Mike Slaughter
[redacted]

24 September 2026

Mr Malcolm Wilkinson
Town Clerk
Blyth Town Council
Arms Evertyne House
Quay Road
Blyth
NE24 2AS

Dear Malcolm,

Internal Audit Report to the members of Blyth Town Council.

I have completed the initial internal audit work of the Town Council's accounts, governance and procedures for the 2026/27.

The audit has been conducted in accordance with the Audit Commission Act 1998, the Local Audit and Accountability Act 2014, and the Accounts and Audit Regulations 2015. My work was also guided by and in accordance with the Practitioners' Guide 2026/27 issued by the Smaller Authorities Proper Practices Panel (SAPPP) and jointly published with the National Association of Local Councils and Society of Local Council Clerks. The audit was also guided by the Town Council's own Internal Audit Policy and Risk Assessments.

The audit work undertaken included a representative sample examination of transactions and evidence relevant to the amounts and disclosures in the summary accounts and notes for the financial period 1 April to 31 August 2026, to give assurance that the accounts and notes to date are free from any material misstatement.

Please find enclosed my assessment of the system of internal control and my audit checklist giving details of the work conducted. Please note that the Internal Audit Controls and Tests Report has been amended to reflect fully the effective internal audit requirements set out within the SAPPP guidance. I have also undertaken a review of the Town Council's minutes and supporting papers to gain an overview of the Council's financial and governance controls.

Based on the work undertaken, I am satisfied that the Town Council's robust systems of financial and administrative management continue to operate effectively and efficiently and provide a sound audit trail.

There are no matters arising from the interim audit that give cause for concern that relevant legislation and regulatory requirements have not been met; I would however draw attention to the following matter relevant to the completion of the 2026/27 Annual Governance and Accountability Return (AGAR):-

As you are aware, the Annual Governance Statement, Section 1 of the AGAR for the Financial Year 2025/26 contained a new governance assertion requirement for the Council relating to "*Digital and Data Compliance*".

As expected, the guidance for Internal Audit work outlined in in the SAPPP Practitioners' Guide 2026/27 sets out objective tests to ensure that the Council has complied with the laws, regulations and proper practices relating to data and digital compliance. The internal audit tests to be undertaken are to:

● Ensure that the council has, as a minimum, a single generic email address on an authority owned domain,

● Check that the website accessibility has been tested, at least annually, and that the accessibility statement has been updated as required,

● Check when the council last completed a data audit,

● Ensure that the council has prepared and formally adopted a data protection policy that is reviewed at least once annually; and to

● Ensure that the council has an up-to-date IT policy in place.

While the Council work in relation to a generic email, a Data Protection Policy and an IT Policy is completed, it is important, in order to ensure ongoing governance compliance, that the required policies are subject to an annual review by the Council.

As at the date of this letter, there is specific detailed work still to be undertaken in relation to website accessibility and a full data audit but I am assured that this specialist work is currently in hand and that compliance with governance requirements should be met within the 2026/27 financial year.

My thanks to you, Elaine and all your staff for the hospitality, courtesy, and patience in answering my many initial questions regarding both the systems, plans and projects of the Town Council at this time.

I have included an invoice for the work undertaken to date and will be in touch in due course to make arrangement for further required interim audit work and to then conclude the full internal audit work on completion of the Town Council's annual accounts for 2026/27.

If there are any matters you wish to discuss or clarify, please do not hesitate to contact me.

Kind regards,

Mike Slaughter
Internal Auditor

SYSTEM OF INTERNAL CONTROL 2026/27

By appointment, I provide an internal audit service for Blyth Town Council for the financial year ending 31 March 2027 and acting independently, I examined the system of internal control by undertaking the following initial interim tests and reporting my findings to the Council.

	TEST	UNDERTAKEN
1	Checking that books of account have been properly kept throughout the year to date.	Yes
2	Checking a representative sample of payments (60% of all transactions 1 April – 31 August 2026) to ensure that the Council's financial regulations have been met, invoices fully support payments, expenditure is properly approved and that VAT is correctly accounted for and reclaimed.	Yes
3	Reviewing the Council's risk assessment records and ensuring that adequate arrangements and insurance cover are in place to manage all identified risks.	Yes (Further detailed work at year end)
4	Verifying that the annual precept request is the result of a proper budgetary process; that the budget process has been regularly monitored and that the Council's overall reserves are adequate.	Yes
5	Checking a sample of income records (50%) to ensure that correct prices have been charged, income is received, recorded and promptly banked and that VAT is properly accounted for.	Yes
6	Reviewing cash records to ensure receipts support payments, expenditure is approved and VAT is correctly accounted for.	Yes
7	Checking that salaries to employees have been paid in accordance with Council approvals and that PAYE and NI requirements have been properly applied.	Yes
8	Checking the accuracy of the assets and investment records	Yes (Further detailed work at year end)
9	Evaluating the accuracy and timeliness of periodic bank account reconciliations.	Yes
10	Year-end testing on the completeness and accuracy of the financial statements	Full work to be undertaken as part of Year-End AGAR.

