



Julia Waldron
Clerk to the Council
South Milton Parish Council

7th April 2026

Dear Julia,

INTERNAL AUDIT 2026

Parish & Parish Auditing Services have been appointed to undertake the internal audits at South Milton Parish Council. The annual internal audit for 2025/26 financial year was completed on 7th 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 Section 4 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 Audit Practices Board 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.

It is important for the Council to continue to observe its governance requirements and ensure that it maintains its finances in a comprehensive and accurate format in order to complete its end of year obligations.

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.

Appointment of an RFO (Section 151 of LGA 1972)

The Parish Clerk is the RFO. **Recommend** that this is clearly stated on the Council's website for transparency.

Ensure the correct roll forward of the prior year cashbook balances to the new financial year.

The roll over figure is £20,229 (Box 7).

Check a sample of financial transactions in cashbooks to bank statements, etc: the sample size dependent on the size of the authority and nature of accounting records maintained.

A sample of the financial transactions between 1st April and 31st March 2026 has been undertaken. The following checks were carried out:

- Review of a sample of original invoices: No material differences identified.
- Sample invoices checked against the list of invoices paid: Sample checked identified no material differences.
- Sample invoices checked against the original bank statement: Sample checked identified no material differences.
- Samples checked against the cashbook as reported to Full Council. Sample checked identified no material differences.

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.

The financial control systems include:

- *Measures to ensure that the financial transactions of the authority are recorded as soon as, and as accurately as, reasonably practicable:*

The Council uses the Scribe accounting software. Invoices are recorded as follows:

- Date stamped on receipt;
- Verified for accuracy;
- Cost coded;
- Invoices are electronically saved and uploaded into the finance software.

A list of invoices is presented to Full Council for payment. Approvals are minuted in the Council minutes.

- *Measures to enable the prevention and the detection of inaccuracies and fraud, and the reconstitution of any lost records:*

All invoices are reviewed by the Parish Clerk. Invoices are then uploaded into the software and payments are presented to Council for approval. Payment is via online banking. The list of payments are reported to Council on a monthly basis and approved.

- *Measures to ensure that risk is appropriately managed:*

The Council has a Risk Management Policy in place ([attachments.asp](#)). This was reviewed at the meeting held on 26th May 2025.

- *Identification of the duties of officers dealing with financial transactions and division of responsibilities of those officers:*

The RFO is responsible for all financial transactions and these are authorised by Full Council for payment.

Ensure that bank reconciliations are prepared routinely, are subject to independent scrutiny and sign-off by members.

Bank reconciliations are prepared monthly and uploaded onto the website ([Finance Year End 2025/26 - South Milton Parish Council - South Milton Parish Council, Kingsbridge](#))

Verify the accuracy of the year-end bank reconciliation detail and ensure accurate disclosure of the combined cash and bank balances in the AGAR, section 2, line 8.

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 £24,575.77 as at 31st March 2026

Where the authority has bank balances in excess of £100,000 it has an appropriate investment strategy.

Not applicable.

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.

Review the procedures in place for acquisition of formal tenders and quotes, ensuring they are in line with the SOs and FRs which should be based on the latest version.

The request for Tenders and Contracts are governed by the 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 Council has not tendered for any works this financial year. It does have a contractor who looks after the cemetery that is tendered but the amount is £120 per month to South Hams Elite Property Services.

Please note that Contracts Finder has now been replaced by Find a Tender so all contract information should be publicised on this portal where required. ([Find a Tender](#))

Ensure that consistent values are in place for the acquisition of formal tenders between SOs and FRs (frequently different limits are recorded in the two documents).

Standing Orders were updated in May 2024 and are based on an older NALC template version.

Since then a revised set of Standing Orders have been produced by NALC to reflect the Procurement Act 2023. **It is recommended that Council reviews its current Standing Orders and updates them as required (mainly section 18)**

Financial Regulations were updated in 2024 but are based on an older NALC template. **It is recommended that Council reviews its current Financial Regulations and updates them as required. Note that Contracts Finder has now been discontinued,**

Currently the limits between the two documents match.

Review the procedures for receipt of invoices, agreement of invoice detail and confirmation of goods/ services delivery and approval for payment; ideally, a suitably designed certification stamp should be in place providing for evidencing of these checks and payment authorisation.

