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Mrs E Langridge
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Parish Centre
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2 November 2026

Dear Elaine

Re: Hassocks Parish Council

Internal Audit Report for Financial Year Ended 31 March 2027 – Interim Audit Report

Executive summary
Following completion of our interim internal audit on 2nd November 2026, we are pleased to enclose our report for your review and presentation to the council. The audit was conducted in accordance with current professional standards and guidelines, employing a risk-based approach to our testing. While not all transaction were examined, our sample testing, where appropriate, covered the financial year to date.

The structure of this report aligns with the assertions set out in the Annual Internal Auditor Report section of the Annual Governance and Accountability Return (AGAR). Each section begins with a summary of the assertion being assessed, followed by details of the testing undertaken, which was guided by the audit plan. A copy of the audit plan is available within our Internal Audit Guide and follows the requirements of the Smaller Authorities Proper Practices Panel (SAPPP) Practitioner's Guide.

The report concludes with our opinion on whether each assertion has been met as of the date of the interim audit. Where the standard has not been met, we have set out the required action for the council to take to meet the requirements by the year-end internal audit. **Any recommendations for action are highlighted in bold and summarised in the table at the end of this report.**

Our testing did not identify any procedural errors requiring reporting to the external auditor at this time, nor did we observe any material weaknesses in internal controls that would pose a risk to public funds. We are pleased to report that overall, the systems and procedures currently in place are appropriate and effective. While this report may include recommendations for improvement, these should not be viewed as indicators of significant deficiencies. Rather, they are intended to support the continued development of what is, in our view, a well-managed and robust governance framework.

Regulation
The Accounts and Audit Regulations 2015 require smaller authorities, each financial year, to conduct a review of the effectiveness of the system of internal control and prepare an annual governance statement in accordance with proper practices in relation to accounts. In addition to this, a smaller authority is required by

Regulation 5(1) of the Accounts and Audit Regulations 2015 to "undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance."

Internal auditing is an independent, objective assurance activity designed to improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. Where we have provided other support to the council, a separate individual will be assigned as the internal auditor to maintain that independence.

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

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

Independence and competence
Your audit was conducted by Debbie Siddle of Mulberry Local Authority Services Ltd, who has over 20 years' experience in governance and finance roles with the last 13 years specialising in local government.

In accordance with paragraphs 4.9 to 4.11 inclusive of the SAPPP Practitioner's Guide, we confirm that your auditor is independent from the management of the financial controls and procedures of the council and has no conflicts of interest with the audit client, nor do they provide any management or financial assistance to the client.

We further confirm that Mulberry Local Authority Services Ltd, as experience sector specialist internal auditors are competent to complete the internal audit process.

We remind the council of the requirements of paragraph 4.11 of the SAPPP Practitioner's Guide requiring councils to review the independence of the appointed internal auditor annually.

Engagement Letter and inherent risk assessment
An engagement letter was previously issued to the council covering the 2026/27 internal audit assignment, which includes the scope and plan of works and fee structure. Copies of this document are available on request from anna@mulberrylas.co.uk

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

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

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

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INTRODUCTION

The council has an ongoing engagement with Mulberry Local Authority Services Ltd for the provision of internal audit services, with the most recent appointment/reappointment agreed at the meeting held on 28th April 2026 (minute ref 25/108).

The minute reference does not confirm that the council considered the independence of the internal auditor at appointment. **I remind the council that in accordance with 4.11 of the Practitioner's Guide *'the independence of the appointed person or firm should be reviewed every year with regard to; personal independence, financial independence, and professional independence.'***

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

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

A. BOOKS OF ACCOUNT

Internal audit requirement

Appropriate accounting records have been kept properly throughout the year.

Audit findings

The council uses the Rialtas accounting package for recording the council's finances. This is an industry specific accounting package. The accounting package is updated regularly, and reports are used to enter into Excel to produce management information reports for review at council meetings.

There are currently four users with their own individual logons and individual privileges. The RFO is responsible for the maintenance of privileges on the system and should ensure that access is monitored and removed where it is no longer required.

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

I conducted a sample of invoices and receipts drawn at random and can confirm the underlying documentation was easy to locate, agreed to the cashbook details and relevant bank statements. I make no recommendation to change in this system.

I tested the opening balances as of 1 April 2026 by reviewing the balance brought forward and confirmed it could be agreed back to the audited accounts for 2025/26.

