



Clerk to the Council
Capel Parish Council
55a The Street
Capel
Surrey
RH5 5LD

10th June 2026

Dear Cllrs

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

Executive summary

I completed the final internal audit for the year ended 31 March 2026 on 15th May 2026 and enclose my report for the council's review and consideration. The audit was conducted in accordance with current professional standards and guidelines, employing a risk-based approach. While not all transactions were examined, my sample testing covered the full financial year. Certain assertions were tested at the interim internal audit completed on 29 October 2025, and council should review both reports together before considering the Annual Governance Statement.

The structure of this report aligns with the assertions set out in the Annual Internal Auditor Report section of the Annual Governance and Accountability Return (AGAR). Each section sets out the assertion being assessed, the testing undertaken (guided by the audit plan previously shared with the council, available on request), and my opinion on whether the assertion has been met as at the date of the audit. **Recommendations for action are highlighted in bold and consolidated in the summary table at the end of the report.**

Interim audit matter not remedied at year-end

My testing identified procedural shortcomings in the bank reconciliation process at the interim audit stage, which had not been satisfactorily remedied by the year-end. The recommendation made at interim — that periodic bank reconciliations be signed and minuted as approved by members in accordance with Financial Regulations and the Practitioners' Guide — has not been implemented during the year. This matter is reportable to the external auditor.

Underlying control failure identified at the final audit

In addition to the unremedied interim matter, the final audit identified a more fundamental issue: the council's cashbook for the year ended 31 March 2026 did not reconcile to the AGAR accounts, no year-end bank reconciliation had been prepared at the date of the audit, and this required a complete re-write of the accounts, together with assistance from the internal auditor. This is a fundamental breakdown in the books of account and in the principal financial control by which a smaller authority's accounting records are expected to be evidenced.

Consequential effects across the internal control objectives

Because the cashbook is the source record from which the AGAR is populated, this single underlying failure has direct consequences across several internal control objectives:

- **Section A (Books of Account)** — appropriate accounting records have not been kept properly throughout the year, in that the cashbook was insufficiently analysed to provide a direct link to the AGAR. I am of the opinion that a receipts and payments book is no longer sufficient for a council of this size.
- **Section I (Bank and Cash)** — no formal year-end bank reconciliation existed at the date of the audit, and the unremedied interim recommendation referred to above remains outstanding.
- **Section J (Year End Accounts)** — the accounting statements are not supported by an adequate audit trail from the underlying records as required by the assertion, and the variance analysis was materially misstated.

A separate, unrelated finding under **Section O (Digital and Data Compliance)** concerning the council's Website Accessibility Statement is set out in the body of the report.

Remedial action required

The Clerk and Trainee Clerk have been walked through the work required to reconstruct the cashbook, prepare a year-end bank reconciliation in accordance with the Practitioners' Guide proforma, and reconcile the AGAR figures back to the underlying records. The corrected records, together with a revised variance analysis, were submitted to me for review .

Implications for the AGAR

These matters are reportable to the external auditor. On the basis of the findings set out in this report, council should expect to mark "No" against Assertions 1, 2 and 7 of the Annual Governance Statement. **Each "No" answer must be accompanied by a written explanation of the weakness identified and the remedial action the council will take to address it; that explanation must be supported by minute reference and published with the AGAR in accordance with the Practitioners' Guide. I have provided a template you can use at the end of this report.**

While these findings are significant, it is right to record that the underlying issue is a remediable accounting control failure rather than any indication of irregularity with public funds. The Clerk and Trainee Clerk have engaged constructively with the corrective work required, and the external auditor will be informed openly and at the proper time. Detailed findings under each affected section follow.

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 to prepare an annual governance statement in accordance with proper practices in relation to accounts. In addition, Regulation 5(1) of the Accounts and Audit Regulations 2015 requires a smaller authority 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 Mark Mulberry of Mulberry Local Authority Services Ltd, who has over 30 years' experience in the financial sector, with the last 14 years specialising in local government.

Your auditor is independent from the management of the financial controls and procedures of the council, has no conflicts of interest with the audit client, and provides no management or financial assistance to the client.

