

Lynne Brooks  
Clerk to Kirdford Parish Council

19 February 2026

Dear Lynne,

**Kirdford Parish Council - Internal Audit 25-26 – Interim Audit Report**

Following the interim audit completed today , I attach my report for consideration by the Council. This was the first of two audits I intend to carry out to support my opinion on the 25-26 Annual Governance and Accountability Return (AGAR). I covered the following at this visit:

- Review of opening balances and reporting of 24-25 audit opinion
- Follow up previous recommendations
- Review of accounting and VAT processes
- Testing of income and expenditure first 9 months of financial year
- Risk management and insurance
- Budget monitoring reports
- Salaries and wages
- Arrangements for inspection of accounts
- Bank reconciliations.

I am pleased to report that the Council has maintained a satisfactory system of financial control, and I have identified no matters to date that would result in a negative opinion on the year-end internal audit report, bar the following:

<b><u>M - Arrangements for Inspection of Accounts</u></b>	Inspection period 1 day too long in 24-25, reported by external audit
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The Council will also need to mark assertion 4 on the Annual Governance Statement as “No”

At Appendix A I list recommendations arising.

The Accounts and Audit Regulations 2015 require smaller authorities, each financial year, to conduct a review of the effectiveness of the system of internal control and prepare an annual governance statement in accordance with proper practices in relation to accounts. The internal audit reports should therefore be made available to all members to support and inform them when they are considering the Authority’s approval of the annual governance statement. I am required by Section 4 of 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 testing carried out at the interim audit

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

#### **Interim Audit**

The Council continues to maintain accounting records on to the Scribe accounting system. The Clerk is making good use of the application to report and record the financial transactions of the Council, and a review of the cashbook shows that all data fields are being entered. The document storage function is being used to store invoices and other documents alongside accounting transactions.

I was able to agree the opening balances in the cashbook back to the audited accounts for 24-25. Box 7 in last year's audit accounts was £255,762. This has been agreed to the balance brought forward on the cashbook on Scribe (£255,761.44).

A VAT return was submitted for the period 1 July 2025 to 31 January 2026. VAT reclaimed was £4,913, this has been agreed to a schedule of transactions on the Scribe Section 126 VAT report.

### **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**

Financial Regulations were reviewed at the Council meeting on 15 October – minute 389. I reviewed the regulations; these are published on the website. The revisions to the template published by NALC in 2025 have been included, and the financial regulations are up to date. Standing Orders, also based on NALC template, were last reviewed at the January 2025 Council meeting.

There has been no change to payment procedures this year. Proposed payments are signed off by 2 councillors prior to payment. The Clerk then sets up and authorises the payments at the Council's bank account. Signature of 2 councillors is required on all payment instructions, and payments must be reported to Council.

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

- Payment agreed to invoice
- VAT accounting correct for transaction
- Invoice signed off by 2 councillors
- Payment approval noted in minutes of council meeting
- Expenditure appropriate for the Council

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**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 Ecclesiastical on a standard local council package, arranged by Clear Councils. The policy was in date at time of audit, with an expiry date of 31 May 2026. Asset cover in the policy is as follows:

Item Insured	Sum Insured	Declared/Full Value
BUILDINGS	£0	£0
CONTENTS	£33,000	£27,500
Street Furniture	£72,000	£60,000
Walls, Gates and Fences	£36,000	£30,000
Playground Equipment	£151,447	£126,206
War Memorials	£48,000	£40,000
CCTV Equipment	£0	£0
Ground Surfaces	£13,222	£11,019
Mowers and Machinery	£6,000	£5,000
Sports Equipment	£18,000	£15,000

No buildings are insured, the Village Hall is insured by the Trustees.

The Council risk assessment is due to be considered at the Full Council meeting in March 2026. I will review this document at my year end audit.

All computer data is Office 365 based and held in the Cloud, which ensures computer information is properly backed up. Scribe accounting data is managed by the supplier and backed up to Scribe servers.

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.

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

**Interim Audit**

I was able to confirm that the process for setting the budget and precept for 26-27 has been completed. A precept of £102,960K was set, this was approved at the November meeting (minute 430). A detailed budget was approved; this is set out in the Agenda for this meeting, and was prepared using the Scribe budget setting tool.

