

Beverley Bell
Clerk to Cranleigh Parish Council

17 November 2025

Dear Beverley

Cranleigh Parish Council - Internal Audit 25-26
Interim Audit

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 6 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 successfully maintained a robust 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. At Appendix A I list recommendations arising from this audit.

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.

☎ 07958 990310

✉ mike@aprilskies.co.uk

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

A. Books of Account Interim Audit

The Council uses RBS Omega, an industry specific accounting package, alongside the purchase and sales ledger modules. Room bookings are recorded on an outlook calendar, and bookings invoices are generated from these records. There have been no change to financial systems in 25-26. The Omega 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, and that the accounts were up to date. My audit testing showed that supporting documentation could be readily located from records recorded on the Omega System.

I tested opening balances on the Omega system at 1.4.25 and confirmed they could be agreed back to the audited accounts for last financial year. Box 7 on the AGAR for 24-25 was £394,207, this has been agreed to the opening balance sheet on the Omega system.

I confirmed that the Council's VAT returns are up to date, with VAT claimed to the end of September 2025 (quarter 2). VAT reclaimed was £7,399. I checked that figures in the VAT return have been derived directly from the RBS system and confirmed with the Clerk that the return was submitted to HMRC. I checked the refund into the bank account, this was banked on 8th October. The Q2 VAT claim has been agreed to the month 6 balance sheet, so the VAT nominal account is in balance.

B. Financial Regulations & Payments Interim Audit

Financial Regulations and Standing Orders are both based on NALC templates. The Council last reviewed the financial regulations in September 25 – minute 15, a minor change was recorded.

The Council has a robust process for authorisation of payments to suppliers. The Council approves expenditure via the annual budget process, individual payments are approved at a Council meeting, this is notified in minutes and the Chairman initials the payment schedule. Payments are next set up at bank by 2 officers. Bank authorisation is completed electronically by two councillors and the Clerk retains bank authorisation records. (this is necessary as the bank does not retain authorisation data).

I tested a sample of payments selected at from the cashbook for the first 6 months of 2025-26. For all payments tested I was able to confirm

- Payment per cash book agreed to invoice
- VAT correctly accounted for
- Expenditure appropriate for this council
- Invoice signed off by 2 councillors
- Where appropriate, minutes recording authorisation to purchase were viewed
- Printed bank records show payment authorised by two councillors

☎ 07958 990310

✉ mike@aprilskies.co.uk

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

C. Risk Management & Insurance Interim Audit

The Council undertakes a full risk assessment annually. I have confirmed with the Clerk that the 25-26 risk assessment will be approved at the January 2026 meeting of Full Council. I will review this at my final audit visit.

There is an additional assertion in the Annual Governance Statement for 25-26, relating to management of digital information. The Clerk confirmed that the Council is carrying out the following work to strengthen existing controls in this area:

- Provision of additional GDPR training
- Review of website information to check for accessibility
- Continued maintenance of existing IT policies and procedures

I have confirmed that the Council has a valid insurance certificate, with an expiry date of August 2026. Insurance has been arranged by Clear , and the Council is insured with Ecclesiastical. Asset cover is monitored by the Clerk and is checked against insurance values held in the asset register. 10 buildings are insured. Asset insurance cover is as follows

Item Insured	Sum Insured	Declared/Full Value
BUILDINGS	£7,131,273	£5,942,728
CONTENTS	£484,790	£403,992
Street Furniture	£120,000	£100,000
Walls, Gates and Fences	£125,929	£104,941
Playground Equipment	£358,636	£298,864
War Memorials	£90,000	£75,000
CCTV Equipment	£53,535	£44,613
Ground Surfaces	£438,808	£365,674
Mowers and Machinery	£82,290	£68,575
Sports Equipment	£74,104	£61,754

A test restore of council documents on sharepoint was completed in October 25. RBS accounting data is backed up on each use by staff at the Council, and is therefore backed up using sharepoint back up processes.

D. Budget, Precept & Reserves Interim Audit

The Clerk confirmed that the 26-27 budget process is under way. Finance Committee will review the budget in December, with Full Council approval due in January. First draft budgets have been prepared. I will review outputs from this process at my year end audit.

☎ 07958 990310

✉ mike@aprilskies.co.uk

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

The Council continues to review budget against actuals each quarter, as required by financial regulations. The quarter two budget monitoring report is due to be discussed at the Finance Committee meeting in December. I reviewed the quarter one budget monitoring report which was reported to Finance Committee in July 25. A detailed narrative report was prepared setting out information on all budget variances. Information on debtors and reserve balances was also reported.

