April Skies
Accounting

Jackie Cottrell
Clerk to Horam Parish Council

3 May 2026

Dear Jackie

Horam 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. 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 person on 30 April.

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

The Council uses the Rialtas Alpha accounting package to maintain financial records and report on the Council's finances. This is an industry standard package, well suited to Horam PC. Financial records were up to date at the time of my audit, and all referencing on the accounting system was clear. Key documents, including the trial balance, nominal ledger, bank reconciliation and bank statements were readily available, and the Clerk demonstrated that good use is made of finance system reports when reporting to Council.

I checked the opening trial balance for 25-26. The opening trial balance was agreed to box 8 (cash) and box 9 (reserves) on the audited accounting statements for 24-25.

The Council submits VAT returns annually; the last VAT return was submitted for the 24-25 financial year. VAT of £4,191 was reclaimed, the refund was credited to the bank account on 23 September 2025, I have checked this to bank statement. The 25-26 VAT return will be submitted on conclusion of this audit, this has been prepared, VAT of £7,703 will be reclaimed. I checked the draft VAT return, it is complete, and all suppliers had VAT numbers. Going forward I would recommend that VAT should be reclaimed on a more regular basis, ideally quarterly.

The audit was based on the year end Annual Return report produced from the Rialtas system. I have agreed balances in this report to supporting year end reports. 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 draft financial statements has been checked; no error was identified.

B - The Council's financial regulations have been met, payments were supported by invoices, all expenditure was approved, and VAT was appropriately accounted for

Non pay expenditure per box 6 to the accounts amounted to £ 67,143 up from £53,114 in 24-25 .

The Council has a detailed set of policies and procedures. These are published on the website, and are comprehensive, and subject to regular review. Financial Regulations and Standing Orders were updated at the Full Council meeting in May 25, these are based on current NALC templates and were up to date. Next review is due at the May 26 annual meeting.

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The Council makes payments to suppliers as follows:

- Invoices come to the office. The Clerk reviews and checks goods and services have been received.
- Payments are listed on a payment list for review at the monthly meeting. Payment lists are signed off by 1 councillor at this stage, and the Council passes a resolution to make payments.
- One of 4 bank authorisers next comes into the council office. Clerk sets up payment; authoriser authorises at bank and initials individual invoice on the payment list.

I selected a sample of expenditure transactions. For each transaction selected I completed the following tests:

- Checked payment per accounting system agreed to invoice,
- Checked payment listing signed at meeting
- Confirmed VAT accounting correct on the ledger
- Checked expenditure appropriate for the Council
- Checked invoice verification signatures on invoice (1 cllr for verification, 1 for payment)

The Council has a satisfactory system for the authorisation of payments in place and financial regulations were followed for all transactions sampled.

C - The Council assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.

The Council is insured with Zurich Municipal on a standard local council package. The policy was in date at time of audit, with an expiry date of 31 May 2026. Money cover is set at £ 250,000. This needs to be reviewed as part of the insurance renewal process as cash balances can approach £500K at times.

Asset cover appeared satisfactory, with coverage consistent with the asset register. No buildings are insured, with assets insured as follows:

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Item Description	Sum Insured	Excess
26 benches	£30,726.06	£100
Noticeboards x 2 (IEP)	£2,761.00	£100
Village signs x 2	£5,522.04	£100
7 picnic benches	£776.74	£100
Laptop, projector, printer, webcam	£1,325.23	£100
Defibrillator	£1,643.41	£100
Memorial stone, gate and fencing	£7,924.05	£100
Planters	£3,722.62	£100
Outdoor gym equipment x6	£31,886.95	£100
24 pieces of play equipment	£150,189.87	£100
Fencing for play area	£25,370.56	£100
Skate equipment	£86,740.67	£100
Speed camera	£524.63	£100
Youth shelter- skate park	£13,626.90	£100
Concrete slabs under noticeboards	£170.34	£100
Memorial plaques	£3,011.55	£100
1918-2018 Remembrance plaque	£272.54	£100
VE and VJ Day Remembrance plaque	£340.67	£100
Phone box	£4,088.07	£100
Bus shelter	£8,846.85	£100
Bus shelter	£17,693.72	£100
Stairclimber	£6,300.00	£100
Christmas tree	£500.00	£100
Christmas lights	£400.00	£100

The Council's risk assessment was reviewed and approved at the Full Council Meeting in March 2026 (minute 830/03), after more detailed review at the Finance Committee. I have reviewed the risk assessment - it appears comprehensive and is actively managed by the Council, feeding into the budget setting process.

ICT back up is managed by the Council's IT support company Uniserve. I recommend the Council commissions an annual test and restore of key data, and that this is reported to Council once complete.

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

The Council has completed precept and budget setting for 26-27. The budget setting process was finalised at the end of 2025, at the following meetings:

- Finance meeting October
- Finance meeting November, where amendments were discussed
- December meeting Full Council for approval of budget and precept.

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I have reviewed minutes and confirm approval of budget and precept for 26-27 was resolved at the December meeting of Full Council, minute 742 and 743. Precept of £ 97,572 was set – budget funded by precept interest and a small grant from ESCC. For clarity, it is recommended that the approved budget is attached as an appendix to minutes of the meeting at which it is approved.

