

Internal Audit Report for Denham Parish Council for the period ending 31 March 2026

Clerk	Wendy Alcock
RFO (if different)	n/a
Chairperson	Tania Farrow
Precept	£5,606.00
Income	£14,421.61
Expenditure	£25,190.07
General reserves	£1,104.76
Earmarked reserves	£740.16
Audit type	Annual – non-exempt authority
Auditor name	Sharon Smith

Introduction

The primary objective of internal audit is to review, appraise and report upon the adequacy of internal control systems operating throughout the council. To achieve this SALC adopts a predominantly systems-based approach to audit.

The council's internal control system comprises the whole network of systems established within the council to provide reasonable assurance that the council's objectives will be achieved, with reference to:

- the effectiveness of operations
- the economic and efficient use of resources
- compliance with applicable policies, procedures, laws, and regulations
- the safeguarding of assets and interests from losses of all kinds, including those arising from fraud, irregularity, and corruption

- the integrity and reliability of information, accounts, and data

Methodology

When conducting the audit, the internal auditor may:

- conduct a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year in order to be able to complete the Annual Internal Audit Report 2025/26 of the Annual Governance and Accountability Return (AGAR)
- review the reliability and integrity of financial information and the means used to identify, measure, classify and report such information
- review the means of safeguarding assets and, as appropriate, verify the existence of such assets
- appraise the economy and efficiency with which resources are employed, identify opportunities to improve performance and recommend solutions to problems
- review the established systems to ensure compliance with those policies, procedures, laws, and regulations which could have a significant impact on operations, and determine whether the council complies
- review the operations and activities to ascertain whether results are consistent with objectives and whether they are being conducted as planned

Section 1 – Financial Regulation and Standing Orders The internal auditor will check the date the Council conducted its annual review of both Standing Orders and Financial Regulations and in particular check if these are based on NALC'S latest model which include legislative changes.		
Evidence		<i>Internal auditor commentary</i>
Have Standing Orders been adopted, up to date and reviewed annually?	Yes	The Council's Standing Orders, as seen on the Council's website, are based on the latest model published by NALC (April 2025) and were approved by the Council on 21 May 2025. <i>COMMENT: The Council may wish to review and fully tailor its Standing Orders to ensure they accurately reflect its governance arrangements. The approval date recorded within the document should align with the formal Council resolution. In line with best practice, the Council may wish to consider including a stated review period and the date of the next scheduled review.</i>
Are Financial Regulations up to date and reviewed annually?	Yes	The Council's Financial Regulations, as seen on the Council's website, are based on the latest model published by NALC (March 2025) and were approved by the Council on 21 May 2025. <i>COMMENT: The approval date recorded within the document should align with the formal Council resolution. The Council may wish to also review its Financial Regulations against the National Association of Local Councils Procurement Advice Note (3 February 2026) and consider incorporating the relevant provisions to ensure that its procurement procedures remain current and in line with best practice. (link to view the advice note). In line with best practice, the Council may wish to consider including a stated review period and the date of the next scheduled review.</i>
Has the Council properly tailored the Financial Regulations?	No	The Financial Regulations published on the Council's website have not been fully tailored as the document contains generic provisions that should be completed and adopted to the needs of the Council.

		<p>RECOMMENDATION: The Council should review and fully tailor its Financial Regulations to ensure they accurately reflect its governance arrangements.</p>
<p>Has the Council appointed a Responsible Financial Officer (RFO)?¹</p>	<p>Yes</p>	<p>In accordance with Section 151 of the Local Government Act 1972, the Council has appointed a person (the Clerk) to be responsible for the administration of the financial affairs of the Council.</p>
<p>Additional comments:</p>		

¹ Section 151 Local Government Act 1972

Section 2 – Budgetary controls The internal auditor will seek verification that budgets are properly prepared, agreed and monitored. In particular they will look for evidence of good practice in that the key stages of the budgetary process have been followed		Internal auditor commentary
Evidence		
<i>Verify that budget has been properly prepared and agreed</i>	Yes	<p>The budget for the year 2025–2026 was formally approved by the Council at its meeting held on 21 January 2025.</p> <p>Budget papers published on the Council’s website provide details of the agreed budget, precept and the resulting Band D Council Tax.</p> <p>COMMENT: <i>To enhance transparency and provide a clear audit trail, the Council should record within the minutes the agreed final budget figure and, where appropriate, the rationale supporting the decision.</i></p> <p>The precept for the year 2025–2026 was set at £5,606 by the Council at its meeting held on 21 January 2025. The minutes record that this represents a 3.2% increase on the previous year.</p> <p>COMMENT: <i>To enhance transparency, the Council may wish to consider recording within the minutes the Band D Council Tax amount, together with the equivalent annual or weekly charge payable.</i></p>
<i>Verify that the precept amount has been agreed in full Council and clearly minuted</i>	Yes	<p>The minutes evidence that the Council regularly reviews income and expenditure against budget. However, the supporting report is not appended to the minutes, as is the case with other financial reports.</p> <p>COMMENT: <i>To enhance transparency, the Council may wish to consider publishing the actual versus budget income and expenditure report either as an appendix to the minutes or as part of the meeting papers issued with the agenda.</i></p>
<i>Regular reporting of expenditure and variances from budget</i>	Yes	

Reserves held – general and earmarked ²	Partially	<p>At the year-end, the Council held Earmarked Reserves totalling £740.16 and General Reserves of £1,104.76, giving total reserves of £1,844.92.</p> <p>Guidance set out in Proper Practices indicates that it is generally acceptable for a Council's General Reserves to be maintained at a level equivalent to between 3 and 12 months of Net Revenue Expenditure.</p> <p>Based on Net Revenue Expenditure of £5,746 for 2025–2026, this equates to a recommended range of £1,437 to £5,746. The Council's General Reserves are therefore below the lower end of this range. There is no upper limit for Earmarked Reserves; however, they should be held for specific and intended purposes, with their levels subject to regular review and justification (at least annually).</p> <p>RECOMMENDATION: As recommended in last year's audit review, the Council should adopt a General Reserve Policy to provide clarity on the purpose of reserves and the level to be maintained, with a view to aligning General Reserves within the recommended levels.</p>
Additional comments:		

