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Interim Internal Audit Report for Bembridge Parish Council

BASIS OF REPORT

This Interim Internal Audit has been undertaken in accordance with the Practitioners' Guide 2025. The scope of this review focuses on the effectiveness of the Council's internal controls that can be evidenced remotely via the Council's website and through a set of documents provided by the Council.

The purpose of internal audit is to provide independent assurance that the Council has appropriate and robust controls in place. Internal audit is not intended to detect every error or fraud; instead, it is a periodic review of the Council's systems of financial control, risk management, and governance arrangements, as required under the Accounts and Audit Regulations 2015.

All findings within this report are based on objective and traceable evidence. The conclusions are intended to highlight areas where improvements may strengthen governance or control prior to the Council's consideration of the Annual Governance Statement in due course.

As Internal Auditor, I confirm that I am independent of the Council's management, financial procedures and operations, and that I hold no conflicts of interest with the authority.

SUMMARY OF INTERIM AUDIT APPROACH

The interim audit consisted of:

- A remote review of information published on the Council's website.
- Examination of specific documents supplied electronically by the Council
- Assessment of compliance with the relevant internal control expectations outlined in the Practitioners' Guide 2025
- Identification of any areas where additional evidence will be required during the Year-End Internal Audit
- Review of transparency, publication and data compliance requirements

This Interim Audit provides an *in-year* assurance but does not replace the full Year-End Internal Audit.

FINDINGS

The following observations were made based on remote evidence and documentation supplied.

Previous Audit Recommendations:

This is the first year of internal audit by Legra Internal Audit Services. A review of the 2024/25 internal audit report was undertaken and there were no recommendations made.

Annual Council Meeting
This meeting was held 21st May 2025. Councillors were summoned to the meeting, and the first item of business was the election of a Chairman, following which the Chairman signed a Declaration of Acceptance of Office.

All business outlined in Standing Order 5J was included in the meeting.

Approval of the AGAR 2024/25
This was undertaken at the Council Meeting 18th June 2025. In line with the AGAR guidance, the AGAR Internal Audit report was considered prior to approval of the Governance Statement and Accounting Statements.

Whilst the order of completing the AGAR was correct, in accordance with the guidance of the Practitioners' Guide 2025 1.5, the Council needs to have appropriate evidence to support 'yes' to any Governance Statement assertion and therefore *it is recommended that the Council clearly evidences its consideration of each AGAR Section 1 assertion within the formal minutes.*

There is a defined procedure in the Practitioners' Guide for approving Section 2 of the AGAR and this was followed with the RFO signing Section 2 on 11th June 2025.

Council resolved the dates for the Exercise of Public Rights Inspection as Friday 20th June to Thursday 31st July 2025. In accordance with the Local Audit and Accountability Act the inspection period was 30 working days inclusive and did include the first 10 working days of July.

The AGAR was correctly submitted to the External Auditor prior to 30th June 2025 and published to the website. The Conclusion notice was correctly completed and published prior to 30th September 2025. The Bank Reconciliation, Variances report and Internal Auditors report do form part of the AGAR but were only published as accompanying papers to the agenda. *It is recommended that these documents are published alongside the published AGAR found in the Council's finance section.*

Council considered the internal audit report but there is no evidence within the minutes that the external audit report was formally considered. As Assertion 7 in the AGAR seeks confirmation that appropriate action on all matters raised in reports was taken, *it is recommended that both the internal and external audit reports are formally considered by Council at an appropriate meeting and records this in the minutes.*

Monitoring of Financial Information

The Council monitor financial actuals against budget on a quarterly basis through the Finance & Governance Committee. Whilst minutes evidence that this takes place, the agenda supporting papers do not always include financial details. Councils are expected to record narrative explanations for material variances, as this supports transparency and strengthens the audit trail. *It is therefore recommended that financial information is published and reasons for any significant variances are recorded in the minutes.*

Payments and receipts are presented to Council for approval along with Bank Reconciliations.

Steyne Park hire and Cemetery charges were reviewed in April 2025 for 2025/26. In September 2025 Burial fees and hire charges for Council facilities were reviewed.

The precept set for 2025/26 of £262,398 was received and acknowledged in the Transaction list to 29th April 2025. The budget for 2025/26 and Precept demand are on the website.