Financial recording and reporting procedure:

- The Council uses the Scribe financial software to manage its accounts;
- Invoices are received and reviewed for accuracy and authenticity by the RFO. They are inputted into the accounting system and reports can be creating from the system;
- The RFO sets up the payment of invoices and they are authorised for payment via online banking by the Clerk/RFO and two councillors.

Check that there is effective segregation between ~~the writing of cheques or the setting up of online payments,~~ and physical release of payments.

There is appropriate segregation in place.

Check that VAT reclaims are prepared and submitted in a timely manner in line with the underlying records and in accordance with current HMRC requirements.

VAT is normally claimed annually. However, the previous claim received in 29th April 2025 was for the period 1st April 2022 to 31st March 2025.

Please ensure that a VAT claim is submitted for the 2025/26 year. According to Scribe a claim for £238.32 can be submitted.

Where debit/credit cards are in use, establish the total monthly and individual transaction limits and ensure appropriate controls over physical security and usage of the cards are in place.

The Council does not have a credit card in place.

Those councils eligible to apply the General Power of Competence (GPC) should ensure that it is clearly minuted.

The Council does not have GPC in place.

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.

Ensure that authorities have prepared and formally adopted, at least once annually, an appropriate and comprehensive register of assessed risks, both regular and ad hoc.

An Asset Register is in place and is maintained within the accounting system. The value of assets meets Box 9 of the AGAR: £3,529. An HP Printer has been added.

Ensure that appropriate levels of insurance cover are in place for land, buildings, public, employers' and hirers' (where applicable) liability, fidelity/ employees (including members) liability, business interruption and cyber security.

The Council is insured with Zurich. Policy Number YLL- 272027-8713

It runs from 1st June 2025 to 31st May 2026. A review of the insurance policy has been undertaken and Council is adequately insured.

Fidelity Guarantee cover is £25,000.

Ensure that appropriate arrangements are in place for monitoring play areas, open spaces and sports pitches; such reviews should be undertaken by appropriately qualified external inspectors or, if by officers or members, that they have received the appropriate training and accreditation.

The Council is not responsible for any play areas.

Review the effectiveness of internal control carried out by the authority.

The Council has adequate internal controls in place to ensure that it carries out its day-to-day business effectively and efficiently. It has an internal controls policy in place ([SOUTH MILTON PARISH COUNCIL STATEMENT/SYSTEM OF INTERNAL CONTROL](#))

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.

Ensure that the full Authority, not a committee, has considered, approved and adopted the annual precept for the coming year in accordance with the required parent Authority timetable.

At its meeting held on 27th January 2025 Full Council formally approved the budget and the setting of a precept. (Minute 517.b.9)

9. It was RESOLVED to request a precept level of £11,844 as per the above information.

It has been confirmed that a precept of £11,844 was requested. (MHCLG Parish Code E1136P046)

Ensure that current year budget reports are prepared and submitted to the Authority/ Committees periodically during the year with appropriate commentary on any significant variances.

Budget monitoring is undertaken during the year at budget setting time. There is a full review of the previous budget with actual expenditure to date included.

It is recommended that the budget monitoring report from the Scribe software be presented to Council at least quarterly and noted, especially any significant overspends incurred.

Review the budget performance either during the year or at the financial year-end seeking explanations for any significant or unanticipated variances.

The Council set its budget and a copy has been reviewed. There are no significant variances on general running costs.

Ensure that the Authority has considered the establishment of specific earmarked reserves and, ideally, reviews them annually as part of the budget assessment process.

The Council has Earmarked Reserves in place and these are available within the software. EMRs amounted to £14,203.35.

Recommend that these are reviewed annually by Full Council.

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.

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

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

ACCOUNT	AMOUNT
HSBC Current	£1,539.27
HSBC Deposit	£23,036.50
TOTAL	£24,575.77

Ensure that the precept received in the accounts matches the prior year submission form to the relevant authority and the public record of precepted amounts.

This has been checked and verified.

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.

Review "Aged debtor" listings to ensure appropriate follow up action is in place.

The Council has no aged debtors.

Allotments: ensure that appropriate signed tenancy agreements exist, that an appropriate register of tenants is maintained, identifying that debtors are monitored.
South Milton Parish Council does not manage an allotment site.