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

Check receipt of VAT refund matches last submitted VAT return
The VAT return is submitted on a quarterly basis. I reviewed the submission for the period ending 30th September 2026 which showed a refund amount due of £8,256.55 and was fully supported by the required details. I was able to confirm receipt of this amount to the council's bank account on 23rd October 2026. The council is up to date with its VAT submissions.

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

B. FINANCE REGULATIONS, GOVERNANCE AND PAYMENTS

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

Audit findings
Confirm by sample testing that councillors sign statutory office forms
I confirmed by sample testing that councillors sign "Acceptance of Office" forms. **I recommend the Acceptance of Office form is amended to include formal acceptance to receive information by electronic means in the form *"As per Schedule 12 of the Local Government Act 1972, I consent to the receipt of all council meeting papers by electronic methods. I understand I may withdraw this consent at any time."***

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

Confirm that the council meets regularly throughout the year
In addition to full council, the council has a committee structure in place. A diary of future meeting dates and historic agendas and minutes for meetings are published on the council website. **I recommend that the Terms of reference for each committee are also published on the council website.**

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

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

Check the draft minutes of the last meeting(s) are on the council's website
Draft minutes are uploaded to the council website and clearly annotated as draft.

Confirm that the Parish Council's Standing Orders have been reviewed within the last 12 months

The Standing Orders are based on the current National Association of Local Councils (NALC) model and were most recently reviewed and adopted by council in July 2025 (minute ref PC/25/54.1). **I recommend that council ensures that the Standing Orders are reviewed and adopted before this year end.**

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

Financial Regulations are based on the current NALC model and were last reviewed and adopted by council on 13th October 2026 (minute ref PC26/87.4). The regulations contain provisions for the approval of spending, setting of budgets, reconciliation of the bank and reporting to council.

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

Procurement

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

FR5.6. *For contracts estimated to exceed £25,000 excluding VAT, the Clerk shall seek formal tenders from at least three suppliers OR advertise an open invitation for tenders in compliance with any relevant provisions of the Legislation.*

FR5.7. *For contracts estimated to be over £25,000 excluding VAT, the council must comply with any requirements of the Legislation regarding the publication of invitations and notices.*

FR5.8. *For contracts greater than £3,000 excluding VAT the Clerk shall strive to get at least three fixed-price quotes;*

FR5.9. *where the value is between £500 and £3,000 excluding VAT, the Clerk shall try to obtain three estimates which might include evidence of online prices, or recent prices from regular suppliers.*

FR5.10. *For smaller purchases, the Clerk shall seek to achieve value for money.*

FR 5.20 *An official order or letter shall be issued for all work, goods and services above £250 excluding VAT unless a formal contract is to be prepared or an official order would be inappropriate. Copies of orders shall be retained, along with evidence of receipt of goods.*

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

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

Authorisation

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

FR 5.15 *Individual purchases within an agreed budget for that type of expenditure may be authorised by:*

- *the Clerk, under delegated authority, for any items below £500 excluding VAT*
- *the Clerk, in consultation with the Chair of the Council or Chair of the appropriate committee for any items below £3,000 excluding VAT*
- *the council for all items over £3,000;*

FR 5.18 *In cases of serious risk to the delivery of council services or to public safety on council premises, the clerk may authorise expenditure of up to £3,000 excluding VAT on repair, replacement or other work that in their judgement is necessary, whether or not there is any budget for such expenditure. The Clerk shall report such action to the Chair as soon as possible and to [the council] as soon as practicable thereafter.*

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

I tested a sample of invoices and was able to confirm that amounts have been properly authorised in accordance with the adopted Financial Regulations.

Payment

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

FR7.1. *Where internet banking arrangements are made with any bank, the RFO shall be appointed as the Service Administrator. The bank mandate agreed by the council shall identify a minimum of councillors who will be authorised to approve transactions on those accounts and a minimum of two people will be involved in any online approval process.*

FR7.2. *All authorised signatories shall have access to view the council's bank accounts online.*

FR7.3. *No employee or councillor shall disclose any PIN or password, relevant to the council or its banking, to anyone not authorised in writing by the council or a duly delegated committee.*

FR7.4. *A list of payments for approval, together with copies of the relevant invoices, shall be sent to the Service Administrator.*

