

Emma Fulham

Clerk to Lingfield Parish Council

21 April 2026

Dear Emma

Lingfield 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 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 11 February, this concentrated on in year financial transactions and governance controls. The final audit was completed on 21 April and concentrated on the statement of accounts and balance sheet.

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Company Registration Number 14174016

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

Interim Audit

The Council has moved financial records on the Rialtas Alpha software package for 25-26. This is sector specific software designed for use by parish councils and is well suited for use by LPC. The Clerk has updated financial records for the 25-26 financial year and reconciled the accounting system to the cashbook for December 2025. I was able to locate supporting documentation from information recorded on the accounting system.

I was able to agree the opening balances on the Rialtas system (£96,399.98) back to the audited AGAR for 24-25 (box 7 £96,400) The Council received a clear audit opinion for 24-25, so there is nothing that needs to be taken into account for the current financial year.

The Council last submitted a VAT return for the period to 31 January 2024. No Vat return has now been submitted for more than a year. I understand that there are issues with the Council's HMRC login, which cannot be accessed by the Clerk. This must be resolved before year end and VAT claims submitted back to the date of the last VAT submission.

Final Audit

The accounting statements have been agreed back to year end reports produced from the Rialtas accounting system. (detailed annual return and trial balance). 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.

The Council has submitted 2 VAT returns to HMRC since my last audit.:

- 1 April 2025 to 31 Jan 26– VAT reclaimed £4,699, submitted on 24 February 2026.
- 1 Feb 2026 to 31 March 26 – VAT reclaimed 299.30, submitted on 1 April 2026

Both returns are supported by transactions extracted from the accounting system, all suppliers listed had VAT numbers. I have checked receipt of refunds for both VAT returns to the Council's bank account.

The Council must check that VAT has been reclaimed for periods prior to 1 April 2025, as my records suggest that VAT reclaims may have been missed prior to this date. This repeats recommendations raised in my last 2 audit reports.

The interim audit report was noted at the Council meeting in February 2026 (minute 8(ii)). I have not yet received a response to recommendations raised in the interim audit report – this should be provided as soon as possible.

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 are based on NALC templates. These were last reviewed at the Annual Council Meeting in May 2025, minutes 6 and 7. Both documents are based on NALC templates in place at the time of the last review. Annual review of both documents to check for updates should be completed in May 26.

I carried out a sample test of non-pay expenditure transactions selected from the cashbook for month 2 1-10. I was able to confirm the following for all transactions:

- Payment agreed to invoice
- Expenditure appropriate for this Council
- VAT accounting correct

I note that the Council has now updated payment procedures for the new accounting system, and payment listings, produced direct from the accounting system, are signed off by councillors before payments are made. I confirmed this was in place for the January 26 payment list.

Final Audit

Non pay expenditure per box 6 to the accounts amounted to £ 63,475, up from £57,708 in 24-25. I reviewed the cashbook for February and March and concluded that no further testing was necessary, sufficient assurance having been obtained at the interim audit.

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 Municipal 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 included three buildings:

- Community Hall
- Jennings Hall
- Container on East Grinstead Road (owned by racecourse, Council uses and insures).

The Council should assess whether a professional consideration of building insurance values is necessary, this does not appear to have been done for some time.

Other assets insured are:

Item Description	Sum Insured
55" Samsung TV	£1,105.83
Noticeboards, Signposts and Name Signs	£8,221.08
Public Seats & Benches	£12,182.56
Plant Holders	£8,231.88
Grit Bins	£1,598.26
Flagpoles	£42,870.70
Memorials, Statues & Monuments	£90,223.65
Office Equipment incl Computers & Sports Equipment	£5,256.26
Agrifram	£1,043.34
Defibrillator	£4,020.74
CCTV Equipment	£1,542.40
Laptop	£540.23

Money cover is sufficient at £250K. This is comfortably more than cash balances held by the Council.

The Council completed the annual review of the General Risk Assessment at the Full Council meeting on in January 2026 (minute 14/IV). I reviewed the document, and whilst short, it is sufficient to meet the requirements of this control objective. There is scope to improve the document around ICT controls, including back up and data protection. It is recommended this is picked up at next annual review.

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 Council has completed budget setting for the 26-27 financial year, this was minuted at the Full Council meeting on 14 January. A precept of £130,566 was set, alongside the budget for the new financial year. Minutes were in draft at the time of my audit, I will check these at the year-end audit.

The Council continues to review the budget position at Full Council meetings. I reviewed the reports issued at the January meeting, and confirmed that the Council reviewed the "Detailed Receipts and Payments by Budget Heading" report (minute 14.1). The report is produced directly from the finance system, and at this time (75% of the financial year elapsed), income was on target, and expenditure was 66% of budgeted annual expenditure.

Final Audit

Reserves at 31 March 2026 were £129,209 (24-25 £129,209).

General reserves at year end were £68K. This represents 55% of precept, which is at the mid-point of recommended levels set out in the NALC Practitioners' Guide. General reserves are held at an appropriate level.

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Earmarked reserves were as £60K – these are set out below:

320	EMR - Twinning	2,320.00
321	EMR - The Haven	250.00
322	EMR - Elections	4,000.00
323	EMR - Christmas Lights	3,000.00
324	EMR - Projects	42,500.00
325	EMR - General Events	2,000.00
326	EMR - Emergency Tree Works	2,000.00
400	CIL 20/21	6,706.00

The Council reviewed reserves at the February Full Council meeting (minute 14.ii). I note that £25K has been added to the project reserve, the Council must ensure that this reserve is utilised and is not simply an extension of the general reserve with no identified purpose.

