

COMMITTEE REPORT

Subject:	<i>Annual Governance Statement 2025/26</i>
Committee:	<i>Extraordinary Full Council</i>
Item Number:	<i>11</i>
Date:	<i>Monday 29 June 2026</i>
Author:	<i>Janine Whitty, Head of Corporate & Interim Deputy Chief Executive Officer</i>
Report status:	<i>Decision</i>
Confidential / Exempt:	<i>No</i>

1. Report Summary

- 1.1 The purpose of this report is to seek the council's approval of the Annual Governance and Accountability Return (AGAR).
- 1.2 This report provides the background, financial implications, legal and governance considerations, risks, and recommended course of action to support informed decision-making.
- 1.3 Each year the Council has a statutory duty to consider and approve the Annual Governance and Accountability Return (AGAR). The AGAR comprises two components:
 - 1.3.1 This report (Annual Governance Statement)
 - 1.3.2 Separate report on this meeting's agenda (Accounting statements)

2. Recommendations

It is recommended that the Committee follow the order of business as specified in paragraph 3.3 and as laid down in the Accounts and Audit Regulations 2015 and consider and approve the AGAR accordingly.

The Council is asked to:

- 2.1 Note the internal Auditor's detailed report dated 5 June 2026 which was considered in detail by the Finance Committee on 22 June 2026 (Appendix A);
- 2.2 Note the internal auditor's Annual Internal Audit Report (Appendix B);
- 2.3 Note the Annual Governance Statement Assertions (Appendix C); and,
- 2.4 Approve the Annual Governance Statement 2025/26 (Appendix D)

3. Requirements of the AGAR

- 3.1. Smaller authorities are required by law under the Accounts and Audit Regulations 2015 to prepare accounting statements for the year ended 31 March 2026 in the form required by proper practices, as provided in the Joint Panel on Accountability & Governance (JPAG) Practitioners' Guide.
- 3.2. The regulations require the smaller authority to carry out a review of the effectiveness of the system of internal control and prepare the Annual Governance Statement (AGS). The smaller authority must also ensure that, prior to 1 July 2026, it submits a completed and approved AGAR to the External Auditor.
- 3.3. At this approval meeting, Full Council must, in the following order:
 - Consider the findings of this review report by the members meeting as a whole;
 - Approve the Annual Governance Statement by resolution in advance of approving the Accounting Statements;
 - Ensure the Annual Governance Statement is signed and dated by the person presiding at the meeting at which that approval is given;
 - Consider the Accounting Statements by the members meeting as a whole (separate report);
 - Approve the Accounting Statements by resolution (separate report); and
 - Ensure the Accounting Statements are signed and dated by the person presiding at the meeting at which that approval is given (separate report).

4. Effectiveness of the Internal Control System

- 4.1. In accordance with the Regulations, the Council must consider the internal audit work performed and the internal audit arrangements in place between 1 April 2025 and 31 March 2026.
- 4.2. At the interim audit undertaken in July 2025 and January 2026 the internal auditor reported:

“It is clear the council takes governance, policies and procedures seriously and I am pleased to report that overall, the systems and procedures you have in place are fit for purpose. It is therefore our opinion that the systems and internal procedures at Salisbury City Council are a model of good practice.”
- 4.3. The interim report to the Finance Committee in February 2026 included the RFO's and SCC officers' responses and actions planned to address the various weaknesses. Both the RFO and councillors acknowledged that the effectiveness of the Council's internal control system had significantly improved from 2023 but there were still improvements needed in VAT control accounts, fixed assets and the purchase ordering system.
- 4.4. By the time of the auditor's year-end audit in June 2026, all monthly bank reconciliations had been completed and signed off and the two recommendations for the Corporate team had been implemented.
- 4.5. Officers can state that in the year-end audit report, the internal auditor concluded

“Our testing did not identify any procedural errors requiring reporting to the external auditor at this time, nor did we observe any material weaknesses in internal controls that would pose a risk to public funds.”

“We are pleased to report that overall, the systems and procedures currently in place are appropriate and effective. Whilst this report may contain recommendations for improvement, these should not be viewed as indicators of any kind of system error. Rather, they are intended to support the continued development of what is, in our view, a well-managed and robust governance framework and is indeed a model of good practice.”

- 4.6. In accordance with the resolution of Full Council in November 2025 the Finance Committee considered the internal auditor’s detailed report at the meeting on 22 June 2026. The detailed report provides the most comprehensive, independent and professional assessment of the state of the Council’s internal control measures. The Committee recommended that Full Council approves the auditor’s report in accordance with Financial Regulations. For completeness, the full detailed report is included in **Appendix A** to this report.
- 4.7. Councillors are now invited to consider the statutory Annual Internal Audit Report 2025/26, attached as **Appendix B**, which is a summary of the internal auditor’s year-end report and forms page 3 of the AGAR. Councillors are asked to note that it indicates that in all significant respects internal control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of the authority.

5. Annual Governance Statement (AGS)

- 5.1. In addition to the assurance provided by the Internal Auditor, Councillors can be reassured that the Council has in place 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, due to the Council’s adherence to the Annual Governance Statement assertions, as detailed in **Appendix C**.
- 5.2. Councillors are invited to consider the entirety of the assertions in **Appendix C**, particularly where officers indicate less than full compliance and the scope for improvement.
- 5.3. Councillors will note the introduction of a new Assertion 10, which evaluates the authorities’ compliance with digital and data requirements.
- 5.4. The Clerk of the meeting has relied upon the assertions provided in Appendix C and their own knowledge of the Council to complete the statutory Annual Governance Statement, attached as **Appendix D**, which forms Section 1 and page 4 of the AGAR.

