



MALVERN TOWN COUNCIL

AUDIT COMMITTEE MEETING

REPORTS

**For meeting on Wednesday 25 February 2026 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



18 February 2026

townclerk@malvern-tc.org.uk

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Tel: 01684 566667

MEETING OPEN TO MEMBERS OF THE PUBLIC

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

Councillors D Watkins (Chair), A Cherry, E Green and D Mead

All other Members of the Town Council for information only

You are hereby invited to attend a meeting of the Audit Committee on Wednesday 25 February 2026 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. Blake'.

Linda Blake
Town Clerk

No.	Agenda Item
1.	Apologies for Absence To receive apologies for absence
2.	Declarations of Interest To receive declarations of pecuniary interests and other disclosable interests
3.	Minutes of Previous Meeting To receive and confirm as a correct record the minutes of previous Audit Committee meeting and the minutes to be signed by the Chairman ➤ Wednesday 3 December 2025
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>	
4.	Review of Tendering Process ➤ Report AC01/25 to follow
5.	Review of Controls to measure whether aims and objectives are being completed. ➤ Report AC02/25 to follow
6.	Review of Annual Governance Statements and the supporting evidence behind these ➤ Report AC03/25 to follow

7.	Review of Audit Committee Terms of Reference as attached ➤ Committee Discussion
8.	Date of next Audit Committee Meeting ➤ Wednesday 3 June 2026 at 6pm

**MINUTES OF A MEETING OF THE AUDIT COMMITTEE
MALVERN TOWN COUNCIL**

**in the Community Hub Meeting Room, Victoria Park
held on Wednesday 3 December 2025 at 6pm**

Councillors

Cllr David Watkins
Cllr David Mead
Cllr Anne Cherry

Apologies

Cllr Emma Green

Also Attending

Linda Blake – Town Clerk
Julia Winkworth – Minute Clerk

16. APOLOGIES FOR ABSENCE

Apologies for absence were noted from Cllr Emma Green.

17. DECLARATIONS OF INTEREST

None.

18. MINUTES OF PREVIOUS MEETING

It was **RESOLVED** that the minutes of the following meeting be approved and adopted as a correct record of the proceedings, and these were signed by the Chair:

- Audit Committee meeting Wednesday 16 July 2025

PUBLIC PARTICIPATION

None.

It was **AGREED** to alter the order of the agenda to bring forward agenda items 5 and 6, Risk Management Arrangements around Objectives and Identification of Risks from Devolution Process respectively; and then return to item 4.

19. RISK MANAGEMENT ARRANGEMENTS AROUND OBJECTIVES

Report AC01/25 was received and accepted.

It was **RECOMMENDED** that Full Council accept the risk management arrangement around its objectives as shown in Appendix A with committee amendments in red:

UNADOPTED

1. Aim – To provide effective, transparent and accountable local governance for the Town.					
Objective	Risk Description/Threat to achieving objective	Level of risk 1-5 low to high	Consequence of failing to achieve objective	Response strategy in place	Any further suggested actions
a) To set an annual budget and annual precept	Lack of Resources Lack of staff knowledge/unavailability of staff Poor Planning Lack of clear information External influences e.g. inflation/cost of living/costs incurred above those expected Unforeseen events	3 increase to 4	Council fails to fulfil statutory duty Negative public opinion Inefficient service delivery Resource wastage Unnecessary increases in Council Tax	Trained and engaged staff Planned schedule of meetings published well in advance to allow budget input from Council Committees before final council decision Established policies and procedures Use of contingency budget and building of reserve funds	Chair and Deputy Chair of Policy and Resources to undertake budget training
b) To improve visibility of the council's work and achievements	Lack of Resources Lack of staff knowledge/expertise Lack of clear direction and aims Poor Councillor engagement	2	Lack of effective community engagement Lack of public awareness of council achievements and commitments	Trained and engaged staff Community Engagement Sub-Committee in place to help input into strategy Regular review of website along with policies and procedures	Regular reviews if not visible enough
c) To produce annual accounts and submit the Annual Governance and Accountability Return (AGAR)	Lack of staff knowledge/expertise Lack of available time/resources Poor Planning Unavailability of staff	2	Qualified External Audit Negative public opinion Special Measures	Staff Training to keep up to date with statutory changes Worcestershire CALC provide advice and training Planned schedule of meetings	

UNADOPTED

	Loss of data/compromising of IT Systems			Plan in place to cover key staff absence Engagement of independent and competent internal auditor IT maintenance, contract in place. Regular data backups, firewalls and advanced data protection	
d)To regularly review Town Council policies and procedures to ensure effective governance.	Poor Planning Lack of Resources/time Pressure on committee agendas Poor staff/Councillor engagement	2	Inefficient Service delivery Increase in complaints Negative public opinion Qualified Audit	Schedule and set dates for policy reviews Regular engagement with NALC/CALC Internal audit review	Regular overview and scrutiny of planned reviews
e)To manage council finances to ensure the effective use of resources	Lack of staff knowledge/expertise Lack of resources Weak or inefficient control systems Poor budget monitoring Security of IT Systems	2	Inefficient service delivery and failure to ensure best value Resource Wastage Unnecessary increases in Council Tax Negative public opinion	Regular reporting to Policy and Resources Committee Regular Contract reviews Strong budgeting/correct procurement procedures Staff Training Policies in place with robust control measures/segregation of duties Internal Audit External Audit	

