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4 June 2026

Dear Barry

**Re: Tintagel Parish Council**
**Internal Audit Report for Financial Year Ended 31 March 2026**

**Executive summary**
Following completion of our internal audit on 4 June 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 published Annual Governance and Accountability Return (AGAR). Each section begins with a summary of the assertion being assessed, followed by details of the testing undertaken, which was guided by the audit plan previously shared with the council. A copy of the audit plan is available upon request. The report concludes with our opinion on whether each assertion has been met as of the date of the audit. **Any recommendations for action are highlighted in bold and summarised in the table at the end of the report.**

**Our testing identified procedural errors which are detailed in this report, along with recommendations for improvements.**

**It is clear the council has considerable work to do the ensure that its systems and procedures are appropriate and effective, and that a robust governance framework can be reestablished.**

**To support this work, I highly recommend an onsite interim internal audit takes place in the autumn to assess progress and provide further assistance where required.**

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

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

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

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

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

**Independence and competence**
Your audit was conducted by Andy Beams of Mulberry Local Authority Services Ltd, who has over 36 years' experience in the financial sector with the last 16 years specialising in local government.

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

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

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

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

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

## Table of Contents

A. BOOKS OF ACCOUNT ..... 4
B. FINANCE REGULATIONS, GOVERNANCE AND PAYMENTS ..... 5
C. RISK MANAGEMENT AND INSURANCE ..... 6
D. BUDGET, PRECEPT AND RESERVES ..... 7
E. INCOME ..... 9
F. CASH ..... 9
G. PAYROLL ..... 10
H. ASSETS AND INVESTMENTS ..... 10
I. BANK AND CASH ..... 12
J. YEAR END ACCOUNTS ..... 12
K. LIMITED ASSURANCE REVIEW ..... 16
L. PUBLICATION OF INFORMATION ..... 16
M. EXERCISE OF PUBLIC RIGHTS - INSPECTION OF ACCOUNTS ..... 17
N. PUBLICATION REQUIREMENTS ..... 18
O. DIGITAL AND DATA COMPLIANCE ..... 19
P. TRUSTEESHIP ..... 19
Achievement of control assertions at final internal audit date ..... 20
Internal Audit – Summary of recommendations ..... 21

## INTRODUCTION

This is the first internal audit conducted by Mulberry Local Authority Services Ltd, having been appointed by the council at the meeting held on 18 May 2026 (minute ref 14/05/2026).

The audit was conducted remotely. Information was forwarded by the recently appointed Clerk, and I also had discussions with the Chair of Council and Cllr Flew.

Other information was reviewed through the council website www.tintagelparishcouncil.gov.uk

This has been a challenging year for the council, with a period where there were no parish councillors nor Clerk in place, with interim arrangements supported by the County Association. There are significant gaps in the formal records of the council prior to the election of the current councillors, including missing copies of minutes, a lack of consistent internal controls and the absence of some accounting records.

It is clear the current Clerk and Councillors wish to ensure that processes and procedures are put in place and robustly followed, and I hope this report will assist them in addressing the weaknesses in the current system.

## A. BOOKS OF ACCOUNT

***Internal audit requirement***

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

**Audit findings**

**The Clerk has reconstructed the accounting records using Excel, based on the transactional information on the bank statements, as there were no accounting records for the year prior to this. Consequently, I must conclude that the council has not met the requirements of this internal control objective.**

Three versions of the AGAR were presented to me for review, with the previous year's figures have been restated differently on each version.

The role of the internal auditor is not to check every transaction, and I have not done this. However, there is documentary evidence in the form of bank statements which confirm beyond doubt the correct AGAR figures for boxes 7 and 8 for 2025, which then translate to the correct AGAR figure for box 1 for 2026. The bank statements also confirm the boxes 7 and 8 figure for the 2026 AGAR.

There were errors in all three versions of the AGAR presented, based on a combination of incorrect information and misunderstandings over the correct practice for local government accounting.

The boxes 7 and 8 figures on the 2025 AGAR submitted to the External Auditor are correct, and there is no requirement to restate this. Therefore, the box 1 figure on the 2026 AGAR is also correct. Without access to the full accounting records for the 2024/25 financial year, I can't however confirm any of the other boxes on the 2025 submission as being accurate. The correct figures for submission for 2026 are included in Section J of this report.