6. Financial Position

- 6.1. There are no direct financial costs associated with the approval of the Annual Governance Statement.
- 6.2. The AGAR process is undertaken within existing officer resources and forms part of the Council’s statutory financial reporting requirements.
- 6.3. There are no additional ongoing revenue implications arising directly from this report; however, any actions identified through internal audit recommendations or governance improvements will be managed within existing budgets or brought forward separately if funding is required.
- 6.4. The preparation and approval of the AGAR represents value for money as it ensures compliance with statutory requirements and supports the effective stewardship of public funds.
- 6.5. The Responsible Financial Officer has been consulted in the preparation of this report.

7. Legal and Governance Considerations

- 7.1. The Council has a statutory duty under the Accounts and Audit Regulations 2015 to prepare and approve the Annual Governance and Accountability Return (AGAR).
- 7.2. The Regulations require the Council to review the effectiveness of its system of internal control and formally approve the Annual Governance Statement in advance of the Accounting Statements.
- 7.3. Full Council is required to approve the Annual Governance Statement, and this report ensures compliance with the prescribed order of business.
- 7.4. Failure to comply with statutory requirements could result in regulatory challenge or reputational damage; however, this risk is mitigated through adherence to proper practices and external audit oversight.

8. Consultation and Engagement

- 8.1. The preparation of the Annual Governance Statement has involved consultation with the Responsible Financial Officer, senior officers, and the Council's Internal Auditor.
- 8.2. The Internal Auditor's reports provide independent assurance and inform the governance assertions included within the AGAR.
- 8.3. No wider public consultation is required, as the AGAR is a statutory governance and financial reporting process.
- 8.4. The approved AGAR will be published to ensure transparency and accountability to residents and stakeholders.

9. Strategic and Policy Alignment

- 9.1. The approval of the Annual Governance Statement supports the Council's commitment to strong governance, financial accountability, and transparency.
- 9.2. It aligns with the Council's adopted policies and procedures relating to financial management, internal control, and corporate governance, as well as the requirements set out in the Practitioners' Guide, issued by the Smaller Authorities Proper Practices Panel (SAPPP) to support the preparation of statutory annual accounting and governance statements by smaller authorities in England.

10. Implementation and Next Steps

10.1. Subject to Council approval, the next steps will be as follows:

- a. Formal approval of the Annual Governance Statement;
- b. Completion and approval of the Accounting Statements (separate report);
- c. Submission of the completed AGAR to the External Auditor by the statutory deadline.

10.2. The anticipated timetable is:

Milestone	Date
Approval of AGS and Accounting Statements	29 June 2026

Submission of AGAR to External Auditor	By 1 July 2026
External audit review period	Summer 2026

10.3. Responsibility for implementation will sit with the Responsible Financial Officer, supported by the Corporate Services team.

11. Implications

Implication Area	Impact	Comments / Mitigation
Financial	Low	No direct cost; ensures compliance with statutory financial reporting requirements.
Legal	Medium	Statutory requirement under Accounts and Audit Regulations 2015; mitigated through compliance.
Risk	Low	Governance risks mitigated through internal audit, controls, and external audit oversight.
Personnel	Low	Completed within existing officer roles and responsibilities.
Environmental Impact	None	No direct environmental impact.
Equalities Impact Statement	None	No equalities impacts identified.
Community / Public Impact	Low	Promotes transparency and public accountability.
Procurement / Contractual	None	No procurement implications.
Property / Asset	None	No impact on Council assets.
Data Protection	Low	Compliance assessed through AGS assertions, including digital and data requirements.

12. Appendices / Background Papers

12.1 Appendix A - Internal Auditor's Detailed Report

12.2 Appendix B – Annual Internal Audit Report (AGAR page 3)

12.3 Appendix C – Annual Governance Statement Assertions

12.4 Appendix D – Annual Governance Statement (AGAR Section 1 page 4)



Mr Steve Bishop
Salisbury City Council
The Guildhall
Market Place
Salisbury
Wiltshire, SP1 1JH

5th June 2026

Dear Steve,

Re: Salisbury City Council
Internal Audit Report for Financial Year Ended 31 March 2026

Executive summary

Following completion of our final internal audit on 3rd June 2026 we are pleased to enclose our report for your review and presentation to the council. The audit was conducted in accordance with current professional standards and guidelines, employing a risk-based approach to our testing. While not all transactions were examined, our sample testing, where appropriate, covered the full financial year.

Some assertions, as noted in this report, were tested at the interim internal audits completed on the 9th September 2025 & 27th January 2026 the council should review all internal audit reports for the year before completing the Annual Governance Statement.

The structure of this report aligns with the assertions set out in the Annual Internal Auditor Report section of the published Annual Governance and Accountability Return (AGAR). Each section begins with a summary of the assertion being assessed, followed by details of the testing undertaken, which was guided by the audit plan previously shared with the council. A copy of the audit plan is available upon request. The report concludes with our opinion on whether each assertion has been met as of the date of the audit. **Any recommendations for action are highlighted in bold and summarised in the table at the end of the report.**

Our testing did not identify any procedural errors requiring reporting to the external auditor at this time, nor did we observe any material weaknesses in internal controls that would pose a risk to public funds.

We are pleased to report that overall, the systems and procedures currently in place are appropriate and effective. While this report may include recommendations for improvement, these should not be viewed as indicators of any kind of system error. Rather, they are intended to support the continued development of what is, in our view, a well-managed and robust governance framework and is indeed a model of good practice.

I have completed the Annual Internal Audit Report page of the AGAR and provided this to the council for onward submission to the External Auditor.

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 primary purpose of internal audit is to assess and report to the authority on the effectiveness of its financial systems and other internal controls, including the operational procedures that support its activities.

