

## Annual Governance Statement 2025/26 Explanation

### Section 7.

#### ***We took appropriate action on all matters raised in reports from internal and external audit***

The council ticked this box as No, only some of the recommendations have been undertaken due to an unqualified clerk in post at the time of the 2024/25 audit, although some have been implemented by the clerk. The newly appointed clerk took her post on the 19<sup>th</sup> of January 2026 and had a limited time to address all the recommendations required in the auditor's report.

#### Recommendations addressed from 2024/25

1. *The council must implement robust internal controls to prevent duplicate payments to suppliers.*

**Implemented – no further duplicate payments identified in 2025/26. The duplicated amount was refunded to the council.**

2. *The council must review the fixed asset register and ensure that all capital additions have been added to the register, net of VAT, and that all assets have been physically verified as an existence check.*

**Implemented – a comprehensive review of fixed assets has been carried out and the fixed asset register brought up to date and appropriate restatement of prior year figures completed.**

3. *The amount of the precept request should be recorded within the council minutes to ensure transparency and compliance with the Local Government Finance Act 1992.*

**Implemented**

4. *The risk assessment should be updated to include supplier fraud including the adequacy of supplier onboarding controls.*

**Implemented**

5. *Year-end statements from all bank accounts should be used for the year end bank reconciliation to ensure all transactions have been included in the council accounts.*

**2024/25 follow up – Implemented**

Recommendations from 2024/25 to follow up and to be addressed for the 2026/27 year-end.

#### 2024/25

1. *The council must ensure a comprehensive record of all procurements is retained and all contracts in excess of the threshold requiring quotations in the Financial Regulations must be procured accordingly. If exemptions to standard procurement requirements have been applied the minutes should clearly state the exemption in the Financial Regulations used.*

**Response: These will be implemented throughout the financial year when required**

2. *The council should review the level of general and earmarked reserves as part of the budget setting process with reference to sector guidance and ensure a detailed analysis of specific earmarked reserves is established.*

**Response: This will be implemented at the time of the budget in the third quarter.**

3. *The council should state the month as well as the date in the Annual Notice of Public Rights.*

**Response: This will be implemented now at the time of the Notice of Public Rights and appended to May 2026 Minutes.**

4. *The council should ensure a comprehensive record of all procurements is retained.*

**Response: This will be implemented throughout the financial year when required**

- 5. The council minutes should disclose clearly when money from the legacy is being expended and note when they are not applying the standard requirements of the FRs for expenditure financed by the legacy.*

**Response: This will be implemented throughout the financial/civic year when required and appended to the minutes.**

- 6. The Chair should be copied into an email notifying the annual officer pay rise information to the payroll agent. The council could also provide the minute authorising the pay rise as evidence to the payroll agent.*

**Response: At the time of pay rises this will be implemented and recorded for audit purposes.**

**Date:** 2<sup>nd</sup> May 2026

**Signed:**



Debbie Smith

Clerk/RFO to Preesall Town Council