² In accordance with proper practices, the generally accepted minimum level of a Smaller Authority's General Reserve is that this should be maintained at between three (3) and twelve (12) months of Net Revenue Expenditure

<p>Section 3 – Proper bookkeeping The internal auditor will look at the methods and processes used to manage the council's accounts and in particular that it provides clear data for reporting and monitoring purposes. This includes checking information is accurate, kept up to date, referenced and verified.</p>	
<p><i>Internal auditor commentary</i></p>	
<p>Evidence</p> <p><i>Is the ledger maintained and up to date?</i></p>	<p>Yes</p> <p>The Council maintains its accounting records using separate spreadsheets for income and expenditure. While these records are accurate, they do not form a single, consolidated cash book.</p> <p>The Council operates two bank accounts (a current account and a savings account), and although bank reconciliations include a running balance, there is no combined accounting record which brings together all transactions across both accounts, including transfers between them.</p> <p>As a result, there is no single, comprehensive record providing a complete and up-to-date view of the Council's overall cash position. Reliance on bank reconciliations alone does not fully mitigate this, as they are control documents rather than the primary accounting record.</p> <p>Given the relatively low level of reserves, this increases the risk that the Council may not have clear, real-time visibility of available funds across its accounts.</p> <p>RECOMMENDATION: The Council may wish to consider maintaining a single, consolidated cash book which records all income and expenditure across both bank accounts, including transfers between accounts. This should include the opening balances at the start of the year and a running balance throughout the year.</p> <p>The cash book should form the primary accounting record, with bank reconciliations undertaken regularly to reconcile the cash book balance to the corresponding bank statements for all accounts.</p>

	Yes	<p>Maintaining a unified cash book will provide a clear and complete record of the Council's financial position and strengthen overall financial control. Transactions should be recorded on a timely basis to ensure that the cash book reflects the Council's up-to-date financial position.</p>
<p><i>Is the ledger on the correct basis in relation to the gross income/expenditure?</i> (under Proper Practices, Councils are required to work on an Income & Expenditure basis when their gross income, or gross expenditure, exceeds £200,000 for 3 consecutive years)</p> <p><i>Is the cash book up to date and regularly verified?</i></p>	Yes	<p>The Council's gross income and expenditure level is below the threshold of £200,000 and has been for three continuous years. Council's operating under this limit may choose either to report on an income and expenditure basis or on a receipts and payments basis. The Council has elected to report its financial matters on a receipts and payments basis.</p> <p>The cash book is maintained up to date and is regularly verified through the bank reconciliation process, based on the records reviewed.</p>
<p><i>Is the arithmetic correct?</i></p>	Yes	<p>A number of spot checks were carried out, and the cash sheets were found to be in order.</p> <p>COMMENT: The RFO has shown best practice by ensuring, for further transparency and scrutiny, that all payments and receipts are referenced with a description as to the expenditure and income being incurred to ensure the integrity of data being input and processed.</p>
<p>Additional comments:</p>		

<p>Section 4 – Payment controls The internal auditor will specifically check bank reconciliation including credit/debit cards and management approval processes and evidence that internal Financial Regulations (FO) are being followed. The internal auditor will examine how regular payments are managed and specifically seek evidence that these have been brought back to the Council for verification purposes especially where the actual payment made differs from the amount previously agreed. VAT should be clearly identified including evidence that claims have been correctly managed. The internal auditor will check if the Council has a clear understanding on eligibility in relation to the General Power of Competence and that s.137 has been correctly applied and managed.</p>	
<p><i>Internal auditor commentary</i></p>	
<p>Evidence</p> <p>Is there supporting paperwork for payments with appropriate authorisation?</p>	<p>Yes</p> <p>The Council's Financial Regulations require that all payments above the Clerk/RFO's delegated authority of £1,000 excluding VAT, except in specified circumstances (Financial Regulation 6.7), are presented to Council for review and authorised by resolution prior to payment (Financial Regulation 6.8).</p> <p>Review of minutes and bank statements indicates that payments are often made and subsequently reported to Council for retrospective approval. This approach may be appropriate where payments fall within delegated authority or where prior approval has been granted.</p> <p>The Council's Internal Control Statement indicates that bank transfers would normally receive prior approval but also allows for transactions to be approved retrospectively. This appears to differ from the requirements of the Financial Regulations, which set out that payments outside delegated limits should receive prior authorisation.</p> <p>This difference in wording may create some uncertainty in practice regarding the timing and nature of payment approvals.</p> <p>RECOMMENDATION: The Council may wish to review its Internal Control Statement to ensure it aligns clearly with the requirements set out in the Financial Regulations and avoids potential ambiguity.</p>

		<p>In addition, the Council should ensure that where payments exceed the Clerk/RFO’s delegated authority, there is clear evidence of appropriate prior approval (whether specific or as part of an agreed budget or project), and that this is consistently documented.</p>
<p>Where applicable, are internet banking transactions properly recorded and approved?</p>	<p>No</p>	<p>The Council’s control framework sets out clear requirements for the authorisation of electronic payments:</p> <ul style="list-style-type: none"> • The Internal Control Statement states that payments by bank transfer should be authorised by two authorised signatories. • The Risk Assessment notes that all payments require two signatories. • Financial Regulations (7.1) state that a minimum of two authorised persons must be involved in any online approval process. <p>However, no evidence was provided to demonstrate that internet banking transactions are properly recorded and subject to dual authorisation, despite this being specifically requested as part of the audit.</p> <p>A review of Council minutes throughout the year indicates ongoing difficulties in maintaining sufficient authorised signatories on the Council’s bank account:</p> <ul style="list-style-type: none"> • 21 May 2025: Only one authorised officer in place; position noted as “not sustainable”. • 15 July 2025: Continued issues in approving payments online; risk to timely payment of creditors identified. • 25 November 2025: Mandate forms still to be progressed. • 17 March 2026: Further requests for nominations for authorised officers, suggesting the issue remained unresolved. <p>RECOMMENDATION: The Council has established appropriate and clearly defined controls within its governance framework requiring dual authorisation of electronic payments.</p> <p>However, the internal auditor has not been provided with evidence to confirm that these controls were operating effectively in practice.</p>