The internal audit function involves testing and evaluating whether the authority’s internal control framework is both adequate and functioning effectively. Internal audit reports should be made available to all Members, providing a basis for informed decision making when considering the authority’s approval of the Annual Governance Statement.

Independence and competence

Your audit was conducted by Mark Mulberry of Mulberry Local Authority Services Ltd, who has over 30 years’ experience in the financial sector with the last 14 years specialising in local government.

Your auditor is independent from the management of the financial controls and procedures of the council and has no conflicts of interest with the audit client, nor do they provide any management or financial assistance to the client.

Engagement Letter and inherent risk assessment

An engagement letter was previously issued to the council covering the 2025/26 internal audit assignment, which includes the scope and plan of works and fee structure. Copies of this document are available on request from anna@mulberrylas.co.uk

In summary, our work will address each of the internal control objectives as stated on the Annual Internal Audit Report of the AGAR.

It is our opinion that the inherent risk of error or misstatement within the council’s financial systems is low. The internal control environment is considered reliable, and as such, substantive testing of individual transactions is not deemed necessary at this stage.

Audit testing will therefore consist of walk-through testing on a selection of sample data, covering the period under review within the current council year. This approach is designed to confirm that key controls are operating effectively throughout the financial period.

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INTRODUCTION

The audit was conducted on site with the council's Responsible Financial Officer (RFO). The RFO had prepared the information advised in advance of the visit, and overall, I have the impression that accounting records are neatly maintained and easily accessible.

Other information was reviewed through discussion with the team and a review of the council website

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UPDATES ON RECOMMENDATIONS FROM INTERIM AUDIT

Internal Audit – Summary of recommendations

Audit Point	Interim Audit Findings	Council comments
Audit Point	Interim Audit Findings	Council comments
A: Appropriate accounting records have been properly kept throughout the financial year	I would recommend the council consider alternative accounting solutions that are more integrated, to reduce human input, reduce risk and reallocate finance time away from manual processing to more cost-effective tasks of review and reporting.	Council has an IT road map to implement new IT in 2028.
	I would recommend that the balance sheet accounts are reconciled and scheduled at least quarterly. This will ensure that all income and expenditure is properly and timely recorded.	On-going, the RFO has prepared detailed balance sheet recs and for 26/27 this will be completed.
	I would recommend that a checklist of key month end tasks is drawn to ensure consistency at month end.	Drafts will be written during 26/27
B: Governance	Please can I see signed versions of the Elected Member Contact Form and for these be made available to me for the second visit.	Completed and evidence noted
	I would recommend the website contain some text to indicate that signed versions of the minutes are available on request.	Completed and evidence noted
	I recommend the PO system is reviewed and updated.	On-going as part of the new IT upgrade scheduled for 2028.
I: Periodic bank account reconciliations were properly carried out during the year.	I would recommend that the financial regulation 2.2 is updated to the most recent NALC wording (shown below) and that in future the face of the bank statement is also signed. <i>“At least [once in each quarter], and at each financial year end, a member other than the Chair {or a cheque signatory} shall be appointed to</i>	Completed and FR updated. Evidence noted of new process and internal signatures. New regs to be taken to council in July 2026

	<i>verify bank reconciliations (for all accounts) produced by the RFO. The member 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 {Finance Committee}.”</i>	
	The council has an investment strategy posted to its website. This is dated March 2023 with a scheduled review date of March 2024. This copy is out of date and needs to be replaced with the current version which was adopted in November 2024.	Updated in June 2026 with next review scheduled for November 2027
E: Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for throughout the financial year	The council sales ledger to nominal ledger reconciliation is out of reconciliation by £0.25 which has been static for the last two months. I recommend the RFO correct this SL to NL imbalance.	On-going
H: Asset and investments registers were complete and accurate and properly maintained.	It is my opinion that for a council of this size Excel is unwieldy and the council will benefit from investigating the use of a bespoke package.	On-going as part of the new IT upgrade scheduled for 2028.

A. BOOKS OF ACCOUNT

Internal audit requirement: Appropriate accounting records have been properly kept throughout the financial year.

Audit findings

Testing conducted at the interim audit and findings included in the interim audit report.

CONCLUSION: I am satisfied this control objective has been met.

B. FINANCE 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

Testing conducted at the interim audit and findings included in the interim audit report.

CONCLUSION: I am satisfied this control objective has been met.

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

Testing conducted at the interim audit and findings included in the interim audit report.

We discussed assertion 8 on the Annual Governance Statement and whether this had any impact on the council.

“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.”

The Clerk confirmed that they were not aware of any event having a financial impact that was not included in the accounting statements.

CONCLUSION: I am satisfied this control objective has been met.

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

Testing conducted at the interim audit and findings included in the interim audit report.

Budget

The Clerk & RFO produces regular, detailed budget monitoring reports drawn from the accounting software and supplemented in Excel. The layout is clear and accessible, enabling councillors to interrogate the figures and make informed decisions.

Councillors receive sufficient information to scrutinise performance and to question the accounts. No matters were identified to suggest that the budget had not been properly set or monitored during the year.

The council had budgeted for a surplus of £83,411 (after adjustments) and ended the year with a surplus of £534,693. A positive variance of £452,318. The driver behind this was a reduction in costs and a reversal of accruals, rather than an increase in income, with environmental showing the largest reduction of net costs of £474k. From a review of the minutes of council, I can clearly see that detailed reports are made and that councillors are fully aware of the performance of that of the council.

I discussed whether there are any changes that will be implemented in the next budget cycle to improve the accuracy of the budget. To reduce the impact of large budget swings I am told that this has already been recognised and changes are being implemented at a departmental level.

Precept

Full council set a precept of £5,943,766 in the meeting on the 13th January 2025 minute ref 15.2. [Full-Council-MINUTES-13-Jan-2025-2.pdf](#) I was able to confirm that the precept amount recorded in the accounts is correct, and equals the amount recorded in box 2 of the Accounting Statements.

