

Tracy Predeth  
Locum Clerk to Kingsclere Parish Council

10 June 2026

Dear Tracy

**Kingsclere Parish Council - Internal Audit 25-26**

The internal audit for the 25-26 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 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 audit was carried out in two stages. The interim audit was carried out on 17 February, this concentrated on in year financial transactions and governance controls. The final audit was carried out on 10 June and concentrated on the statement of accounts and balance sheet.

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# April Skies

## Accounting

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### **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. There has been no RFO at the Council for a significant period in the current financial year, following the departure of the previous job holder. A locum has now been recruited, accounting records have been brought up to date and the bank reconciliation has been updated to the end of January 2026.

I confirmed that the opening balances on Edge could be agreed to the audited 24-25 accounts. Box 7 on the 24-25 accounts was £73,227. The opening cashbook balance on Edge agreed to this - extract from Edge below.

Balances at the start of the year

#### **Ordinary Accounts**

CCLA - PSDF	£62,276.84
Current - Co-operative	£10,949.66
Deposit - Barclays	£0.00
Total	<u>£73,226.50</u>

I reviewed the Council's VAT records and confirmed that VAT returns have been submitted to HMRC each quarter in 25-26. I checked the Q3 return. Vat reclaimed was £1,818, this is supported by a schedule of transactions extracted from the Edge system. All suppliers had VAT numbers. The value of the VAT reclaim has been checked to a schedule of transactions on Edge. The refund was received on 11 February. 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 24-25 accounts, as published on the Council website.

I confirmed that the VAT return for period January to March 26 has been completed and submitted to HMRC. VAT of £1080 was reclaimed. I am satisfied that the Council is up to date with VAT accounting.

My interim report was considered at the April Council meeting (agenda item 13). The Council continues to properly consider the work of auditors.

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**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 2025 (Minute reference 11.1 and 11.2 ). This review incorporated updates from NALC from Spring 2025.

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 £ 58,574 up from £55,485 in 24-5 .

No further testing carried out at the year end audit, there has been no significant expenditure since my interim audit at the end of February. Sufficient assurance obtained at interim audit.

**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 2026 meeting.

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**OM01/26.27 – Financial Risk Assessment** – this had been reviewed by officers and at previous FE meeting. 3 actions to complete all ongoing.

The risk assessment appears appropriate for a council of this size, there is evidence of review in year.

The Council is insured by Ecclesiastical, 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 2025, expiry 31 May 2026. Asset cover appeared consistent with the Council asset register. The Bowls Club building is insured, assets insured are:

Item Insured	Sum Insured	Declared/Full Value
BUILDINGS	£347,306	£289,422
CONTENTS	£33,000	£27,500
Street Furniture	£72,000	£60,000
Walls, Gates and Fences	£36,000	£30,000
Playground Equipment	£90,000	£75,000
War Memorials	£113,688	£94,740
CCTV Equipment	£1,165	£971
Ground Surfaces	£9,000	£7,500
Mowers and Machinery	£6,000	£5,000
Sports Equipment	£18,000	£15,000

**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 26-27 budget and precept. These were approved at the Full Council meeting in January 2026.

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# April Skies

## Accounting

**OM01/26.28 – Review and Ratify Budget 2026/7** – Draft budget previously discussed and reviewed at FE was presented. Questions were answered and Budget Version 9 was amended- one item Topple testing was moved to cemetery 26/01/26 Changed to Version 10 which was then was approved.

**Resolved:** Budget Version 10 approved. [Appendix 3](#)

**OM01/26.29 – Review and Approve Parish Precept the precept is proposed at £111885.00 for 2026-27.**

**Resolved:** Precept approved at £111885.00

**Action:** RFO

A detailed budget has been prepared to support the precept for 26-27. Net expenditure of £9.1k has been approved, funded from reserves.

I confirmed that budget monitoring reports are presented quarterly to meetings of Full Council. The Council reviewed the Q3 budget monitoring report at the January F&E meeting ( minute FE1/26/6) . I reviewed the budget comparison report presented to this meeting. At this point ( 75% of the year elapsed), 67% of the budget had been spent, so the Council appears to be spending in line with budget for 25-26.

### **Final Audit**

Reserves at 31 March 2026 were £90,082 (24-25 £73,227).

Reserve balances at year end were as follows:

General Fund	39,165.35
Allotment - Toilet Key Deposits	140.00
Office Refurbishment	2,042.59
Software Upgrade - Microsoft	1,500.00
Holding Field - Carpark Repairs	6,075.00
Acquisition of Land	1,500.00
Legal Fees	4,650.00
Cemetery Reserve Fund	20,401.27
Budget Variance	7,200.00
Staffing Costs	2,400.00
Training	1,000.00
Heritage Trail Plaques	750.00
Noticeboards	0.00
Hedge Reduction - Basingstoke Road	0.00
Church Wall Pointing	2,000.00

General reserves at year end were £39K . This represents 38% of precept, which is around the mid-point of recommended levels set out in the SAPP Practitioners' Guide.

