

Annual Internal Auditor's report 2025/26 Mundon Parish Council

Internal Auditor: Deborah O'Brien CiLCA PIALC

Smaller authorities are required by 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.

In accordance with guidelines contained in the 2025 Practitioners' Guide (JPAG) paragraphs 4.6-4.12, I am independent of the Parish Council and its members as well as being a CiLCA qualified Clerk with over 10 years' experience.

I have carried out a selective assessment of the Council's compliance with relevant procedures and controls, which I expected to be in operation during the year ended 31st March 2026, as outlined in the letter of engagement signed by the Council at its 18th November 2025 meeting. The function of this internal audit is to improve efficiency and effectiveness of the Council's procedures, not to detect errors or fraud, as the management of the Council's internal controls is a function of the Council as a whole. (Practitioners' Guide, paragraphs 4.4-4.5).

This internal audit has been conducted electronically utilising requested documents provided by the Clerk, as well as those present on the website at [Mundon Parish Council](#) In addition, a Zoom meeting was held on 13th May 2026 to view hard copies of certain records.

This written report is laid out using the same format and headings as the AGAR Internal Audit report (page 3). Where I have answered NO to any of the AGAR assertions, the comments in bold in this report demonstrate the reasoning. I would recommend that the Practitioners' Guide is also referenced – the version for 2025/26 is available at [Practitioners' Guide 2025](#). A newer version for 2026/27 can also be downloaded.

Overall, the standard of management and governance processes is excellent, with some recommendations made below for the attention of the Parish Council. I would like to thank the Parish Clerk/RFO, Jackie Lines for her cooperation and assistance in facilitating this internal audit.

Internal Audit report assertions

- A. Appropriate accounting records have been properly kept throughout the financial year.**
- Prior year's cashbook has been correctly brought forward.

- Appropriate accounting records have been kept throughout the year with monthly updates brought to council meetings. The spreadsheets are excellent and well-maintained.
- Councillors physically sign off bank statements to budget document & bank reconciliations at meetings on a monthly basis, in accordance with Financial Regulations.
- S137 expenditure is reported as a budget line.
- Minutes are signed and initialled by the Chairman at ensuing meetings and these are kept in accordance with [Local Government Act 1972 sched 12 paragraph 41 \(1\) \(2\)](#)

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

- The Council's Financial Regulations have been/are being followed.
- Financial Regulations are regularly reviewed and are based on the 2025 model template. Last review was March 2026.
- Invoices are processed promptly, with the Clerk/RFO checking for validity and prior authorisation. They are then presented to full council for approval at a meeting.
- A random sample of financial transactions was examined in detail and found to be administered correctly in accordance with adopted Financial Regulations. Invoices and supporting paperwork are cross-referenced.
- A council debit card is in place, and limits are set in accordance with Financial Regulation 9.
- The Council is not registered for VAT as no VAT-able supply is made.
- Two Councillors are authorised on the banking mandate with the Clerk/RFO as administrator. I would refer the Council to Financial Regulation 7.6 which requires two Councillors to authorise online payments. I would again recommend that a 3rd Councillor is added to the mandate as a signatory, in case of emergency.

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

- The Council reviews its internal controls annually and has a comprehensive risk management schedule. (Last review February 2026). A risk assessment is in place for PC meetings. I would also recommend that a specific risk assessment is developed with regard to the volunteer wood wardens.
- Standing Orders were last reviewed in March 2026 and are reviewed regularly.
- A section 101 Scheme of Delegation is in place which facilitates matters between meetings as the Council only meets every 2 months. This employs appropriate financial thresholds, restrictions and internal controls.

- Insurance is in place to appropriate levels, including public and employers' liability, asset coverage and fidelity guarantees.
- Assets are regularly inspected, and a bi-annual risk assessment is conducted. Trees are regularly inspected by the wood wardens and councillors. I would recommend keeping written evidence of asset and tree inspections on file. Also, consider a reserve for tree-works.
- Ensure all contractors have liability insurance and risk assessments. I would recommend keeping copies on file.
- Electronic documents are backed-up to USB sticks and an external hard-drive. I would recommend that the Council may wish to consider additionally utilising Cloud Storage.

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

- The 2025/26 budget was considered, and precept amount of £8,600 agreed at a full council meeting dated 27 November 2024.
- The 2026/27 budget was considered, and precept amount of £9,600 agreed at a full council meeting dated 18 November 2025.
- Progress against the budget is regularly monitored at each full Council meeting and this is minuted.
- £18,092.44 in funds are ear-marked as capital reserves leaving an operating balance of £2,782. Practitioners' Guide paragraph 5.35 indicates that general reserves held should be between 3 and 12 months of expenditure, with smaller Councils advised to hold closer to 12 months.