The RFO confirmed that the 2026/27 budget & precept were approved on the 12th January 2026 and precept of £6,306,962 was agreed (minute ref 14). [Full-Council-Minutes-12-Jan-2026.pdf](#)

Reserves

The Smaller Authorities Proper Practices Panel (SAPPP) Practitioner's guide provides updated guidance on the appropriate level of general reserves that councils should retain as below:

5.33 The general reserve of an authority comprises its cash flow and contingency funds to cover unexpected inflation, unforeseen events and unusual circumstances.

5.34 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.

5.35 The reason for the wide range is to cater for the large variation in activity level between individual authorities. The smaller the authority, the closer the figure may be to 12 months expenditure, the larger the authority, the nearer to 3 months. In practice, any authority with income and expenditure in excess of £200,000 should plan towards 3 months equivalent general reserve.

5.36 *In all of this it is important that each authority adopt, as a general reserve policy, the level appropriate to their size, situation, risks and plan their budget so as to ensure that the adopted level is maintained. Consideration of the minimum level of reserves requires not only consideration of level of income and expenditure but also the risks to that income.*

5.37 *Authorities with significant self-generated income (other than the precept or levy) should take into account situations that may lead to a loss in revenue as well as increased costs and adapt their general reserve accordingly.*

At the year-end, the council held £3,756,054 in reserves.

• Capital/ringfenced EMR	£356,324 (agreed to TB)
• CIL EMR	£502,961 (agreed to TB)
• S.106	£757,735 (agreed to TB)
• Earmarked EMR	£ -
• General Reserves	£2,139,034 (agreed to TB)

I have reviewed the purpose of each earmarked reserve and am satisfied they relate to legitimate future projects of the council.

The general reserve balance is within range when compared to the recommended threshold per the SAPPP Proper Practices Guidance, which states a reasonable balance to be in the region of 3 to 12 months of net revenue expenditure, which I calculate to be in the range of £1.2m to £5m.

I discussed the requirement for generalised earmarked reserves for items such as elections and replacement of office equipment. These are currently sat within general reserves and planned/reported on. This is in and of itself not incorrect but can disguise the actual general reserves that are available to support the council cashflow. I.e if within the £2.1m general reserve, is a future requirement for £500k of new equipment that is not fully covered by precept application, the general reserve balance is reduced to £1.6m which would be close to being out of recommended range.

Recommendation: Create a category of general earmarked reserves.

CONCLUSION: I am satisfied this control objective has been met.

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

Testing conducted at the interim audit and findings included in the interim audit report.

The precept has been correctly posted to Box 2 of the AGAR with all other income in box 3.

CONCLUSION: I am satisfied this control objective has been met.

F. PETTY CASH

Internal audit requirement: Cash payments were properly supported by receipts, all cash expenditure was approved and VAT appropriately accounted for.

Audit findings

Testing conducted at the interim audit and findings included in the interim audit report

CONCLUSION: I am satisfied this control objective has been met

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

Testing conducted at the interim audit and findings included in the interim audit report.

I reviewed the figure included in box 4 (staff costs) on the Accounting Statements and was able to confirm from the accounting software that in accordance with the guidance contained in the Smaller Authorities Proper Practices Panel (SAPPP) Practitioner's guide this includes only salary payments, HMRC payments and pension contributions.

CONCLUSION: I am satisfied this control objective has been met.

H. ASSETS AND INVESTMENTS

Internal audit requirement: Asset and investments registers were complete and accurate and properly maintained.

Audit findings

Testing conducted at the interim audit and findings included in the interim audit report.

I confirmed the asset register total matches that included in box 9 (total fixed assets plus long-term investments and assets) of £20,151,808 on the Accounting Statements. There were net additions and disposals, of (£17,301) agreed to the register and underlying documentation. Underlying this were additions of £77,150 the largest being CCTV and Computer equipment.

Strictly speaking the Camera at a value of £885 as part of the inventory assets category should be added to the 2024/25 balance as a restated figure because this was purchased in the 24/25 year and identified at a later date. This would give rise to the following balances for the AGAR.

- 2024/25 £20,169,994 (restated)
- 2025/26 £20,151,808 (no change)

Council was aware of the disposals.

The council has no long-term cash or stock investments. The investment properties have been correctly recorded at original cost.

The council has PWLB borrowing agreed to the statement.

CONCLUSION: I am satisfied this control objective has been met.

I. BANK AND CASH

Internal audit requirement: Periodic bank account reconciliations were properly carried out during the year.

Audit findings

Testing conducted at the interim audit and findings included in the interim audit report.

I reviewed the year-end bank reconciliation for all accounts and was able to confirm the balances on 31 March 2026 to the bank statements and found no errors. I was able to confirm the total bank balances to the figure included in the Accountings Statements on the AGAR. I noted evidence of amount clearing after date.

I noted continued evidence of the bank reconciliations being signed in accordance with Finance Regulations.

The council has ten bank accounts together with cash at the year-end all of which agreed to the statements and reconciliations.

HSBC Current	£1,382,201.63
PSDF Deposit	£1,100,000.00
HSBC Deposit	£278,204.58
Money Market	£1,000,000.00
Leaseholder Deposits (6)	£23,287.50
Cash	£1,265.26
Total	£3,784,958.97

CONCLUSION: I am satisfied this control objective has been met.

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

The council is reminded that at its meeting to sign the Annual Governance and Accountability Return (AGAR), it should complete the steps in the following order:

- Review and consider the Annual Internal Audit Report
- Complete Section 1 – Annual Governance Statement
- Complete Section 2 – Accounting Statements

Section 1 – Annual Governance Statement

Based on the internal audit findings, I recommend using the table below as the basis for that discussion.

