



MALVERN TOWN COUNCIL

AUDIT & SCRUTINY COMMITTEE MEETING

REPORTS

**For meeting on Wednesday 27 May 2026 at 7.15 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



20 May 2026

townclerk@malvern-tc.org.uk

www.malverntowncouncil.org

Tel: 01684 566667

MEETING OPEN TO MEMBERS OF THE PUBLIC

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

Councillors M Birks, A Cherry, C Hooper, D Mead and D Watkins

All other Members of the Town Council for information only

You are hereby invited to attend a meeting of the Audit & Scrutiny Committee on Wednesday 27 May 2026 in the Park View Meeting Room, Community Hub, Victoria Park Road, Malvern Link WR14 2JY commencing at 7.15pm 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.	Election of Chair To elect a Chair of the Audit & Scrutiny Committee for 2026/27
2.	Election of Vice-chair To elect a Vice-chair of the Audit & Scrutiny Committee for 2026/27
3.	Apologies for Absence To receive apologies for absence
4.	Declarations of Interest To receive declarations of pecuniary interests and other disclosable interests
5.	Minutes of Previous Meeting To receive and confirm as a correct record the Minutes of the previous Audit Committee meeting: ➤ Wednesday 17 March 2026 (previously circulated)
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>	
6.	Annual Internal Audit Report – financial year ending 31 March 2026 ➤ Report AC01/26 (to follow)

7.	Review of the effectiveness of the system of internal controls <ul style="list-style-type: none">➤ Report AC02/26 (to follow)
8.	Internal Audit Committee – work plan 2026/27 <p>To consider and agree a timetable and programme of works to be carried out by Internal Audit Committee members</p> <ul style="list-style-type: none">➤ Suggestions by committee members and internal auditor
9.	Date of next Audit Committee Meeting <ul style="list-style-type: none">➤ Wednesday 12 August 2026 at 6pm

**MINUTES OF A MEETING OF THE AUDIT COMMITTEE
MALVERN TOWN COUNCIL
in the Community Hub Meeting Room, Victoria Park
held on Tuesday 17 March 2026 at 3pm**

Councillors

Cllr David Watkins (Chair)
Cllr Anne Cherry
Cllr Emma Green
Cllr David Mead

Apologies

None

Also Attending

Linda Blake – Town Clerk

31. APOLOGIES FOR ABSENCE

None.

32. DECLARATIONS OF INTEREST

None.

33. 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:

- Wednesday 25 February 2026

PUBLIC PARTICIPATION

None.

34. REVIEW OF AUDIT COMMITTEE TERMS AND REFERENCE

At the meeting of Full Council held on 4 March, it was agreed that members of the Audit Committee should revise the current Terms of Reference to include work relating to both Audit and Scrutiny and make a recommendation for consideration by Full Council on 8 April 2026.

The Committee reviewed the current terms of reference as well as a document that had been drafted by the Vice Chair, Cllr Mead.

Following further discussion, it was **RECOMMENDED** that the Terms of Reference for the renamed Audit and Scrutiny Committee and attached at Appendix A to these minutes should be approved and adopted.

35. DATE OF NEXT AUDIT COMMITTEE MEETING

It was **AGREED** that the next meeting of the Audit Committee would take place on Wednesday 3 June 2026 at 6.00 pm.

The meeting ended at 4.05pm.

.....
(Chairman)

**AUDIT AND SCRUTINY COMMITTEE
TERMS OF REFERENCE**

1.0 CONSTITUTION

- 1.1 The committee will consist of five councillors made up of a mix of members from both Policy & Resources and Operations & Planning Committees with at least two members from each committee, appointed by Full Council at the Annual Council Meeting. Committee meetings will be arranged by the Town Clerk.
- 1.2 Membership will be determined at Annual Council each year.

2.0 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.