I review reserves at the year - end audit.

E. Income

Interim Audit

The Council has a number of income streams, outside of the precept. These include the following:

- Hall hire - Village Hall / Pavilion and Youth Centre
- Football pitches
- Cemetery fees

I tested a sample of transactions selected from the first six months of the financial year. For all transactions tested, I was able to agree income credited on the accounting system back to bank statement, and to an invoice, and where appropriate, approved cemetery and hire fees. My testing included 1 grant receipt

- £21,894 – CIL – agreed to remittance from WBC.

I reviewed the sales ledger. The sales ledger balance at 7 November stood at £9K. This is all current debt. There is a large unmatched credit balance on the sales ledger, which needs to be matched against debtor balances for a regular hirer. Rialtas should be contacted and the sales ledger tidied.

F. Petty cash

Final Audit

G. Payroll

Interim Audit

I tested the August 25 payroll. 2 staff payments were tested, I agreed payments from cashbook to payslip. From there I agreed gross pay back to pay award letters. There was evidence of signed review by councillors of these payments. I am satisfied staff are being paid approved rates of pay, and that this is being accurately recorded in the cashbook.

The Clerk logged into the Council's HMRC Account and confirmed there were no monies outstanding in respect of tax or NI.

H. Assets and investments

Year end audit

☎ 07958 990310

✉ mike@aprilskies.co.uk

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

I. Bank reconciliations

Interim Audit

The Council has one current and one investment account. Bank reconciliations are completed weekly by the Clerk, these are then reviewed monthly by a councillor by a Councillor who is not a signatory, and reported to the monthly Council meeting. There is clear evidence that bank reconciliations are being completed promptly.

I reperformed the bank reconciliation for September 2025. I completed the following test:

- Agreed cashbook balances to Omega system (month 6 balance sheet)
- Agreed bank balances to bank statements
- Checked arithmetic in the bank reconciliation
- Confirmed councillor review of the bank reconciliation

J. Year-end accounts

Year end 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

Year end audit

M: Arrangements for Inspection of Accounts

Interim Audit

Inspection periods for 24-25 were set as follows

Inspection - Key date	24-25 Actual
Accounts approved at Full Council	15 May Council
Announcement	28 May
Inspection period begins	3 June
Inspection period ends	14 July
Correct length	Yes - 30 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.

N: Publication requirements 2025 AGAR

Interim Audit

I confirmed that the Council has correctly loaded the audited accounts, annual governance statement and audit certificate for 24-25 on to the Council website. The conclusion of audit certificate has been correctly published, with a date of 30 July, in advance of the 30 September deadline. The Council received a clear audit certificate from the external auditors dated 25 July, so there are no matters to be taken into consideration in 25-26. The audit certificate was reported to Council at the September meeting (minute 12.7).

☎ 07958 990310

✉ mike@aprilskies.co.uk

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

April Skies

Accounting

O. Trusteeship Interim Audit

The Council is Trustee of The Snoxhall Field - Registered Charity: 1178530.

The 24-25 annual return was submitted to the Charity Commission on 21 July 2025, before the regulatory deadline. A nil return was submitted, the charity exists to own land. A meeting of the Charity was held separate to Council meetings in July 25, approval of the annual return was minuted at this meeting. No independent examination is required for this charity as there is no income or expenditure.

I would like to thank you for your assistance with the audit. I attach my invoice for your consideration, and will be in touch in the new year to agree a date for the year end audit.

Yours sincerely

Mike Platten CPFA

☎ 07958 990310

✉ mike@aprilskies.co.uk

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

April Skies

Accounting

APPENDIX A Points Forward – Action Plan - Interim Audit

Matter Arising	Recommendation	Council Response
I note that printed bank authorisation was not on file for four payments tested – this is due to technical issues with bank. , I have confirmed councillor signature on invoices, so I am content that payments were authorised in line with financial regulations.	I note that the Council is planning to move to Unity Bank. I support this decision, the audit log is much better with Unity, and this would reduce the amount of work and paper required to record authorisations in the current system	
There is a large unmatched credit balance on the sales ledger, which needs to be matched against debtor balances for a regular hirer.	Rialtas should be contacted and the sales ledger tidied	

☎ 07958 990310

✉ mike@aprilskies.co.uk

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