



Mrs C Price
West Wittering Parish Council
Rookwood Road
West Wittering
Chichester
West Sussex
PO20 8LT

18 June 2026

Dear Celia

Re: West Wittering Parish Council
Internal Audit Report for Financial Year Ended 31 March 2026

Executive summary

Following completion of our internal audit on 18 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 transactions 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 identify weaknesses in internal controls and examples of the council failing to follow its own adopted processes and procedures.

In some instances, work has begun in 2026/27 to improve these controls, but this report covers the financial year ending on 31 March 2026 and the comments relate to that period.

The systems and procedures currently in place need review and updating and then rely on the collective efforts of all councillors and officers to ensure that they are followed. This report includes recommendations for improvement which are intended to support the continued development of the council towards 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.

Table of Contents

A. BOOKS OF ACCOUNT	4
B. FINANCE REGULATIONS, GOVERNANCE AND PAYMENTS	5
C. RISK MANAGEMENT AND INSURANCE	7
D. BUDGET, PRECEPT AND RESERVES	8
E. INCOME	10
F. PETTY CASH	11
G. PAYROLL	11
H. ASSETS AND INVESTMENTS	12
I. BANK AND CASH	14
J. YEAR END ACCOUNTS	15
K. LIMITED ASSURANCE REVIEW	18
L: PUBLICATION OF INFORMATION	18
M: EXERCISE OF PUBLIC RIGHTS - INSPECTION OF ACCOUNTS	19
N: PUBLICATION REQUIREMENTS	20
O. DIGITAL AND DATA COMPLIANCE	21
P. TRUSTEESHIP	21
Achievement of control assertions at final internal audit date	23
Internal Audit – Summary of recommendations	24

INTRODUCTION

This is the first internal audit conducted by Mulberry Local Authority Services, having recently been appointed by the council.

The audit was conducted on site with the Locum Clerk, who also acts as the council's Responsible Financial Officer (RFO). The Locum Clerk was appointed in May 2026 and has already identified some of the areas for development included in my report below.

The information advised in advance of the visit had been prepared and made available, and the Chair of the Council was present for part of the governance review, along with the bookkeeper for a review of the financial figures for inclusion on the Accounting Statements.

Other information was reviewed through discussion with the Locum Clerk, Chair and bookkeeper and a review of the council website www.westwitteringparishcouncil.gov.uk

A. BOOKS OF ACCOUNT

Internal audit requirement

Appropriate accounting records have been kept properly during the year.

Audit findings

The council uses an external provider for maintaining the accounting records, and he uses Excel spreadsheets for compiling this information.

The spreadsheets include a record of income and expenditure items against budget codes, a monthly bank reconciliation, a budget summary and details of debtors and creditors.

I note the council is moving to the Scribe accounting package for 2026/27, which is an accounting package widely used in the local government sector.

The council submits its VAT return on a six-monthly basis with the information recorded by the bookkeeper and provided to the council to complete the VAT submission.

As detailed elsewhere in this report, the council's accounting records include balances for trusts, which is not in accordance with the SAPPP Practitioner's Guide. This matter was raised by the External Auditor in 2024/25, yet no corrective action has taken place.

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.

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 together with a 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, but the Register of Members Interest Forms are not published, and there is no link to the District Council website either.

I remind the council that the Localism Act 2011 (7) states 'A parish council must, if it has a website, secure that its register is published on its website' and these should be added as soon as possible.

Confirm that the council meets regularly throughout the year

The council meets regularly during the year, with details of future meeting dates and historic agendas and minutes for meetings published on the council website.

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 remind council it is required to also post any supporting documentation with the agendas as outlined by the Information Commissioner's Office (page 3 of this link) www.ico.org.uk/minutesandagendas and note that since the Locum Clerk was appointed, this is now being done.

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

Minutes are uploaded to the council website, although the design of the website makes locating some older minutes challenging.

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

The Standing Orders are based on the current NALC model and were most recently reviewed and adopted by council on 9 May 2025 (minute ref 55/25).

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

The published Financial Regulations are based on an older version of the NALC model and were last reviewed and adopted by council on 9 May 2025 (minute ref 55/25). The regulations contain provisions for the approval of spending, setting of budgets, reconciliation of the bank and reporting to council.

The Locum Clerk confirmed that the Financial Regulations have now been updated using the current NALC model and personalised for the council.