Engagement letter and audit approach

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

The audit addresses each of the internal control objectives as stated on the Annual Internal Audit Report of the AGAR. Audit testing consisted of walk-through testing on a selection of sample data, covering the period under review, designed to assess whether key controls were operating effectively throughout the financial year. The findings of that testing are set out in the sections that follow.

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INTRODUCTION

The audit was conducted on site with the Clerk, who also acts as the council's Responsible Financial Officer (RFO) and the Trainee Clerk. They had prepared the information advised in advance of the visit. Other information was reviewed through discussion with the team and a review of the council website

www.capel-pc.gov.uk

UPDATES ON RECOMMENDATIONS FROM INTERIM AUDIT

Internal Audit – Summary of recommendations

Audit Point	Interim Audit Findings	Council comments
IT & Data Compliance	The council has demonstrated that it has a .gov domain and .gov emails. The Clerk understood the requirements of the new regulations as per proper practices (above), and I am under no doubt action will be taken to ensure compliance. However, I remind council that it must demonstrate that it taken all possible steps to comply with the latest IT regulation by the 31 st of March 2026 to ensure the annual governance statement and internal audit report can be positively signed off. I have sign posted the Clerk to council web sites where this can be seen in practice.	Completed
Risk Assessments	I recommend a full review and update of the risk assessment documentation prior to 31 st March 2026.	Completed
Effectiveness of Internal Controls	I remind councillors that they must review the effectiveness of internal control as per financial regulation . I will test this again at the year end.	On-going
Bank & cash	I recommend a formal bank reconciliation is drawn up for all accounts at least quarterly and is signed off in accordance with the councils' own regulations.	Not completed

A. BOOKS OF ACCOUNT

Internal audit requirement: Appropriate accounting records have been properly kept throughout the financial year.

Audit findings

The Practitioners' Guide recognises that books of account may be either manual or computerised, and a manual receipts and payments cashbook can in principle be appropriate for a council of this size. It is, however, my opinion that the manual cashbook arrangement currently in use carries an elevated inherent risk of misstatement, as evidenced by the findings set out below — the absence of a year-end bank reconciliation, the lack of a clear audit trail from the AGAR to the underlying records, and the unremedied recommendation regarding member sign-off of periodic reconciliations. A manual cashbook also has built-in structural limitations:

- The fixed number of analysis columns constrains the level of detail in which receipts and payments can be coded, restricting the reporting and budget-monitoring information available to council.
- Each transaction must be hand-written and totals must be calculated and re-checked manually, which is time-consuming and introduces opportunities for arithmetical error.
- Extracting meaningful management information — for example, expenditure analysis, budget-versus-actual reporting, or reconciliations between the cashbook and the AGAR — relies on manual extraction and calculation rather than being available as a routine output.

Recommendation: Council should consider the benefits of moving to a bespoke local-council accounting package. A proprietary system would, in my opinion:

- Save officer time on routine cashbook entry and reconciliation.
- Improve the accuracy of the underlying records by removing manual calculation and providing built-in arithmetic checks;
- Provide a structured audit trail from each transaction through to the cashbook, the bank reconciliation and the AGAR, addressing the principal weakness identified in this report;
- Provide a wider range of management and budget-monitoring reports, supporting better-informed decision-making by members; and
- Support compliance with the requirement in the Practitioners' Guide that the RFO must be able to demonstrate to members the reconciliation between the cashbook and the figures in the AGAR at regular periods during the year.

The council's procurement of any such system should follow Standing Orders and Financial Regulations on competitive quotation, and the cost should be considered against the recurring officer time saved and the reduced risk of the kind of year-end issues identified in this report.

CONCLUSION: I am not satisfied this control objective has been met due to the issues noted in section I & J below.

B. FINANCE REGULATIONS, GOVERNANCE AND PAYMENTS

Internal audit requirement: This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.

Audit findings

Testing conducted at the interim audit and findings included in the interim audit report.

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

Testing conducted at the interim audit and findings included in the interim audit report.

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

Testing conducted at the interim audit and findings included in the interim audit report.

Audit findings

Testing conducted at the interim audit and findings included in the interim audit report.