Annual Governance Statement	'Yes', means that this authority	Suggested response based on evidence
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>	YES – accounts follow latest Accounts and Audit Regulations and practitioners guide recommendations.
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>	YES – there is regular reporting of financial transactions and accounting summaries, offering the opportunity for scrutiny.
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>	YES – the Clerk advises the council in respect of its legal powers.
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>	YES – the requirements and timescales for 202/25 year-end were followed.
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>	YES – the council has a risk management scheme and appropriate external insurance.
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</i>	YES – the council has appointed an independent and competent internal auditor.

		<i>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>	YES – matters raised in internal and external audit reports have been addressed. However, not all matters have been resolved with some forming part of a wider long-term project.
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>	YES – no matters were raised during the internal audit visits.
9	Trust funds including charitable – In our capacity as the sole managing trustee we discharged our accountability responsibilities for the fund(s)/asset(s), including financial reporting and, if required, independent examination or audit.	<i>has met all its responsibilities where, as a body corporate, it is a sole managing trustee of a local trust or trusts.</i>	YES the council has Met its responsibilities
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>	YES the requirements of Governance Assertion 10 have been met

Section 2 – Accounting Statements

AGAR box number		2024/25	2025/26	Internal Auditor notes
1	Balances brought forward	2,327,650	3,340,174	Agrees to 2024/25 carry forward (box 7) -
2	Precept or rates and levies	5,642,672	5,943,766	Figure confirmed to central precept record –
3	Total other receipts	3,683,605	3,567,826	Agrees to underlying accounting records
4	Staff costs	3,049,674	3,616,215	Agrees to underlying accounting records. Includes only expenditure allowed as staff costs (see section G)
5	Loan interest/capital repayments	312,412	312,412	Agrees to PWLB remittance advices
6	All other payments	4,951,668	5,167,085	Agrees to underlying accounting records –
7	Balances carried forward	3,340,174	3,756,054	Casts correctly and agrees to balance sheet
8	Total value of cash and short- term investments	3,735,460	3,784,959	Agrees to bank reconciliation for all accounts

9	Total fixed assets plus long-term investments and assets	Restated 20,169,994	20,151,808	Matches asset register total – adjusted for camera purchased 24/25
10	Total borrowings	2,190,515	1,946,617	Agrees to PWLB statement

For local Councils Only		Yes	No	
11	Do the figures in the accounting statements above exclude any trust transactions	✓		Yes – trust transactions are excluded from the stated figures / No – trust transactions are included in the stated figures - typo in original AGAR

Audit findings

The year-end accounts have been correctly prepared on an income and expenditure basis. As a larger category 2 authority the council record assets and long-term liabilities on its balance sheet and makes adjustments at the year to report under the limited assurance regime. However, the original transaction is posted to revenue or expenditure account to ensure correct reporting on the AGAR. In order to facilitate the balance sheet entry a contra “Capital financing account” is created to provide an offset for the balance sheet items. I have reviewed the journal entries to this account to ensure correct disclosures. I am satisfied the entries are correct.

The Box 7 to Box 8 reconciliation duly completed and supported by a robust audit trail. **There is a £1 rounding variance on the reconciliation, I suggest increasing YE sundry creditors by £1 to £170,196**

The AGAR casts and cross-casts correctly, and the prior-year comparatives agree to the 2024/25 figures submitted to the external auditor and published on the council's website.

A variance analysis has been prepared, showing boxes, 2,3,4, 6 & 10 requiring detailed explanation. This report is in progress at the time of the audit. **I recommend a more detailed approach than the summary provides and I have sign posted the RFO to a format that may want to be considered.**

CONCLUSION: I am satisfied this control objective has been met.

K. LIMITED ASSURANCE REVIEW

Internal audit requirement: If the authority certified itself as exempt from a limited assurance review in the previous year, it met the exemption criteria and correctly declared itself exempt.

Audit findings

Testing conducted at the interim audit and findings included in the interim audit report.

CONCLUSION: The council did not certify itself exempt from a limited assurance review in the previous year and the testing for this internal control objective is not applicable.

L: PUBLICATION OF INFORMATION

Internal audit requirement: 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.

Audit findings

All councils are required to follow The Accounts and Audit Regulations which include the following requirements:

13(1) An authority must publish (which must include publication on that authority's website)

- (a) the Statement of Accounts together with any certificate or opinion entered by the local auditor in accordance with section 20(2) of the Act; and
- (b) the Annual Governance Statement approved in accordance with regulation 6(3)

13(2) Where documents are published under paragraph (1), the authority must

- (a) keep copies of those documents for purchase by any person on payment of a reasonable sum; and
- (b) ensure that those documents remain available for public access for a period of not less than five years beginning with the date on which those documents were first published in accordance with that paragraph.

I was able to confirm that pages 4 (Annual Governance Statement), 5 (Accounting Statements) and 6 (External Auditor's Report and Certificate) of the AGARs are available for review on the council website for the previous five financial years.

Confirm that the council is compliant with the relevant transparency code

For councils with a turnover over £25,000, it is recommended best practice to follow the Local Government Transparency Code 2015, but not a statutory requirement and therefore not subject to verification during the internal audit. However, the council does publish the required information on its finance page which was up to date at the date of the final audit. [Finance | Salisbury City Council](#)

I confirmed that the council has a Publication Scheme in place adopting the ICO's Model Publication Scheme, are published on the council's website. [Freedom of Information Publication Scheme](#)

CONCLUSION: I am satisfied this control objective has been met.

M: EXERCISE OF PUBLIC RIGHTS - INSPECTION OF ACCOUNTS

Internal audit requirement: 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.