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

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 [£5,000];*
- *a duly delegated committee of the council for items over [£500]; or*
- *the Clerk, in conjunction with Chairman of Council or Chairman of the appropriate committee, for any items below [£500].*

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

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 it 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 [£500]. The Clerk shall report such action to the chairman as soon as possible and to the council as soon as practicable thereafter.

The adopted Financial Regulations still contain the square brackets from the NALC template, suggesting that they had not been personalised for the council, although I note that the version drafted by the Locum Clerk has been correctly updated.

I have been informed that regular breaches of the Financial Regulations occurred during the year under review, and that individual councillors are authorising expenditure without approval from council.

I remind the council that no individual councillor has any authority to seek quotes, appoint contractors or agree expenditure and that all council expenditure must follow the council's Financial Regulations covering procurement, authorisation and payment.

Payment

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

FR 5.2 The RFO shall prepare a schedule of payments requiring authorisation, forming part of the Agenda for the Meeting and, together with the relevant invoices, present the schedule to council [or finance committee]. The council / committee shall review the schedule for compliance and, having satisfied itself shall authorise payment by a resolution of the council [or finance committee]. The approved schedule shall be ruled off and initialled by the Chairman of the Meeting. A detailed list of all payments shall be disclosed within or as an attachment to the minutes of the meeting at which payment was authorised. Personal payments (including

salaries, wages, expenses and any payment made in relation to the termination of a contract of employment) may be summarised to remove public access to any personal information.

FR 6.9 *If thought appropriate by the council, payment for certain items may be made by BACS or CHAPS methods provided that the instructions for each payment are signed, or otherwise evidenced, by two authorised bank signatories, are retained and any payments are reported to council as made. The approval of the use of BACS or CHAPS shall be renewed by resolution of the council at least every two years.*

While the minutes indicate that payment lists are approved by council, and there is evidence that these are appended to the minutes, the Chair of Council confirmed that invoices are not presented, and the schedule is not signed as required by the council's adopted Financial Regulations.

The council must ensure that the newly updated Financial Regulations are understood by all councillors and followed.

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 has expenditure for the financial year within the section 137 allowable threshold.

Confirm that checks of the accounts are made by a councillor

The system noted above confirms that detailed internal review by councillors does not take place and I am not satisfied that council properly approves expenditure.

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.

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 include:

FR 17.1 *The council is responsible for putting in place arrangements for the management of risk. The Clerk [with the 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.*

The council had a risk register in place for the year, which was approved by the council on 9 May 2025 (minute ref 55/25). However, the only risk register document available for review for the 2025/26 financial year is a generic version, clearly extracted from another council's website as it refers to a different Borough Council in terms of receiving the precept.

The council needs to adopt a personalised and relevant risk assessment, ideally including a risk matrix, and then ensure that the relevant risk management practices are put in place.

I confirmed that the council has a valid insurance policy in place with Zurich which covers the year under review.

The insurance policy includes Public Liability cover of £15 million, Employers Liability cover of £10 million and a Fidelity Guarantee level of £250,000 which is sufficient for a council of this size, although the council is advised to keep this figure under review to ensure it covers the maximum balance held.

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 Locum 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 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.

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

The bookkeeper maintains the accounting records and provides information to the council for review at meetings. **There is evidence within the minutes of meetings that councillors regularly receive budget reports, but no indication that any scrutiny is applied or any discussions taking place over any budget variances.**

Through discussion with the Locum Clerk and Chair of Council, concerns have been raised over the adequacy of the budget setting process, and I remind all councillors that they have equal responsibility for setting the budget and accounting for the spending of the public’s money.

Precept

The council set a precept of £168,595 for 2025/26. With a tax base of 2,194.6, this equates to a band D equivalent of £76.82 (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.

The minutes confirmed that the 2026/27 budget and precept were approved by the council at the meeting held on 15 January 2026 (minute ref 145/26).

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 £299,776 in reserves. These were presented as being split between categories as below:

- Earmarked EMR £232,778
- General Reserves £66,998

I checked the purpose of these earmarked reserves and discovered that included within the general reserve balance is a capital receipt of £47,500 which must be reported as an earmarked reserve, as the use of the funds is restricted.

The true position in terms of year-end reserves is therefore as below:

- Capital Receipts EMR £47,500
- Earmarked EMR £232,778
- General Reserves £19,498

The general reserve balance is lower the recommended range as detailed in the Practitioner’s Guide and the council should keep this level under careful review.

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.

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 range of sources.