Based on my initial interim examination of the Council's records for the financial year to date 2026/27, which is limited to the tests indicated above, it is my view that the Town Council have a system of internal controls in place that are adequate and effective for the purpose intended. Where considered appropriate, I have made recommendations to the Town Council for both reference and action.

Mike Slaughter
Internal Auditor
24 September 2026

BLYTH TOWN COUNCIL
FINANCIAL YEAR 2026/27
INTERNAL AUDIT CONTROLS AND TESTS

INTERNAL CONTROL	AUDIT TESTS	TEST OUTCOME YES/NO
Accounting Records		
A. Appropriate accounting records have been properly kept throughout the year.	● Ensure the correct roll forward of the prior year cashbook balances to the new financial year	Yes
	● Check a sample of financial transactions in cashbooks to bank statements	Yes
Periodic bank account reconciliations were properly carried out during the year.	● Ensure that bank reconciliations are prepared routinely, are subject to independent scrutiny and sign-off by members	Yes
	● Verify the accuracy of the year-end bank reconciliation detail and ensured accurate disclosure of the combined cash and bank balances in the AGAR, section 2, line 8.	Yes Further work to be carried out at 2026/27 year-end AGAR.
	● Where the authority has bank balances more than £100,000 it has an appropriate investment strategy.	Yes
Standing Orders & Financial Regulations **Payment Controls**		
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT appropriately accounted for.	● 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.	Yes
	● Ensure that consistent values are in place for the acquisition of formal tenders between SOs and FRs	Yes

	● 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 for evidencing of these checks and payment authorisation. ● Check that there is effective segregation between the writing of cheques or the setting up of online payments, and physical release of payments ● Check that VAT reclaims are prepared and submitted in a timely manner in line with the underlying records and in accordance with current HMRC requirements ● 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	Yes Yes Yes Further work to be carried out at 2026/27 year-end AGAR. Yes
Risk Management Arrangements **C.** This 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 ● Ensure that appropriate levels of insurance cover are in place for land, buildings, public, employers' and hirers' liability, fidelity / employees (including councillors) liability, business interruption and cyber security	Yes Further work to be carried out at 2026/27 year-end AGAR. Yes Further work to be carried out at 2026/27 year-end AGAR.

	● Ensure that appropriate arrangements are in place for monitoring play areas, open spaces 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	Yes
	● Review the effectiveness of internal control carried out by the authority	Yes
Budgetary Control and Review **D.** The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	● Ensure that the full Authority, not a committee, has considered, approved and adopted the annual precept for the coming year in accordance with the required parent Authority timetable	Yes
	● Ensure that current year budget reports are prepared and submitted to Authority / Committees periodically during the year with appropriate commentary on any significant variances	Yes
	● Review the budget performance either during the year or at the financial year-end seeking explanations for any significant or unanticipated variances	Yes Further work to be carried out at 2026/27 year-end AGAR.
	● Ensure that the Authority has considered the establishment of specific earmarked reserves and, ideally, reviews them annually as part of the budget assessment process	Yes
	● Ensure that the precept received in the accounts matches the prior year submission form to the relevant authority and the	Yes

	public record of precepted amounts	
Income Controls **E.** Expected income was fully received based on correct prices, properly recorded and promptly banked; and VAT appropriately accounted for.	● Review “Aged debtor” listings to ensure appropriate follow up action is in place	Yes
	● Allotments: ensure that appropriate signed tenancy agreements exist, that an appropriate register of tenants is maintained identifying, that debtors are monitored.	Yes
	● 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:	Not Applicable
	● Hall hire: ensure that an effective diary system for bookings is in place identifying the hirer, hire times and ideally cross-referenced to invoices raised	Not Applicable
	● Leases: ensure that leases are reviewed in a timely manner in accordance with the terms of the lease and rents similarly reviewed appropriately at the due time	Yes
	● Other variable income streams: ensure that appropriate control procedures and documentation are in existence to provide a clear audit trail through to invoicing and recovery of all such income	Yes
	● Where amounts are receivable on set dates during the year, ensure that an appropriate control record is maintained duly	Yes

	identifying the date(s) on which income is due and received / banked	
Cash Procedures **F.** Cash payments were properly supported by receipts, all petty cash expenditure was approved, and VAT appropriately accounted for	● Review the systems in place for controlling any petty cash and also cash floats (used for bar, catering, etc) ● Check a sample of transactions during the financial year to ensure appropriate supporting documentation is held ● Review the existence of evidenced periodic independent verification of the petty cash and any other cash floats held ● Ensure that VAT is identified wherever incurred and appropriate ● Physically check the petty cash and other cash floats held ● Where bar or catering facilities are in place, ensure that appropriate cashing-up procedures are in place reconciling the physical cash takings to the till “Z” total readings	Yes Yes Yes Yes Yes Not Applicable
Payroll Controls **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 ● Ensure that appropriate procedures are in place for the payment of members allowances and deduction of any tax liability ● 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	Yes Yes Yes

