

Annual Internal Audit Report 2024/25

BARROW PARISH COUNCIL

<https://www.barrowparishcouncil.org.uk/> ILABLE WEBSITE/WEBPAGE ADDRESS

During the financial year ended 31 March 2025, this authority's internal auditor acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with the relevant procedures and controls in operation and obtained appropriate evidence from the authority.

The internal audit for 2024/25 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

Internal control objective	Yes	No*	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.	✓		
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓		
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓		
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.			✓
G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.	✓		
H. Asset and investments registers were complete and accurate and properly maintained.	✓		
I. Periodic bank account reconciliations were properly carried out during the year.	✓		
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, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	✓		
K. If the authority certified itself as exempt from a limited assurance review in 2023/24, it met the exemption criteria and correctly declared itself exempt. <i>(If the authority had a limited assurance review of its 2023/24 AGAR tick "not covered")</i>			✓
L. The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation.	✓		
M. In the year covered by this AGAR, the authority correctly provided for a period for the exercise of public rights as required by the Accounts and Audit Regulations <i>(during the 2024-25 AGAR period, were public rights in relation to the 2023-24 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set).</i>	✓		
N. The authority has complied with the publication requirements for 2023/24 AGAR <i>(see AGAR Page 1 Guidance Notes).</i>	✓		
O. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.	Yes	No	Not applicable
			✓

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

Date(s) internal audit undertaken

Name of person who carried out the internal audit

22/06/2025 23/06/2025 24/06/2025

Karl Pierre Baldwin INTERNAL AUDITOR

Signature of person who carried out the internal audit

K P Baldwin

Date

25/06/2025

***If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).**

****Note:** If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned; or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).

Barrow Parish Council - Internal Audit Checklist 2024/25¹

Internal Audit undertaken by: Karl Pierre Baldwin

Name of Council	Barrow Parish Council	Name of Clerk	Sandie Dent
No. of Elected Members	5	Name of RFO (if different from above)	As above
Quorum	3	Precept Demand 2024/25	£28,341
Electorate	1390 (Census 21/03/2021)	Gross budgeted income	£28,341

Internal Audit Checklist (JPAG, 2024)

The following sets out the basic requirements for conduct of an effective internal audit review of an authority's financial and governance records and controls facilitating the completion of the Internal Audit Report in an authority's Annual Governance and Accountability Return (AGAR). The detail is not exhaustive but aims to provide Proper Officers and internal auditors with a basic guide to the controls that should ideally be in place and physical checks/testing that should be applied. Where records examined include personal detail, such as in the case of staff salaries, allotment records and detail of hall hirers on invoices, care should be taken to ensure compliance with the requirements of the General Data Protection Regulations (GDPR).

Internal auditors should also, as part of the overall check on the authority's governance arrangements, review all full authority and committee minutes (and supporting papers) to gain an overview of the authority's financial and governance controls, monitoring that no actions of a potentially unlawful nature are being considered or any such decisions have been taken and that approval of all minutes is in accordance with the legislation. This particular facet does not align to an individual section of the internal audit report in the AGAR but serves to give a degree of high-level indication as to the effectiveness of an authority's overall controls and decision-making process.

¹ To be used as a living document, updated with each audit

	AGAR certificate reference	Internal Audit action for expected controls	Y/N	Comments & Recommendations	RISK			Date of audit
					Low	Med	High	
A	A. Appropriate accounting records have been properly kept throughout the year. AND I. Periodic bank account reconciliations were properly carried out during the year.	1. Ensure the correct roll forward of the prior year cashbook balances to the new financial year	Y		L			23/06/25
		2. Check a sample of financial transactions in cashbooks to bank statements, etc. the sample size dependent on the size of the authority and nature of accounting records maintained	Y	Due to the number of invoices available I conducted a test sample of 4 invoices selected at different periods of the year. Each test sample was correctly recorded in cashbook and on bank statements and VAT was also correctly calculated and recorded on VAT reclaim.	L			23/06/25
		3. Ensure that bank reconciliations are prepared routinely, are subject to independent scrutiny and sign-off by members	Y		L			23/06/25
		4. Verify the accuracy of the year-end bank reconciliation detail and ensure accurate disclosure of the combined cash and bank balances in the AGAR, section 2, line 8.	Y	The year-end bank reconciliation plus the figures for the parish's contributions towards the burial committee with Whalley and Wiswell Parish Council combined match the balances as set out in the AGAR section 2 line 8.	L			23/06/25
		5. Where the authority has bank balances in excess of £100,000 it has an appropriate investment strategy.	Y	The council's bank balances have not exceeded £100,000 therefore does not require an investment strategy.				

