

Neil Harris  
Bidborough Parish Council

16 May 2025

Dear Neil,

**Bidborough Parish Council - Final Internal Audit 24/25**

The internal audit for the 24-25 financial year is now complete. I am pleased to report that overall Council has successfully maintained a satisfactory system of financial control, but there is one matter I need to report:

Internal Audit Control Objective	Reason for negative comment on IA report
M - Arrangements for Inspection of Accounts	Inspection period for 23-24 was 1 day too long, regulations require that the inspection period should be set at exactly 30 days. This is a direction from external audit.

The Council will also need to mark control objective 4 on the annual governance statement as “NO”. Other recommendations are at Appendix A.

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 on 12 February, this concentrated on in year financial transactions and governance controls. The final audit was carried out on 16 May 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 up to date at the time of the audit.

I was able to agree the opening balances in the cashbook (£105,760) back to the audited accounting statements for 23-24 ( box 7 £105,760).

The Council completes VAT returns quarterly. The last return submitted to HMRC was for the for period 1 April to 31 October 2025. VAT reclaimed was £21,584, 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, this was received on 7 November .

**Final Audit**

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

- Detailed annual report
- Balance sheet
- Cash and Bank reconciliation – year-end report.

All comparatives reported in the financial statements have been agreed back to the audited 23-24 accounts, as published on the Council website.

The Clerk confirmed that the year-end VAT return has been submitted to HMRC . I have confirmed that a VAT return for the period 1.1.24 to 28.2.25 has been submitted to HMRC. VAT reclaimed was £ 2,119, this has been agreed to the VAT report for this period produced from the accounting system. The refund was received at bank on 21 March. The Clerk confirmed any transactions for March 2025 will be picked up in the next VAT return.

My interim audit report was discussed at the Full Council meeting on 24 February - Minute 18. Minutes show proper 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 September 25 meeting of Full Council (minute 18). These are published on the Council website and I have confirmed that these are based on the revised NALC template. Standing Orders were reviewed at the May meeting of Full Council (minute 10 ).

The Council has a satisfactory 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
- Approval to pay noted in minutes of Full Council prior to payment
- Expenditure appropriate for this Council
- VAT accounting correct

### **Final Audit**

Non pay expenditure per box 6 to the accounts amounted to £ 148,491 up from £93,819 in 23-24.

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

**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 1.4.24 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	£5,396
Fixed outside equipment	£250	£0
Street furniture	£250	£55,385
War memorials	£250	£0
Playground equipment	£250	£54,105
Sports surfaces	£250	£0
Other surfaces	£250	£0
Rent receivable	£250	

The Council will need to review the level of insurance cover now the new playground is installed. 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 September 2025 – minute 18.3. 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.

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.

**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 25-26, this was minuted at the Council meeting in November. The precept was set at £76,970, minute 20.2. A detailed budget was also approved, and was reported to councillors as part of the agenda pack.

The Council receives budget monitoring reports at each Full Council meeting – this is confirmed by a review of minutes published on the website. I reviewed the report produced for the January 2025 meeting. £1k overspends were noted on the playground project and running cost budget lines, The Clerk was able to provide reasons for these overspends, they are being funded from other budget lines.

☎ 07958 990310

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

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

### **Final Audit**

Reserves at 31 March 2025 were £113,798 (23-24 £105,760).

Reserves recorded on the balance sheet at 31 March 25 were as follows:

Earmarked Reserve for Play Equipment	-62,584.42
General Fund	123,381.73
Earmarked reserve for Church Wall	10,000.00
Earmarked reserve for ANRG Legal Costs	0.00
Earmarked reserve for Special Reserve	0.00
Earmarked Reserve for Playground Maintenance	0.00
Earmarked Reserve for Birchwood Ash Dieback Survey	8,500.00
Earmarked Reserve for Church Bank	5,000.00
Earmarked Reserve for Churchyard	4,000.00
Earmarked Reserve for Highways Schemes	15,500.00
Earmarked Reserve for Streetlight Refurbishment	1,000.00
Earmarked Reserve for Community/Sports Pavilion	9,000.00
LONG TERM Investment Bank Accounts	0.00

The RFO must clear the negative play reserve balance by making a transfer from the general fund. Once this has been taken into account, the general reserve at year end stood at £60.7K . This represents 85% of precept, and is at the upper end of levels recommended in the NALC Practitioners Guide, but this is not an inappropriate level of reserves for a smaller parish council.

Earmarked reserves amount to £53K, and are recorded on the Council's accounting system. Earmarked reserves were reviewed at the January Council meeting, minute 28.

☎ 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 Audit**

I checked donations from Friends of Bidborough. £60K has been received as a contribution towards the playground. This has been checked from the cashbook, agreed to bank statement and confirmed to an email from Friends of Bidborough.

