

Response and action plan to the Internal Audit Report 2025-26

This is the Clerk/RFO's report to respond to the recommendations and comments made by the Internal Auditor on their detailed report.

I am very disappointed with the outcomes of this report as you will see from my responses we have not been highlighted on many of these areas in previous audits. The auditor failed to ask for clarity or additional information to evidence that the audit objectives have been met.

I am reluctant to change any of the responses to our Annual Governance Statement to the external auditor with the acceptance of Assertion 10 which has already been rectified. However, this is Council's decision and I will report as Council decides given the responses in the report below.

Objective	Internal auditor commentary	Response	Action Date
Has the Council properly tailored the Financial Regulations?	<p>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> <p><i>COMMENT: The Council may wish to 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.</i></p>	<p>It should be noted that this has not been highlighted in the previous audits.</p> <p>The Clerk/RFO has reviewed the Financial Regulations against the model template provided by NALC.</p> <p>A few minor adjustments have been made and is presented to Council for approval at the May meeting.</p>	19/5/2026
Verify that budget has been properly prepared and agreed	<p>COMMENT: 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.</p>	<p>It should be noted that this has not been highlighted in the previous audits.</p> <p>This suggestion will be adopted when agreeing the final budget for 2027/28. Although the Clerk/RFO would like</p>	November or January when budget and precept approved.

		Council to note that the precept and the budget are the same figure which was reported in the minutes.	
Regular reporting of expenditure and variances from budget	COMMENT: 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.	Comment not accepted. Budget monitoring is reported to Council at each meeting and published on the Council's website at https://denhamparishcouncil.gov.uk/parish-council/finance/	No action required
Reserves held - general and earmarked.	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.	The adoption of a General Reserve Policy was a comment not a recommendation from the last audit. The Clerk/RFO will present a General Reserve Policy at a future meeting.	21/07/2026
Is the ledger maintained and up to date?	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. 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. As a result, there is no single, comprehensive record providing a	Recommendation not accepted. It should be noted that this has not been highlighted in the previous audits. The Council does maintain a consolidated cash book. The Auditor just asked for Receipts and Payments which were provided. No additional information was requested to evidence the statements made in the recommendation.	No action required

	<p>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. 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> <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</p>		
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	book reflects the Council's up-to-date financial position.		
Is there supporting paperwork for payments with appropriate authorisation?	<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>The Council's methodology for payments has not been questioned previously.</p> <p>Noted that the Statement of Internal Control and the Financial Regulations need to be aligned. The Clerk has reviewed these and the Statement of Internal Control will be presented to Council for approval at the May meeting.</p> <p>Delegated authority has been updated to accommodate timely payments as the Council only meets bi-monthly.</p>	19/5/2026
Where applicable, are internet banking transactions properly recorded and approved?	<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</p>	<p>It should be noted that the controls in place have not been challenged in previous audits.</p> <p>The auditor did not request additional information to confirm that internet banking transactions are properly approved.</p> <p>The Clerk/RFO and one other Councillor is authorised as signatories. There are sufficient signatories for a two stage approval.</p> <p>Council notes and accepts that it needs more signatories but this has not come to fruition. The Clerk and Chair have raised this on several occasions during the reporting year.</p> <p>It is Council's decision whether it feels that we should amend our response to Assertion 2 to No. As Clerk/RFO I feel we have meet this obligation. To be agreed at the May meeting.</p>	