UNADOPTED

				IT Maintenance Contract and SAGE Support package in place	
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DRAFT

UNADOPTED

2. Overall Aim – To promote and develop a sense of community engagement encompassing diversity and inclusion.					
Objective	Risk Description/Threat to achieving objectives	Level of Risk 1-5 low to high	Consequence of failing to achieve objective	Response Strategy in place	Any further suggested action
a)To communicate with other local councils to ensure that the best collaborative outcomes are achieved for the community	Poor Communication Lack of engagement Lack of commitment from other councils Uncertainties surrounding Local Government re-organisation/Devolution	3	Lack of partnership/joined up working Resource wastage Loss of assets and services Inefficient service delivery for the taxpayer of Malvern Increase in complaints Negative public opinion	Regular liaison meetings with MHDC Invitation to MHDC/WCC Councillors to Town Council meetings Devolution Panel in place Partnership working meetings hosted by the Mayor	Improvement in Officer contacts and working relationships with MHDC & WCC Councillors to build relationships with fellow ward councillors at all tiers of government
b)To communicate with local community groups to ensure collaborative outcomes for local residents	Poor Communication Lack of engagement Pressure on staff/voluntary resources Lack of clear strategic direction from Council Failure to identify and engage correct groups/organisations	1	Loss of potential opportunities from joint/shared working Negative public opinion	Community Engagement Sub-Committee in place Variety of communication/engagement strategies in use to target different user group	Councillor input into the establishment of Strategy outlining plan for collaborative outcome
c)To implement ways of listening	Lack of staffing/councillor resources	1	Failure to effectively engage with public	Community Engagement Sub-Committee in place	Plan for expansion of engagement

UNADOPTED

<p>to or engaging with local residents e.g. community engagement at events like 'Bands in the Park'</p>	<p>Lack of public interest Not choosing the right methods/places for engagement</p>		<p>Failure to deliver residents needs Negative opinion Complaints</p>	<p>Community Engagement Strategy approved by Council Councillor rota at 'Bands in the Park'</p>	<p>strategy to be developed by Community Engagement Sub-Committee Produce information on Councillors in 'Who's Who' type page</p>
<p>d)To support and develop the current grants scheme</p>	<p>Lack of staff resources Lack of clearly stated policy/aims Lack of clarity in application process Insufficient budgets</p>	<p align="center">1</p>	<p>Poor take-up of grants Failure to target and help groups to help themselves Negative public opinion Wasted resources</p>	<p>Annual review of grants policy Effective staff management of scheme Review of grants budget undertaken annually</p>	<p>Ask for stakeholder feedback to ensure scheme effectiveness</p>
<p>e)To organise inclusive and accessible events for all abilities and needs</p>	<p>Lack of staff knowledge/experience Poor Planning Restrictions in terms of geography/topography/accessibility</p>	<p align="center">2</p>	<p>Negative public opinion Complaints Non-compliance with statutory requirements</p>	<p>Effective event planning with risk assessments Identification of potential barriers to inclusivity and measures to mitigate these</p>	<p>Engagement with community groups</p>

UNADOPTED

3. Aim – To protect, maintain and enhance the environment, local facilities and characteristics of the Town.					
Objective	Risk Description/Threat to achieving objectives	Level of Risk 1-5 low to high	Consequence of failing to achieve objective	Response Strategy in place	Any further suggested action
a)To develop an ongoing programme for the renewal and refurbishment of Town Council assets	Lack of staff knowledge/engagement Pressure on budgets Poor Planning Weak Budgeting Unforeseen events Security of IT Systems	3	Deterioration/wear and tear of Town Council assets Increase in repair and maintenance costs Health and Safety issues Negative public opinion Complaints Wastage of resources Loss of public facilities	Robust annual review of Town Council assets in need of repair and refurbishment, as part of the budget process Clear and robust budget process Regular inspection programmes IT Maintenance Contract in place	Raising of Councillor awareness through asset tours
b)To ensure health and safety provisions are implemented and maintained at Town Council sites	Lack of staff knowledge/engagement Poor enforcement of policies and procedures Changes to legal requirements that if not adopted could have financial or operational consequences	2	Failure to comply with Law Fines Accidents Loss of facility Complaints	Trained staff/Ongoing staff training Robust Health and Safety policy in place which is regularly reviewed Membership of professional organisations to ensure up to date compliance Risk Assessments Regular inspection and testing programme	

UNADOPTED

				Effective management to ensure staff are aware of and follow safety protocols	
c)To review the Town Council's planning policy to provide a more effective and timely process	<p>Lack of Councillor knowledge/engagement</p> <p>Inability to enforce councillor training</p> <p>Changes to National Planning Policy</p>	3	<p>Poor decision making</p> <p>Negative public opinion</p> <p>Failure to adequately represent electorate in planning matters</p> <p>Environmental impacts</p> <p>Ineffectual planning process</p> <p>Insufficient housing</p>	<p>Planning policy in place</p> <p>Training provided for Councillors</p> <p>Weekly planning list issued to all Councillors</p> <p>Planning matters considered within Operations and Planning Committee</p> <p>Partnership working/communication with MHDC</p>	Further Councillor Training
d)To maintain and where possible, enhance the characteristics of the Town e.g. Malvern in Bloom	<p>Lack of finance</p> <p>Lack of council commitment</p> <p>Lack of resources</p>	2	<p>Negative public opinion/reputational risk</p> <p>Negative effects on Street Scene and visibility</p>	Annual entry to Heart of England in Bloom competition provides impetus	

