

Neil Harris  
Bidborough Parish Council

20 June 2024

Dear Neil,

**Bidborough Parish Council**

**Final Audit Report**

The internal audit for the 23-24 financial year is now complete. I report that I have not signed off compliance with the following control objective for 23-24:

Control Objective	Reason for negative reporting
O - Trust funds (including charitable) The council met its responsibilities as a trustee.	Separate books of account are not maintained for the charity, with income and expenditure recorded within the books of the parish council

The Council should also mark box 9 on the Annual Governance Statement as “NO”

As stated in the engagement letter, the scope of our work is limited to completing the audit testing and enquiries we deem necessary to complete Section 4 of the Annual Report for Local Councils in England. We do not provide assurance over or accept responsibility for areas of work not included in this scope, unless specifically agreed with the Council during the financial year.

In providing internal audit services we are not conducting a financial statement audit in accordance with standards and guidelines issued by the Audit Practices Board and our procedures are not designed to provide assurance over the reliability and quality of your financial statements and management information – that is the job of external audit.

We are required by the Annual Internal Audit Report included in the Annual Governance and Accountability Return (AGAR) to review controls in place at the Council against predefined control assertions. These control assertions are set out below, together with the results of my internal audit work for 23-24. Recommendations are set out at Appendix A. I set out a schedule of tests not completed at this audit at Appendix B, these tests are not relevant to this Council.

The audit was carried out in two stages. The interim audit was carried out in person on 28 February, this concentrated on in year financial transactions and governance controls. The final audit was carried out remotely on 14 June and concentrated on the statement of accounts and balance sheet.

☎ 07958 990310

✉ [mike@aprilskies.co.uk](mailto:mike@aprilskies.co.uk)

Company Registration Number 14174016  
6 Uplands Road. Farnham GU9 8BP

### **A - Appropriate books of account have been kept properly throughout the year**

#### **Interim Audit**

The Council maintains accounting records on the Edge accounting package. I have reviewed record keeping, and can confirm that income and expenditure is balanced to the cashbook and reconciled to bank statements on a regular basis. Referencing is satisfactory, I was able to access all information required for audit tests using information recorded in the accounting system. I reviewed the accounting system, it was updated until 21<sup>st</sup> Feb, and the bank account was reconciled until the end of January 2024, so was up to date.

I was able to agree the opening balances in the cashbook (£127,713.99) back to the audited accounting statements for 22-23 ( box 7 £127,714).

The Council completes VAT returns quarterly. The last return submitted to HMRC was for the for period 1 April to 31 August 23. VAT reclaimed was £1,429, I agreed the claim to the VAT report extracted from the accounting system, and supporting transactions. I checked the receipt of the refund into the bank account on 19 September. There was an issue with the quarter 3 VAT return, with a failure in the electronic submission to HMRC. This has been taken up with Edge, and once resolved the Clerk will bring VAT submissions up to date.

#### **Final Audit**

The accounting statements have been agreed back to year end reports produced from the Edge accounting system

- Detailed annual report
- Balance sheet

All comparatives reported in the financial statements have been agreed back to the audited 22-23 accounts, as published on the Council website.

The Clerk confirmed that the year end VAT return has been submitted to HMRC – this was actioned on 23 April. The backlog of unclaimed VAT has also been brought up to date and the refunds banked.

My interim audit report was discussed at the Full Council meeting on 25 March - Minute 17. Minutes show detailed consideration of matters raised.

☎ 07958 990310

✉ [mike@aprilskies.co.uk](mailto:mike@aprilskies.co.uk)

Company Registration Number 14174016  
6 Uplands Road. Farnham GU9 8BP

**B - The Council's financial regulations have been met, payments were supported by invoices, all expenditure was approved, and VAT was appropriately accounted for**

### **Interim Audit**

Standing Orders and Financial Regulations are based on NALC templates. Financial Regulations were reviewed at the 29 January 2024 Full Council. Standing Orders have not been reviewed for some time, these should be reviewed at the next annual council meeting. The Council is aware that NALC is currently reviewing the model financial regulations. The results of this review should be taken into consideration when BPC next reviews its own regulations.

The Council has a robust process in place for making payments to suppliers. Invoices are sent to the Clerk, who checks invoices to confirm goods or services have been received. A payment list is prepared and reported to the next council meeting. The listing is approved and recorded in minutes. The Clerk next sets up payments at bank and one of 2 councillors authorises the payment on line.