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 budget code. **Through discussion with the bookkeeper, there was a lack of cohesion between the issuing of invoices and the receipting of payments during the year, which should now be resolved with the move to Scribe for 2026/27.**

FR 9.3 states ‘The council will review all fees and charges at least annually, following a report of the Clerk.’

I discussed with the Locum Clerk the allotment fees and was informed that the agreement includes an annual RPI increase, although this does not appear to have been consistently applied, and the council’s records are not clear on which allotment tenants may not have been invoiced yet.

The Locum Clerk reported that a cash sum had been found in the office, which apparently relates to a key deposit, but there appears to be no record of who the deposit belongs to.

The council is reminded that any cash sums received must be properly recorded, a receipt provided and promptly banked.

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.

F. CASH

Internal audit requirement

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

CONCLUSION

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

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

The council had two employees on the payroll during the year under review. Both staff members have a contract of employment, although one of these remains unsigned and this must be addressed. The council is a member of the Local Government Pension Scheme (LGPS).

Payroll is processed is outsourced to a third party, who complete all the PAYE calculations and provides the information to the council. The bookkeeper was able to provide copies of the payroll summaries, and the payroll deductions appear correct.

I note that during the year, pension contributions went unpaid for a three-month period, and the council must ensure that all HMRC and pension liabilities are accurately calculated and paid promptly.

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.

I note the Locum Clerk provides an invoice to the council for agreed work, and that these amounts will be correctly recorded in box 6 (rather than box 4) of the 2026/27 AGAR.

There are no councillor allowances, although the Locum Clerk is aware that if paid to eligible (elected) members, these must be processed through payroll and assessed for tax and national insurance.

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.

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 simple fixed asset register in place, which includes a description of each asset, its location, valuation and basis for the valuation figure.

The register is updated annually with any additions and/or deletions, and assets identified as belonging to the two trusts (see section P of this report) have been correctly removed over the years.

I confirmed the asset register total matches that included in box 9 (total fixed assets plus long term investments and assets) on the Accounting Statements and was able to trace the changes to the previous year's total against the asset register.

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. I recommend the council adopts an Investment Strategy to support its future decision making on placement of funds in accordance with the statutory guide.

The council had borrowing through the Public Works Loan Board (PWLB) during the year although this has been fully repaid and I was able to confirm this.

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 Chairman [or a cheque 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 council [Finance Committee].*'

I 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.

There is no evidence that the bank reconciliations have been verified in accordance with Financial Regulations, and the council must put in place a system to ensure that this essential internal control mechanism takes place.

As the council's annual budget is below the €500,000 (£430,950 as of 3 July comparative date) threshold, it is protected by the Financial Services Compensation Scheme (FSCS).

The council holds two accounts with Barclays Bank, with year-end balances exceeding the £120,000 protection limit per financial institution, and the council should consider opening an account with an alternate provider to maximise the protection available to it.

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**

Section 1 – Annual Governance Statement

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

	Annual Governance Statement	<i>'Yes', means that this authority</i>	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.	<i>prepared its accounting statements in accordance with the Accounts and Audit Regulations.</i>	NO – accounts did not 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.	<i>made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.</i>	NO – while there is regular reporting of financial summaries, there is no evidence of proper scrutiny of these.
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.	<i>has only done what it has the legal power to do and has complied with Proper Practices in doing so.</i>	NO – there are examples of councillors acting independently and without authority.
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.	<i>during the year gave all persons interested the opportunity to inspect and ask questions about this authority's accounts.</i>	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	<i>considered and documented the financial and other risks it faces and dealt with them properly.</i>	NO – the council does not have an appropriate risk management scheme