		<p>Furthermore, the repeated references within the minutes to insufficient authorised signatories indicate that the Council may not have the necessary capacity to consistently comply with its own Financial Regulations during the financial year.</p> <p>This indicates that the control is not currently evidenced as operating consistently in practice, which may increase the risk of unauthorised or erroneous payments.</p> <p>The Council may wish to ensure that:</p> <ul style="list-style-type: none"> • The number of authorised signatories is sufficient to maintain compliance with Financial Regulations at all times • Bank mandates are progressed as a matter of urgency and formally monitored to completion • Evidence of dual authorisation is retained and made available for audit • Controls set out in Financial Regulations and supporting documents are not only defined but demonstrably operating in practice. <p>The internal auditor would advise the Council to review its response to Assertion 2 of the Annual Governance Statement, given that the internal auditor has not been able to obtain assurance that a key financial control, as set out in the Council's Financial Regulations, was operating effectively during the year.</p>
<p>Is VAT correctly identified, recorded, and claimed within time limits?</p> <p>Has the Council adopted the General Power of Competence (GPOC) and is there evidence this is being applied correctly?³</p>	<p>Yes</p> <p>N/A</p>	<p>VAT was correctly identified, recorded and claimed during the period under review.</p> <p>The Council has not confirmed that it is eligible to exercise the General Power of Competence.</p>

³ Localism Act

<p>Are payments under s.137⁴ separately recorded, minuted and is there evidence of direct benefit to electorate?</p>	<p>No</p>	<p>No payments have been identified as being incurred under section 137 during the year.</p> <p>However, the Council does not record the statutory power relied upon for each item of expenditure. This makes it difficult to confirm that all payments are supported by an appropriate legal power. Where no specific statutory power exists, expenditure should be identified and recorded as falling under section 137.</p> <p>For example, items such as the purchase of a defibrillator may not fall within a specific statutory power and would therefore need to be treated as section 137 expenditure. In such cases, it is important that this is clearly recorded to ensure that cumulative spend does not exceed the statutory limit.</p> <p>For 2025–2026, the section 137 expenditure limit is £11.10 per elector, applied to the number of electors in the Council's area.</p> <p>RECOMMENDATION: The Council may wish to ensure that the statutory power relied upon for each item of expenditure is clearly recorded within the cash book and/or minutes.</p> <p>Where no specific power applies, expenditure should be identified and recorded under section 137, for example through the use of a separate column within the cash book. This will enable cumulative spend to be monitored against the statutory limit and provide assurance that all expenditure is lawful and within the Council's powers.</p>
<p>Where applicable, are payments of interest and principal sums in respect of loans paid in accordance with agreements?</p>	<p>N/A</p>	<p>The Council has no such loans.</p>
<p>Additional comments:</p>		

⁴ Section 137 of the Local Government Act 1972 ("the 1972 Act") enables local councils to spend a limited amount of money for purposes for which they have no other specific statutory expenditure. The basic power is for a local council to spend money (subject to the statutory limit – of £11.10 per elector) on purposes for the direct benefit of its area, or part of its area, or all or some of its inhabitants.

Section 5 – Income controls The internal auditor will seek evidence to ensure income is correctly managed – recorded, banked, and reported and test mechanisms used to achieve this.		Internal auditor commentary
Evidence		
<i>Is income properly recorded and promptly banked?</i>	Yes	In accordance with proper practices, the RFO has ensured that the accounting records contain entries of all sums of money received.
<i>Is income reported to full council?</i>	Partially	Whilst income received by the Council, including the precept, is recorded within the accounting records and can be identified within bank reconciliations, it is not routinely reported to Council as part of its financial reporting. Current reports presented to Council focus on payments only. This means that Council does not receive a complete picture of its financial position, as income is not explicitly presented alongside expenditure. Reliance on bank reconciliations alone does not provide sufficient transparency, as these documents confirm cash balances but do not clearly identify or summarise income streams. This weakens financial oversight and reduces the effectiveness of internal control arrangements, as members are not able to readily verify that all expected income has been received and correctly recorded. RECOMMENDATION: The RFO may wish to consider presenting comprehensive financial reports to Council which include both income and expenditure. This will ensure that members have a complete and transparent view of the Council's financial position and can exercise effective oversight in accordance with proper practices.
<i>Does the precept recorded agree to the Council Tax Authority's notification?</i>	Yes	Evidence was provided demonstrating a clear audit trail from the precept being considered and approved by the Council, to submission to the billing authority, and through to receipt in the Council's bank account.

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Last reviewed: 25th March 2026

<i>If appropriate, are CIL reporting schedules in accordance with the Regulations?⁵</i>	N/A	The Council did not receive Community Infrastructure Levy during the year 2025-2026.
<i>Is CIL income reported to the council?</i>	N/A	
<i>Does unspent CIL income form part of earmarked reserves?</i>	N/A	
<i>Has an annual report been produced?</i>	N/A	
<i>Has it been published on the authority's website?</i>	N/A	
Additional comments:		

⁵ Community Infrastructure Levy Regulations 2010

Section 6 – Petty cash The Internal Auditor will seek evidence that the Council has followed its own policies, procedures, and verification processes and that these are up to date.		
Evidence	Internal auditor commentary	
<i>Is petty cash in operation?</i>	N/A	The Council does not operate a petty cash system.
<i>If appropriate, is there an adequate control system in place?</i>	N/A	N/A
Additional comments:		