I also recommend that the Council should make use of the budget setting tool in Rialtas in future years. Training is available if necessary.

Each month, Full Council considers the following finance reports:

- Bank statement
- Transaction listing
- Rialtas I&E report
- Earmarked reserve report
- Balance Sheet.

The Clerk also provides an oral update at the meeting. I checked the December meeting agenda and minutes, and these confirm this set of reports was considered.

Reserves at 31 March 2026 were £377,504 (24-25 £346,975).

General reserves at year end were £85K . This represents 70% 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.

Earmarked reserves at 31 March were £292K The largest earmarked reserves are:

- £234K - this is CIL money, held in 9 CIL earmarked reserves. Council monitor these monthly to ensure CIL is spent before it goes out of date. Council must ensure that all CIL monies are spent before any potential repayment becomes due
- Other reserves are in place to support assets, expenditure contingencies and projects.

I am satisfied that earmarked reserves are well managed and appropriate for this Council.

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

Precept per box 2 to the accounts was £124,894 (24-25 £81,089). This has been agreed to third party documentation provided by central government.

Income per box 3 to the accounts was £24,298 (24-25 £21,476). I reviewed 2 credits from ESCC for grass cutting grants – these were agreed to remittance notes and bank statement. Minimal other income, other than bank interest and VAT refunds.

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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.

Staff costs per box 4 to the accounts were £51,520 (24-25 £50,221).

Payroll is outsourced to James Todd and Co - a payroll agency, this is a good arrangement and ensures proper separation of duties in the payroll process. Payroll reports are sent to Finance Committee monthly, this used as a check on payroll and overtime costs paid by the Council.

I tested Clerk's pay for February 26. I agreed cashbook payment back to payslip. I recalculated gross pay; this has been agreed to hours x scale point and found to be correct. I checked the monthly HMRC payment, this was agreed to payroll reports.

I confirmed that box 4 on the accounting statements only contained staff salary, pension and HMRC costs, as required by regulations.

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

Fixed assets per box 9 to the accounts were £ 268,264 (24-25 £267,271).

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. The Clerk confirmed an asset register verification exercise will be completed during the summer.

Additions of £993 have been recorded on the asset register. A schedule of additions has been provided, no detailed testing completed, this increase is deminimis.

No deletions in 25-26.

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

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

Cash per box 8 to the accounts was £356,925 (24-25 £343,619)
I reviewed minutes, and this demonstrated that the Council bank accounts are being reconciled promptly each month, reviewed by a councillor, and balances reported at Full Council meetings. I reperformed the year end bank reconciliation and for all bank accounts I was able to:

- Confirm balances back to bank statements
- Check arithmetic
- Confirm cashbook balance to the Council's accounting system
- Confirm the bank reconciliation will be reviewed at the next Council meeting.

I also checked the February bank reconciliation; this had been properly signed off by a councillor.

The Council does not have an investment policy. This is a statutory requirement for all Councils with cash assets more than £100K. A policy must therefore be adopted, and annually the Council should review savings accounts to ensure that the Council is getting a proper rate of return on balances, considering Council spending plans.

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.

Horam PC has produced accounts on the accruals basis, A reconciliation between Box 7-8 of the accounts has been prepared, for external audit review, and creditor and debtor listings support this reconciliation. 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 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 for past 5 years. 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

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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	11 June Full Council
Date Inspection Notice Issued	19 June
Inspection period begins	20 June
Inspection period ends	31 July
Correct length	Yes – 30 working days

All regulatory requirements were met in this regard.

N: Publication requirements 24-25 AGAR

The external audit certificate, accounting statements and annual governance statement have been published on the Council website. The conclusion of audit certificate has been published, dated 18 September, before the deadline of 30 September and after the date of the audit certificate (9 September). There is an archive of AGAR documentation on the website, as required by regulations. . The external auditors' certificate was clear. The Council has met its obligations in this area

The external audit certificate was reported to Full Council in October 2025 (item 684/10/25).

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. This was considered at the March meeting of Full Council – minute 828. Each of the requirements of the Practitioners' Guide regarding Assertion 10 was considered. Recommendations identified from this review have been actioned. The Council IT provider has provided assurance with regard to website compliance with accessibility standards. The Council asserts that it is compliant with the requirements of Assertion 10.

It is recommended that the requirements of Assertion 10 as set out in the Practitioner's Guide are added to the Council risk assessment to ensure that standards are maintained.

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

Not applicable – no trusts.

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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

Matter Arising	Recommendation	Council Response
VAT returns	Going forward I recommend that VAT should be reclaimed on a more regular basis, ideally quarterly.	
ICT back up is managed by the Council's IT support company Uniserve.	I recommend the Council commissions an annual test and restore of key data, and that this is reported to Council once complete	
Money cover is set at £ 250,000.	This needs to be reviewed as part of the insurance renewal process as cash balances can approach £500K at times.	
Approved annual budget	For clarity, it is recommended that the approved budget is attached as an appendix to minutes of the meeting at which it is approved.	
The Council does not have an investment policy. This is a statutory requirement for all Councils with cash assets in excess of £100K.	A policy must therefore be adopted, and annually the Council should review savings accounts to ensure that the Council is getting a proper rate of return on balances, taking into account Council spending plans.	

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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 at this Council

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