Earmarked reserves are set aside to fund future projects, and to support the asset base at the Council. Reserves appear well managed.

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**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 £102,076 (24-25 £92,912). This has been agreed to third party documentation provided by central government.

Income per box 3 to the accounts was £40,646 (24-25 £37,024).

I selected a sample of transactions from the cashbook. I was able to agree cashbook entry back to supporting documentation such as:

- Cemetery invoice, checked back to approved fees and charges published on council website
- 2 VAT returns, agreed to VAT accounting on Edge

2 credits were also checked to the bank account.

**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 £67,292 ( 24-25 £67,916).

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.

I tested the payroll for August 2025 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).

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

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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. Costs of £4750 on contractors (ledger code 1300) have been correctly excluded from Box 4 staff costs,

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

**Final Audit**

Fixed Assets per box 9 to the accounts were £269,830 (24-25 £265,877) – increase of £3.9K

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 25-26 as follows

- Additions: £6.2k – main items are 2 noticeboards, added at purchase cost of £4,6K
- Disposals £2.3K – a number of small value items have been removed from the asset register in year.

All changes to the asset register were reported and minuted at the February Ordinary Council meeting.

**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 2025. I tested the following for the 2 Council bank accounts:

- Confirmed balances back to bank statements
- Checked reconciliation cashbook balance to the accounting system

Both reconciliations had been completed on a timely basis and reviewed by a councillor. The reconciliations were reported to the January meeting of Council

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I have once recommendation. There are a small number of uncleared transactions on the current account bank reconciliation, relating to utility bills. These must be examined and cleared from the reconciliation before year end.

The Council has an investment policy; this was last reviewed at the Council meeting in May 2025.

**Final Audit**

Cash per box 8 to the accounts was £90,082 (24-25 £73,227)

I reperformed 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 .

Bank Account	Balance at 31.3.26	Council review	Audit review
CCLA	64889.19	bank reconciliation and bank statements signed as reviewed by councillor	reconciliation balance checked to accounting system and bank statement
Current	25192.34	bank reconciliation and bank statements signed as reviewed by councillor	reconciliation balance checked to accounting system and bank statement
<b>TOTAL</b>	<b>90081.53</b>		Agrees AGAR accounts

**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.

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**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 24-25 AGAR were set as follows

Inspection - Key date	Actual
Accounts approved at Full Council	19 May - Ordinary Meeting
Date Inspection Notice Issued and how published	9 June noticeboards and website
Inspection period begins	10 June
Inspection period ends	21 July
Correct length	Yes – 30 working days

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 24-25 AGAR**

I confirmed that the Council met legal obligations and loaded the relevant sections of the annual return, external audit certificate and conclusion of audit notification on to its website. A conclusion of audit notice was published on 4 August, before the regulatory deadline of September 30. The audit certificate is dated 28 July and the Council received a clear audit opinion. The External Audit Report was considered at the Full Council Meeting in September, minute reference 09/25.8. The Council met publishing requirements.

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

For 25-26, an additional assertion has been added to the Annual Governance Statement, this covers digital and data compliance. The Council has reviewed this matter and recorded responses in a minute of Full Council ( November OM minute 11/25/14). This review included the following work:

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- New IT policy approved – minute 11/25.17
- Improvements to GDPR and data protection policies - minute 25.19 and 19
- Review of website accessibility and statement – minute 25.16

The Council already meets transparency requirements and has operated with a .gov email and domain for some time.

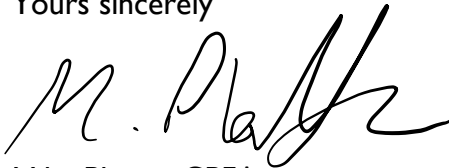
The Council has provided sufficient evidence to support a positive response to assertion 10

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

No trusts at this Council.

I would like to thank you for your assistance with the audit. I attach my invoice and the Internal Audit Report from the AGAR for your consideration. I look forward to working with you again in 26-27

Yours sincerely



Mike Platten CPFA

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## Points Forward – Action Plan - Interim Audit

Matter Arising	Recommendation	Council Response
Current account bank reconciliation	There are a small number of uncleared transactions on the current account bank reconciliation, relating to utility bills. These must be examined and cleared from the reconciliation before year end.	<b>Cleared for year-end bank reconciliation</b>

**No Matters Arising at year end audit**

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## Appendix B

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

Control Objective	Area for Audit	Why this has not been audited
K	Exemption from limited assurance review	Council had limited assurance review in 24-5
F	Petty Cash	No Petty Cash
O	Trust	No Trusts

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