	<p>financial year. This indicates that the control is not currently evidenced as operating consistently in practice, which may increase the risk of unauthorized or erroneous payments. 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>		
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<p>Are payments under s.137 separately recorded, minuted and is there evidence of direct benefit to electorate?</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>It should be noted that this hasn't been raised on previous audits.</p> <p>Please note that no expenditure has been made under S137. Which is why the auditor couldn't find any reference to using this power. All other expenditure is made under permitted powers.</p> <p>To meet this recommendation the Clerk/RFO has added a Table of Powers to the Financial Regulations and will annotate the power each budgeted expenditure is made under. The revise FR will be presented to Council at the May meeting for approval.</p>	<p>19/5/2026</p>
<p>Is income reported to full council?</p>	<p>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</p> <p>Internal Auditor Further Comment</p> <p>Thank you for the clarification.</p> <p>I note that financial information is reported to Council through the</p>	<p>This statement is not true.</p> <p>Income is reported to Council in the following ways.</p> <p>If income has been received since the last meeting this is an agenda item with a report to Council. See minutes from the March meeting as evidence</p> <p>Council is also given a Budget monitoring report at each meeting which lists expenditure and income. See the March meeting above and these are also reported on our website for full transparency. See https://denhamparishcouncil.gov.uk/parish-council/finance/</p>	<p>N/A</p>

	<p>finance report, including bank reconciliations and budget to actual payments and receipts, and that this information is made available to members and published on the Council's website.</p> <p>This approach is consistent with Proper Practices, which require members to monitor financial performance against budget during the year.</p> <p>My original comment was intended as a suggestion for enhanced clarity rather than an indication of non-compliance. While the budget monitoring report provides the necessary information, the Council may wish to consider, as a matter of presentation, whether a simple summary of total income and expenditure for the period would further support transparency and ease of interpretation for members and the public.</p>		
<p>Is bank reconciliation regularly completed and reconciled with the cash book and cover every account?</p>	<p>RECOMMENDATION: The Council should ensure that all bank reconciliations are signed and dated by the RFO and independently</p>	<p>This has never been raised in audit before.</p> <p>I will amend the template to state that the bank reconciliation is signed and dated by the RFO.</p>	<p>19/05/26</p>

	<p>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>Internal Auditor Further Comment Thank you for your further comments and for providing the additional supporting information. I acknowledge that further evidence has now been provided which confirms the year-end balance and demonstrates that the reconciliation was accurate. The original audit comment reflected the position based on the evidence available at the time of review. However, in light of the additional information now provided, I am satisfied that the control objective has been met and the response to Internal Control Objective will be amended to “Yes”. For completeness, it is noted that supporting documentation confirming year-end balances should be clearly available at the point of audit to provide a complete and timely audit trail.</p>	<p>The bank reconciliation is always noted by the Council and this is signed by the chair when the minutes of the meeting are approved.</p>	
<p>Do bank balances agree with bank statements?</p>	<p>RECOMMENDATION: Bank reconciliations should be supported by</p>	<p>This has been challenged with SALC.</p>	<p>Not required.</p>

	<p>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>The bank statements aren't always issued with the last date of the month e.g March was to the 30th. I can't amend the statement date they are set by the bank. Had I been asked for further information I would have been able to confirm that there were no transactions on the 31st and the balances on the bank statement presented were correct.</p> <p>I dispute this statement and have asked for the internal auditor to amend their report for objective I to Yes on their report to the external auditor</p>	<p>No action needed.</p>
<p>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?</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. 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>The notice of public rights was issued for the correct period as recommended by the external auditor. The date of the announcement date should have been the day before the period of public rights inspection commenced. It did not impede any claims from members of the public making a request to see the accounts.</p> <p>I have not been asked to minute that Council had confirmed and approved the dates for the exercise of public rights in any previous audit but will do so in the future.</p> <p>I do not feel for this minor misdemeanor that Assertion 4 of the Annual Governance Statement should be amended to no.</p>	<p>19/05/26</p>