The Council has bank balances exceeding £100,000 but does not have an Investment Strategy. Under section 15(1)(a) of the Local Government Act 2003, the statutory guidance effective from 1 April 2018 sets a clear expectation that parish councils whose investments exceed or are expected to exceed £100,000 at any time during the financial year should prepare and approve an Investment Strategy which should be approved by full council and be made publicly available. *It is therefore recommended that the Council* *adopts an Investment Strategy as a priority to warrant a positive response to Assertion 3 – compliance with laws, regulations and proper practices at year-end.*

The pay reports requested to confirm that the national pay increase for Staff was implemented in August 2025 and backdated accordingly to 1st April 2025 were not received in time and therefore *this will be checked at year-end.*

Policy Reviews

Standing Orders were reviewed in May 2025 and are based on the latest NALC model version.

Financial Regulations were last reviewed in March 2025, with the apparent intention of ensuring compliance for the 2025/26 financial year. However, the version adopted was not based on the latest NALC model and therefore did not reflect the legal changes introduced by the Procurement Act that came into effect in February 2025. *It is recommended that updated Financial Regulations, aligned to the current NALC model, are approved as soon as possible for the remainder of the current financial year. Thereafter, Financial Regulations should be reviewed and approved annually at the same time as Standing Orders for the financial year to which they relate.*

The Council also has the following key policies in place:

Code of Conduct; Document Retention Policy; Health and Safety Policy and Risk Management with appropriate review dates.

The Council does not currently have a formally approved Reserves Policy in place. While there is no specific legal requirement to adopt such a policy, best practice expects councils to be able to clearly justify the level and purpose of their reserves. *It is recommended that the Council adopts and annually reviews a Reserves Policy, approved by full Council, to support prudent financial planning and provide transparency over the use and level of reserves.*

The Council is due to undertake a review of its Risk Management and Internal Controls in February 2026.

2026/27 Budget Process

This process has not yet been implemented and will be reviewed at the year-end audit.

Insurance Review

Insurance is in place from September 2025 to August 2026. *It is recommended that a full review of insurance cover to the Fixed Asset Register 2025 is undertaken as values at the time of the interim audit did not compare.*

Public Liability Insurance £10 million

Employers' Liability Insurance £10 million

Fidelity Insurance £250,000. This is not considered sufficient and based on current year-end balances and precept levels, *it is recommended that the insurance amount is reviewed as a priority to the calculated minimum cover of £400,000.*

Digital and Data Compliance

The Council's website is WCAG 2.2AA compliant and an Accessibility Statement is published within the Transparency Policies on the website.

Five years of AGAR information is published to the website and at least 3 years of minutes and agendas are published along with agenda reports. Details for the Committees are published which shows individual Councillors' responsibilities as well as under the Councillor profiles.

Contact details for Councillors are only published as links on the website which on testing, there was a delay in loading the first email address. This did resolve itself thereafter. Councillors have .gov.uk email addresses. Declaration of Interest forms are available for each Councillor. The Parish Clerk has a generic email account hosted on the Council's .org.uk domain. *It is recommended that the Clerk email address is moved to the .gov.uk domain*. This will help maintain a consistent and professional image for the Council and ensures all communications are easily identifiable as coming from the Council. This is increasingly important as cyber scams are on the rise.

As the Council has a turnover exceeding £200,000, it is obliged to comply with the Transparency Code 2015. The Code requires that local authorities must publish details of all land and building assets. Whilst basic information appears on the Fixed Asset Register, *it is recommended that the Council ensure all details required are published and a guidance sheet is attached to this report*.

The Council has a Publication Scheme in accordance with the Freedom of Information Act 2000. This policy was due to be reviewed in November 2025, but the old policy remains on the Council website and the Council minutes 19th November do not indicate that the review took place. *It is recommended that Council ensure that the annual review is undertaken.*

With the introduction of new Assertion 10 from the 2025/26 AGAR, all smaller authorities must follow both the General Data Protection Regulation (GDPR) 2016 and the Data Protection Act (DPA) 2018. The Council has a Privacy Policy, Freedom of Information Policy and Data Protection Policy. To further evidence that the Council processes personal data with care and in line with the principles of data protection, *it is recommended that the Council consider implementing and publishing a procedure for staff to undertake when subject access requests are received.*

There is no evidence on the website of an I.T. policy. This is a requirement of the Practitioners' Guide 2025, and *it is recommended that the Council implement an appropriate policy prior to year-end.*

Conclusion
These findings represent an in-year position and may change as further evidence is reviewed at year-end. These recommendations are offered to further enhance the Council's internal control framework and do not detract from the work already undertaken and the quality of the Council's website and the content therein.

Council should formally minute the receipt of this report to inform them of the Interim Internal Audit work carried out and recognise the recommendations made.

If you would like any further assistance or clarification, please do contact me.

Helen Symmons
Legra Internal Audit Service
Internal Auditor