South Gloucestershire Council
Internal Audit Services

Audit Report

Filton Town Council

Audit Plan Year: 2025/26 In Year Assurance

Audit Status: Audit Completed

Audit Review Date: 5th, 9th and 10th February 2026

Report Distribution:

Councillor Tom Mewies – Chair of Filton Town Council

1. Objective

The objective of the audit was to provide an independent opinion on the appropriateness of the financial control procedures operated in the Council. Audit officers Rachel Massey and Kathryn Hazzard examined these procedures.

2. Opinion

The highlighted wording in the table below provides the opinion for this internal audit review and its accompanying description.

High Standard	Systems and processes are excellent providing good assurance. Significant strengths have been identified and are to be commended, any recommendations made will serve to further strengthen existing arrangements.
Reliable Standard	There are very few significant matters arising from the audit, systems of control are good and provide reasonable assurance.
Improvements Required	Existing procedures need to be improved in order to ensure that they are fully reliable. Extensive recommendations have been made but the issues are not of such a significance to represent a major risk to the Council.
Significant Improvements Required	**Existing procedures are weak and reasonable assurance could not be provided over a number of areas. Prompt action is necessary to improve the situation and avoid unnecessary risks.**
Fundamental Weaknesses Identified	The matters arising from the audit identify that there are fundamental weaknesses which place doubt on the reliability of the procedures reviewed. Urgent action is necessary to improve the current situation and reduce risk exposure.

3. Key Strengths

- A sample of three allotments were tested. All were found to have signed tenancy agreements, a letter sent to acknowledge payment, and good document monitoring of all plots.
- Gifts and hospitality and Mayor's allowance policies have now been set up with clear guidelines regarding the Town Councils agreed procedures.

4. Key Risks

- Non-compliance with the Scheme of Delegation and Financial Regulations.
- Inappropriate consolidation of reserves.
- The Full Council maybe unaware of any concerns raised within the External Audit Reports.
- Failure to mitigate risks of statutory compliance regarding the Leisure Centre.
- Non-compliance with the notice of the publication requirements of the AGAR.
- Lack of transparency as Council information not available to the public on the Town Council Website.
- Non-compliance with the Transparency Code.

5. Key Actions

- All payments made with the council debit card should be recorded within transaction log sheets, cross-checked by another staff member, reconciled back to the debit card statements, and authorised in line with the scheme of delegation. These payments should be included within the payments listing presented to the Finance & Scrutiny Committee for their oversight.
- The Council should adjust their accounts to show an accurate level of reserves and restate the accounts if necessary.
- The external auditor should be provided with all relevant documentation prior to the audit date. Any missing documentation should be supplied timely for them to complete the audit within the statutory timings.
- The Leisure Centre assets, including current ownership and condition, should be determined.
- The Town Clerk should have regular oversight of the Town Council Website, to ensure that the website provider has been supplied with documents to ensure that statutory documentation is available to the general public.

6. Advisory Points

- For the two NatWest Bank accounts held, the statements are addressed to the previous Town Clerk. This should be updated to the current Town Clerk with the bank as soon as possible.
- ROSPA training certificates have expired for two staff who are currently completing the daily visual checks of play areas. These should be refreshed as soon as possible, acknowledging they are booked on a course on 16/03/26.
- NALC IT Policy template has been downloaded and completed. This is currently in draft form and will need approval by the Full Council and then added to the website.

All of the matters arising from the audit are detailed in the Action Plan together with suitable recommendations.