<p>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?</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. 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 • Insurance arrangements are reviewed annually by members and formally minuted • Evidence of renewal (policy schedules and confirmations) is retained and available for audit. <p>The internal auditor would advise the Council to review its response to Assertion 5 of the Annual Governance Statement, given that no evidence has been provided to confirm that appropriate insurance cover was in place for part of the financial year.</p>	<p>The Council's insurance schedule was issued to the internal auditor.</p> <p>The insurance year for the Council is Jan to Jan.</p> <p>This would have been obvious to the auditor but they did not ask for the schedule for 26/27 which would have covered the last two months of the insurance for the year ending 31st March 26. This has now been supplied to the auditor.</p> <p>The insurance was reviewed before the renewal and minuted at the January 26 meeting</p>	<p>No action required</p>
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	<p>The Council may wish to ensure that its Internal Control Statement fully reflects all key controls in place, including insurance arrangements, and that these are reviewed regularly by members.</p> <p>The internal auditor would advise the Council to review its response to Assertion 2 of the Annual Governance Statement given that a key control area is not evidenced within its documented internal control framework.</p> <p>Internal Auditor Further Comment Thank you for providing the additional insurance documentation. I note that this confirms appropriate insurance cover was in place for the full financial year under review and that the policy had been renewed during the year. On this basis, I am satisfied that the Council had appropriate arrangements in place to manage this risk, and the response to Internal Control Objective C will be amended to “Yes”. The original audit comment reflected the position based on the documentation made available at the time of review. For completeness, it is noted that documentation evidencing</p>		
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	insurance cover for the full financial year should be readily available at the point of audit to support verification.		
Evidence that internal controls are documented and regularly reviewed	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). 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.	The Auditor confirmed that the internal control statement had been published but suggested that the Council adopts the Model SIC The Clerk/RFO will review and present to Council for the July meeting.	19/05/26
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 appointment ¹⁰	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.	The Auditor acknowledged that this objective had been satisfied but made the recommendation regarding the effectiveness of the internal audit. Clerk/RFO to look at this when it reviews the SIC in July	19/05/26
Does the Council maintain a register of material assets it owns and manage this in	RECOMMENDATION: The internal auditor would advise the Council to review its response to Assertion 1 of the Annual Governance Statement,	The template for the asset register has never been challenged in the past. No further clarification was sort by the internal auditor.	19/05/26

<p>accordance with proper practices?11</p>	<p>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 <p>acknowledging that the document may have to be in draft form still to be approved by the Council</p> <ul style="list-style-type: none"> • ensuring the asset register total matches the total to be reported on the AGAR. <p>COMMENT: 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.</p>	<p>The Asset Register does have two columns cost (which equates to acquisition cost) and asset value which is the insurable value. I have amended the asset register to avoid further mis-understanding in the future.</p> <p>The Clerk/RFO acknowledges that purchases had been added to the register and this should have been approved by Council before publishing.</p>	
<p>Are records of deeds, articles, land registry title number</p>	<p>RECOMMENDATION: The Council may wish to consider recording the HM</p>	<p>This has never been requested previously.</p>	<p>19/05/26</p>

available?	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.	I have updated the Asset Register with the HM Land Registry title number to be approved at the May meeting.	
Cross checking of insurance cover	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.	No further information was requested by the internal auditor to confirm the value of the assets insured. The reviewed Asset Register is given to the insurer at each renewal. Had I been asked I would have been able to ask the insurer for a schedule of the Council's assets insured. I will check with our insurers and ask that this can be included in the insurance schedule provided for future audits.	Email sent to insurers 14/5/26
Is there an adopted council publication scheme and is it reviewed regularly?	COMMENT: In line with best practice, the Council might wish to consider including a stated review period and the date of the next scheduled review.	The Publication Scheme is required to be reviewed annually but in line with the internal auditors comment I have added a reviewed period to the policy document.	Mar 27
Is the Council compliant with the General Data Protection Regulation requirements? ¹³ Councils must: • Comply with their legal & statutory obligations under UK GDPR & The Data Protection Act 2018	COMMENT: 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.	This has never been picked up on previous audits. Council have reviewed the policies annually as required. The policies are reviewed periodically so as not to overwhelm agenda's as Council only meets bi-annually. The Clerk/RFO will add the next review to the policy as suggested.	At next review