Audit findings

Inspection – Key Dates	2024/25 Actual	2025/26 Proposed
Date AGAR signed by council	27 th May	29 th June 2026
Date inspection notice issued	30 th June	30 th June 2026
Inspection period begins	3 rd June	1 st July 2026
Inspection period ends	14 th July	11 th August 2026
Correct length (30 working days)	Yes	Yes
Common period included (first 10 working days of July)	Yes	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 yes by the council.

I reviewed the proposed dates for the Exercise of Public Rights for the 2025/26 AGAR and confirm that these are in accordance with the requirements of the Accounts and Audit Regulations.

CONCLUSION: I am satisfied this control objective has been met.

N: PUBLICATION REQUIREMENTS

Internal audit requirement: The authority complied with the publication requirements for the prior year AGAR.

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

Testing conducted at the interim audit and findings included in the interim audit report.

I was able to confirm that the Notice of Conclusion of Audit and External Auditor Report and Certificate were published on the council's website before 30 September 2025. [Finance | Salisbury City Council](#)

The council has therefore met the publication requirements for 2024/25 have been met.

CONCLUSION: I am satisfied this control objective has been met.

O. DIGITAL AND DATA COMPLIANCE

Internal audit requirement: The authority has complied with laws, regulations and proper practices relating to digital and data compliance.

Audit findings

Website accessibility (WCAG 2.2 AA and the Public Sector Bodies (Websites and Mobile Applications) (No. 2) Accessibility Regulations 2018)

I confirmed that the council operates a free-to-access website and that an Accessibility Statement is published, last reviewed on in March 2023, referencing the level of compliance with Web Content Accessibility Guidelines 2.1 and identifying only partial compliance. [Accessibility | Salisbury City Council](#)

It is clear the website is accessible and the data logically presented and up to date. However, the statement is out of date.

Recommendation: The statement needs to be reviewed and updated to reflect the latest regulation WCAG 2.2

Data protection — UK GDPR 2016 and the Data Protection Act 2018

I confirmed that the council is registered with the Information Commissioner's Office (registration number Z2140334 current to March 2027). I sighted the council's Privacy Notice published on the website, the Data Protection Policy and supporting Records Retention and Disposal Schedule. Arrangements for handling Subject Access Requests and Freedom of Information Requests are documented and published.

Email

I confirmed that Council operates a generic email account hosted on an authority-owned domain in the correct format, and that this account is in active use. I inspected a sample of incoming and outgoing correspondence routed through the generic account during the year. The use of an authority-owned domain provides a clear audit trail, supports compliance with data minimisation, integrity and confidentiality principles under UK GDPR, and ensures that authority business is segregated from any personal communications of the Clerk and members.

IT Policy (Practitioners' Guide para 1.54)

I confirmed that the council has various IT Policies covering the use of authority-owned and personal equipment by the Clerk, members and any other staff.

CONCLUSION: I am satisfied this control objective has been met.

P. TRUSTEESHIP

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

Audit findings

Testing conducted at the interim audit and findings included in the interim audit report.

CONCLUSION: I am satisfied this control objective has been met.

Achievement of control assertions at final internal audit date

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

Ref	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 Finance 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 the 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, supported by an adequate audit trail from underlying records.	✓		
K	If the authority certified itself as exempt from a limited assurance review in the previous year, it met the exemption criteria and correctly declared itself exempt.			✓
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 the relevant legislation.	✓		
M	The authority, during the previous year, correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations.	✓		
N	The authority complied with the publication requirements for the prior year AGAR.	✓		
O	The authority has complied with laws, regulations and proper practices relating to digital and data compliance.	✓		
P	Trust funds (including charitable) – The council met its responsibilities as a trustee.	✓		

Should you have any queries please contact me directly on mark@mulberrylas.co.uk

Yours sincerely



Mark Mulberry
Director, Mulberry Local Authority Services Ltd

Internal Audit – Summary of recommendations

Audit Point	Internal Audit Findings	Council comments
Interim points	Please continue to attend to all on-going interim points noted above	
D: Budget & Reserves	<p>I discussed the requirement for generalised earmarked reserves for items such as elections and replacement of office equipment. These are currently sat within general reserves and planned/reported on. This is in and of itself not incorrect but can disguise the actual general reserves that are available to support the council cashflow. I.e if within the £2.1m general reserve, is a future requirement for £500k of new equipment that is not fully covered by precept application, the general reserve balance is reduced to £1.6m which would be close to being out of recommended range.</p> <p>Recommendation: Create a category of general earmarked reserves.</p>	
J: YE Accounts	<p>The year-end accounts have been correctly prepared on an income and expenditure basis, with the Box 7 to Box 8 reconciliation duly completed and supported by a robust audit trail. There is a £1 rounding variance on the reconciliation, I suggest increasing YE sundry creditors by £1 to £170,196</p> <p>A variance analysis has been prepared, showing boxes, 2,3,4, 6 & 10 requiring detailed explanation. This report is in progress at the time of the audit. I recommend a more detailed approach than the summary provides and I have sign posted the RFO to a format that may want to be considered.</p>	
O: Digital compliance	The accessibility statement needs to be reviewed and updated to reflect the latest regulation WCAG 2.2	

Annual Internal Audit Report 2025/26

SALISBURY CITY COUNCIL

<https://salisburycitycouncil.gov.uk/>

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. <i>(If the authority had a limited assurance review of its 2024/25 AGAR tick "not covered")</i>			✓
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 <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> .	✓		
N. The authority has complied with the publication requirements for 2024/25 AGAR <i>(see AGAR Page 1 Guidance Notes)</i> .	✓		
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

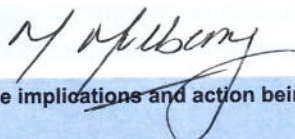
15/09/2025

27/01/2026

03/06/2026

Mark Mulberry BA (Hons) FCCA CFA

Signature of person who carried out the internal audit



Date

03/06/2026

***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).**

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 have been put in place and are effective:

1. Budgeting

The authority prepares and approves a budget in a timely manner before setting a precept or rates and prior to the commencement of the financial year (**Fully** compliant).

