

GODALMING TOWN COUNCIL

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I HEREBY SUMMON YOU to attend the **AUDIT & GOVERNANCE COMMITTEE** Meeting to be held in the **Oglethorpe Hall, The Wilfrid Noyce Centre**, Godalming on THURSDAY, 28 MAY 2026 at 7.00pm or at the conclusion of the preceding Planning Committee, whichever is later.

DATED this 21st day of May 2026.

Andy Jeffery

Andy Jeffery
Chief Executive Officer

If you wish to speak at this meeting please contact Godalming Town Council on 01483 523575 or email office@godalming-tc.gov.uk

Committee Members: Councillor Thomson – Chair
Councillor Martin
Councillor Steel
Councillor Marshall
Councillor Crooks

AGENDA

1. MINUTES

To approve as a correct record the minutes of the meeting held on the 16 April 2026, a copy of which has been circulated previously.

2. APOLOGIES FOR ABSENCE

3. ELECTION OF COMMITTEE VICE-CHAIR

To receive nominations for the Vice-Chair of the Committee and to elect said Vice-Chair.

4. DISCLOSABLE PECUNIARY INTERESTS AND OTHER REGISTERABLE INTERESTS

To receive from Members any declarations of interests in relation to any items included on the agenda for this meeting required to be disclosed by the Localism Act 2011 and the Godalming Members' Code of Conduct.

5. PETITIONS/STATEMENTS/QUESTIONS FROM MEMBERS OF THE PUBLIC

The Chair to invite members of the public to make representations, ask or answer questions and give evidence in respect of the business on the agenda or other matters not on the agenda. This forum to be conducted in accordance with Standing Order 5.

6. QUESTIONS BY MEMBERS

To consider any questions from Councillors in accordance with Standing Order 6.

7. AUDIT & GOVERNANCE COMMITTEE MEMBERS BRIEF

Members to receive a briefing from the CEO on the role of the Audit & Governance Committee within the Council's new Committee structure.

8. WORK PROGRAMME

Members to consider the Committee's Work Programme and to note progress on the items therein (copy attached for the information of Members).

9. BANK RECONCILIATION

The Responsible Finance Officer to table the current Bank Reconciliation for the information of Members.

Members to agree that the Chair should sign the bank reconciliation tabled.

10. NOTICE OF PUBLIC RIGHTS

Members are informed that, subject to Council's approval of the Annual Governance Statement and Accounting Statements, the Notice of Public Rights will be published on **Friday 5 June 2026**, together with the unaudited AGAR. The statutory period for the exercise of public rights is proposed to run from **Monday 8 June 2026 to Friday 17 July 2026**.

This process is undertaken in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Accounts and Audit Regulations 2015 (as amended), specifically Regulations 14 and 15, which require the Responsible Financial Officer to set and publish a period of 30 working days during which electors may inspect the accounts and related documents, including the first 10 working days of July.

Members are invited to note the statutory timetable in advance of the Council formally approving and signing the Annual Governance Statement.

11. INTERNAL AUDITOR'S REPORT

Recommendation: Members to consider the report of an internal audit conducted on 8 May 2026 by the Council's Internal Auditor, Mulberry & Local Authority Services Ltd (attached for Members Information).

In doing so, Members are asked to note the auditor's comment that:

"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 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."

The Auditor made one recommendation as set out below, Officers have provided a draft response for Members consideration. If members are in agreement, the auditors report and the Audit Committees recommended response should be recommended to Full Council for noting.

Audit Point	Audit Findings	PROPOSED Council Response
O. DIGITAL AND DATA COMPLIANCE	The Website Accessibility Statement correctly references partial compliance with the Web Content Accessibility Guidelines (WCAG) 2.1 AA and should be updated to the current WCAG 2.2 AA standard. I recommend the council ensures that a data audit is completed during 2026/27 to comply with GDPR regulations, as this may be an audit test for next year. The Clerk confirmed this, along with updating the Website Accessibility Statement, is due to be conducted by the council as part of their compliance audit during 2026/27.	At the meeting of the Policy & Management Committee of 8 January 2026, Members resolved to approve that an updated accessibility compliance assessment of the Town Council's website be commissioned, subject to costs being met within the approved 2026/27 IT and Website budget, with any costs outside the approved budget to be referred back to the Policy & Management Committee (now the Management Committee). Members further approved that the Accessibility Statement be reviewed and updated following receipt of the reassessment report, as appropriate.

