller Authorities Proper Practices Panel (SAPPP) Practitioner's guide provides updated guidance on the appropriate level of general reserves that councils should retain as below:

5.33 The general reserve of an authority comprises its cash flow and contingency funds to cover unexpected inflation, unforeseen events and unusual circumstances.

5.34 The generally accepted recommendation with regard to the appropriate minimum level of a smaller authority's general reserve is that this should be maintained at between three and twelve months of net revenue expenditure.

5.35 The reason for the wide range is to cater for the large variation in activity level between individual authorities. The smaller the authority, the closer the figure may be to 12 months expenditure, the larger the authority, the nearer to 3 months. In practice, any authority with income and expenditure in excess of £200,000 should plan towards 3 months equivalent general reserve.

5.36 In all of this it is important that each authority adopt, as a general reserve policy, the level appropriate to their size, situation, risks and plan their budget so as to ensure that the adopted level is maintained. Consideration of the minimum level of reserves requires not only consideration of level of income and expenditure but also the risks to that income.

5.37 Authorities with significant self-generated income (other than the precept or levy) should take into account situations that may lead to a loss in revenue as well as increased costs and adapt their general reserve accordingly.

At the year-end, the council held circa £1,351,999 in reserves, split between categories as below:

- Earmarked Reserves £1,166,971
- General Reserves £185,028

I checked the purpose of these earmarked reserves and am satisfied they are all for legitimate future planned projects of the council. Thes include amounts for Community Infrastructure Levy (CIL) receipts which are identified separately, and for the ongoing capital works programme.

The council has an adopted Reserves Policy published on its website, and this contains the following statement *'The current level of General Reserves to be held by the Council is set at equal to between three and six months of predicted expenditure.'*

While the council appears to have quite healthy earmarked reserves, the restricted CIL funds total circa £10,133 and the restricted capital works funds total circa £919,412, meaning that effectively only circa £237,426 of the earmarked reserves are available for reallocation if required.

The general reserve balance is significantly below the recommended range as detailed in the Practitioner's Guide, and the council's own Reserves Policy, and the council should address this as a matter of urgency.

CONCLUSION
I am satisfied this control objective has been met.

E. INCOME

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

Audit findings
Apart from the precept, the council receives income from a wide range of sources including allotments, sports pitch hires and hire fees for the community centre.

From a review of the accounting records, income appears to be recorded with sufficient narrative detail to identify the source and allocated to the most appropriate nominal code.

I tested a sample of invoices issued for different aspects of the council's operations and was able to confirm rates charged were consistent with the council's published charging schedule.

FR 9.2 states *'The council will review all fees and charges at least annually as part of the budget process.'*

I was able to confirm that the allotment fees were agreed at the Leisure & Recreation Committee meeting held on 4 December 2025 (minute ref LR491(c)), prior to the agreement of the new budget.

I was also able to confirm that the cricket and Community Centre fees were agreed at the Leisure & Recreation Committee meeting held on 4 December 2025 (minute refs LR 513 (c) and LR514 respectively), which was after the budget had been set.

In accordance with the adopted Financial Regulations, and to support the budget process, I recommend the council ensures that all fees are reviewed during the budget setting process.

I reviewed the outstanding debtors with the Sales Ledger Clerk. For a council of this size with a wide range of income generating sources, the number of outstanding amounts due is relatively low, demonstrating the council has good credit control procedures in place.

The council's income includes cash amounts paid for bookings and items from the café. Cash takings are recorded using Sum Up, and the Sum Up report reconciled against a hand-written record of takings for the day. A review of the records shows there are frequent, but small, differences between the written records and Sum Up report, although most of these appear to be where cash has been received and placed in the till, but not properly recorded on Sum Up.

The council may wish to review its cash handling process to ensure it is as robust as possible to minimise the risk of error or deliberate action causing cash to not be received by the council.

CONCLUSION
I am satisfied this control objective has been met.

F. CASH

Internal audit requirement
Cash payments were properly supported by receipts; all cash expenditure was approved and VAT appropriately accounted for.

