

Newbottle Parish Council

Internal Audit Report (Final update) 2025-26

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Background and Scope

Statute requires all town and parish councils to arrange for an independent Internal Audit (IA) 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 the 2025-26 financial year, during our two reviews of the Council's records, which have been undertaken remotely during December 2025 and on 3rd April 2026. We again thank the Clerk in assisting the process, providing all requested documentation in electronic format to facilitate completion of our review for the year.

Internal Audit Approach

In undertaking our review, we have again had regard to the materiality of transactions and their susceptibility to potential mis-recording or misrepresentation in the year-end Statement of Accounts / AGAR. Our programme of cover is designed to afford assurance that the Council's financial systems remain robust and 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 'IA Certificate' in the Council's AGAR, which requires independent assurance over a series of internal control objectives.

We have also examined the Council's actions towards the placement of a positive response in relation to the addition of Assertion 10 in the year's Governance Statement and are disappointed to note that councillors do not wish to have ".gov.uk" email addresses. Consequently, the Council will have to give a negative response to the assertion, as will we at Box O of the year's IA Certificate.

Overall Conclusions

We are pleased to record that, based on the work undertaken this year, the Clerk continues to maintain generally adequate and effective controls over the Council's finances: we acknowledge the actions taken to address issues identified in our previous reports, although a few remain requiring attention: where such areas remain to be addressed, we have reiterated the prior year recommendations in order that they are not overlooked, together with one or two additional issues identified this year.

We have duly signed off the IA Certificate in the year's Part 3 AGAR assigning positive assurances in each relevant area, excepting that in relation to compliance with the requirements of Assertion 10. This report should be presented to members in accordance with the statutory requirement with detail of the IA Certificate in the AGAR also posted on the website.

Detailed Report

Maintenance of Accounting Records & Bank Reconciliations

The Clerk has continued to use the Scribe software to maintain the accounting records during 2025-26 with two accounts in operation through the Unity Bank (Current and Playing Field).

Our objective in this review area is to ensure that the accounting records are being maintained accurately and currently and that no anomalous entries appear in cashbooks or financial ledgers. We have accordingly: -

- Ensured the accurate roll forward of the combined closing balances for 2024-25 into the 2025-26 Scribe accounts;
- Ensured that an appropriate coding structure remains in place to facilitate effective budget monitoring / performance management;
- Checked detail in the receipts and payments “cashbooks” generated by Scribe, examining all transactions recorded for the financial year agreeing detail to the relevant supporting bank statements;
- Checked and agreed detail on the Scribe generated bank reconciliation prepared on 30th November 2025 and 31st March 2026; and
- Ensured the accurate disclosure of the combined account balances in the AGAR at Section 2 Box 8.

Conclusions

We are again pleased to note that reconciliations are routinely presented to the Council and adopted, also being signed off by the Clerk and a nominated councillor. Copies of signed bank statements and reconciliations are duly uploaded to the Scribe accounts software.

Review of Corporate Governance

Our objective here is to ensure that the Council has a robust regulatory framework in place; that Council and Committee meetings are conducted in accordance with the adopted Standing Orders (SOs) and that, as far as we are reasonably able to ascertain as we do not attend meetings, no actions of a potentially unlawful nature have been or are being considered for implementation.

We are pleased to note that the Council re-adopted both its extant SOs and Financial Regulations (FRs) at the May 2025 Council meeting. We have made previous reference to the level at which formal tender action is required suggesting that a more appropriate level for a Council the size of Newbottle would be set at around £10,000 and note that the recently adopted FRs refer to that value for formal tender action (Para 5.6 refers): however, the SOs refer to a limit of £60,000 (Para 18.a.v refers). Both documents should record a consistent value, with that recorded in the FRs considered appropriate.

We have reviewed the Council minutes examining those for the financial year to determine whether any issues exist that may have an adverse effect, through litigation or other causes, on the Council’s future financial stability and are pleased to record that no such matters have been identified.

We note that the external auditors signed off the 2024-25 AGAR with no issues raised. We are also pleased to note that the Notice of Public Rights for 2024-25 was posted on the Council’s website for the requisite 30 working days.

We have, as indicated in this report's preface, also examined the Council's actions towards the placement of a positive response in relation to the new Assertion 10 in the year's Governance Statement and are disappointed to note that councillors do not wish to have ".gov.uk" email addresses. Whilst the Council has taken appropriate action to comply with the other requirements of Assertion 10 adopting a raft of GDPR, etc related policies and having a ".gov.uk" website address, the failure to employ appropriate email addresses for use by the councillors will require a negative response to this Assertion: we will similarly have to give a negative response at Box O of the year's IA Certificate.