12. DATE OF NEXT MEETING

The next meeting of the Audit Committee is scheduled to be held in Oglethorpe Hall, The Wilfrid Noyce Centre, Godalming on Thursday, 9 July 2026 at 6.30pm.

13. ANNOUNCEMENTS

Brought forward by permission of the Chair. Requests to be submitted prior to commencement of the meeting.

Audit & Governance Committee Member Briefing Paper – Member Induction & Governance Overview

1. Introduction

This briefing paper has been prepared to support Members appointed to the Audit & Governance Committee following the Annual Council Meeting on 20 May 2026. The purpose of the briefing is to provide Members with:

- an overview of the Committee's role and responsibilities;
- an understanding of the Council's governance and assurance framework;
- clarity regarding delegated authority and reporting arrangements;
- awareness of the relationship between the Audit & Governance Committee and other Council Committees;
- and an outline of the Committee's role in risk management, internal control and organisational assurance.

The Committee operates within the Council's Standing Orders, Terms of Reference and Scheme of Delegation as adopted by Full Council.

2. Purpose of the Committee

The Audit & Governance Committee provides independent assurance to Full Council regarding:

- governance;
- financial controls;
- risk management;
- audit arrangements;
- compliance;
- and organisational assurance.

The Committee's primary role is not operational service delivery, but rather:

- scrutiny;
- assurance;
- oversight;
- and review of the effectiveness of the Council's governance arrangements.

The Committee supports Full Council by providing assurance that:

- the Council is operating lawfully;
- governance arrangements are effective;
- financial controls are appropriate;
- risks are identified and managed;
- and the Council is meeting its statutory obligations.

3. Governance Framework & Committee Relationships

3.1 Full Council

Full Council remains the sovereign decision-making body of the Council and retains responsibility for all statutory and reserved matters. The Audit & Governance Committee reports directly to Full Council and provides:

- assurance reports;
- governance recommendations;
- audit oversight;
- and scrutiny of internal control arrangements.

The Committee supports, but does not replace, Full Council's corporate governance responsibilities.

3.2 Relationship with Management Committee

The Management Committee is responsible for:

- financial coordination;
- corporate policy development;
- asset management;
- procurement;
- and budget monitoring.

The Audit & Governance Committee does not duplicate operational financial management responsibilities. Instead, the Committee provides:

- independent review;
- assurance;
- and scrutiny

of whether the Council's financial controls and governance arrangements are operating effectively. The Committee therefore maintains an oversight role rather than an executive management role.

3.3 Relationship with Service Committees

Service Committees are responsible for:

- operational oversight;
- service delivery;
- and delegated decision-making within approved budgets.

The Audit & Governance Committee:

- does not manage operational services;
- does not direct service delivery;
- and does not substitute itself for service committees.

Instead, the Committee reviews whether:

- appropriate governance exists;
- risks are being managed;
- controls are effective;
- and statutory responsibilities are being fulfilled.

Service Committees may refer:

- significant risks;
- compliance concerns;
- or governance issues

to the Audit & Governance Committee for oversight and assurance review.

3.4 Relationship with Staffing Committee

The Staffing Committee oversees:

- staffing structures;
- employment governance;
- and workforce-related matters.

The Audit & Governance Committee may however consider wider governance and assurance issues relating to:

- employment law compliance;
- organisational risk;
- health and safety governance;
- whistleblowing arrangements;
- and internal control processes.

The Committee does not involve itself in individual staffing matters.

3.5 Relationship with the Chief Executive Officer & Responsible Financial Officer

The Chief Executive Officer and Responsible Financial Officer are responsible for:

- operational governance implementation;
- maintenance of internal controls;
- financial administration;
- risk management processes;
- and compliance arrangements.

