

Caroline Harris

Rustington Parish Council

1 June 2026

Dear Caroline

Rustington Parish Council

Internal Audit 2025-26

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 25-6. 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 completed on 8 December, this concentrated on in year financial transactions and governance controls. The final audit was carried out on 1 June and concentrated on the statement of accounts and balance sheet.

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

A: Books of Account

Interim Audit

The Council uses the Sage 50 system for accounting and payroll. I have tested the brought forward balances on Sage at 1.4.25 against the audited prior year annual return and can confirm these have been brought forward correctly. Box 7 on the audited accounts for 24-25 was £606,600. This agrees to the period 0 balance sheet on Sage at 1.4.25.

Reconciliations tested were up to date at the time of the audit. The cashbook was also up to date, and referencing on Sage was sufficiently detailed to enable me to locate supporting documentation.

The Council's most recent VAT return was for the three months to the end of September 2025. This was submitted to HMRC on 3/11/25. VAT of £13,686 was reclaimed, this was paid in to the Council's bank account on 12 November 2025. I checked that balances in the return could be agreed to schedules produced from the accounting system. VAT outstanding on the balance sheet at 30.9.25 was £13,826. There was a small imbalance on the SAGE VAT account of £140. This should be checked when the quarter 3 VAT return is completed, and any imbalance between the VAT return and VAT control account cleared.

Final Audit

The accounting statements have been agreed back to year end reports produced from the Sage accounting system. Agreement was to the following reports from Sage:

- Income and expenditure – profit and loss report
- Balances carried forward – balance sheet
- Cash and short-term investments - Cash balances on balance sheet.

Comparative figures have been agreed to audited accounts for 24-25 published on the Council website.

I confirmed that the VAT return for period January to March 26 has been completed and submitted to HMRC. This has a SAGE generated submitted date stamp of 30 April. VAT of £1,972 was reclaimed and paid into the Council's bank account by HMRC on 7 May. VAT reclaimed has been agreed to a schedule of transactions on the Sage VAT report for quarter 4 25-26. There is a small imbalance on the VAT control account. VAT reclaimed at 31.3.26 was £1,972, the Sage balance sheet is showing a balance of £1,967 for VAT owed to the Council, the difference is £5. The RFO is aware of this issue, and this will be cleared via next VAT return.

The Council reviewed my interim audit report at the December meeting of F&GP, this was reported to the next Full Council meeting via minutes. The Council continues to demonstrate proper consideration of audit reports.

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B: Financial Regulations & Payments Interim Audit

Financial Regulations and Standing Orders were both reviewed at the Full Council meeting in March 2025 – minutes 77 and 76. Both documents are based on NALC templates.

The Council has a well ordered process for making payments to suppliers. Invoices are sent into the office, these are collated with purchase orders and goods received notes by the finance team. Invoices are checked by the RFO, then loaded on to Sage and coded to an appropriate nominal ledger code. Twice a month a payment batch report is prepared on Sage. This is sent to the Chairman / Vice Chairman and Clerk for approval to pay. Once the batch is approved, the payments are loaded on to the Council's bank account by the RFO, payments are then approved at bank by a second signatory (Clerk or councillor) . Payments are reported to Council meetings and this is minuted.

I selected a sample of transactions from the cashbook for the period April to November 2025. I was able to confirm for all transactions that:

- Transactions could be agreed back to invoice
- Clerk and councillor had certified the invoice as ready for payment
- Invoice included in a payment run document, payment set up at bank by RFO and authorised by Clerk or councillor, in line with financial regulation requirements (3 transactions tested)
- VAT accounting correct
- Expenditure appropriate for the Council

I note that the Council has incurred costs on seeding and draining a football pitch. It is recommended that consideration is given to applying to the Football Foundation for funding for pitch maintenance – link attached. [Football Foundation | Grass Pitch Improvement](#)

The Council has appointed a project manager for the Woodland Centre Project. The RFO confirmed that the contracts for this project will be let following financial regulations, these are set out in Appendix I of the financial regulations. I remind the Council to ensure adequate financial contingency is included in the Woodland Centre project budget to cover

- inflation costs
- hire fees lost whilst the building is unavailable
- Unexpected additional costs that may be identified once the project commences.