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

Final Audit

Precept per box 2 to the accounts was £124,339 (24-25 £120,626). This has been agreed to third party documentation provided by central government. The initial draft accounts included a CIL receipt in box 2, this has now been corrected.

Income per box 3 to the accounts was £15,697 (24-25 £21,131). I reviewed a small sample of income credits from the final quarter of the financial year. For transactions selected I sought to agree income to appropriate supporting documentation, and check receipt to bank statement. I could not locate a remittance advice or any documentation from TDC for a CIL receipt of £1227. The Clerk should ensure documentation is obtained for all income banked.

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 £43,752 (24-25 £32,636).

Payroll is processed by an external agency, Optimise. I tested the December 2025 payment to the Clerk, and was able to agree the cashbook entry to payslip. From there I was able to confirm gross pay recorded on the payslip back to the Clerk's contract of employment.

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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 maintained.

Final Audit

Fixed assets per box 9 to the accounts were £ 199,837 (24-25 £199,837).

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 no additions or disposals in 25-26.

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

Interim Audit

I confirmed with the Clerk that the bank account is reconciled to the cashbook each month. There have been gaps in this process in 25-26 as the Council has not had a Clerk in post all year. However, the books of account and bank reconciliation process are now up to date.

I reperformed the December 12 2025 bank reconciliation. For both bank accounts I was able to agree the balance on the bank reconciliation back to bank statements. Arithmetic within the reconciliation was checked, and I confirmed the bank reconciliation and bank statements have been signed as reviewed by a councillor.

There were 3 unrepresented items on the current account bank reconciliation. This should not occur as the Council makes payments by BACS. This has arisen as the incorrect payment date has been used in the transactions concerned. This should be rectified before year end, as external audit will comment if there are uncleared BACS items on year-end bank reconciliations.

Final Audit

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

Cash per box 8 to the accounts was £129,209 (24-25 £96,400)

I reperformed the year end bank reconciliation. I agreed all balances in the bank reconciliation back to year end trial balance reports and to bank statements. The year end bank reconciliation was found to be accurate - review by a councillor will be completed at the May meeting where Councillor signature will be provided.

The Council must now adopt an investment policy, as cash holdings are above £100K.

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I - 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.

LPC has produced accounts on the receipts and payments basis, this is permitted where 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 LPC, as gross income and expenditure is below £200K. However, I was able to confirm that the 24-25 AGAR documentation was published, alongside an archive of AGAR documentation, as required by regulations. Minutes are published on the website and were up to date at the time of my audit. These include financial information such as payments and budget reporting.

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	28 May Full Council
Date of Notice	29 May
Inspection period begins	3 June
Inspection period ends	14 July
Correct length	Yes – 30 Working Days

All regulatory requirements were met in this regard.

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 notice is also published, dated 31 August, before the statutory deadline of 30 September, and after the date the accounts were signed off by the auditors, 28 August. The external audit certificate was reported to Council at the September meeting (minute 9).

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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 to the Annual Governance Statement. This was completed by the Clerk and minuted at the Full Council meeting in January 2026

IT Policy to comply with the audit regulation changes.

The Council were advised on the requirements to be compliant with Assertion 10 and the new audit regulations and reviewed their position and confirmed they complied with the regulations in terms of the website and .gov.uk email accounts etc. The new IT policy had been circulated and the Council **RESOLVED** to accept the policy.

The Council has confirmed that it is compliant with the requirements of the Practitioners' Guide, and that it has necessary policies and data management standards in place to confirm a positive response to assertion 10 on the Annual Governance Statement.

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.

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



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Appendix A – Recommendations

Points Forward – Action Plan - Interim Audit

Matter Arising	Recommendation	Council Response
The Council last submitted a VAT return for the period to 31 January 2024. No Vat return has now been submitted for more than a year.	I understand that there are issues with the Council's HMRC login, which cannot be accessed by the Clerk. This must be resolved before year end and VAT claims submitted back to the date of the last VAT submission.	
The Council should assess whether a professional consideration of building insurance values is necessary, this does not appear to have been done for some time.	The Council must ensure coverage is sufficient.	
Risk Assessment	There is scope to improve the document in the area of ICT controls, including back up and data protection. It is recommended this is picked up at next annual review.	
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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<p>There were 3 un-presented items on the current account bank reconciliation. This should not occur as the Council makes payments by BACS. This has arisen as the incorrect payment date has been used in the transactions concerned.</p>	<p>This should be rectified before year end, as external audit will comment if there are uncleared BACS items on year end bank reconciliations.</p>	
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Points Forward – Action Plan - Final Audit

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VAT reclaims	The Council must check that VAT has been reclaimed for periods prior to 1 April 2025, as my records suggest that VAT reclaims may have been missed prior to this date.	
The interim audit report was noted at the Council meeting in February 2026 (minute 8(ii)).	I have not yet received a response to recommendations raised in the interim audit report – this should be provided as soon as possible	
I was not able to locate a remittance advice or any documentation from TDC for a CIL receipt of £1227.	The Clerk should ensure documentation is obtained for all income banked.	
Investment Policy – statutory requirement	The Council must now adopt an investment policy, as cash holdings are above £100K	

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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 in 23-24
O	Trust Funds	No trusts at this council

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