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

- The precept received was £8,600 and matches the public record of precepted amounts.
- VAT claims are made regularly, and £593.13 was received after being reclaimed.
- A grant and miscellaneous income were also received in the amount of £556.68, together with bank interest amounting to £292.10.

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

- No cash received or petty cash held – not applicable. Financial regulations contain provision for this should it occur.

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 sole employee is the Clerk/RFO. A contract is in place based upon the NALC model contract. The 2025/26 Local Government Pay Services agreement was actioned at the 16th September 2025 meeting and backdated to 1 April 2025.
- Payroll is administered via HMRC Basic Tools software.
- A payslip summary was reviewed, and payroll submissions are made to HMRC monthly. No payments appear to be outstanding. I also reviewed individual payslips.
- Employer's NI payments are being made.
- The Clerk works from home, and a working from home allowance of £30/month is paid. £26/month of this is not subject to tax or NICS, and the balance is processed as taxable. The working from home allowance is correctly excluded from line 4 staff costs.
- The Council is now registered with the Pensions Regulator as required.

H. Asset and investment registers were complete and accurately and properly maintained.

- The asset register is regularly updated and reviewed annually.
- The asset register matched box 9 of the accounting statement of the AGAR section 2.
- The Council has no loans and no fixed asset investments.

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

- Bank reconciliations are regularly prepared and reviewed at meetings.
- Bank statements are independently verified at Council meetings to the bank balances shown in reconciliations as a further internal control.
- Year-end reconciliation for 31/3/26 was checked against bank statements and agreed to line 8, section 2 of the AGAR.

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.

- The Council operates on receipts and payments accounting in accordance with regulation 11 of the Accounts & Audit Regulations 2015.
- The financial detail reported in Section 2 of the AGAR reflects the accounting records for 2025/26.
- Line 2 of the Accounting Statement reflects the precept amounts received.
- Line 4 only reflects staff costs as described in Practitioners' Guide.

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.

- The Council is below the £25,000 threshold and correctly declared itself exempt for 2024/25 at its 20 May 2025 meeting.

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 authority maintains a website at [Mundon Parish Council](#) which is comprehensive and regularly updated.
- Information is published in accordance with the [Transparency Code for Smaller Authorities 2015](#)
- The ICO Publication Scheme schedule is available on the website.

M. In the year covered by the 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 Council correctly provided for a period of public rights between 3/6/25-14/7/25. A notice was displayed on the noticeboard and is also available on the website. The announcement date was 30th May 2025. These dates were also minuted as agreed at the May 2025 meeting.

N. The authority has complied with the publication requirements for 2024/25 AGAR (see AGAR page 1 Guidance Notes)

- The Council complied with this requirement.

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

- E-mail management – the parish council has a dedicated generic email account hosted on the PC's .gov.uk domain.
- 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). The website accessibility statement was last reviewed 18th June 2025. It states that it meets WCAG 2.2AA and was tested on the same date.
- The Parish Council follows both the [General Data Protection Regulation \(GDPR\) 2016](#) and the [Data Protection Act \(DPA\) 2018](#). A Data audit is being worked on, and appropriate policies are available on the website.

- The Council is registered with the [Information Commissioner's Office \(ICO\)](#) as a Data Processor as required. The Information Available document is also available on the website.
- The Parish Council adopted an IT policy on 15th July 2025.

P. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.

- Not applicable – the Council is not a trustee.

Other matters not covered above:

- I would recommend that the Council reviews the 2026 edition of Practitioners' Guide, as it contains new requirements and guidance which will affect the 2026/27 audit. A summary of the changes and the guide itself can be viewed at [Practitioners' Guide 2026](#).
- As mentioned last year, Councillors should all be encouraged to use PC email addresses in preparation for mandatory introduction. If a Freedom of Information request was received, personal and/or business e-mail accounts used would have to be accessed in order to comply with the request. In addition, the ICO could need to have access to the individual's laptop or devices.
- The Clerk uses her personal laptop for Council business. I would recommend that when planning the 2027/28 budget, consideration is given to supplying a Parish Council owned laptop solely for the use of Council business.

This report should be submitted along with the AGAR Annual Internal Audit Report 2025/26 to the full council for review and consideration before completing the Annual Governance statement.

Deborah O'Brien CiLCA PIALC
13th May 2026