



Audit Findings

Farnham Park Sports Fields

Year ended 31 March 2022



The Board of Trustees
Farnham Park Sports Fields

13 September 2022

Dear Sir

Farnham Park Sports Fields
Audit findings for the year ended 31 March 2022

This Audit Findings report highlights the significant findings arising from the audit for the benefit of those charged with governance. We appreciate that you may be aware of some of the matters contained in this report, however as required by International Standard on Auditing (UK) 260 we are communicating them to you formally.

As auditors we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) (ISAs (UK)), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the charity's financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements. The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed primarily for the purpose of expressing our opinion on the financial statements. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

We would like to take this opportunity to record our appreciation for the kind assistance provided by your team during our audit. If we can be of any further assistance, please contact David Cary or Phillip Moretti.

Yours faithfully

A handwritten signature in black ink that reads 'Azets Audit Services'.

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Executive summary

Audit overview

This table summarises the key findings from the statutory audit of Farnham Park Sports Fields for the year ended 31 March 2022 for those charged with governance.

Audit opinion	<ul style="list-style-type: none">• We do not propose any modifications to our audit opinion which is unqualified• We have no matters to report regarding the adoption of the going concern basis or inadequate disclosures relating to material uncertainties• Our audit work is substantially complete and there are currently no matters which would require modification of our audit report.
Key findings on audit risks and other matters	<ul style="list-style-type: none">• We have reported our audit findings on page 3 and audit adjustments on page 9. The overall impact on the charity's surplus is a reduction of £33,000.
Audit adjustments	<ul style="list-style-type: none">• We are required to communicate all potential adjustments, other than those considered to be clearly trivial, to management and to request that management corrects them. Details of the audit adjustments and potential adjustments would be included on page 9.• There were no unadjusted misstatements on the statement of financial position.
Accounting systems and internal controls	<ul style="list-style-type: none">• We have applied our risk-based methodology to your audit. This approach requires us to document, evaluate and assess your business processes and internal controls relating to the financial reporting process.• Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we have reported these to you on pages 10 to 12.

Materiality

Whilst our audit procedures are designed to identify misstatements which are material to our audit opinion, we also report to those charged with governance and management any uncorrected misstatements of lower value errors to the extent that our audit identifies these.

Under ISA (UK) 260 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA (UK) 260 defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.

An omission or misstatement is regarded as material if it would reasonably influence the users of the financial statements. The assessment of what is material is a matter of professional judgement and is affected by our assessment of the risk profile of the business and the needs of the users.

Significant findings

Findings related to significant risks

Significant risks are defined by professional standards as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, we consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Risk	Audit approach	Audit findings and conclusion
Completeness of Income and Revenue Recognition Under ISA (UK) 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. There is also a risk that revenue is understated as it is not all included.	<ul style="list-style-type: none">• Review and testing of revenue recognition policies• Cut off procedures will be performed• Review of contracts to ensure income expected is in accordance with income received• Daily and monthly income reports compared to supporting documentation and to entries to the accounting records.	We did not identify any areas of material misstatement not adjusted for within Appendix 1.
Management override of controls Under ISA (UK) 240 there is a presumed risk of management override of controls in all entities	<ul style="list-style-type: none">• Review of accounting estimates, judgements and decisions made by management• Testing of journal entries• Review of unusual significant transactions	We did not identify any areas of material misstatement.

Going concern and particular impact of COVID-19

Under ISA (UK) 570 an entity is ordinarily viewed as continuing for the foreseeable future with neither the intention nor the necessity of liquidation, ceasing trading or seeking protection from creditors pursuant to laws or regulations. Accordingly, assets and liabilities are recorded on the basis that the entity will be able to realise its assets and discharge its liabilities in the normal course of its activities.

- Obtain and review management's continuing assessment of going concern.
- Obtain copies of the latest management accounts, budgets and forecasts of the charity for review of whether there are going concern issues.
- Obtain evidence of the continuing support of Buckinghamshire Council not being withdrawn.
- Obtain details of which, if any, government assistance packages the entity has adopted along with the financial effect of each package on the entity's operations.

We did not identify an issue with the use of the going concern basis. We obtained evidence of continuing support from Buckinghamshire Council.

Other findings

Other identified risks	Audit approach	Audit findings and conclusion
Debtor valuation Due to impact of Covid-19 over the last two years there may be an impact on the recoverability of debts.	<ul style="list-style-type: none">• Discuss with client their policy on refunds for unavailability of facilities and the recoverability of amounts due as at the year end.	We did not identify any areas of material misstatement.

There were no changes to our audit plan previously communicated to you on 15 July 2022.

Going concern

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern” (ISA (UK) 570).

