



Mr Phil Burgess (Clerk & RFO)  
East Dean & Friston Parish Council  
Village Hall,  
Village Green Lane,  
East Dean,  
Eastbourne  
BN20 0DR

27<sup>th</sup> May 2026

Dear Phil,

**Re: East Dean & Friston Parish Council**  
**Internal Audit Report for Financial Year Ended 31 March 2026**

**Executive summary**

Following completion of our internal audit on 27<sup>th</sup> May 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 not identify any procedural errors requiring reporting to the external auditor at this time, nor did we observe any material weaknesses in internal controls that would pose a risk to public funds. In fact, the processes and procedures together with our own built-in compensating controls are robust, strictly followed and in many respects a model of good practice.

We are pleased to report that overall, the systems and procedures currently in place are appropriate and effective. While this report may include recommendations for improvement, these should not be viewed as indicators of significant deficiencies. Rather, they are intended to support the continued development of what is, in our view, a well-managed and robust governance framework.

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

## **Regulation**

The Accounts and Audit Regulations 2015 require smaller authorities, each financial year, to conduct a review of the effectiveness of the system of internal control and prepare an annual governance statement in accordance with proper practices in relation to accounts. In addition to this, a smaller authority is required by Regulation 5(1) of the Accounts and Audit Regulations 2015 to “undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.”

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

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

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

## **Independence and competence**

Your audit was conducted by Jenny Hoodless of Mulberry Local Authority Services Ltd, who has over 9 years’ experience in the financial sector 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](mailto:anna@mulberrylas.co.uk)

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

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

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

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## INTRODUCTION

The audit was conducted on remotely with the Clerk, who also acts as the council's Responsible Financial Officer (RFO). The Clerk had prepared the information advised in advance of the visit, and overall, I have the impression that accounting records are neatly maintained and easily accessible.

Other information was reviewed through discussion with the Clerk and a review of the council website [www.eastdeanfriston-pc.gov.uk](http://www.eastdeanfriston-pc.gov.uk).

### A. BOOKS OF ACCOUNT

#### **Internal audit requirement**

*Appropriate accounting records have been kept properly during the year.*

#### **Audit findings**

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

Every month, a "month end" close down is performed by the Clerk & RFO, various reports are printed and filed in hard copy, these include but are not limited to, income and expenditure against budget, bank reconciliations and other reports as fit.

The system requires the population of key data fields to enable the user to record a transaction. This is a clear and easy to follow system and a review of the cashbook shows that all data fields are being entered with sufficient detail to identify the source and nature of the transaction.

I conducted a simple walk-through test on a supplier invoice drawn at random and a receipt drawn at random and can confirm the underlying documentation was easy to locate and agreed to the cashbook details. I make no recommendation to change in this system.

I tested the opening balances as of 1 April 2025 by reviewing the balance brought forward on the receipts page on the Rialtas accounting package for cashbook two and confirmed it could be agreed back to the investment reconciliation for the audited accounts for 2024/25 for £99,255.

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

#### **Check receipt of VAT refund matches last submitted VAT return**

The council submits its VAT return on a quarterly basis. I reviewed the submission for the period ending 31<sup>st</sup> March 2026 which showed a refund amount due of £1,184.55 and was fully supported by the required details. I was able to confirm receipt of this amount to the council's bank account on 17th April 2026. The council is up to date with its VAT submissions.

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## CONCLUSION

I am satisfied this control objective has been met.

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## 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 but the formal acceptance to receive information by electronic means, has not been signed by the councillors, 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"

#### **Recommendation for all councillors to sign the consent form at the next Council meeting.**

The council website includes a councillor page where the individual Register of Members' Interests forms are published.

#### **Confirm that the council meets regularly throughout the year**

In addition to full council, the council has a committee structure in place. Terms of reference for each committee are published on the council website, along with a diary of future meeting dates and historic agendas and minutes for meetings.