I carried out a sample test of 5 non-pay expenditure transactions selected from the Edge cashbook. I was able to confirm the following for all transactions:

- Payment agreed to invoice
- Payment set up by RFO
- Invoice paid off by councillors – checked to signed payment listing
- Expenditure appropriate for this Council
- VAT accounting correct

### **Final Audit**

Non pay expenditure per box 6 to the accounts amounted to £ 93,819 up from £65,473 in 22-23.

No further testing was completed at year end – sufficient assurance obtained at the interim audit in late February.

☎ 07958 990310

✉ [mike@aprilskies.co.uk](mailto:mike@aprilskies.co.uk)

Company Registration Number 14174016  
6 Uplands Road. Farnham GU9 8BP

**C - The Council assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.**

**Interim Audit**

The Council is insured with Hiscox Municipal on a standard local council package, I have checked that indemnity cover and money cover is in place. The policy was in date at time of audit, with an start date of 1.4.23 cover in place until policy is cancelled.

Asset cover is as follows

Item description	Excess	Amount Insured
Total Buildings	N/A	£0
Gates and fences	£250	£5,091
Fixed outside equipment	£250	£0
Street furniture	£250	£52,250
War memorials	£250	£0
Playground equipment	£250	£51,042
Sports surfaces	£250	£0
Other surfaces	£250	£0
Rent receivable	£250	

Money cover is set at a standard level of £250K, more than sufficient for this smaller council.

The Council's Financial Risk Assessment register was considered at council meeting in May 23 – minute 17. The risk assessment appears sufficient for this smaller council. The Council is working on the non-financial risk assessment, and is planning to review this document at the March council meeting. I consider that the Council is meeting obligations in this area.

The Council currently backs up all website data and email system, this is managed by a contractor, Vision ICT. Laptop data is backed up on to Dropbox. Accounting data is stored with Edge. Adequate back up arrangements are in place.

☎ 07958 990310

✉ [mike@aprilskies.co.uk](mailto:mike@aprilskies.co.uk)

Company Registration Number 14174016  
6 Uplands Road. Farnham GU9 8BP

**D - The annual precept requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.**

### **Interim Audit**

The Council has completed the budget setting process for 24-25, this was minuted at the Council meeting in November 23. The precept was set at £71,970, However this is not clear from minutes. I therefore recommend that the 24-25 precept is noted in the minutes of the next available full Council meeting – the monetary value of the precept must be recorded.

The Council receives budget monitoring reports at each Full Council meeting. The budget monitoring report is derived directly from Edge. I checked this to the January meeting - minute 8. Overspends were noted on the elections and church wall lines, The Clerk was able to provide reasons for these overspent budget lines.

I confirmed that the 22-23 CIL report is published on the Council website.

### **Final Audit**

Reserves at 31 March 2024 were £105,760 (22-23 £127,714).

Earmarked reserves at 31 March 24 were as follows:

Earmarked Reserve for Play Equipment	22,841.17
Earmarked reserve for Church Wall	0.00
Earmarked reserve for ANRG Legal Costs	0.00
Earmarked reserve for Special Reserve	25,000.00
Earmarked Reserve for Playground Maintenance	2,713.00

These amount to £ 50.5k, and are recorded on the Council's accounting system. Minutes and papers relating to budget setting show reserves have been reviewed by Council in 23-24.

General reserves at year end were £55K. This represents 76% of precept, which is at the upper end of recommended levels set out in the NALC Practitioners' Guide. Given the general nature of the "Special Reserve", it is important that the Council keeps a close watch on the general reserve, and does not allow it to increase further.

☎ 07958 990310

✉ [mike@aprilskies.co.uk](mailto:mike@aprilskies.co.uk)

Company Registration Number 14174016  
6 Uplands Road. Farnham GU9 8BP

**E - Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.**

**Interim and Final Audits**

Precept per box 2 to the accounts was £71,970 (22-23 £70,560). This has been agreed to third party documentation provided by external audit.

Income per box 3 to the accounts was £15,929 (22-23 £2,332).

£12.5K of this related to backdated VAT claims, sent to HMRC in 23-24 as the Council looked to catch up on arrears of VAT submission. 3 credits were tested and income received agreed to VAT return and checked to bank statements.

**F - Petty cash payments were properly supported by receipts; all petty cash expenditure was approved and VAT appropriately accounted for.**

No petty cash

**G- Salaries to employees and allowances to members were paid in accordance with council approvals, and PAYE and NI requirements were properly applied.**

**Interim and Final Audits**

Staff costs per box 4 to the accounts were £16,034 ( 22-23 £22,909).

