

Bruton Town Council

Internal Audit Report 2025-26 (Final)

Chris Hall

Consultant Auditor

*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 final review for 2025-26, undertaken at our offices and during a visit to the Dovecote Building offices on 14 May 2026. We would like to thank the Town Clerk for her help and hospitality during this review.

Internal Audit Approach

The objective of this final review is to provide an appropriate level of assurance to the Council on their governance, procedures and financial control for the year 2025-26, in support of the assurances the Council is required to sign against in the Annual Governance and Accountability Return (AGAR) for 2025-26.

In concluding 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 reasonable 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 some non-material 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.

This is the last review this auditor will undertake for Bruton Town Council, due to retirement. ASL is also being wound down. We would like to thank the Town Clerk and her team for their friendliness and helpfulness during our visits, and wish them and the Town Council well for the future. It has been a pleasure to be of service.

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);
- Ensured that the cost and expenditure coding structure remain appropriate for purpose;
- Checked and agreed the Scribe bank reconciliations as at 31 March 2026 for both Unity Trust accounts and the CCLA account to the supporting bank statements. We note that a number of payments, totalling £8,127, were processed at the year end and, with advice from Scribe, have been treated as uncashed payments. We have agreed with the Town Clerk that these have been brought into the 2025-26 Accounts, although they may have an effect on reconciliations throughout 2026-27.

We note that a separate CCLA account has been established for the BruBowl project, in order to ring-fence these funds. Further to our previous comments, we note that interest on this account is now credited to BruBowl rather than the Town Council.

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. 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.

Conclusions

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

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 last 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 concluded our review of the Minutes of the Town Council and Standing Committee meetings for the year 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 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 has recently achieved 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 on the Council's website, including a complete list of approved payments hotlinked in the published Minutes.

During 2025-26 a new requirement was placed on Local Councils to maintain sound Data Protection and IT systems and controls, requiring a specific assertion by Councils (AGAR Section 1, Assertion 10). We note that actions are underway to achieve the expected standard, although we acknowledge the view of the Town Clerk that the required comprehensive assurance cannot yet be given. However, we are confident that, with a programme of data mapping, review of relevant Policies, and appropriate training for both staff and Councillors, the required assurance should be generated and maintained throughout 2026-27.

Conclusion

There are no issues arising in this area of our review warranting formal comment or recommendation, other than our observation concerning the continuing efforts to achieve the appropriate assurances with regard to Data Protection and IT standards.

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 Account for 2025-26, with no issues arising.

Conclusion

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

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, most recently in January 2026. 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.

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, at its January 2026 meeting, the Council formally established its 2026-27 Budget, and agreed a Precept of £288,700 for 2026-27, following detailed review by the Finance and Resources Committee.

We note that the Council receives a report on the current budgetary position quarterly, which is evidence of sound internal control.

We note that, at its January 2026 meeting, the Council approved a Reserves Policy which sets the minimum level of the General Reserve at 25% of the approved Precept, with an aspirational target to increase this to 50% within 3 years.

We note that the Scribe system shows a total of £218,365 as at 31 March 2026 to various projects as Earmarked Reserves. Allowing for the year-end cash balance of £319,704, this leaves a General Reserve of £101,339. This represents 35.1% of the Precept. This is a considerable improvement over the position at 31 March 2025, and demonstrates the Town Council is on course to meet its target for the level of the General Reserve, although the position should continue to be monitored.

Conclusions

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

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 note that the Town Council has a policy of reviewing Cemetery and Allotment fees every 3 years. This is not strictly in accordance with Financial Regulation 3.2, which requires an annual review (not necessarily an increase). We would suggest that the Town Council reviews its policy to accord with Financial Regulations.

Conclusion

There are no issues arising in this area of our review warranting formal comment or recommendation, other than our observation about an annual review of fees and charges.

Petty Cash Account

The Council does not maintain a petty cash account. It does, however, make purchases on an approved 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 and March 2026, 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.

Fixed Asset Registers

All Councils are required to keep a record of their assets, to be valued at original purchase cost or, where this is not easily determined, an appropriate value which can be a nominal £1. This figure, which is only then changed by the addition or deletion of specific items, is reportable in the annual AGAR (Section 2, Box 9).

Council agreed the 2025-26 Asset Register at its March 2026 meeting. We have checked and agreed the total figure between the Asset Register and the 2025-26 AGAR.

We have discussed with the Town Clerk a specific question raised by a Councillor concerning an apparent investment of £10,000 in 1998 to Somerset Council regarding the Dovecote Building. We have concluded the following:

- the amount of £10,000 must not be revalued, as this would be contrary to the rules of Government Accounting;
- the amount of £10,000 gives the Town Council an option to buy the Dovecote Building at a discounted rate, or to receive a proportion of the sale proceeds, should the building be made available at some unspecified time. Therefore the amount of £10,000 originally invested bears no relation to the possible benefit that could be obtained.

Therefore we have concluded that this item should be removed from the Asset Register, as it cannot be truly valued or realised. Instead, to maintain visibility, it should be recorded in a separate Investment Register.

However, the amount involved is not material to the 2025-26 Accounts, and should therefore be dealt with during 2026-27.

Conclusion

There are no issues arising in this area of our review warranting formal comment or recommendation, other than our observations resolving the issue of the Dovecote Building investment detailed above.

Investments and Loans

The Council holds no cash investments other than its accounts with Unity Trust bank and CCLA. As those balances exceed £100,000 in total, we note that the Council has a formal Investment Policy in place, which was reviewed in January 2026.

We have referred above to the need for an Investment Register for non-cash investments, to ensure continued awareness. This should also be reflected in the next review of the Investment Policy.

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, other than the agreed need for an Investment Register.

Statement of Account and AGAR

The AGAR incorporates the Council's Annual Accounts, which are subject to external audit scrutiny and verification.

We have confirmed the figures in the proposed 2025-26 AGAR (Section 2), other than non-material issues that we have discussed with the Town Clerk. These do not affect the Accounts as provided from demonstrating a true and fair view of the Town Council's financial affairs for 2025-26.

We note that the Town Council will be giving a negative assurance against Section 1, Assertion 10 of the 2025-26 AGAR, which we have referred to above.

Conclusions

We have found no issues of material concern during this review, and have duly signed off the Internal Audit Certificate at Page 3 of the AGAR, assigning appropriate assurances in all relevant categories.

Rec. No.	Recommendation	Response
No recommendations made		