#### **Check that agendas for meetings are published giving 3 clear days' notice**

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

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

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

Draft minutes are uploaded to the council website and clearly annotated as draft.

#### **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 14<sup>th</sup> May 2026 (minute ref 2334).

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

Financial Regulations are based on the current NALC model and were last reviewed and adopted by council on 14<sup>th</sup> May 2026 (minute ref 2335). The regulations contain provisions for the approval of spending, setting of budgets, reconciliation of the bank and reporting to council.

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

##### **Procurement**

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

FR 5.6            *For contracts estimated to exceed £60,000 including VAT, the Clerk shall seek formal tenders from at least three suppliers agreed by the council.*

- FR 5.7 For contracts estimated to be over £30,000 including VAT, the council must comply with any requirements of the Legislation regarding the publication of invitations and notices.*
- FR 5.8 For contracts greater than £3,000 excluding VAT the Clerk or RFO shall seek at least 3 fixed-price quotes.*
- FR 5.9 Where the value is between £500 and £3,000 excluding VAT, the Clerk or RFO shall try to obtain 3 estimates.*
- FR 5.10 For smaller purchases, the Clerk or RFO shall seek to achieve value for money.*
- FR 5.20 An official order or letter shall be issued for all work, goods and services above £250 excluding VAT unless a formal contract is to be prepared or an official order would be inappropriate. Copies of orders shall be retained, along with evidence of receipt of goods.*

I tested a sample of procurement exercise completed by the council and was able to confirm that the requirements of Financial Regulations 5.6 to 5.10 have been followed in obtaining prices from suppliers.

The council completes purchase orders for appropriate items above the threshold contained in FR 5.20. I tested a sample of these against the invoices and am satisfied they are being completed correctly, and evidence of the receipt of goods is maintained where applicable.

### *Authorisation*

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

- FR 5.15 Individual purchases within an agreed budget for that type of expenditure may be authorised by:*
- the Clerk, under delegated authority, for any items below £1,000 excluding VAT*
  - the Clerk, in consultation with the Chair of the Council or Chair of the appropriate committee for any items below £2,000 excluding VAT*
  - a duly delegated committee of the council for all items of expenditure within their delegated budgets for items under £5,000 excluding VAT*
  - in respect of grants, a duly authorised committee within any limits set by council and in accordance with any policy statement agreed by the council.*
  - the council for all items over £5,000;*
- FR 5.18 In cases of serious risk to the delivery of council services or to public safety on council premises, the clerk may authorise expenditure of up to £2,000 excluding VAT on repair, replacement or other work that in their judgement is necessary, whether or not there is any budget for such expenditure. The Clerk shall report such action to the Chair as soon as possible and to [the council] as soon as practicable thereafter.*

Based on the level of financial activity of the council, and through discussion with the Clerk, these authorisation thresholds appear appropriate.

I tested a sample of invoices and was able to confirm that amounts have been properly authorised in accordance with the adopted Financial Regulations, and payment lists are appended to the minutes of relevant meetings with the minutes recording the approval of such.

**Payment**

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

- FR 7.4        *The Service Administrator shall set up all items due for payment online. A list of payments for approval, together with copies of the relevant invoices, shall be sent by email to two authorised signatories.*
  
- FR 7.5        *In the prolonged absence of the Service Administrator, an authorised signatory shall set up any payments due before the return of the Service Administrator.*
  
- FR 7.6        *Two councillors who are authorised signatories shall check the payment details against the invoices before approving each payment using the online banking system.*
  
- FR 7.7        *Evidence shall be retained showing which members approved the payment online and a printout of the transaction confirming that the payment has been made shall be appended to the invoice for audit purposes.*
  
- FR 7.8        *A full list of all payments made in a month shall be provided to the next council meeting and appended to the minutes.*

I tested a sample of payments and confirmed that the council has in place a system to segregate duties in terms of the setting up and subsequent release of payments made via online banking in accordance with the council’s adopted Financial Regulations, and has sufficient individuals authorised to complete these steps, minimising the risk of being unable to make payments in a timely fashion.