7. The Control Environment

Key Control Objectives		Achieved?
A.	Appropriate accounting records have been kept properly throughout the financial year.	No
B.	The authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved, and VAT was appropriately accounted for.	No
C.	The authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	Partially
D.	The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	Partially
E.	Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT appropriately accounted for.	Partially
F.	Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	Not Applicable (No Petty Cash)

G.	Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.	Yes
H.	Asset and investment registers were complete and accurate and properly maintained.	No
I	Periodic bank account reconciliations were properly carried out during the year.	Partially
J	Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	Test at Year End.
K	Councils with turnover of below £25,000. If the authority certified itself as exempt from a limited assurance review in 2020/21, it met the exemption criteria and correctly declared itself exempt. *(If the authority had a limited assurance review of its 2020/21 AGAR tick "not covered").*	Not currently applicable to Filton Town Council.
L	The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation.	Partially
M	The authority, during the previous year (2024-25) correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations *(evidenced by the notice published on the website and / or authority approved minutes confirming the dates set)*.	Yes
N	The authority has complied with the publication requirements for 2024/25 AGAR *(see AGAR Page 1 Guidance Notes).*	No
O	Trust funds (including charitable) - The council met its responsibilities as a trustee.	Not Applicable

8. Statement of Responsibility, Confidentiality, and Disclosure

This report is private and confidential and has been prepared solely for internal use by or on behalf of South Gloucestershire Council and must not be disclosed to any third party without the written approval of the Head of Internal Audit. It must not be copied, recited, or referred to in whole or in part in any other published document without written consent of the Head of Internal Audit. We accept no responsibility to any third party who may receive this report, in whole or in part, for any reliance that they may place on it.

9. Auditors & Acknowledgements

Audit Manager	Emily Carvell and Justine Poulton
Auditor	Rachel Massey and Kathryn Hazzard

We are grateful to the following officers for their help during this review:

Simon Davies – Town Clerk
Rob Hutton – Deputy Clerk
Peach Jones – Support Officer

No.	Matter Arising	Associated Risk	Recommendation	Responsible Officer Proposed Timescale
Priority: High				
1	**Debit Card Transactions** October, November and December NatWest bank Statement were cross checked back to the transaction log sheets completed by the Clerk. There were 31 card transactions made which were not documented or reconciled on the log sheet. These payments add up to: October = £790.42 November = £1,260.08 December = £1,265.50 These include payments to: Amazon, Party Peeps, EE, ChatGPT, Adobe, Marks & Spencer's, Tesco, HFE Signes, Bath Spa University, HMRC. Transaction log sheets for card purchases are signed and authorised by the card holder, so there is no independent check of purchases or separation of duties noted. Debit card transactions are not presented to Council for their oversight; only purchase ledger payments are presented. One payment (Party Peeps) was over £500 (£649), which exceeds the delegated limit of the Town Clerk. This transaction was not separately reported and approved during Full Council or Finance Committee meetings to evidence its approval.	Lack of openness and transparency in decision making procedures. Fraud risk. Non-compliance with Financial Regulations.	All payments made with the council debit card should be recorded within transaction log sheets or a spreadsheet to ensure accurate monthly reconciliations back to the debit card statements. The bank statement should be cross checked against the receipts by another member of staff for appropriateness and reconciled by the accountant monthly. These payments should then be reviewed and signed off in line with the scheme of delegation. For debit card payments in excess of £500, these should be authorised per the Financial Regulations. For payments made using the debit card from the Mayor's allowance, these should be accurately recorded on the log and allocated within the budget code. **Financial regulation:** ***Page 10, item 7.8***. *A full list of all payments made in a month shall be provided to the next council meeting and appended to the minutes.* ***Page 11: 9. Payment cards.*** *9.1. Any Debit Card issued for use will be specifically restricted to the Clerk & RFO and will also be restricted to a*	**Responsible officer:** Town Clerk / RFO **Proposed timescale:** May 2026

