

Jane Bromley
Clerk to Loxwood Parish Council

14 April 2026

Dear Jane

Loxwood Parish Council - Internal Audit 25-26

The internal audit for the 25-26 financial year is now complete. I can 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 website does not conform to WCAG 2.2AA Accessibility Standards.
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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 24-25. 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 21 January, this concentrated on in year financial transactions and governance controls. The final audit was carried out on 14 April and concentrated on the statement of accounts and balance sheet.

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

Interim Audit

The Council uses the RBS Alpha accounting system to record day-to-day transactions. The system is used to report and record the financial transactions of the Council and a review of the cashbook shows that all data fields are being entered, reports are easy to read and logically filed. Key reconciliations are completed monthly. The Clerk is the sole user of the RBS system.

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 audited accounts was £117,886. This has been agreed to the opening trial balance figure - £ 117,885.57. I am satisfied that the opening balance on the cashbook is accurate.

The Council submits VAT returns to HMRC on a quarterly basis. The most recent VAT return was completed for the period October to December 2025. VAT reclaimed was £3,266, this has been agreed to a schedule of transactions on the VAT report, produced from the accounting system. The claim has been refunded by HMRC, I have checked it into the bank account, date 7 January. I am satisfied that the Council is up to date with VAT.

The external audit certificate was clear last year, so there are no matters to be taken into account in the current financial year.

Final Audit

The accounting statements have been agreed back to year end reports produced from the Rialtas accounting system. 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.

I confirmed that the VAT return for period January to March 26 has been completed and was submitted to HMRC on 1 April 2026. VAT of £8001 was reclaimed, this is supported by a schedule of transactions extracted from the accounting system, all suppliers had VAT numbers. VAT was refunded on 8 April. The Council is up to date with VAT.

My interim report was considered at the February Full Council meeting (minute 24.2)

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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 last reviewed by Council at the meeting in May 2025 (minutes 79 and 80) NALC templates are followed for both documents, with updates to the NALC templates reflected in the documents in place at LPC. Both documents are on the website, in the governance section.

The Council makes payments to suppliers as follows: Invoices are received from suppliers in course of each month, the Clerk checks goods or services have been received. A payment list is then prepared for each monthly council meeting, listing all receipts and payments to be approved at the meeting. This is signed by 2 councillors. The Clerk next sets up the payments at bank, and they are authorised by 2 councillors electronically. This is a robust process, compliant with financial regulations and with adequate separation of duties.

I sampled a number of transactions, selected from the Council's cashbook for the first 9 months of 25-26. For all transactions tested, I was able to confirm that

- Payments could be agreed to invoices
- VAT correctly accounted for
- Expenditure appropriate for the Council
- Payment included in a monthly payment list, signed off by the clerk and 2 councillors

I note that the Council has purchased a pharmabox, which will be located at the Doctors' Surgery. This will need to be added to the asset register, and annual confirmation should be sought from the Surgery that this asset is properly insured.

Final Audit

Non pay expenditure per box 6 to the accounts amounted to £ 164,390 up from £30,648 in 24-25. The increase is due to grant payments made from CIL funding in 25-26, payments towards playground works to be completed in 26-27, and purchase of the new pharmabox.

I tested 2 further payments from the final 3 months of the financial year and confirmed the following:

- VAT correctly accounted for
- Expenditure appropriate for this council
- Payment per cash book agreed to invoice
- Payment list signed off by councillor

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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 Hiscox, arranged by Gallaghers, on a standard local council package. The policy was in date at time of audit,

Continuous cover from 18/08/2025 until the policy is cancelled

No buildings are insured, assets insured are listed below:

Item description	Excess	Amount Insured
Total Buildings	N/A	£0
Gates and fences	£250	£0
Fixed outside equipment	£250	£2,280
Street furniture	£250	£52,094
War memorials	£250	£0
Playground equipment	£250	£95,218

Money cover is sufficient at £250K.

The Council risk register is due to be reviewed at the Full Council meeting in February or March 2026. I will review the risk assessment at my year end audit.

All computer data is Office 365 based and held on Microsoft cloud servers. Back up also taken to memory stick once a week. It is recommended that both back ups are tested periodically.

Final Audit

The Council reviewed and approved the Risk Management Scheme at the Full Council meeting in February (minute 26.2 c). I have reviewed the risk assessment, and it appears sufficient for a council of this size, with evidence of update in year. The risk assessment is based on an industry standard template, which has been developed over time to meet the needs of Loxwood.

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 process for setting the budget and precept for 26-27 has been completed. The budget was considered by the Finance Committee, prior to approval by Full Council. The precept was approved at the January 2026 meeting of Full Council – minute 204.9 . A precept of £70,500 was set. The budget was also approved at this meeting, this is appended to minutes, so there is clear evidence of the budget that has been approved.