Budget

The Clerk together with a councillor produces regular detailed budget reports from Excel, with data populated from the Cashbook. The year-end budget report shows income/receipts with expenditure/payments at 98.0%. 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. There is no evidence that the budget was not set correctly.

Precept

Full council set a precept of £127,010 in the meeting on the 18th of November 2024 minute ref 16a1. With a tax base of 1733.20 this equates to a band D equivalent of £73.28 (compared to the average in England of £92.22). 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 Clerk confirmed that the 2026/27 precept of £125,746 was approved by the council at the meeting held on 27th October 2025 (minute ref 7). The budget was agreed by finance committee in September 2025 minute ref 6. Ideally the minutes of full council in October would have explicitly stated the ratification of the budget and precept by the finance committee.

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 £85,672 in reserves, split between categories as below:

- Capital EMR £nil
- CIL EMR £nil
- S.106 £nil
- Earmarked EMR £nil
- General Reserves £85,672

The council has no earmarked reserves. Instead it has a wish list of projects in the minutes.

The general reserve balance is within range compared to the recommended range as detailed in the Practitioner's Guide.

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

Testing conducted at the interim audit and findings included in the interim audit report.

I confirmed that the precept for the year has been correctly received and posted to Box 2 of the Accounting Statements, with all other income posted to Box 3.

CONCLUSION: I am satisfied this control objective has been met.

F. PETTY CASH

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

Audit findings

Testing conducted at the interim audit and findings included in the interim audit report

CONCLUSION: The council has no petty cash.

G. PAYROLL

Internal audit requirement: Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.

Audit findings

Testing conducted at the interim audit and findings included in the interim audit report.

There are no member allowances.

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

Testing conducted at the interim audit and findings included in the interim audit report.

I confirmed the asset register total matches that included in box 9 (total fixed assets plus long term investments and assets) of £526,051 on the Accounting Statements and was able to trace the changes to the previous year's total against the asset register. The council added £1,950 of assets.

I confirmed by sample testing of the invoices that items added during the year have been accurately recorded as the original net purchase price.

The council has no long-term investments.

The council has a loan with PWLB – this has been confirmed to the 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

Periodic bank reconciliations and balancing of the cashbook were tested at the interim audit, with findings included in the interim audit report.

The principal finding at interim was that bank reconciliations were not being formally documented in a manner that showed reconciliation to the underlying financial statements or physical bank statements, and were not being signed and minuted as approved by members in accordance with the council's Financial Regulations.

At the final audit, I requested the year-end bank reconciliation for all accounts. No formally prepared year-end bank reconciliation had been completed at the date of my visit. With the Clerk and Trainee Clerk, I worked through the reconciliation process on site using the Practitioners' Guide proforma; once completed, the balances as at the 30th of April 2025 were confirmed to the bank statements without error.

I also note that the recommendation made in the interim audit report — that bank reconciliations be formally signed and minuted as approved by members in accordance with Financial Regulations and the Practitioners' Guide — has not been implemented.

The Practitioners' Guide is explicit that bank reconciliations must be "prepared regularly, approved by members and signed as part of the regular minute record." This is a primary financial control and its continued absence is a matter requiring report to the external auditor.

Recommendation: The year-end bank reconciliation for the period ended 31 March 2026 to be completed in full using the Practitioners' Guide / spreadsheet proforma, signed by the RFO and presented to council for approval, with the approval recorded by minute reference. Going forward, every bank reconciliation to be presented to council on a regular cycle (at minimum quarterly), approved by resolution, and signed by a designated member as evidence of independent scrutiny.

The council has four bank accounts at the year end:

NatWest	£13,468.45
NatWest Deposit	£70,417.32

NatWest Current	£1,163.30
NS&I	£623.19
Petty Cash	£nil
Total	£85,672.26

CONCLUSION: I am not satisfied that this control objective has been met. The matters set out above are reportable to the external auditor.