No.	Matter Arising	Associated Risk	Recommendation	Responsible Officer Proposed Timescale
	One transaction (£35, M&S) was explained to have been raised with the Mayor as it was paid from their allowance. There is no evidence of this approval, and the payment has not been accounted for in the relevant Mayoral Expenditure Budget Code. One transaction (£60, SLCC) was for the Town Clerk's membership to the Society of Local Council Clerks. It is unclear whether the Town Council have agreed to pay for this membership. One transaction (43.53, HMRC) was for the payment of VAT to HMRC. It is unclear why this payment was made using the debit card. There was a recommendation in last year's Internal Audit review (2024/25) relating to Debit Card Accounting.		*single transaction maximum value of £500 unless authorised by the Finance & Scrutiny committee in writing before any order is placed.* **Mayoral Expenses Policy:** ***Page 2, item 4.1:*** *The Mayor may claim disbursements as they arise against the allocated budget code. This may be in the format of expense claims accompanied by receipts against expenditure incurred by the Mayor, or it may be in the format of asking Officers to place orders on behalf of the Mayor, with invoices to be settled against the Mayoral Expenditure budget code.* **NALC:** *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.*	
2	**Earmarked Reserves** The balance of Earmarked reserves cannot be reconciled. The total per the balance sheet dated 05/02/2026 indicates a value of £120,206: EMR Leisure Centre Contingency £0 EMR Grants £6,780 EMR Festival £10,000 EMR 4 Towns Play Association £4,580 EMR Maintenance £43,002	Insufficient reserves. Inappropriate consolidation of reserves.	The original purpose of the Earmarked reserves in the accounts should be determined, prior to consolidation, to ensure the purpose is compatible. Earmarked reserves relating to Grants, CIL, and Elections should remain separate. A reconciliation of the actual reserves held and what is showing in the accounts should be completed to determine the accuracy of	**Responsible officer:** Full Council **Proposed timescale:** May 2026

No.	Matter Arising	Associated Risk	Recommendation	Responsible Officer Proposed Timescale
	EMR Community Fund £20,000 EMR Elections £12,838 EMR CIL 24/25 £23,006 The Town Clerk says the total reserve figure (including General reserves of £240,585) should actually be £653,184 (held in investment accounts) but cannot provide a reconciliation from 2024/25 to the current position to explain the variance between these figures. At Full Council meeting on 6th October 2025, *"The Town Clerk provided an overview of the purpose and function of Ear Marked Reserves and confirmed that the proposed consolidation would not constitute any misappropriation of funds. It was noted that, aside from the CIL 2024/25 reserve, the intent is to restructure the Council's reserve accounts to ensure improved clarity, transparency, and purpose going forward."* Earmarked reserves should only be consolidated when the purpose of the reserves are compatible, and the council has formally re-designated and approved the purpose of the new consolidated reserve. The Town Clerk could not provide any information regarding what the original purpose of the Earmarked Reserves, including whether monies have ever been received or were due to be spent. Earmarked reserves for grants, CIL, and elections should not be consolidated. Per the above, CIL and elections remain separate, but grants have been consolidated. There is also a grant from SGC (£3,200, Greening the High		reserves. General reserves should be maintained at between 3 months to one year's worth of Precept, plus working capital.	

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	Street) which has not been earmarked, and the Town Clerk is unaware of where this is accounted for. Furthermore, General Reserves of £240,585 represent 2.95 months of spending. NALC guidance is that reserves should be between 3 months to one year's worth of Precept, plus working capital. There was a recommendation in last year's Internal Audit review (2024/25) in relation to Earmarked Reserves.			
3	**External Audit Report and AGAR Publication** The Town Clerk confirms that they have not received the 2025 External Audit report back yet from BDO. On 11/02/26 the Clerk forwarded on an email from BDO who confirmed that they have been unable to complete the audit as there are 19 issues on file and these have not yet been resolved. BDO issued an interim certificate to the Clerk on 28/09/25 to be displayed on the website. This was not available on the website at the start of the audit but was subsequently uploaded on 11/02/26. BDO asked the Town Clerk on 18/02/2026 when the information would be provided. BDO sent a second email on 05/03/2026 following no information being provided to them to close the outstanding issues. The authority has not complied with the publication requirements for 2024/25 AGAR as the Notice of Conclusion of Audit or Interim certificate was not	The Full Council maybe unaware of any concerns raised within the Audit Reports. Non-compliance with the notice of the publication requirements of the AGAR.	The external auditor should be provided with all relevant documentation prior to the audit date. Any missing documentation should be supplied timely for them to complete the audit within the statutory timings. Following the conclusion of the external audit, the resulting audit report should be presented at the next meeting of the Full Council. This should then be approved and minuted as 'External Audit Report' and AGAR Notice of Conclusion completed in line with publication requirements. This should then be displayed on the Town Council website.	**Responsible officer:** Town Clerk / RFO **Proposed timescale:** May 2026

