Guy Ranaweera
Sprowston Town Council
Council Office
Recreation Ground Road
Sprowston
Norfolk
NR7 8EW

5th June 2026

Dear Guy

Re: Sprowston Town Council
Internal audit for year ending 31st March 2026 – Final Audit report

Executive summary

Following completion of my visit to Sprowston on 23rd February and 20th May 2026 plus additional checking of website and documents, I enclose my final audit report for your attention and presentation to the Council. The audit was conducted in accordance with current practices and guidelines. Whilst I have not tested all transactions, my samples have where appropriate covered the entire year.

My report is presented in the same order as the assertions on the internal auditor report within the published AGAR. The start of each section details the nature of the assertion to be verified. The report concludes with an opinion as to whether each assertion has been met or not at the audit. Where appropriate, recommendations for action are shown in bold text and are summarised in the table at the end of the report.

I was advised by the Clerk that there was an issue with regard to reconciling boxes 7 and 8 in the accounts for the year ending March 2026. The box 7/8 reconciliation is out by over £74,000. Despite going back a few years looking at trial balances and annual returns, I have been unable to find the reason for this large discrepancy.

I was sent a box 7/8 reconciliation for the financial year ending March 2025 and the VAT figure in the reconciliation is a refund of £26,842 which doesn't match the VAT return for Q4 in 2024-25 which showed a refund of £54,434.

I do not think that this is a result of anything other than the accounts being unnecessarily complicated and human error. However, I will be informing the external auditor of this discrepancy.

Sprowston TC have informed me that they will be moving over to an accounting package soon which is specifically designed for parish councils. This should make the year-end process much more straightforward in future.

Regulation

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

Internal auditing is an independent, objective assurance activity designed to improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. The purpose of internal audit is to review and report to the authority on whether its systems of financial and other internal controls over its activities and operating procedures are effective.

The function of the internal audit is to test and report to the authority on whether its specific system of internal control is adequate and working satisfactorily. The internal audit reports should therefore be made available to all members of Sprowston Town Council to support and inform them when they are considering the authority’s approval of the annual governance statement.

Independence and competence

Your audit was conducted by J. Miller. I confirm that the internal auditor is independent from the management of the financial controls and procedures of the Council and that the internal auditor does not have any conflicts of interest with the audit client, nor do they provide any management or financial assistance to the client.

Your auditor is CiLCA-qualified and a chartered management accountant.

Planning and inherent risk assessment

My work will address each of the internal control objectives as stated on the Annual Internal Audit Report of the AGAR. As part of the inherent risk assessment, I have concluded that:

- There have been no reported instances of serious breaches of regulations in the past

- The client uses an industry approved financial reporting package
- The client regularly carries out reconciliations and documents these
- There is regular reporting to Council
- The management team are experienced and informed
- Records are neatly maintained and referenced
- The client is aware of current regulations and practices
- There has been no instance of high staff turnover

It is my opinion that the inherent risk of error or misstatement is low. Testing to be carried out will be “walk through testing” on sample data to encompass the period of the Council year 2025-26.

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This report has been prepared for the sole use of Sprowston Town Council. To the fullest extent permitted by law, no responsibility or liability is accepted by the internal auditor to any third party who purports to use or rely on, for any reason whatsoever, this report, its content or conclusions.

A. APPROPRIATE ACCOUNTING RECORDS HAVE BEEN KEPT

Internal audit requirement

Appropriate accounting records have been properly kept throughout the financial year.

Audit findings

The interim audit was conducted on site with the Clerk, who also acts as the Council's Responsible Financial Officer (RFO), plus the Finance Officer. The staff listed had prepared some of the information advised in advance of the visit, and I have the impression that accounting records are neatly maintained and easily accessible. Other information was reviewed through discussion with the Clerk and the Finance Officer and a review of the Council website (https://sprowston-tc.gov.uk/).

The Council uses Sage accounting software for recording the day-to-day financial transactions of the Council. The system is used regularly to record transactions and produce management information reports for review at Council and committee meetings.

Agendas, reports and minutes for meetings are clear and concise, and in general decisions are clearly recorded. There is evidence of sufficient information being provided to councillors to allow them to make informed financial decisions.

B. FINANCIAL REGULATIONS, GOVERNANCE AND PAYMENTS

Internal audit requirement

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

Audit findings

Check the publication and minuting of the prior year audited AGAR and notice of conclusion of audit.

