

William Lewis
Town Clerk
Magor and Undy Town Council
Council Office
Unit 3, Salisbury House,
Magor Square,
Monmouthshire
NP26 3HY

22nd May 2026

Year End audit Cover Letter

An audit was carried out by Kevin Rose on Friday 22 May 2026. This was the Year End audit following on from the interim audit carried out on 27 November 2025.

The audit was undertaken using the standard IAC Audit Checklist, which we use for all Local Councils, which has 179 items. A total of 78 items were tested during this audit in addition to the 101 items tested and checked during the interim audit. 20 further items were checked during this audit and confirmed as being 'Not Applicable' to Your Council. All items on the checklists were tested during the year.

The following 'Internal Control Objectives' of the Annual Internal Audit Report (part of the AGAR) were checked and confirmed as being Not Applicable to your Council for this financial year.

- Petty cash (Box 6)
- Trust Funds (Box 11)

Areas subject to audit were;

- the Payment system (Box 2)
- Risk and insurance (Box 3)
- Budget and precept setting and monitoring (Box 4)
- Income billing, collection and VAT (Box 5)
- Payroll(Box 7)
- Assets and investments (Box 8)
- Bank reconciliations (Box 9)
- Accounting Statements (Box 10)

Summary of tests undertaken this audit

Positive response	54
Negative response	4
Not Applicable to your Council	20
Total tests carried out	<u>78</u>

Of the 58 applicable items tested a Positive response was obtained in respect of 54 tests. There were 4 Negative responses identified and 8 Observations were made, details of which are set out in the attached Year End Internal Audit Observations.

Summary of tests undertaken for the financial year (including the Interim audit)

Positive response	125
Negative response	6
Not Applicable to your Council	48
Total tests carried out	<u>179</u>
Tests not carried out	Nil

I am pleased to advise that no 'Non-Compliances' were identified that would give rise to a negative response on the statutory Annual Internal Audit Report.

Based on the audit testing carried out I am satisfied that the Council's internal controls were effective for the 2025/26 financial year.

I would like to express my thanks for the assistance and hospitality provided to me during my audit.

Yours sincerely,



Kevin Rose ACMA
Director

Year End audit summary Magor with Undy Town Council

(shaded Internal Control Objectives are not applicable to your Council)



Year End Audit Date 22 May 2026

Internal Control Objective	N/A	Tested	Positive	Negative	Observations	Non Compliance
Box 1 Appropriate books of account have been properly kept throughout the year.		0	0	0	0	
Box 2 Financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for.	3	4	4	0	0	
Box 3 The body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.		6	5	1	1	
Box 4 The annual precept/levy/resource demand requirement resulted from an adequate budgetary process, progress against the budget was regularly monitored, and reserves were appropriate.		2	1	1	1	
Box 5 Expected income was fully received, based on correct prices, properly recorded and promptly banked, and VAT was appropriately accounted for	5	5	5	0	0	
Box 6 Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.		N/A	N/A	N/A	N/A	
Box 7 Salaries to employees and allowances to members were paid in accordance with minuted approvals, and PAYE and NI requirements were properly applied.	3	21	19	2	3	
Box 8 Asset and investment registers were complete, accurate, and properly maintained.	4	7	7	0	2	
Box 9 Periodic and year-end bank account reconciliations were properly carried out.	3	6	6	0	0	
Box 10 Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments/income and expenditure), agreed with the cashbook, were supported by an adequate audit trail from underlying records, and where appropriate, debtors and creditors were properly recorded.	2	7	7	0	1	
Box 11 Trust funds (including charitable trusts). The Council/Board/ Committee has met its responsibilities as a trustee.		N/A	N/A	N/A	N/A	
Totals	20	58	54	4	8	0

Magor with Undy Town Council



Interim Audit Date: 27/11/2025

Internal Audit Summary for the year 2025-26

Year End Audit Date 22/05/2026

(shaded Internal Control Objectives are not applicable to your Council)