Whilst the Council is in a reasonable financial position for day to day activities, there is limited scope to absorb contingencies on a major project.

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Final Audit

Non pay expenditure per box 6 to the accounts amounted to £ 481,934 down from £581,463 in 24-5.

I tested 3 further payments from the cashbooks for months 9-12 and confirmed the following for each transaction tested:

- Payment per cash book agreed to invoice
- Expenditure appropriate for this council
- Invoice signed off by Clerk and I councillor on face of invoice
- VAT accounting correct

The RFO confirmed that the tender for refurbishment of the Woodland Centre has been advertised on appropriate government portals. Tenders are due to be received during the summer, and a contract decision is anticipated in August. Council has a loan of facility of £550,000 with PWLB, I have checked this to approval letter from PWLB dated 12 September.

C: Risk Management & Insurance **Interim Audit**

I will review the risk assessment at my year end audit. I remind the Council to ensure that the risk assessment is discussed at a meeting of Full Council before 31 March and that this review is minuted.

The Council is insured with Hiscox, arranged by Gallaghers on a standard local government policy . I have seen the insurance policy; insurance was in date “ continuous cover from 1.10.25 until the policy is cancelled”.

Asset cover appeared consistent with the asset register. 7 buildings are insured, at an insurance value of £6.1 million . Asset coverage is set out below.

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April Skies

Accounting

Premises address	Sum insured
Woodland Centre, 34 Woodlands Avenue, Littlehampton, BN16 3HB	£3,136,613
Changing Places Toilet, 79 The Street, Littlehampton, BN16 3NL	£166,662
Public Toilets, Broadmark Lane, Littlehampton, BN16 2JA	£106,127
Beach Shelter, Beach Shelter, Littlehampton, BN16 2LZ	£60,856
Churchill Car Park & Conveniences, Churchill Parade Car Park, Littlehampton, BN16 3DJ	£126,828
Youth & Community Building, Youth & Community Building, Littlehampton, BN16 3HB	£1,478,453
Rustington Sports & Social Club, Rustington Sports & Social Club, Littlehampton, BN16 3NB	£1,102,500

Item description	Excess	Amount Insured
Total Buildings	£250	£6,178,039
Gates and fences	£250	£43,257
Fixed outside equipment	£250	£7,704
Street furniture	£250	£382,829
War memorials	£250	£57,289
Playground equipment	£250	£226,791
Sports surfaces	£250	£28,782
Other surfaces	£250	£0
Rent receivable	£250	£0

Buildings were last revalued for insurance purposes in 2023. This is in date per the terms of the insurance policy.

The Council has separate cyber insurance with Coalition. This was in place at the time of my audit, with renewal due in November 2026.

I confirmed that back up of data on the Sage system is taken around twice a week. This is stored in the Y drive on the Council network. The RFO has contacted the IT provider who confirmed back ups are working effectively, that these include Sage data. The last back up test was completed in October 2025.

Final Audit

The risk register and risk management strategy was considered at the March meeting of Full Council (minute 73/26). I have reviewed the risk assessment, and it appears sufficient for a council of this size. There is evidence of update in year.

It is recommended that the Council draws up a risk assessment for the Woodland Centre project, this should document all risks potentially to be faced by the Council in the course of the project and mitigating controls in place to ensure the project is delivered on time, to budget and to the required standard.

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D. Budget, Precept & Reserves

Interim Audit

The Council is in the process of finalising the budget and precept for 26-27. Committees have approved budgets, and the overall budget will be finalised once the council tax base has been confirmed. The budget and precept is due to be confirmed at January Full Council. I will check minutes at my year end audit.