The external auditor's report for 2024-25 did not flag anything of concern other than that the letter of engagement from the internal auditor had not been signed. The external auditor's report was presented to full Council at the meeting of November 2025.

I note that internal audit reports are also published on the Council website.

Confirm by sample testing that councillors sign statutory office forms

I confirmed by sample testing that councillors sign "Acceptance of Office" forms. The Council website provides details of councillors and includes a link to the Broadland District Council website page with each of their Register of Interests Forms.

Confirm that the council is compliant with the relevant transparency code

As the Council's income and expenditure exceeds £25,000, it is not a statutory requirement to follow the requirements of the Local Government Transparency Code, although it is recommended best practice to do so

Confirm that the council is compliant with GDPR

The Sprowston TC website is now a mixture of Sprowston TC e-mail addresses and District Council e-mail addresses. **I recommend the Council only lists Council-provided e-mail addresses for councillors**, including for District Councillors.

The Council has a Privacy Notice on the home page of its website and there is a website accessibility policy on the website.

Confirm that the council meets regularly throughout the year.

In addition to full Council, the Council has a Recreational Facilities Working Group to deal with business. A future meeting diary is available on the Council website, along with historic minutes. Agendas for meetings are kept on the website after meetings.

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

I was able to test that at least 3 clear days' notice is given on agendas. Whilst we have not tested every single committee and Council meeting there was no evidence of non-compliance in giving three clear days' notice of the meeting. I note that reports are published for meetings containing supporting non-confidential background information on agenda items. This conforms with the requirements of the Information Commissioner's Office (ICO).

Check the draft minutes of the last meeting(s) are on the Council's website.

The draft minutes of the last meeting were not yet uploaded to the Council's website. I was informed that they are uploaded when the agenda of the next meeting is uploaded.

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

The Standing Orders based on the current NALC model were last reviewed and adopted at the May 2026 meeting.

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

The Financial Regulations based on the current NALC model were last reviewed and adopted at the May 2026 meeting.

Check that the council's Financial Regulations are being routinely followed.

The Council has thresholds in place at which authorisations to spend must be obtained as below:

FR 5.15 Individual purchases within an agreed budget for that type of expenditure may be authorised by:

· the Clerk, under delegated authority, for any items below £5000 excluding VAT.

· the Clerk, in consultation with the Chair of the Council, for any items below [£5,000] excluding VAT.

· a duly delegated committee of the council for all items of expenditure within their delegated budgets for items under £5,000 excluding VAT

· in respect of grants, a duly authorised committee within any limits set by council and in accordance with any policy statement agreed by the council.

· the council for all items over £5,000;

Such authorisation must be supported by a minute (in the case of council or committee decisions) or other auditable evidence trail.

Contracts may not be disaggregated to avoid controls imposed by these regulations.

Based on the level of financial activity of the Council, these authorisation thresholds appear reasonable.

I tested a random sample of seventy nine invoices with a total value of £244,298.67 including VAT. All were found to have been approved at full council meetings and recorded in the minutes.

I advise that, though the Clerk has authority to spend below a certain level, according to the financial regulations, it is still good practice to have all invoices approved.

Councillors should be sent a payments list at least three days before any meeting at which payments are to be approved.

Confirm all section 137 expenditure meets the guidelines and does not exceed the annual per elector limit of £11.10 per elector.

The Council does not have General Power of Competence. It uses section 137 and this is monitored using a s137 monitoring spreadsheet. Sprowston TC spent £32,075.00 during the year using s137 (the previous year was £31,469.00). Sprowston TC have not given me the maximum spend available this year but the maximum s137 spend available in 2024-25 was £153,318.23. I am confident that this year's s137 spend is well within the limits.

Check receipt of VAT refund matches last submitted VAT return.

The Council submits its VAT return on a quarterly basis. When I visited in May 2026, the most recent submission was for the period 1st January to 31st March 2026 inclusive and showed a refund amount due of £29,649.91. The refund entered the STC bank account on 28th May 2025 but the figure was £29,661.08. I also checked the VAT returns for the rest of the financial year and they were all correct. I was informed by Sprowston TC that this had happened before and that they made the appropriate adjustments via the following quarter's VAT return.

Confirm that checks of the accounts are made by a councillor.