**Confirm all section 137 expenditure meets the guidelines and does not exceed the annual per elector limit of £11.10 per elector**

The section 137 thresholds do apply, and all S137 expenditure is within the threshold.

**Confirm that checks of the accounts are made by a councillor**

The system noted above details internal review takes place and I am under no doubt that council properly approves expenditure.

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**CONCLUSION**

I am satisfied this control objective has been met.

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**C. RISK MANAGEMENT AND INSURANCE**

**Internal audit requirement**

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

**Audit findings**

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

- FR 2.1        *The council must ensure that it has a sound system of internal control, which delivers effective financial, operational and risk management.*

- FR 2.2 *The Clerk shall prepare, for approval by the council, a risk management policy covering all activities of the council. This policy and consequential risk management arrangements shall be reviewed by the council at least annually.*
- FR 2.3 *When considering any new activity, the Clerk shall prepare a draft risk assessment including risk management proposals for consideration by the council.*
- FR 2.4 *At least once a year, the council must review the effectiveness of its system of internal control, before approving the Annual Governance Statement.*

The council has a risk assessment process in place, which was last reviewed and approved by council on 7th November 2024 (minute ref 1054). I reviewed the risk assessment record, which includes a high/medium/low format to assess the overall risk based on likelihood and consequences of an event occurring and then assesses the risks within each sector of the council's business operations.

Each potential risk is identified, assessed using the high/medium/low format, prior to any mitigation measures, existing internal controls are listed and any further mitigation action which may be needed, and then a further assessment of the risk is included after the mitigation measures have been put in place. The assessment also includes details of who is responsible for any actions and when these are to be completed by.

This is a good approach and includes analysis of all risks typically associated with a council of this size with its range of services and facilities.

**A recommendation to adopt the colour Matrix format was discussed with the Clerk as it would give an easier and quicker overview assessment of all the risks and review annually.**

The council has responsibility for a recreation ground which includes a cricket pavilion and a play area, which are inspected regularly by a Councillor then any major repairs are carried out by a contractor.

In accordance with FR 2.4, I was able to confirm that the council carries out a review of the effectiveness of its internal controls. This includes receipt and review of internal and external audit reports, and details the additional internal control measures the council has put in place.

I note the council also has an adopted Statement of Internal Controls and I have no doubt that the council takes its risk management responsibilities seriously.

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

The insurance policy includes Public Liability cover of £12 million, Employers Liability cover of £10 million and a Fraud & Dishonesty (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 Clerk confirmed that they were not aware of any event having a financial impact that was not included in the accounting statements.

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## CONCLUSION

I am satisfied this control objective has been met.

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## 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 Clerk/RFO produces regular detailed budget reports from the accounting software. The year-end budget report shows receipts reported as 85% of budget and payments at 72%. There is no evidence to suggest that the budget has not been accurately set and carefully monitored throughout the year.

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

#### **Precept**

The council set a precept of £77,175 for 2025/26. With a tax base of 974.70, this equates to a band D equivalent of £79.18 (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 Clerk confirmed that the 2026/27 budget and precept were approved by the council at the meeting held on 8th January 2026 (minute ref 2250).

#### **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 £115,825 in reserves, split between categories as below:

• General Parish Election	£9,000
• CIL Pre Apr 23	£1,114.84
• CIL 23/23	£7,742.93
• Cricket Club	£720
• Neighbourhood Plan Grant	£322.56
• CIL 24/25	£767.21
• General Reserves	£96,157.46

I checked the purpose of these earmarked reserves with the Clerk, who advised that the CIL reserve was intended for a project to install a MUGA. However, the remaining funding was expected to come from a grant application, which has since been unsuccessful. The Clerk will present this matter at the next council meeting to discuss an alternative project, as all CIL funds must be spent by the end of the 2026/27 financial year.