Payroll is processed by an external company, McCabe Ford Williams. I checked the January 2024 payment made to the Clerk. Net pay per cashbook was agreed to the payslip. Gross pay was then agreed back to contracted hours and rate of pay set out in the Clerk's signed contract of employment.

The Clerk does not have access to the Council's HMRC account for payroll taxes. This should be established and periodic checks made of the account to ensure returns and payments are up to date .

**H - Asset and investments registers were complete and accurate and properly maintained.**

**Interim Audit**

I discussed the 22-23 external audit report with the Clerk, and note preparations are in place to avoid similar issues for 23-24 year end. I also discussed the matter of playground works. At financial year end, it is likely that the Council will have an empty site, awaiting works on the new playground. It will be necessary to remove the old playground from the

☎ 07958 990310

✉ [mike@aprilskies.co.uk](mailto:mike@aprilskies.co.uk)

Company Registration Number 14174016  
6 Uplands Road. Farnham GU9 8BP

asset register. A note will need to be sent to external audit to explain the reduction in the asset register.

### **Final Audit**

Fixed Assets per box 9 to the accounts were £117,036 (22-23 £128,908)

The figure in the accounts has been agreed to the fixed asset register. The asset register correctly accounts for all assets at cost. This follows accounting rules set out in the Practitioners' Guide. The Clerk provided details of changes to the asset register in 23-24 as follows:

- Disposals - £51K– this is removal of the playground at the Arthur Nicholson Rec. At year end this was an empty site awaiting installation of new play equipment
- Additions- £39K - - main items are Brookhurst field and Streetlights

### **I – Periodic and year-end bank account reconciliations were properly carried out.**

### **Interim Audit**

The Clerk completes bank reconciliations each month. This control has not been in place for the whole financial year, but the Clerk has now brought bank reconciliations up to date. All monthly bank reconciliations have now been completed and signed off by an appropriate councillor. Reconciliations are presented to each council meeting.

I reperformed the bank reconciliation for December 2024 and was able to agree the balance recorded on the reconciliation produced from Edge back to the accounting system and to the bank statement. There was evidence of councillor review of the bank reconciliation. The January bank reconciliation is currently with a councillor for review.

### **Final Audit**

Cash per box 8 to the accounts was £105,760 (22-23 £127,714)

I reperformed the year end bank reconciliation. I was able to agree to the Edge cashbook and to year end bank statements, The reconciliation had not yet been reviewed by a councillor, this is due at the next meeting. The file of bank reconciliations shows councillor review occurs each month and is properly evidenced.

☎ 07958 990310

✉ [mike@aprilskies.co.uk](mailto:mike@aprilskies.co.uk)

Company Registration Number 14174016  
6 Uplands Road. Farnham GU9 8BP

**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, were supported by an adequate audit trail from underlying records, and where appropriate debtors and creditors were properly recorded.**

The Council has prepared the accounts on the receipts and payments basis for 23-24, appropriate for a council below the £200K threshold.

**K: If the authority certified itself as exempt from a limited assurance review in 22-23, it met the exemption criteria and correctly declared itself exempt.**

Not applicable, limited assurance review completed in 22-23

**L: The Authority publishes information on a free to access website/webpage up to date at the time of the internal audit in accordance with any relevant transparency code requirements**

The Council has published AGAR documentation for the past 5 years on the Council website, as required by regulations. Other financial information such as budgets and payments can be found within minutes.

## **M - Arrangements for Inspection of Accounts**

Inspection periods for 22-23 accounts were set as follows

Inspection - Key date	22-23 Actual
Accounts approved at Full Council	26 June Full Council
Date Inspection Notice Issued	30 June
Inspection period begins	30 June
Inspection period ends	11 August
Correct length	Yes

The inspection period should start 1 day after the announcement of the inspection rights— external audit have raised this matter at other councils.

☎ 07958 990310

✉ [mike@aprilskies.co.uk](mailto:mike@aprilskies.co.uk)

Company Registration Number 14174016  
6 Uplands Road. Farnham GU9 8BP



### **N: Publication requirements 22-23 AGAR**

The Statement of Accounts, Annual Governance Statement and the external audit certificate for 22-23 are published on the finances page of the Council website. The external audit certificate included a significant qualification and report from external audit – this is reviewed elsewhere in this report. The Conclusion of Audit certificate was published on 30 October, after the date of the audit certificate (18 October), and after the regulatory deadline of 30 September. The audit certificate was late and therefore the Council could not publish the external certificate and conclusion of audit certificate by the deadline of 30 September. I am satisfied that the Council published the conclusion of audit notice in good time, given the late external audit certificate. The external audit certificate was reported to the meeting of Full Council on 27 October minute 20.

