

Janine Budd  
Pirton Parish Council

7 January 2026

Dear Janine,

**Pirton Parish Council – Internal Audit 25-26**

**Interim Audit Report**

Following the first interim audit completed on 6<sup>th</sup> January , I attach my report for consideration by the Council. This was the first of three 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 9 months of financial year
- Risk management and insurance
- Budget monitoring reports
- Salaries and wages
- Arrangements for inspection of accounts
- Bank reconciliations.

I have carried out additional testing in 25-26 due to the increased income and expenditure at the Council relating to the Pavilion Project, and I will complete a second interim audit in March.

I am able to report that 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.

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.

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

### **Interim Audit**

The Council maintains financial records on the Scribe accounting system. This is an industry specific accounting application and is well suited to a Council of the size of Pirton. My testing confirmed that income and expenditure is balanced to the cashbook and reconciled to bank statements on a regular basis. In the course of my testing I confirmed there is a clear audit trail from the accounts to supporting documentation such as invoices. The Council is now making good use of the document storage function in Scribe to store invoices and other documentation.

I was able to agree the opening balance in the accounting system to the audited accounts for 24-25, as published on the Council website. Box 7 on the audited accounts was £162,415 this agrees to the opening cashbook balance on Scribe (£ 162,414.66).

The Council has been submitting VAT claims on a monthly basis, to facilitate cashflow whilst the Pavilion Project is in progress. I checked the November 2 return. £20,408 was reclaimed, supported by a schedule of transactions extracted from the Scribe system. HMRC refund was checked into the cashbook on 18 December. The Council is up to date with VAT claims.

## **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. Financial Regulations were updated at the July 2025 meeting, to reflect amendments to the NALC template. Updates to standing orders and financial regulations were recorded at the Full Council meeting in May 2025 ( minute 25-17).

Invoices for payment are collated by the Clerk and posted to Scribe. These invoices are held in a folder which is taken to the next Council meeting, when payment authorisation slips are signed off by 2 councillors. Payments are set up at bank by the Clerk, and authorised online by 2 authorising councillors. I make no recommendation to change this system.

25-26 is a significant year for Pirton Parish Council, as the pavilion project progresses. My expenditure testing focussed on expenditure on this project and procurement controls around contracts for the new pavilion.

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I carried out a sample test of non-pay expenditure transactions selected at random from cashbook from the first 9 months of the financial year. 8 transactions were payments to Parrott Construction, listed below

151	11.12.2025	£121,707.78	£24,341.56	£146,049.34	16.12.2025	New Pavilion Construction	Parrott Construction
32	08.05.2025	£113,035.44	£22,607.09	£135,642.53	21.05.2025	New Pavilion Construction	Parrott Construction
134	13.11.2025	£99,041.14	£19,808.23	£118,849.37	17.11.2025	New Pavilion Construction	Parrott Construction
55	10.07.2025	£80,678.09	£16,135.62	£96,813.71	15.07.2025	New Pavilion Construction	Parrott Construction
117	09.10.2025	£75,459.58	£15,091.92	£90,551.50	10.10.2025	New Pavilion Construction	Parrott Construction
75	14.08.2025	£56,114.24	£11,222.85	£67,337.09	18.08.2025	New Pavilion Construction	Parrott Construction
43	12.06.2025	£46,143.41	£9,228.68	£55,372.09	18.06.2025	New Pavilion Construction	Parrott Construction
91	11.09.2025	£38,315.35	£7,663.07	£45,978.42	12.09.2025	New Pavilion Construction	Parrott Construction

The value of these transactions net of VAT is £630K. I tested the following:

- Payment agreed to invoice
- Payment agreed to schedule of certified works, signed off by quantity surveyor
- Payment approved by 2 councillors at bank ( checked to Unity Bank audit record), after set up by the Clerk
- Payment certified by the RFO

I also confirmed that the contract for this work was let via the Find a Tender website. The Council should revisit this listing and ensure that all information regarding the letting of the contract is posted, as required by procurement regulations.

The Council has shared photographs of the new pavilion, which provides assurance that physical asset is in place.

