

Durrington Town Council

Report to Full Council – Internal Auditor’s Interim Report 2026/27

Meeting of Tuesday 27 October 2026 – Agenda item 58g

Author: Clerk and Responsible Financial Officer

1. Purpose

This report summarises the internal auditor’s interim report for the half-year to 30 September 2026, explains which recommendations are legal requirements and which are best practice, and proposes a response to each. The full report and the auditor’s action plan are included in the meeting documents.

2. Overall Result

The auditor (WGW Online LLP) gave the Council an overall opinion of Adequate Assurance, with internal controls working in practice. Of the 17 areas reviewed, 12 received Substantial Assurance, three received Adequate Assurance (payments and coding, salaries, and data protection) and two will be reviewed at the year-end audit. No issues affecting the Council’s financial stability were found.

The auditor described the pump track tender process as of “exemplary quality” and commended members and the Clerk for it.

3. Are the Recommendations Compulsory?

The Accounts and Audit Regulations 2015 require the Council to have an effective internal audit, but the auditor’s recommendations are advice, not rules. Most of the 18 recommendations are described by the auditor as best practice. However, in the Annual Governance and Accountability Return (AGAR) the Council confirms that it took appropriate action on all matters raised by internal and external audit. The Council therefore needs to respond to each recommendation and minute its decision. Appropriate action can include a reasoned decision not to adopt a recommendation.

4. Main Issues Raised

4.1 Accounting Codes in Scribe (R6, R9 and R13)

What the auditor said: Scribe uses two types of code: cost centres (where money is spent, such as the Pavilion) and cost codes (what it is spent on, such as repairs). The auditor found the structure has become muddled. Some places, such as the tennis court, have been set up as cost codes, and some cost codes are repeated for each place, such as “Playpark repairs and maintenance” and “Amenities repairs and maintenance”. Descriptions such as “Equipment” are too general. Two income entries (vouchers 217 and 306) used the Village Hall hire code for Pavilion hire.

When Scribe was set up, members chose to keep the number of cost centres small. The auditor is not asking for many more cost centres. The point is that each code should be used for one purpose only: a short list of places, and a short list of types of spending that can be used against any place. For example, “Play Parks” plus “Repairs and Maintenance”, rather than a separate repairs code for each site. This can reduce the total number of codes while making the reports clearer.

Is it required? No law sets how a council must structure its codes. The Regulations require accounting records that show and explain the Council's transactions and allow spending to be monitored against the budget. Clear descriptions do matter legally: because the Council's turnover is over £200,000, the Local Government Transparency Code 2015 applies, and it requires spending over £500 to be published with a description of its purpose.

Proposed action: Correct vouchers 217 and 306 now. Use clear descriptions from the invoice on all entries from November. Ask the Finance Committee to review the cost centre and cost code list alongside the 2027/28 budget, so that the new structure starts on 1 April 2027 and budget comparisons are not disrupted part way through the year.

4.2 Invoices in Scribe (R7 and R8)

What the auditor said: Several invoices are sometimes attached to one voucher number. Each invoice should be entered and scanned into Scribe separately.

Is it required? No. Every payment must be supported by an invoice or other document, and it is. Separate entries and scanned copies are best practice and make checking easier for members and auditors.

Proposed action: Start to enter and scan invoices individually from November.

4.3 VAT on Dog Bag Sales

What the auditor said: Output VAT has not been recorded in Scribe on sales of dog bags. This is not a numbered recommendation.

Is it required? Yes. The Council is VAT registered, and VAT on these sales must be accounted for to HMRC. The sums involved are small.

Proposed action: Correct the entries and include the VAT in the next quarterly VAT return.

4.4 Fidelity Guarantee Insurance (R10)

What the auditor said: Fidelity guarantee cover (insurance against loss of funds through fraud or dishonesty) is £250,000. Best practice is to cover the year-end balance plus one precept instalment, which the auditor puts at about £500,000.

Is it required? Not by law, but insurance cover should match the risk. Bank balances were £513,213 on 30 September and will rise temporarily if the £100,000 pump track loan is drawn down.

Proposed action: Obtain a quotation from the insurers for higher cover and bring it to the Finance Committee.