B	This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT appropriately accounted for.	1. Review the procedures in place for acquisition of formal tenders and quotes, ensuring they are in line with the SOs and FRs which should be based on the latest version.	Y	Reviewed both the Standing Orders and the Financial Regulations for the procedures, which are in place for acquisition of formal tenders and quotes.	L			22/06/25
		2. Ensure that consistent values are in place for the acquisition of formal tenders between SOs and FRs (frequently different limits are recorded in the two documents)	Y	The values for the acquisition of formal tenders, which are under £25,000 the parish is to obtain 3 quotes and any tenders below £3,000 the parish is to obtain 3 estimates. This is consistent in both the Standing Orders and the Financial Regulations.	L			22/06/25
		3. Review the procedures for receipt of invoices, agreement of invoice detail and confirmation of goods /services delivery and approval for payment: ideally, a suitably designed certification stamp should be in place providing for evidencing of these checks and payment authorisation.	Y	The clerk advised that the invoices are initialed to show that the invoices have been received and recorded and a further date on invoices show the date paid after approval of the full council meeting. Invoices are listed on the minutes but actual invoices are not taken to the meeting. I have suggested that going forward there is a need to have 2 signatures on the invoice to approve, possibly during the meeting and a further as a minimum. This will show additional transparency by showing that the councillors have viewed the invoices prior to payment.	L			23/06/25
		4. Check that there is effective segregation between the writing of cheques or the setting up of online payments, and physical release of payments	Y		L			23/06/25
		5. Check that VAT reclaims are prepared and submitted in a timely manner in line with the underlying records and in accordance with current HMRC requirements	Y	The Authority has submitted 5 VAT reclaims during the year one claim was for the final 3 months of 2023-2024.	L			23/06/25

		<p>6. Where debit / credit cards are in use, establish the total monthly and individual transaction limits and ensure appropriate controls over physical security and usage of the cards are in place</p>	Y	<p>The clerk confirmed that the authority does not have or use a debit/credit card. All transactions are conducted online.</p>	L			23/06/25
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C	This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	1. Ensure that authorities have prepared, and formally adopted, at least once annually, an appropriate and comprehensive register of assessed risks, both regular and ad hoc	Y	The authority has a risk management policy and register, which was adopted on 11/03/2024 and minuted appropriately.	L			23/06/25
		2. Ensure that appropriate levels of insurance cover are in place for land, buildings, public, employers' and hirers' (where applicable) liability, fidelity / employees (including councillors) liability, business interruption and cyber security.	Y	Insurance document has been reviewed and the schedule contains appropriate levels of cover for the authority.	L			23/06/25
		3. Ensure that appropriate arrangements are in place for monitoring play areas, open spaces and sports pitches: such reviews should be undertaken by appropriately qualified external inspectors or, if by officers or members, that they have received the appropriate training and accreditation	Y	Appropriate arrangements are in place for the monitoring of open spaces, play areas. This is conducted by Play Inspections Company Ltd.	L			23/06/25
		4. Review the effectiveness of internal control carried out by the authority	Y		L			23/06/25