<p>Section 7 – Bank reconciliation The internal auditor will seek to establish that the Council understands and can evidence good practice and internal control mechanisms in relation to bank reconciliation.</p>		Internal auditor commentary
<p>Evidence</p> <p><i>Is bank reconciliation regularly completed and reconciled with the cash book and cover every account?</i></p>	Yes	<p>Bank reconciliations are completed on a regular basis and reconcile with the cash sheets.</p> <p>However, the reconciliations are not signed and dated by the RFO, nor are they evidenced as being independently verified by a member in accordance with Financial Regulation 2.6. This regulation requires that, at least quarterly and at the financial year end, a member (other than the Chair or authorised signatory) verifies the bank reconciliations and signs and dates both the reconciliation and the corresponding bank statements as evidence of this review. The absence of formal sign-off and independent verification weaken this key internal financial control.</p> <p>The Internal Control Statement records that a Councillor is appointed to undertake bank reconciliation checks; however, no evidence was provided to demonstrate that this control is operating in practice.</p> <p>RECOMMENDATION: The Council should ensure that all bank reconciliations are signed and dated by the RFO and independently verified by an appointed member, in accordance with Financial Regulation 2.6. Evidence of verification should include signed and dated reconciliations and supporting documentation, with the activity reported to and noted by the Council.</p>
<p><i>Do bank balances agree with bank statements?</i></p>	No	<p>The bank statements used to support the reconciliations are not dated to the period end. In particular, the year-end reconciliation is prepared to 31 March, but the corresponding bank statement is dated 30 March. This creates a risk that movements between the statement date and the reconciliation date are</p>

		<p>not identified, and therefore the accuracy of the reported balance cannot be fully assured.</p> <p>RECOMMENDATION: Bank reconciliations should be supported by bank statements (or equivalent evidence) that reflect the balance as at the same date as the reconciliation, particularly at the financial year end. Where this is not provided by the bank, alternative evidence such as a transaction listing or interim statement should be obtained to confirm the closing balance.</p>
<p><i>Is there regular reporting of bank balances at Council meetings?</i></p>	<p>Yes</p>	<p>There is regular reporting of bank balances within the detailed financial reports submitted to the Council.</p>

Section 8 – Payroll controls The Internal Auditor will check salaries were approved in accordance with PAYE, NI, Pension and that there is a clear understanding that the clerk is not self-employed. The Internal Auditor will also review how payroll is managed including evidence of approval of payslips.		Internal auditor commentary
Evidence		
<i>Do all employees have contracts of employment?</i>	Yes	The Council had one employee on its payroll at the period end of 31 March 2025. Employment contracts were not reviewed during the internal audit but the Clerk has confirmed that a contract of employment is in place.
<i>Has the Council approved salary paid?</i>	Yes	All salary payments are presented to the Council for retrospective approval and payment is made via internet banking. The Council ensures that there are suitable payroll arrangements in place which ensures the accuracy and legitimacy of payments of salaries and associated liabilities and as such the Council has complied with its duties under legislation.
<i>Are all employees paid at least the minimum wage?</i>	Yes	The employee is paid at least the minimum wage.
<i>Are arrangements in place for authorising of the payroll and payments to the council? Does this include a verification process for agreeing rates of pay to be applied?</i>	Yes	There are suitable payroll arrangements in place which ensures the accuracy and legitimacy of payments of salaries and associated liabilities and as such the Council has complied with its duties under legislation.
<i>Do salary payments include deductions for PAYE/NI/C? Is PAYE/NI/C paid promptly to HMRC?</i>	Yes	The payroll function for the year under review is operated in accordance with HM Revenue and Customs guidelines and outsourced. Cross-checks were completed on a sample of payments covering salary and all were found to be in order. Deductions due to be paid to HM Revenue and Customs during the year under review were made within the requisite time periods.
<i>Is there evidence that the Council is aware of its pension responsibilities? Are pension payments in operation?⁶</i>	Yes	The Council is aware of its pension responsibilities but the member of staff is not enrolled into a pension scheme provided by the employer.

⁶ The Pension Regulator – [website click here](#)

<p><i>Have pension re-declaration duties been carried out</i></p>	<p>Yes</p>	<p>The Clerk confirmed that the Council completed its re-declaration of compliance with The Pensions Regulator in March 2026. This was recorded in the minutes of the meeting held on 17 March 2026.</p> <p><i>Comment: if the Council last carried out its re-enrolment duties in 2026, it will be aware that every three years further re-enrolment duties will apply. The Council should ensure that it complies with any deadlines as stated in communications from the Pension Regulator.</i></p>
<p><i>Are there any other payments (e.g.: expenses) and are these reasonable and approved by the Council?</i></p>	<p>Yes</p>	<p>There is a satisfactory expense system in place and all expenses claimed are retrospectively approved by the Council with supporting paperwork in place.</p>
<p>Additional comments:</p>		

Section 9 – Year End procedures		<i>Internal auditor commentary</i>
Evidence		
<i>Are appropriate accounting procedures used?</i>	Yes	Accounts are produced on a receipts and payments basis and all found to be in order.
<i>Financial trail from records to presented accounts</i>	Yes	The Council's accounting records and supporting documentation were made available for internal audit review.
<i>Has the appropriate end of year AGAR⁷ documents been completed?</i>	Yes	The Council is a smaller authority with gross income and expenditure exceeding £25,000 and has correctly completed the Annual Governance and Accountability Return (AGAR) Form 3. <i>Comment: As the Council is not a sole managing trustee and does not hold any trust funds, the correct response should be 'Yes', confirming that no trust transactions are included within the accounting statements.</i>
<i>Did the Council meet the exemption criteria for 2024-2025 and correctly declared itself exempt?</i>	N/A	As the Council had gross income and expenditure exceeding £25,000 it was not able to declare itself exempt from a limited assurance review.
<i>During the period in question did the small authority demonstrate that it correctly provided for the exercise of public right as required by the Accounts and Audit Regulations 2015?</i>	No	During the review of the publication requirements of the Accounts and Audit Regulations 2015, it is noted that, for the year 2024-2025, the Council did not correctly comply with the requirements for the exercise of elector's rights. The Notice of Public Rights states that the period for the exercise of public rights commences on 3 June 2025, which is the same date as the date of announcement. Proper practices require that the period for the exercise of public rights begins on the day after the notice is published. As such, the stated commencement date does not fully comply with the prescribed requirements.