	off-scale, and with the contracted hours ● Ensure that appropriate tax codes are being applied to each employee ● Where free or paid for software is used, ensure that it is up to date. ● For the test sample of employees, ensure that tax is calculated appropriately ● Check the correct treatment of Pension contributions ● For NI, ensure that the correct deduction and employer's contributions are applied ● Ensure that the correct employers' pension percentage contribution is being applied ● Ensure that for the test sample, the correct net pay is paid to the employee with tax, NI and pension contributions correctly paid to the respective agencies.	Yes Not Applicable Yes* Yes* Yes* Yes* Yes* ***Northumberland County Council acts as a payroll agent for the Town Council, providing third party security and additional internal control**
Assets & Investment Controls **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 ● The register should identify for each asset the purchase cost ● Additions and disposals records allow tracking from the prior year to the current	Yes Further work to be carried out at 2026/27 year-end AGAR. Yes Yes

	●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	Yes Further work to be carried out at 2026/27 year-end AGAR.
	● Compare the asset register with the insurance schedule to ensure that all assets as recorded are appropriately insured or "self-insured" by the Authority.	Yes
	<u>Fixed asset investments:</u> ● Ensure that all long-term investments (i.e. those for more than 12-month terms) are covered by the "Investment Strategy" and reported as Assets in the AGAR at section 2, line 9.	Yes Further work to be carried out at 2026/27 year-end AGAR.
	<u>Borrowing & Lending</u> ● Ensure that the authority has sought and obtained appropriate DMO approval for all loans acquired	Not Applicable (N/A)
	● Ensured that the authority has accounted for the loan appropriately and recorded the full value of the loan.	N/A
	● Ensure that the combined principal loan repayment and interest for the year is correctly recorded in the AGAR at section 2 line 5	N/A
	● Ensure that the outstanding loan liability as at 31st March each year is correctly recorded in the AGAR at section 2, line 10	N/A
	● Where the Authority has issued loans to local bodies, they should ideally seek signed indemnities from the recipient body, or their members, agreeing to underwrite the loan debt.	N/A

Accounting Statements & Year-End Procedures **J.** Accounting statements prepared during the year were prepared on the correct accounting basis, agreed to the cashbook, supported by an adequate audit trail from underlying records and, where appropriate, debtors and creditors were properly recorded.	● 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 ● Ensure that appropriate accounting arrangements are in place to account for debtors and creditors during the year and at the financial year-end	Yes Yes Further work to be carried out at 2026/27 year-end AGAR.
Limited Assurance Review Exemption **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.	● The correct exemption certificate was prepared and minuted in accordance with the statutory submission deadline ● that it has been published, together with all required information on the Authority's website and noticeboard	Not Applicable Not Applicable
Website Requirements **L.** The authority publishes information on a free to access website / web page, up to date at the time of the internal audit in accordance with the relevant legislation.	Review the Authority's website ensuring that all required documentation is published in accordance with the relevant legislation, including publishing the ICO publication scheme on its website.	Yes
Exercise of Public Rights **M.** The authority, during the previous year, correctly	Examine a copy of the required "Public Notice"	Yes

provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations.	ensuring that it clearly identifies the statutory 30 working day period when the Authority's records are available for public inspection.	
Publication Requirements **N.** The authority complied with the publication requirements for the prior year AGAR.	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.	Yes Further work to be carried out at 2026/27 year-end AGAR. Note: As at the date of the 2026/27 Interim Audit, the completion of external audit notice for 2025/26 had not been received.
Digital and Data Compliance **O.** The authority complied with laws, regulations & proper practices relating to digital and data compliance.	● Ensure that the council has, as a minimum, a single generic email address on an authority owned domain. ● Check that the website accessibility has been tested, at least annually, and that the accessibility statement has been updated as required. ● Check when the council last completed a data audit. ● Ensure that the council has prepared and formally adopted a data protection policy that is reviewed at least once annually. ● Ensure that the council has an up-to-date IT policy in place.	Yes Further interim audit work to be carried out prior to 2026/27 year-end AGAR. Further interim audit work to be carried out prior to 2026/27 year-end AGAR. Yes Further work to be carried out at 2026/27 year-end AGAR. Yes

Trust Funds **P.** Trust funds (including charitable) - the Council 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	Yes
	● that the council is the sole trustee on the Charity Commission register	Yes
	● that the council is acting in accordance with the Trust deed	Yes
	● that the Charity meetings and accounts recorded separately from those of the council	Yes
	● review the level and activity of the charity and where a risk-based approach suggests such, review the Independent Examiners report	Yes

Mike Slaughter
Internal Auditor
24 September 2026