No.	Matter Arising	Associated Risk	Recommendation	Responsible Officer Proposed Timescale
	published on the Council Website by the date of 30th September 2025.			
4	**Leisure centre – Assets, Tender and Risk Register** According to the previous tender exercise (2021/22) and contract with Active Nation to run the Leisure Centre, upon Operator Failure the Assets would return to the Council, including buildings, equipment and staff. A tab is included on the current Asset register (Gone with AN LC and bar assets) which indicates the assets which transferred to Active Nation as part of the Leisure Centre contract. Since the operator failure in April 2025, there has been no updated or review of these assets. The Town Clerk could not find any information regarding the transfer documentation for assets, or what was transferred to the previous operator. The previous operator was expected to maintain the assets and ensure compliance. The Town Clerk cannot find any compliance information provided by the previous operator for the period they were responsible. It is also unclear whether Parkwood Leisure, as the current interim operators, have taken responsibilities for the assets (ensuring maintenance and compliance). While the Council has a risk register which was reviewed in May 2025, the risk *2.5 Elm Park Leisure Centre Statutory Compliance* remains blank, and has not been assessed for its impact or likelihood, and there are no mitigation measures in place.	Legal risk of liability relating to poorly maintained equipment, resulting in accidents to the public. Lack of VFM through continued high value interim contract to manage leisure centre. Failure to mitigate risks of statutory compliance.	The original asset information, including transfer to the previous operator, should be sourced. It should also be agreed what assets, and their condition, have returned to the council. Required maintenance to ensure they are at the required standard should be completed. The risk register should be updated to consider all additional risks posed to the council as a result of the Leisure Centre returning to their control. The tender documents should be finalised, to ensure a contract achieving value for money is entered into as soon as possible.	**Responsible officer:** Town Clerk / RFO **Proposed timescale:** May 2026

No.	Matter Arising	Associated Risk	Recommendation	Responsible Officer Proposed Timescale
	The interim arrangements with Parkwood Leisure were originally expected to end by 31st December 2025, when a new tender and contractor would be awarded. This was further delayed to "no later than 31st March 2026", approved by Full Council on 6th October 2025. At 05/03/2026, the tender documents have still not been finalised or presented to Full Council. As such, the deadline of 31st March 2026 is unlikely to be met.			
5	**Council Website** The council website is not regularly updated. At the start of the audit the following documents were unavailable on the website: • Minutes for full council meeting from June 2025 onwards *(these were added to the website during the course of the audit)* • 2024/25 Internal audit report • 2024/25 External audit report • Up-to-date budgets or accounts since July 2023 • AGAR return 2024/25 • Yearly accounts for 2024 and 2025 • Payment analysis since May 2024 • Payments over £500	Council information not available to the public. Lack of transparency Non-compliance with the transparency code	The Town Clerk should ensure that the website is updated with key council information. The website provider should be regularly supplied with documents to ensure that this information is available to the general public.	**Responsible officer:** Town Clerk / RFO **Proposed timescale:** May 2026
Priority: Medium				
6	**High Value Purchases – Failure to obtain quotes** A report was presented to Finance Committee on 11th November 2025 in relation to Rialtas quotes:	Procedures may not be followed as outlined in the Financial Regulations.	The Council should ensure that three quotes are obtained for high value purchases/contracts in line with the Council Financial Regulations.	**Responsible officer:** Town Clerk / RFO