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), agreed to the cash book, 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 the council's discussion when approving the Annual Governance Statement. **Council is reminded that every "No" answer to an assertion must be accompanied by a written explanation, on a separate sheet, describing the weakness identified and the remedial action the council will take to address it. This explanation must be supported by a minute reference evidencing formal council discussion, and must be published alongside the completed AGAR in accordance with the Practitioners' Guide. The remedial action plan should be agreed by council at, or before, the meeting at which the AGAR is approved.**

	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.	<i>prepared its accounting statements in accordance with the Accounts and Audit Regulations.</i>	NO – No year-end bank reconciliation had been prepared at the date of the audit. The cashbook did not reconcile to the AGAR. Boxes 3 and 4 could not be agreed to underlying records at the time of audit. The variance analysis was materially incorrect — describing an adverse swing as a positive movement. Test I & Findings below in J refer
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 – The findings demonstrate that this primary control was not operating during the year — reconciliations were not being signed and minuted in accordance with Financial Regulations, Test I

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>	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.	<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 introduction of internal controls and/or external insurance cover where required.	<i>considered and documented the financial and other risks it faces and dealt with them properly.</i>	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.	<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 – not all matters raised in internal and external audit reports have been addressed. See table of brought forward matters above
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>	N/A the council has no trusts
10	We have put in place arrangements for the 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>	YES – the council has met the requirements of Governance Assertion 10

Section 2 – Accounting Statements

AGAR box number	2024/25	2025/26	Internal Auditor notes
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1	Balances brought forward	70,909	69,383	Agrees to 2024/25 carry forward (box 7)
2	Precept or rates and levies	112,600	127,010	Figure confirmed to central precept record
3	Total other receipts	29,278	39,926 39,357	Agrees to underlying accounting records
4	Staff costs	49,971	48,315 47,585	Agrees to underlying accounting records. Includes only expenditure allowed as staff costs (see section G)
5	Loan interest/capital repayments	7,354	7,354 7,536	Agrees to PWLB remittance advices
6	All other payments	86,079	94,978 95,137	Agrees to underlying accounting records
7	Balances carried forward	69,383	85,672	Cast correctly and agrees to balance sheet
8	Total value of cash and short-term investments	69,383	85,672	Agrees to bank reconciliation for all accounts
9	Total fixed assets plus long-term investments and assets	524,101	526,051	Matches asset register total and changes from previous year have been traced
10	Total borrowings	72,340	67,036	Agrees to PWLB statement/

For local Councils Only	Yes	No
11 Do the figures in the accounting statements above exclude any trust transactions	✓	Yes – trust transactions are excluded from the stated figures / No – trust transactions are included in the stated figures

Audit findings

The year-end accounts have been prepared on a receipts and payments basis, and there is therefore no requirement to complete the Box 7/8 reconciliation. The AGAR casts and cross-casts correctly, and the prior year comparatives agree to the figures submitted in the 2024/25 AGAR and published on the council's website.

However, my testing identified a material breakdown in the audit trail required by Assertion J of the Annual Internal Audit Report:

- **No direct audit trail from the AGAR to the underlying cashbook.** While the Box 7 and Box 8 balances agreed to the schedule of bank balances — giving the superficial appearance of a reconciled position — the cashbook receipts and payments totals did not agree to the figures presented in the AGAR. There was a clear and unexplained variance between the two.
- **No year-end bank reconciliation had been prepared.** This is a fundamental control failure: the year-end bank reconciliation is the key piece of evidence supporting the Box 8 figure, and is required to be submitted to the external auditor with the AGAR.

I discussed these findings with the Clerk and Trainee Clerk and walked them through the process of repopulating and reconciling the cashbook to the bank statements, and from there to the figures in the AGAR.

Variance analysis. The variance analysis had been completed but the explanations provided were not sufficient to satisfy the requirements set out in the Practitioners' Guide. In particular, one variance described as a single positive movement was, on examination, a negative movement against the prior year — masking what was in fact

a significant adverse swing. I discussed this with the Clerk and Trainee Clerk, who agreed that an adjustment to the variance analysis was required. The corrected explanation was prepared on site during the audit visit.

CONCLUSION: I am not satisfied that this control objective has been met as at the date of the audit. The matters set out above are reportable to the external auditor.

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.

Audit findings

Testing conducted at the interim audit and findings included in the interim audit report.

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 published the required information on a website/webpage up to date at the time of the internal audit in accordance with the 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.

The council has finance page on the website where additional financial information is provided such as payments over £500.

