Internal Audits
Parish and Town Auditing Services
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Petra Galloway
Clerk to the Council
Mudford Parish Council

14th April 2026

Dear Petra,

INTERNAL AUDIT 2026

Parish & Town Auditing Services have been appointed to undertake the internal audits at Mudford Parish Council. The annual internal audit for 2025/26 financial year was completed on 14th April 2026.

I can confirm that I am independent of the Parish Council.

As stated in the Letter of Engagement letter, the scope of our work is limited to completing the audit testing and enquiries we deem necessary to complete the internal audit section of the Annual Report for Local Councils in England. We do not provide assurance over or accept responsibility for areas of work not included in this scope, unless specifically agreed with the Council during the financial year. In providing internal audit services we are not conducting a financial statement audit in accordance with standards and guidelines issued by the Smaller Authorities Proper Practices Panel and our procedures are not designed to provide assurance over the reliability and quality of your financial statements. This will be undertaken by the Council's appointed External Auditor.

We are required by the Annual Internal Audit Report included in the Annual Governance and Accountability Return (AGAR) to review controls in place at the Council against predefined control assertions. These controls are included in the following report.

The Audit has identified a number of recommendations to help update and improve the Council's current procedures. The audit has found no areas of concern and the Council's procedures and controls are generally working well.

Thank you for all the information you have provided to enable the audit to be undertaken.

Yours sincerely,

Paul Russell, Internal Auditor

INTERIM INTERNAL AUDIT
Outlined below is an overview of the 10 Assertions within the Practitioners Guide 2025. Each of these are dealt with under the relevant Governance sections contained in Section 1 of the AGAR:

AGS Assertion 1 — Financial management and preparation of accounts
- Accounting Records and supporting documents:
- Bank reconciliation:
- Budget setting:
- Investments:
- Reserves:
- General Reserves:
- Earmarked and other reserves:

AGS Assertion 2 — Internal control
- Standing Orders and Financial Regulations:
- Safe and efficient arrangements to safeguard public money:
- Employment:
- VAT
- Fixed assets and equipment:
- Loans and long-term liabilities:

AGS Assertion 3 — Compliance with laws, regulations and proper practices
- Acting with its powers:

AGS Assertion 4 — Exercise of public rights

AGS Assertion 5 — Risk management

AGS Assertion 6 — Internal audit

AGS Assertion 7 — Reports from auditors

AGS Assertion 8 — Significant events

AGS Assertion 9 — Trust funds (local councils only)

AGS Assertion 10 — Digital and data compliance

The following headings are based on Section 1 – Annual Governance Statement.

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

The Parish Clerk has been appointed as the RFO (LGA1972 s151). This is clearly stated on the website (Staff – Mudford Parish Council)

The roll over figure is £102,688 (Box 7).

The Council maintains its accounts using a spreadsheet. A sample of the financial transactions between 1st April and 31st March 2026 has been undertaken. The following checks were carried out:

- A review of the cashbook against the bank statements and invoices paid;
- A sample of Payments have been checked against the bank statements to verify accuracy;
- Expenditure incurred is appropriate.

There is a proper process in place to ensure that financial information is correctly recorded and reported to Council as part of its governance procedures. Procedures are included in the Financial Regulations, the Scheme of Delegation Policy and the Internal Controls Policy. All three policies are available on the Council website.

A list of invoices for payment is presented to Full Council for payment as part of the agenda and is uploaded onto the website as part of the meeting papers. Approvals are minuted in the Council minutes and payment is via online banking. All payments are authorised by two Councillors.

The Council has a Risk Management Strategy in place (25_365 Risk Management Policy March 26) and a Risk Assessment (Risk Management Scheme 2026-2027)

Bank reconciliations are prepared monthly, presented to Full Council as part of the agenda papers (also uploaded onto the website for transparency) and signed off by Council.

There is appropriate segregation in place and a robust process to enable the detection and identification of potential fraud.

The year end bank reconciliation has been completed. This was referenced back to the bank statements. The final balance held by the Council amounts to £116,236.09 as at 31st March 2026

The Council has met this control objective.

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

Tenders and Contracts are governed by Financial Regulations. All contracts being tendered should be published on the Parish Council's website as well as the Find a Tender portal where required.

The following quotations and tenders were undertaken in the 2025/26 financial year:

- Insurance
- Grounds maintenance
- Litter bin emptying
- Tree surgery
- Small repairs (Recreation Ground)
- Swings

Standing Orders were updated on 29th May 2025. Financial Regulations were updated on 29th May 2025. Currently the limits between the two documents match.