I have confirmed that regular budget monitoring reports are issued to all councillors and to Finance Committee. I have reviewed minutes and a monthly report was delivered to the November meeting of the committee. A detailed report is produced from the accounting system, together with a short explanation of any variances within the budget report. I am satisfied budget monitoring is occurring regularly as required by Financial Regulations.

Final Audit

Reserves at 31 March 2026 were £701,554 (24-25 £606,600).

Year- end earmarked reserve balances are set out below:

Earmarked Reserves:

Included in General Fund Balance:

Building Improvement Fund - W.Centre	30,891.97
Chaucery Memorial	550.71
CIL Funding	4,179.68
Defibrillator Equipment	1,399.00
Grant Funding (AirS)	2,470.00
Legal Fees (WPSF) - New Lease	500.00
Twinning Association	5,532.32
Website Upgrade	500.00

Reserve Accounts:

Opportunity Purchases Fund	1,531.08
Equipment Renewal Reserve	6,984.37
Museum Reserve	2,855.84
Capital Reserve Projects (1)	100,000.00
Capital Reserve Projects (2)	130,459.11
Section 106 Funding Account	22,068.49

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This leaves a general reserve of £437K. This represents 55% of precept, which is at the mid- point of recommended levels set out in the NALC Practitioners' Guide. (minimum recommended general reserve balance is 25% of net revenue expenditure). I again note that the Council has very small earmarked reserves for asset maintenance, given the size and age of the asset base at this Council, from which the Council received significant income streams. This must also be considered in the context of the major capital project, at the Woodland Centre, and there is very limited scope for any overspend on this project whilst maintaining general reserve balances at an acceptable level. I wish to make two recommendations

- The Council must proceed with caution with the Woodland Centre project. General reserves should not be permitted to fall beneath the current level of around £400K and must not be used to fund any unbudgeted expenditure on the Woodland Centre.
- 27-28 budget and precept setting must consider:
 - o Need to maintain general reserves at a sustainable level for this council
 - o Costs of loan repayments for the PWLB loan

The 26-27 budget and precept were approved at the Full Council meeting on 26 January (minutes 11b/c). A precept of £825K was approved, alongside the detailed budget. The budget is published on the website as part of budget monitoring reports.

E: Income

Interim Audit

The Council obtains income from several sources beyond the annual precept. These include:

- Room Hire and Functions - Woodland Centre / Youth Centre / Samuel Wickens Centre
- Sponsored flower beds
- Allotments
- Sports pitches

I tested a sample of credits recorded on the ledger for the first 8 months of the financial year. I tested

- sage entry to invoice raised
- checked invoice was raised at the correct rate, as approved by Council

I reviewed the Council's debtors ledger. At the time of my audit debts outstanding were £19K.

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Final Audit

Precept per box 2 to the accounts was £786,000 (24-25 £786,000). This has been agreed to third party documentation provided by central government.

Income per box 3 to the accounts was £203,062 (24-25 £287,927).

I reviewed further income credits from the final three months of the financial year.

- A credit for sponsorship income was agreed to an agreement or floral display sponsorship,
- Bank interest credit agreed to CCLA statement.

The sales ledger at 31.3.26 was reviewed. Balances outstanding were £11.1K, 92% of this is current debt. I am satisfied the sales ledger is being managed properly

F. Petty Cash

Petty cash at year end was £193. I checked the main balance - council petty cash. Balance at year end was £123. Cash has been counted at year end, and evidence that count has been reviewed by councillor has been provided.

G. Payroll

Final Audit

Staff costs per box 4 to the accounts were £412,174 (24-5 £409,710).

Payroll is processed in house using the Sage payroll application. The Finance Officer sets up the payroll each month for members of staff, and posts changes such as approved overtime to the payroll. Payroll is then run by the RFO and reviewed by the Clerk. Once this has been approved, payments are set up on the bank account. Payroll is reviewed by councillor signatories who sign off the payroll and approve the bank payments.