FR7.5. *In the absence of the Service Administrator any authorised signatory can approve online any payments due before the return of the Service Administrator.*

FR7.6. *A full list of all payments made in a month shall be provided to the next council meeting.*

I discussed the payment process with the Clerk and ascertained that the council has in place a system to segregate duties in terms of the setting up and subsequent release of payments made via online banking but that the Financial Regulations do not clearly replicate practice in terms of who is able to set up and approve payments, and the involvement of councillors for payments over £5,000. **I recommend that FR7.1 to 7.5 are reviewed to ensure they reflect practice.**

Confirm the council has adopted the General Power of Competence (GPC) and met the eligibility criteria at the time of adoption, or if GPC not adopted, confirm all section 137 expenditure meets the guidelines and does not exceed the annual per elector limit of £11.60 per elector

The council confirmed its eligibility and adopted the GPC, and the section 137 threshold does not apply.

Confirm that checks of the accounts are made by a councillor

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

CONCLUSION

I am satisfied this internal control objective has been met.

C. RISK MANAGEMENT AND INSURANCE

Internal audit requirement

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

Audit findings

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

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

FR 2.2 *The Clerk shall prepare, for approval by the council, a risk management policy covering all activities of the council. This policy and consequential risk management arrangements shall be reviewed by the council at least annually.*

FR 2.3 *At least once a year, the council must review the effectiveness of its system of internal control, before approving the Annual Governance Statement.*

FR 2.4. *The accounting control systems determined by the RFO must include measures to:*

- *ensure that risk is appropriately managed;*
- *ensure the prompt, accurate recording of financial transactions;*
- *prevent and detect inaccuracy or fraud; and*
- *allow the reconstitution of any lost records;*
- *identify the duties of officers dealing with transactions and*
- *ensure division of responsibilities.*

The council has a risk assessment process in place, which was last reviewed and approved by council on 12th May 2026 (minute ref PC26/15.5). I reviewed the risk assessment record, which includes a risk matrix to assess the overall risk based on likelihood and consequences of an event occurring and then assesses the risks within each sector of the council's business operations.

Each potential risk is identified, assessed using the L, M, H risk matrix, prior to any mitigation measures, existing internal controls are listed and any further mitigation action which may be needed.

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

The council has responsibility for playgrounds which are inspected regularly. All reviews are undertaken by trained individuals and appropriate records of the inspections and any reported actions required are maintained.

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

I note the council does not have an adopted Statement of Internal Controls, and although I have no doubt that the council takes its risk management responsibilities seriously, **I recommend council considers adopting a Statement of Internal Control.**

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

The insurance policy includes Public Liability cover of £10 million, Employers Liability cover of £10 million and a Fraud & Dishonesty (Fidelity Guarantee) level of £750,000 which is currently sufficient, although the council is advised to keep this figure under review to ensure it covers the maximum balance held. The policy also includes cover for business interruption. **As per the Practitioner Guide, I recommend the council arranges cyber security insurance.**

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

D. BUDGET, PRECEPT AND RESERVES

Internal audit requirement
The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.

Audit findings
Budget
Regular detailed budget reports are produced from the accounting software. The budget report dated October 2026 shows income reported as 97% of budget and expenditure at 49%. There is no evidence to suggest that the budget has not been accurately set and carefully monitored throughout the year.

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

Precept
The council set a precept of £370,012 for 2026/27. With a tax base of 4245.50, this equates to a band D equivalent of £87.15 (compared to the average in England of £99.79). I was able to confirm receipt of the second half of the precept to the council's bank account on 30th September 2026.

The Clerk confirmed that the 2027/28 budget setting process is scheduled to commence for the Policy, Resources and Communications in December 20226, with the final budget and precept due to be agreed by the council meeting scheduled for 12th January 2027.