Burials: ensure that a formal burial register is maintained, that it is up-to-date and that a sample of interments and memorials are appropriately evidenced, that fees have been charged at the correct approved rate and been recovered within a reasonable time.

The Council is a burial authority and manages and operates the South Milton Cemetery. It has a page on its website ([South Milton Parish Council Cemetery - South Milton Parish Council, Kingsbridge](#))

One burial has been recorded in the Register of Burials during 2025/26, which is up to date. Fees were increased and became effective on 1st April 2026.

Hall hire: ensure that an effective diary system for bookings is in place identifying the hirer, hire times and ideally cross-referenced to invoices raised.

The Council does not hire out any venues.

Leases: ensure that leases are reviewed in a timely manner in accordance with the terms of the lease and rents similarly reviewed appropriately at the due time.

The Council does not have any leases in place.

Other variable income streams: ensure that appropriate control procedures and documentation are in existence to provide a clear audit trail through to invoicing and recovery of all such income.

Council's only other income for 2025/26 was bank interest.

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.

Ensure that, for all staff, a formal employment contract is in place together with a confirmatory letter setting out any changes to the contract.

The Clerk has a contract in place and is based on the SLCC/NALC template.

Ensure that appropriate procedures are in place for the payment of members allowances and deduction of any tax liability.

Member do not receive a members' allowance.

Ensure that, for a sample of staff salaries, gross pay due is calculated in accordance with the approved spinal point on the NJC scale or hourly rate, if off-scale, and also with the contracted hours.

Sample has been checked and confirmed. Salaries paid during the year have been reviewed.

Ensure that appropriate tax codes are being applied to each employee.

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

Where free or paid for software is used, ensure that it is up to date.

Payroll is undertaken by a payroll contractor.

For the test sample of employees, ensure that tax is calculated appropriately.

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

Check the correct treatment of Pension contributions.

Employee and employer contributions towards pension are deducted as required.

For NI, ensure that the correct deduction and employer's contributions are applied:

Checked.

Ensure that for the test sample, the correct net pay is paid to the employee with tax, NI and pension contributions correctly paid to the respective agencies.

Sample checked was correct.

The Council has met this control objective.

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

Tangible Fixed Assets:

Ensure that the Authority is maintaining a formal asset register and updating it routinely to record new assets at historic cost price, net of VAT and removing any disposed of/ no longer serviceable assets.

An Asset Register is in place and has been reviewed. It is managed through the Scribe Accounts system. One amendment for a new printer has been made during the year.

Physically verifying the existence and condition of high value, high risk assets may be appropriate.

Not reviewed. Audit was undertaken remotely.

The register should identify for each asset the purchase cost and, if practicable, the replacement/ insured cost, the latter being updated annually and used to assist in forward planning for asset replacement.

Asset purchase cost is recorded and additional information is included where appropriate.

Additions and disposals records should allow tracking from the prior year to the current.

Checked and verified.

Ensure that the asset value to be reported in the AGAR at section 2, line 9 equates to the prior year reported value, adjusted for the nominal value of any new acquisitions and / or disposals.

Checked and confirmed.

Compare the asset register with the insurance schedule to ensure that all assets as recorded are appropriately insured or “self-insured” by the Authority.

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

Fixed asset investments:

Ensure that all long-term investments (i.e., those for more than 12 month terms) are covered by the “Investment Strategy” and reported as Assets in the AGAR at section 2, line 9. Borrowing and Lending:

Council has no long-term investments in place.

Ensure that the authority has sought and obtained appropriate UK Debt Management Office approval for all loans acquired.

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.

Ensure that bank reconciliations are prepared routinely, are subject to independent scrutiny and sign-off by members.

Bank reconciliations are prepared monthly and are signed off by Full Council. Reconciliations are uploaded onto the website.

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.

Ensure that, where annual turnover exceeds £200,000, appropriate records are maintained throughout the year on an Income and Expenditure basis to facilitate budget reporting in that vein. [The Accounts and Audit Regulations 2015](#)

Accounts are maintained on a receipts and payments basis.

Ensure that appropriate accounting arrangements are in place to account for debtors and creditors during the year and at the financial year-end.

Confirmed.

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”).

Council met the exemption criteria as required and reported its year end at the 28th April Council meeting.