UNADOPTED

	Crossover with other government organisations		No positive developments with the Town	Robust budgeting to give adequate finance Staff knowledge/experience Issues raised within Operations and Planning committee where relevant	
e)To work towards full accessibility within all Town Council facilities	Constraining/mitigating factors which restrict full accessibility Lack of up-to-date knowledge/scrutiny Lack of available finance	4	Failure to provide inclusive facilities Negative public opinion	Robust tendering process Effective budgeting process Public consultation on large capital projects	Regular communication with relevant stakeholders to ensure scrutiny

DRAFT

20. IDENTIFICATION OF RISKS FROM DEVOLUTION PROCESS

Report AC02/25 was received and accepted.

Committee were asked to review the risks from the Devolution Process discussed at the last meeting.

It was **AGREED** to add the following risk to the list below, highlighted in red:

‘proposed asset or responsibility not in tune with the local community and its requirements as being a risk’

It was therefore **RECOMMENDED** to agree the risks from Devolution as listed below:

Risks

- Town Council could end up with more assets than we are able to maintain effectively and not have the budget for ongoing maintenance and repairs / replacement as necessary.
- There could be a loss of opportunity if the Town Council do not move fast enough to negotiate on assets which would be valuable for community/localism or financial possibilities.
- Assets such as buildings, toilets etc could be lost to the community. If these assets are transferred to the unitary authority and they do not wish to maintain them within Malvern, they could be closed or sold.
- The Town Council would inherit cost incurring assets but lose out on income generating assets.
- Loss of localism.
- Possible increase in precept and how this would be received by the taxpayers of Malvern.
- Lack of co-ordinated thinking and the three tiers of Councils not working together overall to get the best outcome for the public
- Extra responsibilities being taken on, which may require skills sets and expertise not currently held by Town Council staff.
- Proposed asset or responsibility not in tune with the local community and its requirements.

21. REVIEW OF AUDIT COMMITTEE TERMS OF REFERENCE AS ATTACHED

A discussion took place regarding the number of committee members with a view to seeking a further member at the Annual Council meeting in 2026 to assist in completing the overview and scrutiny required of the Audit committee.

It was **AGREED** to defer this item until the next Council Year starting in May 2026.

22. DATE OF NEXT AUDIT COMMITTEE MEETING

It was **AGREED** that the next meeting of the Audit Committee would be on Wednesday 25 February 2026 at 6.00 pm.

The meeting ended at 7pm.

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(Chairman)

**A REPORT OF THE TOWN CLERK TO
A MEETING OF THE AUDIT COMMITTEE
MALVERN TOWN COUNCIL
to be held on Wednesday 25 February 2026
in the Park View Meeting Room, Community Hub, Victoria Park Road,
Malvern Link, at 6.00 pm.**

REVIEW OF TENDERING PROCESS

1. Purpose of Report

- 1.1. For committee discussion.

2. Recommendation

- 2.1. Audit Committee are asked to consider, review and scrutinise the Council's tendering process and to make recommendations as required.

3. Background

- 3.1. At the meeting of Audit Committee held on 11 June 2025, it was agreed that a review of the Council's tendering process would form part of the work programme for 2025/26.
- 3.2. The tender process is governed by Financial Regulations, statutory requirements and accepted best practice and examples of a tender alongside explanations of the process will be presented by officers at the meeting.
- 3.3. The following Financial Regulations relate to the tendering process:
- 6.4. For a contract for the supply of goods, services or works where the estimated value will exceed the thresholds set by Parliament, the full requirements of The Public Contracts Regulations 2015 or any superseding legislation ("the Legislation"), must be followed in respect of the tendering, award and notification of that contract.
- 6.5. Where the estimated value is below the Government threshold, the Council shall (with the exception of items listed in paragraph 6.9) obtain prices as follows:
- For contracts estimated to exceed £60,000 including VAT, the Town Clerk shall seek formal tenders from at least three suppliers. Tenders shall be invited in accordance with Appendix 1. Page 7 of 16 Financial Regulations 2024
 - For contracts estimated to be over £30,000 including VAT, the Council must comply with any requirements of the Legislation regarding the advertising of contract opportunities and the publication of notices about the award of contracts.
 - For contracts greater than £3,000 excluding VAT the Clerk shall seek at least three fixed-price quotes.
- 6.11. The Council shall not be obliged to accept the lowest or any tender, quote or estimate.