Reserves

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

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

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

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

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

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

As of 1st October 2026, the council held circa £497,062 in reserves, split between categories as below:

- Hearing Enhance EMR £3,500
- Highways & transport EMR £4,000
- Pavilion sinking fund EMR £19,502
- Hassocks Traders Assoc EMR £500
- Community Highway scheme EMR £5,000
- Allotment water saving EMR £3,000
- Adastra Drainage EMR £46,049.50
- Adastra Tennis courts EMR £4,288
- Adastra skate skink fund EMR £27,147.85
- Adastra park masterplan EMR £62,710.89
- Adastra Garden of Remembrance EMR £1,104.94
- Bus shelter EMR £10,000
- Village Signs EMR £3,650
- Tree planting EMR £560.90
- Play equip skink fund EMR £60,510
- Christmas lights EMR £6,887.46
- Office expansion EMR £491.97
- Parish Centre repairs EMR £10,000
- Legal/land transfer EMR £8,000
- Flooding EMR £2,096
- Website & comms EMR £9,440
- EMR PROW works 21K, Cindr, 12k £50,000
- General Reserves £158,623.31

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

The general reserve balance is 3-4 months which is within the recommended range as detailed in the Practitioner's Guide, **I recommend council keeps the General Reserve balance under review to ensure it is within the guidance of the Practitioner Guide 5.35 at year end.**

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

E. INCOME

Internal audit requirement
Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.

Audit findings
Apart from the precept, the council receives income from a range of sources including allotments, burial ground, ground rent, pitches and pavilion hire.

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

Pitch and pavilion fees were reviewed prior to budget setting on 29th October 2026 whereas allotment charges were reviewed in July in readiness for September invoicing. **I recommend that Council amends FR13.2 to reflect practice.**

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

I tested a sample of allotment documentation and was able to confirm that a register of tenants is maintained and that signed tenancy agreements exist.

I reviewed the formal burial register and confirmed that this is maintained and up to date, and that interment and memorial documents are appropriately filed.

I was able to confirm that an effective diary system is in place for venue hires, which includes details of the hirer and can be matched to invoices raised for the booking.

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

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

F. CASH

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

Audit findings
The council maintains a petty cash float of around £85 which is used for incidental expenditure. The petty cash is locked in a safe under the control of the RFO and petty cash vouchers are completed for each transaction. The petty cash is checked and balanced by the RFO on a monthly basis.

A discussion with the clerks shows that all petty cash items are genuine and other arrangements for payment would not have been appropriate.

At the date of the internal audit, I checked the petty cash balance and was able to confirm it as correct and matching the control account. I am satisfied that the council has in place appropriate measures for the safe management of petty cash.

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

G. PAYROLL

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

Audit findings
The council has 5 employees on the payroll. All staff members have a signed contract of employment, based on the NALC template, and the council is a member of the Local Government Pension Scheme (LGPS). Informal one to one meetings regularly take place, performance reviews for staff members are completed annually by the Clerk, and their review is conducted by two councillors.

Payroll is outsourced to a third party, who complete all the PAYE calculations and provide the information to the council each month. I reviewed the payroll summary and a sample of payslips for two different pay periods. The payroll deductions appear correct, and I was able to confirm the net salary payments.

I confirmed that HMRC and pensions payments are up to date and that the council is correctly not claiming the employment allowance for national insurance contributions.

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

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

H. ASSETS AND INVESTMENTS

Internal audit requirement
Asset and investments registers were complete and accurate and properly maintained.

Audit findings
The SAPPP Practitioner's guide provides updated guidance on assets and asset registers as below:

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

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

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

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

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

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

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

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

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

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

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

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

The council has a fixed asset register in place, maintained in Rialtas format, which includes details of asset location, date of acquisition, original purchase price, replacement value and insurance value. Assets are correctly listed at cost/proxy cost, but **where gifted/donated, assets have not been given a nominal £1 value for the purpose of the asset register, and this should be amended as per 5.64 above.**

No assets have been purchased and added during the year, so I recommend sample testing at year end to ensure added items have been accurately recorded at the original net purchase price.

The SAPPP Practitioner's guide provides updated guidance on investments, and includes the following:

2.23 Short-term investments, which mainly include deposit and savings accounts typically provided by banks, are those that display the following characteristics:
a. are denominated in pounds Sterling;
*b. be realisable at full value on demand or have a maturity end date of **not more than 12 months**;*
c. the whole of the original sum invested can, from the time that the investment is made, be accessed for use by the authority without any reduction; and
d. the authority has assessed the counterparty and is satisfied that the original sum invested is not subject to unreasonable risk.

2.26 A long-term investment arises where the authority invests money in anything other than a short-term investment.

5.30. In deciding whether it is appropriate to make long-term investments, the authority should follow the Ministry Guidance on local government investments.