It monitors actual performance against its budget during the year, taking corrective action where necessary (**Fully** compliant).

A financial appraisal is undertaken before the authority commences any significant project or enters into any long-term commitments (**Fully** compliant).

2. Accounting records and supporting documents

The authority has appointed an officer to be responsible for the financial administration of the authority in accordance with section 151 of the Local Government Act 1972 (**Fully** compliant).

The authority has satisfied itself that its Responsible Finance Officer (RFO) has determined a system of financial controls and discharged his/her duties under Regulation 4 of the Accounts and Audit Regulations 2015 (**Fully** compliant).

The RFO has also put in place effective procedures to record all financial transactions and maintains up to date accounting records throughout the year, together with all necessary supporting information accurately and promptly (**Fully** compliant).

The accounting statements in Section 2 of the Annual Governance and Accountability Return agree to the underlying records (**Fully** compliant).

3. Bank reconciliation

Process - Statements reconciling each of the authority's bank accounts with its accounting records are prepared on a regular basis, including at the financial year-end, and are reviewed (**Fully** compliant)

Timings - Need to be completed within one month in future by the Chair of the Finance and Governance Committee (**Partially** compliant)

4. Investments

Arrangements are in place to ensure that the authority's funds are managed properly and that any amounts surplus to requirements are invested appropriately, in accordance with an approved strategy which has regard to Department for Levelling Up, Housing and Communities (DLUHC) statutory guidance on local government investments. The authority produces and approves an Investment Strategy in accordance with the DLUHC guidance (**Fully** compliant).

5. Statement of accounts

The authority has arrangements in place to enable preparation of an accurate and timely statement of accounts in compliance with its statutory obligations and proper practices (Fully compliant for 2023/24, Partially compliant for 2024/25 due to regulatory uncertainty, however now **Fully** compliant for 2025/26).

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 have been put in place and are effective:

1. Standing Orders and Financial Regulations

The authority has in place Standing Orders and Financial Regulations governing how it operates. Contract Procedure Rules also incorporate provisions for securing competition and regulating the way tenders are invited. These are regularly reviewed, fit for purpose, and adhered to (**Fully** compliant).

2. Safe and Efficient Arrangements to Safeguard Public Money

Practical and resilient arrangements are in place to cover how the authority orders goods and services, incurs liabilities, manages debtors, makes payments and handles receipts. These include:

- Safe and efficient arrangements to safeguard public money.
- Regular review of the effectiveness of arrangements to protect money.
- Ensuring controls over money are embedded in Standing Orders and Financial Regulations.
- Approval of the setting up of, and any changes to, accounts with banks or other financial institutions.
- Defining limits for corporate credit card accounts which are cleared monthly by direct debit from the main bank account.
- Approval of bank mandates, the list of authorised signatures for each account, the limits of authority for each account signature and any amendments to mandates.
- Risk assessments and internal controls focussing on the safety of the authority's assets, particularly money.

(**Fully** compliant).

3. Employment

The remuneration payable to all employees is approved in advance by the authority. Robust payroll arrangements cover the accuracy and legitimacy of payments of salaries and wages, and associated liabilities. The authority complies with its duties under employment legislation and has met its pension obligations (**Fully** compliant).

4. VAT

The authority has robust arrangements in place for handling its responsibilities regarding VAT and completes quarterly returns via the Making Tax Digital online portal (**Partially** compliant, with irrecoverable VAT errors disclosed to HMRC, with a settlement agreed in Q4).

5. Fixed Assets and Equipment

The authority's assets are secured, properly maintained, and efficiently managed. Appropriate procedures are followed for any asset disposal and for the use of any resulting capital receipts (**Partially** compliant – full asset revaluation completed for 31 March 2025 so accuracy is much improved; a new online portal to be explored in 2026/27 to potentially replace the current asset register. The RFO will continue to monitor in the meantime).

6. Loans and Long-Term Liabilities

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 (**Fully** compliant).

Proper arrangements are in place to ensure that funds are available to make repayments of capital and any associated interest and other liabilities (**Fully** compliant).

7. Review of effectiveness

In compliance with Regulation 6 of the Accounts and Audit Regulations 2015, the authority conducts an annual review of the effectiveness of the system of internal control. This review informs the authority's preparation of its annual governance statement (**Fully** compliant).

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 noncompliance 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 have been put in place and are effective:

1. Acting within its powers

Appropriate decision making processes are in place to ensure that all activities undertaken fall within the authority's statutory powers to act. The authority has 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. Legal powers are carried out reasonably (**Fully** compliant).

2. General power of competence

In exercising its general power of competence under the Localism Act 2011, the authority ensures that the power is fully understood and exercised in accordance with the Parish Councils (General Power of Competence) (Prescribed Conditions) Order 2012 (**Fully** compliant – The CEO completed CiLCA in 2025 and the Council agreed to reinstate its General Power of Competence status at Full Council on 15 September 2025).

3. Regulations and proper practices

Procedures are in place to ensure the authority complies with statutory regulations. Applicable proper practices are regularly reviewed and new requirements, or changes

to existing ones, are reported to members and applied. The authority has due regard to the requirements of the Accounts and Audit Regulations 2015 (**Fully** compliant).

4. Actions during the year

The authority satisfies 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 (**Fully** compliant).