3.4. Appendix 1 of The Council's Financial Regulations is as follows:

APPENDIX 1 - TENDER PROCESS

- 1) Any invitation to tender shall state the general nature of the intended contract and the Clerk shall obtain the necessary technical assistance to prepare a specification in appropriate cases.
- 2) The invitation shall in addition state that tenders must be addressed to the Clerk in the ordinary course of post, unless an electronic tendering process has been agreed by the Council.
- 3) Where a postal process is used, each tendering firm shall be supplied with a specifically marked envelope in which the tender is to be sealed and remain sealed until the prescribed date for opening tenders for that contract. All sealed tenders shall be opened at the same time on the prescribed date by the Clerk in the presence of at least one member of Council.
- 4) Where an electronic tendering process is used, the Council shall use the Town Clerk's email address.
- 5) Any invitation to tender issued under this regulation shall be subject to Standing Order 18 and shall refer to the terms of the Bribery Act 2010.
- 6) Where the Council, or duly delegated committee, does not accept any tender, quote or estimate, the work is not allocated and the Council requires further pricing, no person shall be permitted to submit a later tender, estimate or quote who was present when the original decision-making process was being undertaken.

Committee may wish to review the method of return for tenders as most contractors now prefer an electronic tendering process, particularly when the documentation is extensive.

3.5. Further information and Officer input will be provided at the meeting.

4. Financial Implications

4.1. None pertaining to this report.

5. Legal Implications

- 5.1. The Town Council should comply with its financial regulations when carrying out a tender process.
- 5.2. The Procurement Act 2023 came into force on 24 February 2025 to make public procurement simpler, more transparent and more flexible.

End
Linda Blake
Town Clerk

**A REPORT OF THE TOWN CLERK TO
A MEETING OF THE AUDIT COMMITTEE
MALVERN TOWN COUNCIL
to be held on Wednesday 25 February 2026
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**REVIEW OF CONTROLS TO MEASURE WHETHER AIMS AND
OBJECTIVES ARE BEING COMPLETED**

1. Purpose of Report

- 1.1. For committee discussion.

2. Recommendation

- 2.1. Committee are asked to review and scrutinise the controls in place to measure whether aims and objectives are being implemented, progressed and completed and to make recommendations for any additional controls or measures that may be required.

3. Background

- 3.1. At the meeting of Audit Committee held on 11 June 2025, it was agreed that a review of the controls to measure whether aims and objectives are being completed would form part of the work programme for 2025/26.
- 3.2. The Town Council undertook a major review of its aims and objectives before they were approved and adopted at a meeting in April 2025.
- 3.3. The Council has identified three major strategic aims, each having five objectives. This represented a large shift from the previous long list of wide-ranging objectives with the aim being that the new objectives should be specific, measurable, achievable, relevant and timely i.e. SMART.
- 3.4. When setting objectives, the Council should ensure that there are control measures in place so that they can be delivered and implemented; these controls are to protect the council against the risk of potential failure against its stated objectives. There should also be a way of monitoring their delivery and ongoing success.
- 3.5. Appendix A attached sets out the current aims and objectives alongside any control measures currently in place and the ways in which the success of the objective can be monitored. The final blank column is for discussion at the meeting and whether anything further is needed or any changes made.

4. Financial Implications

- 4.1. None pertaining to this report.

5. Legal Implications

5.1. As part of the Council's Annual Governance Statement on the AGAR, the Council is asked to confirm the following:

- 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;

and

- we maintained an adequate system of internal control.

End

Linda Blake
Town Clerk

1	To provide effective, transparent and accountable local governance for the Town			
	Objective	Control Measures For Delivery	How is Success Measured	Committee suggestions for additions/amendments
1.1	To produce annual accounts and submit the Annual Governance and Accountability Return (AGAR)	<ul style="list-style-type: none"> • Dates set in June for Audit Committee, Policy and Resources and Full Council to meet approval requirements for AGAR submission. • External Audit. 	<ul style="list-style-type: none"> • AGAR submission in line with statutory timetable and requirements. • Clean external audit review. 	
1.2	To regularly review Town Council policies and procedures to ensure effective governance	<ul style="list-style-type: none"> • Calendar of review for Town Council policies. • Most Council Policies are reviewed every four years or when legislation requires, some are reviewed more frequently. 	<ul style="list-style-type: none"> • Regular reviews of policies and procedures through appropriate committees. • Councillor engagement with policy review. 	
1.3	To manage council finances to ensure the effective use of resources	<ul style="list-style-type: none"> • Quarterly Accounts. • Annual Re-forecast in October / November as part of the budget process. • Financial Regulations. • Qualified Staff. • Internal Audit. 	<ul style="list-style-type: none"> • Robust budgets. • Regular financial reporting. • Active management of expenditure with action taken to recognise overspends / underspends. 	
1.4	To set an annual budget and annual precept	<ul style="list-style-type: none"> • Dates set in October, November and December for Operations and Planning, Staffing Committee and Policy and Resources to input into the budget process. • Full Council Budget meeting held annually in December to set the annual budget and annual precept. 	<ul style="list-style-type: none"> • Annual Budget agreed by Full Council in December every year. • Precept requirement submitted to MHDC by 31 January every year. 	
1.5	To improve visibility of the Council's work and achievements	<ul style="list-style-type: none"> • Communications Officer in post. • Social Media Strategy being developed. 	<ul style="list-style-type: none"> • Positive Public Feedback • Increased engagement • Monitor growth rates on social media and the reach of individual posts. 	