⁷ Annual Governance & Accountability Return (AGAR)

		<p>In addition, no evidence has been found within the Council's minutes to confirm that the dates for the exercise of public rights were formally approved and recorded by members.</p> <p>RECOMMENDATION: The Council may wish to ensure that, in future, the period for the exercise of public rights is set in full compliance with the Accounts and Audit Regulations 2015 and Proper Practices, specifically that the period commences on the day following the date of publication of the notice.</p> <p>The Council may also wish to ensure that the dates for the exercise of public rights are formally approved and recorded in the minutes, providing a clear audit trail of compliance with statutory requirements.</p> <p>The internal auditor would advise the Council to review its response to Assertion 4 of the Annual Governance Statement, given that the arrangements for the exercise of public rights did not comply with prescribed requirements during the year.</p>
<p><i>Have the publication requirements been met in accordance with the Regulations?⁸</i></p>	<p>Yes</p>	<p>In accordance with the Accounts and Audit Regulations 2015, as a smaller authority with either income or expenditure exceeding £25,000 but not exceeding £6.5 million, it is confirmed that the Council did comply with the requirements of the Accounts and Audit Regulations 2015 for the year ending 31st March 2025 as it published the following on its website:</p> <p>Annual Internal Audit Report Section 1 - Annual Governance Statement Section 2 - Accounting Statements Section 3 - The External Auditor Report and Certificate Notice of the period for the exercise of public rights and other information required by Regulation 15(2) Accounts and Audit Regulations 2015.</p>
<p>Additional comments:</p>		

⁸ Accounts and Audit Regulations 2015

Section 10 – Risk management The internal auditor will expect to find evidence of the management of risks from identification of what those are for each individual Council through to how these will be managed and the controls in place to mitigate these and that these have been approved by the Council.		Internal auditor commentary
Evidence		
Is there evidence of risk assessment documentation?	Yes	<p>The Risk Assessment provides details of the risks associated with the functioning of a smaller authority and the measures that the Council will undertake to mitigate such risks.</p> <p>The Risk Assessment for the year under review was considered and adopted by the Council at its meeting of 21 May 2025.</p> <p>However, the version published on the Council's website records the approval date as 20 May 2025, which does not correspond with the date of the meeting at which it was approved.</p> <p><i>COMMENT: The approval date recorded within the document should align with the formal Council resolution. In line with best practice, the Council might wish to consider including a stated review period and the date of the next scheduled review.</i></p>
Is there evidence that risks are being identified and managed?	Yes	<p>Council is aware that risk assessment needs to focus on the safety of the Council's assets and in particular its money. There is evidence that the Council has taken action to identify and assess those risks and has considered what actions or decisions it needs to take during the year to manage in order to avoid financial or reputational consequences.</p> <p>The Council has in place monitoring documents which identify the risks involved with and the potential for improvements to its arrangements to protect public money. It provides the opportunity for reviews of operational as well as financial and governance reviews by members to ensure that it has mitigation measures in place to address the risks associated with the Council's day to day operations.</p>

<p><i>Does the Council have appropriate and adequate insurance cover in place for employment, public liability and fidelity guarantee and has been reviewed on an annual basis?</i></p>	<p>No</p>	<p>The Council held insurance under a specialist local council policy with Ansvar which provided core cover including Public Liability, Employers' Liability and Fidelity Guarantee.</p> <p>However, based on documentation provided for audit, the policy expired on 29 January 2026 and no evidence was available to confirm that insurance cover has been renewed or replaced for the period 30 January 2026 to 31 March 2026.</p> <p>The minutes of the meeting held on 20 January 2026 record that "Council agreed the insurance renewal for 2026/27 from Ansvar Insurance." However, no supporting documentation or policy schedule has been provided to confirm that this renewal was completed, and therefore the internal auditor has not been able to verify that continuous insurance cover was in place.</p> <p>In addition, a review of the Council's Internal Control Statement shows no reference to insurance arrangements as part of its control framework.</p> <p>RECOMMENDATION: At the time of audit, no evidence has been provided to confirm insurance cover was in place for part of the financial year, which represents a significant governance and financial risk. The absence of valid insurance cover exposes the Council to potential liabilities in respect of property, employees, members of the public, and financial loss.</p> <p>The Council may wish to consider ensuring that:</p> <ul style="list-style-type: none"> • Insurance cover is renewed in a timely manner with no gaps in cover • Renewal dates are actively monitored by the Clerk as part of the Council's internal control framework
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<p><i>Evidence that internal controls are documented and regularly reviewed⁹</i></p>	<p>Yes</p>	<p>An Internal Control Statement has been produced, approved by Council on 21 May 2025, and published on the Council's website.</p> <p>Whilst the document sets out the Council's control framework, no supporting checklist or 'tick sheet' was identified to evidence that a detailed review of the effectiveness of internal controls has been undertaken.</p> <p>A small number of minor inconsistencies were also noted within the document (including a reference to Financial Regulation 5 in relation to</p>

⁹ Accounts and Audit Regulations

		<p>payments), which suggests that a final accuracy check prior to approval may not have been fully completed.</p> <p>Taken together, these points suggest there may be scope to strengthen the documentation and evidencing of the Council's internal control review.</p> <p><i>COMMENT: The Council may wish to ensure that its review of internal controls is supported by clear documented evidence (for example, a completed checklist or working paper demonstrating that controls have been tested or considered).</i></p> <p><i>In addition, the Council might wish to review the Internal Control Statement for accuracy and completeness prior to approval and consider adopting the latest model internal control documentation available from Suffolk Association of Local Councils to support best practice.</i></p>
<p><i>Evidence that a review of the effectiveness of internal audit was conducted during the year, including consideration of the independence and competence of the internal auditor prior to their appointment¹⁰</i></p>	<p>Yes</p>	<p>The Council's Internal Control Statement includes reference to the review of internal audit arrangements.</p> <p>However, no separate or clearly identifiable record was found to demonstrate that this review explicitly considered the effectiveness of internal audit, including the independence and competence of the internal auditor.</p> <p>Proper practices require that this review is undertaken on at least an annual basis and is supported by clear evidence.</p> <p>As such, whilst the review may form part of the Council's wider internal control arrangements, the extent and detail of the review are not clearly evidenced.</p>