No.	Matter Arising	Associated Risk	Recommendation	Responsible Officer Proposed Timescale
	"The Deputy Town Clerk presented quotes for multiple upgrade package options to the accounting software." Only one quote from AdvantEDGE was obtained, and the remaining information within the comparison report was sourced from provider websites. This was not transparently reported to Finance Committee. Furthermore, the failure to obtain three quotes means the high value purchase is not compliant with the Council's Financial Regulations.		Evidence of obtained quotes should be saved to evidence that the Council is achieving value for money, and the procurement is compliant with the Financial Regulations. If the Council is not able to obtain three written quotations, this should be clearly approved and recorded with in the meeting minutes.	**Proposed timescale:** May 2026
7	**Budget approval** Within the meeting minutes of the Full Council, the 2025/26 Budget was not noted as approved by the Full Council. Budget for 2025/26 was approved at the Finance Committee on 14th January 2025. It is noted that this committee was made up of the whole council. At the commencement of the audit, the 2025/26 budget was not available on Town Council website. By the end of the audit this had subsequently been added in but displayed in the wrong place under 'Payments over £500'. *Following the requirement to support the Leisure Centre from April 2025, an 'Emergency Budget' was resolved and approved by Full Council on 06/06/2025.*	Non-compliance with the Scheme of Delegation. Non-compliance with the Transparency Code.	Annual budget should be presented to Full Council and approved by them and signed by the Chair. It should also be made available on the website.	**Responsible officer:** Town Clerk / RFO **Proposed timescale:** May 2026
8	**Lettings and Pitch hire**	Risk that income not received from lettings, terms and conditions of	A booking system should be in place. For each hire booking an agreement should be	**Responsible officer:** Town Clerk / RFO

No.	Matter Arising	Associated Risk	Recommendation	Responsible Officer Proposed Timescale
	There is a lack of consistency on the approach to Council letting and hire procedures. There is no booking system in place for lettings. For a sample of five lettings tested, hire agreements were available for only three out of the five. Only one letting had an invoice raised, no other hirers/lettings had been invoiced. Public liability insurance was sighted for only two of the regular lettings. In June 2025 the Council updated a lease agreement with the Air Cadets for Northville Playing Field to generate an annual income of £1500. First payment was due on 1st June 2025. No income has yet been received as the invoice was not raised until 10/03/2026. There was a recommendation in last year's Internal Audit review (2024/25) relating to Lettings Income.	the Council are unclear and the Council is at risk of unnecessary insurance liabilities.	raised and signed by both parties to confirm understanding of the terms and conditions. For each hire booking a consecutively numbered invoice should be raised, ideally from the Rialtas finance system, prior to the commencement of the hire. Public liability insurance to the value of £5m should be obtained annually from each hirer. A list of hire frees and booking procedures could be made available for the general public on the Town Council Website.	**Proposed timescale:** May 2026
9	**Asset Register** The asset register held by the council and the one available on their website was last reviewed in 2024. Some updates have been noted during 2025, but the full asset register has not been supplied. The Town Clerk confirmed that they are in the process of changing their asset register from a spreadsheet to Rialtas Software, they are hoping this will be done by the start of the new financial year.	Assets and investments could be incorrectly stated in the council's accounts.	The Town Council should update its formal asset register routinely to record new assets at historic cost price, net of VAT and remove any disposed of or no longer serviceable assets. The register should identify for each asset the purchase cost and, if practicable, the replacement or insured cost, the latter being updated annually and used to assist in forward planning for asset replacement. Additions and disposal records should allow tracking from the prior year to the current year. It is recommended to display insurance value within the register. A further column could be	**Responsible officer:** Town Clerk / RFO **Proposed timescale:** May 2026