In addition, some of the EMR names do not clearly indicate their purpose. A recommendation would therefore be for the council to review and rename these reserves to make their intended use easier to understand. As the EMRs were established prior to the appointment of the current Clerk, he has no prior knowledge of the Original purpose.

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

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## CONCLUSION

I am satisfied this control objective has been met.

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## 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 including grants, pavilion hire, CIL and bank interest.

From a review of the accounting records, income appears to be recorded with sufficient narrative detail to identify the source and allocated to the most appropriate nominal code. I tested a sample of invoices issued for each aspect of the council's operations and was able to confirm rates charged were consistent with the council's published charging schedule.

FR 13.2 states *'The council will review all fees and charges for work done, services provided, or goods sold at least annually as part of the budget-setting process, following a report of the Clerk. The Clerk shall be responsible for the collection of all amounts due to the council.'*

Fees are reviewed as part of the budget setting process, and confirmation of the agreed fees is recorded in the minutes of the meeting held on 7<sup>th</sup> August 2025 (minute ref 2140).

I reviewed the outstanding debtors with the Clerk/RFO. The council has procedures in place to chase outstanding debtors, and there are no amounts currently at risk of non-payment.

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## CONCLUSION

I am satisfied this control objective has been met.

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## F. PETTY CASH

### **Internal audit requirement**

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

### **Audit findings**

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

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## 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 has one employee on the payroll. The staff member has a signed contract of employment, based on the NALC template, and the council is a member of the Local Government Pension Scheme (LGPS). Performance reviews for the Clerk & RFO are conducted by a panel of councillors.

Payroll is processed by the Clerk & RFO using the HMRC Basic Tools system. I reviewed the payroll summary for the previous two months and the payroll deductions appear correct.

I was able to verify the amounts per the payroll agreed to the submission data on the Government gateway, that HMRC and pensions payments are up to date and that the council is correctly not claiming the employment allowance for national insurance contributions.

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

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

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## CONCLUSION

I am satisfied this control objective has been met.

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## H. ASSETS AND INVESTMENTS

### **Internal audit requirement**

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

### **Audit findings**

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

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

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

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

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

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

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

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

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

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

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

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

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

The council has a fixed asset register in place, maintained in an Excel format, which includes details of asset location, date of acquisition, original purchase price, replacement value and insurance value. Assets are correctly listed at cost/proxy cost, or where gifted/donated, given a nominal £1 value for the purpose of the asset register. **The format is not easy to follow and the recommendation would be to update to include original purchase price and insurance value.**

I was unable to carry out a sample testing of the invoices that items added during the year have been accurately recorded at the original net purchase price as there had not been any purchases.

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 had bank balances exceeding £100,000 at year end, however after discussion with the Clerk, the balances are normally under £100,000 and therefore, an Investment Strategy is not required.

The council has no long-term investments.

The council has no borrowing through the PWLB.

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**CONCLUSION**

I am satisfied this control objective has been met.

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## I. BANK AND CASH

### **Internal audit requirement**

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

### **Audit findings**

Financial Regulation 2.6 states 'At least once in each quarter, and at each financial year end, a member other than the Chair shall be appointed to verify bank reconciliations (for all accounts) produced by the RFO. The member shall sign and date the reconciliations and the original bank statements (or similar document) as evidence of this. This activity, including any exceptions, shall be reported to and noted by the council.'

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

I was able to confirm that the bank reconciliations have been verified in accordance with Financial Regulations, and evidence of this activity taking place is recorded within the minutes of meetings.

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 three accounts with Barclays. At the date of the internal audit, the balances held are within the £120,000 protection limit per financial institution offered by the Financial Services Compensation Scheme (FSCS)

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### **CONCLUSION**

I am satisfied this control objective has been met.

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## 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.