Audit findings
The council's accounting records include a petty cash float of £50, although through discussion with the officers this appears to relate to the cash float for the till. There is no regular use for petty cash for incidental expenditure as designated officers have Government Procurement Cards used for any necessary purchases.

The council's adopted Financial Regulations include details of the use of the Government Procurement Card, which have been updated in May 2026 and state:

FR 6.15 *Any corporate credit card or trade card account opened by the council will be specifically restricted to use by authorised personnel and shall be subject to automatic payment in full at each month-end. There is a stand-alone Government Procurement Card Policy which must be adhered to at all times.*

Purchases under £5.00 do not require a receipt/invoice, but reason for purchase must be listed on the transaction log.

Government Procurement Cards are provided to:

Clerk	*£900 limit*
Head of Operations	*£10,000 limit*
Maintenance	*£2,000 limit*
Communications & ICT	*£500 limit*
Head of Leisure	*£1,000 limit*
Community Centre	*£2,000 limit*

Personal credit or debit cards of members or staff shall not be used under any circumstances.

I reviewed the statement for the Government Procurement Card and was able to confirm the individual limits correctly match the levels in the Financial Regulations.

CONCLUSION

I am satisfied this control objective has been met.

G. PAYROLL

Internal audit requirement

Salaries to employees and allowances to members were paid in accordance with the authority's approvals, and PAYE and NI requirements were properly applied.

Audit findings

Payroll is processed using Bright Pay by the Finance Manager. I reviewed the payroll summary for two different pay periods, and the payroll deductions appear correct. These periods included the month prior to the NJC pay increase, and the subsequent month showing the back dated pay rises.

I reviewed the figure included in box 4 (staff costs) on the Accounting Statements and was able to confirm from the accounting software that in accordance with the guidance contained in the Smaller Authorities Proper Practices Panel (SAPPP) Practitioner's guide this includes only salary payments, HMRC payments and pension contributions.

There is a councillor allowance scheme in place, with payments to eligible (elected) members made through payroll and correctly assessed for tax and national insurance.

CONCLUSION

I am satisfied this control objective has been met.

H. ASSETS AND INVESTMENTS

Internal audit requirement

Asset and investments registers were complete and accurate and properly maintained.

Audit findings

The Smaller Authorities Proper Practices Panel (SAPPP) Practitioner's guide provides updated guidance on assets and asset registers as below:

5.58 The asset register should contain in its most simple form the date of acquisition, cost of acquisition, useful life estimate and location along with value held for investments; however, it is desirable for the register to contain other such supplementary information to enable the user to better understand the nature and scope of the use of the fixed asset. It is therefore recommended to show insurance value, replacement value, custodian, date last physically vouched.

5.59 Each authority may choose an appropriate minimum value for deciding between fixed assets and general consumables. The limit chosen will relate to expected useful life, whether the item would be included on an insurance claim and whether it is included in the risk assessment of the authority in any way. This minimum level is to be minuted and reviewed at least annually. The rationale and methodology should be recorded in the minutes.

5.60 One item or group of similar items shall be regarded for inclusion in the fixed asset register.

5.61 Assets should be first recorded in the asset register at their actual purchase cost.

5.62 Assets that are either under construction or have not been brought into use should be included on the asset register only once complete and they benefit the community.

5.63 Obsolete assets that are no longer in use or are awaiting disposal should be clearly recorded as such.

5.64 Where an authority receives an asset as a gift at zero cost, for example by community asset transfer, it should be included with a nominal one-pound (£1) value as a proxy for the zero cost.

5.65 Assets that do not have a functional purpose or any intrinsic resale value (for example, a village pond or war memorial) are often referred to as 'community assets'. Authorities should record community assets in the asset register in the same way as gifted assets.

5.66 The particular method of asset valuation is not specified in proper practices so authorities may use any reasonable approach to be applied consistently from year to year. The method of asset valuation adopted should be set out in a policy approved by the authority and recorded in the authority's minutes and in the asset register.

