

Sandi Akrill
Clerk to Kingsclere Parish Council

6 May 2025

Dear Sandi

Kingsclere Parish Council - Internal Audit 24-25
Final Audit Report

The internal audit for the 24-25 financial year is now complete. I am pleased to report that I have signed off the internal audit section of the Annual Governance and Accountability Return (AGAR) for with no comments.

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 24-5. 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 24 February, this concentrated on in year financial transactions and governance controls. The final audit was carried out on 22 April and concentrated on the statement of accounts and balance sheet.

☎ 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 financial records on the Edge accounting package. This is an industry specific package and well suited to a parish council of this size. The books of account were up to date at the time of my audit, and in good order. Quarter 3 reconciliations had been processed in time for my audit and my testing demonstrated that:

- Supporting documentation could be located
- All reconciliations tested are working well

I confirmed that the opening balances on Edge could be agreed to the audited 23-24 accounts. Box 7 on the 23-24 accounts was £66,692. The opening cashbook balance on Edge agreed to this (£66,691.52)

I reviewed the Council's VAT records and confirmed that VAT return for quarter 3 23-24 has been submitted to HMRC. The value of the VAT reclaim has been checked to a schedule of transactions on Edge. The refund was received on 13 January. I am satisfied that the Council's VAT account is up to date.

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 23-24 accounts, as published on the Council website.

I confirmed that the VAT return for period January to March 25 has been completed and submitted to HMRC. This has a submitted date stamp of 14 April. VAT of £1268 was reclaimed. VAT reclaimed has been agreed to a schedule of transactions on the Edge VAT report for quarter 4.

My interim report was considered at the March Council meeting (minute 3/25.12). Minutes show proper consideration of points raised.

☎ 07958 990310

✉ 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 were approved at the annual meeting in May 2024 (Minute reference 11.1 and 11.2). The Council subsequently completed a review of financial regulations in October to incorporate changes made to the NALC model financial regulations (minute 29.17). I have reviewed the regulations and I am satisfied that the Council has incorporated changes recommended by NALC.

The Council approves expenditure via the annual budget process. When an invoice or expense claim is received this is checked for accuracy, delivery or completion of work and approval by council/committee/clerk with chairman before processing. Two bank signatures are required for the BACs / direct debit slip or cheque. A list of payments is submitted to Full Council monthly for approval.

I tested a sample of expenditure transactions randomly selected from the Edge cashbook. I was able to confirm the following for all transactions sampled:

- Cashbook entry could be agreed back to an invoice from the supplier
- VAT accounting correct
- Expenditure appropriate for the Council
- Payment approved by 2 councillors on payment authorisation form produced from Edge. (tested for 2 transactions)

This is a robust system and adherence to financial regulations was very clearly demonstrated for all transactions tested.

Final Audit

Non pay expenditure per box 6 to the accounts amounted to £ 55,485, up from £42,146 in 23-24 .

I tested 2 further payments from quarter 4 selected from the expenditure report produced from the Edge accounting system. For both transactions I confirmed the following:

- Cashbook entry agreed to invoice
- VAT accounting correct
- Expenditure appropriate for the Council
- Transactions included in payment list signed off by councillor

☎ 07958 990310

✉ 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

I have confirmed that the Council has a financial risk management process in place which results in a formal risk assessment. The financial risk assessment has been reviewed by the RFO, and was reviewed by Council at the January 2025 meeting. The risk assessment appears appropriate for a council of this size, there is evidence of review in year.

The Council is insured by Aviva, arranged by Clear insurance brokers, on a standard local council policy. I reviewed the insurance certificate and confirmed it is in date, with a start date of 1 June 2024, expiry 31 May 2025. Asset cover appeared consistent with the Council asset register, assets insured are:

Property Insured	Declared Value	Sum Insured
Buildings	£280,448	£336,537
Contents	£27,500	£33,000
Other Property Insured away from the Premises		
Street Furniture	£60,000	£72,000
Walls, Gates and Fences	£30,000	£36,000
Playground Equipment	£75,000	£90,000
CCTV Equipment	£971	£1,165
War Memorials	£94,740	£113,688
Ground Surfaces	£7,500	£9,000
Mowers and Machinery	£5,000	£6,000
Sports Equipment	£15,000	£18,000
Regalia	£1,350	£1,620

The Bowls Club has been added to the Council's insurance schedule in 24-25, it seems a sensible decision to protect a council asset. Money cover at £250K is sufficient, given cash balances held by the Council.