3.0 PURPOSE

Effective scrutiny and overview should -

- Provide constructive 'critical friend' challenge
- Amplify the voices and concerns of the public
- Drive improvements in public services and strategic decision making

4.0 RESPONSIBILITIES

- 4.1 At its first meeting of each council year, to set a flexible annual work plan to act as a guideline for the year.
- 4.2 Actions required pursuant to the annual audit by the internal and external auditors and arising from the Annual Governance and Accountancy Return.
- 4.3 To ensure that any new systems introduced by Council have adequate controls and provide appropriate audit trails.
- 4.4 To implement internal audits within the parameters required by statute.
- 4.5 To review the annual internal audit report on the Council's activities for further consideration by Council and make recommendations.
- 4.6 To receive the report of the external auditor and make recommendations as necessary.
- 4.7 To scrutinise decisions implemented by Council including if the decisions provided value for money.
- 4.8 To scrutinise standing orders, policies and practices.
- 4.9 To scrutinise responses to public concerns, proposed developments and increases to the Council's roles and responsibilities.
- 4.10 Make any recommendations to Full Council resulting from 4.7, 4.8 and 4.9
- 4.11. To review risks to the Council and the effectiveness of the control measures in place to manage these risks. This task is carried out annually during the third quarter of the year (Oct-Dec).

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

to be held on Wednesday 27 May 2026

**in the Park View Meeting Room, Community Hub, Victoria Park Road,
Malvern Link, WR14 2JY at 7.15pm**

ANNUAL INTERNAL AUDIT REPORT
FINANCIAL YEAR ENDING 31 MARCH 2026

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 2025/26 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 recommend that it is approved at the next meeting of Full Council.

3. Background

3.1. Malvern Town Council has gross income and gross expenditure of above £200,000 and less than £15 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. 2025/26 is the fourth 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 management and controls
- Reserves Policy
- Contracts
- Income generation
- Staffing – salaries and payments

- Risk management
- Asset Management – asset review, control, inspection
- Transparency
- Work of the Audit Committee
- 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 2025/26 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 Wednesday 1 July 2026.

3.8. Internal Audit must be in place during the year under review and Mr Edwards has carried out his work between January 2026 and March 2026.

4. Financial Implications

4.1. The cost of Internal Audit is £1,750. This can be contained within the Council’s budget for 2025/26.

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 £15 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 2025/26 Form 3. This comprises:

- Section 1 – Annual Governance Statement 2025/26, page 4
- Section 2 – Accounting Statements 2025/26, page 5
- Section 3 – External Auditor Report and Certificate 2025/26, page 6
- Annual Internal Audit Report 2025/26, 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) Consider the findings of the review and approve the Annual Governance Statement in advance of approving the accounting statements.
 - e) To prepare Accounting Statements for the year ended 31 March 2026 in accordance with Proper Practices.
 - f) Consider the Accounting Statements, approve the Accounting Statements and ensure that the Accounting Statements are signed and dated by the person presenting at the Council meeting at which these are approved.
 - 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 1 July 2026.
- 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 Wednesday 1 July 2026.
- 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 29 June until Friday 7 August 2026.

End

Linda Blake
Town Clerk

Malvern Town Council**Internal Audit Report 2025-26****For presentation to the Council's Audit Committee on 27th May 2026****Overview**

This is my fifth year as the Councils independent internal auditor, as in recent years 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.

There is an additional AIAR area to examine this year. Assertion 10 has been added to the AGAR and the internal auditor is to review how Councils have prepared their response to the new assertion (Section O on the AIAR).

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 2025-26

1. Introduction

I have concluded the Council's annual independent internal audit. I am therefore able to complete the Annual Internal Audit Report (AIAR) 2025-26 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 2025/26 to the time of the audit review March 2026.