	introduction of internal controls and/or external insurance cover where required.		
6	We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.	<i>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.</i>	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.	<i>responded to matters brought to its attention by internal and external audit.</i>	NO – matters raised in external audit reports have not 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.	<i>disclosed everything it should have about its business activity during the year including events taking place after the year end if relevant.</i>	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.	<i>has met all its responsibilities where, as a body corporate, it is a sole managing trustee of a local trust or trusts.</i>	NO – the council has not met its responsibilities as a trustee
10	We have put in place arrangements for effective IT and data management in accordance with proper practices during the year under review.	<i>has made suitable arrangements for its IT and data management and has complied with proper practices in doing so</i>	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	67,573	79,781	Agrees to 2024/25 carry forward (box 7)
2	Precept or rates and levies	135,038	168,595	Figure confirmed to central precept record
3	Total other receipts	16,207	236,137	Agrees to underlying accounting records
4	Staff costs	42,052	51,607	Agrees to underlying accounting records. Includes only expenditure allowed as staff costs (see section G)
5	Loan interest/capital repayments	3,173	3,173	Agrees to PWLB remittance advices
6	All other payments	90,812	129,957	Agrees to underlying accounting records
7	Balances carried forward	79,781	299,776	Cast correctly and agrees to balance sheet
<hr/>				
8	Total value of cash and short- term investments	97,281	353,708	Agrees to bank reconciliation for all accounts
9	Total fixed assets plus long- term investments and assets	609,690	614,974	Matches asset register total and changes from previous year have been traced
10	Total borrowings	3,058	0	Agrees to PWLB statement – loan repaid in full
<hr/>				
11	Do the figures in the accounting statements above exclude any trust transactions	No	No	No – trust transactions are included in 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 debtors of £10,245 and year-end creditors of £64,177, 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 bank balances reported in box 8 include trust funds, and these are recorded as creditors within the council's accounting records. Section 1.45 of the SAPP Practitioner's Guide states 'the financial transactions of the trust do not form part of the authority's accounts and are therefore not included in the figures reported on Section 2 of its Annual Governance and Accountability Return.'

The council has therefore not met the requirements of this internal control objective.

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.

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 unable 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, with the External Auditors Report for 2024/25 missing, and the council has therefore not met the requirements of this internal control objective.

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 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.

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	5 June 2025	25 June 2026
Date inspection notice issued	9 June 2025	26 June 2026
Inspection period begins	10 June 2025	29 June 2026
Inspection period ends	21 July 2025	7 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 not qualified, although under other matters the External Auditor commented 'We note that the council has included transactions within boxes 1-6 on its AGAR in relation to the two charities that it acts as sole trustee for Snow Hill and Sports Field. Whilst this is incorrect treatment as these transactions should be excluded, the council have correctly responded no to Assertion 9 of Section 1 and box 11b of Section 2. We note that the council should have separate bank accounts for these charities imminently and therefore we don't feel this should be an issue moving forwards.'

The Notice of Conclusion of Audit was published on the council website before the 30 September 2025, but the External Auditor's report has not been published and must be added as soon as possible.

There is no evidence of the External Audit Report being presented to the council.

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.

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.

I was able to confirm that the council website contains a Privacy Notice, but **there is no evidence of a Website Accessibility Statement being published on the council website and this must be added as soon as possible.**

The council has not adopted an IT Policy by 31 March 2026 as required by Governance Assertion 10 and has therefore failed to meet the requirements of this internal control objective. An IT Policy must be adopted and published on the council website as soon as possible.

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

Audit findings

The council is the trustee of Sports Field (charity number 305441) and Snow Hill (charity number). I reviewed the information available on the Charity Commission website and was able to confirm that all reporting is now up to date, having previously been late in completion, and that the council is correctly listed as the sole trustee.

However, despite the council's assurances to the External Auditor in 2024/25, the charity funds are still held in the council's bank accounts, and the council has therefore not met the requirements of this internal audit objective.

The council must ensure that the trust funds are separated from the council's funds, ensure proper accounting records are maintained for each trust, and that trust meetings are held separate to council meetings.

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.

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
<p>B. FINANCIAL REGULATIONS, GOVERNANCE AND PAYMENTS</p>	<p>The council website includes a councillor page, but the Register of Members Interest Forms are not published, and there is no link to the District Council website either.</p> <p>I remind the council that the Localism Act 2011 (7) states ‘A parish council must, if it has a website, secure that its register is published on its website’ and these should be added as soon as possible.</p> <p>I remind council it is required to also post any supporting documentation with the agendas as outlined by the Information Commissioner’s Office.</p> <p>The adopted Financial Regulations still contain the square brackets from the NALC template, suggesting that they had not been personalised for the council, although I note that the version drafted by the Locum Clerk has been correctly updated.</p> <p>I have been informed that regular breaches of the Financial Regulations occurred during the year under review, and that individual councillors are authorising expenditure without approval from council.</p> <p>I remind the council that no individual councillor has any authority to seek quotes, appoint contractors or agree expenditure and that all council expenditure must follow the council’s Financial Regulations covering procurement, authorisation and payment.</p>	