The Committee's role is to:

- review;
- scrutinise;
- and seek assurance

that these arrangements are operating effectively. The Committee does not undertake operational management functions.

4. Committee Independence & Governance Role

The Audit & Governance Committee occupies a distinct position within the Council's governance framework. The Committee's effectiveness depends upon maintaining:

- independence;
- objectivity;
- and organisational oversight.

For this reason, the Standing Orders impose restrictions regarding Committee membership composition. Restrictions include:

- the Chair and Deputy Chair of the Management Committee may not serve on the Committee;
- no more than two Members may simultaneously serve on both the Audit & Governance Committee and the Management Committee;
- and the Chair of the Audit & Governance Committee may not simultaneously hold another committee chairmanship or serve as Mayor or Deputy Mayor.

These arrangements are intended to preserve independent assurance and avoid conflicts between operational decision-making and governance scrutiny.

5. Internal Audit Responsibilities

The Committee acts as the Council's primary body for oversight of internal audit arrangements.

Responsibilities include:

- receiving internal audit reports;
- reviewing audit findings;
- monitoring implementation of recommendations;
- and considering the adequacy of internal controls.

The Committee should seek assurance that:

- controls are proportionate and effective;
- governance arrangements are operating properly;
- and identified weaknesses are appropriately addressed.

The Committee's role is constructive and improvement-focused rather than operationally interventionist.

6. External Audit & Annual Governance Responsibilities

The Committee also supports the Council's external audit and annual governance processes.

Responsibilities include oversight relating to:

- the Annual Governance & Accountability Return (AGAR);
- the Annual Governance Statement;
- financial governance arrangements;
- and audit recommendations.

The Committee may review:

- accounting governance arrangements;
- risk management systems;
- internal control effectiveness;
- and compliance with proper practices.

Formal approval of statutory governance documents remains a responsibility of Full Council.

7. Risk Management & Internal Control

A core responsibility of the Committee is oversight of the Council's risk management framework.

This includes consideration of:

- strategic risks;
- operational risks;
- financial risks;
- governance risks;
- reputational risks;
- and compliance risks.

The Committee should seek assurance that:

- risks are identified appropriately;
- controls are proportionate;
- mitigation measures are operating;
- and emerging risks are monitored.

Examples may include:

- health and safety risks;
- environmental liabilities;
- safeguarding risks;
- financial pressures;
- cyber security;
- data protection;
- staffing resilience;
- and contractor management.

8. Governance, Compliance & Regulatory Oversight

The Committee has oversight responsibilities relating to:

- Freedom of Information compliance;
- data protection governance;
- standards and governance arrangements;
- and wider organisational compliance.

The Committee may receive reports regarding:

- GDPR compliance;
- breaches or incidents;
- policy compliance;
- governance reviews;
- complaints handling;
- and regulatory changes affecting the Council.

The Committee helps ensure that the Council maintains appropriate governance standards and public accountability.

9. Information Governance & Data Protection

The Council holds significant quantities of confidential, personal and sensitive information.

The Committee therefore has an important assurance role relating to:

- information governance;
- cyber resilience;

- records management;
- data retention;
- and organisational compliance with data protection legislation.

The Committee may review:

- data breach reporting;
- governance arrangements;
- policy compliance;
- and effectiveness of organisational controls.

Operational management of systems and records remains with officers.

10. Financial & Delegated Authority

Unlike Service Committees, the Audit & Governance Committee does not primarily exercise operational spending authority. Its role is instead focused upon:

- assurance;
- review;
- scrutiny;
- and governance oversight.

The Committee may:

- receive audit reports;
- review governance arrangements;
- monitor internal controls;
- review risk registers;
- and make recommendations to Full Council.

The Committee does not:

- manage operational services;
- authorise major service expenditure;
- direct officers operationally;
- or replace executive decision-making structures.