The invoices procedure is as follows:

- On receipt they are reviewed for accuracy;
- Coded to correct cost centre;
- Invoices are printed and filed. They are also compared against cashbook, payment schedule and bank statement by an appointed councillor;
- Payment schedule presented at each meeting for approval;
- Payments ratified at each meeting;
- Invoices are kept in secure storage.

There is appropriate segregation in place.

A VAT claim has been submitted twice during the year. The fist VAT claim for £4,742.75 (April to November 2025) was received on 29/12/2025 and the second of £784.02 (December 2025 to February 2026) was received on 26/03/2026.

The Council has a Corporate Card in place. This is paid off monthly and reported to Full Council.

The Council does not have GPC in place at present. The Clerk is undertaking CiLCA.

The Council has met this control objective.

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

The Council has a Risk Management Strategy in place (25_365 Risk Management Policy March 26) and a Risk Assessment (Risk Management Scheme 2026-2027)

An Asset Register is in place and is published on the website. The value of assets meets Box 9 of the AGAR: £81,263.27. additions are clearly stated.

The Council is insured through Zurich. Policy number YLL-2720877373. Cover runs from 1st June 2025 to 31st May 2026.

A review of the insurance policy has been undertaken and Council is adequately insured. It includes a fidelity guarantee of £500,000.

The Council is responsible for the Mudford Play Ground. It undertakes an annual independent inspection and carries out weekly checks which are recorded. One item was recorded as moderate risk in the annual inspection. All other equipment is has low or very low risk outcomes.

The Council has adequate internal controls in place to ensure that it carries out its day-to-day business effectively and efficiently. There is an internal controls policy in place ([Internal Controls Policy – Mudford Parish Council])

The Council has met this control objective.

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

At its meeting held on 30th January 2025 Full Council formally approved the budget and the setting of a precept. (Minute 24/218)

RESOLVED: Proposed by Cllr Bowring, seconded by Cllr Brown, the BUDGET of £46,467.00 for Financial Year 2025-2026 was unanimously APPROVED.

It has been confirmed that a precept of £46,467 was requested. (MHCLG Parish Code E3301P198)

Budget monitoring is undertaken at each Full Council meeting. The budget monitoring report is uploaded onto the website as part of the financial papers. The Council reviews its income and expenditure against the budget.

The Council has set up Earmarked Reserves and these are reviewed annually and minuted. The General Reserve at year end stood at £22,202.86 with Earmarked Reserves of £94,033.23 allocated to specific projects.Earmarked Reserves are clearly explained.

The Council has an adequate General Reserve to meet the current recommendations in place, with specific allocated EMRs also in place.

The Council had the following Bank Statement Balances as at 31st March 2026:

ACCOUNT	AMOUNT
Unity Trust Bank Current Account	£21,248.72
Unity Trust Bank Instant Access Savings Account	£24,967.93
Redwood Bank 95 days notice account	£30,000.00
Redwood Bank 1 Year Bond	£30,000.00
Redwood Bank 35 days notice account	£10,019.44
TOTAL	**£116,236.09**

The Council has met this control objective.

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

The Council has no aged debtors.

Mudford Parish Council does not have any allotments.

The Council is a burial authority and is responsible for Mudford Cemetery. It has a specific page on its website for the Cemetery (Mudford Cemetery – Mudford Parish Council) which includes a copy of the current regulations and various forms relating to burials and memorials. A number of burials have taken place during the year and a Register of Burials is maintained.

The Council does not hire out any venues.

The Council does not have any leases in place.

Council's other income for 2025/26 included bank interest, grant funding, a donation and a refund.

The Council has met this control objective.

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

The Council does not operate a petty cash system and did not receive any cash payments during the financial year.

The Council has met this control objective.

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.

The Clerk has a contract in place. A copy of this contract has been reviewed. It is based on the NALC template contract of employment.

Member do not receive a members' allowance.

A sample of staff salaries has been checked and confirmed. Salaries paid during the year have been reviewed. Gross pay is calculated in accordance with the relevant NJC scale.

Tax codes are included on the payslips and deductions properly calculated.

Payroll is undertaken by an external contractor.

Pay slips have been reviewed and it has been confirmed that tax is properly deducted.

No pension contributions have been made.

National Insurance contributions have been deducted when required.

A test sample was undertaken and it was confirmed that the correct net pay was paid to the employee with tax and NI contributions correctly deducted and paid to the respective agencies.

The Council has met this control objective.

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

An Asset Register is in place and has been reviewed. Asset purchase cost is recorded and additional information is included where appropriate.