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 following processes have been put in place and are effective:

1. Exercise of public rights

The authority provides for the exercise of public rights as set out in Sections 26 and 27 of the Local Audit and Accountability Act 2014. The RFO publishes on the authority's 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 detailing how public rights can be exercised (**Fully** compliant).

2. 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, is usually published in accordance with the requirements of Regulation 16 Accounts and Audit Regulations 2015 (**Not** compliant in 2024/25 due to the Public Sector Audit Appointments organisation not having been able to appoint an external auditor).

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 following arrangements have been put in place:

1. Identifying and assessing risks

The authority has identified, assessed and recorded risks associated with actions and decisions it has taken or considered taking during the year that could have financial or reputational consequences (**Fully** compliant – the financial risk register is now included in the Council's Strategic Risk Register which was presented to Full Council in May 2026)

2. Addressing risks

Having identified, assessed and recorded the risks, the authority has addressed these risks by ensuring that appropriate measures are in place to mitigate and manage risk.

This has included the introduction of internal controls and/or appropriate use of insurance cover (**Fully** compliant).

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 has taken the following actions:

1. Internal audit
The authority has undertaken an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes (**Fully** compliant).
2. Provision of information
The authority 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 (**Fully** compliant).

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 has taken the following actions:

1. External and Internal Auditors
To warrant a positive response to this assertion, the authority has considered all matters brought to its attention by its external auditor and internal auditor and has taken corrective action as appropriate (**Partially** compliant – resolution of some weaknesses reported by the Internal Auditor took longer than the Auditor recommended; and the Council's asset register is yet to be improved. The internal auditor has advised that audit recommendations should be implemented in a more timely manner; therefore, officers will prioritise these actions with greater urgency going forward.)

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 has taken the following actions where necessary:

1. Significant events
The authority has considered if any events that occurred during the financial year (or after the year-end), had consequences, or potential consequences, on the authority's

finances. If such events are identified, the authority determines whether the financial consequences need to be reflected in the statement of accounts (**Fully** compliant).

Assertion 9: Trust Funds

In our capacity as the sole managing trustee, we discharged our accountability responsibilities for the fund(s)/assets, including financial reporting.

1. Trust Funds

To warrant a positive response to this assertion, the authority has made sure that it has discharged all its responsibilities regarding the trust's finances. This has included financial reporting notwithstanding the fact that 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 (**Fully** compliant).

Assertion 10: Digital and Data Compliance

Assertion 10 is a new section now included as part of the Annual Governance Statement and has been added to clarify data compliance. We reviewed the council's digital and data compliance during 25/26 and are pleased to report that both email and website requirements were already met. However, it was identified that the authority's existing IT and Data Protection policies required review.

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

1. Email Management

Every authority must have a generic email account hosted on an authority owned domain, for example.clerk@abcparishcouncil.gov.uk or rather than abcparishclerk@gmail.com or abcparishclerk@outlook.com for example. The CEO (Clerk), as well as all officers and members of the authority have a salisburycitycouncil.gov.uk email address for all council correspondence (**Fully** compliant).

2. Website

All smaller authorities (excluding parish meetings) must meet legal requirements for all existing websites regardless of what domain is being used. 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). Website improvements were made in 25/26, however a full website accessibility audit is required in 26/27 (**Partially** compliant).

All websites must include published documentation as specified in the Freedom of Information Act 2000 and the Transparency Code for smaller authorities (where applicable). The council has dedicated pages providing documentation as required. Freedom of Information Publication Scheme - on our website but requires updating. Transparency Code - information published as required, however was after the deadline of 30 April 2026. (**Partially** compliant).

3. Data Protection

All smaller authorities, including parish meetings, must follow both the General Data Protection Regulation (GDPR) 2016 and the Data Protection Act (DPA) 2018. By doing so the authority must process personal data with care and in line with the principles of data protection. The DPA 2018 supplements the GDPR and classifies an authority as both a Data Controller and a Data Processor. The authority (**Partially** compliant – Existing Data Protection policies and procedures require review in 2026/27, supported by staff and members training, to ensure all data is being processed correctly).

4. IT Policy

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. Current IT Policies require review and recirculating to staff and members as required (**Partially** compliant).

Note regarding THE APPROVAL PROCESS

The authority needs to approve the Annual Governance Statement (AGS) in Section 1 of the Annual Governance and Accountability Return (AGAR) by resolution of members of the authority meeting as a whole, in advance of the authority approving the Accounting Statements in Section 2 of the Annual Governance and Accountability Return (AGAR). The Chair of the meeting and the Clerk of the meeting must sign and date the Annual Governance Statement and a minute reference entered.

Section 1 – Annual Governance Statement 2025/26

We acknowledge as the members of:

SALISBURY CITY COUNCIL

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	No*	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.					prepared its accounting statements in accordance with the Accounts and Audit Regulations.
2. We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.					made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.
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.					has only done what it has the legal power to do and has complied with Proper Practices in doing so.
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.					during the year gave all persons interested the opportunity to inspect and ask questions about this authority's accounts.
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.					considered and documented the financial and other risks it faces and dealt with them properly.
6. We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.					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.
7. We took appropriate action on all matters raised in reports from internal and external audit.					responded to matters brought to its attention by internal and external audit.
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.					disclosed everything it should have about its business activity during the year including events taking place after the year end if relevant.
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		has met all of its responsibilities where, as a body corporate, it is a sole managing trustee of a local trust or trusts.
10. We have put in place arrangements for the effective IT and data management in accordance with proper practices during the year under review.					has made suitable arrangements for its IT and data management and has complied with proper practices in doing so.

*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:

DDMM/YYYY

and recorded as minute reference:

MINUTE REFERENCE

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

Chair

SIGNATURE

Clerk

SIGNATURE

<https://salisburycitycouncil.gov.uk/>

AVAILABLE WEBPAGE ADDRESS