Management’s assessment of going concern	Audit work performed	Audit findings and conclusion
As Corporate Trustee, The Council has a duty to ensure that the Trust operates within its available resources. If the Trust were ever to exhaust its funds, then the Council as Corporate Trustee would need to put in place a recovery plan which could include supporting the Trust financially.	We have considered forecasts and the expectation that the Trust is expected to continue to place reliance on support from Buckinghamshire Council. We note from the trustees report and the going concern note on page 15 of the financial statements that the Council, as Corporate Trustee, has a duty to ensure that the Trust operates within its available resources, but that also if funds are exhausted then as Corporate Trustee you will need to put in place a recovery plan.	The Corporate Trustee has provided written confirmation of continuing support for at least 12 months from date of signing of the financial statements We therefore concur with management’s assessment that it is appropriate to continue to adopt the going concern basis.

Accounting policies, judgements, estimates and disclosures

Accounting policies

The accounting policies used in preparing the financial statements are unchanged from the previous year.

Judgements and estimates

Key judgements and estimates include depreciation rates which are unchanged from the previous year.

Disclosures

Our work included a review of the adequacy of disclosures in the financial statements and consideration of the appropriateness of the accounting policies and estimation techniques adopted by the charity.

Conclusion

We found the disclosed accounting policies, significant accounting estimates and the overall disclosure and presentation to be appropriate for the charity.

Other communication requirements

Fraud or suspected fraud

We have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit. Our work as auditor is not intended to identify any instances of fraud of a non-material nature and should not be relied upon for this purpose. In the event that the directors wish to obtain enhanced assurance with regard to the effectiveness of internal control in preventing and detecting fraud we should be happy to provide additional services.

Non-compliance with laws and regulations

The principal laws and regulations with which the charity complies include The Charities Act 2011. We are not aware of any significant incidences of non-compliance. There are also many other laws and regulations relating to health and safety as well as human resources generally and industry specific requirements. We are not aware of any significant incidences of non-compliance.

Written representations

We enclose the final draft letter of representation alongside this document which we will request the Board to sign at the same time as the financial statements are approved.

Specific representations include:

The rights to land reflected in the financial statements of Farnham Park Sports Fields but for which the registered title is in the name of Buckinghamshire Council are ultimately for the benefit and use of the Charitable Trust.

Vehicles included in fixed assets, registered with the DVLA as ownership of Buckinghamshire Council are recognised as being held on behalf of the Charitable Trust.

The Corporate Trustee has provided continuing support for a period of at least 12 months from the date of signing of the financial statements.

Confirmation that management fees totalling £283K for 2021/22 were charged to the Buckinghamshire Council in relation to work carried out on their behalf by the Trust

Related parties

We are not aware of any related party transactions which have not been disclosed.

Confirmations from third parties

All requested confirmations have been received for which we undertook alternative audit procedures.

Misstatements

We are required to inform you of any significant misstatements within the financial statements presented for audit that have been discovered during the course of our audit. Details of items corrected following discussions with you and your team are as below.

Corrected misstatements

No	Detail	SOFA		Balance Sheet		Surplus effect
		Dr £'000	Cr £'000	Dr £'000	Cr £'000	£'000
	Surplus as presented for audit					35
1	Disposal of fixed asset still on fixed asset register			6	6	-
2	Reallocation of Azets fee accrual to intercompany with Buckinghamshire Council which settled the fees by 31 March 2022			9	9	-
3	Capitalisation of fixed assets acquired in the year		10	10		10
4	Reverse duplicate recording of utilities bill		8	8		8
5	Assets disposed of in prior year adjusted this year			6	6	-
6	Impairment losses for unusable properties at playing fields	50			50	(50)
	Surplus per audited accounts					3

Uncorrected misstatements

A number of non-trivial uncorrected misstatements were discovered during the course of our audit and these are summarised below. We have discussed the uncorrected misstatements with Peter Fairfax and have confirmed that individually and in aggregate the effect is not material

No	Detail	SOFA		Balance Sheet		Deficit effect
		Dr £'000	Cr £'000	Dr £'000	Cr £'000	
	No non-trivial uncorrected misstatements					
	Net effect to audited deficit					

Internal controls

The purpose of an audit is to express an opinion on the financial statements. As part of our work we considered internal controls relevant to the preparation of the financial statements such that we were able to design appropriate audit procedures. However, this work was not for the purpose of expressing an opinion on the effectiveness of internal controls.

We are required to report to you in writing, significant deficiencies in internal controls that we have identified during the audit. These matters are limited to those which we have concluded are of sufficient importance to merit being reported to you.

Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we have reported these to you below.

