April Skies Accounting

Neil Harris

Bidborough Parish Council

19 May 2026

Dear Neil,

Bidborough Parish Council

Internal Audit 25-26

The internal audit for the 25-26 financial year is now complete. I report that I have signed off the internal audit section of the Annual Governance and Accountability Return (AGAR) for with one comment:

O: The authority has complied with laws, regulations & proper practices relating to digital and data compliance	The Parish Council was not compliant with Practitioners Guide requirements regarding with regard to Assertion 10 on the Annual Governance Statement at 31.3.26

The Clerk also confirms that the Council will mark assertion 10 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 25-26. Recommendations are set out at Appendix A. Areas not tested because they are not relevant to this Council are listed at Appendix B.

The interim audit was carried out on 18 February 2026, with the final audit concluded on 19 May 2026.

07958 990310
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 note that the Clerk has had some difficulties accessing Edge in the course of 25-26, but testing confirms that this has now been rectified, and accounting records brought up to date.

I was able to agree the opening balances in the cashbook (££113,797.31) back to the audited accounting statements for 24-25 (box 7 £113,797).

The Council usually completes VAT returns quarterly, but this has not occurred in 25-26 due to access issues with the accounting system. The last return submitted to HMRC was for the period 1 April to 31 December 2025, so VAT has now been brought up to date . VAT reclaimed was £10,292, 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 26 January.

Final Audit

The accounting statements have been agreed back to year end reports produced from the Edge Accounting system (Annual Return Report and Balance Sheet). All comparatives reported in the financial statements have been agreed back to the audited 24-25 accounts, as published on the Council website.

I confirmed that the VAT return for period January 26 to March 26 has been completed and submitted to HMRC. VAT of £3636 has been reclaimed. Vat refund was received in the bank account on 7 April.

My interim report was considered at the March Council meeting (minute 20). The Council properly considered the recommendations raised.

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. Both documents were reviewed at the May 25 meeting of Full Council (minute 10). These are published on the Council website. Next review should consider changes made to NALC templates since the May 25 review.

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 online.

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 £ 91,126, down from £148,491 in 23-24 .

I tested 2 further payments and repeated the tests set out at the interim audit. For both payments tested I was able to confirm that financial regulations had been followed.

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 a start date of 1.4.25, 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	£5,558
Fixed outside equipment	£250	£0
Street furniture	£250	£57,047
War memorials	£250	£0
Playground equipment	£250	£55,728

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

The Council's Financial Risk Register is due to be considered at a council meeting in before the end of the financial year. This must be completed and recorded in a minute of Full Council before 31 March to avoid external audit comment.

<u>Final Audit</u>

I note that the Council has an on-going risk assessment process. The Financial Risk Assessment was reviewed at Full Council at the meeting in November 25. I have reviewed the risk assessment, and it appears sufficient for this smaller parish council.

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

<u>Interim Audit</u>

The Council has completed the budget and precept setting process for 26-27, this was minuted at the Council meeting in November. The precept was set at £80,000, minute 14.2. 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 2026 meeting. The report is extracted directly from the accounting system. At this point, income was on target, and 20 % of the annual expenditure budget remained to be spend, at 75% of the year elapsed.

Final Audit
Reserves at 31 March 2026 were £95,991 (24-25 £113,797).

Reserve balances recorded on the accounting system at year end were:

Earmarked Reserve for Play Equipment	0.00
General Fund	65,184.49
Earmarked reserve for Church Wall	4,315.00
Earmarked Reserve for Birchwood Ash Dieback Survey	1,080.00
Earmarked Reserve for Church Bank	5,000.00
Earmarked Reserve for Churchyard	1,131.24
Earmarked Reserve for Highways Schemes	15,500.00
Earmarked Reserve for Streetlight Refurbishment	1,000.00
Earmarked Reserve for Community/Sports Pavilion	2,780.66
LONG TERM Investment Bank Accounts	0.00
Liability Reserves e.g. deposits	0.00
	95,991.39
Reserves total excluding general fund and liabilities	30,806.90
Reserves total of liabilities e.g. deposits	0.00
General fund total	65,184.49
	95,991.39

Earmarked reserves are set aside for future projects identified by the Council. These were last reviewed by the Council at the November Council meeting as part of budget setting. Next review is due at the May 2026 meeting.

General reserves at year end were £65K. This represents 85% of precept, which is at the upper mid-point of recommended levels set out in the NALC Practitioners' Guide, and is not inappropriate for a council of this size.

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

Final Audit
Precept per box 2 to the accounts was £76,970 (24-25 £71,970). This has been agreed to third party documentation provided by central government.

07958 990310
mike@aprilskies.co.uk
Company Registration Number 14174016
6 Uplands Road. Farnham GU9 8BP

Income per box 3 to the accounts was £12,701 (24-25 £98,784). I reviewed the cashbooks, and selected 1 credit, VAT refund of £10,292, this has been agreed to VAT claim and checked to bank

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.

Final and Interim Audits

Staff costs per box 4 to the accounts were £16,350 (24-25 £14,225).
Payroll is processed by an external company, Mccabe Ford Williams. I checked the August 2025 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 has an updated contract of employment, dated April 2025.