The accounting system data is stored remotely by the software supplier, Edge IT.

☎ 07958 990310

✉ mike@aprilskies.co.uk

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

April Skies

Accounting

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 process of setting the 25-26 budget and precept. These were approved at the Full Council meeting in January 2025 – minute 25.8 for budget, 25.9 for precept. A precept of £102,076 was set, this agrees to the precept request sent to the borough council. Minutes show proper consideration of the budget by councillors, this was also considered at the October meeting prior to final review.

I confirmed that budget monitoring reports are presented quarterly to meetings of Full Council. I reviewed the budget comparison report at mid-January 2025. No material variances were identified, expenditure for the year at this point £87K, against a budget of £128K. This was reported to the meeting of Council in January 2025.

Final Audit

Reserves at 31 March 2025 were £73,227 (23-24 £66,692).

Reserve balances at year end were as follows:

General Fund	33,350.52	
Allotment - Toilet Key Deposits	110.00	
Office Refurbishment	2,042.59	
Website Accessibility	1,500.00	
Cemetery - Lychgate Repairs	0.00	
Holding Field - Carpark Repairs	3,075.00	
Acquisition of Land	1,500.00	
Malthouse Open Space - Removal of Flytipping	0.00	
Legal Fees	4,269.00	
Cemetery Reserve Fund	18,445.33	
Budget Variance	4,050.00	
Community Orchard	0.00	
Salary Back Pay	4,000.00	
Training	1,000.00	
Heritage Trail Plaques	1,000.00	
Noticeboards	-2,315.94	
Hedge Reduction - Basingstoke Road	1,200.00	
TOTAL		73,226.50

☎ 07958 990310

✉ mike@aprilskies.co.uk

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

General reserves at year end were £33,350. This represents 35% of precept, which is at the lower mid-point of recommended levels set out in the NALC Practitioners' Guide.

Earmarked reserves are set aside to fund future projects . I note there is a negative balance on the noticeboard reserve. The RFO explained that this will be cleared in the new financial year on receipt of a grant to cover the cost of a recently purchased noticeboard.

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

Interim Audit

The RFO confirms that fees and charges were reviewed in advance of the 25-26 financial year, as required by financial regulations, at the October Ordinary Meeting of Council (Minute references OM 24.13)

I tested a sample of income transactions from the first 11 months of the financial year. These were confirmed to a variety of sources:

- Invoice – ground rent for tennis club
- Burial records and approved cemetery fees schedule for 2 burial transactions

Final Audit

Precept per box 2 to the accounts was £92,912 (23-24 £84,695). This has been agreed to third party documentation provided by central government.

Income per box 3 to the accounts was £37,024 (23-24 £35,285).

No further testing at year end audit, sufficient testing completed at interim audit.

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 £67,916 (23-24 £61,034).

Payroll is processed in house by the RFO, using the HMRC Payroll Tools package. At each change in salary, monthly wages and pension contributions are calculated and recorded in the salary file for checking by an authorised councillor. The gross monthly payment and employees' pension payment is entered into the HMRC Basic PAYE Tools software where Tax and NI contributions are calculated and the data is submitted to HMRC.

☎ 07958 990310

✉ mike@aprilskies.co.uk

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

April Skies

Accounting

I tested the payroll for August 2024 for one officer. I agreed the payment from the cashbook back to payslip. Gross pay was checked to rate of pay approved by Council (recorded in contract). I note that an incremental pay rise for the Clerk does not appear to have been actioned. I recommend that this is checked by officers and the Council, and if an incremental increase has been missed, then backdated pay should be calculated and paid as contractually due.

The RFO logged into the Council's online account with HMRC and demonstrated that there are no overdue payments owed to HMRC.

At the final audit I confirmed that box 4 to the accounts only included costs relating to the employment of staff, (salaries / payroll taxes and pension costs) as required by regulations. I also confirmed that the Council has reviewed the Clerk's salary, following the point raised at my interim audit – this was raised at the April meeting

26.2. Review of Clerks Pay Scale Point –

The Pay Scale Point should have been increased annually since the start of the Clerk's employment. RFO to calculate the back pay due. Report has already been provided for the calculation for the Financial Year 2025-2026.

