

Gemma Lake
Heybridge Basin Parish Council

4 June 2026

Dear Gemma,

Heybridge Basin Parish Council

Internal Audit Report – 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

<u>O: The authority has complied with laws, regulations & proper practices relating to digital and data compliance.</u>	The Council website is not currently compliant with accessibility standards set out in the Practitioners' Guide.
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The Council should 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 audit was carried out in two stages. The interim audit was carried out on 27 January, this concentrated on in year financial transactions and governance controls. The final audit was carried out on 21 May and concentrated on the statement of accounts and balance sheet.

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

Interim Audit

The Council holds accounting records on the Scribe accounting package. The cashbook was up to date at the time of my audit, with entries posted to January 26. Referencing appeared clear. There is scope to make use of the document storage function within the application to store invoices and other paperwork linked to transactions.

I was able to agree the opening balances in the Scribe cashbook back to the audited accounts for 24-25, as published on the Council website. Box 7 in the accounting statements was £127,408, the cashbook opening balance was £127,408.24

The Council is up to date with VAT. The VAT return for the three months to 31 December was submitted to HMRC on 15 January 2026.

Final Audit

The accounting statements have been agreed back to year end reports produced from the Scribe accounting system (AGAR report/cashbook/ bank reconciliation). All comparatives reported in the financial statements have been agreed back to the audited 24-25 accounts, as published on the Council website. Arithmetic in the financial statements has been checked. There is a £2 rounding error in the figures for 25-26, this should be cleared before the AGAR is approved and sent to external audit.

I confirmed that the VAT return for the period 1.1.26 to 31.3.26 has been completed and submitted to HMRC.

My interim report was considered at the February Full Council meeting (minute 132) and recommendations were properly reported.

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 are based on NALC templates. These were last reviewed at the Council Meeting in May 2025 (minute 25/15b). Financial Regulations were updated to reflect the amended NALC template in April 2025. A further update will be needed in 2026, as the template has been updated to reflect changes to procurement regulations.

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The Council has a clear process for making payments to suppliers. Payments are approved at monthly meetings. The Clerk then sets up payments at bank, details are sent to councillors. One councillor authorises the payment at bank from a panel of 5 bank signatories. I carried out a sample test of non-pay expenditure transactions selected at random from cashbook throughout the financial year. I was able to confirm the following for all transactions:

- Payment agreed to invoice
- Invoice signed off by 2 councillors on payment schedule
- Expenditure appropriate for this Council
- VAT accounting correct

I have asked the Clerk to obtain VAT invoices for 2 transactions tested

- Payment for Electrical works (UK Power Network)
- Payment for Scottish Beech Pebbles (Landscape Centre)

I will review these invoices at my year end audit.

Final Audit

Non pay expenditure per box 6 to the accounts amounted to £ 59,999 down from £163,676 in 24-25.

- Payment agreed to invoice
- Invoice signed off by 2 councillors on payment schedule
- Expenditure appropriate for this Council
- VAT accounting correct

Clerk shared the invoice for UK Power Networks with me and has again contacted the supplier to obtain a VAT invoice for the beach pebbles.

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 Zurich Insurance on a standard local council package, The policy was in date at time of audit, with an expiry date of 31 May 2026. Asset cover is limited, with cover for street furniture, at an insured value of £29K, and office contents at £992. This appears consistent with the asset register. Money cover is sufficient at £250K. This is comfortably in excess of cash balances held by the Council.

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The Council completed the last review of the risk assessment at the meeting on 11 February 2025. The 25-26 review must be completed by 31 March, with a minute recorded at a meeting of Full Council. The Clerk confirmed this will be actioned at the February or March Council meeting.

Final Audit

The Council has a risk assessment document in place and monitors and reviews risk on an ongoing basis. The risk register was reviewed by the Full Council at the meeting in March agenda item 151b. I have reviewed the risk assessment, and it appears comprehensive and accurately record risks to be faced by a council of this size and activity.

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 budget and precept for 25-26 were reviewed and approved at the Full Council meeting on 25 November 2025 (minute 25/097) A precept of £29,000 was set, following 2 budget setting meetings. Going forward, the detailed budget should be recorded as an appendix to the relevant Full Council meeting, this provides clarity as to the budget that has been approved.

On a quarterly basis, the budget v actual report , along with the rest of the cash book, is presented to Councillors. I checked the report presented to the October Council meeting (minute 25/071), which showed the budget v actual for the first 6 months of the fiscal year.

- Car park was slightly ahead of budget for the year.
- Expenditure was 53% of budget for the year.

Final Audit

Reserves at 31 March 2026 were £188,291 (24-25 £127,408).

Year-end reserve balances reported on Scribe are as follows:

Earmarked	
General Reserves	26,000.00
Elections	2,000.00
LGR/ Devolution Reserves	10,000.00
New Website Reserves	2,000.00
Daisy Meadow Car Park Bus	10,000.00
Public Toilets	94,875.20
Tot Earmarked	144,875.20
GENERAL FUND	43,415.51
TOTAL FUNDS	188,290.71

General reserves at year end were £44.8K, with an additional £26K set aside in general reserves. This means the Council held a total general reserve of £70K at 31 March. This represents 50% of annual income (precept plus car park income), which is at the mid-point of recommended levels set out in the NALC Practitioners' Guide. General reserves are held at an appropriate level.