Conclusions and recommendation

We again urge that the SOs and FRs are amended to record a consistent value for formal tender action. We also urge that councillors reconsider their decision not to adopt ".gov.uk" email addresses.

R1. The Standing Orders and Financial Regulations should record a consistent value for formal tender action, ideally set at the level recorded in the adopted Financial Regulations. This recommendation will be considered when the SO's and FR's are reviewed in May 2026.

R2. The Council should reconsider its decision not to adopt ".gov.uk" email addresses.

Review of Expenditure & VAT

Our aim here is to ensure that: -

- Council resources are released in accordance with the Council's approved procedures and budgets;
- Appropriate documentation supports payments, 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.

To ensure compliance with the above criteria, we have selected a sample of 22 individual payments in the financial year totalling £13,210 equating to 81% by value of non-pay related payments processed in the year.

We have previously discussed with the Clerk the Council's control procedures in relation to the scrutiny and approval of traders' and other invoices for payment and considered them generally effective. We note that members are being provided with electronic copies of all invoices reviewing them accordingly against the Scribe generated monthly schedules of payments for release with 2 members duly signing off an appropriately worded certificate on the monthly schedules and physically releasing the payments.

In checking the Scribe accounting records as part of our examination of the above test sample of payments processed in the year to the date of our interim review and report, two had not been posted on the relevant Scribe report. We discussed this with the Clerk who kindly uploaded the missing documents.

We also noted the miscoding of three of the Clerk's monthly home working allowance payments during the year to cost centre 25, whilst all others were coded correctly to cost centre 57: we drew this to the clerk's attention prior to the year-end closedown with postings corrected accordingly.

Finally in this area, we again note that VAT reclaims are prepared and submitted to HMRC annually, with that for 2024-25 repaid in April 2025: we have also now agreed the reclaimed amount for 2025-26 to the year's Scribe detail.

Conclusions and recommendations

We are pleased to record that no issues arise in this area currently 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 insurance policy with Hiscox noting that cover is in place with both Employer's and Public Liability cover standing at £10 million, together with Fidelity Guarantee cover at £0.5 million, all of which we consider appropriate for the Council's present needs. We also note that "Business Interruption – Loss of Revenue" cover is in place at £10,000.

We are pleased to record that the Council has reviewed and re-adopted its comprehensive Risk Management document at the May 2025 Council meeting and have reviewed the content and consider that it remains appropriate for the Council's ongoing requirements.

We again note that an external provider undertakes periodic reviews of the Council's play areas reporting their conclusions accordingly with detail presented to the Council for determination of any remedial action considered necessary. This review is supplemented by "in-house" reviews undertaken by members who advise the Clerk of any issues requiring attention.

Conclusions

We are pleased to record that no issues have been identified in this area warranting formal comment or recommendation this year.

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 level of precept to be drawn down from the District Council: also, that an effective reporting and monitoring process is in place. We also aim to ensure that the Council retains appropriate funds in general and earmarked reserves to finance its ongoing spending plans and cover any unplanned expenditure that might arise.

We note that the Council completed deliberations on its budgetary and precept requirements for 2026-27, formally approving the precept for the year at £16,800 at the November 2025 meeting.

We again note that the Clerk provides members with detail of the Council's budgetary position during the year and have reviewed the year-end Scribe generated budget report with no significant issues identified: we are pleased to note that, following our previous recommendation, the budgeted value of the year's precept has been recorded in the Scribe accounts.

As indicated in our interim report, we remain disappointed to note that, despite our previous recommendation, the Scribe accounts still provide no information on the status of the Council's General and / or any approved Earmarked Reserves.

Conclusions and recommendations

We are pleased to record that no significant concerns arise in this area, although as suggested previously and above, we urge that consideration be given to the establishment of specific earmarked reserves with detail appropriately recorded in the Scribe accounts.

R3. The Council should consider the establishment of specific earmarked reserves for areas such as election costs, planned development / replacement of existing assets with detailed analysis recorded in the Scribe accounts.

Review of Income

The Council receives income by way of the annual precept, monthly football club ground rent, and occasional playing field hires by other bodies, recoverable VAT and occasional grants and donations. We have, as indicated in the first section of this report, agreed income recorded in the Scribe accounts to the underlying bank statements and, where available, other supporting documentation with no issues arising.

Conclusions

We are pleased to record that no issues arise in this area warranting formal comment or recommendation.