2. To promote and develop a sense of community engagement encompassing diversity & inclusion				
	Objective	Control Measures in Place	How is Success Measured	Committee suggestions for additions/amendments
2.1	To implement ways of listening and engaging with local residents e.g. community engagement at events like Bands in the Park	<ul style="list-style-type: none"> Community Engagement Sub-Committee in place to look at ways of ongoing engagement. Public consultation for larger projects. 	<ul style="list-style-type: none"> Active feedback from events, councillor surgeries, questionnaires, consultations etc. Actions being taken as a result of engagement. 	
2.2	To support and develop the current grants scheme	<ul style="list-style-type: none"> Grants Scheme Policy in place and regularly reviewed. Budget allocation for Small Grants and Large Grants reviewed annually. Organisations in receipt of a grant are required to submit a report which is forwarded to Full Council. 	<ul style="list-style-type: none"> Clear and user friendly grants process. Number of applications to the bi-annual scheme. 	
2.3	To organise inclusive and accessible events for all abilities and needs	<ul style="list-style-type: none"> Town Council agreed annual schedule of events. Events Budget allocation within annual budget. Two officers have event management within their job descriptions. 	<ul style="list-style-type: none"> Feedback from the public. 	
2.4	To communicate with other local Councils to ensure that the best collaborative outcomes are achieved for the community	<ul style="list-style-type: none"> Regular Liaison Meetings with Malvern Hills District Council. District and County Councillor reports are invited at meetings of Full Council. 	<ul style="list-style-type: none"> Maintenance of ongoing and mutually beneficial partnerships. Joint working projects and initiatives. Regular communication. 	
2.5	To communicate with local community groups to ensure collaborative outcomes for local residents	<ul style="list-style-type: none"> Community Engagement Sub-Committee in place to look at communication with local community groups. Public consultation for larger projects. 	<ul style="list-style-type: none"> Increased knowledge and awareness gained from joint working. Feedback from the public. 	

3 To protect, maintain and enhance the environment, local facilities and characteristics of the Town				
	Objective	Control Measures in Place	How is Success Measured	Committee suggestions for additions/amendments
3.1	To maintain and where possible enhance the characteristics of the Town for e.g. Malvern in Bloom	<ul style="list-style-type: none"> Annual budget allocation for Malvern in Bloom. Regular asset inspections, ongoing maintenance plans and budget allocations. Regularly scheduled Operations and Planning Committee meetings. 	<ul style="list-style-type: none"> Public recognition Awards such as Heart of England in Bloom Clean asset inspections 	
3.2	To work towards full accessibility within all Town Council facilities	<ul style="list-style-type: none"> Accessibility criteria are put within all Council tender documentation. Event Risk Assessments take accessibility into account as far as is reasonably possible. 	<ul style="list-style-type: none"> Feedback from the public. Increase use of facilities. 	
3.3	To develop an ongoing programme for the renewal and refurbishment of Town Council Assets	<ul style="list-style-type: none"> The Town Clerk and Operations Manager develop and update a rolling asset renewal and refurbishment programme, and an annual budget for this is discussed and approved by Operations and Planning Committee, ahead of the final budget approval. 	<ul style="list-style-type: none"> Positive feedback Increased use and popularity of assets. 	
3.4	To ensure health and safety provisions are implemented and maintained at Town Council sites	<ul style="list-style-type: none"> Ongoing Health and Safety Risk Assessments. Regular checks on provisions Qualified Staff. Staff Training Programme. 	<ul style="list-style-type: none"> Lack of accidents or incidents. Clean audit report. 	
3.5	To review the Town Council's planning policy to provide a more effective and timely process	<ul style="list-style-type: none"> Planning Policy reviewed every four years by Policy and Resources Committee and endorsed by Full Council. 	<ul style="list-style-type: none"> Effective engagement on planning matters. Council response to planning applications as and when appropriate. 	

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**REVIEW OF ANNUAL GOVERNANCE STATEMENT
AND THE SUPPORTING EVIDENCE BEHIND THESE**

1. Purpose of Report

- 1.1. For committee discussion.

2. Recommendation

- 2.1. Committee are asked to review the Annual Governance Statements and the supporting evidence behind these and to make any recommendations for actions as required.

3. Background

- 3.1. At the meeting of Audit Committee held on 11 June 2025, it was agreed that a review of the Annual Governance Statements and the supporting evidence behind these would form part of the work programme for 2025/26.
- 3.2. The Annual Governance Statement (Appendix A) is Section 1 of the AGAR and in 2024/25 was made up of nine individual statements / assertions which the Council must consider and then say whether it agrees or not.
- 3.3. Behind each of the assertions there are a number of processes that should be in place and effective for the Council to agree to the statement. Details of these are attached at Appendix B. Please note that there will be a tenth statement included from the 2025/26 financial year.
- 3.4. A full discussion of the Annual Governance Statement, its assertions and required processes can take place at the meeting with more detailed information being supplied by officers.

4. Financial Implications

- 4.1. None pertaining to this report.

5. Legal Implications

- 5.1. The Council's Annual Governance Statement is Section 1 on the AGAR and must be completed as part of the external audit submission.