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A sample of other transactions was also tested

27	23.04.2025	£12,745.00	£2,549.00	£15,294.00	21.05.2025	Lea Sports Fencing	Aaron Fencing
30	30.04.2025	£2,000.00	£400.00	£2,400.00	21.05.2025	New Pavilion Legal Costs	Foreman Laws
79	14.08.2025	£1,725.00	£345.00	£2,070.00	18.08.2025	New Pavilion Construction	Fairhurst

I was able to confirm the following for all transactions:

- Payment agreed to invoice
- Invoice signed off by 2 councillors at the bank ( checked to Unity Bank audit record)
- Expenditure appropriate for this Council

I am of the opinion that the Council should reclaim VAT on the payment to Lea Sports Fencing (£2,549). The fence has been built on Council owned land, and the grant to fund the fence was paid to the Council. I recommend this is raised as a VAT query with the County Association, and VAT reclaimed as advised.

I am satisfied that the Council has continued to follow financial regulations in the making of payments in the course of 25-26.

**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 Insurance on a standard local council package. The policy was in date at time of audit, with a start date of 1/10/25, continuous cover until the policy is cancelled. The following assets are insured

Premises address	Sum insured
Clubhouse, Walnut Tree Road, Hitchin, SG5 3PX	£1,168,170
Shipping container x2, Pirton Recreation Ground, Hitchin, SG5 3PX	£4,825

Item description	Excess	Amount Insured
Total Buildings	£250	£1,172,995
Gates and fences	£250	£0
Fixed outside equipment	£250	£0
Street furniture	£250	£12,294
War memorials	£250	£15,369
Playground equipment	£250	£57,939
Sports surfaces	£250	£0
Other surfaces	£250	£0
Rent receivable	£250	

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Cllr Maple confirmed that insurers have been informed of building works at the pavilion, and that the building is insured by the building contractors, until the finished structure is handed over to the Council. Quotes have been sought to insure the new building when it is handed over.

The Council must consider its risk register at a Full Council meeting before the end of the financial year, to meet the requirements of external audit. The Council should use the existing risk register ( as reviewed in 24-25) as the basis for the 2026 review, but additional work will be required to update the risk register to reflect the impact of the new building on the Council.

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 the Council's response on the Annual Governance Statement.

**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 of setting the precept and budget for 2026-27 is well advanced. A draft budget has been considered by Council, and further work has been completed outside of Council meetings. The budget and precept is due to be approved at the January Full Council meeting. I have reviewed the draft budget and can confirm it includes provision for cost of PWLB repayments.

I confirmed regular budget monitoring reports, as required by financial regulations, are being produced for Council meetings. At each Full Council meeting, the Clerk issues the net position summary report from the Scribe system . Variances are highlighted and reported to Council, I have confirmed this to minutes.

The Council has managed cashflow on the pavilion project via an excel spreadsheet. I have not audited this in detail, as the project is nearing completion. However, the Council confirmed that sufficient funds are in place to complete the build, including kitchen and bar fit out. At the end of December, Council cash balances stood at £375K.

I will review reserve balances in detail at my March audit.

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**E - Expected income was fully received, based on correct prices, properly**

**Interim Audit**

I checked the following transactions

83	30.09.2025	£199,930.00	£0.00	£199,930.00	30.09.2025	PWLB payment	Public Works Loan Board
87	20.10.2025	£199,930.00	£0.00	£199,930.00	20.10.2025	PWLB payment	Public Works Loan Board
46	12.06.2025	£113,035.44	£0.00	£113,035.44	18.06.2025	NHDC Section 106 Funds	North Herts District Council (NHDC)
85	16.10.2025	£71,689.49	£0.00	£71,689.49	16.10.2025	NHDC Section 106 Funds	North Herts District Council (NHDC)
39	16.05.2025	£45,005.00	£0.00	£45,005.00	21.05.2025	Football Foundation Pavilion Grant	Football Foundation
105	29.12.2025	£42,951.00	£0.00	£42,951.00	29.12.2025	Football Foundation Pavilion Grant	Football Foundation
43	27.05.2025	£11,338.00	£0.00	£11,338.00	27.05.2025	Football Foundation Fencing Grant Lea Sports	Football Foundation

For all transactions, I was able to agree the credit recorded on the accounting system back to remittance notification from the grant giving body / PWLB. All credits have been agreed 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 Audit**

Payroll is processed by the Clerk, using the HMRC Basics package. Payments are processed alongside other monthly payments, and are therefore reviewed and signed off at bank by two councillors. 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 to the JNC rate of pay in force at the time of the payment. I have confirmed the payscale point to the Clerk's contract.

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The Council may wish to consider outsourcing payroll to an external provider. This would provide an additional separation of duties in the payroll process, and ensure external assurance is provided. Payroll errors are not uncommon, and it is not ideal for the Clerk to process her own pay.