Internal Control Objective	Observations	Non - Compliance	Observation Analysis				Responses			
			High	Medium	Low	Advisory	Positive	Negative	N/A	Not Checked
1 <i>Appropriate books of account have been properly kept throughout the year.</i>	1	0	0	1	0	0	6	0	0	0
2 <i>Financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for.</i>	3	0	1	2	0	0	35	1	7	0
3 <i>The body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.</i>	1	0	1	0	0	0	10	1	1	0
4 <i>The annual precept/levy/resource demand requirement resulted from an adequate budgetary process, progress against the budget was regularly monitored, and reserves were appropriate.</i>	1	0	0	1	0	0	12	1	3	0
5 <i>Expected income was fully received, based on correct prices, properly recorded and promptly banked, and VAT was appropriately accounted for</i>	2	0	0	2	0	0	15	1	9	0
6 <i>Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.</i>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	9	N/A
7 <i>Salaries to employees and allowances to members were paid in accordance with minuted approvals, and PAVE and NI requirements were properly applied.</i>	3	0	2	1	0	0	19	2	3	0
8 <i>Asset and investment registers were complete, accurate, and properly maintained.</i>	2	0	2	0	0	0	7	0	4	0
9 <i>Periodic and year-end bank account reconciliations were properly carried out.</i>	0	0	0	0	0	0	12	0	4	0
10 <i>Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments/income and expenditure), agreed with the cashbook, were supported by an adequate audit trail from underlying records, and where appropriate, debtors and creditors were properly recorded.</i>	1	0	0	1	0	0	9	0	2	0
11 <i>Trust funds (including charitable trusts). The Council/Board/ Committee has met its responsibilities as a trustee.</i>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	7	N/A
Total	14	0	5	8	0	0	125	5	49	0

Magor with Undy Town Council Financial Year 2025-26



IAC Audit and Consultancy Ltd

Audit date: 22 May 2026

Year End Internal Audit Observations

3 The body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	The Council, meeting as a whole, has reviewed the effectiveness of its internal control system as required by Regulation 6 of the Accounts and Audit Regulations 2015	No	The Council has not reviewed the effectiveness of its internal control system as required by Regulation 5 of the Accounts and Audit (Wales) Regulations 2014.	The Council to note the legal requirement for it to annual review the effectiveness of the system of internal control.	High	On our last annual report it says it was last reviewed in 2024 and albeit that it was listed for consideration by Council at the Ordinary Meeting of 10th March 2025 the business along with other items was not transacted due to the meeting overrun. Unfortunately an oversight resulted in the business not being re-listed for a future meeting. The document has been added to bring it up to date and shall be presented to Council for agreement at the Ordinary Meeting in July 2026.

4 The annual precept/levy/resource demand requirement resulted from an adequate budgetary process, progress against the budget was regularly monitored, and reserves were appropriate.

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	The Council has reviewed any points raised by the External Auditor as required	No	It was noted that, as the date of the year end audit, the Council had not received the report of the External Auditor which was due by 30th September 2025 (see Regulation 15 (5) Accounts and Audit (Wales) Regulation 2014) It was noted the Council has not received the report of the External Auditor for any year since 2022/23.	The Council to consider whether to publish notifications on its website explaining the delay in the issuing of audit reports by Audit Wales. The Council should seek guidance from Audit Wales as to what Notice it should legally publish on its website if Audit Wales are unable to complete their work within the statutory deadline.	Medium	This has previously been raised with Audit Wales. Since this observance by Internal Audit I have communicated with Mr Paul Egan of One Voice Wales who has indicated that he will raise an enquiry with Audit Wales on my behalf. Friday 05th June 2026 - Email response received from Paul Egan - Audit Wales are wading through extensive correspondence – interrupted regularly. The bulk of work is now complete and from next week there shall be focus on outstanding councils of which Magor should be among the first.

7 Salaries to employees and allowances to members were paid in accordance with minuted approvals, and PAYE and NI requirements were properly applied.

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	The Council, or nominated committee, has reviewed and approved any changes to staff rates of pay, or terms of conditions, made during the financial year.	No	<i>From a review of records it was not possible to verify that the Council has undertaken staff appraisals during the 2025-26 financial year.</i>	The Council to note the contractual obligation for it to complete staff appraisals, including for the Clerk, each year.	High	Clerk/RFO Employee Appraisal was submitted in July 2025 for completion of Employer Appraisal Section. Has not been signed off. The annual appraisal of the Business Support and projects Officer following six months probation was completed and signed off. Annual Appraisal of two Village wardens shall be expedited and each have been sent documentation/form for completion of appraisee comments.
2	Salaries and wages payable to staff have been appropriately approved and confirmed in writing.	No	<i>It was noted that increments had been paid to staff in 2025-26 in accordance with contracts of employment but this had not been formally notified to staff in writing. It appears that staff have not been awarded increments due as at 1st April 2026.</i>	The Council to ensure that all changes to staff terms and conditions, including the award of increments, are advised to staff in writing. The Council to review the award of increments for 2026/27.	High	Staff have been informed by email of their entitled incremental increase from 01/04/26 with an explanation of the oversight to adjust Monthly Return to Chepstow Accountancy to include increment wage increase to qualifying staff in the April pay-run. This has been remediated by including increase in pay in the May pay-run and back dating increase to 01/04/26. Shall be reported to Full Council in June Ordinary Meeting agenda.
3	Deductions have been properly paid over to HMRC	Yes	<i>It was noted that the Council do not have access to the HMRC online portal and therefore cannot verify that the balance due on HMRC is correct. It is understood the Councils payroll provider does have access to HMRC online records.</i>	The Council to obtain confirmation, through the payroll provider, that the Councils balance with HMRC is correct and up to date. In future the Council to obtain this confirmation at the end of each financial year.	Medium	Chepstow Accountancy have provided the information identified. HMRC have been contacted which revealed that an account held with them for MUCC did not authorise access by the current clerk. HMRC have been updated with current information and will make changes to account authorisation & security to enable current Proper Officer of the Council access.