No.	Matter Arising	Associated Risk	Recommendation	Responsible Officer Proposed Timescale
	The Council's Insurance schedule does accurately correspond with the asset register, and not all assets are noted. The Leisure Centre, Outdoor Gym equipment and Civic Regalia have not been included within the Councils documented asset register. There was a recommendation in last year's Internal Audit review (2024/25) relating to the Asset Register.		added to ensure that these costs are aligned with the current insurance schedule to confirm that the Town Council are appropriately insured or "self-insured".	
10	**Purchasing System** Purchase orders are not currently used for purchases in excess of £250 per the Financial Regulations. No certification stamp is used when invoices are received to evidence authorisation for payment. Instead, a visual check is conducted on invoices when they arrive for their appropriateness and accuracy. No set office purchasing procedures were evidenced during the audit. There was a recommendation in last year's Internal Audit review (2024/25) relating to the Purchasing System.	Purchases are not properly recorded therefore the budget position maybe inaccurate.	The purchasing process should be reviewed to ensure a good level of separation of duties is achieved, and purchase orders should be used when making purchases in excess of £250 as per the Financial Regulations. Each invoice should be checked and marked as certified for payment by the Responsible Finance Officer. **Financial regulation:** *5.20. An official order or letter shall be issued for all work, goods and services above £250 excluding VAT unless a formal contract is to be prepared or an official order would be inappropriate. Copies of orders shall be retained, along with evidence of receipt of goods.*	**Responsible officer:** Town Clerk / RFO **Proposed timescale:** May 2026

No.	Matter Arising	Associated Risk	Recommendation	Responsible Officer Proposed Timescale
11	**Investment Strategy** The council has bank balances of more than £100,000, however they have no Investment Strategy. There was a recommendation in last year's Internal Audit review (2024/25) relating to the Investment Strategy.	There is a financial risk that investments may not be properly managed and that statutory guidance may not be adhered to.	For each financial year in which bank balances exceed £100,000, the Council should prepare an Investment Strategy. This strategy should include the disclosures and reporting requirements outlined in the DLUHC guidance. It should be formally approved by the Full Council and, as best practice, published on the local authority's website for public access.	**Responsible officer:** Full Council **Proposed timescale:** May 2026
12	**Bank reconciliations and Bank statements** Within the meeting minutes in October, November, and December 2025 it is noted that due to staff limitations, bank reconciliations were at least two months behind. Bank reconciliations provided by the Town Clerk were not signed and dated by a member. No evidence was noted that bank statements are reviewed by a member. These were not available within in the Finance & Scrutiny committee agenda packs provided. However, reconciliations are presented to Finance & Scrutiny Committee, and approval is documented within the meeting minutes.	Lack of openness and transparency in decision making procedures.	Bank reconciliations and original bank statements should be reviewed and signed by a member (other than the Chair) regularly. ***Financial regulation:*** *2.6. At least once in each quarter, and at each financial year end, a member other than the Chair, or cheque signatory, shall be appointed to verify bank reconciliations (for all accounts) produced by the RFO. The member shall sign and date the reconciliations and the original bank statements (or similar document) as evidence of this. This activity, including any exceptions, shall be reported to and noted by the Finance & Scrutiny committee.*	**Responsible officer:** Town Clerk / RFO **Proposed timescale:** May 2026
13	**Accounts: Payment approvals** It is noted within the meeting minutes for the Finance and Scrutiny committee on 9th December 2025 that due to a technical error the payment report from October	Financial risk if Council Members have approved payments without seeing the schedule of	The Clerk /RFO should present a schedule of payments requiring authorisation, with the agenda for the meeting, together with the relevant invoices, to the council or finance	**Responsible officer:** Town Clerk / RFO **Proposed timescale:**

No.	Matter Arising	Associated Risk	Recommendation	Responsible Officer Proposed Timescale
	2025 was not available to view during the meeting. The Councillors voted to approve and reconcile all payments for October 2025, without seeing the documents. Invoices for payment are approved retrospectively rather than up front. The Purchase Ledger Payment list presented to the Finance and Scrutiny Committee does not always correspond with the month the payment was made due to delay of processing. As noted in Recommendation 2 of this report, debit card transactions are not presented to Council for their oversight and approval.	payments, or payments are made ahead of receiving approval. Non-compliance with Financial Regulations.	committee. The council or committee shall review the schedule for compliance and shall authorise payment by resolution. The RFO should then instruct the payment to be made. **Financial regulation:** ***6.10.*** *The RFO shall present a schedule of payments requiring authorisation, forming part of the agenda for the meeting, together with the relevant invoices, to the council or finance committee. The council or committee shall review the schedule for compliance and, having satisfied itself, shall authorise payment by resolution. The authorised schedule shall be initialled immediately below the last item by the person chairing the meeting. A detailed list of all payments shall be disclosed within or as an attachment to the minutes of that meeting.* ***Page 10, item 7.8****. A full list of all payments made in a month shall be provided to the next council meeting and appended to the minutes.*	May 2026
14	**Use of Artificial Intelligence – ChatGPT** Debit card testing identified a monthly USD ($) subscription to ChatGPT (around £47 per month). The Town Clerk explained they have purchased three licenses	Data leaks and disclosure of confidential information. Failure to achieve value	The council should review information they have input into ChatGPT and whether any could result in potential data leaks or disclosure of confidential information. If ChatGPT is going to continue to be used, a policy should be developed to confirm how this tool should be	**Responsible officer:** Town Clerk / RFO **Proposed timescale:**