5.67 For authorities covered by this guide, the most appropriate and commonly used method of fixed asset valuation for first registration on the asset register is at acquisition cost. This means that the recorded value of the asset will not change from year to year, unless it is materially enhanced.

5.68 Commercial concepts of depreciation, impairment adjustments, and revaluation are not required nor appropriate for this method of asset valuation.

5.69 The total value of an authority's assets recorded on the asset register as at 31 March each year is reported at Line 9 on the authority's AGAR. Authorities should be able to track and explain fully any changes in the asset register from year to year.

The council has a fixed asset register in place, maintained in an Excel format, which includes a description of each asset, the date of acquisition, valuation method, cost, insurance value and location. Assets are primarily listed at cost/proxy cost, or where gifted/donated, given a nominal £1 value for the purpose of the asset register.

I note the council has introduced a *de minimis* limit of £500 (excluding land acquisitions) which appears appropriate for a council of this size. I confirmed by sample testing of the invoices that items added during the year have been accurately recorded at the original net purchase price.

The Smaller Authorities Proper Practices Panel (SAPPP) Practitioner's guide provides updated guidance on investments, and defines a long-term investment as below:

1.11 Arrangements need to be in place to ensure that the authority's funds are managed properly and that any amounts surplus to requirements is invested appropriately, in accordance with an approved strategy which needs to have regard to the government's Statutory Guidance on Local Government Investments. If total investments are to exceed the threshold specified in the statutory guidance at any time during a financial year, the authority needs to produce and approve an annual Investment Strategy in accordance with the guidance.

2.23 Short-term investments, which mainly include deposit and savings accounts typically provided by banks, are those that display the following characteristics:

a. are denominated in pounds Sterling;
b. be realisable at full value on demand or have a maturity end date of not more than 12 months;
c. the whole of the original sum invested can, from the time that the investment is made, be accessed for use by the authority without any reduction; and
d. the authority has assessed the counterparty and is satisfied that the original sum invested is not subject to unreasonable risk.

2.26 A long-term investment arises where the authority invests money in anything other than a short-term investment.

The council has bank balances exceeding £100,000 and has adopted an Investment Strategy to support its future decision making on placement of funds in accordance with the statutory guide.

The council has borrowing through the Public Works Loan Board (PWLB) and I was able to confirm the figures for in year payments (box 5) and year-end balance (box 10) on the Accounting Statements against the PWLB remittance advices and year-end statement.

CONCLUSION
I am satisfied this control objective has been met.

I. BANK AND CASH

Internal audit requirement

Periodic bank account reconciliations were properly carried out during the year.

Audit findings

Financial Regulation 2.2 states *'On a regular basis, at least once in each quarter, and at each financial year end, a member other than the Chair [or a bank signatory] shall be appointed to verify bank reconciliations (for all accounts) produced by the RFO. The member shall sign the reconciliations and the original bank statements (or similar document) as evidence of verification. This activity shall on conclusion be reported, including any exceptions, to and noted by the Finance & General Purposes Committee.'*

Bank reconciliations are completed monthly. I reviewed the year-end bank reconciliation for all accounts and was able to confirm the balances on 31 March 2026 to the bank statements and found no errors. I was able to confirm the total bank balances to the figure included in the Accountings Statements on the AGAR.

I was unable to confirm that the bank reconciliations have been verified in accordance with Financial Regulations, and consequently, I must conclude that the council has not met the requirements of this internal control objective. I discussed this with the Finance Manager, and the council must put in place a process to verify the bank reconciliations in accordance with the Financial Regulations.

As the council's annual budget exceeds the €500,000 (£430,950 as of 3 July comparative date) threshold, it is not protected by the Financial Services Compensation Scheme (FSCS).

CONCLUSION

I am not satisfied this control object has been met. Please see the comments above and our recommended course of action in the table at the end of this report.

J. YEAR END ACCOUNTS

Internal audit requirement

Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), supported by an adequate audit trail from underlying records and, where appropriate, debtors and creditors were properly recorded.