Area	Observation	Implication	Recommendation	Management response
Existence and write down of fixed assets	A review of the fixed asset register identified additions, disposals and impairments not previously reflected on the fixed asset register.	If an accurate register is not maintained, fixed assets may potentially be incorrectly stated in the annual financial statements. Also procedures should be in place to demonstrate that disposals are authorised and recorded and such details also passed to the accounts team.	<p>The fixed asset register should be reviewed on a regular basis by individuals on site to identify any discrepancies in the register, and those individuals should ensure they notify those responsible for accounting whenever any change in assets held occurs.</p> <p>Before preparing the year end accounts for March 2023 the fixed asset register brought forward balances should be agreed to the signed March 2022 accounts ensuring no assets are missing from the fixed asset register.</p>	The fixed asset register was reviewed by Mark Young & his team at year end. There are two buildings, Slough Town Clubhouse and Phoenix Old Boys Clubhouse [NBV £27,008 & £22,556], which are in a poor state of repair. The repair cost would be well in excess of £30,000 each [this was the original estimate for electrics/fire alarms but there is also water damage now as a result of roof leaks] and the potential rent would be no more than £3,000 per year. As there is a potential opportunity to develop the site which will require all buildings on site to be demolished, it is not deemed financially viable to invest in the repairs until a decision is made regarding future plans.

<p>Lack of tracking of flexi-points</p>	<p>During income testing we noted that there does not appear to be a way to identify whether flexi-points expire before being used.</p>	<p>This could result in income being overstated in the financial statements.</p>	<p>It is recommended that management consider looking into a way of tracking the flexi-points to identify if any are unutilised.</p>	<p>It is recommended that the report of outstanding Flexicard balances be run from the ESP system at each month end and the amount of Deferred Income included in the accounts be updated to reflect the value included in these reports. A pdf of these reports should then also be retained.</p>
<p>Depreciation policy</p>	<p>In relation to fixed assets, there is equipment that have been fully depreciated despite still being used within the Charity.</p>	<p>Where assets are still being used within the business, despite having been fully depreciated this would suggest depreciation is being reflected in the Statement of Financial Activities quicker than required and does not reflect the true economic life of the assets.</p>	<p>A review should be undertaken of the useful economic lives of assets so that going forward they reasonably reflect the lifespan over which usage is expected.</p> <p>With regard to additions there is an opportunity to reconsider economic lives based on past experience with similar assets and revise or even tailor the depreciation rates to the useful economic life of expected of individual assets acquired.</p>	<p>The review of equipment will take place at the end of the summer when we can get the equipment serviced and get a report from the engineers as to the expected lifespan of the equipment we own.</p>
<p>VAT returns box 6</p>	<p>During our audit work we noted that box 6 doesn't include all turnover.</p> <p>Net turnover box 6 should include all income excluding VAT irrespective of whether it attracts VAT, e.g. green fees</p>	<p>This would lead to box 6 turnover being underreported to HMRC.</p>	<p>We recommend all outputs are included in box 6 of the VAT return as this is best practice.</p>	<p>Turnover for 21-22 has been reconciled to the VAT returns. Turnover for zero rates/exempt income was not being recorded on the VAT return. Measures have now been put in place to ensure all income is recorded on the VAT return and reconciled to the VAT return prior to submission of the return.</p>

Use of bank feed	During our audit work we noted that currently Farnham Park doesn't utilise bank feed on Xero.	This prevents time importing CSV files and minimises risk of missing transactions.	We recommend the bank feed tool on Xero is utilised.	Noted and agreed
Late Submission of VAT return	During our audit work we identified the VAT return 31/08/21 was submitted late and it would appear at least one VAT return was paid late.	If this continues to occur there is a risk that future surcharges could be levied by HMRC.	We recommend you monitor reasons for late VAT return submissions and payments. We would mention Azets can carry out a VAT review (separate from the statutory audit) by one of our VAT consultants if you wish them to review your VAT systems and processes. Let us know if you wish to avail yourselves of this service.	Late submission of VAT return – A process has been put in place to ensure there is monitoring and review of VAT returns by key stakeholders (operations, finance and VAT expert). Monitoring and review is in time for required submission timetable. If at a future date a VAT review is considered necessary, Azets will be advised accordingly
Opening balances	During our audit work it was identified the opening balances on Xero did not agree to the accounts. After further investigation it was noted that the opening balances had been posted however one journal had an incorrect date.	If this continued each year, Xero would not match the signed accounts and there would be increased risk that all opening balances journals are not correctly posted.	It is recommended the opening balances are agreed to the signed accounts then Xero is locked from posting journals into previous years.	Noted and agreed. Opening balances to be agreed to the signed accounts annually.

Key: **Significant deficiency** in internal control **Other deficiency** in internal control **Other observations**