The council also has a model publication scheme and can provide information regarding payments over £100 on request. This link will provide access to the most up to date template. [template-parish-councils-20211029.doc](#)

Recommendation: The current policy is reviewed and revised to include the model template above.

CONCLUSION: I am satisfied this control objective has been met.

M: EXERCISE OF PUBLIC RIGHTS - INSPECTION OF ACCOUNTS

Internal audit requirement: In the year covered by this AGAR, the authority correctly provided for a period 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	16th June	18 th May 2026
Date inspection notice issued	17th June	19th May 2026
Inspection period begins	18th June	3rd June 2026
Inspection period ends	29th July	14th July 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

Testing conducted at the interim audit and findings included in the interim audit report.

The external audit report and notice of conclusion have been posted in time to the council website

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 confirmed that the council website contains a Privacy Notice and a Website Accessibility Statement. The Accessibility Statement is dated December 2019 and references compliance with an earlier version of the Web Content Accessibility Guidelines. The current standard required by the Public Sector Bodies (Websites and Mobile Applications) (No. 2) Accessibility Regulations 2018, and reflected in the Practitioners' Guide, is WCAG 2.2 AA. The Practitioners' Guide is explicit that the accessibility statement must be kept under regular review and that website accessibility should be tested at least annually.

Recommendation: The council to test the accessibility of its website against WCAG 2.2 AA, refresh the Website Accessibility Statement accordingly (including the reasons for any non-compliance, and the contact point for accessibility issues), and place the statement on a defined annual review cycle.

IT Policy

The council has an IT Policy in place which was last reviewed in 2024. I noted that the policy is, in places, somewhat dated relative to current sector practice.

Recommendation: The council to refresh the IT Policy in line with the latest NALC template, and to formally re-adopt and minute the policy on at least an annual review cycle.

Email management

The council operates a generic email account hosted on a council-owned domain, with individual addresses on the same domain established for all members. This is the model required by paragraph 1.47 of the Practitioners' Guide and provides clear segregation between council and personal correspondence, makes the capacity in which a member is acting unambiguous, retains control of correspondence within the council, contributes to a professional presentation, and limits the scope of personal devices being drawn into a Freedom of Information request. This area of compliance is in good order.

Data protection and GDPR

The council has undertaken a data audit, dated February 2026, which is published on the council website. This is current and meets the expectation in the Practitioners' Guide that data audits should be conducted regularly. I would recommend the council confirms it has a formally adopted Data Protection Policy on a defined review cycle, alongside the data audit, to complete the documented framework supporting this assertion.

CONCLUSION: I am satisfied this control objective has been met

P. TRUSTEESHIP

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

Audit findings

Testing conducted at the interim audit and findings included in the interim audit report.

CONCLUSION: The council has no trusts this test does not apply

Achievement of control assertions at final internal audit date

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

Ref	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 assessed 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, supported by an adequate audit trail from underlying records.		✓	
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 the 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 mark@mulberrylas.co.uk

Yours sincerely



Mark Mulberry

Director, Mulberry Local Authority Services Ltd

Internal Audit – Summary of recommendations

Audit Point		Internal Audit Findings	Council comments
A	Appropriate accounting records have been properly kept throughout the financial year.	Council should consider the benefits of moving to a bespoke local-council accounting package.	
I	Periodic bank account reconciliations were properly carried out during the year.	The year-end bank reconciliation for the period ended 31 March 2026 to be completed in full using the Practitioners' Guide / spreadsheet proforma, signed by the RFO and presented to council for approval, with the approval recorded by minute reference. Going forward, every bank reconciliation to be presented to council on a regular cycle (at minimum quarterly), approved by resolution, and signed by a designated member as evidence of independent scrutiny.	
J	Accounting statements prepared during the year were prepared on the correct accounting basis, supported by an adequate audit trail from underlying records.	I discussed these findings with the Clerk and Trainee Clerk and walked them through the process of repopulating and reconciling the cashbook to the bank statements, and from there to the figures in the AGAR.	

Annual Governance Statement 2025/26 — Explanation of "No" responses

Published in accordance with paragraph 1.3 of the Practitioners' Guide 2026/27 and the Transparency Code for Smaller Authorities

In approving its Annual Governance Statement for the year ended 31 March 2026, the council has answered "No" to Assertions 1, 2 and 7. The council acknowledges the weaknesses identified by its internal auditor in the Internal

Audit Report dated [DATE] and sets out below the remedial action it will take to address each.