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

I will audit the fixed asset register at the year end audit. However, there will be significant changes to the Councils asset register for 25-26. The Council must ensure that it follows guidance set out in the SAPP Practitioners Guide ( paragraphs 5.57 to 5.69)

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

**Interim Audit**

The Council has one bank account, with Unity bank. I was able to confirm that the bank account is reconciled to the cashbook each month, by review of minutes ( June and September meetings included bank reconciliations).

I reperformed the December bank reconciliation. The Council uses the bank reconciliation report produced by the Scribe system. I was able to agree the balance on the bank reconciliation back to bank statements and cashbook balances recorded on the Scribe system. This reconciliation is due to be signed off at the January Council meeting.

The Council continues to demonstrate compliance with financial regulations in this area.

**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.**

The Council will be able to produce accounts on the receipts and payments basis in 25-26. Both income and expenditure were below £200K in 24-25, accruals accounts only become mandatory once the 200K threshold has been passed for 3 years in a row. I have notified the Clerk that the Council should expect a larger bill from external audit in 25-26. Fees are based on turnover, the fee for a council with turnover between £1 and £2m is £2,100. The Council should also expect to be subject to an intermediate review by external audit, which will require additional files to be submitted for review.

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**K: If the authority certified itself as exempt from a limited assurance review in 24-25, it met the exemption criteria and correctly declared itself exempt.**

Not applicable, Council completed limited assurance review.

**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**

Yes – the Council has published statutory documentation as required by the 2015 Transparency Code. The Council has an up to date website, and the 24-25 AGAR and external audit certificate can easily be located on the website. There is an archive of AGAR documentation on the website as required by regulations. Minutes of Council meetings are published on the website and were up to date at the time of my audit.

**M - Arrangements for Inspection of Accounts**

Inspection periods for 24-25 accounts were set as follows

Inspection - Key date	24-25 Actual
<b>Accounts approved at Full Council</b>	8 May Full Council
<b>Date Inspection Notice Issued</b>	2 June
<b>Inspection period begins</b>	3 June
<b>Inspection period ends</b>	14 July
<b>Correct length</b>	Yes – 30 working days

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 reports and audits page on the website. The Conclusion of Audit certificate was published on 30 September, after the date of the interim audit certificate (28 September), on the date of the statutory deadline (30 September). The Council has also published the final audit certificate, which was issued late by external audit.

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The external audit certificate was reported to the meeting of Full Council on in October ( minute 25-123). The accounts were qualified, due to internal transfers being included within receipts and payments figures in the accounting statements. I have discussed this matter with the Clerk, as external audit requirements are not clear. The Clerk will ascertain which transactions have caused the accounting error, we can then review what adjustments to the accounts might be necessary at my audit in March.

**O - 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 – confirmed by review of Charity Commission website.

I would like to take this opportunity to thank you for your help with the audit, and I look forward to working with you on the second interim audit in March.

Yours sincerely



Mike Platten CPFA

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## Appendix A – Recommendations

### Points Forward – Action Plan - Interim Audit

Matter Arising	Recommendation	Council Response
<p><b>Letting of Contract – Pavilion rebuild.</b></p> <p>I confirmed that the contract for this work was let via the Find a Tender website.</p>	<p>The Council should revisit this listing and ensure that all information regarding the letting of the contract is posted.</p>	
<p>I am of the opinion that the Council should reclaim VAT on the payment to Lea Sports Fencing (£2,549). The fence has been built on Council owned land, and the grant to fund the fence was paid to the Council.</p>	<p>I recommend this is raised as a VAT query with the County Association, and VAT reclaimed as advised.</p>	
<p>The Council must consider its risk register at a Full Council meeting before the end of the financial year, to meet the requirements of external audit.</p>	<p>The Council should use the existing risk register ( as reviewed in 24-25) as the basis for the 2026 review, but additional work will be required to update the risk register to reflect the impact of the new building on the Council.</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 the Council’s response on the Annual Governance Statement.</p>	
<p>The Council may wish to consider outsourcing</p>	<p>This would provide an additional separation of duties in the payroll</p>	

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<p>payroll to an external provider. .</p>	<p>process, and ensure external assurance is provided. Payroll errors are not uncommon, and it is not ideal for the Clerk to process her own pay.</p>	
<p>The 24-5 accounts were qualified, due to internal transfers being included within receipts and payments figures in the accounting statements. I have discussed this matter with the Clerk, as the external audit requirements are not clear.</p>	<p>The Clerk will ascertain which transactions have caused the accounting error, we can then review what adjustments to the accounts might be necessary at my audit in March.</p>	

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