The current Asset Register includes both disposals and additions as well as insurance value of relevant items and replacement values.

A comparison of the insurance schedule against the asset register has been undertaken. Council has adequate insurance cover in place.

Council has no long-term investments in place.

Council has no loans in place.

The Council has met this control objective.

I. Periodic bank account reconciliations were properly carried out during the year.

Bank reconciliations are prepared monthly and are signed off by Full Council. Copies of the signed bank reconciliations have been provided and reviewed.

The Council has met this control objective.

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.
Accounts are maintained on a receipts and payments basis.

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").
Not covered.

The Council has met this control objective.

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.
The following information should be published on the Parish Council's website under the Smaller Authorities Transparency Code (SI/SR Template)

Expenditure exceeding £100
Local authorities must publish details of each individual item of expenditure that exceeds £100. Published as part of the agenda finance papers and at year end under Payments report.

End of year accounts
Annual publication no later than 1 July in the year immediately following the accounting year to which it relates. Published

Annual governance statement
Annual publication no later than 1 July in the year immediately following the accounting year to which it relates. Published

Internal audit report
Annual publication no later than 1 July in the year immediately following the accounting year to which it relates. Published

List of councillor or member responsibilities
Annual publication of councillor or member responsibilities no later than 1 July in the year immediately following the accounting year to which it relates. Published

Location of public land and building assets
Annual publication no later than 1 July in the year immediately following the accounting year to which it relates. Parish councils and port health authorities to publish details of all public land and building assets – either in its full asset and liabilities register or as an edited version. Published

Minutes, agendas and papers of formal meetings
Publication of draft minutes from all formal meetings not later than one month after the meeting has taken place. Publication of meeting agendas and associated meeting papers not later than three clear days before the meeting to which they relate is taking place. Published

The Council has met this control objective.

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 *(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).*

The publication requirements were met. The Notice states 3rd June to 14th July 2025. This meets the statutory 30 day requirement.

The Council formally minuted the dates of the public notice at the meeting where the AGAR was approved on 29th May 2025.

The Council has met this control objective.

N. The authority has complied with the publication requirements for 2024/25 AGAR.

Publication Requirements 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: Published
- Section 1 - Annual Governance Statement 2024/25, approved and signed, page 4: Published
- Section 2 - Accounting Statements 2024/25, approved and signed, page 5: Published

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. Published.

The Council has met this control objective.

O. The authority has complied with laws, regulations & proper practices relating to digital and data compliance.

Council has a .gov.uk email addresses for its Clerk/RFO and its Councillors. Council meets best practice advice by having a .gov.uk domain for its website and email account.

The Council has adopted an IT policy as required. (Information Technology (IT) Policy – Mudford Parish Council)

The Council has an Accessibility Statement published on its website. (Accessibility Statement – Mudford Parish Council).

Note that since September 2020, all parish and Parish councils must have a website that complies with Website Content Accessibility Guidelines (WCAG). As from October 2024 that rating level changed from WCAG2.1 AA to WCAG2.2AA so that it meets Accessibility Guidelines as set in the Public Sector Bodies Accessibility regulations.

It has been confirmed that Mudford Parish Council website does not comply with WCAG 2.2 AA. It only achieves 61% in the accessibility test and the minimum is 70% Accessibility Test | See if Your Website is ADA-Compliant

Accessibility has been reviewed and the parish council section of the website scores 9.5 out of 10.

Recommend that Council contacts its web provider to ensure it meets the accessibility requirement.

Data Protection requirements:

- Data Protection Officer – Parish Clerk
- Data Audit: Completed and provided
- Training for staff and Councillors: To be undertaken
- Data Protection Policy: In place Data Protection Policy – Mudford Parish Council
- Secure data to protect it from Data Breaches: Data Breach Policy – Mudford Parish Council

The Council has the following Data Protection Policies in place:

- Privacy Notices for various services
- Document Retention Policy
- Subject Access Request Policy

Council will need to ensure that the following requirements are met (Noted that this is currently being actioned):

- Organise GDPR training for staff and councillors;
- Ensure that both hard copy and electronic data have relevant protections in place. For hard copy records this will be identified by the audit. For electronic data it is recommended that your IT provider outlines what protections are in place, how often data is backed up and how it is stored. Ensure that all computers have some level of virus protection.

A Freedom of Information Policy is in place: Freedom of Information Policy Adopted 25th July 2024 and

The Council meets the Smaller Councils Transparency Code as required.

The Council meets this control objective.

P. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.
The Council is not a sole trustee.