Whilst I see evidence of checks of accounts made by a councillor, I would expect to see more checking of financial performance compared to budget throughout the year.

C. RISK MANAGEMENT AND INSURANCE

Internal audit requirement.

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

Audit findings.

The Council has an adopted Risk register which was reviewed and updated during 2025-26 in May 2025 and has been reviewed and updated in May 2026.

I confirmed that the Council has a valid insurance policy in place with Zurich which was renewed on 1st April 2025. The policy includes Public Liability cover of £15 million, Hirers' Liability cover of £2 million, Fidelity Liability cover of £2 million and Employers Liability cover of £10 million.

D. BUDGET, PRECEPT AND RESERVES

Internal audit requirement

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

Audit findings

At the December 2024 meeting, the precept was set at £897,054 for 2025-26. The precept amount was stated in the minutes of the meeting.

At the December 2025 meeting, the precept was set at £942,788 for 2026-27. The precept amount was stated in the minutes of the meeting.

I am satisfied that the budgeting process is robust based on councillors having access to financial information on an ongoing basis to be able to actively engage in budget setting.

There is evidence within the minutes of meetings that detailed financial information is presented to appropriate meetings, and this would appear to support councillors in making informed decisions. However, as mentioned earlier, this should be more frequent.

The Joint Panel on Accountability and Governance (JPAG) Practitioner's guide states 'the generally accepted recommendation with regard to the appropriate minimum level of a smaller authority's general reserve is that this should be maintained at between three and twelve months of net revenue expenditure' (para 5.33).

Looking at the cash position of the Council at the time of the audit, I am satisfied that the Council has enough reserves to meet its financial obligations.

E. INCOME

Internal audit requirement

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

Audit findings

Apart from the precept, the Council budgets to receive income from other sources such as hall hire and the renting of property. The precept is a substantial part of the income for Sprowston TC for the year 2025-26.

From my review of the Sage records, income is recorded with sufficient narrative to clearly identify the source, and appears to be posted to the correct nominal codes.

There is one debt which of concern; however, Sprowston TC have demonstrated that they are working to reduce the debt. I am therefore satisfied that Sprowston TC are proactive in receiving income due.

F. PETTY CASH

Internal audit requirement

Petty cash payments were properly supported by receipts, all petty cash expenditure was approved, and VAT appropriately accounted for.

Audit findings

I reviewed the petty cash reconciliation for March 2026. Movement in petty cash is negligible and petty cash reconciled to the actual quantity of petty cash for the period. At the year end, there was £85.53 of petty cash.

I am satisfied that petty cash is managed appropriately.

G. PAYROLL

Internal audit requirement

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

Audit findings

Payroll services are carried out internally, and Sprowston Town Council makes the BACS payments for salaries and to the HMRC and the pension provider. There are ten members of staff at Sprowston TC.

I reviewed the salaries file and was able to confirm that based on the tax code information on the pay slips, the deducted amounts appear correct.

I remind the Clerk that only salary, HMRC and pension payments should be included in box 4 on the Annual Governance and Accountability Return (AGAR) and any other staff costs should be recorded in box 6.

H. ASSETS AND INVESTMENTS

Internal audit requirement

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

Audit findings

The register was checked for the end of year and the figure matches the amount on the Accounting Statement.

The Council has four PWLB loans with a balance at the end of the year of £1,200,699.90 and these are adequately kept track of using a combination of the accounts and PWLB statements.

I. BANK AND CASH

Internal audit requirement

Periodic and year-end bank account reconciliations were properly carried out.

Audit findings

The process for bank reconciliations is contained within the council's adopted Financial Regulations for 2025-26.

FR 2.6 states "Each month and at least once in each quarter, and at each financial year end, the Chair shall be appointed to verify bank reconciliations (for all accounts) produced by the RFO. The Chair shall sign and date the reconciliations and the original bank statements (or similar document) as evidence of this. This activity, including any exceptions, shall be reported to and noted by the council."

At the August 2025 meeting of full council, the bank reconciliation for Q1 was approved by full council. The bank reconciliation for Q2 was approved by full council in October 2025; and the bank reconciliation for Q3 was approved by full council in January 2026. While FR2.6 does not require monthly bank reconciliations, having monthly bank reconciliations would reduce the gap which is evident between the Q4 bank reconciliation of the previous year and the Q1 bank reconciliation of the 2025-26 financial year.