11. Key Strategic Risks & Emerging Pressures

Key governance pressures and emerging risks currently include:

- increasing regulatory complexity;
- cyber security threats;
- data protection obligations;
- organisational resilience;
- financial pressures;
- increasing audit expectations;
- public transparency requirements;
- contractor and procurement governance;
- and ensuring governance frameworks remain proportionate as the Council evolves.

Future governance considerations may also include:

- climate-related governance risks;
- local government reorganisation implications;
- increasing public scrutiny;
- and organisational capacity pressures.

12. Role of Members

Members of the Audit & Governance Committee are expected to:

- provide independent assurance oversight;
- scrutinise governance arrangements constructively;
- review risk and control frameworks;
- support continuous improvement;
- and ensure accountability and transparency within the Council's governance structure.

Members should:

- maintain independence and objectivity;
- avoid operational involvement;
- and focus upon assurance rather than service management.

Members should not:

- direct staff;
- undertake operational management;
- duplicate service committee functions;
- or intervene in individual staffing or operational matters.

Operational management of services remains the responsibility of the Chief Executive Officer and delegated officers in accordance with the Council's governance framework.

AUDIT COMMITTEE WORK PROGRAMME

SUBJECT	NAME OF PERSON UNDERTAKING REVIEW	PREVIOUS COMPLETION DATE	ACTIONS BROUGHT FORWARD	STATUS	ACTIONS CARRIED FORWARD
Bank Reconciliation	Cllr Thomson/RFO	11 September 2025	Latest bank recs reviewed at each meeting of Audit Committee	Chair to review and sign at each meeting of the Audit Committee	Ongoing
Internal Control – Meeting 1 – 9 July 2026					
Income Controls	Cllr Thomson	10 July 2025 (Min No 108-25)	Reviewed 10 July 2025 – no issues identified	Annual review to be completed by 9 July 2026	Date to be agreed with Cllr Thomson for checks to be conducted by 26 June 2026
Payment Controls	Cllr Thomson	10 July 2025 (Min No 109-25)	Reviewed 10 July 2025 – no issues identified	Annual review to be completed by 9 July 2026	Date to be agreed with Cllr Thomson for checks to be conducted by 26 June 2026
Payroll Controls	Cllr Thomson	11 September 2025 Min Nos 110-25 & 272-25)	Reviewed 11 Sept 2025 – amendments completed	Annual review to be completed by 9 July 2026	Date to be agreed with Cllr Thomson for checks to be conducted by 26 June 2026
Proper Book-keeping	Cllr Thomson	10 July 2025 (Min No 111-25)	Reviewed 11 Sept 2025 – no issues identified	Annual review to be completed by 9 July 2026	Date to be agreed with Cllr Thomson for checks to be conducted by 26 June 2026
VAT Controls	Cllr Thomson	10 July 2025 (Min No 112-25)	Reviewed 10 July 2025 – no issues identified	Annual review to be completed by 9 July 2026	Date to be agreed with Cllr Thomson for checks to be conducted by 26 June 2026
Miscellaneous – Meeting 2 – 29 October 2026					
External Auditor's Report	RFO	8 August 2025	To be Considered by Full Council on 17 September 2025	Annual review to be completed by September 2026	
Asset Control	Cllr Thomson/RFO	12 September 2024	Revaluation Completed March 2024.	Next Full revaluation due 2030	Valuations for insurance of any CAT properties to be undertaken prior to completion of transfers and risk liability transferring to GTC