¹⁰ Practitioners Guid

		<p>RECOMMENDATION: The Council may wish to ensure that its annual review of internal audit effectiveness is clearly documented, either within the Internal Control Statement or in supporting records and includes explicit consideration of the internal auditor's independence and competence. The outcome of this review should be clearly minuted.</p>
<p>Additional comments:</p>		

<p>Section 11 – Asset control The Internal Audit will be seeking to establish if there is a list of assets in accordance with proper practices including the date of acquisition, location, and value. This extends to checking policies (with evidence of review) and that the Council has applied the documented approach in practice. The Internal Auditor will check not only valuation processes but the existence of reserve budgets for depreciation and adequacy of insurance. A clear audit trail should be available when items are purchased including minutes to evidence approval.</p>	
<p>Evidence</p> <p><i>Does the Council maintain a register of material assets it owns and manage this in accordance with proper practices?¹¹</i></p>	<p>No</p> <p>The Council's asset register does not comply with proper practices and contains a number of material inconsistencies.</p> <p>The register records asset values based on insurance or estimated replacement values rather than historic cost. For example, the Village Hall is recorded at £287,500, representing its insured value, despite being acquired in 1961 for £40. Proper practices require that assets are recorded at acquisition cost (or, where this is unknown, a nominal value such as £1), not at insurance or estimated value.</p> <p>In addition, the total value of fixed assets reported in the Annual Governance and Accountability Return (AGAR) has increased from £6,877 in the prior year to £295,885 in the current year. This significant variance is not supported by actual acquisitions and appears to result from the incorrect inclusion of insurance valuations. Proper practices require that fixed asset values reported at Line 9 of the AGAR are derived directly from the asset register and reflect a consistent valuation basis year on year.</p> <p>Furthermore:</p> <ul style="list-style-type: none"> The asset register was approved by the Council on 21 May 2025; however, it includes assets acquired in October 2025, demonstrating that the document has been amended after approval and does not represent the version formally adopted by the Council.

¹¹ Practitioners Guide

	<ul style="list-style-type: none"> • The total value recorded in the asset register (£294,529) does not reconcile to the figure reported in the AGAR (£295,885). • There is no clear audit trail showing additions and disposals between financial years, preventing proper explanation of variances to the external auditor. • The asset register includes an entry where the recorded asset value is lower than the acquisition cost, which may indicate an error or the inappropriate application of depreciation; asset values should be recorded at historic cost and not depreciated. <p>These issues collectively mean that the Council is not currently able to demonstrate that its fixed asset register is fully accurate and compliant with proper practices.</p> <p>RECOMMENDATION: The internal auditor would advise the Council to review its response to Assertion 1 of the Annual Governance Statement, given that the asset register does not provide a reliable basis for the preparation of the accounting statements.</p> <p>For future years, the Council may wish to consider undertaking a full review of its asset register to ensure that it is accurate and compliant with proper practices. This may include:</p> <ul style="list-style-type: none"> • recording all assets at acquisition cost, or £1 where the cost is unknown • applying a consistent valuation methodology year on year • clearly identifying additions and disposals • ensuring the asset register reflects the position as at 31 March acknowledging that the document may have to be in draft form still to be approved by the Council • ensuring the asset register total matches the total to be reported on the AGAR. <p>COMMENT: <i>In line with best practice, the Council might wish to consider including a stated review period and the date of the next scheduled review on the asset register.</i></p>
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<p><i>Is the value of the assets included? (Note value for insurance purposes may differ)</i></p>	<p>Yes</p>	<p>See recommendation above.</p>
<p><i>Are records of deeds, articles, land registry title number available?</i></p>	<p>No</p>	<p>The asset register does not include details of title or ownership for the Village Hall. In particular, no HM Land Registry title number is recorded.</p> <p>The absence of this information weakens the Council's ability to demonstrate legal ownership of its principal asset and limits assurance that property interests are properly documented and safeguarded.</p> <p>RECOMMENDATION: The Council may wish to consider recording the HM Land Registry title number for the Village Hall within the asset register, where registered. Where the property is not registered, the Council should ensure that appropriate evidence of ownership (such as title deeds or conveyancing documents) is securely retained and referenced within the asset register.</p>
<p><i>Are copies of licences or leases available for assets sited at third party property?</i></p>	<p>N/A</p>	<p>The Council has not declared that it has any assets located on third party property.</p>
<p><i>Is the asset register up to date and reviewed annually?</i></p>	<p>Yes</p>	<p>See recommendation above.</p>
<p><i>Cross checking of insurance cover</i></p>	<p>No</p>	<p>Cross-checking of the Asset Register to the Council's insurance schedule was not possible, as no evidence of current insurance cover was provided for audit. As a result, the internal auditor has not been able to confirm that Council assets are adequately insured.</p> <p>RECOMMENDATION: The Council may wish to ensure that a current insurance schedule is maintained and available for audit, and that this is periodically cross-checked against the Asset Register to confirm that all assets are appropriately insured.</p>

Section 12 – Assertion 10 The internal auditor will be checking that the council complies to the new assertion 10 introduced in the Practitioners' Guide 2025.		
Evidence		<i>Internal auditor commentary</i>
<i>Has the Council registered with the Information Commissioner's Office (ICO)?¹²</i>	Yes	The Council is correctly registered with the Information Commissioner's Office (ICO) as a Data Controller in accordance with the Data Protection Legislation.
<i>Is there an adopted council publication scheme and is it reviewed regularly?</i>	Yes	As seen on the Council's website, the Council published a Model Publication Scheme detailing the type of information the Council holds and how it will make it available to the public. The document was approved by the Council on 17 March 2026 as recorded in the meeting minutes. Under the Freedom of Information Act 2000, public authorities must provide access to information held which must be published proactively. The Freedom of Information Act requires every public authority to have a publication scheme and to publish information covered by the scheme. The Council should seek to review the information it holds under its scheme and ensure that it is up to date and ensure that it is available to view on its website.
<i>Is the Council compliant with the General Data Protection Regulation requirements?¹³</i> <i>Councils must:</i> <ul style="list-style-type: none"> Comply with their legal & statutory obligations under UK GDPR & The Data Protection Act 2018 	Partially	COMMENT: <i>In line with best practice, the Council might wish to consider including a stated review period and the date of the next scheduled review.</i> The Council has taken steps to address its obligations under the UK General Data Protection Regulation (UK GDPR), including the adoption of relevant policies during the year. The following documents were evidenced on the Council's website: <ul style="list-style-type: none"> Data Protection Policy and Information Management Policy adopted 17 March 2026

¹² Data Protection Act 2018

¹³ UK General Data Protection Regulation (UK GDPR) and the Data Protection Act 2018.