<ul style="list-style-type: none"> • Process personal data lawfully, fairly and in line with the prescribed data protection principles • Recognise their role as both data controller and data processor 	<p>While relevant policies have been adopted, the Council may wish to ensure that these are fully implemented in practice and supported by appropriate evidence. In particular, the Council might wish to:</p> <ul style="list-style-type: none"> • review and update all data protection policies on a regular basis to ensure they remain current and specific to the Council • include a stated review period and the date of the next scheduled review on all policies • ensure that procedures for managing data breaches and data retention are not only documented but are actively applied and evidenced • 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>There haven't been any breaches to document.</p>	
<p>Has the Transparency Code been correctly applied,</p>	<p>COMMENT: As the Council's expenditure exceeded £25,000 this year, it</p>	<p>This has never been challenged previously.</p>	<p>No action required.</p>

<p>and information published in accordance with current legislation?</p>	<p>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.</p>	<p>This is the last financial year which the expenditure will exceed £25k, now that the village hall refurbishment is complete.</p> <p>In my opinion the Council meets and in some areas exceeds the requirements of the Transparency Code 2015 for smaller authorities.</p>	
<p>Has the Council published a website accessibility statement on their website in line with Regulations?</p>	<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>This was an omission and has now been corrected on the published Website Accessibility Statement.</p> <p>In light of this omission I have adjusted the response to criteria 10 of the Governance Statement and will give an explanation to the external auditor for non-compliance.</p>	<p>Completed</p>
<p>Has website accessibility been tested, at least annually?</p>	<p>COMMENT: 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</p>	<p>I will continue to test the website annually.</p> <p>We are limited to what we can implement due to the website platform, the way the Council has to scan signed documents to pdf and limited resources of a small parish.</p>	<p>No additional action required.</p>

	Public Sector Bodies (Websites and Mobile Applications) (No. 2) Accessibility Regulations 2018.		
Does the council have an IT policy that is tailored to the council?	COMMENT: In line with best practice, the Council might wish to consider including a stated review period and the date of the next scheduled review.	Noted. To include a review date next time the policy is up for review which will always be annual.	
Has appropriate action been taken regarding the recommendations raised?	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. 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. The internal auditor would advise the Council to review its response to Assertion 7 of the Annual Governance Statement in light of the above.	The recommendation for a Reserves Policy and identifying legal powers were listed as the Council might want to note that they had breached governance. The recommendations of the 2024/25 Internal Audit were considered and minuted at the meeting held on the 21 st May 2025 https://denhamparishcouncil.gov.uk/assets/Uploads/Agreed-Minutes-2025-05-21.pdf This document is the action plan to responses to the internal audit. I do not feel that Council has failed Assertion 7 and would recommend that the response remains as “yes”.	On-going
Has the Council confirmed the appointment of an internal auditor?	RECOMMENDATION: The Council may wish to ensure that a formal letter of engagement is agreed with the internal auditor and approved	The internal auditor appointment and the letter of engagement was approved at the meeting on the 20 th January 2026.	No action required

<p>Has the letter of engagement been approved by full council?</p>	<p>by the Council.</p>	<p>The issue was that at that time SALC had not confirmed that they could act as internal audit for the Council. This was not confirmed until 2nd March 2026</p>	
<p>Was the annual meeting held in accordance with legislation</p>	<p>The Council held its Annual Meeting on 21 May 2025 in accordance with the requirements of the Local Government Act 1972. 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. Failure to follow this prescribed order represents a departure from statutory procedure. 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>The auditor has not referred to the recommendation from the 2024/25 Audit. Council was not quorate, so therefore the first item of the agenda could not be to elect a chair. As per the guidance from SALC and the National ALC the district Councillor Matthew Hicks used his vote to co-opt new Councillors to make the Council quorate. The next item of the legal meeting was to appoint a chair which can be evidenced by the meeting minutes from the 21st May 2025.</p>	<p>No action required. Page 37</p>