This action plan was considered and approved by council at its meeting on [DATE], minute reference [XX/26].

Assertion 1 — We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.

Response: NO

Weakness identified. The council's cashbook for the year ended 31 March 2026 did not reconcile to the AGAR, no year-end bank reconciliation had been prepared at the date of the internal audit, and the figures in the Accounting Statements (Section 2 of the AGAR) could not be agreed to the cashbook on a line-by-line basis. The council's variance analysis was found to contain a material misstatement which has subsequently been corrected.

Remedial action.

1. The council has, with the support of the internal auditor, reconstructed the cashbook for the year ended 31 March 2026 and prepared a year-end bank reconciliation in accordance with the proforma in the Practitioners' Guide. The figures in the Accounting Statements have been re-derived from the reconciled cashbook and reviewed by the internal auditor before submission of the AGAR. *(Addresses internal audit recommendations A, and J.)*
2. The variance analysis has been revised and now provides a sufficiently detailed and meaningful explanation of significant year-on-year movements, including the correct directional treatment of the variance previously misstated. *(Addresses internal audit recommendation J.)*
3. From 1 April 2026 the council has put in place a monthly cashbook-to-bank reconciliation as a standing item of the RFO's monthly close, with the reconciliation to be presented to council on a quarterly basis as part of the budget monitoring report.
4. The council will consider the adoption of a proprietary local-council accounting package as part of its 2026/27 work programme, with a view to implementation from 1 April 2027 if the cost-benefit case supports it. *(Addresses internal audit recommendation A.)*

Assertion 2 — We maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.

Response: NO

Weakness identified. Bank reconciliations were not being prepared, signed and minuted as approved by members in accordance with the council's Financial Regulations and the Practitioners' Guide. No year-end bank reconciliation existed at the date of the internal audit. These omissions represent a breakdown in the council's principal financial control over cash and short-term investments.

Remedial action.

1. With effect from 1 April 2026, every periodic bank reconciliation will be presented to council on at least a quarterly cycle, formally approved by council resolution, and signed by a designated member as evidence of independent scrutiny in accordance with Financial Regulation [insert clause reference] and the requirements of the Practitioners' Guide. *(Addresses internal audit recommendation I.)*
2. The signed year-end reconciliation for 2025/26, with supporting bank statements as at 31 March 2026 attached, has been completed and submitted to the external auditor with the AGAR. *(Addresses internal audit recommendation I.)*
3. The council will undertake an annual review of the effectiveness of its system of internal control in accordance with Regulation 6 of the Accounts and Audit Regulations 2015. The first such review under this revised framework will be conducted no later than [DATE] and will be reported to council with a documented minute reference.

Assertion 7 — We took appropriate action on all matters raised in reports from internal and external audit.

Response: NO

Weakness identified. The internal auditor's interim report identified that bank reconciliations were not being formally signed and minuted as approved by members in accordance with Financial Regulations. This recommendation had not been implemented by the year-end and was therefore an outstanding matter from a previous internal audit report.

Remedial action.

1. The unremedied interim recommendation has now been actioned through the changes to the bank reconciliation process set out under Assertion 2 above. *(Addresses internal audit recommendation I.)*
2. The council will adopt a standing process for tracking internal and external audit recommendations: each recommendation will be entered into a Recommendations Tracker which will be presented to council at every meeting until the recommendation is closed out. The minute reference for closure will be recorded against the relevant entry. *(Addresses internal audit recommendations across A, E, G, I and J.)*
3. All future internal audit reports — interim and final — will be a substantive item on the agenda of the next available council meeting following receipt, with formal consideration recorded by minute and a documented action plan agreed.
4. The council acknowledges that failure to action audit recommendations on a timely basis is itself a control failure, and the Clerk will report to council annually on the implementation status of all open This explanation, the Annual Governance Statement, the Accounting Statements and the Annual Internal Audit Report have been published together on the council's website.

Signed: Chair Signed: Clerk/RFO

Date:
