



MALVERN TOWN COUNCIL

AUDIT COMMITTEE MEETING

REPORTS

**For meeting on Wednesday 11 June 2025 at 6.00 pm
In the Park View Meeting Room, Community Hub, Victoria Park Road,
Malvern Link**

MALVERN TOWN COUNCIL

Town Clerk
Community Hub
Victoria Park Road
Malvern Link
WR14 2JY



4 June 2025

townclerk@malvern-tc.org.uk

www.malverntowncouncil.org

Tel: 01684 566667

MEETING OPEN TO MEMBERS OF THE PUBLIC

To All Members of the Audit Committee (quorum 3):

Councillors D Mead, D Watkins, A Cherry and E Green

All other Members of the Town Council for information only

You are hereby invited to attend a meeting of the Audit Committee on Wednesday 11 June 2025 in the Park View Meeting Room, Community Hub, Victoria Park Road, Malvern Link WR14 2JY commencing at 6.00pm for the transaction of the business shown on the Agenda below.

A handwritten signature in black ink, appearing to read 'L. J. Blake'.

Linda Blake
Town Clerk

No.	Agenda Item
1.	Election of Chair To elect a Chair of the Audit Committee for 2025/26
2.	Election of Vice-chair To elect a Vice-chair of the Audit Committee for 2025/26
3.	Apologies for Absence To receive apologies for absence
4.	Declarations of Interest To receive declarations of pecuniary interests and other disclosable interests
Public Participation <i>The Meeting will be adjourned for public participation when the Chairman will invite members of the public to present their questions, statements or petitions submitted under the Council's Public Participation Procedure.</i>	
5.	Annual Internal Audit Report – financial year ending 31 March 2025 ➤ Report AC01/25 (to follow)
6.	Review of the effectiveness of the system of internal controls ➤ Report AC02/25 (to follow)

7.	Internal Audit Committee – work plan 2025/26 To consider and agree a timetable and programme of works to be carried out by Internal Audit Committee members ➤ Suggestions by committee members and internal auditor
8.	Date of next Audit Committee Meeting ➤ Wednesday 16 July 2025 at 6pm

**A REPORT OF THE TOWN CLERK TO
A MEETING OF THE AUDIT COMMITTEE
MALVERN TOWN COUNCIL
to be held on Wednesday 11 June 2025
in the Park View Meeting Room, Community Hub, Victoria Park Road,
Malvern Link, WR14 2JY at 6.00 pm**

**ANNUAL INTERNAL AUDIT REPORT
FINANCIAL YEAR ENDING 31 MARCH 2025**

1. Purpose of Report

- 1.1. For decision.

2. Recommendation

- 2.1. Committee is asked to note the Internal Audit work that has been undertaken during the 2024/25 financial year.
- 2.2. Committee is asked to receive and accept the report of the Council's Internal Auditor as attached at Appendix A and forward it to the next meeting of Full Council for approval.

3. Background

- 3.1. Malvern Town Council has gross income and gross expenditure of above £200,000 and less than £6.5 million per annum and therefore requires an Intermediate Level Review.
- 3.2. PKF Littlejohn LLP has been appointed as the external auditor for Malvern Town Council for a second five-year period from 2022/23. 2024/25 is the third year in this new five-year contract period.
- 3.3. The Council is required to have its accounts audited by an independent person before the accounts are submitted to the external auditor. In October 2021, Duncan Edwards of DKE Audit Services was appointed as the Council's new internal auditor on an initial two-year contract, with a further three years to be negotiated if both parties are happy to continue the arrangement. The contract was reviewed in August 2023 when it was agreed that Duncan Edwards would continue to act as the Council's Internal Auditor for a further two years with the option for one more year subject to both parties agreeing.
- 3.4. The internal auditor has spent time with Town Council staff over two days looking at:
- Financial systems and controls
 - Budget setting and monitoring
 - The Asset Register
 - Details of the review of insurance cover
 - Staffing – salaries and payments

- Risk management – I.T. risk management strategy
- Reserves policy, statement, movements and approvals
- Review of the investment policy and compliance
- Victoria Park Project
- VAT recovery process
- Review of any “tender” summary reports made after the award of any contract over £10,000 in value

3.5. The Internal Auditor’s report for 2024/25 is attached at Appendix A and a positive response has been given to each of the areas covered by the Annual Governance and Accountability Return (AGAR).

3.6. The Internal Auditor has also completed the Annual Internal Audit Report which is page 3 on the AGAR.

3.7. The AGAR will be sent once fully completed and agreed by Council, along with supporting documentation to the External Auditor, no later than Monday 30 June 2025. Committee is asked to note that the report submitted by the Internal Auditor was, from 2017/18, added to the list of documents for review by the External Auditor.

3.8. Internal Audit must be in place during the year under review and Mr Edwards has carried out his work between January 2025 and March 2025.

4. Financial Implications

4.1. The cost of Internal Audit is £1,750. This can be contained within the Council’s budget for 2024/25.

5. Legal Implications

5.1. The Accounts and Audit Regulations 2015 state that a Council with gross income and/or gross expenditure over £200,000 but less than £6.5 million per annum is subject to an Intermediate Level Review by the External Auditor.

5.2. The Accounts and Audit Regulations 2015, Regulation 5(1), states that ‘a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes’.

5.3. Legislation for smaller bodies is set out in the following:

- Local Audit and Accountability Act 2014
- Accounts and Audit Regulations 2015
- Smaller Bodies Transparency Code 2014
- Local Audit (smaller authorities) Regulations 2015

5.4. Malvern Town Council is required to:

- a) Complete the Annual Governance and Accountability Return 2024/25 Form 3. This comprises:
 - Section 1 – Annual Governance Statement 2024/25, page 4
 - Section 2 – Accounting Statements 2024/25, page 5
 - Section 3 – External Auditor Report and Certificate 2024/25, page 6

- Annual Internal Audit Report 2024/25, page 3
 - b) Consider and approve the Internal Audit work which has been carried out during the year.
 - c) Review the effectiveness of the Council's system of Internal Control and prepare the Annual Governance Statement.
 - d) To prepare Accounting Statements for the year ended 31 March 2025 in accordance with Proper Practices.
 - e) Certify the Accounting Statements.
 - f) Hold a full meeting of council to consider, approve and sign the Annual Governance Statement and the Accounting Statements. The Annual Governance Statement must be approved before the Accounting Statements but they can be done at the same meeting. This must be done before 30 June 2025.
 - g) Make arrangements for the exercise of public rights and publish the Notice of Public Rights and Publication of unaudited Annual Governance and Accountability return and sections one and two of the Annual Return the day before the statutory 30-day period for the public to inspect the accounts begins.
 - h) Submit the approved and signed Annual Return and Working Papers to the External Auditor, no later than 30 June 2025.
- 5.5. PKF Littlejohn LLP has been appointed by Public Sector Appointments Limited to audit the accounts of Malvern Town Council. It has been agreed that all information requested for audit will be provided by Monday 30 June 2025.
- 5.6. Sections 26 and 27 of the Local Audit and Accountability Act 2014 provide for the inspection of accounts, questioning of the auditor and objection to the accounts. The period for local government electors to inspect, object and question the auditors will be Monday 30 June until Friday 8 August 2025.

End

Linda Blake
Town Clerk

Malvern Town Council

Internal Audit Report 2024-25

For presentation to the Council's Audit Committee on 11th June 2025

Overview

This is my fourth year as the Councils independent internal auditor, and is the first year I'm able to carry out my review at the pleasant new office at Victoria Park.

The approach I have followed for the internal audit is in line with the requirements to complete the Annual Governance and Accountability Return (AGAR), internal auditors report (the AIAR).

The AGAR, that all Parish and Town Councils complete, covers a number of governance and financial management areas. The Council's independent internal auditor is required to review certain systems and undertake tests in a number of areas each year to aid the Councils AGAR submission; these primarily cover the control over financial activity. However, although the internal auditor's section of the AGAR is weighted towards finance, the internal audit is not 'an accounting audit' as would be undertaken as part of the private sector accounting requirement. The role of the internal auditor is to focus on the review of a sample of the Councils control arrangements (including financial control), that contribute to the Councils management of risk and the delivery of its aims and objectives.

Through the work I have undertaken, and then detailed in the report below, I have responded to each of the questions the AIAR asks of the internal auditor.

Malvern Town Council

Internal Auditors assessment for the completion of the AGAR Part 3 Financial Year 2024-25

1. Introduction

I have concluded the Council's annual independent internal audit. I am therefore able to complete the Annual Internal Audit Report (AIAR) 2024-25 which forms part of the Annual Governance and Accountability Return (AGAR) – see Appendix A.

My internal audit considers the evidence available to assess if the Council has effective systems and control arrangements in place for the areas examined. In examining these arrangements focus has been placed on compliance with a number of the Council's key governance 'rules', its management of risk, and its financial controls. Consideration is given to the size and scope of activities undertaken by the Council.

The internal audit is undertaken during the financial year in order to review and test the systems and controls operating during that year. The internal audit report details the findings at the time of the internal audit review (undertaken in the final quarter of the financial year). The internal audit should inform, it is not designed to offer assurance over the completion of the AGAR sections 1 & 2, responsibility for the accuracy of these submissions' rests with the Council.

The internal audit is not designed to identify all weaknesses in the Town Council's systems but, it is a sample examination of systems and of testing those systems and controls. Where weaknesses are identified during the internal audit process, which impact on governance and internal control, recommendations are made.

The responsibility for the prevention and detection of fraud, error and non-compliance with the law or regulations rests with the Council. The internal audit should not be relied upon to disclose all material mis-statements or frauds, errors, or instances of non-compliance, as may exist.

As the Council's appointed internal auditor, I confirm that I am independent of the Council.

2. Summary

In the section below I have recorded my AIAR responses and offered some comments by way of explanation for these. Members need to be mindful that this assessment is of systems and control during 2024/25 to the time of the audit review March 2025.

During the internal audit review no significant control issues or non-compliances have been identified in the areas covered during the audit review. Therefore, I can give a positive response to each of the areas covered by the AIAR, that apply to the Town Council (see Appendix A). No control recommendations have been made.

3. Internal Audit Assessment

The table below follows the format of the AIAR section of the AGAR, for each section questions have been raised in order to establish the systems and control arrangements. The responses, along with the supporting evidence provided, has allowed review, challenge, examination and assessment.

AGAR (AIAR section) Internal Control Objective, Internal Audit assessment and related comments	Yes /No
A. Appropriate accounting records have been properly kept throughout the financial year.	Yes
<p>The review of the accounting systems and records this year again confirmed the Council has put in place effective procedures to accurately and promptly record all financial transactions. It has maintained up to date accounting records throughout the year. Payments and receipts are recorded on the accounting software (Sage) with copy invoices or appropriate evidence being held on file to support transactions.</p> <p>Sample testing showed the accounting records are kept up to date, the financial position (management accounts) with detailed explanation as appropriate, are reported to Members quarterly. The management accounts are developed based on information exports from the accounting system. The current presentation of the financial position aids understanding and provides explanations supporting effective financial risk management and decision making.</p>	
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved VAT was appropriately accounted for.	Yes
<p>The review of the Council's Financial Regulations is delegated to the Policy and Resources Committee. The Committee undertook a review during the year and the Council has amended and adopted (November 2024) its Financial Regulations based on the revised Nalc model.</p> <p>Based on a sample examination of a number of payments selected from the cashbook, confirmation was gained that payments have been made in accordance with the Councils internal control arrangements; payments are supported by appropriate evidence;</p> <ul style="list-style-type: none"> • the order, • confirmation of receipt of the goods, services or works, • the invoice or other appropriate documentation, • internal check / authorisation prior to scheduling or payment, and • the approved payment schedule. <p>The approval process to make payment from the Councils bank account is well controlled.</p> <p>Based on sample testing VAT has been appropriately accounted for.</p> <p>For contracts over £10,000 a tender summary report is presented to Members. In January 2025 two such contract performance reports were considered by the Operations & Planning Committee.</p> <p>The Council award small and large grants. The sample testing of the system shows a structured and transparent process operates. Grants are awarded to deliver specific defined benefits, the outcomes are monitored and reported.</p>	

During the year the Audit Committee undertook a review of the controls in place for payment processes – ‘Members of the committee felt that these controls were very comprehensive and demonstrated a clear and thorough audit trail’.	
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	Yes
<p>Effective and proportionate risk management is a primary driver in aiding and supporting a Council in securing the delivery of its aims and objectives. The Council periodically reviews its long term and short term aims and objectives, and annually assesses the significant risks to achieving these along with the adequacy of the arrangements to manage each risk. The setting of Council aims and objectives (more specific, targeted and measurable) was referenced in last year’s internal audit report as an ‘advice’ comment; this is currently a ‘work in progress’.</p> <p>Effective risk management should be an organisation wide activity it is evident from discussion, systems review and testing that risk management, through effective control is present. Sample testing of the risk mitigation arrangements and records were found to be effective.</p> <p>The AIAR is weighted towards financial management and control. Financial risk is well managed through robust internal checks and approval processes. An example is the purchase and payment control process, where there is segregation of duties within the stages to support effective control. The Town Clerk, being the Responsible Financial Officer (RFO) accountable for financial management, oversees and provides the final approval for most financial commitments and transactions.</p> <p>The Council has control processes in place to reduce its IT risk exposure.</p>	
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	Yes
<p>The review of the annual budget setting papers show the Council has a well-structured and detailed budget development and precept setting process. The budget covers all of the Councils activities, with planned income and expenditure being grouped by activity. The precept has been set in accordance with the agreed and approved budget requirement. A key factor in securing effective budget generation is the engagement of Members. Budget assumptions for the coming year were considered and agreed. The process adopted offers the opportunity for input, scrutiny and challenge from Officers, the Operations and Planning Committee, the Policy and Resources Committee and Full Council.</p> <p>Budget setting for 2025-26 has been aided by the completion of the Victoria Park office project and the move to that site.</p> <p>Comprehensive management accounts are presented, and considered by the Policy and Resources Committee quarterly, the outcome being report to Full Council.</p> <p>When setting the budget, the Council has given consideration to its reserve levels. The principle for holding reserves being to cover emergency need and aid cashflow management (general reserve) and for future projected spend on specific projects</p>	

<p>(earmarked reserves). The Councils general reserve has been set in line with the CIPFA guidelines; set at 25% of the Councils precept.</p> <p>The levels of earmarked reserves are reviewed annually by the Policy and Resources Committee (March 2025). The Council has a clear a policy (six guiding principles) on why it holds earmarked reserves.</p> <p>Movements in reserves during the year are approved and recorded.</p>	
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	Yes
<p>The Council receives income from the precept and a number of other income generating services. Fees and charges are reviewed annually in advance of the budget setting process. Sample testing showed service users are charged in accordance with the approved fees. Testing also showed an effective audit trail from service provision, to invoice, to payment, to banking.</p> <p>The information that flows between operational and administrative processes are effective and robust.</p> <p>The arrangements for ensuring periodic charges are raised when due is effective.</p> <p>The budget monitoring process provides overview of the expected levels of income to actual. Outstanding invoices are monitored and pursued.</p> <p>The management of the allotment service was considered in 2023/24, and sound administrative systems operated.</p> <p>Following the move to Victoria Park the Council generates income from the letting of the meeting room, the arrangements to administer bookings and charges are robust. The Café at the site has been let under a lease arrangement.</p> <p>Based on sample testing VAT has been appropriately accounted for.</p>	
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	Yes
<p>The Council operates a petty cash system, the use, control and recording arrangement are effective. The impress is used for minor items being periodically reconciled and reimbursed. Payments from petty cash are supported by receipts. Each petty cash item is recorded in the Sage accounting systems as a specific transaction and the VAT element of the transaction is recorded.</p>	
G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.	Yes
<p>The salary grades payable to staff are approved by Members. Sample testing showed actual payments are in accordance with agreed terms and relevant employment related deductions are made. Employer liabilities have been paid.</p> <p>Sample testing of timesheets showed calculations and payments were in accordance with approved source documents.</p>	

<p>The responsibility for generating and approving the final payroll schedule each month rests with the Town Clerk. There is an audit trail supporting each payment - to approved grades and salary points, and to variable hours source documents. The overall 'employment budget' is set and monitored by Council.</p> <p>Salary details are provided to the external payroll provider, the information is controlled, verified and reconciled by the Town Clerk. Each month a pay statement is produced for each employee showing their; current salary or pay rate, overtime due (if applicable) and any notes that may be relevant to the pay calculation for that month. The supporting pay related information offers clarity over the calculation or each staff member.</p> <p>A reference was made in past internal audit reports to the opportunity to enhance the control arrangement through the introduction of an internal check and verification process. The Operations Manager now undertakes sample tests on the final payroll submission each month. The check is confirmed by signature, on the summary payroll statement. The process should better evidence the sample examined, in order to offer certainty; the review is not intended to provide control assurance over all aspect of the payroll process.</p> <p>During the year staffing matters were overseen by the Councils Policy and Resources Committee. It is noted that at the 5th March 2025 Council meeting the Council agreed to form a Staffing Committee, agreeing the Committees terms of reference and membership.</p> <p>Staff have employment contracts and the Council has personnel related policies and procedures.</p> <p>No allowances are paid to Members. Members are able to claim for costs incurred on certain specific items. Reimbursement is based on actual cost.</p>	
<p>H. Asset and investments registers were complete and accurate and properly maintained.</p>	<p>Yes</p>
<p>The Council has a comprehensive and up to date asset register. Assets are periodically revalued and are insured.</p> <p>The review and confirmation of arrangements for insurance cover in respect of all insured risks is undertaken by the Policy and Resources Committee.</p> <p>Member undertook a tour of the Council assets in August 2024.</p> <p>Sample testing (of play equipment) shows these sites are regularly inspected, and maintained as required.</p> <p>Revenue provision allows for responsive and planned repair and improvements. Reserves allow for major maintenance and replacement requirements.</p> <p>The Council operates an asset replacement policy based on the assessment of the operational performance of the asset. The asset refurbishment/ replacement budget for the coming year is reviewed by the Operations and Planning Committee with recommendation to Full Council.</p>	

<p>The Victoria Community Hub is an asset obtained during the year being part funded by a PWLB loan. Capital and interest payments on the loan have commenced.</p> <p>The Council has a CCLA (Public Sector Deposit Fund) investment on which interest is received – the account signatories were reviewed in February 2025.</p>	
I. Periodic bank account reconciliations were properly carried out during the year.	Yes
<p>Evidence and testing show bank reconciliations are properly undertaken. This key financial control is carried out weekly. The bank reconciliation is monitored by the Town Clerk. The bank reconciliations were confirmed as up to date at the March internal audit visit.</p>	
J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	Yes
<p>All accounting processes tested are effective, with appropriate controls and control compliance. The manner in which the Council's accounts are maintained and then presented to Members provides effective overview and detail of the Councils financial position.</p> <p>The accounting statements are prepared on the correct accounting basis (income and expenditure), those tested agree to the cash book being supported by an adequate audit trail from underlying records. Debtors and creditors are correctly recorded in the accounting systems. There is effective control over the generation and approval of payments. Income and expenditure levels are monitored and an effective bank reconciliation process operates.</p> <p>There is adequate evidence to show both the Town Clerk and Members ensure effective financial control operates.</p>	
K. If the authority certified itself as exempt from a limited assurance review in 2023/24, it met the exemption criteria and correctly declared itself exempt (<i>If the authority had a limited assurance review of its 2023/24 AGAR tick "not covered"</i>).	Not Covered
<p>The Council did not certify itself as exempt in 2023/24 and therefore had a limited assurance review of its AGAR.</p>	
L. The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation.	Yes
<p>Transparency, through the publication of information, is a key governance expectation for public sector bodies.</p> <p>The Council has a Publication Scheme which details the information available and how it can be accessed. The Accounts and Audit Regulations has publication requirements, for example, the AGAR for the last five year must be published on the Council's website; the Council complies with this.</p>	

At the time of the audit the Council's website was reviewed and a wide range of information was available.	
M. In the year covered by this AGAR, the authority correctly provided for a period for the exercise of public rights as required by the Accounts and Audit Regulations (during the 2024-25 AGAR period, were public rights in relation to the 2023-24 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set).	Yes
The documents on the Councils website, show it correctly provided for the exercise of public rights as required by the Accounts and Audit Regulations.	
N. The authority has complied with the publication requirements for the 2023/24 AGAR (see AGAR Page 1 Guidance Notes).	Yes
The document on the Councils website, shows it correctly provided for the publication requirements for the 2023/24 AGAR.	
O. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.	N/A
The Council does not have any sole trustee responsibilities.	

Other Areas

Internal Control areas and Internal Audit comments
Review of the implementation of recommendations or improvement opportunities from the previous year's Internal and External Audit Reports
<u>Internal Audit</u> None
<u>External Audit</u> None

The draft version of this report was discussed and agreed by the Town Clerk.

The internal auditor wishes to acknowledge the support and assistance provided by the Town Clerk and staff during the internal audit review.

Duncan Edwards — DKE Audit Services

Internal Audit undertaken between 27 January and 04 March 2025

Duncan Edwards (2024/25 internal audits)

DKE AUDIT SERVICES

INTERNAL AUDITOR

Specialist provider to Town and Town Councils

AGENDA ITEM 5

APPENDIX A

Annual Internal Audit Report 2024/25

Malvern Town Council

<https://www.malverntowncouncil.org/>

During the financial year ended 31 March 2025, this authority's internal auditor acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with the relevant procedures and controls in operation and obtained appropriate evidence from the authority.

The internal audit for 2024/25 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

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 financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓		
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓		
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	✓		
G. Salaries to employees and allowances to members were paid in accordance with this 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 cash book, 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 2023/24, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2023/24 AGAR tick "not covered")			✓
L. The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation.	✓		
M. In the year covered by this AGAR, the authority correctly provided for a period for the exercise of public rights as required by the Accounts and Audit Regulations (during the 2024-25 AGAR period, were public rights in relation to the 2023-24 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set).	✓		
N. The authority has complied with the publication requirements for 2023/24 AGAR (see AGAR Page 1 Guidance Notes).	✓		
O. (For local councils only)	Yes	No	Not applicable
Trust funds (including charitable) – The council met its responsibilities as a trustee.			✓

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

Date(s) internal audit undertaken

27/01/2025

04/03/2025

Name of person who carried out the internal audit

Duncan Edwards (DKE Audit Services)

Signature of person who carried out the internal audit



Date

16/05/2025

*If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

**Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned; or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).

**A REPORT OF THE TOWN CLERK TO
A MEETING OF THE AUDIT COMMITTEE
MALVERN TOWN COUNCIL**

to be held on Wednesday 11 June 2025

in the Park View Meeting Room, Victoria Park Road, Malvern WR14 2JY at 6.00 pm

REVIEW OF THE EFFECTIVENESS OF THE SYSTEM OF INTERNAL CONTROLS

1. Purpose of Report

- 1.1. For comments and decision.

2. Recommendation

- 2.1. Committee is asked to assess the work carried out during the year to review the effectiveness of the system of internal control, make any additional comments as necessary and recommend that Council should consider and agree that a satisfactory review has been completed during 2024/25.