J. YEAR END ACCOUNTS

Internal audit requirement

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

Audit findings

I can confirm that Sprowston TC are using the correct accounting basis (income & expenditure method) for their accounts.

However, Sprowston TC have been unable to reconcile the figures in box 7 and box 8.

K. LIMITED ASSURANCE REVIEW

Internal audit requirement

Not relevant.

Audit findings

Not relevant.

L: TRANSPARENCY

Internal audit requirement

If the authority has an annual turnover not exceeding £25,000, it publishes information on a website / webpage up to date at the time of the internal audit in accordance with the Transparency Code for Smaller Authorities

Audit findings

Though Sprowston TC is above the threshold, it recognises the importance of openness and transparency and consequently publishes information accordingly.

M: EXERCISE OF PUBLIC RIGHTS - INSPECTION OF ACCOUNTS

Internal audit requirement

The authority has demonstrated that during summer 2025 it correctly provided for the exercise of public rights as required by the Accounts and Audit Regulations.

Audit findings

Inspection – key dates	2024-25 Actual
Date AGAR signed by Council	11 June 2025
Date inspection notice issued	20 June 2025
Inspection period begins	23 June 2025
Inspection period ends	8 August 2025
Correct length (30 working days)	No, but longer
Common period included (first 10 working days of July)	Yes

I am satisfied the requirements of this control objective were met for 2024-25, and assertion 4 on the Annual Governance Statement can therefore be signed off by the Council.

STC’s inspection period was for a total of 35 days. However, after checking with PKF Littlejohn, they advised that they would not mark a council down for a slightly longer inspection period.

N: PUBLICATION REQUIREMENTS

Internal audit requirement

The authority has complied with the publication requirements for 2024-25. Under the Accounts and Audit Regulations 2015, authorities must publish the following information on the authority website / webpage.

Before 1 July 2025 authorities must publish:

• Notice of the period for the exercise of public rights and a declaration that the accounting statements are as yet unaudited

• Section 1 - Annual Governance Statement 2024-25, approved and signed, page 4

• Section 2 - Accounting Statements 2024-25, approved and signed, page 5

Not later than 30 September 2025 authorities must publish:

•Notice of conclusion of audit

•Section 3 - External Auditor Report and Certificate

•Sections 1 and 2 of AGAR including any amendments as a result of the limited assurance review.

It is recommended as best practice, to avoid any potential confusion by local electors and interested parties, that you also publish the Annual Internal Audit Report, page 3.

Audit findings

I was able to confirm that the Notice of Public Rights is published on the Council website. The Notice of Conclusion of Audit was posted online on 29th September 2025.

O. TRUSTEESHIP

Internal audit requirement

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

Audit findings

The Council has no trusts.

Achievement of control assertions at interim audit date

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

	INTERNAL CONTROL OBJECTIVE	Yes	No	Not covered
A	Appropriate accounting records have been properly kept throughout the financial year	Y		
B	This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved, and VAT was appropriately accounted for.	Y		
C	This authority assesses the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	Y		
D	The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	Y		
E	Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	Y		
F	Petty cash payments were properly supported by receipts, all petty cash expenditure was approved, and VAT appropriately accounted for.	Y		
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.	Y		
H	Asset and investments registers were complete and accurate and properly maintained.	Y		
I	Periodic bank account reconciliations were properly carried out during the year.	Y		
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.		N	
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")			N/A
L	The authority publishes information on a free to access website/webpage up to date at the time of the internal audit in accordance with any relevant transparency code requirements.	Y		
M	The authority, during the previous year (2024-25) correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations (evidenced by the notice published on the website and/or authority approved minutes confirming the dates set).	Y		
N	The authority has complied with the publication requirements for 2024-25 AGAR.	Y		
O	Trust funds (including charitable) – The council met its responsibilities as a trustee.			N/A

Should you have any queries please do not hesitate to contact me.

Yours sincerely

J. Miller

Audit Point	**Audit Findings**	**Council comments**
Reconciliation of boxes 7 and 8	Unable to reconcile boxes 7 and 8	
Bank reconciliations	Need to be reviewed and checked more regularly at full council. Monthly bank reconciliations would help.	
Budget monitoring	This needs to be much more explicit in terms of the activity as well as minuting the activity.	