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 in the report below, to each of the areas covered by the AIAR, that apply to the Town Council (Appendix A is the summary report for the AGAR). 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. System review and sample testing showed that 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>At the time of the interim and annual internal audit visits the accounting records were 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. At the last review in November 2024 the regulations adopted by the Council were based on the 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>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> <p>As part of this year's expenditure control review a 'walk through' test was undertaken examining the arrangements and controls employed when letting a significant play installation contract; this included; tender, specification and evaluation model</p>	

<p>development, pre-tender process, submission and evaluation. The process was effective and robust.</p>	
<p>C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.</p>	<p>Yes</p>
<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) has been referenced in recent internal audit reports. Effective risk management supports the delivery of desired outcomes, being a progressive tool, rather than a restrictive one.</p> <p>The Councils has an Audit Committee which has a key role in providing review of the effectiveness of the Councils risk management arrangements. By way of example, during the current year the Committee considered the risk associated with; tendering, delivering the Council's action plan, and devolution and local government reorganisation. In March 2026 the committee developed terms of reference expanding its role to that of Audit and Scrutiny.</p> <p>From discussion, system review and sample testing it is evident that risk management is an organisation wide activity. Operation and financial risk management is robust; control compliance is well documented. 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>	
<p>D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.</p>	<p>Yes</p>
<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>Comprehensive management accounts are presented, and considered by the Policy and Resources Committee quarterly, the outcome being report to Full Council.</p> <p>The Council has a Reserves Policy (last reviewed March 2026). When setting the budget each year, the Council considers its reserve levels and requirement. The principle for holding reserves being to cover emergency need and aid cashflow</p>	

<p>management (general reserve) and for future projected spend on specific projects (earmarked reserves). The Councils general reserve has been set in line with the CIPFA guidelines; set at 25% of the Councils precept. 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>	
<p>E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.</p>	<p>Yes</p>
<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 have been reviewed and tested in recent years; these 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>Following the move to Victoria Park the Council generates increasing 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>Work for other organisations is also an area where income is received. As part of this year's audit the principle applied when taking on such work was discussed (not tested). Scale; the relationship between internal and external works can generate risk that needs to be effectively management. From discussion, the Councils external works are minimal, where work is undertaken a 'recovery of direct costs' charging principle applied. The risks associated with each external work request are considered prior to determining how to progress.</p> <p>Based on sample testing VAT has been appropriately accounted for.</p>	
<p>F. Cash payments were properly supported by receipts; all cash expenditure was approved and VAT appropriately accounted for.</p>	<p>Yes</p>
<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>	
<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.</p>	<p>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.

Sample testing of timesheets showed calculations and payments were in accordance with approved source documents.

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.

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.

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. An internal control check was introduced where the Operations Manager undertook sample tests on the final payroll submission each month. This has proved problematic; the concern is that the check implies a more comprehensive test has been undertaken than is practical. However, it is agreed the Council should require a degree of internal check operates over the monthly payroll. Therefore, a revised test will be carried out by the Operation Manager during 2026-27;

Each month for one employee, selected at random, the monthly payment will be fully checked – this will include; verifying the pay calculation to source evidence (approved rate, hours, addition, deductions, time records, etc). The test will also ensure the required authorisations/approvals (signatures) are present in respect of the payment tested. The copy payslip for the payment tested will be signed to show the test has been undertaken, any adjustments required being noted and tracked. This review of one payroll payment will test the accuracy of the pay calculation for an employee each month. As a 'walk through' test, this will also review the application of the payroll preparation process. As with any sample testing, this cannot provide control assurance over all aspect of the payroll process. The monitoring of the overall payroll spend occurs through the periodic budget reports to the Policy and Resources Committee. It is suggested the Audit & Scrutiny Committee review the effectiveness of this revised internal check.

Staff have employment contracts and the Council has personnel related policies and procedures. A staff performance management system is in operation, and the Council is currently reviewing the documentation for both an annual development review for staff, as well as ongoing supervision reviews.