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

Fixed assets per box 9 to the accounts were £ 195,226 (24-25 £195,226 - restated). Increase of 55K in 25-26.

I have agreed the balance in the accounts back to the asset register, which is held on the Edge accounting system. The asset register appears complete and to record assets at cost or proxy cost, as required by regulations, with sufficient detail to locate all assets listed.
No deletions in year, confirmed by Clerk. No additions, confirmed by review of cashbook expenditure in 25-26.

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

Interim Audit

The Council has not been able to maintain its usual system of bank reconciliations as the Clerk was not able to access the accounting system for a significant period. Bank reconciliations have now been brought up to date, and at the time of my audit, reconciliations were with a reviewing councillor, to be signed off. I have therefore not been able to check a signed bank reconciliation, as is my normal practice, and have instead checked the 31 January 2026 bank reconciliation, prepared by the Clerk.

07958 990310
mike@aprilskies.co.uk
Company Registration Number 14174016
6 Uplands Road. Farnham GU9 8BP

I was able to agree bank reconciliation balances to the accounting system and to bank statements. There are no unpresented items, and I am satisfied that bank reconciliations are now up to date, subject to Councillor review.

The Council must ensure that the bank reconciliation file is brought up to date and January to March bank reconciliations are reviewed promptly by a councillor, to demonstrate compliance with financial regulations in this area.

Final Audit

Borrowings per box 10 to the accounts were £0 (24-25 £ 0)

Cash per box 8 to the accounts was £95,991 (24-25 £113,797)

I reperformed the year end bank reconciliation. I agreed all balances in the bank reconciliation back to the accounting system reports and to bank statements. The year end bank reconciliation was found to be accurate. At the time of my audit, the year end bank reconciliation had not yet been signed off, this was with a councillor for review. I confirmed that bank reconciliation reviews have been reinstated since my interim audit, specifically I checked a March bank reconciliation had be signed as reviewed.

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.

BPC has produced accounts on the receipts and payments basis, this is permitted as income / expenditure is below £200k,

K: If the authority certified itself as exempt from a limited assurance review in 24-5, it met the exemption criteria and correctly declared itself exempt.

Not applicable, limited assurance review completed in 24-5

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.

07958 990310
mike@aprilskies.co.uk
Company Registration Number 14174016
6 Uplands Road. Farnham GU9 8BP

M - Arrangements for Inspection of Accounts

Inspection periods for were set as follows

Inspection - Key date	Actual
Accounts approved at Full Council	16 June Full Council
Date Inspection Notice Issued	26 June
Inspection period begins	27 June
Inspection period ends	7 August
Correct length	30 days

N: Publication requirements 24-25 AGAR

The Statement of Accounts, Annual Governance Statement and the external audit certificate for 24-25 are published on the Finance page of the Council website. The Conclusion of Audit certificate was published on 30 September, after the date of the audit certificate (25 September), on the regulatory deadline. The external audit certificate was reported to the meeting of Full Council in September, minute 25. A point was raised in the "other matters section of the audit certificate, relating to a previous year's inspection notice.

O: The authority has complied with laws, regulations & proper practices relating to digital and data compliance.

The Council has commenced a review of data management practices following the addition of Assertion 10 to the Annual Governance Statement, and has elected to mark assertion 10 as no as this review has not been completed before year end. The Council is not able to evidence a positive response to this section of the Annual Governance Statement.

It is recommended that the Council considers compliance with paragraphs 1.47 to 1.54 on page 14 of the Practitioners' Guide at a meeting before the AGAR is reviewed by external audit. This should support a positive response on the Annual Governance Statement at the end of the 26-27 financial year.

I agree with this decision and will mark this internal audit control objective as "NO". The Council should finalise the IT policy as soon as possible, then complete an assessment of controls in place with regard to assertion 10, for validation at a Full Council meeting.

07958 990310
mike@aprilskies.co.uk
Company Registration Number 14174016
6 Uplands Road. Farnham GU9 8BP

April Skies
Accounting

<u>P - Trust funds (including charitable) The council met its responsibilities as a trustee.</u>

<u>Interim Audit</u>

The Council is sole trustee of the Arthur Nicholson Recreation Ground Trust (Charity 278976) . The 24-25 annual return was submitted by 31 January deadline, there is no income or expenditure, so an independent examination is not required.

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, and I look forward to working with you again next year.

Yours sincerely

Mike Platten CPFA

07958 990310
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
For 25-26, an additional assertion has been added to the Annual Governance Statement, this covers digital and data compliance. The Council is largely compliant with the requirements of the Practitioners' Guide in this area.	For clarity, it is recommended that the Council considers compliance with paragraphs 1.47 to 1.54 on page 14 of the Practitioners' Guide at a meeting before the end of the financial year. This should support a positive response on the Annual Governance Statement.	**Review under way, but further work still needed in this area.**
The Council must ensure that the bank reconciliation file is brought up to date.	January to March bank reconciliations must be reviewed promptly by a councillor to demonstrate compliance with financial regulations in this area	**Now actioned**

No further points raised at year end audit

07958 990310
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	Exemption from limited assurance review	Council had limited assurance review in 23-24

07958 990310
mike@aprilskies.co.uk
Company Registration Number 14174016
6 Uplands Road. Farnham GU9 8BP