	<b>Annual Governance Statement</b>	<i>'Yes', means that this authority</i>	<b>Suggested response based on evidence</b>
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>	<b>YES</b> – accounts follow latest Accounts and Audit Regulations and practitioners guide recommendations.
2	We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.	<i>made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.</i>	<b>YES</b> – there is regular reporting of financial transactions and accounting summaries, offering the opportunity for scrutiny.
3	We took all reasonable steps to assure 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>	<b>YES</b> – 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>	<b>YES</b> – 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>	<b>YES</b> – 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>	<b>YES</b> – 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>	<b>YES</b> – matters raised in internal and external audit reports have been addressed.
8	We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this authority and. Where appropriate, have included them in the accounting statements.	<i>disclosed everything it should have about its business activity during the year including events taking place after the year end if relevant.</i>	<b>YES</b> – 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>	<b>N/A</b> – the council has no trusts
10	We have put in place arrangements for effective IT and data management in accordance with proper practices during the year under review.	<i>has made suitable arrangements for its IT and data management and has complied with proper practices in doing so</i>	<b>YES</b> – the council has 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	70,639	99,255	Agrees to 2024/25 carry forward (box 7)
2	Precept or rates and levies	73,500	77,175	Figure confirmed to central precept record
3	Total other receipts	46,223	21,543	Agrees to underlying accounting records
4	Staff costs	27,301	32,229	Agrees to underlying accounting records. Includes only expenditure allowed as staff costs (see section G)
5	Loan interest/capital repayments	0	0	Agrees to PWLB remittance advices / Council has no borrowing
6	All other payments	63,806	49,919	Agrees to underlying accounting records
7	Balances carried forward	99,255	115,825	Casts correctly and agrees to balance sheet

8	Total value of cash and short- term investments	99,255	115,825	Agrees to bank reconciliation for all accounts
9	Total fixed assets plus long- term investments and assets	218,626	218,626	Matches asset register total and changes from previous year have been traced
10	Total borrowings	0	0	Agrees to PWLB statement/ Council has no borrowing
11	Do the figures in the accounting statements above exclude any trust transactions	N/A	Yes	Yes – trust transactions are excluded in the stated figures

**Audit findings**

The year-end accounts have been correctly prepared on a receipts and payments basis with no requirement to complete the box 7 and 8 reconciliation.

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

The variance analysis has been completed and, in my opinion, provides sufficient financial and narrative information to explain the variances to the External Auditor.

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**CONCLUSION**

I am satisfied this control objective has been met.

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**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**

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.

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## L: PUBLICATION OF INFORMATION

### **Internal audit requirement**

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

### **Audit findings**

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

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

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

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

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

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

### ***Confirm that the council is compliant with the relevant transparency code***

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

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## **CONCLUSION**

I am satisfied this control objective has been met.

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**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**

<b>Inspection – key dates</b>	<b>2024/25 Actual</b>	<b>2025/26 Proposed</b>
<b>Date AGAR signed by council</b>	5 June 2025	4 <sup>th</sup> June 2026
<b>Date inspection notice issued</b>	29 June 2025	9 <sup>th</sup> June 2026
<b>Inspection period begins</b>	30 June 2025	10 <sup>th</sup> June 2026
<b>Inspection period ends</b>	8 August 2025	21 <sup>st</sup> July 2026
<b>Correct length (30 working days)</b>	Yes	Yes
<b>Common period included (first 10 working days of July)</b>	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, has been published on the council website along with the Notice of Conclusion of Audit before the 30 September 2025 and was reported to the council meeting held on 2<sup>nd</sup> October 2025 (minute ref 2175).

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### **CONCLUSION**

I am satisfied this control objective has been met.