I reviewed the February 2026 payroll. The nominal ledger posting for February was agreed to payroll month end outputs from Sage. I checked payments authorised by signatory to Sage payroll documentation. No errors were identified and I am therefore satisfied that council has paid authorised pay to employees.

The RFO logged into the Council's HMRC payroll account – I checked that all payments and submissions were up to date.

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H. Assets and Investments

Final Audit

Fixed assets per box 9 to the accounts were £ 3,129,123 (24-25 £3,126,587) – increase of £3K

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 RFO supplied a schedule of movements on the fixed asset register to explain the year-on-year movement. Additions have been added to the asset register at cost, and a schedule of deleted items has been provided.

Major items deleted include:

- Tractor, accounting value £16K
- IT equipment accounting value £4K
- Interpretation boards accounting value £4K

Additions include

- Street furniture - added at cost of £11k
- Sound system added at cost of £9K

The RFO has provided a clear audit trail for changes to the asset register in 25-26 and these have been accounted for in line with regulations.

£3k fence contribution removed from asset register on my recommendation – this is a contribution towards a fence at the sports and social club, rather than a new asset purchased by the Council, and the asset register was amended accordingly.

I: Bank Reconciliations

Interim Audit

Reconciliations for all bank accounts are carried out regularly and in accordance with regulations. This is clearly evidenced in the Council's bank reconciliation file and within minutes of the Finance Committee. The September 2025 bank reconciliation was tested in detail. I confirmed the following.

- The bank statements and the bank reconciliation had been signed off as checked by the reviewing councillor, Councillor Lee
- All balances on the bank reconciliation were agreed back to bank statements / cashbooks
- Arithmetic checked for accuracy
- I confirmed that the bank reconciliations are reported to councillors in the monthly accounts for payment report.

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The Council has an investment policy in place, as required for any council with cash and investment assets in excess of £100K. This was last reviewed in March 2025.

Final Audit

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

Cash per box 8 to the accounts was £732,315 (24-25 £634,092)

I reviewed the bank reconciliation file. I note that the bank reconciliation has continued to be completed promptly throughout the financial year, and that there is evidence of councillor review of the bank reconciliation at least quarterly, as required by Financial Regulations.

I reformed 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 and evidence of review on both the reconciliation and the bank statements was provided by a councillor.

J. Year-end accounts

Rustington PC has produced accounts on the accruals basis, this is required as income / expenditure is above £200k. A reconciliation between Box 7-8 of the accounts has been prepared, for external audit review, and creditor and debtor listings support this reconciliation. There is also a variance analysis in place for review by external audit.

L: Exercise of Public Rights - Inspection of Accounts

Inspection periods for 24-25 AGAR were set as follows

Inspection - Key date	24-25 Actual
Accounts approved at Full Council	23 June
Date Inspection Notice Issued and how published	24 June – website
Inspection period begins	25 June
Inspection period ends	5 August
Correct length	Yes 30 working days

All regulatory requirements were met.

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

Interim Audit

Yes, the Council meets the requirement of the Code by publishing information on the Council website, mainly on the Financial Transparency page. I checked that the following information was up to date at the time of the interim audit:

- Payments data – published to end of April 26 - monthly finance report
- CIL Report for 25-26 – published on the website
- Grants awarded – published on transparency tab on website

N: Publication requirements 24-25 AGAR

The Council has published the Accounts, Annual Governance Statement and the external audit certificate on the Council website. The Conclusion of Audit Certificate was published 23 September 2025 before the statutory deadline of 30 September. The external auditors issued their audit certificate on 28 August. The Council has met its obligations in this area. The Council was informed of the outcome of the audit at the meeting on 22 September 2024(minute 228/25).

The external auditors raised one item in the other matters section of the certificate

The published Notice of Public Rights requires the name/signature of the person placing the notice to be entered at (e) on the form. Accounts and Audit Regulations 2015, Paragraph 15(2) states the declaration should be signed by the responsible financial officer. We note that the clerk has signed the notice which does not comply with regulations, in future we would anticipate this to be the responsible financial officer.