Given the justifiable concerns raised over record keeping, **I recommend that the council considers investing in an accounting software package for future record keeping. The most used systems in the sector are Rialtas, Scribe, Sage and Xero, and I am happy to advise further on the benefits of each system if required.**

**I also recommend that the council familiarises itself with the Smaller Authorities Proper Practices Panel (SAPPP) Practitioner's Guide to ensure it is following both statutory requirements and recommended practices for recording its financial transactions.**

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

**I found no record of a VAT refund being received within the accounting records for 2025/26 and remind the council of the importance of keeping accurate VAT records and submitting timely refund requests.**

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**CONCLUSION**

I am not satisfied this 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.

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## B. FINANCE REGULATIONS, GOVERNANCE AND PAYMENTS

***Internal audit requirement***

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

**Audit findings**

*Confirm by sample testing that councillors sign statutory office forms*

The Clerk confirmed 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, there is an agenda (but no minutes) published for a Finance & Assets Committee meeting held on 16 September 2025, and the council minutes of 4 June 2025 refer to setting up committees for Finance & General Purposes, Staffing & HR and Planning, although I can find no agendas nor minutes for any of these committees.

**If the council has a committee structure, then terms of reference for each committee should be published on the council website along with the agendas and minutes for all meetings.**

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

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

**I remind council it is required to also post any supporting documentation with the agendas as outlined by the Information Commissioner's Office (page 3 of this link) www.ico.org.uk/minutesandagendas**

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

**Minutes are uploaded to the council website, although there is a gap in the published minutes from August 2025 to January 2026 due to the council's period without any councillors in place. As such, it is not possible to confirm that all decisions made during the year were in accordance with statutory regulations.**

**I remind the council that all agendas and minutes must be published on the council website for transparency reasons and to ensure that requirements for providing statutory notice periods are provided.**

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

The Standing Orders are based on the current NALC model and were most recently reviewed and adopted by council on 4 June 2025.

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

**There are no Financial Regulations published on the council website, although there is reference to them being adopted at the council meeting held on 4 June 2025. I am therefore unable to confirm whether the council has adopted the current NALC model version, and unable to confirm compliance with these. The adopted Financial Regulations must be published on the council website as soon as possible.**

**There are concerns that have been raised that invoices for some expenditure items can not be located, bringing into question whether the council has properly authorised all expenditure during the year.**

*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 £11.10 per elector*

The council has expenditure for the financial year within the section 137 allowable threshold.

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**CONCLUSION**

I am not satisfied this 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.

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## C. RISK MANAGEMENT AND INSURANCE

***Internal audit requirement***

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

**Audit findings**

**There is no evidence of a risk assessment in place on the council website, and no reference in the minutes of any meeting during the year of any risk assessment review taking place.**

**The council must adopt a risk assessment, covering the operational and financial risks faced by the authority, publish this on the council website and then review it annually, recording such review in the minutes of the appropriate meeting.**

**I have not been provided with any details regarding the council's insurance arrangements and am therefore unable to comment on the adequacy of these. I note that the minutes refer to a review of the insurance against the council's assets in June 2025, with further reference to the ongoing process in July and August, but any conclusion is unclear.**

**The council must ensure it has adequate insurance in place, specifically covering Public Liability, Employers, Liability, asset cover and fidelity guarantee.**

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**CONCLUSION**

I am not satisfied this 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.

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## D. BUDGET, PRECEPT AND RESERVES

***Internal audit requirement***

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

**Audit findings**

*Budget*

While approval of expenditure and noting of income is reported in the minutes, and more recently the Clerk has included payment scheduled for approval, **there is no reference in any of the published minutes of councillors receiving and/or reviewing budget reports during the year. The review of budget reports to monitor progress and inform future budget decisions is essential for prudent financial management of the council and measures must be put in place to review budget performance at least quarterly.**

*Precept*

The council set a precept of £121,650 for 2025/26. With a tax base of 959.45, this equates to a band D equivalent of £126.79 (compared to the average in England of £92.92).

I was able to confirm that the precept amount recorded in the accounts is correct, and equals the amount recorded in box 2 of the Accounting Statements.

The Clerk confirmed that the 2026/27 precept was approved by the council at the meeting held on 28 January 2026 and provided a copy of the minutes confirming this. I note that neither the agenda nor minutes for this meeting are published on the council website, and that the minutes make no reference to the agreement of a budget.

**I remind the council that in accordance with the Local Government Finance Act 1992, before setting a precept, the council must calculate its council tax requirement for each financial year by preparing and approving a budget.**

*Reserves*

**There is no information provided on the breakdown of reserve balances at the financial year end. Reserve balance held should be split between earmarked and general reserves, and the guidance contained in the Smaller Authorities Proper Practices Panel (SAPPP) Practitioner's guide used to determine an appropriate level of general reserves that councils should retain.**

The guidance states:

*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.*

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**CONCLUSION**

I am not satisfied this 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.

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## E. INCOME

***Internal audit requirement***

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

**Audit findings**

Apart from the precept, the council receives income from a range of other sources.

**A review of the reconstructed accounts shows the recording of a transfer from the 32-day notice account received into the current account in April 2025 and this amount is included in the AGAR figures in box 3. Transfers between accounts are not income and should not be recorded on the AGAR. The interest earned on the 32-day notice account (£93.08) should be included as income and reported within box 3. Subsequently, the box 3 figure has been reduced by £49,379.32.**

**Concerns have been raised over the lack of consistent record keeping tracking income from regular sources, and these must be addressed by the council to ensure that all received funds are accurately reported, processed to the correct budget code, paid into the bank account and duly reconciled.**

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**CONCLUSION**

I am not satisfied this 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.

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## F. CASH

***Internal audit requirement***

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

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**CONCLUSION**

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

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## G. PAYROLL

***Internal audit requirement***

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

**Audit findings**

**I have not been provided with any payslips or payroll summaries and am therefore unable to verify whether the correct PAYE and NI deductions have been made.**

I reviewed the figure included in box 4 (staff costs) on the Accounting Statements of the AGAR. By comparing this to the reconstructed accounting records, I note this includes staff expenses. **Guidance contained in the Smaller Authorities Proper Practices Panel (SAPPP) Practitioner's guide states only salary payments, HMRC payments and pension contributions are allowable inclusions in box4 (staff costs) of the AGAR.**

**The AGAR figure for box 4 has therefore been reduced by £425, with this figure added to box 6.**

**It is possible that the same error was made on the previous year's AGAR, but without details of the 2024/25 accounting records I cannot confirm this. If the error was made, the council must restate the box 4 and box 6 figures for the previous year on the AGAR ensuring any staff expenses are recorded within box 6 rather than box 4.**

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**CONCLUSION**

I am not satisfied this 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.

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## H. ASSETS AND INVESTMENTS

***Internal audit requirement***

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

**Audit findings**

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

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

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

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

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

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

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

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

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

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

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

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

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

The council has a simple fixed asset register in place, maintained in a tabular format. The asset register includes a description of each item, its location, the date of acquisition, acquisition cost, value and supporting notes.

As outlined in the above guidance, assets should be listed at cost/proxy cost, or where gifted/donated, given a nominal £1 value for the purpose of the asset register. **I note that all acquisition costs (apart from the nominal £1 items) are round figures, suggesting these are based on estimates rather than confirmed against invoices.**

**I note there is reference in the minutes to a review of the insurance against the council's assets in June 2025, with further reference to the ongoing process in July and August, but any conclusion is unclear.**

**The asset register total, against acquisition cost, is recorded as £189,307 with a note stating asset value for insurance purposes as £1,6 million. Neither of these figures match the reported £637,050 in box 9 of the AGAR and the council must determine an accurate asset register total prior to submission to the External Auditor.**

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

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**CONCLUSION**

I am not satisfied this 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.

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## I. BANK AND CASH

***Internal audit requirement***

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

**Audit findings**

**There is no evidence within the minutes of any meeting held during the year that bank reconciliations have been performed, independently verified or reported to the council. Completing regular bank reconciliations, and then these being independently verified regularly by a councillor are an essential internal control, and I recommend the council implements this as soon as possible, using the NALC model Financial Regulations as a guide to the process.**

I was able to confirm the total bank balances to the figure included in boxes 7 and 8 in the Accountings Statements on the AGAR. I was also able to confirm that the boxes 7 and 8 figures from the previous year, which had been thought to be incorrect, matched the bank statement balances at that time.

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).

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

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**CONCLUSION**

I am not satisfied this 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.

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## J. YEAR END ACCOUNTS

***Internal audit requirement***

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

**Audit findings**

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

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

**Section 1 – Annual Governance Statement**

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

| | **Annual Governance Statement** | *'Yes', means that this authority* | Suggested response based on evidence |
|---|---|---|---|
| 1 | We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements. | *prepared its accounting statements in accordance with the Accounts and Audit Regulations.* | **NO** – although reconstructed accounts 'balance', no proper accounting process has been followed during the year. |
| 2 | We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness. | *made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.* | **NO** – there is no evidence of regular reporting of accounting summaries, offering the opportunity for scrutiny. |
| 3 | We have assured ourselves that there are no matters of actual or potential non-compliance with laws, regulations and Proper Practices that could have a significant financial effect on the ability of this authority to conduct its business or manage its finances. | *has only done what it has the legal power to do and has complied with Proper Practices in doing so.* | **NO** – the absence of published minutes for all meetings means this cannot be verified. |
| 4 | We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations. | *during the year gave all persons interested the opportunity to inspect and ask questions about this authority's accounts.* | **YES** – the requirements and timescales for 2024/25 year-end were followed. |
| 5 | We carried out an assessment of the risks facing this authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required. | *considered and documented the financial and other risks it faces and dealt with them properly.* | **NO** – there is no evidence that the council has carried out a risk assessment or has confirmed it has appropriate external insurance. |

| | | | |
|---|---|---|---|
| 6 | We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems. | *arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of this smaller authority.* | **YES** – the council has appointed an independent and competent internal auditor. |
| 7 | We took appropriate action on all matters raised in reports from internal and external audit. | *responded to matters brought to its attention by internal and external audit.* | **NO** – matters raised in previous internal and external audit reports have not all been addressed. |
| 8 | We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this authority and. Where appropriate, have included them in the accounting statements. | *disclosed everything it should have about its business activity during the year including events taking place after the year end if relevant.* | **YES** – no matters were raised during the internal audit visits. |
| 9 | Trust funds including charitable – In our capacity as the sole managing trustee we discharged our accountability responsibilities for the fund(s)/asset(s), including financial reporting and, if required, independent examination or audit. | *has met all its responsibilities where, as a body corporate, it is a sole managing trustee of a local trust or trusts.* | **N/A** – the council has no trusts |
| 10 | We have put in place arrangements for effective IT and data management in accordance with proper practices during the year under review. | *has made suitable arrangements for its IT and data management and has complied with proper practices in doing so* | **YES** – the council has met the requirements of Governance Assertion 10 |

## Section 2 – Accounting Statements

| AGAR box number | | 2024/25 | 2025/26 | Internal Auditor notes |
|---|---|---|---|---|
| 1 | Balances brought forward | 86,348 | 121,342 | Agrees to 2024/25 carry forward (box 7) |
| 2 | Precept or rates and levies | 120,446 | 121,650 | Figure confirmed to central precept record |
| 3 | Total other receipts | 115,391 | ~~65,718~~ **19,340** | Corrected (see section E of report) |
| 4 | Staff costs | 45,897 | ~~46,970~~ **46,545** | Corrected (see section G of report) |
| 5 | Loan interest/capital repayments | 6,456 | 6,456 | Agrees to PWLB remittance advices |
| 6 | All other payments | 150,490 | ~~94,547~~ **94,972** | Corrected (see section G of report) |
| 7 | Balances carried forward | 121,342 | 114,359 | Casts correctly and agrees to balance sheet |
| | | | | |
| 8 | Total value of cash and short- term investments | 121,342 | 114,359 | Agrees to bank reconciliation for all accounts |
| 9 | Total fixed assets plus long- term investments and assets | 637,050 | **637,050** | **Does not match asset register and unable to verify** |
| 10 | Total borrowings | 15,027 | 9,441 | Agrees to PWLB records |
| | | | | |
| 11 | Do the figures in the accounting statements above exclude any trust transactions | Yes | Yes | Yes – trust transactions are excluded from the stated figures |

**Audit findings**

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

**The figures in boxes 3, 4 and 6 have been amended due to errors in the accounting records, with full explanations for the changes included within sections E and G of this report. I am unable to verify the figure in box 9 – see section H of this report for further information.**

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

**Concerns were raised over the accuracy of the previous year's AGAR figures. Based on the bank statements I was provided with, I was able to confirm the figures recorded in boxes 7 and 8 as matching the total bank balances on 31 March 2025 but am unable to verify the other boxes without access to the full accounting records for the previous year.**

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**CONCLUSION**

I am not satisfied this 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.

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## K. LIMITED ASSURANCE REVIEW

***Internal audit requirement***

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

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**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.

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## L: PUBLICATION OF INFORMATION

***Internal audit requirement***

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

**Audit findings**

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

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

(a) the Statement of Accounts together with any certificate or opinion entered by the local auditor in accordance with section 20(2) of the Act; and

(b) the Annual Governance Statement approved in accordance with regulation 6(3)

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

(a) keep copies of those documents for purchase by any person on payment of a reasonable sum; and

(b) ensure that those documents remain available for public access for a period of not less than five years beginning with the date on which those documents were first published in accordance with that paragraph.

**I was able to confirm that pages 4 (Annual Governance Statement) and 5 (Accounting Statements) of the AGARs are available for review on the council website for the previous five financial years, but the last published page 6 (External Auditor's Report and Certificate) is for the 2022/23 financial year and the council has therefore not met the requirements of this internal control objective.**

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

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

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**CONCLUSION**

I am not satisfied this 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.

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## M: EXERCISE OF PUBLIC RIGHTS - INSPECTION OF ACCOUNTS

***Internal audit requirement***

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

**Audit findings**

| Inspection – key dates | 2024/25 Actual |
|---|---|
| **Date AGAR signed by council** | 4 June 2025 |
| **Date inspection notice issued** | 5 June 2025 |
| **Inspection period begins** | 6 June 2025 |
| **Inspection period ends** | 17 July 2025 |
| **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 2024/25, and assertion 4 on the Annual Governance Statement can therefore be signed yes by the council.

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**CONCLUSION**

I am satisfied this control objective has been met.

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## N: PUBLICATION REQUIREMENTS

***Internal audit requirement***

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

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

*Before 1 July 2025 authorities must publish:*
*• Notice of the period for the exercise of public rights and a declaration that the accounting statements are as yet unaudited*
*• Section 1 - Annual Governance Statement 2024/25, approved and signed, page 4*
*• Section 2 - Accounting Statements 2024/25, approved and signed, page 5*

*Not later than 30 September 2025 authorities must publish:*
*•Notice of conclusion of audit*
*•Section 3 - External Auditor Report and Certificate*
*•Sections 1 and 2 of AGAR including any amendments as a result of the limited assurance review.*
*It is recommended as best practice, to avoid any potential confusion by local electors and interested parties, that you also publish the Annual Internal Audit Report, page 3.*

**Audit findings**

I was able to confirm that the Notice of the Period of Public Rights and Section 1 (Annual Governance Statement) and Section 2 (Accounting Statement) were published on the council's website before 1 July 2025.

The External Auditor's Report for 2024/25 has not yet been published. The council did publish the interim Notice of Conclusion of Audit before the 30 September 2025 stating *'We are unable to complete our review work on the AGAR and supporting documentation as a result of correspondence received in relation to 2024/25. Once we have finalised our review and completed any additional work arising from that correspondence, a final report will be provided with the certificate of completion detailing any qualifications and 'other' matters. Our fee note for the limited assurance review will be issued when we certify completion.'*

**If the External Audit for 2024/25 is still to be finalised, the council should confirm when this will be completed as the 2025/26 audit cannot be addressed until the previous year's has been finalised. If it has been concluded, the External Auditor's report must be published on the council website as soon as possible.**

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**CONCLUSION**

I am satisfied this control objective has been met.

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## O. DIGITAL AND DATA COMPLIANCE

***Internal audit requirement***

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

**Audit findings**

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

*Website*

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

The council has an IT Policy in place which was last reviewed and approved by the council at the meeting held on 2 July 2025.