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>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>Sample testing show physical inspection of assets is regularly undertaken and recorded, being 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 part funded from by PWLB loan, capital and interest payments on the loan are being made.</p> <p>The Council has a CCLA (Public Sector Deposit Fund) investment on which interest is received.</p>	
<p>I. Periodic bank account reconciliations were properly carried out during the year.</p>	<p>Yes</p>
<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>	
<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.</p>	<p>Yes</p>
<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>	

<p>K. If the authority certified itself as exempt from a limited assurance review in 2024/25, it met the exemption criteria and correctly declared itself exempt (<i>If the authority had a limited assurance review of its 2024/25 AGAR tick “not covered”</i>).</p>	<p>Not Covered</p>
<p>The Council did not certify itself as exempt in 2024/25 and therefore had a limited assurance review of its AGAR.</p>	
<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.</p>	<p>Yes</p>
<p>Transparency, through the publication of information, is a key governance expectation for public sector bodies. The council publishes the documentation as specified in the Freedom of Information Act and the Transparency Code, and follows the Data Protection Regulations (GDPR).</p> <p>The Council has a Publication Scheme which details the information available and how it can be accessed. The Accounts and Audit Regulations have 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> <p>At the time of the audit the Council’s website was reviewed and a wide range of information was available.</p>	
<p>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 (<i>during the 2025-26 AGAR period, were public rights in relation to the 2024-25 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set</i>).</p>	<p>Yes</p>
<p>The documents on the Councils website, show it correctly provided for the exercise of public rights as required by the Accounts and Audit Regulations.</p>	
<p>N. The authority has complied with the publication requirements for the 2024/25 AGAR (<i>see AGAR Page 1 Guidance Notes</i>).</p>	<p>Yes</p>
<p>The document on the Councils website, shows it correctly provided for the publication requirements for the 2024/25 AGAR.</p>	
<p>O. The authority has complied with laws, regulations & proper practices relating to digital and data compliance.</p>	<p>Yes</p>
<p>The Council is required to confirm it has effective digital and data control arrangements; the AGAR Assertion 10. The Councils Information Technology (IT) and data management policies, and information on its website, show the Council is aware of the requirements. The Council is aware it must process personal data with care and in line with the principles and requirements of data protection legislation.</p> <p>The Council has a generic email account (.gov.uk or .org.uk), for all email communications, which is hosted on an authority owned domain.</p> <p>The Council has reviewed its IT Users Policy (Policy & Resources March 2026), and has Data Protection and other associated policies; these explain how the Staff and</p>	

Members should conduct the Councils business in a secure and legal way when using IT equipment, software and on-line services.	
P. (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 20 January and 04 March 2026

Duncan Edwards (2025/26 internal audits)

Annual Internal Audit Report 2025/26

Malvern Town Council

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

During the financial year ended 31 March 2026, 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 2025/26 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. Cash payments were properly supported by receipts, all cash expenditure was approved and VAT appropriately accounted for.	✓		
G. Salaries to employees and allowances to members were paid in accordance with 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 2024/25, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2024/25 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 2025/26 AGAR period, were public rights in relation to the 2024-25 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 2024/25 AGAR (see AGAR Page 1 Guidance Notes).	✓		
O. The authority has complied with laws, regulations & proper practices relating to digital and data compliance.	✓		
P. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.	Yes	No	Not applicable
			✓

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

Name of person who carried out the internal audit

20/01/2026

04/03/2026

Duncan Edwards (DKE Audit Services)

Signature of person who carried out the internal audit



Date

13/05/2026

*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 & SCRUTINY COMMITTEE
MALVERN TOWN COUNCIL**

to be held on Wednesday 27 May 2026

in the Park View Meeting Room, Victoria Park Road, Malvern WR14 2JY at 7.15 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 2025/26.

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 & Scrutiny 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 2025/26 at their meeting in June 2025. 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 2025/26 year was as follows:

- Review of controls to measure whether aims and objectives are being completed,
- The Tendering Process,
- Risk Management arrangements around Objectives,
- Review of Annual Governance Statements and the supporting evidence behind these.

- 3.5. All items listed in 3.4 above have been completed with recommendations being endorsed by Full Council.

- 3.6. 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.

- 3.7. 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 2025/26

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 2026, 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 have assured ourselves that there are no matters of actual or potential non-compliance with laws, regulations and Proper Practices that could have a significant financial effect on the ability of this authority to conduct its business or manage its finances.			<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>
10. We have put in place arrangements for the effective IT and data management in accordance with proper practices during the year under review.			<i>has made suitable arrangements for its IT and data management and has complied with proper practices in doing so.</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