I confirmed regular budget monitoring reports, as required by financial regulations, are being produced for Council meetings. This is confirmed in minutes. I reviewed the report produced for the February 2026 Council meeting. I note that the budget was 22% spent at the end of month 10. This is due to the major projects budgeted for 25-26 but not yet commenced ( Neighbourhood Plan / Great Common rebuild / Butts Common).

I will review reserves at my year end audit.

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

**Interim Audit**

Test at year end, receipts to date are precept, bank income and VAT refunds

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

Satisfactory. My testing confirmed that the Council does not use 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 Audit**

I note that payroll is processed by an external company, Mulberry and Co. I checked the payment to the Clerk for December 2025. I was able to agree cashbook figure for net pay, as recorded on Scribe back to the Mulberry payroll instruction. Payslip had been authorised for payment by 2 councillors. HMRC and pension payment for was also agreed to payroll reports from Mulberry.

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

Year-end test

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

**Interim Audit**

I was able to confirm that the bank account is reconciled to the cashbook each month, and that, by reference to minutes of council meetings, the bank reconciliation is discussed regularly at Council meetings (bank reconciliation report included in agenda papers). I re-performed the bank reconciliation for October 2025. The reconciliation is reported directly from the Scribe system. I tested the following

- Confirmed balances back to bank statements
- Checked cashbook balances on the reconciliation to the accounting system
- Checked the reconciliation has been reviewed and this evidence properly reviewed by the Chairman.

The Council has an investment strategy in place, as required by statute. This was last reviewed at the Full Council meeting in October 2025.

**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 is able to account on the receipts and payments basis until the point where the threshold of £200K has been breached for three consecutive years. The table below confirms that the Council has not breached the £200k threshold for 3 years and therefore can continue to account on the receipts and payments basis.

	23-24	24-25
receipts	161067	97131
payments	111565	253347

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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 this Council, as gross income and expenditure is below £200K. There is an archive of AGAR documentation as required by regulations, and other information such as budget and CIL reports are published. The AGAR documentation for 2023-24 does not appear to be complete, this should be updated before year end.

**M - Arrangements for Inspection of Accounts**

External audit raised the following recommendation in the other matters section of the 24-25 audit certificate:

The inspection period for the exercise of electors' rights was set for 31 working days which is more than the mandatory 30 working days as set out in the Accounts and Audit Regulations 2015, Paragraph 14(1). Although this is considered to be a minor technical breach, given more than the standard amount of time was provided for, in future the council should ensure it provides the precise public inspection period. We would anticipate the council taking this into account when it completes Assertion 4 on its 2025/26 Annual Governance and Accountability Return.

The Council will need to mark assertion 4 on the Annual Governance Statement for 25-26 as “No” to avoid further censure from external audit.

**N: Publication requirements 24-25 AGAR**

The complete AGAR and the external audit certificate are published on the accounts page of the Council website. The external audit certificate is dated 5 September. . The Conclusion of Audit certificate is also published, dated 9 September, before the statutory deadline of 30 September.

The external audit certificate was qualified, as the Council had not properly minuted decisions to make grants to the Village Hall and Recreation Ground Trusts – This was also reported in my 24-25 interim audit report.

Minor recommendations regarding the inspection period and a £1 rounding error were raised in the other matters section of the external audit report. Care should be taken not to repeat this in 25-26.

The external audit certificate was reported to the September meeting of Council (minute 389)

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

The Council asserts that the PC is not sole trustee for any charity.

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I would like to thank you for your assistance with the audit. I my invoice, for your consideration. I will be in touch soon to make arrangements for the year end audit. In the meantime, do not hesitate to contact me if you have any questions at all.

Yours sincerely



Mike Platten CPFA

## 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.	
AGAR publication on website	The AGAR documentation for 2023-24 does not appear to be complete, this should be updated before year end.	Clerk has now updated the website
External Audit recommendation regarding 24-25 inspection period	The Council will need to mark assertion 4 on the Annual Governance Statement for 25-26 as “No” to avoid further censure from external audit.	

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