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' means that this authority:	
	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

SECTION ONE - PROPER PRACTICES ANNUAL GOVERNANCE STATEMENT

Introduction

- 1.1 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.
- 1.2 This guide represents the proper practices in relation to accounts those smaller authorities need to follow in preparing their annual governance statement.
- 1.3 The purpose of the annual governance statement is for an authority to report publicly on its arrangements for ensuring that its business is conducted in accordance with the law, regulations and proper practices and that public money is safeguarded and properly accounted for.
- 1.4 Smaller authorities prepare their annual governance statement by completing Section 1 of the Annual Governance and Accountability Return. This is in the form of a number of statements, known as assertions, to which the authority needs to answer, 'Yes' or 'No'. This guide follows the order of Section 1 of the Annual Governance and Accountability Return and sets out the actions that authorities need to have taken either during the financial year or after the financial year-end to answer 'Yes' to each assertion.
- 1.5 The authority needs to have appropriate evidence to support a 'Yes' answer to an assertion, for example, a reference in a set of formal minutes.
- 1.6 If an authority is not able to respond 'Yes' to any assertion, it needs to provide an explanation to the external auditor, on a separate sheet, describing how the authority will address the weaknesses identified. These explanations must be published along with the completed AGAR.
- 1.7 To assist practitioners, a Pro-forma Annual Governance and Accountability Return is available alongside this guide.

Annual Governance Statement assertions

Assertion 1 - Financial management and preparation of accounting statements

We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.

To warrant a positive response to this assertion, the following processes need to be in place and effective:

- 1.8 **Budgeting** - In accordance with relevant legislation, the authority needs to prepare and approve a budget in a timely manner before setting a precept or rates and prior to the commencement of the financial year. It needs to monitor actual performance against its budget during the year, taking corrective action where necessary. A

- financial appraisal needs to be undertaken before the authority commences any significant project or enters into any long-term commitments.
- 1.9 Accounting records and supporting documents - All authorities, other than parish meetings where there is no parish council, need to appoint an officer to be responsible for the financial administration of the authority in accordance with [Section 151 of the Local Government Act 1972](#). The proper segregation of duties means that the Chair of the authority or of the Finance Committee must never be appointed (even on a short-term basis) either as Clerk or as RFO; other members may perform these roles, unpaid, on a short-term basis providing appropriate safeguards are in place or if their appointment is unavoidable to ensure statutory functions continue to be fulfilled. [Section 150\(6\)](#) of the same Act makes the chair of a parish meeting (where there is no parish council) responsible for keeping its accounts. The authority needs to have satisfied itself that its Responsible Finance Officer (RFO) has determined a system of financial controls and discharged their duties under [Regulation 4 of the Accounts and Audit Regulations 2015](#). The RFO needs to have put in place effective procedures to accurately and promptly record all financial transactions and maintain up to date accounting records throughout the year, together with all necessary supporting information. The accounting statements in Section 2 of the Annual Governance and Accountability Return need to agree to the underlying records.
- 1.10 Bank reconciliation - Statements reconciling each of the authority's bank accounts with its accounting records need to be prepared on a regular basis, including at the financial year-end and reviewed by members of the authority.
- 1.11 Investments - Arrangements need to be in place to ensure that the authority's funds are managed properly and that any amounts surplus to requirements is invested appropriately, in accordance with an approved strategy which needs to have regard to the government's [Statutory Guidance on Local Government Investments](#). If total investments are to exceed the threshold specified in the statutory guidance at any time during a financial year, the authority needs to produce and approve an annual Investment Strategy in accordance with the guidance.
- 1.12 Statement of accounts - The authority needs to ensure that arrangements are in place to enable the preparation of an accurate and timely statement of accounts in compliance with its statutory obligations and proper practices.
- 1.13 Reserves - The authority needs to have regard to the need to put in place a General Reserve Policy and have reviewed the level and purpose of all Earmarked Reserves. Supporting information on financial management and the preparation of accounting statements can be found in Section 5.

Assertion 2 - Internal control

We maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.

To warrant a positive response to this assertion, the following processes need to be in place and effective:

- 1.14 Standing Orders and Financial Regulations - The authority needs to have in place standing orders and financial regulations governing how it operates. Financial regulations need to incorporate provisions for securing competition and regulating the way tenders are invited. These need to be regularly reviewed, fit for purpose, and adhered to.
- 1.15 Safe and Efficient Arrangements to Safeguard Public Money - Practical and resilient arrangements need to exist covering how the authority orders goods and services, incurs liabilities, manages debtors, makes payments, and handles receipts. Authorities need to have in place safe and efficient arrangements to safeguard public money. Where doubt exists over what constitutes money, the presumption is that it falls within the scope of this guidance.
 - 1.15.1 Authorities need to regularly review the effectiveness of their arrangements to protect money. Every authority needs to arrange for the proper administration of its financial affairs and ensure that one of its officers (the RFO) has formal responsibility for those affairs (see paragraph 1.9 above).
 - 1.15.2 Authorities need to ensure controls over money are embedded in Standing Orders and Financial Regulations. [Section 150\(5\) of the Local Government Act 1972](#) required cheques or orders for payment to be signed by two elected members. Whilst this requirement has now been repealed, the 'two-member signatures' control needs to remain in place until such time as the authority has put in place safe and efficient arrangements in accordance with paragraphs 1.15.3 to 1.15.6 of this guide.
 - 1.15.3 Authorities need to approve the setting up of, and any changes to, accounts with banks or other financial institutions. Authorities also need to approve any decisions to enter 'pooling' or 'sweep' arrangements whereby the bank periodically aggregates the authority's various balances via automatic transfers.
 - 1.15.4 If held, corporate credit card accounts need to have defined limits and be cleared monthly by direct debit from the main bank account. Credit card balances are not acceptable reconciling items for bank reconciliation purposes.
 - 1.15.5 The authority needs to approve every bank mandate, the list of authorised signatures for each account, the limits of authority for each account signature and any amendments to mandates.
 - 1.15.6 Risk assessment and internal controls need to focus on the safety of the authority's assets, particularly money. Those with direct responsibility for money need to undertake appropriate training from time to time.
- 1.16 Employment - The remuneration payable to all employees needs to be approved in advance by the authority. In addition to having robust payroll arrangements which cover the accuracy and legitimacy of payments of salaries and wages, and associated liabilities, the authority needs to ensure that it has complied with its duties under employment legislation and has met its pension obligations.
- 1.17 VAT - The authority needs to have robust arrangements in place for handling its responsibilities regarding VAT.
- 1.18 Fixed Assets and Equipment - The authority's assets need to be secured, properly maintained, and efficiently managed. Appropriate procedures need to be followed for any asset disposal and for the use of any resulting capital receipt.

