SCOTCHCOULTHARD BOOKKEEPING SERVICES

REPORT OF THE INTERNAL AUDITOR For YEAR 2025-2026

Agenda Item 8a) enc iii

Prudhoe Town Council – No. of Councillors……15

Internal Control	Suggested testing	Evaluation
A. Appropriate accounting records have been kept throughout the year. *AND* I. Periodic bank reconciliations were properly carried out during the year.	Ensure the correct roll forward of the prior year cash book balances to the new financial year.	Correct
	Check a sample of financial transactions in cashbooks to bank statements.	Correct
	Is a bank reconciliation carried out regularly and in a timely fashion? Is it scrutinised and signed off by members?	Monthly and included on website with meeting papers.
	Where the authority has bank balances in excess of £100k it has appropriate investment strategy. Is the value of investments held summarised on the reconciliation?	Active Saver account holds £261200.19. Included in reconciliation.
	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.	Correct
	Are minutes signed correctly and meetings quorate?	Quorum is 5
	Councillor Checks – verify councillors check accounts.	All councillors sign off bank reconciliation and Accounts paid/to be paid, any errors or omissions amended Two members are supposed to carry out a review of internal controls. This was not undertaken in 25-26 so advise to ensure it is moving forward.
B. The authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and, VAT was	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.	N/A
	Check that there is effective segregation between the writing of cheques or the setting up of online payments, and physical release of payments.	FR 7. Electronic Payments outlines

Prudhoe Town Council – No. of Councillors……15

appropriately accounted for.		procedure for paying online.
	Has a Responsible finance officer been appointed with specific duties?	Yes - 150525
	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. 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)	Correct
	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 evidencing of these checks and payment authorisations.	
	Has VAT on payments been identified, recorded and reclaimed?	Difference in Scribe of £1487.45 which is unclaimed amount at eoy. Reconciliations balance but the balance sheet report from Scribe does not balance by this amount.
C. The authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	Ensure that authority has prepared and formally adopted, at least once annually, an appropriate and comprehensive register of assessed risks, both regular and ad hoc.	Risk Assessment approved May 2025
	Ensure that appropriate levels of insurance cover are in place for land, buildings, public, employers' and hirers' (where applicable) liability, fidelity / employees (including councillors) liability, business interruption and cyber security.	Correct
	Review the effectiveness of internal control carried out by the authority.	Member of NALC and both clerk SLCC members. Standing Orders and Financial regulations adopted.
	Undertake a risk assessment on the internal auditor.	Advise is every 3 years.
	Ensure that appropriate arrangements are in place for monitoring play areas, open spaces	Prudhoe has an SLA

Prudhoe Town Council – No. of Councillors……15

	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.	agreement with Northumberland County Council for play inspections. Quarterly cemetery inspections undertaken. Rospa annually.
D. The Precept or rates requirement resulted from an adequate budgetary process, progress against the budget was regularly monitored; and reserves are appropriate.	Ensure that the full Authority, not a committee, has considered, approved and adopted the annual precept in accordance with the required parent Authority timetable	Correct 220126 £453712
	Ensure that budget reports are prepared and submitted to Authority / Committees periodically during the year with appropriate commentary on any significant variances Review the budget performance either during the year or at the financial year-end seeking explanations for any significant or unanticipated variances	Monthly budget reports and review in January 2026
	Ensure that the authority has considered the establishment of specific earmarked reserves and, ideally, reviews them annually as part of the budget assessment process. Councils with t/o > £200k should plan for 3 months expenditure in general reserves. Council with t/o <£200k should hold between 3 and 12 months expenditure in general reserves	25-26 Agreed £92,500 in general reserves and £190,076 earmarked reserves. 3 months Expenditure is £108,268 so correct for general reserves.
	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.**	2025 Correct
E. Expected income was fully received based on correct prices, properly recorded and promptly banked; and VAT appropriately accounted for.	Review 'Aged Debtors' listing to ensure appropriate follow up action is in place.	Correct Burial and VAT debtors only.
	Allotments: ensure that appropriate signed tenancy agreements exist, that an appropriate register of tenants is maintained identifying, that debtors are monitored.	Allotments run by association
	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: (Authorities should also acquire and retain copies of Burial / Cremation certificates)	Two cemeteries, maintenance and burials in SLA agreement with NCC.

Prudhoe Town Council – No. of Councillors……15

		Clerks undertake all paperwork.
	Hall hire:	N/A
	Where amounts are receivable on set dates during the year, ensure that an appropriate control record is maintained duly identifying the date(s) on which income is due and actually received / banked	Football ground rental is received monthly and paid by standing order
F. Cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for	A number of Authorities are now running down and closing their petty cash accounts and using debit / credit cards for ad hoc purchases. Consequently, a "Not covered" response is frequently required in this area.	No Petty Cash
G. Salaries to employees and allowances to members were paid in accordance with the 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.	Correct – any changes need an amendment to contract.
	Ensure that appropriate procedures are in place for the payment of members allowances and deduction of any tax liability. The district or unitary parish remuneration panel determine the amount of councillors' allowances annually. – Allowances must be declared to HMRC through the payroll (Employment Income Manual (EIM65970)) The chair's allowance can be determined by the town/parish council if other councillors are not receiving an allowance. If they are, it is determined by the principal authority. Check annual minute reference for approval for allowances to be paid	Chair allowance policy. Clothing can only be claimed as wholly, exclusive and necessary if it has logo or something that means it can only be worn for civic events. Normal clothes, shoes should be taxed. Some of the permitted expenditure could be allocated under other sections rather than as chair allowance such as small grants which could be S137 grants.