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## **O. DIGITAL AND DATA COMPLIANCE**

### ***Internal audit requirement***

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

### **Audit findings**

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

### ***Website***

I was able to confirm that the council website contains a Privacy Notice and a Website Accessibility Statement. The Website Accessibility Statement correctly references partial compliance with the Web Content Accessibility Guidelines (WCAG) 2.2 AA and was recently updated, date not confirmed.

The council has an IT Policy but split into two documents, one is Communications & Social Media and the other is Email & Internet Usage. I advised the Clerk that the two are to be reviewed and possibly merged to one policy named 'IT Policy', to be done prior to 26/27-year end.

### ***Email management and GDPR***

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

The council last completed a data audit on 5th February 2026, and I recommend the council ensures this is completed annually to comply with GDPR regulations and to be recorded.

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### **CONCLUSION**

I am satisfied this control objective has been met.

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**P. TRUSTEESHIP****Internal audit requirement**

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

**Audit findings**

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

**Achievement of control assertions at final internal audit date**

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

	<b>INTERNAL CONTROL OBJECTIVE</b>	<b>YES</b>	<b>NO</b>	<b>NOT COVERED</b>
A	Appropriate accounting records have been properly kept throughout the financial year	Y		
B	This authority complied with its Finance Regulations, payments were supported by invoices, all expenditure was approved, and VAT was appropriately accounted for	Y		
C	This authority assesses the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these	Y		
D	The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	Y		
E	Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for	Y		
F	Petty cash payments were properly supported by receipts, all petty cash expenditure was approved, and VAT appropriately accounted for			N/A
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.	Y		
H	Asset and investments registers were complete and accurate and properly maintained.	Y		
I	Periodic bank account reconciliations were properly carried out during the year.	Y		
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.	Y		
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.			N/A
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.	Y		
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.	Y		

N	The authority complied with the publication requirements for prior year AGAR.	Y		
O	The authority has complied with laws, regulations and proper practices relating to digital and data compliance.	Y		
P	Trust funds (including charitable) – The council met its responsibilities as a trustee.			N/A

Should you have any queries please contact me directly on [jenny@mulberrylas.co.uk](mailto:jenny@mulberrylas.co.uk).

Yours sincerely

*JHoodless*

**Jenny Hoodless**  
**Mulberry Local Authority Services Ltd**

<b>Internal Audit – Summary of recommendations</b>		
<b>Audit Point</b>	<b>Internal Audit Findings</b>	<b>Council comments</b>
<b>B. FINANCE REGULATIONS, GOVERNANCE AND PAYMENTS</b>	Recommendation for all councillors to sign the consent form at the next Council meeting.	
<b>C. RISK MANAGEMENT AND INSURANCE</b>	A recommendation to adopt the colour Matrix format was discussed with the Clerk as it would give an easier and quicker overview assessment of all the risks. A template to be sent to the Clerk.	
<b>C. RISK MANAGEMENT AND INSURANCE</b>	Risk Assessment to be reviewed as soon as possible as it is mandatory to be reviewed annually, last review 2024.	
<b>D. BUDGET, PRECEPT AND RESERVES</b>	The Clerk will present this matter at the next council meeting to discuss an alternative project, as all CIL funds must be spent by the end of the 2026/27 financial year. In addition, some of the EMR names do not clearly indicate their purpose. A recommendation would therefore be for the council to review and rename these reserves to make their intended use easier to understand. As the EMRs were established prior to the appointment of the current Clerk, he has no prior knowledge of the original purpose.	
<b>H. ASSETS AND INVESTMENTS</b>	The Asset Register format is not easy to follow and the recommendation would be to update to include original purchase price and insurance value.	
<b>O. DIGITAL AND DATA COMPLIANCE</b>	The council currently has two separate documents covering the topic of IT, recommendation to review and possibly merged to one policy named 'IT Policy', to be done prior to 26/27-year end.	
<b>O. DIGITAL AND DATA COMPLIANCE</b>	Data Audits to be carried out annually and to be recorded, mandatory by 31 <sup>st</sup> March 2027.	