Audit findings

The council is reminded that at its meeting to sign the Annual Governance and Accountability Return (AGAR), it should complete the steps in the following order:

- **Review and consider the Annual Internal Audit Report**
- **Complete Section 1 – Annual Governance Statement**
- **Complete Section 2 – Accounting Statements**

<u>Section 1 – Annual Governance Statement</u>

Based on the internal audit findings, I recommend using the table below as the basis for that discussion.

	Annual Governance Statement	*'Yes', means that this authority*	Suggested response based on evidence
1	We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.	*prepared its accounting statements in accordance with the Accounts and Audit Regulations.*	**YES** – accounts follow latest Accounts and Audit Regulations and practitioners guide recommendations.
2	We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.	*made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.*	**NO** – the council has not followed its Financial Regulations in respect of verification of bank reconciliations.
3	We have assured ourselves that there are no matters of actual or potential non-compliance with laws, regulations and Proper Practices that could have a significant financial effect on the ability of this authority to conduct its business or manage its finances.	*has only done what it has the legal power to do and has complied with Proper Practices in doing so.*	**YES** – the Clerk advises the council in respect of its legal powers.
4	We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.	*during the year gave all persons interested the opportunity to inspect and ask questions about this authority's accounts.*	**YES** – the requirements and timescales for 2024/25 year-end were followed.
5	We carried out an assessment of the risks facing this authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	*considered and documented the financial and other risks it faces and dealt with them properly.*	**YES** – the council has a risk management scheme and appropriate external insurance.
6	We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.	*arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of this smaller authority.*	**YES** – the council has appointed an independent and competent internal auditor.
7	We took appropriate action on all matters raised in reports from internal and external audit.	*responded to matters brought to its attention by internal and external audit.*	**YES** – matters raised in internal and external audit reports have been addressed.

8	We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this authority and. Where appropriate, have included them in the accounting statements.	*disclosed everything it should have about its business activity during the year including events taking place after the year end if relevant.*	**YES** – no matters were raised during the internal audit visits.
9	Trust funds including charitable – In our capacity as the sole managing trustee we discharged our accountability responsibilities for the fund(s)/asset(s), including financial reporting and, if required, independent examination or audit.	*has met all its responsibilities where, as a body corporate, it is a sole managing trustee of a local trust or trusts.*	**N/A** – the council has no trusts
10	We have put in place arrangements for effective IT and data management in accordance with proper practices during the year under review.	*has made suitable arrangements for its IT and data management and has complied with proper practices in doing so*	**NO** – the council has not met the requirements of Governance Assertion 10

Section 2 – Accounting Statements

AGAR box number		2024/25	2025/26	Internal Auditor notes
1	Balances brought forward	538,512	517,881	Agrees to 2024/25 carry forward (box 7)
2	Precept or rates and levies	1,833,120	2,156,928	Figure confirmed to central precept record
3	Total other receipts	1,469,219	1,976,264	Agrees to underlying accounting records
4	Staff costs	825,097	885,985	Agrees to underlying accounting records. Includes only expenditure allowed as staff costs (see section G)
5	Loan interest/capital repayments	24,797	98,591	Agrees to PWLB remittance advices
6	All other payments	2,473,076	~~2,314,499~~ **2,314,498**	Agrees to underlying accounting records **Adjusted by £1 due to rounding error**
7	Balances carried forward	517,881	1,351,999	Casts correctly and agrees to balance sheet
8	Total value of cash and short- term investments	703,097	1,453,376	Agrees to bank reconciliation for all accounts
9	Total fixed assets plus long- term investments and assets	333,733	364,644	Matches asset register total and changes from previous year have been traced
10	Total borrowings	673,359	1,898,606	Agrees to PWLB statement
11	Do the figures in the accounting statements above exclude any trust transactions	Yes	Yes	Yes – trust transactions are excluded from the stated figures

Audit findings

The year-end accounts have been correctly prepared on an income and expenditure basis with the box 7 and 8 reconciliation completed. This shows year-end total debtors of £156,551 and year-end total creditors of £257,928, with a full breakdown of the individual debtors and creditors provided.