I reviewed earmarked reserves. These are principally held to support future projects (Toilet block / car park works / costs arising from local government reorganisation). I am satisfied that earmarked reserves are held for properly defined projects and expenditure plans.

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

Interim Audit

I tested car park income. I selected five credits from the cashbook, with a value of £45K. These were agreed to email notifications from the car park contractor, Smart Parking, and to bank statements. I am pleased to note that the Clerk has access to a portal provided by Smart Parking. I checked each bank credit back to a summary of individual transactions

- Ringo credit report
- Car park machine report

I am satisfied that all car park income tested is supported by car park income reports provided by the contractor.

Final Audit

Precept per box 2 to the accounts was £30,500 (24-25 £31,500). This has been agreed to third party documentation provided by central government.

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Income per box 3 to the accounts was £103,410 (24-25 £112,206).

I selected 2 further parking credits from Smart Parking and agreed income per cashbook to reports from parking machines. Credits were checked also checked to bank statements.

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 and Final Audits

Staff costs per box 4 to the accounts were £13,030 (24-25 £13,012).

I tested the August 2025 payment to the Clerk, and was able to agree the cashbook entry to payslip from HMRC basics. From there I was able to confirm gross pay to timesheet, which has been authorised for payment by a councillor. I will review the annual pay award at my year end audit.

At the year-end audit I confirmed that box 4 on the accounting statements only contained staff costs, as required by regulations. (Salaries / HMRC / Nest pension).

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

Final Audit

Fixed assets per box 9 to the accounts were £ 126,163 (24-25 £120,326).

I have agreed the balance in the accounts back to the asset register. 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.

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 periodically, via the cashbook spreadsheet. I was also able to confirm, by reference to minutes of Council meetings, that the bank reconciliation is discussed regularly.

I checked the September 2025 (Q2) reconciliation. The results of my work are set out below:

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April Skies

Accounting

Account	Balance at reconciliation	Audit Findings
DMCP - Unity	£20,892	Reconciliation balances agreed to Bank and Scribe cashbook
HBPC - Unity	£18,685	Reconciliation agreed to bank statement and cashbook
Savings - Unity	£149,345	Reconciliation agreed to bank statement and cashbook

All three reconciliations had been reviewed by a councillor and this review evidenced.

Final Audit

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

Cash per box 8 to the accounts was £188,291 (24-25 £127,408)

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. The bank reconciliation has been reviewed and signed by a councillor, on the bank reconciliation and on bank statements.

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.

Satisfactory – Accounts have been produced on the receipts and payments basis, this is appropriate as income and expenditure at the Council 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, the Council had a limited assurance review 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 requirements of the Transparency Code 2015 do not specifically apply to this council, as income and expenditure are above £25k and below £200K, thresholds at which transparency obligations are in place. I confirmed that the Council is compliant with AGAR publication requirements, AGAR reports published back to the formation of the Council.

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Minutes and agendas are published and kept up to date, together with financial data, such as budgets and internal audit reports. I am satisfied that the Council met the requirements of this control objective.

M - Arrangements for Inspection of Accounts

Inspection periods for 24-25 accounts were set as follows

Inspection - Key date	24-25 Actual
Accounts approved at Full Council	24 June Full Council
Date Inspection Notice Issued	25 June
Inspection period begins	26 June
Inspection period ends	6 August
Correct length	Yes

The Council met the requirements of this control objective.

N: Publication requirements 24-25 AGAR

The Statement of Accounts, Annual Governance Statement and the external audit certificate are published on the accounts page of the Council website. The Conclusion of Audit Certificate has been published with a date of 30.9.25. This is after the date of the external audit certificate (25.9.25) and on the date of the regulatory deadline (30 September). The external audit certificate was clear. The external audit report for was reported to Full Council in October (minute 25/72) .

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

The Council has completed a review of data management practices following the addition of Assertion 10 to the Annual Governance Statement. The Council website is not currently compliant with accessibility standards set out in the Practitioners' Guide. I therefore agree with the Clerk's recommendation that the Council should not sign off assertion 10, and I will mark this control objective as NO in the internal audit report.

The Council is working to upgrade the website in 26-27 to meet applicable standards.

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

Satisfactory –The Council has confirmed to me that the Council is not sole trustee of a charity. This has been confirmed by a search of the Charity Commission register of charities.

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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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Appendix A – Recommendations

Points Forward – Action Plan - Interim Audit

Matter Arising	Recommendation	Council Response
<p>I have asked the Clerk to obtain VAT invoices for 2 transactions tested</p> <ul style="list-style-type: none"> - Payment for Electrical works (UK Power Network) - Payment for Scottish Beech Pebbles (Landscape Centre) 	<p>I will review these invoices at my year end audit.</p>	<p>See response in section B</p>
<p>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.</p>	<p>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.</p>	<p>See Section o</p>

Points Forward – Action Plan - Interim Audit

Matter Arising	Recommendation	Council Response
<p>Accounting Statements - AGAR</p>	<p>There is a £2 rounding error in the figures for 25-26, this should be cleared before the AGAR is approved and sent to external audit.</p>	

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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
F	Petty Cash	No petty cash at this council
K	Limited assurance review in 24-25	Council completed review
P	Trusts	No Trusts

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