The Council should take care to follow external audit recommendations next June, although I consider this a minor administrative point. External audit have made no recommendation regarding the 25-26 Annual Governance Statement.

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

For 25-26, an additional assertion has been added to the Annual Governance Statement, this covers digital and data compliance (Assertion 10). The Council appears largely compliant with the requirements of the Practitioners' Guide in this regard, specifically:

- Council has email accounts in Council owned domain rustingtonpc.org
- Council has assessed accessibility standard of website and considers it meets required standards, this is published in the accessibility statement on the website
- Council has an IT policy

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- Council publishes required transparency data
- Council follows data protection standards and is carrying out a review of these standards with an external consultant to ensure best practice is followed.

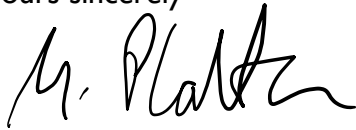
I am therefore able to sign off that the Council complies with this control objective.

P. Trusteeship

The Council disclosed that it was not a sole trustee for a trust fund in the 25-26 AGAR. The RFO confirms this is still the case.

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 Matters Arising Interim Audit

Matter Arising	Recommendation	Council Response
There was a small imbalance on the VAT account of £140.	This should be checked when the quarter 3 VAT return is completed, and any imbalance between the VAT return and VAT control account cleared.	See section A above
I note that the Council has incurred costs on seeding and draining a football pitch.	It is recommended that consideration is given to applying to the Football Foundation for funding for pitch maintenance – link attached. Football Foundation Grass Pitch Improvement	Noted
I remind the Council to ensure adequate financial contingency is included in the Woodland Centre project budget to cover <ul style="list-style-type: none"> • inflation costs • and hire fees lost whilst the building is unavailable • Unexpected additional costs that may be identified once the project commences. 	Whilst the Council is in a reasonable financial position for day to day activities, there is limited scope to absorb contingencies on a major project.	See year end recommendation

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<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 positive response on the Annual Governance Statement.</p>	<p>See Section o</p>
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Matters Arising Final Audit

Matter Arising	Recommendation	Council Response
<p>The Council must proceed with caution with the Woodland Centre project.</p>	<p>General reserves should not be permitted to fall beneath the current level of around £400K, and must not be used to fund any unbudgeted expenditure on the Woodland Centre.</p>	<p>Excluding earmarked reserves, the GFB stands at £371,630.32, which, at 1 April 2026 is £151,630.32 above the budgeted provision at 31 March 2026 of £220,000.00</p>
<p>Budget setting 27-8</p>	<p>- 27-28 budget and precept setting must consider:</p> <ul style="list-style-type: none"> ○ Need to maintain general reserves at a sustainable level for this council ○ Costs of loan repayments for the PWLB loan 	<p>A. The GFB for 2026/27 is proposed to be £252,000.00. The Council may wish to consider this being increased to £300,000.00 for 2027/28. An increase of £48,000.00, excluding any earmarked reserves.</p> <p>B. The PWLB loan is budgeted for in The Woodlands Centre 2026/27 Estimated Budget for £54,000.00, which is for approximately six months. The 2027/28 budget for the loan will be considered/set when the loan is drawn down and the exact annual repayment figure is known.</p>
<p>It is recommended that the Council draws up a risk assessment for the Woodland Centre project,</p>	<p>This should document all risks potentially to be faced. by the Council in the course of the project and mitigating controls in place to ensure the project is delivered on time, to budget and to the required standard</p>	<p>The Internal Auditor suggested that this was prepared for the August Meeting, once the Tenders are approved, and discussed with the Project Managers. This is a financial risk assessment to consider possible works needing to be carried out outwith the project and the loss of lettings income.</p>

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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
K	Exemption from limited assurance review	Council had limited assurance review in 24-5
0	Trusteeship	No Trusts

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