Prudhoe Town Council – No. of Councillors……15

		Stationery should be purchased by the clerk. If the chair is receiving reimbursement for home costs that would be taxable. Mileage is acceptable for the chair and any other councillor if members agree such as going to training or events at Morpeth. Entertaining guests and cards can also be part of council expenses. Try and use the allowance for the taxable section so it is clear.
	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, correct pension, net pay, tax, and NI. For the test sample of employees, ensure that tax is calculated appropriately and the tax code is appropriate. Where software is used, ensure it is up to date.	Outsourced to NCC PAY on DDR
	Check the correct treatment of Pension contributions and PAYE. Sight of payslip.	NEST Pension
	For NI ensure that the correct deduction and employer's contributions are applied	NCC

Prudhoe Town Council – No. of Councillors……15

H. Asset and investment registers were complete and accurate and properly maintained. This section / assurance should be extended to include loans to or by the authority	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. Physically verifying the existence and condition of high value, high risk assets may be appropriate. Ideally, the asset register should identify for each asset the purchase cost and, if practicable, the replacement/insured cost. Additions and disposals should allow tracking from the prior year to the current	Correct
	Are the assets and Investments registers up to date?	
	Land Ownership – land registry title and number included in the asset register. (Advisory)	Correct
	Do asset insurance valuations agree with those in the asset register? 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 <u>Fixed Asset Investments</u> Ensure that all long-term investments (>12 months) are covered by the Investment Strategy and reported as assets in line 9 of AGAR.	Correct
	<u>Borrowing & Lending</u>	N/A
J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cashbook, supported by an adequate audit trail from underlying records and, where appropriate, debtors and creditors were properly recorded.	Whilst IAs are not required to verify the accuracy of detail to be disclosed in the AGAR, this assertion, together with the expectation of most Authorities, effectively requires IAs to ensure that the financial detail reported at Section 2 of the AGAR reflects the detail in the accounting records maintained for the financial year.	Correct
	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	Income & Expenditure accounting undertaken
	Where appropriate, have debtors and creditors been properly recorded?	Correct

Prudhoe Town Council – No. of Councillors……15

K. If the authority certified itself as exempt from a limited assurance review in the prior year, it met the exemption criteria and correctly declared itself exempt.		N/A
L. The authority publishes information on a website / web page, and complies with the relevant Transparency Code.	The authority's website should be reviewed ensuring all required documentation is published in accordance with the relevant legislation. Transparency – **Assertion 10** • Councillors' names with committee or external bodies roles. • All AGAR information – notice of rights, AGAR, conclusion of audit. • Governance policies (SO, F Regs, RA) • Agendas, minutes and working papers for meetings. GDPR • ICO's model; publication scheme • Privacy Notice • Data Protection Policy • IT Policy - **Assertion 10** • Data Audits – regularly conducted. EMAIL Every authority **must** have a generic email account hosted on an authority owned domain, for example clerk@abcparishcouncil.gov.uk or clerk@abcparishcouncil.org.uk **rather than** abcparishclerk@gmail.com or abcparishclerk@outlook.com for example.	Correct Reviewed May 2025 Correct Correct Correct Correct IT policy approved in May 2026. Prudhoetowncouncil.gov.uk
	Website Accessibility check – **Assertion 10** • Accessibility statement is published on the website	Correct

Prudhoe Town Council – No. of Councillors……15

	(third party documents do not have to be in an accessible format (eg AGAR).	
	Minutes – are they properly signed and dated by the chair. What is the storing procedure – should not be stored by members.	
	Meetings are called correctly with 3 clear working days and a summons sent to all councillors. Notices on website and notice board.	Summons correct
M. The authority has, during the previous year, correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations.	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. IAs may also check whether councils have minuted the relevant dates at the same time as approving the AGAR	Correct Min ref – OM2526/022 30th June – 8th August
N. The authority complied with the publication requirements for the prior year AGAR.	IAs should 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.	No external report on website.
O. The authority has complied with laws, regulations & proper practices relating to digital and data compliance.	As Above	
P. Trust funds (including charitable) - the Council has met its responsibilities as a trustee	Confirm that all charities of which the council is a Trustee are up to date with CC filing requirements	N/A

I confirm that I have examined the relevant accounts as presented to me by the Responsible Finance Officer. The accounts are in good order and are managed in a timely and responsible manner. Regular bank reconciliations are presented. They are the Council's best tool to monitor financial management of its accounts. Monthly reports to Council of receipts and payments are in line with legislation.	**Signed:** Mrs S M Saunders BSc MAAT CiLCA Scotchcoulthard Haltwhistle Northumberland NE49 9NH susan@scotchcoulthard.co.uk	**Date:** **15/06/26** **24/06/26** **25/06/2026**

SCOTCHCOULTHARD BOOKKEEPING SERVICES

REPORT OF THE INTERNAL AUDITOR For YEAR 2025-2026 Agenda Item 8a) enc iii

Prudhoe Town Council – No. of Councillors……15

I hereby state that I am satisfied with Prudhoe Town Council's conduct of its financial affairs, its accounts procedures and its financial reporting.	**Signed:** S M Saunders	