8 Asset and Investment registers were complete, accurate, and properly maintained.

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
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1	Assets purchased / disposed of have been added to / removed from asset register	Yes	It was noted that the Council has removed a number of low value items from the asset register, these are now included on a separate 'inventory'. The items removed include a number of significant items, such as parcels of land, which are held at a nominal £1 value.	The Council should specifically review the items that are to be removed from the register and ensure that individual items which may be significant, but are recorded at nominal values, are not removed from the register.	High	This work is in progress. The Clerk is attending to implementation of the required corrections as identified by the Internal Auditor Observations.
2	Movement on asset register agrees to additions to disposals made in the year	Yes	A review of the changes between the 2025 and 2026 asset values identified some assets which were held by the Council in 2025 but have been treated as acquisitions in 2026. These include Fingerposts acquired in 2023-24 which were noted in that years Internal Audit Observations. A detailed schedule of the change in asset value was produced by the Internal Auditor and has been provided to the Clerk for information.	The Council to ensure that items which were held as at March 2025 are recorded in the asset value at that date.	High	As above at 8.1 work has commenced to amend the latest assets register following observations of the Internal Auditor during the Internal Audit on 22/05/26. Upon making the required corrections in respect of items not previously recorded and items removed the asset register as of 31st March 2025 will also be amended/corrected.

10 Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments/income and expenditure), agreed with the cashbook, were supported by an adequate audit trail from underlying records, and where appropriate, debtors and creditors were properly recorded.

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	Current year end accruals and prepayments are reasonable and accurate [Year End]	No	It was noted that the Council has accrued for costs for External Audit fees outstanding since 2023/24. It is unclear whether these accruals will be adequate to meet the actual costs.	Council to review the accruals and consider whether they should be amended.	Medium	As detailed under section 4/1 of this observation report Audit Wales have confirmed that outstanding Audit Opinions and associated fees for previous Annual Returns are being processed and that MUTC are among the first to be completed.

Annual internal audit report to:

Name of body: **Magor with Undy Town Council**

The Council's internal audit, acting independently and on the basis of an assessment of risk, has included carrying out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year ending 31 March 2026.

The internal audit has been carried out in accordance with the Council's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and the internal audit conclusions on whether, in all significant respects, the following control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of the Council.

	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
1. Appropriate books of account have been properly kept throughout the year.	Yes				
2. Financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for.	Yes				
3. The body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	Yes				
4. The annual precept/levy/resource demand requirement resulted from an adequate budgetary process, progress against the budget was regularly monitored, and reserves were appropriate.	Yes				
5. Expected income was fully received, based on correct prices, properly recorded and promptly banked, and VAT was appropriately accounted for.	Yes				
6. Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.			N/A		
7. Salaries to employees and allowances to members were paid in accordance with contracts/ minuted approvals, and PAYE and NI requirements were properly applied.	Yes				
8. Asset and investment registers were complete, accurate, and properly maintained.	Yes				

	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
9. Periodic and year-end bank account reconciliations were properly carried out.	Yes				
10. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments/income and expenditure), agreed with the cashbook, were supported by an adequate audit trail from underlying records, and where appropriate, debtors and creditors were properly recorded.	Yes				
11. Trust funds (including charitable trusts). The Council has met its responsibilities as a trustee.			N/A		

For any risk areas identified by the Council (list any other risk areas below or on separate sheets if needed) adequate controls existed:

	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
12.					
13.					
14.					

* If the response is 'no', please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

** If the response is 'not covered', please state when the most recent internal audit work was done in this area and when it is next planned, or if coverage is not required, internal audit must explain why not.

[My detailed findings and recommendations which I draw to the attention of the Council are included in my detailed report to the Council dated 22nd May 2026.] * Delete if no report prepared.

Internal audit confirmation

I/we confirm that as the Council's internal auditor, I/we have not been involved in a management or administrative role within the body (including preparation of the accounts) or as a member of the body during the financial years 2025-25 and 2026-26. I also confirm that there are no conflicts of interest surrounding my appointment.

Name of person who carried out the internal audit: Kevin Rose ACMA – IAC Audit and Consultancy Ltd

Signature of person who carried out the internal audit:



Date: 22nd May 2026