Petty Cash Account and Cash Payments

The Council does not operate a petty cash account, nor does it make any cash payments.

Review of Staff Salaries

In examining the Council's payroll function, we aim to confirm that extant legislation is being appropriately observed as regards adherence to the Employee Rights Act 1998 and the requirements of HMRC legislation as regards the deduction and payment over of income tax and NI contributions.

The Clerk is the only employee of the Council: we have examined the content of her employment contract previously noting that she is paid in accordance with the Council approved point on the nationally agreed NJC salary scale. The Council has outsourced preparation of the monthly payroll with all necessary monthly documentation provided to the Clerk to facilitate payment of her net salary, tax and NI contributions to HMRC.

To meet the above objective, we have: -

- Noted that members approved an increase in the Clerk’s salary to spinal point 28 with effect from 1st April 2025 with a further increase to be applied from 1st April 2026;
- Checked and ensured the accuracy of the Clerk’s gross salary paid in September and October 2025, with the September salary payment being uplifted to incorporate the 2025-26 national pay award for 2025-26, together with arrears due from 1st April 2025 and subsequent months paid at the new rate;
- Checked and agreed the calculation of relevant tax and / or NI deductions to be applied based on the gross salary paid for both months in accordance with the tax code recorded on the pay slips and appropriate NI Table; and
- Noted that the Clerk has not been enrolled in the LG Pension Scheme.

We noted at our interim review, whilst checking the Scribe “cashbooks” to bank statements that the Clerk’s April salary net pay was inadvertently paid twice: this had been noticed with an equivalent amount repaid to the Council’s bank account in May 2025. We have ensured that the total staff cost to be recorded in the year’s AGAR does not include the duplicated payment.

Conclusions

We are pleased to record that no issues have been identified in this area this year warranting formal comment or recommendation.

Fixed Asset Registers

The Practitioner’s Guide requires all councils to develop and maintain an appropriate register of the Council’s land, property and equipment in a formal register, with the cost of assets duly recorded net of VAT, the total value of which should be reported in the AGAR at Section 2, Box 9. These values should not be subject to change year-on-year other than to reflect the cost of any new acquisitions (net of VAT) or any disposals / deletions.

We note that the Scribe accounting software provides the Council’s asset register, detail of which we have reviewed and agreed as far as we are reasonably able with no new assets acquired during the financial year.

Several of our clients have also developed photographic records of assets such as street furniture, etc, which they have found to be of assistance in progressing insurance claims in the event of any accidental or malicious damage occurring.

Conclusions and recommendation

As suggested previously, we again urge that the Council considers the development of a photographic record of its external assets to assist in the smooth progression of any insurance reclaim in the event of wither accidental or wilful damage to street furniture, etc.

R4. The Council should consider the development of a photographic register of its assets, which may be of assistance in the event of any accidental or wilful damage to property and equipment requiring an insurance reclaim.

Investments and Loans

We aim in this area of our review process to ensure that the Council is taking appropriate action to ensure interest earning capabilities are maximised whilst safeguarding the Council's resources. We again note from examination of the Scribe accounts that no bank interest has again been received this year. No loans are in existence either payable by or to the Council.

Conclusions

No issues arise in this area warranting formal comment or recommendation.

Statement of Accounts / AGAR

The AGAR now forms the statutory accounts of the Council in accordance with the Accounts and Audit Regulations 2015. The Accounts and financial detail at Section 2 of the year's AGAR are generated automatically by the Scribe accounts and we have consequently agreed the intended entries in the AGAR Section 2 detail to the underlying Scribe records.

Conclusions

We are pleased to record that no issues arise in this area warranting formal comment or recommendation and have duly signed off the IA Certificate in the year's AGAR assigning positive assurances in each relevant area, except in relation to the new Governance Statement Assertion 10 at Box O in our certificate.

Rec. No	Recommendation	Response
Review of Corporate Governance		
R1	The Standing Orders and Financial Regulations should record a consistent value for formal tender action, ideally at a value of around £10,000.	<i>This recommendation will be considered when the SO's and FR's are reviewed in May 2026.</i>
R2	The Council should reconsider its decision not to adopt “.gov.uk” email addresses.	
Budgetary Control and Reserves		
R3	The Council should consider the establishment of specific earmarked reserves for areas such as election costs, planned development / replacement of existing assets with detailed analysis recorded in the Scribe accounts.	<i>Noted</i>
Fixed Asset Registers		
R4	The Council should consider the development of a photographic register of its assets, which may be of assistance in the event of any accidental or wilful damage to property and equipment requiring an insurance reclaim.	