No.	Matter Arising	Associated Risk	Recommendation	Responsible Officer Proposed Timescale
	in order to be more creative with online and print communications, and to analyse quotes and proposals. As a third-party AI system, there is a risk of unintentional disclosure of confidential or classified information, as these AI tools store or process prompts in ways that are not fully transparent. Furthermore, there is increased risk of data leaks due to inadequate safeguards in third party AI systems. Councils must follow strict rules on governance, records handling, data protection, and transparency. Using ChatGPT may conflict with these if not managed properly. Other AI products which appear to be used are AI Assistant for Acrobat (£5 pcm) and Adobe Firefly (£10 pcm). It was subsequently identified that the council already has access to Co-Pilot (Microsoft) which is part of the already paid for 365 service. The Town Clerk intends to reduce ChatGPT licenses down to one following this discovery. The council IT policy does not include any guidance or restrictions on the use of Artificial Intelligence.	for money.	used, and any relevant safeguards required to ensure the Council complies with data protection and transparency.	May 2026
Priority: Best Practice				
15	**Assertion 10** The following areas related to Assertion 10 require improvement:	The Council could be non-compliant with the data protection act.	The Council should review the following areas in accordance with NALC guidance and update the website with details of:	**Responsible officer:** Town Clerk / RFO

No.	Matter Arising	Associated Risk	Recommendation	Responsible Officer Proposed Timescale
	• No Expenditure over £500 since 01/02/2025 • No pay multiple since 2022 • Grants out of date 2023/24 • Procurement out of date, last contract 11/07/2022		• Expenditure over £500 since 01/02/2025. • Pay multiple since 2022 • Grants since 2023/24 • Procurement	**Proposed timescale:** May 2026
16	**Data Audits** There is currently insufficient evidence to confirm that the Town Council has undertaken regular audits to verify the personal data it holds, how this data is used, and whether it is processed lawfully. These requirements were introduced in the latest NALC guidance published this year.	The Council could be non-compliant with the data protection act and have access to data it does not need or holding on to it for longer than required.	The Council should frequently review the data they hold, its purpose, and confirm it is being held lawfully. The Council may wish to consider the following: • Reviewing the data they hold, including the sources and purpose. • That the data they hold has been consented to and is only used for its intended purpose. • Access to data is restricted and only available to those who require it. • The Council has a data sharing agreement as appropriate or privacy notices. • Data is not held longer than required and is disposed in line with their retention schedule. • Security of data is considered such as anti-virus software, firewalls, the use of password and physical security. • Processes are in place for subject rights requests and breaches if identified. This is not an exhaustive list but provides examples of what a Council may wish to consider Internal Audit is aware that NALC are	**Responsible officer:** Town Clerk / RFO **Proposed timescale:** May 2026

No.	Matter Arising	Associated Risk	Recommendation	Responsible Officer Proposed Timescale
			looking to produce further guidance regarding Assertion 10, and therefore this guidance may change once this information is available.	
17	**Data Protection training** No Data protection training has been completed by office staff or councillors to comply with Assertion 10.	The Council could be non-compliant with the data protection act.	The Clerk should complete the data protection training or appoint another Data Protection Officer who has completed the required training.	**Responsible officer:** Town Clerk / RFO **Proposed timescale:** May 2026