- 1.19 Loans and long-term liabilities - Authorities need to ensure that any loan or similar commitment is only entered into after the authority is satisfied that it can be afforded and that relevant approvals have been obtained. Proper arrangements need to be in place to ensure that funds are available to make repayments of capital and any associated interest and other liabilities.
- 1.20 Review of effectiveness - [Regulation 6 of the Accounts and Audit Regulations 2015](#) requires the authority to conduct a financial year review of the effectiveness of the system of internal control. The review needs to inform the authority's preparation of its annual governance statement.
- 1.21 Supporting information on internal control can be found in Section 5.

Assertion 3 - Compliance with laws, regulations and proper practices

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 smaller authority to conduct its business or on its finances.

To warrant a positive response to this assertion, the following processes need to be in place and effective:

- 1.22 Acting within its powers - All authorities' actions are controlled by statute. Therefore, appropriate decision-making processes need to be in place to ensure that all activities undertaken fall within an authority's powers to act. Authorities need to have robust procedures in place to prevent any decisions or payments being made that are ultra vires, i.e. that the authority does not have the lawful power to make. The exercise of legal powers needs always to be carried out reasonably. For that reason, authorities making decisions need always to understand the power(s) they are exercising in the context of their decision making.
- 1.23 General power of competence - An authority seeking to exercise a general power of competence under the [Localism Act 2011](#) needs to ensure that the power is fully understood and exercised in accordance with [The Parish Councils \(General Power of Competence\) \(Prescribed Conditions\) Order 2012](#).
- 1.24 Regulations and proper practices - Procedures need to be in place to ensure that an authority's compliance with statutory regulations and applicable proper practices is regularly reviewed and that new requirements, or changes to existing ones, are reported to members and applied. Authorities need to have particular regard to the requirements of the [Accounts and Audit Regulations 2015](#).
- 1.25 Actions during the year - An authority needs to have satisfied itself that it has not taken any decision during the year, or authorised any action, that exceeds its powers or contravenes any laws, regulations, or proper practices.
- 1.26 Supporting information on compliance with laws, regulations and proper practices can be found in Section 5.

Assertion 4 - Exercise of public rights

We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.

To warrant a positive response to this assertion the authority needs to have taken the following actions in respect of the previous year's Annual Governance and Accountability Return:

- 1.27 Exercise of public rights - The authority provided for the exercise of public rights as set out in [Sections 26 and 27 of the Local Audit and Accountability Act 2014](#). [Part 5 of the Accounts and Audit Regulations 2015](#) requires the RFO to have published, including on the authority's website or another website:
 - Sections 1 and 2 of the Annual Governance and Accountability Return;
 - a declaration that the status of the statement of accounts is 'unaudited'; and
 - a statement that sets out details of how public rights can be exercised, as set out in [Regulation 15\(2\)\(b\)](#), which includes the period for the exercise of public rights.
- 1.28 External Auditor's Review - A notice of the conclusion of the external auditor's limited assurance review of the Annual Governance and Accountability Return, together with relevant accompanying information, was published (including on the authority's website or other website) in accordance with the requirements of [Regulation 16 the Accounts and Audit Regulations 2015](#).
- 1.29 A parish meeting may meet the publication requirements by displaying the information in question in a conspicuous place in the area of the authority for at least 14 days.
- 1.30 Supporting information on the exercise of public rights can be found in Section 5.

Assertion 5 — Risk management

We carried out an assessment of the risks facing this smaller authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.

To warrant a positive response to this assertion, the authority needs to have the following arrangements in place:

- 1.31 Identifying and assessing risks - The authority needs to identify, assess and record risks associated with actions and decisions it has taken or considered taking during the year that could have financial or reputational consequences.
- 1.32 Addressing risks - Having identified, assessed and recorded the risks, the authority needs to address them by ensuring that appropriate measures are in place to mitigate and manage risk. This might include the introduction of internal controls and/or appropriate use of insurance cover.
- 1.33 Supporting information on risk management can be found in Section 5.

Assertion 6 — Internal Audit

We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.