*Email management and GDPR*

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

**I recommend the council ensures that a data audit is completed during 2026/27 to comply with GDPR regulations. This may be included within the audit testing for Governance Assertion 10 in future years.**

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**CONCLUSION**

I am satisfied this control objective has been met.

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## P. TRUSTEESHIP

***Internal audit requirement***

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

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**CONCLUSION**

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

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

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

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

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

Yours sincerely

**Andy Beams**
**Director, Mulberry Local Authority Services Ltd**

**Internal Audit – Summary of recommendations**

| Audit Point | Internal Audit Findings | Council comments |
|---|---|---|
| **A. BOOKS OF ACCOUNTS** | The Clerk has reconstructed the accounting records using Excel, based on the transactional information on the bank statements, as there were no accounting records for the year prior to this. Consequently, I must conclude that the council has not met the requirements of this internal control objective.<br><br>I recommend that the council considers investing in an accounting software package for future record keeping. The most used systems in the sector are Rialtas, Scribe, Sage and Xero, and I am happy to advise further on the benefits of each system if required.<br><br>I also recommend that the council familiarises itself with the Smaller Authorities Proper Practices Panel (SAPPP) Practitioner's Guide to ensure it is following both statutory requirements and recommended practices for recording its financial transactions.<br><br>I found no record of a VAT refund being received within the accounting records for 2025/26 and remind the council of the importance of keeping accurate VAT records and submitting timely refund requests. | |
| **B. FINANCIAL REGULATIONS,** | I recommend the Acceptance of Office form is amended to include formal acceptance to receive information by electronic means in | |

| | | |
|---|---|---|
| **GOVERNANCE AND PAYMENTS** | 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."*<br><br>If the council has a committee structure, then terms of reference for each committee should be published on the council website along with the agendas and minutes for all meetings.<br><br>I remind council it is required to also post any supporting documentation with the agendas as outlined by the Information Commissioner's Office.<br><br>Minutes are uploaded to the council website, although there is a gap in the published minutes from August 2025 to January 2026 due to the council's period without any councillors in place. As such, it is not possible to confirm that all decisions made during the year were in accordance with statutory regulations.<br><br>I remind the council that all agendas and minutes must be published on the council website for transparency reasons and to ensure that requirements for providing statutory notice periods are provided.<br><br>There are no Financial Regulations published on the council website, although there is reference to them being adopted at the council meeting held on 4 June 2025. I am therefore unable to confirm whether the council has adopted the current NALC model version, and unable to confirm compliance with these. The adopted Financial Regulations must be published on the council website as soon as possible.<br><br>There are concerns that have been raised that invoices for some expenditure items cannot be located, bringing into question whether the council has properly authorised all expenditure during the year. | |

| | | |
|---|---|---|
| **C. RISK MANAGEMENT AND INSURANCE** | There is no evidence of a risk assessment in place on the council website, and no reference in the minutes of any meeting during the year of any risk assessment review taking place.<br><br>The council must adopt a risk assessment, covering the operational and financial risks faced by the authority, publish this on the council website and then review it annually, recording such review in the minutes of the appropriate meeting.<br><br>I have not been provided with any details regarding the council's insurance arrangements and am therefore unable to comment on the adequacy of these. I note that the minutes refer to a review of the insurance against the council's assets in June 2025, with further reference to the ongoing process in July and August, but any conclusion is unclear.<br><br>The council must ensure it has adequate insurance in place, specifically covering Public Liability, Employers, Liability, asset cover and fidelity guarantee. | |
| **D. BUDGET, PRECEPT AND RESERVES** | There is no reference in any of the published minutes of councillors receiving and/or reviewing budget reports during the year. The review of budget reports to monitor progress and inform future budget decisions is essential for prudent financial management of the council and measures must be put in place to review budget performance at least quarterly.<br><br>I remind the council that in accordance with the Local Government Finance Act 1992, before setting a precept, the council must calculate its council tax requirement for each financial year by preparing and approving a budget.<br><br>There is no information provided on the breakdown of reserve balances at the financial year end. Reserve balance held should be split between earmarked and general reserves, and the guidance | |