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

Final Audit

Fixed Assets per box 9 to the accounts were £265,877 (23-24 £261,874)

The figure in the accounts has been agreed to the fixed asset register report on the Edge accounting system. The asset register correctly accounts for all assets at cost. This follows accounting rules set out in the Practitioners' Guide. The RFO provided details of changes to the asset register in 24-25 as follows

Purchase date	Description	Location	Purchase cost	Current value
02/12/2024	iPhone	With the Clerk	£374.17	£374.17
01/05/2024	Laptop - Replacement for Clerk		£499.17	£499.17
04/09/2024	Noticeboard - Ashford Hill Road/	Ashford Hill Road/George Str	£2,216.18	£2,216.18
28/10/2024	Gate for Orchard		£151.48	£151.48
12/12/2024	Heavy Duty Ground Anchors for		£51.86	£51.86
12/12/2024	Goal Nets - ORD - 2000977583		£60.66	£60.66
01/01/2025	Replacement Handrail at Cemet		£649.00	£649.00
		Total	£4,002.52	£4,002.52

There were no asset disposals.

☎ 07958 990310

✉ mike@aprilskies.co.uk

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

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

Interim Audit

I was able to confirm by review of minutes confirm that the bank accounts are reconciled to the Edge cashbook regularly, and that this is reported to councillors at council meetings. The December bank reconciliation was reported to the January meeting of Council (minute 24.25)

I re-performed the bank reconciliation for December 2024. I tested the following for the 3 Council bank accounts:

- Confirmed balances back to bank statements
- Checked cashbook balance on bank reconciliation to Edge
- Checked arithmetic
- Checked for review by councillor, evidenced on bank reconciliation – I note that the CCLA reconciliation had not yet been signed off at the time of my audit, but this is in hand.

Final Audit

Cash per box 8 to the accounts was £73,227 (23-24 £66,692)

I re-performed the year end bank reconciliation. For both bank accounts I was able to agree the balance on the bank reconciliation back to bank statements and cashbook balances recorded on the accounting system . At the time of my audit, the bank reconciliation had not been reviewed by a councillor, this should be completed before the AGAR is approved by Council.

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

Satisfactory – Accounts have been produced on a receipts and payments basis, this is appropriate as income and expenditure at the Council is below £200k. The Council has prepared a variance analysis and other documentation as required by external audit.

📞 07958 990310

✉️ mike@aprilskies.co.uk

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

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 requirements of the Transparency Code 2015 do not apply to KPC, as gross income and expenditure is below £200K. However, I confirmed that the council publishes financial information such as grants awarded, and expenditure data, and that this was up to date at the time of the audit. There is an archive of AGAR documentation as required by regulations.

M- Inspection Periods

Interim Audit

Inspection periods for 23-24 accounts were set as follows

Inspection - Key date	23-24 Actual
Accounts approved at Full Council	20 May - Ordinary Meeting
Date Inspection Notice Issued and how published	5 June noticeboards and website
Inspection period begins	10 June
Inspection period ends	19 July
Correct length	Yes

I can confirm that regulations were followed and that the Council can therefore sign off that it has met control objective 4 on the annual governance statement – inspection rights.

N: Publication requirements 23-24 AGAR

I confirmed that the Council had met legal obligations and loaded the relevant sections of the annual return, external audit certificate and conclusion of audit notification to its website. A conclusion of audit notice was published on 16 September 2024, before the regulatory deadline. The audit certificate is dated 23 August and the Council received a clear audit opinion. The External Audit Report was considered at the Full Council Meeting in September 2023, minute reference 08/24.11. The Council met publishing requirements.

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

No trusts at this Council.

📞 07958 990310

✉️ mike@aprilskies.co.uk

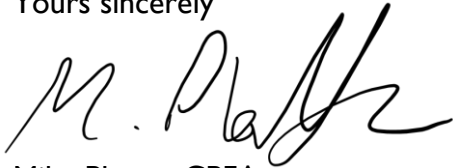
Company Registration Number 14174016
6 Uplands Road. Farnham GU9 8BP

April Skies

Accounting

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. I look forward to working with you again next year, in the meantime 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

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

Points Forward – Action Plan - Interim Audit

Matter Arising	Recommendation	Council Response
Clerk's pay - I note that an incremental pay rise for the Clerk does not appear to have been actioned	I recommend that this is checked by Officers and the Council, and if an incremental increase has been missed, then backdated pay should be calculated and paid as contractually due.	Reviewed at April 25 Council meeting

No matters arising at final audit

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	Limited assurance review in 23-24	Council complete review in 23-24
O	Trust Funds	No trusts at this council

☎ 07958 990310

✉ mike@aprilskies.co.uk

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