D	The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate	1. Ensure that the full Authority, not a committee, has considered, approved and adopted the annual precept the coming year in accordance with the required parent Authority timetable	Y	The minutes of meeting on 13 th November 2023 shows the authority had considered, approved and adopted the precept for 2024-2025.	L			23/06/25
		2. Ensure that current year budget reports are prepared and submitted to Authority / Committees periodically during the year with appropriate commentary on any significant variances	Y	The current year budget report was prepared and submitted to the authority at each meeting during the year with explanation of any significant variances.	L			23/06/25
		3. Review the budget performance either during the year or at the financial year-end seeking explanations for any significant or unanticipated variances	Y	Statement of variances seen and contains full explanation for the significant or unanticipated variances.	L			23/06/25
		4. Ensure that the Authority has considered the establishment of specific earmarked reserves and, ideally, reviews them annually as part of the budget assessment process	Y		L			23/06/25
		5. Ensure that the precept received in the accounts matches the prior year submission form to the relevant authority and the public record of precepted amounts	Y	The precept was received on 8 th April 2024, and matches the prior year submission form to the parent authority.	L			23/06/25

E	Expected income was fully received based on correct prices, properly recorded and promptly banked; and VAT appropriately accounted for.	1. Review "Aged debtor" listings to ensure appropriate follow up action is in place	Y	There are no "Aged debtor" listings that required any follow-up.	L			23/06/25
		2. Allotments: ensure that appropriate signed tenancy agreements exist, that an appropriate register of tenants is maintained identifying, that debtors are monitored.	Y	The authority does not have any allotments.	L			23/06/25
		3. Burials: ensure that a formal burial register is maintained that it is up-to-date and that a sample of interments and memorials are appropriately evidenced, that fees have been charged at the correct approved rate and been recovered within a reasonable time: (Authorities should also acquire and retain copies of Burial / Cremation certificates)	Y	The authority is a member of the burial committee in partnership with Whalley and Wiswell Parish Councils. The authority shares 27% of income and expenses involved. Whalley Parish Council administers the cemetery and committee members of all 3 parishes meet periodically during the year.	L			23/06/25
		4. Hall hire: ensure that an effective diary system for bookings is in place identifying the hirer, hire times and ideally cross-referenced to invoices raised	Y	The authority has purchased an unused public house to use as a village hall for the community. The clerk advises that the renovations are still ongoing.	L			23/06/25
		5. Leases: ensure that leases are reviewed in a timely manner in accordance with the terms of the lease and rents similarly reviewed appropriately at the due time	Y	The clerk confirms that the authority leases out a garage which is situated behind the new village hall and which is informal at the moment but this will be reviewed in due course.	L			23/06/25
		6. Other variable income streams: ensure that appropriate control procedures and documentation are in existence to provide a clear audit trail through to invoicing and recovery of all such income	Y	The authority has no other income streams at present.	L			23/06/25

		7. Where amounts are receivable on set dates during the year, ensure that an appropriate control record is maintained duly identifying the date(s) on which income is due and actually received / banked	Y	This was visible on the cashflow statement.	L			23/06/25
F	Petty Cash payments were properly supported by receipts; all petty cash expenditure was approved and VAT appropriately accounted for	<ol style="list-style-type: none"> 1. A number of authorities are now running down and closing their petty cash accounts and using debit / credit cards for ad hoc purchases. Consequently, a “Not covered” response is frequently required in this area. 2. Review the systems in place for controlling any petty cash and also cash floats (used for bar, catering, etc) 3. Check a sample of transactions during the financial year to ensure appropriate supporting documentation is held 4. Review the existence of evidenced periodic independent verification of the petty cash and any other cash floats held 5. Ensure that VAT is identified wherever incurred and appropriate 6. Physically check the petty cash and other cash floats held 7. Where bar or catering facilities are in place, ensure that appropriate cashing-up procedures are in place reconciling the physical cash takings to the till “Z” total readings 	N/A	Not Covered – this is due to the parish not using the petty cash system within its accounts.	L			23/06/25