### **O - Trust funds (including charitable) The council met its responsibilities as a trustee.**

#### **Interim Audit**

The Council is sole trustee of the Arthur Nicholson Recreation Ground Trust. I note that that separate meetings are held for this charity, these are published on the Council website.

Separate books of account are not maintained for the charity, with income and expenditure recorded within the books of the parish council. The Charity is a separate legal entity, and should have:

- its own bank account
- separate accounting records

This is also required by the AGAR accounting statements – see note below

11b. Disclosure note re Trust funds  
(including charitable)



The figures in the accounting statements above do not  
include any Trust transactions.

The Charity needs to be set up as a separate accounting entity, with its own books of account from 1.4.24. A separate bank account should be set up.

I also note that the 22-23 annual return submission to the Charity Commission has been completed - it was 29 days late.

I also recommend that the Council takes VAT advice as part of the process of separating the Charity from the Council, to ensure no errors are made in VAT accounting. I recommend the Parkinson Partnership. [Home \(parkinsonpartnership.uk\)](http://Home(parkinsonpartnership.uk))

I am not able to sign off that the Council has met the requirements of this control objective for 23-24.

☎ 07958 990310

✉ [mike@aprilskies.co.uk](mailto:mike@aprilskies.co.uk)

Company Registration Number 14174016  
6 Uplands Road. Farnham GU9 8BP

I attach my invoice for your consideration together with the internal audit report from the AGAR. I would like to take this opportunity to thank you for your help with the audit. Please do not hesitate to contact me if I can be of any assistance.

Yours sincerely



Mike Platten CPFA

☎ 07958 990310

✉ [mike@aprilskies.co.uk](mailto:mike@aprilskies.co.uk)

Company Registration Number 14174016  
6 Uplands Road. Farnham GU9 8BP

### Appendix A – Recommendations

#### Points Forward – Action Plan - Interim Audit

Matter Arising	Recommendation	Council Response
The precept was set at £71,970, However this is not clear from minutes.	I therefore recommend that the 24-25 precept is noted in a the minutes of the next available full Council meeting – the monetary value of the precept must be recorded.	This is on the agenda for March meeting
The Clerk does not have access to the Council's HMRC account for payroll taxes.	This should be established and periodic checks made of the account to ensure returns and payments are up to date	The Clerk is taking this up with the Council's Payroll provider
I also discussed the matter of playground works. At financial year end, it is likely that the Council will have an empty site, awaiting works on the new playground.	It will be necessary to remove the old playground from the asset register. A note will need to be sent to external audit to explain the reduction in the asset register.	Actioned
Separate books of account are not maintained for the charity, with income and expenditure recorded within the books of the parish council.	The Charity is a separate legal entity, and should have: <ul style="list-style-type: none"> <li>- its own bank account</li> <li>- separate accounting records</li> </ul>	The Council is in the process of setting up the new account and is in discussions with Edge to set up separate accounting records
Charity Annual Return	I note that the 22-23 annual return submission to the Charity Commission has not been completed and is now overdue.	Completed
Standing Orders have not been reviewed for some time,	These should be reviewed at the next annual council meeting	Will be reviewed in May

☎ 07958 990310

✉ [mike@aprilskies.co.uk](mailto:mike@aprilskies.co.uk)

Company Registration Number 14174016  
6 Uplands Road. Farnham GU9 8BP

## Points Forward – Action Plan - Final Audit

Matter Arising	Recommendation	Council Response
General reserves at year end were £55K. This represents 76% of precept, which is at the upper end of recommended levels set out in the NALC Practitioners' Guide.	Given the general nature of the "Special Reserve", it is important that the Council keeps a close watch on the general reserve, and does not allow it to increase further.	
I also recommend that the Council takes VAT advice as part of the process of separating the Charity from the Council, to ensure no errors are made in VAT accounting.	I recommend the Parkinson Partnership.	

☎ 07958 990310

✉ [mike@aprilskies.co.uk](mailto:mike@aprilskies.co.uk)

Company Registration Number 14174016  
6 Uplands Road. Farnham GU9 8BP

## Appendix B

### Internal Audit Control Objectives – Marked as not covered

Control Objective	Area for Audit	Why this has not been audited
F	Petty Cash	No petty cash at this council
K	External Audit	Council completed limited assurance review

☎ 07958 990310

✉ [mike@aprilskies.co.uk](mailto:mike@aprilskies.co.uk)

Company Registration Number 14174016  
6 Uplands Road. Farnham GU9 8BP