4.5 Play Areas (R11 and R12)

What the auditor said: The auditor suggests a dedicated Play Area Risk Management Policy and accredited training for staff who carry out routine play area inspections.

Is it required? Neither is a legal requirement. The Council has a duty of care to users of its play areas, and it already carries out regular staff inspections and an annual independent inspection, which was last done in February 2026. A written policy and accredited training would make it easier to show that duty is being met if a claim were made.

Proposed action: Obtain training details and costs for the Facilities Supervisor and draft a short policy setting out the existing inspection arrangements, for the Facilities and Amenities Committee.

4.6 Employment Contracts (R14)

What the auditor said: Contracts differ depending on when staff joined, and the Clerk's contract states "Clerk" rather than "Clerk and RFO". The auditor strongly recommends reissuing all contracts on the NALC model contract.

Is it required? The law requires every employee to have a written statement of their terms, and all staff have one. Using the NALC model is not compulsory. The Council must appoint a Responsible Financial Officer, so it is sensible for the contract to record that role accurately. Changing staff contracts requires consultation and agreement with the employees.

Proposed action: Refer to the new HR Committee and draft new contracts of employment as required.

4.7 Data Protection (R15 to R18)

What the auditor said: The Council's data protection documents are out of date following the Data (Use and Access) Act 2025. The auditor recommends a new data impact assessment, repeated annually; updated privacy documents; an annual review of the Publication Scheme; and working towards Cyber Essentials certification.

Is it required? Partly. Since 19 June 2026 the Council must have a process for handling data protection complaints, acknowledge them within 30 days, and tell people in its privacy notices that they can complain to the Council. This is a legal requirement. A formal data protection impact assessment is legally required only for high-risk processing. The Council must maintain its Publication Scheme, and an annual check is good practice. Cyber Essentials is voluntary and carries a fee.

Parts of the auditor's summary of the new Act are not accurate. The general exemption from keeping records of processing activities was dropped before the Act was passed, so the Council should keep its Data Map. Individuals can also still complain to the Information Commissioner's Office, although they will normally be expected to complain to the Council first.

Proposed action: Update the Privacy Policy and introduce a data protection complaints procedure; prepare a data impact assessment; add the Publication Scheme to the annual review list; and bring Cyber Essentials back for consideration with the 2027/28 budget.

4.8 Website and Policy Documents (R1 to R5)

What the auditor said: All agendas and minutes should be published as protected PDFs (the June 2026 minutes are on the website as a Word file). Purchases recorded in minutes should state the total value and whether VAT is included. Policies should use one template with proper version control. Internal HR policies need not be on the website.

Is it required? None of these is a legal requirement. Published PDFs must still meet website accessibility rules, so any protection against editing must leave screen-reader access switched on.

Proposed action: Replace the June minutes with a PDF and publish all future papers as accessible PDFs protected against editing. From November, record values in minutes as

“excluding VAT”, which matches how the Council budgets. Apply the new template and version control to each policy when it is next reviewed, rather than all at once. Remove staff-only HR policies from the website and keep them in the Employee Handbook.

5. Corrections to Request from the Auditor

The following points have been queried with the auditor.

1. VAT on dog bag sales (ICO E) – the report states that output VAT has not been recorded on dog bag sales. The Council has accounted for VAT on these sales. Could you let me know which entries you were looking at, so that we can resolve this?

Please note we are advised to account for VAT on Fishing tickets which this year.

2. Fidelity guarantee (ICO C) – the report gives £497,879 (year-end balance of £358,879 plus a precept instalment of £139,000), but the action plan gives £502,588. Which figure is correct.

3. Notice of Conclusion of Audit (ICO N) – this is dated 27 August 2025; it should read 2026.

6. Recommendation

That Council:

- a) **notes the internal auditor’s interim report for 2026/27;**
- b) **approves the proposed actions set out in section 4 as its response to the recommendations;**
- c) **refers the review of Scribe cost centres and cost codes (R6) and the fidelity guarantee quotation (R10) to the Finance Committee, the employment contracts (R14) to the HR Committee, and the play area policy and inspection training (R11 and R12) to the Facilities and Amenities Committee; and**

Clerk and Responsible Financial Officer, 22.10.2026