The AGAR correctly casts and cross casts and last year's comparatives match the figures submitted for 2024/25 and published on the council website.

The variance analysis has been completed, but in my opinion, requires a more detailed financial and narrative breakdown to explain the variances to the External Auditor.

CONCLUSION
I am satisfied this control objective has been met.

K. LIMITED ASSURANCE REVIEW

Internal audit requirement

If the authority certified itself as exempt from a limited assurance review in the previous year, it met the exemption criteria and correctly declared itself exempt.

CONCLUSION
The council did not certify itself exempt from a limited assurance review in the previous year and the testing for this internal control objective is not applicable.

L: PUBLICATION OF INFORMATION

Internal audit requirement

The authority publishes information on a free to access website/webpage, up to date at the time of the internal audit in accordance with relevant legislation

Audit findings
All councils are required to follow The Accounts and Audit Regulations which include the following requirements:

13(1) An authority must publish (which must include publication on that authority's website)

(a) the Statement of Accounts together with any certificate or opinion entered by the local auditor in accordance with section 20(2) of the Act; and
(b) the Annual Governance Statement approved in accordance with regulation 6(3)

13(2) Where documents are published under paragraph (1), the authority must

(a) keep copies of those documents for purchase by any person on payment of a reasonable sum; and
(b) ensure that those documents remain available for public access for a period of not less than five years beginning with the date on which those documents were first published in accordance with that paragraph.

I was able to confirm that pages 4 (Annual Governance Statement), 5 (Accounting Statements) and 6 (External Auditor's Report and Certificate) of the AGARs are available for review on the council website for the previous five financial years.

Confirm that the council is compliant with the relevant transparency code

For councils with a turnover over £25,000, it is recommended best practice to follow the Local Government Transparency Code 2015, but not a statutory requirement and therefore not subject to verification during the internal audit.

CONCLUSION

I am satisfied this control objective has been met.

M: EXERCISE OF PUBLIC RIGHTS - INSPECTION OF ACCOUNTS

Internal audit requirement

The authority, during the previous year, correctly provided for the exercise of public rights as required by the Accounts and Audit Regulations.

Audit findings

Inspection – key dates	2024/25 Actual	2025/26 Proposed
Date AGAR signed by council	25 June 2025	24 June 2026
Date inspection notice issued	30 June 2025	25 June 2026
Inspection period begins	1 July 2025	1 July 2026
Inspection period ends	11 August 2025	11 August 2026
Correct length (30 working days)	Yes	Yes
Common period included (first 10 working days of July)	Yes	Yes

I am satisfied the requirements of this control objective were met for 2024/25, and assertion 4 on the Annual Governance Statement can therefore be signed yes by the council.

I reviewed the proposed dates for the Exercise of Public Rights for the 2025/26 AGAR and confirm that these are in accordance with the requirements of the Accounts and Audit Regulations.

CONCLUSION

I am satisfied this control objective has been met.

N: PUBLICATION REQUIREMENTS

Internal audit requirement

The authority complied with the publication requirements for the prior year AGAR.

Under the Accounts and Audit Regulations 2015, authorities must publish the following information on the authority website / webpage.

Before 1 July 2025 authorities must publish:
• Notice of the period for the exercise of public rights and a declaration that the accounting statements are as yet unaudited
• Section 1 - Annual Governance Statement 2024/25, approved and signed, page 4
• Section 2 - Accounting Statements 2024/25, approved and signed, page 5

Not later than 30 September 2025 authorities must publish:
•Notice of conclusion of audit
•Section 3 - External Auditor Report and Certificate
•Sections 1 and 2 of AGAR including any amendments as a result of the limited assurance review.
It is recommended as best practice, to avoid any potential confusion by local electors and interested parties, that you also publish the Annual Internal Audit Report, page 3.

Audit findings
I was able to confirm that the Notice of the Period of Public Rights and Section 1 (Annual Governance Statement) and Section 2 (Accounting Statement) were published on the council's website before 1 July 2025.