SUBJECT	NAME OF PERSON UNDERTAKING REVIEW	PREVIOUS COMPLETION DATE	ACTIONS BROUGHT FORWARD	STATUS	ACTIONS CARRIED FORWARD
Review of Suppliers	RFO /TC	Ongoing Insurance contract reviewed for 2024/25.	Review suppliers to ensure best value for money being achieved		
Financial Regulations	RFO	17 April 2025	Financial Regulations updated by this committee 17 April 2025	Approved by Annual Council 20 May 2026	
Procedures	RFO	Ongoing SOP's for Facilities function written and being updated by Operations & Compliance Officer.	Creating a Standard Operating Procedures File for each position	Ongoing, procedures are updated as required due to operational/ sofeware changes etc.	Annual review of SOP'S
Budgetary Controls	Cllr C Downey	11 September 2025 (Min No 273-25)	To be reviewed in 12 months	Next review due 29 October 2026	Date to be agreed with Cllr Thomson for checks to be conducted by 10 October 2026
Risk Management – Meeting 3 – 4 February 2027					
Risk Management Strategy	RFO	20 May 2026		Approved by Full Council 20 May 2026	
Insurance	RFO	18 April 2024	To be reviewed in detail at each contract renewal	Current Insurance based on 3-year contract due for reviewed for renewal for April 2027	.
Risk Assessment – Re-use of Land at Nightingale Cemetery	Cllr Steel / RFO	1 February 2024		Digitisation of Nightingale Cemetery record completed	Risk assessment to be produced as part of application for Faculty. Due to Godalming Minister being interregnum it was not possible to progress Faculty. With new incumbent in post Nov 2025, work on Faculty application resumed.

SUBJECT	NAME OF PERSON UNDERTAKING REVIEW	PREVIOUS COMPLETION DATE	ACTIONS BROUGHT FORWARD	STATUS	ACTIONS CARRIED FORWARD
Risk	RFO	Ongoing	Identify areas to review to ensure risk is being managed appropriately within the Council	Ongoing	
Year End – Meeting 4 – 15 April 2027					
Internal Auditor's Reports	RFO	29 August 2025 - Interim Audit (Min No 274-25)	To be reviewed at next interim audit – Item on this agenda	Ongoing	
Management of Debt (particularly Bad Debt)	RFO	16 April 2026 (Min No 644-25)	To be reviewed annually	Annual review to be completed by April 2027	
Review of Effectiveness of Internal Control	Cllr Thomson /RFO	16 April 2026 (Min No 641-25)	To be reviewed annually	Annual review to be completed by April 2027	
Annual Governance Statement	Cllr Thopson /RFO	16 April 2026 (Min No 642-25)	To be reviewed annually	Annual review to be completed by April 2027	
Annual Accounting Statements	Cllr Thomson /RFO	16 April 2025 (Min No 643-25)	To be reviewed annually	Annual review to be completed by April 2027	
Review of Credit Control Procedures	RFO	18 April 2024	To be reviewed at least every three years	Next review to be completed by April 2027	
Review of Council Banking Arrangements	Cllr Thomson /RFO	20 July 2023 Full Council Min 117-23	To be reviewed each Administration	Next review to be completed after May 2027	
Review of Treasury & Investment Policy	Cllr Thomson /RFO	16 April 2026 (Min No 645-25)	To be reviewed annually	Annual review to be completed by April 2027	



Mr A Jeffery
Godalming Town Council
107-109 High Street
Godalming
Surrey
GU7 1AQ

8 May 2026

Dear Andy

Re: Godalming Town Council
Internal Audit Report for Financial Year Ended 31 March 2026

Executive summary

Following completion of our final internal audit on 8 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.

Some assertions, as noted in this report, were tested at the interim internal audit completed during the financial year and the council should review all internal audit reports for the year before completing the Annual Governance Statement.

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 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 Andy Beams of Mulberry Local Authority Services Ltd, who has over 36 years’ experience in the financial sector with the last 16 years specialising in local government.

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

Engagement Letter and inherent risk assessment

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

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

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

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

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INTRODUCTION

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

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

UPDATES ON RECOMMENDATIONS FROM INTERIM AUDIT

Internal Audit – Summary of recommendations

Audit Point	Interim Audit Findings	Council comments
None		

A. BOOKS OF ACCOUNT

Internal audit requirement

Appropriate accounting records have been kept properly during the year.

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.

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

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.

Budget

Regular detailed budget reports are produced from the accounting software. The year-end budget report shows income reported as 110% of budget and expenditure at 129%, prior to any reserve movements. After allowing for these, the expenditure percentage spend is 98%, demonstrating that the budget was accurately set and closely monitored throughout the year.