5.189 Long-term investments should be recorded in the asset and investments register at original cost at acquisition (the purchase price) which for accounting purposes will remain unchanged until disposal. It is recognised that the market value of long-term investments may change over time; therefore, at each year end, the RFO should make a note in the asset register of the notional market value of each investment as at 31 March to inform readers.

The council has bank balances exceeding £100,000 and has adopted an Investment Strategy to support its future decision making on placement of funds in accordance with the statutory guide. The Investment

Strategy was most recently reviewed and adopted by the council at the meeting held on 13th January 2026 (minute ref PC25/120.5).

The council has no long-term investments.

The council has borrowing through the Public Works Loan Board (PWLB) and confirmation of the figures for in year payments (box 5) and year-end balance (box 10) will be completed at the final internal audit against the PWLB statement and remittance advices.

CONCLUSION

I am satisfied this internal control objective has been met.

I. BANK AND CASH

Internal audit requirement

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

Audit findings

Financial Regulation 2.5 states *'At least once in each quarter, and at each financial year end, the Chair of the Policy, Resources and Communications Committee or a nominated Councillor, shall be appointed to verify bank reconciliations for all accounts produced by the RFO. The member shall sign and date the reconciliations and the original bank statements (or similar document) as evidence of this. This activity, including any exceptions, shall be reported to and noted by the Policy, Resources and Communications Committee.'*

Bank reconciliations are completed monthly. I reviewed the bank reconciliation for September 2026 and was able to confirm the balances to the bank statements and found no errors.

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

As the council's annual budget is below the €500,000 (£430,950 as of 3 July comparative date) threshold, it is protected by the Financial Services Compensation Scheme (FSCS).

The council holds accounts with Unity Trust, Barclays, Virgin Money, Lloyds, RBS and CCLA. At the date of the internal audit, the balances held are within the £120,000 protection limit per financial institution offered by the FSCS.

CONCLUSION

I am satisfied this internal control objective has been met.

J. YEAR END ACCOUNTS

Internal audit requirement

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

CONCLUSION

To be tested at the final internal audit.

K. LIMITED ASSURANCE REVIEW

Internal audit requirement

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

Audit findings

The council exceeded the threshold for exemption for the prior year.

CONCLUSION

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

L: PUBLICATION OF INFORMATION

Internal audit requirement

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

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CONCLUSION

To be tested at the final internal audit.

M: EXERCISE OF PUBLIC RIGHTS - INSPECTION OF ACCOUNTS

Internal audit requirement

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

Audit findings

Inspection – key dates	2025/26 Actual
Date AGAR signed by council	9 June 2026
Date inspection notice issued	15 June 2026
Inspection period begins	16 June 2026
Inspection period ends	27 July 2026
Correct length (30 working days)	Yes
Common period included (first 10 working days of July)	Yes

I am satisfied the requirements of this control objective were met for the previous year, and assertion 4 on the Annual Governance Statement should therefore be signed yes by the council.

I noted that the dates for the period of public rights were not recorded in the minutes of the meeting where the AGAR was signed. **The council is reminded that the dates for the period of public rights should also be recorded in the minutes of the meeting where the AGAR was signed.**

CONCLUSION

I am satisfied this internal control objective has been met.

N: PUBLICATION REQUIREMENTS

Internal audit requirement

The authority complied with the publication requirements for the prior year AGAR.

Under the Accounts and Audit Regulations 2015, authorities must publish the following information on the authority website / webpage.

Before 1 July 2026 authorities must publish:

- *Notice of the period for the exercise of public rights and a declaration that the accounting statements are as yet unaudited*
- *Section 1 - Annual Governance Statement 2025/26, approved and signed, page 4*
- *Section 2 - Accounting Statements 2025/26, approved and signed, page 5*

Not later than 30 September 2026 authorities must publish:

- *Notice of conclusion of audit*
- *Section 3 - External Auditor Report and Certificate*
- *Sections 1 and 2 of AGAR including any amendments as a result of the limited assurance review.*

It is recommended as best practice, to avoid any potential confusion by local electors and interested parties, that you also publish the Annual Internal Audit Report, page 3.

Audit findings
I was able to confirm that the Notice of the Period of Public Rights and Section 1 (Annual Governance Statement) and Section 2 (Accounting Statement) were published on the council's website before 1 July 2026.

The External Auditor's Report for 2025/26 was not qualified, has been published on the council website along with the Notice of Conclusion of Audit by the 30 September 2026 and was reported to the council meeting held on 8th September 2026 (minute ref PC25/59).