3. Background

- 3.1. The Accounts and Audit Regulations 2015 require the Town Council to carry out a review of the system of internal control and consider any findings from this review.
- 3.2. At the Annual Council meeting each year, an Audit Committee is appointed and the review of internal control is delegated to this committee.
- 3.3. Audit Committee agreed a timetable and programme of works for 2024/25 at their meeting in June 2024. Officers do not have an input into this process as they cannot be allowed to influence which areas are selected for review.
- 3.4. Works scheduled for the 2024/25 year was as follows:
- Review of controls in place for payment processes. This to include orders, delivery and payment approval procedures,
 - Review of income received and controls in place,
 - Review of bank reconciliations,
 - Review of controls to measure whether aims and objectives are being completed.
- 3.5. The first three items listed in 3.4 have been fully completed, with amendments and suggestions incorporated. It is therefore suggested that the selected testing of the internal control process has resulted in a satisfactory outcome.
- 3.6. The final item has partially been completed as the Council's aims and objectives were only finalised at Full Council in April 2025. Further work should be included as part of the audit committee's work in 2025/26.
- 3.7. Committee members are invited to ask additional questions or make comments relating to internal controls before the review findings are sent to Full Council for endorsement.

- 3.8. The findings from the annual review of the effectiveness of the Council's system of internal control is used to prepare the Annual Governance Statement, part of the AGAR and attached at appendix A to this report.

4. Financial Implications

- 4.1. None.

5. Legal Implications

- 5.1. Malvern Town Council has an annual gross income and/or gross expenditure of £200,000 or above but less than £6.5 million and is therefore subject to an Intermediate Limited Assurance Review under Audit Regulations.
- 5.2. As part of the Intermediate Limited Assurance Review, Council must review the effectiveness of its system of internal control and prepare the Annual Governance Statement taking into account any findings from this review.

End

Linda Blake
Town Clerk

Section 1 – Annual Governance Statement 2024/25

We acknowledge as the members of:

ENTER NAME OF AUTHORITY

our responsibility for ensuring that there is a sound system of internal control, including arrangements for the preparation of the Accounting Statements. We confirm, to the best of our knowledge and belief, with respect to the Accounting Statements for the year ended 31 March 2025, that:

	Agreed		
	Yes	No*	
1. We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.			<i>prepared its accounting statements in accordance with the Accounts and Audit Regulations.</i>
2. We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.			<i>made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.</i>
3. We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and Proper Practices that could have a significant financial effect on the ability of this authority to conduct its business or manage its finances.			<i>has only done what it has the legal power to do and has complied with Proper Practices in doing so.</i>
4. We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.			<i>during the year gave all persons interested the opportunity to inspect and ask questions about this authority's accounts.</i>
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.			<i>considered and documented the financial and other risks it faces and dealt with them properly.</i>
6. We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.			<i>arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of this smaller authority.</i>
7. We took appropriate action on all matters raised in reports from internal and external audit.			<i>responded to matters brought to its attention by internal and external audit.</i>
8. We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this authority and, where appropriate, have included them in the accounting statements.			<i>disclosed everything it should have about its business activity during the year including events taking place after the year end if relevant.</i>
9. (For local councils only) Trust funds including charitable. In our capacity as the sole managing trustee we discharged our accountability responsibilities for the fund(s)/assets, including financial reporting and, if required, independent examination or audit.	Yes	No	N/A
			<i>has met all of its responsibilities where, as a body corporate, it is a sole managing trustee of a local trust or trusts.</i>

***Please provide explanations to the external auditor on a separate sheet for each 'No' response and describe how the authority will address the weaknesses identified. These sheets must be published with the Annual Governance Statement.**

This Annual Governance Statement was approved at a meeting of the authority on:

DD/MM/YYYY

and recorded as minute reference:

MINUTE REFERENCE

Signed by the Chair and Clerk of the meeting where approval was given:

Chair

SIGNATURE REQUIRED

Clerk

SIGNATURE REQUIRED

ENTER PUBLICLY AVAILABLE WEBSITE/WEBPAGE ADDRESS