



HASLEMERE TOWN COUNCIL

Internal Auditor: Appointment, Independence and Competence

BACKGROUND

The Council has received a qualified audit for the financial year ending 31 March 2026 because it was not specifically minuted that the independence and competence of the Internal Auditor had been considered by Council upon appointment. Further, the independence and competence of the Internal Auditor should be considered (and minuted) on an annual basis.

Andy Beams of Mulberry Local Authority Services Ltd ("Mulberry LAS"), was appointed as the Council's internal auditor for the financial years ending 31 March 2024 – 31 March 2027.

Mulberry LAS is one of the largest Internal Audit companies in the county, auditing in excess of 400 Councils across England. Please see their website <https://mulberrylas.co.uk>.

Mr Beams, one of the directors of Mulberry LAS, has over 36 years' experience in the financial sector, including the last 16 years specialising in local government. This provides him with the relevant competence and expertise to carry out internal audit work for the Council, and he is independent from the management of the Council's financial controls and procedures.

Further, in his interim, and year end, reports he confirms that he has no conflicts of interest with the audit client and does not provide management or financial assistance to the Council (please see page 2 of the internal audit for 2025/26 **attached**).

The Council will be looking to enter into a new contract next summer and will use the Internal Audit Forum (<https://internalauditforum.org.uk/internal-audit-forum/>) as a resource to contact firms for quotes, as well as asking local Clerks for their recommendations.

As a point of transparency, Pippa Sherriff is a subcontractor for Mulberry LAS and undertakes internal audits for parish councils in west Sussex and east Surrey.

RECOMMENDATION: Council has considered and approved the independence and competence of its Internal Auditor for the period 1 April 2026 to 31 March 2027.



Mrs L O'Sullivan
Haslemere Town Council
Town Hall
High Street
Haslemere
Surrey
GU27 2HG

29 April 2026

Dear Lisa

Re: Haslemere Town Council
Internal Audit Report for Financial Year Ended 31 March 2026

Executive summary

Following completion of our final internal audit on 29 April 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 transaction were examined, our sample testing, where appropriate, covered the financial year to date.

Some assertions, as noted in this report, were tested at the interim internal audit completed during the financial year and 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. In fact, the processes and procedures together with own built in compensating controls are robust, strictly followed and in many respects a model of good practice.

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 significant deficiencies. Rather, they are intended to support the continued development of what is, in our view, a well-managed and robust governance framework.

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 Andy Beams of Mulberry Local Authority Services Ltd, who has over 36 years’ experience in the financial sector with the last 16 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.