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

O. DIGITAL AND DATA COMPLIANCE

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

Audit findings
Website
I was able to confirm that the council website contains a Privacy Notice and a Website Accessibility Statement. The Website Accessibility Statement correctly references partial compliance with the Web Content Accessibility Guidelines (WCAG) 2.2 AA and was last updated on 10th February 2025. **I recommend that the Privacy Notice and a Website Accessibility Statement are reviewed before year end and evidence of compliance with WCAG2.2AA is obtained from the web designer.**

The council has an IT Policy in place which was last reviewed and approved by the council at the meeting held on 14th October 2025 (minute ref PC25/85.3). **I recommend that the IT Policy is reviewed in this financial year.**

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

Data Protection
The SAPPP Practitioner's Guide contains the following regarding data protection:

5.124 To ensure compliance with data protection regulations, smaller authorities should:

- *Conduct regular data audits to identify what personal data is held, how it is used and make sure it is processed lawfully.*
- *Implement a Data Protection policy on data handling, storage and sharing.*
- *Provide regular training to ensure all staff and members are trained on data protection principles and practices.*

• *Secure data using appropriate technical and organisational measures to protect personal data from breaches.*

I confirmed that the council has not completed a data audit, and the council is reminded of the importance of conducting these regularly.

The council has adopted a data protection policy which was last reviewed and approved on 10th February 2026 (minute ref PC25/131.3) and is published on the council website. **I recommend that the Data Protection Policy is reviewed in this financial year.**

There is evidence of regular training of officers and councillors on data protection principles through Work Nest.

CONCLUSION
I am not satisfied this internal control object has been met. Please see the comments above and our recommended course of action in the table at the end of this report.

P. TRUSTEESHIP

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

Audit findings
The council is the trustee of Talbot Field (charity number 1070848). I reviewed the information available on the Charity Commission website and was able to confirm that all reporting is up to date and that the council is correctly listed as the sole trustee.

I was able to confirm that trustee meetings and accounts are recorded separately from those of the council, and the most recent meeting of the trustees took place on 13th October 2026.

The level of financial activity of the charity accounts do not require an independent examination to be completed.

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

Achievement of control assertions at final internal audit date

Based on the tests conducted during the interim audit, our conclusions on the achievement of the internal control objectives to date are summarised in the table below. Where any are marked 'no', guidance is provided as to the corrective action required by the council before the year-end internal audit to achieve a positive response.

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

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

Yours sincerely

Deborah Siddle

Debbie Siddle
On behalf of Mulberry Local Authority Services Ltd

Internal Audit – Summary of recommendations

Audit Point	Internal Audit Findings	Council comments
Introduction	I remind the council that in accordance with 4.11 of the Practitioner's Guide *'the independence of the appointed person or firm should be reviewed every year with regard to; personal independence, financial independence, and professional independence.'*	
B.	I recommend the Acceptance of Office form is amended to include formal acceptance to receive information by electronic means. I recommend that the Terms of reference for each committee are also published on the council website. I recommend that council ensures that the Standing Orders are reviewed and adopted before this year end. I recommend that FR7.1 to 7.5 are reviewed to ensure they reflect practice.	
C.	I recommend council considers adopting a Statement of Internal Control. As per the Practitioner Guide, I recommend the council arranges cyber security insurance.	
D.	I recommend council keeps the General Reserve balance under review to ensure it is within the guidance of the Practitioner Guide 5.35 at year end.	
E.	I recommend that Council amends FR13.2 to reflect practice.	
H.	Where gifted/donated, assets have not been given a nominal £1 value for the purpose of the asset register, and this should be amended as per 5.64 above.	

	No assets have been purchased and added during the year, so I recommend sample testing at year end to ensure added items have been accurately recorded at the original net purchase price.	
M.	**The council is reminded that the dates for the period of public rights should also be recorded in the minutes of the meeting where the AGAR was signed.**	
O.	**I recommend that the Privacy Notice and a Website Accessibility Statement are reviewed before year end and evidence of compliance with WCAG2.2AA is obtained from the web designer.** **I recommend that the IT Policy is reviewed in this financial year.** **I confirmed that the council has not completed a data audit, and the council is reminded of the importance of conducting these regularly.** **I recommend that the Data Protection Policy is reviewed in this financial year.**	