There is further 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 £1,236,391 for 2025/26. With a tax base of 10,122.3, this equates to a band D equivalent of £122.15 (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.

A review of the minutes of the council meeting held on 11 December 2025, shows that the council resolved to approve the budget and precept for 2026/27, and reviewed and approved a 3 year forward projection covering the period to 2029/30.

Reserves

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

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

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

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

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

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

At the year-end, the council held circa £1,267,870 in reserves, split between categories as below:

- CIL EMR £211,571
- Other earmarked EMR £379,558
- General Reserves £676,741

I checked the purpose of these earmarked reserves and am satisfied they are all for legitimate future planned projects of the council.

The general reserve balance is which is within 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.

CONCLUSION

I am satisfied this control objective has been met.

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.

CONCLUSION

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

G. PAYROLL

Internal audit requirement

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

Audit findings

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

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.

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) on the Accounting Statements and was able to trace the changes to the previous year's total against the asset register.

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

CONCLUSION

I am satisfied this control objective has been met.

I. BANK AND CASH

Internal audit requirement

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

Audit findings

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

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.

CONCLUSION

I am satisfied this control objective has been met.

J. YEAR END ACCOUNTS

Internal audit requirement

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

Audit findings

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

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

Section 1 – Annual Governance Statement

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

	Annual Governance Statement	<i>'Yes', means that this authority</i>	Suggested response based on evidence
1	We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.	<i>prepared its accounting statements in accordance with the Accounts and Audit Regulations.</i>	YES – accounts follow latest Accounts and Audit Regulations and practitioners guide recommendations.
2	We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.	<i>made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.</i>	YES – there is regular reporting of financial transactions and accounting summaries, offering the opportunity for scrutiny.
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 202/25 year-end were followed.
5	We carried out an assessment of the risks facing this authority and took appropriate steps to manage those risks, including the	<i>considered and documented the financial and other risks it faces and dealt with them properly.</i>	YES – the council has a risk management scheme and

	introduction of internal controls and/or external insurance cover where required.		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>	YES – matters raised in internal and external audit reports have been addressed.
8	We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this authority and. Where appropriate, have included them in the accounting statements.	<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
1	Balances brought forward	1,282,810	1,805,845	Agrees to 2024/25 carry forward (box 7)
2	Precept or rates and levies	1,147,744	1,236,391	Figure confirmed to central precept record
3	Total other receipts	1,235,284	499,433	Agrees to underlying accounting records
4	Staff costs	703,206	855,617	Agrees to underlying accounting records. Includes only expenditure allowed as staff costs (see section G)
5	Loan interest/capital repayments	77,703	77,703	Agrees to PWLB remittance advices
6	All other payments	1,079,084	1,340,479	Agrees to underlying accounting records
7	Balances carried forward	1,805,845	1,267,870	Cast correctly and agrees to balance sheet
Total				
8	Total value of cash and short- term investments	1,783,175	1,264,820	Agrees to bank reconciliation for all accounts
9	Total fixed assets plus long- term investments and assets	3,031,153	3,248,960	Matches asset register total and changes from previous year have been traced
10	Total borrowings	1,314,761	1,279,153	Agrees to PWLB statement
Total				
11	Do the figures in the accounting statements above exclude any trust transactions	Yes	Yes	Yes – trust transactions are excluded from the stated figures

Audit findings

The year-end accounts have been correctly prepared on an income and expenditure basis with the box 7 and 8 reconciliation completed. This shows total year-end debtors of £84,220 and total year-end creditors of £81,170, with a full breakdown of the debtors and creditors recorded within the accounting software.

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.

CONCLUSION

I am satisfied this control objective has been met.

K. LIMITED ASSURANCE REVIEW**Internal audit requirement**

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

CONCLUSION

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

L: PUBLICATION OF INFORMATION**Internal audit requirement**

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

Audit findings

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

- 13(1)** An authority must publish (which must include publication on that authority's website)
- (a) the Statement of Accounts together with any certificate or opinion entered by the local auditor in accordance with section 20(2) of the Act; and
 - (b) the Annual Governance Statement approved in accordance with regulation 6(3)
- 13(2)** Where documents are published under paragraph (1), the authority must
- (a) keep copies of those documents for purchase by any person on payment of a reasonable sum; and
 - (b) ensure that those documents remain available for public access for a period of not less than five years beginning with the date on which those documents were first published in accordance with that paragraph.