### **Final Audit**

Precept per box 2 to the accounts was £71,970 (23-24 £71,970). This has been agreed to third party documentation provided by central government.

Income per box 3 to the accounts was £98,784 (23-24 £15,928).

No further testing at year end audit, sufficient testing completed in February

**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 £14,225 ( 23-24 £16,033).

At the final audit, I checked that box 4 only included salary costs, as required by accounting regulations.

Payroll is processed by an external company, McCabe Ford Williams. I checked the August 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. I note that the Clerk's contract has expired, this occurred on 31 March 2024. A new contract should be issued as soon as possible.

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 .

☎ 07958 990310

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

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

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

**Final Audit**

Fixed Assets per box 9 to the accounts were £195,266 ( 23-24 £117,036) Increase in year is £78230,

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 24-25 as follows:

- Additions- £78K – Play Equipment at Recreation Ground - added to the asset register at cost, net of VAT

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

**Interim Audit**

The Clerk completes bank reconciliations each month. 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. I have not seen any evidence of councillor review of bank reconciliations in 24-25. I remind councillors that it is a requirement of financial regulations that bank reconciliations should be reviewed promptly at least quarterly, and this review evidenced.

**Final Audit**

Cash per box 8 to the accounts was £113,797 (23-24 £105,760)

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, the bank reconciliations were with a councillor for review at the time of my audit, and will be collected by the Clerk at the next council meeting.

☎ 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 24-25, appropriate for a council below the £200K threshold.

**K: If the authority certified itself as exempt from a limited assurance review in 23-24, it met the exemption criteria and correctly declared itself exempt.**

Not applicable, limited assurance review completed in 23-24

**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 23-24 accounts were set as follows

Inspection - Key date	23-24 Actual
Accounts approved at Full Council	24 June Full Council
Date Inspection Notice Issued	28 June
Inspection period begins	28 June
Inspection period ends	9 August
Correct length	NO – 31 days

The inspection period should start 1 day after the announcement of the inspection rights– external audit have raised this matter at other councils. In addition the inspection period was 1 day too long, regulations require that the inspection period should be set at exactly 30 days. This was picked up by external audit and I cannot sign off compliance with this control objective. The Council will also need to mark control objective 4 on the annual governance statement as “NO”.

☎ 07958 990310

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

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



### **N: Publication requirements 23-24 AGAR**

The Statement of Accounts, Annual Governance Statement and the external audit certificate for 23-24 are published on the finances page of the Council website. The external audit certificate included a qualification regarding trust accounting – this is reviewed elsewhere in this report. The Conclusion of Audit certificate was published on 27 September, after the date of the audit certificate (18 September), and before the regulatory deadline of 30 September. The external audit certificate was reported to the meeting of Full Council on 21 October minute 16.

### **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 the Council took advice from a VAT and charity specialist following recommendations raised at my last audit. This advice concluded that:

- The Council can reclaim VAT if it spends its own money for the benefit of the Trust, as this is a non-business gift
- The trust has no income, and simply owns a piece of land. The trust is reliant on the Council using its Open Spaces 1906 powers to maintain this land.
- No bank account needed for the charity as there are no transactions

Having seen this advice, I am satisfied that the Council is meeting the requirements of this control objective, as long as:

- Charity commission annual returns are made on time
- The trust meets separately and minutes are recorded

The 23-24 annual return was submitted by 31 January deadline.

**This matter was raised in the external audit certificate in 23-24. I am satisfied that the Council can now tick that is accounting for trusts properly, given that advice has been taken on this matter, but further questions from external audit should be expected.**

I note that the Council has taken further VAT advice relating to the potential rebuild of the cricket pavilion on trust land – I will review this in more detail in 2025-6.

☎ 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
Insurance	The Council will need to review the level of insurance cover now the new playground is installed.	
I note that the Clerk's contract has expired, this occurred on 31 March 2024.	A new contract should be issued as soon as possible.	
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	
I have not seen any evidence of councillor review of bank reconciliations in 24-25.	I remind councillors that it is a requirement of financial regulations that bank reconciliations should be reviewed promptly at least quarterly, and this review evidenced.	
The inspection period should start 1 day after the announcement of the inspection rights—external audit have raised this matter at other councils. In addition the inspection period was 1 day too long, regulations require that the inspection period should be set at exactly 30 days.	<p>The Council will also need to mark control objective 4 on the annual governance statement as "NO".</p> <p>Care should be taken to set the inspection period accurately for 24-25.</p>	

☎ 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
Negative balance earmarked reserve	The RFO must clear the negative play reserve balance by making a transfer from the general fund.	

## 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
K	Exemption from limited assurance review	Council had limited assurance review in 22-23
O	Trust Funds	No trusts at this council

☎ 07958 990310

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

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