

Bruton Town Council

Internal Audit Report 2025-26 (Interim)

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*For & on behalf of
Auditing Solutions Ltd*

Background

Statute requires all town and parish councils to arrange for an independent internal audit examination of their accounting records and systems of internal control and for the conclusions to be reported each year in the Annual Governance and Accountability Return (AGAR).

This report sets out the work undertaken in relation to our interim review for 2025-26, undertaken at our offices and during a visit to the Dovecote Building offices on 30 October 2025. We would like to thank the Town Clerk for her help and hospitality during this review.

Internal Audit Approach

The objective of this interim review is to provide an appropriate level of assurance to the Council on their governance, procedures and financial control in advance of the main review at the financial year end. Any observations made, therefore, should be seen as an ‘early warning’ of issues that need to be addressed in order to provide full and supportable assurances in the Annual Governance and Accountability Return (AGAR) for 2025-26.

In commencing our review for the year, we have again had regard to the materiality of transactions and their susceptibility to potential misrecording or misrepresentation in the year-end Statement of Accounts / AGAR. Our programme of cover is designed to afford appropriate assurance that the Council has appropriate and robust financial systems in place that operate in a manner to ensure effective probity of transactions and to afford a reasonable probability of identifying any material errors or possible abuse of the Council’s own and the national statutory regulatory framework. The programme is also designed to facilitate our completion of the ‘Internal Audit Report’ as part of the Council’s AGAR process, which requires independent assurance over a number of internal control objectives.

Overall Conclusion

Details of the work undertaken on the Council’s accounting and other records during this review are set out in the following detailed report. We have not seen the need to make any formal recommendations, although we have discussed a few minor issues with the Town Clerk during our audit visit, and made some observations in this report for Council to consider.

We remain impressed with the ongoing improvements in procedures and control established by the Town Clerk, and the high level of governance maintained by Councillors. In that light, we can see no reason at this time why the Council should not continue to receive an unqualified assurance on its 2025-26 AGAR.

Detailed Report

Maintenance of Accounting Records & Bank Reconciliations

Our objective here is to ensure that the accounting records are being maintained accurately and that no anomalous entries appear in cashbooks or financial ledgers. The Council uses the Scribe online accounting software, which allows for good analysis of transactions. The Council keeps its funds in two Unity Trust Bank accounts (Current, and interest-earning Instant Access), with longer-term balances held in a CCLA interest-earning account.

We have:

- reconciled the 2025-26 opening balances in Scribe to the closing 2024-25 figures in the Annual Governance and Accountability Return (AGAR), agreeing the change to Income and Expenditure (I&E) accounting during 2024-25;
- Ensured that the cost and expenditure coding structure remain appropriate for purpose;
- Checked and agreed the Scribe bank reconciliations as at 30 September 2025 for both Unity Trust accounts and the CCLA account to the supporting bank statements.

We note that a separate CCLA account has been established for the BruBowl project, in order to ring-fence these funds. We have reconciled the CCLA statement to the accounting system as at 30 September 2025. We note that monthly interest earnings are re-invested in the account, but that the monthly interest is coded to the general interest receipts code (Code 89). We have discussed with the Town Clerk whether a separate accounting code should be set up for Brubowl, to maintain separation of records and to aid reconciliation.

We note that bank reconciliations on all accounts are undertaken on a monthly basis, and reported to the next meeting of the Council. We are pleased to note that independent Councillors continue to check transactions on a rotational basis in accordance with Financial Regulation (FR) 2.6 although we note a couple of occasions where this check has been undertaken by the Chair, which is not in compliance with FR 2.6. We have referred this issue to the Town Clerk for monitoring. We understand that some Councillors have been granted read-only access to the Scribe online accounting system, which is further evidence of good independent check.

We note that the Town Clerk has delegated authority to move sums between accounts, to a level of £25,000 on each occasion, with subsequent reporting to Council.

Conclusions

There are no issues arising in this area of our review warranting formal comment or recommendation at this time, other than our observation concerning the coding of Brubowl interest receipts within Scribe.

Review of Corporate Governance

Our objective here is to ensure that the Council has a robust series of corporate governance policies, procedures and documentation in place; that Council and Committee meetings are conducted in accordance with the adopted Standing Orders (SOs) and that, as far as we are able to ascertain, no actions of a potentially unlawful nature have been or are being considered for implementation.

We note that the Standing Orders (SOs) and Financial Regulations (FRs) were re-adopted by the Council in May 2025, and are in accordance with the latest NALC Model Forms.

We note that the Council re-affirmed its eligibility to exercise the General Power of Competence (GPoC) at the Annual Meeting of the Full Town Council in May 2024. We have discussed with the Town Clerk whether the continued eligibility to use this power should become a standing resolution at each Annual General Meeting.

We have commenced our review of the Minutes of the Town Council and Standing Committee meetings for the year to date to establish whether any issues exist that may have an adverse effect, through litigation or other causes, on the Council's current or future financial stability.

We note that the Exercise of Public Rights, undertaken with regard to the 2024-25 Accounts, was properly undertaken in accordance with the Accounts and Audit Regulations.

We note that the External Audit review of the 2024-25 was completed with no concerns raised, and we congratulate both the Town Clerk and the Council on this achievement, given that the basis of accounting changed during that year. We have discussed with the Town Clerk further end of year adjustments in accordance with I&E accounting principles.

We have reviewed progress on drawing up a range of procedure notes with the Town Clerk, both for Business Continuity and as a training aid for the Assistant Town Clerk, who is now undertaking the CiLCA qualification. This is of particular relevance where new procedures need to be introduced with regard to I&E accounting.