G	Salaries to employees and allowances to members were paid in accordance with the authority's approvals, and PAYE and NI requirements were properly applied.	1. Ensure that, for all staff, a formal employment contract is in place together with a confirmatory letter setting out any changes to the contract	Y	The clerk confirmed that there is a contract in place for their employment. Contract seen and the confirmation of employment was made by email.	L			23/06/25
		2. Ensure that appropriate procedures are in place for the payment of members allowances and deduction of any tax liability	Y	The clerk has confirmed that no members receive allowance during their tenure.	L			23/06/25
		3. Ensure that, for a sample of staff salaries, gross pay due is calculated in accordance with the approved spinal point on the NJC scale or hourly rate, if off-scale, and also with the contracted hours	Y	For the test sample, the correct gross pay was calculated in accordance with NJC scale or hourly rate and with the contracted hours.	L			23/06/25
		4. Ensure that appropriate tax codes are being applied to each employee	Y	Confirmed that appropriate tax codes are applied to each employee.	L			23/06/25
		5. Where free or paid for software is used, ensure that it is up to date.	Y	Payroll for the authority is administered by an external contractor. Previous contractor was PM+M accountants. Current contractor is AP Bookkeeping Services. The engagement was minuted during the meeting 29/08/2024.	L			23/06/25
		6. For the test sample of employees, ensure that tax is calculated appropriately	Y	On the test sample, the correct tax was calculated appropriately.	L			23/06/25
		7. Check the correct treatment of Pension contributions	Y	The clerk has confirmed that the pension arrangements for the employees are in the process of being implemented.	L			23/06/25
		8. For NI, ensure that the correct deduction and employer's contributions are applied: NB. The employer's allowance is not	Y	Correct deduction of NIC for both the employee and employer on the test sample.	L			23/06/25

		available to councils but may be used by other authorities						
		9. Ensure that the correct employers' pension percentage contribution is being applied	Y	See part 7, above	L			23/06/25
		10. Ensure that for the test sample, the correct net pay is paid to the employee with tax, NI and pension contributions correctly paid to the respective agencies.	Y	On test sample, the correct net pay has been paid to the employee and payment of the Tax and NIC has been forwarded to the appropriate authorities.	L			23/06/25

H	<p>Asset and investment registers were complete and accurate and properly maintained.</p> <p>This section/assurance should be extended to include loans to or by the authority</p>	<p>Tangible Fixed Assets:</p> <ol style="list-style-type: none"> 1. Ensure that the Authority is maintaining a formal asset register and updating it routinely to record new assets at historic cost price, net of VAT and removing any disposed of / no longer serviceable assets 2. Physically verifying the existence and condition of high value, high risk assets may be appropriate 3. Ideally, the register should identify for each asset the purchase cost and, if practicable, the replacement / insured cost, the latter being updated annually and used to assist in forward planning for asset replacement 4. Additions and disposals records should allow tracking from the prior year to the current 5. Ensure that the asset value to be reported in the AGAR at section 2, line 9 equates to the prior year reported value, adjusted for the nominal value of any new acquisitions and / or disposals 6. Compare the asset register with the insurance schedule to ensure that all assets as recorded are appropriately insured or “self-insured” by the Authority 	Y	<p>A formal asset register is in place and was last reviewed 11/03/2024. Additions and disposals have been made during the year apart from the Village Hall and its contents. Although this is shown on the Insurance documents, it has yet to be added to the register. The clerk advises that the fixed asset register is due to be updated soon, the Village Hall will be added once the renovations have been completed.</p>	L			23/06/25
			Y		L			23/06/25
			Y	It is confirmed that the register identifies each asset at purchase cost alongside the replacement/insured cost.	L			23/06/25
			Y		L			23/06/25
			Y		L			23/06/25
			Y		L			23/06/25

		Fixed asset investments: 1. Ensure that all long-term investments (i.e., those with more than 12-month terms) are covered by the “Investment Strategy” and reported as Assets in the AGAR at section 2, line 9.	Y		L		23/06/25
		Borrowing and Lending: 1. Ensure that the authority has sought and obtained appropriate DMO approval for all loans acquired 2. Ensured that the authority has accounted for the loan appropriately (i.e., recorded the full value of the loan. Any arrangement fee should be regarded as an admin expense) in the year of receipt 3. Ensure that the combined principal loan repayment and interest for the year is correctly recorded in the AGAR at section 2 line 5 4. Ensure that the outstanding loan liability as at 31st March each year is correctly recorded in the AGAR at section 2, line 10 (value should be verified via the DMO website) 5. Where the Authority has issued loans to local bodies, they should ideally seek signed indemnities from the recipient body, or their members, agreeing to underwrite the loan debt	N/A	The clerk has confirmed that the authority does not engage in borrowing or Lending.	L		23/06/25