<ul style="list-style-type: none"> • <i>Process personal data lawfully, fairly and in line with the prescribed data protection principles</i> • <i>Recognise their role as both data controller and data processor</i> 	<ul style="list-style-type: none"> • Handling Requests for Information Policy and Procedure adopted 17 March 2026 • Information Security Incident Policy last reviewed March 2026 • Data Subject Access Request Policy adopted July 2023; however, this has not been reviewed and makes reference to another Parish Council • Privacy Notice last reviewed February 2022 with no evidence of subsequent review <p>However, there is no evidence to demonstrate that the Council has implemented further key elements required to support effective data protection compliance. In particular, no evidence was provided of:</p> <ul style="list-style-type: none"> • data protection impact assessments (where required) • a data audit or record of processing activities. <p>COMMENT: <i>The Council may wish to ensure that it complies with its legal and statutory obligations under UK GDPR and the Data Protection Act 2018, including processing personal data lawfully, fairly, and in accordance with the data protection principles, and recognising its role as both data controller and data processor.</i></p> <p><i>While relevant policies have been adopted, the Council may wish to ensure that these are fully implemented in practice and supported by appropriate evidence.</i></p> <p><i>In particular, the Council might wish to:</i></p> <ul style="list-style-type: none"> • <i>review and update all data protection policies on a regular basis to ensure they remain current and specific to the Council</i> • <i>include a stated review period and the date of the next scheduled review on all policies</i> • <i>ensure that procedures for managing data breaches and data retention are not only documented but are actively applied and evidenced</i>
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		<ul style="list-style-type: none"> maintain appropriate records to demonstrate compliance, such as data audits, records of processing activities, and, where applicable, data protection impact assessments. carry out data protection audits, including mapping personal data and assessing associated risks provide regular data protection training for councillors and staff.
<p>Has the Transparency Code been correctly applied, and information published in accordance with current legislation?</p>	<p>Partially</p>	<p>The Council should be aware that authorities with gross income or expenditure under £25,000 are required to comply with the Local Government Transparency Code 2014 for smaller authorities. Authorities with gross income or expenditure exceeding £200,000 are subject to the Local Government Transparency Code 2015.</p> <p>For authorities falling between these thresholds, whilst there is no statutory requirement to comply with the 2015 Code, it is regarded as best practice to work towards its provisions.</p> <p><i>COMMENT: As the Council's expenditure exceeded £25,000 this year, it may wish to review its current arrangements against the requirements of the Transparency Code 2015 and consider taking steps towards compliance as a matter of best practice, in order to enhance transparency and public accountability.</i></p>
<p>Has the Council published a website accessibility statement on their website in line with Regulations?¹⁴</p>	<p>Partially</p>	<p>The Council has published a Website Accessibility Statement; however, it is not up to date or fully accurate.</p> <p>The statement records that the website was last reviewed in September 2021 and contains two incorrect email addresses for the Clerk, which may prevent users from reporting accessibility issues or requesting information.</p> <p>The statement also refers to compliance with WCAG 2.1, whereas the current standard is WCAG 2.2.</p>

¹⁴ Website Accessibility Regulations 2018

		<p>RECOMMENDATION: The Council may wish to review and update its Website Accessibility Statement to ensure that it is accurate and reflects the current WCAG 2.2 standard.</p> <p>The internal auditor would advise the Council to review its response to Assertion 10 of the Annual Governance Statement, if the Council is not satisfied that it has fully met its obligations under the Public Sector Bodies (Websites and Mobile Applications) (No. 2) Accessibility Regulations 2018.</p>
<p>Has website accessibility been tested, at least annually?</p>	<p>Yes</p>	<p>A website accessibility review has been undertaken using WAVE, and it is noted that the website provider has addressed a number of identified issues.</p> <p>However, a number of images on the website do not include alternative (alt) text, which may limit accessibility for users relying on screen readers.</p> <p>COMMENT: <i>The Council may wish to ensure that all website content, including images, complies with accessibility requirements, in particular by providing appropriate alternative text. Regular accessibility checks should be undertaken and documented to ensure ongoing compliance with the Public Sector Bodies (Websites and Mobile Applications) (No. 2) Accessibility Regulations 2018.</i></p>
<p>Does the council have, as a minimum, a single generic email address on an authority owned domain, for correspondence?¹⁵ For example clerk@abccouncil.gov.uk or clerk@abccouncil.org.uk</p>	<p>Yes</p>	<p>The Clerk's email address is generic and on a Council owned domain.</p>
<p>Does the council have an IT policy that is tailored to the council?¹⁶</p>	<p>Yes</p>	<p>The Council adopted an IT Policy, tailored to the Council, on 16 September 2025.</p> <p>COMMENT: <i>In line with best practice, the Council might wish to consider including a stated review period and the date of the next scheduled review.</i></p>
<p>Additional comments:</p>		