The External Auditor's Report for 2024/25 was qualified, with the External Auditor stating *'Section 1, Assertions 1 and 2 have been incorrectly completed. This is due to non-compliance with financial regulations meaning that some payments have not been authorised and inadequate internal systems resulting in difficulties confirming the completeness of income. This is consistent with the Internal Auditor's response to Internal Control Objectives B and E.*

The smaller authority has disclosed that it complied with laws, regulations and proper practices during the year 2024/25, by answering 'Yes' to Section 1, Assertion 3. However, as was reported last year, we are aware that it failed to do this as it did not publish explanations for 'No' responses to the 2023/24 governance assertions and therefore should have answered 'No' to this Assertion.

The AGAR was not accurately completed before submission for review: Section 2, Box 4 in the prior year incorrectly includes items which are not staff costs as defined in the Joint Panel on Accountability and Governance Practitioners' Guide. Please note that Box 4 should comprise payments made in relation to the employment of staff including only gross salary, employers' national insurance contributions, employers' pension contributions, gratuities for employees or former employees and severance or terminations payments to employees. Employment expenses which are benefits (mileage, travel, etc.), items of reimbursement of expenses for postage, stationery or other outlays made on behalf of the smaller authority, payroll processing costs and contractor/locum clerk costs in respect of individuals who are self-employed, are not staff costs for the purpose of completion of the AGAR in accordance with proper practice.'

Under other matters, the External Auditor also commented *'The smaller authority has confirmed that it has not complied with the governance Assertions in Section 1, Boxes 4 and 7, and it has provided the appointed auditor with an adequate explanation for non-compliance and details of the actions necessary to address weaknesses identified.*

The smaller authority has not provided evidence that it has considered the independence of the internal auditor during the year under review.

In the completion of the Annual Internal Audit Report, and their detailed reports, the internal auditor has drawn attention to weaknesses in relation to the minutes, VAT status confirmation, payroll matters and reserves monitoring. The smaller authority must ensure that action is taken to address these areas of weakness in a timely manner.'

The External Auditor's Report and Certificate have been published on the council website along with the Notice of Conclusion of Audit before the 30 September 2025 and was reported to the council meeting held on 26 November 2025 (minute ref FC518).

CONCLUSION
I am satisfied this control objective has been met.

O. DIGITAL AND DATA COMPLIANCE

Internal audit requirement
The authority has complied with laws, regulations and proper practices relating to digital and data compliance.

Audit findings
The Smaller Authorities Proper Practices Panel (SAPPP) Practitioner's Guide (March 2025) contains guidance on the new Governance Assertion included on the 2025/26 AGAR which relates to this internal control objective.

Website
I was able to confirm that the council website contains a Privacy Notice, but **the council did not publish a Website Accessibility Statement by 31 March 2026 and has therefore not met the requirements of Governance Assertion 10. A Website Accessibility Statement must be published detailing the website compliance with the Web Content Accessibility Guidelines (WCAG) 2.2 AA.**

Governance Assertion 10 also requires councils to adopt and publish an IT Policy. **The council has an adopted Information Security Policy which is published on the council website. This is more comprehensive than the NALC model IT Policy, but I recommend the council renames the policy as IT Policy to provide clarity for the External Auditor.**

Email management and GDPR
It was noted the council has a generic email address on a domain owned by the council and has established common email addresses for all councillors. This is recommended because it gives a natural segregation between work and personal lives, making it clear beyond doubt in what capacity a councillor is acting. In addition to this it gives control to the council, adds a degree of professionalism and in the event of a FOI request limits access to personal computers.

I recommend the council ensures that a data audit is completed during 2026/27 to comply with GDPR regulations. This may be included within the Governance Assertion 10 testing in future years.

CONCLUSION

I am not satisfied this control object has been met. Please see the comments above and our recommended course of action in the table at the end of this report.

P. TRUSTEESHIP

Internal audit requirement

Trust funds (including charitable) – The council met its responsibilities as a trustee.