We have reviewed the requirements of the Transparency Code 2015 with the Town Clerk. We note that a good range of statutory information is available, including a complete list of approved payments hotlinked in the published Minutes. We understand that an IT review is planned to enhance the presentation of such information, which we understand will require additional reporting in the 2025-26 AGAR. We will, therefore, review this issue at the year-end.

Conclusion

There are no issues arising in this area of our review warranting formal comment or recommendation at this time.

Review of Expenditure

Our aim here is to ensure that: -

- Council resources are released in accordance with the Council's approved procedures and budgets;
- Payments are supported by suitable documentation, either in the form of an original trade invoice or other appropriate form of document confirming the payment as due and/or an acknowledgement of receipt, where no other form of invoice is available;
- All discounts due on goods and services supplied are identified and appropriate action taken to secure the discount;
- The correct expense codes have been applied to invoices when processed; and
- VAT has been appropriately identified and coded to the control account for periodic recovery.

We have determined, and test checked, the procedures for receiving, processing and making due payments, with no issues arising. We note the extensive use of the Scribe online accounting system, which includes scans of relevant supporting documentation, which provides a good level of internal check.

We have confirmed the VAT reclaims for the final quarter of 2024-25, and the first quarter of 2025-26, between the Scribe system and the relevant bank records.

Conclusion

There are no issues arising in this area of our review warranting formal comment or recommendation at this time.

Assessment and Management of Risk

Our aim here is to ensure that the Council has put in place appropriate arrangements to identify all potential areas of risk of both a financial and health and safety nature, whilst also ensuring that appropriate arrangements exist to monitor and manage those risks to minimise the opportunity for their coming to fruition. We have: -

- Examined the Council's current insurance policy, renewed from 1 June 2025 through Clear Councils underwritten by Ecclesiastical. We note that the following covers are in place: Employers Liability at £10M, Public & Products Liability at £10M, Fidelity Guarantee at £250,000 and other covers, including property, which we consider appropriate for the Council's current requirements;
- Noted that the Council's Risk Register is now subject to ongoing review by the Finance and Resources (F&R) Committee, with subsequent approval by Council. This more than satisfies the requirement of FR2.2 for a minimum annual review;
- Noted that the Jubilee playpark is now subject to a weekly visual check as well as an annual safety review, with records being retained for 21 years to meet insurance requirements.

Conclusion

There are no issues arising in this area of our review warranting formal comment or recommendation at this time.

Budgetary Control & Reserves

Our objective here is to ensure that the Council has a robust procedure in place for identifying and approving its future budgetary requirements and the level of precept to be drawn down from the Unitary Authority: also, that an effective reporting and monitoring process is in place. We also aim to ascertain whether the Council retains appropriate funds in Earmarked Reserves to finance its ongoing spending plans, whilst retaining prudent sums as a General Reserve to cover any unplanned expenditure that might arise.

We note that the current budget position is a standing item for review at F&R meetings, subsequently approved by Council.

As the process for determining a budget and Precept for 2026-27 has yet to be concluded, we will review this area during our 2025-26 final review.

Conclusion

There are no issues arising in this area of our review warranting formal comment or recommendation at this time. We shall undertake further work in this important area as part of our 2025-26 final review, including consideration of the level of retained reserves.

Review of Income

The Council receives income, in addition to its Precept and VAT recoveries, from cemetery fees, allotment rents, event fees, and occasional miscellaneous grants.

We have undertaken a sample check of large income transactions within the Scribe system, with no issues arising.

We note that the Scribe Cemeteries accounting package is in use. We have test-checked transactions between the accounting system and the Cemeteries package with no issues arising.

We would remind the Council that an annual review (not necessarily an increase) of all fees and charges is required before 31 March 2026, in order to meet the requirement of FR13.2. We understand that this is timetabled for January 2026.

Conclusion

There are no issues arising in this area of our review warranting formal comment or recommendation at this time.

Petty Cash Account

The Council does not maintain a petty cash account. It does, however, make small purchases on a Lloyds Bank credit card, which is processed through the accounts as a normal trade account.

Conclusion

There are no issues arising in this area of our review warranting formal comment or recommendation.

Review of Staff Salaries

In examining the Council's payroll function, we aim to confirm that salary payments are in line with the Council approved pay rates and that extant legislation is being appropriately observed as regards adherence to the requirements of HMRC legislation in relation to the deduction and payment over of income tax and NI contributions, together with pension contributions.

We note that the Council's payroll is managed by an external contractor (Pata Payroll).

We have test-checked the payroll for September 2025, agreeing detail of the basic salary payments to each employee. We have also checked the accuracy of the tax, NI and pension deductions by reference to the relevant tax and NI tables and percentage bandings applying to staff contributing to the approved Pension scheme with no issues arising. Finally in this area, we have checked the payment over of statutory deductions (tax, NI and pensions) to the relevant authorities, with no issues arising.

We note that the most recent NJC Pay Award, to be back-dated to 1 April 2025, was approved by Council at its September 2025 meeting.

Conclusion

There are no issues arising in this area of our review warranting formal comment or recommendation at this time.

Investments and Loans

The Council holds no investments other than its accounts with Unity Trust bank. As those balances exceed £100,000 in total, we note that the Council has a formal Investment Strategy in place, which is due for review in January 2026.

There are no loans outstanding to or by the Council.

Conclusion

There are no issues arising in this area of our review warranting formal comment or recommendation at this time.

Rec. No.	Recommendation	Response
	No recommendations made	