	<p>While the minutes indicate that payment lists are approved by council, and there is evidence that these are appended to the minutes, the Chair of Council confirmed that invoices are not presented, and the schedule is not signed as required by the council's adopted Financial Regulations.</p> <p>The council must ensure that the newly updated Financial Regulations are understood by all councillors and followed.</p> <p>The system noted above confirms that detailed internal review by councillors does not take place and I am not satisfied that council properly approves expenditure.</p>	
<p>C. RISK MANAGEMENT AND INSURANCE</p>	<p>The council needs to adopt a personalised and relevant risk assessment, ideally including a risk matrix, and then ensure that the relevant risk management practices are put in place.</p>	
<p>D. BUDGET, PRECEPT AND RESERVES</p>	<p>There is evidence within the minutes of meetings that councillors regularly receive budget reports, but no indication that any scrutiny is applied or any discussions taking place over any budget variances.</p> <p>Through discussion with the Locum Clerk and Chair of Council, concerns have been raised over the adequacy of the budget setting process, and I remind all councillors that they have equal responsibility for setting the budget and accounting for the spending of the public's money.</p> <p>I checked the purpose of these earmarked reserves and discovered that included within the general reserve balance is a capital receipt of £47,500 which must be reported as an earmarked reserve, as the use of the funds is restricted.</p> <p>The general reserve balance is lower the recommended range as detailed in the Practitioner's Guide and the council should keep this level under careful review.</p>	

E. INCOME	<p>Through discussion with the bookkeeper, there was a lack of cohesion between the issuing of invoices and the receipting of payments during the year, which should now be resolved with the move to Scribe for 2026/27.</p> <p>I discussed with the Locum Clerk the allotment fees and was informed that the agreement includes an annual RPI increase, although this does not appear to have been consistently applied, and the council's records are not clear on which allotment tenants may not have been invoiced yet.</p> <p>The Locum Clerk reported that a cash sum had been found in the office, which apparently relates to a key deposit, but there appears to be no record of who the deposit belongs to.</p> <p>The council is reminded that any cash sums received must be properly recorded, a receipt provided and promptly banked.</p>	
G. PAYROLL	<p>I note that during the year, pension contributions went unpaid for a three-month period, and the council must ensure that all HMRC and pension liabilities are accurately calculated and paid promptly.</p>	
H. ASSETS AND INVESTMENTS	<p>The council has bank balances exceeding £100,000. I recommend the council adopts an Investment Strategy to support its future decision making on placement of funds in accordance with the statutory guide.</p>	
I. BANK AND CASH	<p>There is no evidence that the bank reconciliations have been verified in accordance with Financial Regulations, and the council must put in place a system to ensure that this essential internal control mechanism takes place.</p> <p>The council holds two accounts with Barclays Bank, with year-end balances exceeding the £120,000 protection limit per financial institution, and the council should</p>	

	consider opening an account with an alternate provider to maximise the protection available to it.	
J. YEAR END ACCOUNTS	The bank balances reported in box 8 include trust funds, and these are recorded as creditors within the council's accounting records. Section 1.45 of the SAPPP Practitioner's Guide states ' <i>the financial transactions of the trust do not form part of the authority's accounts and are therefore not included in the figures reported on Section 2 of its Annual Governance and Accountability Return.</i> '	
L. PUBLICATION OF INFORMATION	I was unable 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, with the External Auditors Report for 2024/25 missing, and the council has therefore not met the requirements of this internal control objective.	
N. PUBLICATION REQUIREMENTS	The Notice of Conclusion of Audit was published on the council website before the 30 September 2025, but the External Auditor's report has not been published and must be added as soon as possible. There is no evidence of the External Audit Report being presented to the council.	
O. DIGITAL AND DATA COMPLIANCE	There is no evidence of a Website Accessibility Statement being published on the council website and this must be added as soon as possible. The council has not adopted an IT Policy by 31 March 2026 as required by Governance Assertion 10 and has therefore failed to meet the requirements of this internal control objective. An IT Policy must be adopted and published on the council website as soon as possible.	

	<p>I recommend the council ensures that a data audit is completed during 2026/27 to comply with GDPR regulations. This may be an audit test within Governance Assertion 10 in future years.</p>	
<p>P. TRUSTEESHIP</p>	<p>Despite the council's assurances to the External Auditor in 2024/25, the charity funds are still held in the council's bank accounts, and the council has therefore not met the requirements of this internal audit objective.</p> <p>The council must ensure that the trust funds are separated from the council's funds, ensure proper accounting records are maintained for each trust, and that trust meetings are held separate to council meetings.</p>	