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.

Review the Authority’s website ensuring that all required documentation is published 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 \(ensure this is published again for the 2025/26 financial year\)](#)

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](#)

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).

IAs should acquire/ examine a copy of the required “Public Notice” ensuring that it clearly identifies the statutory 30 working day period when the Authority’s records are available for public inspection. [The Accounts and Audit Regulations 2015](#)

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

IAs may also check whether authorities have minuted the relevant dates at the same time as approving the AGAR.

The Council did not formally minute the dates of the public notice at the meeting where the AGAR was approved on 28th April 2025. **Recommend** that the dates of the public notice be minuted once approved for transparency reasons.

The Council has met this control objective.

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

Ensure that the statutory disclosure / publication requirements in relation to the prior year’s AGAR have been met as detailed on the front page of the current year’s 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.

Data protection and security - Using authority-owned email accounts ensures that sensitive information is handled in a controlled environment with appropriate security measures. This aligns with GDPR principles such as data minimisation, integrity and confidentiality.

Council meets this requirement and has a .gov.uk email addresses for Councillors and staff.

It is best practice to use a .gov.uk domains for smaller authorities' emails and websites.

Council meets this best practice recommendation.

Compliance with policies - All authorities should have an IT policy that mandates the use of authority-owned email accounts for official business. These policies are designed to ensure that all communications are conducted in a manner that is consistent with the authority's standards and legal obligations.

The Council has an IT policy in place ([attachments.asp](#))

Website accessibility - Where a smaller authority is subject to the requirements of website accessibility it does not have to buy a new website to comply with accessibility law if it places a disproportionate burden on the authority. At a minimum all authorities' websites must include an accessibility statement on their website and keep it under regular review. This statement should include reasons for not meeting accessibility requirements, ways to source alternative copies of non-accessible documents and a point of contact.

The Council has an Accessibility Statement published on its website. ([attachments.asp](#)).

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 South Milton Parish Council website does not comply with WCAG 2.2 AA. **Recommend that Council contacts its web provider to ensure it meets the above requirements.**

Accessibility has been reviewed and the parish council section of the website only scores 6.6 out of 10. [WAVE Report of South Milton Parish Council, Kingsbridge](#)

Data Protection - To ensure compliance with data protection regulations, smaller authorities should:

- *Appoint a Data Protection officer to oversee data protection and ensure compliance with GDPR (Under Section 7 of the DPA 2018, Parish Councils and Parish Meetings are exempt from this requirement).*
- *Conduct regular data audits to identify what personal data is held, how it is used and make sure it is processed lawfully.*
- *Implement a Data Protection policy on data handling, storage and sharing.*
- *Provide regular training to ensure all staff and members are trained on data protection principles and practices.*
- *Secure data using appropriate technical and organisational measures to protect personal data from breaches.*

The Council has the following Data Protection policies published on its website:

- Freedom of Information Policy ([attachments.asp](#))
- Privacy Notice Information ([attachments.asp](#))
- Data Protection Policy ([attachments.asp](#))

- Data Breach Procedure ([Data Security Breach Procedure](#))
- SAR ([attachments.asp](#))
- Retention Policy ([Best practice guidelines for parish clerks on the retention and preservation of parish council records](#))

Council will need to ensure that the following requirements are met:

- 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.

The Freedom of Information Act places a duty on every public authority to adopt and maintain a publication scheme which details the publication of information by the authority and is approved by the Information Commissioner; adoption of the Information Commissioners Office model publication scheme meets this requirement. [Freedom of Information Act 2000](#) and [Publication schemes: a guide | ICO](#)

A Freedom of Information publication guide is in place ([attachments.asp](#)).

Smaller Authorities with total turnover or expenditure greater than £25,000 should as best practice comply with the Local Government Transparency Code 2015; the government believes that in principle all data held and managed by local authorities should be made available to the public unless there are specific sensitivities to doing so. [Local government transparency code 2015 - GOV.UK](#)

The Council does meet the Smaller Councils Transparency Code as required.

Please note that the Practitioners Guide states that monitoring an authority's compliance with the relevant transparency code is not part of the external auditor's limited assurance review of the AGAR. It would however be expected that internal auditors would review this control area and this has been carried out.

The Council has met 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.