| | | |
|---|---|---|
| | contained in the Smaller Authorities Proper Practices Panel (SAPPP) Practitioner's guide used to determine an appropriate level of general reserves that councils should retain. | |
| **E. INCOME** | A review of the reconstructed accounts shows the recording of a transfer from the 32-day notice account received into the current account in April 2025 and this amount is included in the AGAR figures in box 3. Transfers between accounts are not income and should not be recorded on the AGAR. The interest earned on the 32-day notice account (£93.08) should be included as income and reported within box 3. Subsequently, the box 3 figure has been reduced by £49,379.32.<br><br>Concerns have been raised over the lack of consistent record keeping tracking income from regular sources, and these must be addressed by the council to ensure that all received funds are accurately reported, processed to the correct budget code, paid into the bank account and duly reconciled. | |
| **G. PAYROLL** | I have not been provided with any payslips or payroll summaries and am therefore unable to verify whether the correct PAYE and NI deductions have been made.<br><br>Guidance contained in the Smaller Authorities Proper Practices Panel (SAPPP) Practitioner's guide states only salary payments, HMRC payments and pension contributions are allowable inclusions in box4 (staff costs) of the AGAR.<br><br>The AGAR figure for box 4 has therefore been reduced by £425, with this figure added to box 6.<br><br>It is possible that the same error was made on the previous year's AGAR, but without details of the 2024/25 accounting records I cannot confirm this. If the error was made, the council must restate the box 4 and box 6 figures for the previous year on the AGAR | |

| | | |
|---|---|---|
| | ensuring any staff expenses are recorded within box 6 rather than box 4. | |
| **H. ASSETS AND INVESTMENTS** | I note that all acquisition costs (apart from the nominal £1 items) are round figures, suggesting these are based on estimates rather than confirmed against invoices.<br><br>I note there is reference in the minutes to a review of the insurance against the council's assets in June 2025, with further reference to the ongoing process in July and August, but any conclusion is unclear.<br><br>The asset register total, against acquisition cost, is recorded as £189,307 with a note stating asset value for insurance purposes as £1,6 million. Neither of these figures match the reported £637,050 in box 9 of the AGAR and the council must determine an accurate asset register total prior to submission to the External Auditor. | |
| **I. BANK AND CASH** | There is no evidence within the minutes of any meeting held during the year that bank reconciliations have been performed, independently verified or reported to the council. Completing regular bank reconciliations, and then these being independently verified regularly by a councillor are an essential internal control, and I recommend the council implements this as soon as possible, using the NALC model Financial Regulations as a guide to the process. | |
| **J. ACCOUNTING RECORDS** | The figures in boxes 3, 4 and 6 have been amended due to errors in the accounting records, with full explanations for the changes included within sections E and G of this report. I am unable to verify the figure in box 9 – see section H of this report for further information.<br><br>Concerns were raised over the accuracy of the previous year's AGAR figures. Based on the bank statements I was provided with, I was able to confirm the figures recorded in boxes 7 and 8 as matching the total bank | |

| | | |
|---|---|---|
| | balances on 31 March 2025 but am unable to verify the other boxes without access to the full accounting records for the previous year. | |
| **L. PUBLICATION OF INFORMATION** | I was able to confirm that pages 4 (Annual Governance Statement) and 5 (Accounting Statements) of the AGARs are available for review on the council website for the previous five financial years, but the last published page 6 (External Auditor's Report and Certificate) is for the 2022/23 financial year and the council has therefore not met the requirements of this internal control objective. | |
| **N. PUBLICATION REQUIREMENTS** | If the External Audit for 2024/25 is still to be finalised, the council should confirm when this will be completed as the 2025/26 audit cannot be addressed until the previous year's has been finalised. If it has been concluded, the External Auditor's report must be published on the council website as soon as possible. | |
| **O. DIGITAL AND DATA COMPLIANCE** | The Website Accessibility Statement references partial compliance with the Web Content Accessibility Guidelines (WCAG) 2.1 AA and should be updated to reflect compliance with the current WCAG 2.2 AA standard.<br><br>I recommend the council ensures that a data audit is completed during 2026/27 to comply with GDPR regulations. This may be included within the audit testing for Governance Assertion 10 in future years. | |