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

Confirm that the council is compliant with the relevant transparency code

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

CONCLUSION

I am satisfied this control objective has been met.

M: EXERCISE OF PUBLIC RIGHTS - INSPECTION OF ACCOUNTS**Internal audit requirement**

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

Audit findings

Inspection – key dates	2024/25 Actual	2025/26 Proposed
Date AGAR signed by council	9 May 2025	4 June 2026
Date inspection notice issued	30 May 2025	5 June 2026
Inspection period begins	3 June 2025	8 June 2026
Inspection period ends	14 July 2025	17 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.

CONCLUSION

I am satisfied this control objective has been met.

O. DIGITAL AND DATA COMPLIANCE**Internal audit requirement**

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

Audit findings

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

Website

I was able to confirm that the council website contains a Privacy Notice and a Website Accessibility Statement. **The Website Accessibility Statement correctly references partial compliance with the Web Content Accessibility Guidelines (WCAG) 2.1 AA and should be updated to the current WCAG 2.2 AA standard.**

The council has an IT Policy in place which was last reviewed and approved by the council at the meeting held on 19 February 2026 (minute ref 529).

Email management and GDPR

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

I recommend the council ensures that a data audit is completed during 2026/27 to comply with GDPR regulations, as this may be an audit test for next year. The Clerk confirmed this, along with updating the Website Accessibility Statement, is due to be conducted by the council as part of their compliance audit during 2026/27.

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.

CONCLUSION

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

Achievement of control assertions at final internal audit date

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

	INTERNAL CONTROL OBJECTIVE	YES	NO	NOT COVERED
A	Appropriate accounting records have been properly kept throughout the financial year	✓		
B	This authority complied with its Finance Regulations, payments were supported by invoices, all expenditure was approved, and VAT was appropriately accounted for	✓		
C	This authority assesses the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these	✓		
D	The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓		
E	Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for	✓		
F	Petty cash payments were properly supported by receipts, all petty cash expenditure was approved, and VAT appropriately accounted for			✓
G	Salaries to employees and allowances to members were paid in accordance with the authority's approvals, and PAYE and NI requirements were properly applied.	✓		
H	Asset and investments registers were complete and accurate and properly maintained.	✓		
I	Periodic bank account reconciliations were properly carried out during the year.	✓		
J	Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), supported by an adequate audit trail from underlying records and, where appropriate, debtors and creditors were properly recorded.	✓		
K	If the authority certified itself as exempt from a limited assurance review in the previous year, it met the exemption criteria and correctly declared itself exempt.			✓
L	The authority publishes information on a free to access website/webpage up to date at the time of the internal audit in accordance with the relevant legislation.	✓		
M	The authority, during the previous year correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations.	✓		
N	The authority complied with the publication requirements for prior year AGAR.	✓		
O	The authority has complied with laws, regulations and proper practices relating to digital and data compliance	✓		
P	Trust funds (including charitable) – The council met its responsibilities as a trustee.			✓

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

Yours sincerely



Andy Beams

Director, Mulberry Local Authority Services Ltd

Internal Audit – Summary of recommendations

Audit Point	Internal Audit Findings	Council comments
<p>O. DIGITAL AND DATA COMPLIANCE</p>	<p>The Website Accessibility Statement correctly references partial compliance with the Web Content Accessibility Guidelines (WCAG) 2.1 AA and should be updated to the current WCAG 2.2 AA standard.</p> <p>I recommend the council ensures that a data audit is completed during 2026/27 to comply with GDPR regulations, as this may be an audit test for next year. The Clerk confirmed this, along with updating the Website Accessibility Statement, is due to be conducted by the council as part of their compliance audit during 2026/27.</p>	