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Full Council reviews budget v expenditure at each meeting. I checked the December outturn report, this was reported to the January 26 meeting. I am satisfied that the Council meets financial regulation requirements.

Final Audit

Reserves at 31 March 2026 were £123,429 (24-25 £117,886).

General reserves at year end were £42K. This represents 69% of precept, which is at the upper mid-point of recommended levels set out in the NALC Practitioners' Guide. General reserves are held at an appropriate level.

I reviewed earmarked reserves. The largest earmarked reserves are:

- £80,132 - CIL monies held in ring fenced reserve
- £499 - Traffic calming reserve

I note that the Clerk has now set up a CIL account on the accounting system to manage CIL monies.

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 2 CIL receipts. These were checked to remittance notes from CDC, and to bank statements.

Final Audit

Precept per box 2 to the accounts was £62,000 (24-25 £53,295). This has been agreed to third party documentation provided by central government.

Income per box 3 to the accounts was £148,953 (24-25 £89,495). No further testing at year end, the Council has only received bank interest and VAT refunds since my last audit.

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.

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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 £36,283 (24-25 £28,051).

I tested the Clerk's salary for August 2025. I agreed payment from cashbook to the monthly payroll summary report from WSCC. I then agreed Clerk's pay to payslip. Gross pay was recalculated and agreed back to JNC pay award for 25/6.

At the year-end audit I confirmed that box 4 on the accounting statements only contained staff salary and payroll costs, as required by regulations.

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

Final Audit

Fixed assets per box 9 to the accounts were £ 154,868 (24-25 £125,872).

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. There have been no disposals in year. The asset register was reviewed at the Council meeting in March. (minute 38.2)

One addition has been made in 25-26 – the pharma box, which is located at the doctor's surgery. This has been added to the asset register at cost. I confirmed with the Clerk that a £36K payment for playground works made in quarter 4 was a deposit for future work and that no asset has been delivered at balance sheet date.

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 it is reviewed at Council meetings. I re-performed the bank reconciliation for December 2025. I tested the following.

- Checked arithmetic
- Agreed balances to RBS accounting system and to bank statements
- Confirmed that the bank reconciliation has been reviewed by a councillor, evidenced by signature on the reconciliation and the bank statements

The reconciliation was reported to the January council meeting - minute 9.

The Council has an investment policy in place.

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Final Audit

Borrowings per box 10 to the accounts were £17,308 (24-5 £ 21,154)

This has been agreed to year end statements issued centrally by the Debt Management Office

Cash per box 8 to the accounts was £123,429 (24-25 £117,886)

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, sign off has been provided by a councillor on bank reconciliations and 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.

Loxwood PC has produced accounts on the receipts and payments basis, appropriate as income / expenditure is below £200k. An explanation of year-on-year variances has also been prepared and provides detailed explanations for review by external audit.

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 Loxwood Parish Council, as gross income and expenditure is below £200K. However, I can confirm that an archive of AGAR documentation is published as required by regulations alongside other information such as the annual budget.

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	6 May Full Council
Date Inspection Notice Issued	2 June
Inspection period begins	3 June
Inspection period ends	14 July
Correct length	Yes

All regulatory requirements were met.

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N: Publication requirements 24-25 AGAR

The audit certificate, Statement of Accounts and Annual Governance Statement have been published on the Council website. The external audit certificate is dated 21 July. The Conclusion of Audit certificate is also published, dated 27 August, before the statutory deadline of 30 September. The audit certificate was reported to Full Council in September - minute 150/2025. A clear audit certificate was reported, The Council met publishing requirements.

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

Final Audit

The Council has completed a review of data management practices following the addition of Assertion 10 on the Annual Governance Statement. Whilst the Council is generally compliant, I agree with the decision to mark Assertion 10 as no. This is because the Parish Council website does not conform to WCAG 2.2AA Accessibility Standards.

The Clerk has prepared an explanatory note:

The website is to be updated to an accommodating website software and this is to be phased in after the up-and-coming consultations of the emerging Neighbourhood Plan. The Parish Council are reluctant to change the website whilst during this crucial phase of the Neighbourhood Plan.

I will also mark this control objective as NO but note the Council should be fully compliant with assertion 10 requirements in 26-27.

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

The Clerk confirms that the Council is not sole trustee of a charity and therefore ticks box 9 on the Annual Governance Statement as no.

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
I note that the Council has purchased a pharmabox, which will be located at the Doctors' Surgery.	This will need to be added to the asset register, and annual confirmation should be sought from the Surgery that this asset is properly insured.	Actioned
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.	I have discussed accessibility issues on the current website with the Clerk, and suggest that the Council should contact the ALC for further advice. However, consideration should be given to marking assertion 10 on the Annual Governance Statement as "No" if the Council is not fully compliant with the requirements of assertion 10	Actioned

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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	Exemption from limited assurance review	Council had limited assurance review last year
O	Trust Funds	No trusts

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