CONCLUSION

The council has no trusts and the testing for this internal control objective is not applicable.

Achievement of control assertions at final internal audit date

Based on the tests conducted during the interim audit, our conclusions on the achievement of the internal control objectives to date are summarised in the table below.

	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 Finance Regulations, payments were supported by invoices, all expenditure was approved, and VAT was appropriately accounted for	✓		
C	This authority assesses 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	✓		
G	Salaries to employees and allowances to members were paid in accordance with the 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), 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 the previous year, it met the exemption criteria and correctly declared itself exempt.			✓
L	The authority publishes information on a free to access website/webpage up to date at the time of the internal audit in accordance with the relevant legislation.	✓		
M	The authority, during the previous year correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations.	✓		
N	The authority complied with the publication requirements for prior year AGAR.	✓		
O	**The authority has complied with laws, regulations and proper practices relating to digital and data compliance.**		✓	
P	Trust funds (including charitable) – The council met its responsibilities as a trustee.			✓

Should you have any queries please contact me directly on andy@mulberrylas.co.uk

Yours sincerely

Andy Beams
Director, Mulberry Local Authority Services Ltd

Internal Audit – Summary of recommendations

Audit Point	Internal Audit Findings	Council comments
B. FINANCIAL REGULATIONS, GOVERNANCE AND PAYMENTS	I recommend that councillors also sign a declaration to include formal acceptance to receive information by electronic means in the form "As per Schedule 12 of the Local Government Act 1972, I consent to the receipt of all council meeting papers by electronic methods. I understand I may withdraw this consent at any time." I recommend that the council updates the Standing Orders using the current NALC model to ensure that all statutory and regulatory requirements are included within the council's adopted policy. I recommend that the council updates the Financial Regulations using the current NALC model to ensure that all statutory and regulatory requirements are included within the council's adopted policy. Through discussion with the officer, invoices are checked but not initialled, and this is an area where the council should consider updating its Financial Regulations.	
C. RISK MANAGEMENT AND INSURANCE	Based on the balances held at the year-end, I recommend that the council increases the Fidelity Guarantee level to cover the maximum balance held at any point during the year.	

D. BUDGET, PRECEPT AND RESERVES	While the council appears to have quite healthy earmarked reserves, the restricted CIL funds total circa £10,133 and the restricted capital works funds total circa £919,412, meaning that effectively only circa £237,426 of the earmarked reserves are available for reallocation if required. The general reserve balance is significantly below the recommended range as detailed in the Practitioner's Guide, and the council's own Reserves Policy, and the council should address this as a matter of urgency.	
E. INCOME	In accordance with the adopted Financial Regulations, and to support the budget process, I recommend the council ensures that all fees are reviewed during the budget setting process. The council may wish to review its cash handling process to ensure it is as robust as possible to minimise the risk of error or deliberate action causing cash to not be received by the council.	
I. BANK AND CASH	I was unable to confirm that the bank reconciliations have been verified in accordance with Financial Regulations, and consequently, I must conclude that the council has not met the requirements of this internal control objective. I discussed this with the Finance Manager, and the council must put in place a process to verify the bank reconciliations in accordance with the Financial Regulations.	
J. YEAR END ACCOUNTS	The variance analysis has been completed, but in my opinion, requires a more detailed financial and narrative breakdown to explain the variances to the External Auditor.	
O. DIGITAL AND DATA COMPLIANCE	The council did not publish a Website Accessibility Statement by 31 March 2026 and has therefore not met the requirements of Governance Assertion 10. A Website Accessibility Statement must be published detailing the website compliance with the	

	Web Content Accessibility Guidelines (WCAG) 2.2 AA. The council has an adopted Information Security Policy which is published on the council website. This is more comprehensive than the NALC model IT Policy, but I recommend the council renames the policy as IT Policy to provide clarity for the External Auditor. I recommend the council ensures that a data audit is completed during 2026/27 to comply with GDPR regulations. This may be included within the Governance Assertion 10 testing in future years.	