To warrant a positive response to this assertion, the authority needs to have taken the following actions:

- 1.34 Internal audit - The authority needs to appoint an independent and competent person to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes considering internal auditing guidance for smaller authorities.
- 1.35 The internal auditor must be able to demonstrate independence from the authority's financial decision making. The Clerk, RFO or members (or close associates such as family members of those individuals) are not considered independent from the authority's financial decision making.
- 1.36 Provision of information - The authority needs to ensure it has taken all necessary steps to facilitate the work of those conducting the internal audit, including making available all relevant documents and records and supplying any information or explanations required. The internal auditor is expected to inspect all documentation which should be supplied by the authority on request from the auditor.
- 1.37 Non-statutory guidance on internal audit can be found in Section 4.

Assertion 7 — Reports from Auditors

We took appropriate action on all matters raised in reports from internal and external audit.

To warrant a positive response to this assertion, the authority needs to have taken the following actions where necessary:

- 1.38 The authority needs to have considered all matters brought to its attention by its external auditor and internal audit and taken corrective action as appropriate.
- 1.39 Supporting information on reports from auditors can be found in Section 5.

Assertion 8 — Significant events

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 smaller authority and, where appropriate have included them in the accounting statements.

To warrant a positive response to this assertion, the authority needs to have taken the following actions where necessary:

- 1.40 Significant events - The authority needs to have considered if any events that occurred during the financial year (or after the year-end), have consequences, or potential consequences, on the authority's finances. If any such events are identified, the authority then needs to determine whether the financial consequences need to be reflected in the statement of accounts.
- 1.41 Supporting information on significant events can be found in Section 5.

Assertion 9 — Trust Funds (local councils only)

Trust funds (including charitable). The council is a sole managing trustee and has discharged its accountability responsibilities for the fund(s)/assets, including financial reporting and, if required, independent examination or audit.

To warrant a positive response to this assertion, the authority needs to have taken the following actions where necessary:

- 1.42 Where a local council acts as a sole managing trustee for a trust or trusts, to warrant a positive response to this assertion the authority needs to have made sure that it has discharged all of its responsibilities with regard to the trust's finances. This needs to include financial reporting and, if required, independent examination or audit.
- 1.43 If a local council is a sole managing trustee and has not discharged all of its responsibilities it must tick 'No'.
- 1.44 If a local council is not a sole managing trustee, it must tick 'N/A'.
- 1.45 Regardless of the above, the financial transactions of the trust do not form part of the authority's accounts and are therefore not included in the figures reported on Section 2 of its Annual Governance and Accountability Return (see paragraph 2.31 below).
- 1.46 Supporting information on trust funds can be found in Section 5.

Assertion 10 - Digital and data compliance (Assertion 10 added to clarify data compliance, previously covered under Assertion 3) **Note: Assertion 10 will not appear on the AGAR until 2025-26**

To warrant a positive response to this assertion, the authority needs to have taken the following actions:

- 1.47 Email management - Every authority must have a generic email account hosted on an authority owned domain, for example clerk@abcparishcouncil.gov.uk or clerk@abcparishcouncil.org.uk rather than abcparishclerk@gmail.com or abcparishclerk@outlook.com for example.
- 1.48 All smaller authorities (excluding parish meetings) must meet legal requirements for all existing websites regardless of what domain is being used.
- 1.49 All websites must meet the [Web Content Accessibility Guidelines 2.2 AA](#) and the [Public Sector Bodies \(Websites and Mobile Applications\) \(No. 2\) Accessibility Regulations 2018](#) (where applicable).

- 1.50 All websites must include published documentation as specified in the [Freedom of Information Act 2000](#) and the [Transparency code for smaller authorities](#) (where applicable).
- 1.51 All smaller authorities, including parish meetings, must follow both the [General Data Protection Regulation \(GDPR\) 2016](#) and the [Data Protection Act \(DPA\) 2018](#).
- 1.52 All smaller authorities, including parish meetings, must process personal data with care and in line with the principles of data protection.
- 1.53 The [DPA 2018](#) supplements the [GDPR](#) and classifies an authority as both a Data Controller and a Data Processor.
- 1.54 All smaller authorities (excluding parish meetings) must also have an IT policy. This explains how everyone - clerks, members and other staff - should conduct authority business in a secure and legal way when using IT equipment and software. This relates to the use of authority-owned and personal equipment.

Approval process

- 1.55 The authority needs to approve the annual governance statement by resolution of members of the authority meeting as a whole and in advance of the authority approving the accounting statements in Section 2 of the Annual Governance and Accountability Return. The Chair of the meeting and the Clerk need to sign and date the annual governance statement and enter a minute reference.

**AUDIT COMMITTEE
TERMS OF REFERENCE**

1. CONSTITUTION

- 1.1. The Committee will consist of five Councillors (excluding members of the Policy and Resources Committee) appointed by Full Council at the Annual Council meeting. Committee meetings will be arranged by the Town Clerk.

2. ELIGIBILITY

- 2.1. Members of the committee involved in undertaking any financial audit of the Council will withdraw from being cheque signatories for the period of the audit.

3. RESPONSIBILITIES

- 3.1. Actions required pursuant to the annual audit by the internal and external auditors.
- 3.2. To ensure that any new financial systems introduced by Council have adequate controls and provide appropriate audit trails.
- 3.3. To implement internal audits within the parameters required by statute.
- 3.4. To review the annual internal audit report on the Council's activities for further consideration by Council, and make recommendations.
- 3.5. To receive the report of the external auditor and make recommendations if necessary.