¹⁵ Practitioners Guide

¹⁶ Practitioners Guide

Section 13 – Internal audit The internal auditor will revisit weaknesses and recommendations previously identified to see if these have been addressed. They will also check if any changes introduced require further verification to ensure effectiveness of the corrective action taken.	
Evidence	<i>Internal auditor commentary</i>
<p><i>Has the Council considered the previous internal audit report?</i></p> <p><i>Has appropriate action been taken regarding the recommendations raised?</i></p>	<p>Yes</p> <p>Partially</p> <p>The Internal Audit Report for the period ending 31st March 2025 was formally considered by the Council at its meeting on 21 May 2025.</p> <p>Not all recommendations arising from the report have been addressed. In particular:</p> <ul style="list-style-type: none"> • a Reserves Policy has not been adopted • the Council's records do not identify the legal powers relied upon to incur expenditure. <p>In addition, there is no clear evidence within the minutes to demonstrate that the Council has formally considered these outstanding recommendations or recorded its reasons for not implementing them.</p> <p>Proper practices require that Councils take appropriate action in response to matters raised by internal and external audit and maintain an adequate audit trail of decisions taken.</p> <p>RECOMMENDATION: The Council may wish to ensure that all matters raised by internal audit are formally considered and that appropriate action is taken in response. The outcome of that consideration, including any decisions taken and reasons where recommendations are not implemented, should be clearly recorded in the minutes.</p> <p>The Council may also wish to establish a process to monitor progress against outstanding audit recommendations, with updates reported to and minuted by the Council until all matters are resolved.</p> <p>The internal auditor would advise the Council to review its response to Assertion 7 of the Annual Governance Statement in light of the above.</p>

<p><i>Has the Council confirmed the appointment of an internal auditor?¹⁷</i> <i>Has the letter of engagement been approved by full council?¹⁸</i></p>	<p>Partially</p>	<p>The Council appointed an internal auditor at its meeting on 20 January 2026.</p> <p>However, no evidence was provided to demonstrate that a formal letter of engagement has been approved by the Council. A letter of engagement is an important document which defines the scope of the audit, roles and responsibilities, reporting arrangements, and terms of appointment.</p> <p>The absence of a formally approved engagement document weakens assurance that the internal audit function is clearly defined, independent, and operating in accordance with proper practices.</p> <p>RECOMMENDATION: The Council may wish to ensure that a formal letter of engagement is agreed with the internal auditor and approved by the Council.</p>
<p>Additional comments:</p>		

¹⁷ Practitioners' Guide

¹⁸ Practitioners' Guide

<p>Section 14 – External audit for the period under review The internal auditor will revisit the external audit so that previous weaknesses and recommendations can be considered.</p>		
Evidence		<i>Internal auditor commentary</i>
<i>Has the Council considered the previous external audit report?</i> ¹⁹	Yes	At the meeting on 16 September 2025, the Council considered the report from the external auditor for the year ending 31 st March 2025. The Notice of Conclusion was seen on the Council's website.
<i>Has appropriate action been taken regarding the comments raised?</i>	N/A	There were no matters which come to the attention of the external auditor which have cause for concern that relevant legislation and regulatory requirements had not been met.
Additional comments:		

¹⁹ Regulation 20 Accounts and Audit Regulations 2015 – following completion of an audit the Council should note that it is the Council as a whole (i.e., All members) and not a committee that should receive and consider the audit letter (including Annual Return and Certificate) from the local auditor as soon as reasonably practicable and the minutes should reflect that these have been received.

Section 15 – Additional information The internal auditor will look for additional evidence of good record keeping, compliance with data protection regulations, freedom of information and website accessibility regulations.	
Evidence	<i>Internal auditor commentary</i>
<p><i>Was the annual meeting held in accordance with legislation?</i> ²⁰</p> <p style="text-align: center;">No</p>	<p>The Council held its Annual Meeting on 21 May 2025 in accordance with the requirements of the Local Government Act 1972.</p> <p>However, the first item of business was not the election of the Chair. Legislation requires that, at the Annual Meeting of a local council, the election of the Chair must be the first item of business.</p> <p>Failure to follow this prescribed order represents a departure from statutory procedure.</p> <p>RECOMMENDATION: The Council may wish to ensure that the Annual Meeting is conducted in accordance with the requirements of the Local Government Act 1972, which prescribe that the first item of business must be the election of the Chair.</p>
<p><i>Is there evidence that Minutes are administered in accordance with legislation?</i> ²¹</p> <p style="text-align: center;">No</p>	<p>A review of Council minutes and published documents identified a number of deficiencies in record-keeping and document control:</p> <ul style="list-style-type: none"> • The minutes of the meeting held on 15 July 2025 have not been signed and record an incorrect approval date of 16 September 2023. • The minutes of the meeting held on 12 August 2025 have not been signed. • The agenda published for the meeting of 20 January 2026 is incorrectly dated as 20 January 2027 on the Council's website.

²⁰ The Local Government Act 1972 Schedule 12, paragraph 7 (2) and Schedule 15 (2)

²¹ Public Bodies (Admission to Meetings) Act 1960, Local Government Act 1972, and the Localism Act 2011

		<p>Furthermore, the Council's minutes are not consecutively numbered. As the minutes are maintained in loose-leaf format rather than in a bound volume, consecutive numbering is required to provide assurance that records are complete, have not been altered, and form a continuous and reliable record of the Council's proceedings.</p> <p>These issues may reduce assurance regarding the completeness and reliability of the Council's formal records.</p> <p>RECOMMENDATION: The Council may wish to ensure that its minutes and published documents are maintained in accordance with statutory requirements and good governance practice.</p> <p>In particular, the Council might wish to consider:</p> <ul style="list-style-type: none"> ensuring that all minutes are approved, signed by the Chair, and dated at the appropriate subsequent meeting correcting any errors in recorded approval dates and published documents ensuring that agendas and minutes published on the website are accurate and reflect the correct meeting dates implementing a system of consecutive page numbering for minutes, particularly where they are maintained in loose-leaf format, to ensure completeness and integrity of the record.
<i>Is there a list of members' interests held?</i>	Yes	Evidence was seen on the District Authority's website of the Register of Interests for all current Councillors with a direct link from the Council's own website.
<i>Does the Council have any Trustee responsibilities and if so, are these clearly identified in a Trust Document?</i>	N/A	The Council does not have any Trustee responsibilities.
<i>Is there evidence that electronic files are backed up?</i>	Yes	The Internal Audit Report records 'Transactional back-up copies of the records relating to bank transfers are made on the Cloud storage system One-Drive.'
<i>Do terms of reference exist for all committees and is there evidence these are regularly reviewed?</i>	N/A	The Council does not operate with a Committee system.
Additional comments:		

Signed: *Sharon G. Smith*

Date of Internal Audit review: 16 April 2026

Date of Internal Audit Report: 16 April 2026

On behalf of Suffolk Association of Local Councils