J	Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cashbook, supported by an adequate audit trail from underlying records and, where appropriate, debtors and creditors were properly recorded.	<p>Whilst IAs are not required to verify the accuracy of detail to be disclosed in the AGAR, this assertion, together with the expectation of most Authorities, effectively requires IAs to ensure that the financial detail reported at section 2 of the AGAR reflects the detail in the accounting records maintained for the financial year. Consequently, IAs should</p> <ol style="list-style-type: none"> 1. Ensure that, where annual turnover exceeds £200,000, appropriate records are maintained throughout the year on an Income and Expenditure basis to facilitate budget reporting in that vein 2. Ensure that appropriate accounting arrangements are in place to account for debtors and creditors during the year and at the financial year-end 						
		<ol style="list-style-type: none"> 1. Ensure that, where annual turnover exceeds £200,000, appropriate records are maintained throughout the year on an Income and Expenditure basis to facilitate budget reporting in that vein 	Y	Although, the authority's turnover exceeded £200,000, appropriate records were maintained throughout the year on a receipts and payments basis, due to the one-off project income and expenditure for the year in relation to the Village Hall.	L			23/06/25
		<ol style="list-style-type: none"> 2. Ensure that appropriate accounting arrangements are in place to account for debtors and creditors during the year and at the financial year-end 	Y		L			23/06/25

K	If the authority certified itself as exempt from a limited assurance review in the prior year, it met the exemption criteria and correctly declared itself exempt.	<p>IAs should ensure that, all relevant criteria are met (receipts and payments each totalled less than £25,000)</p> <p>1. the correct exemption certificate was prepared and minuted in accordance with the statutory submission deadline that it has been published, together with all required information on the Authority's website and noticeboard</p>	N/A	Not covered as the Authority had a Limited Assurance Review in 2023/2024 as it did not meet the criteria for exemption.				
L	The authority publishes information on a free to access website / web page, up to date at the time of the internal audit in accordance with the relevant legislation	<p>2. IAs should review the Authority's website ensuring that all required documentation is published in accordance with the relevant legislation.</p>	Y	The Authority's website contains all the required documentation is published in accordance with the relevant legislation	L			22/06/25
M	The authority, during the previous year, correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations	<p>IAs should acquire / examine a copy of the required "Public Notice" ensuring that it clearly identifies the statutory 30 working day period when the Authority's records are available for public inspection. IAs may also check whether councils have minuted the relevant dates at the same time as approving the AGAR</p>	Y	Copy of the Public Notice ensuring that it clearly states the required statutory 30 working day notice period for the public to inspect the Authority's records.	L			22/06/25

N	The authority complied with the publication requirements for the prior year AGAR.	IAs should ensure that the statutory disclosure / publication requirements in relation to the prior year's AGAR have been met as detailed on the front page of the current year's AGAR.	Y		L			22/06/25
O	Trust funds (including charitable) - the Council met its responsibilities as a trustee	<p>Confirm that all charities of which the council is a Trustee are up to date with CC filing requirements</p> <ol style="list-style-type: none"> 1. that the council is the sole trustee on the Charity Commission register 2. that the council is acting in accordance with the Trust deed 3. that the Charity meetings and accounts recorded separately from those of the council 4. review the level and activity of the charity and where a risk-based approach suggests such, review the Independent Examiners report 		Not applicable for Barrow Parish Council				

Reporting on Internal Audit

1. The duties of internal audit relate to reporting on the adequacy and effectiveness of an authority's system of internal control. The minimum reporting requirement for internal audit to the smaller authority is met by completing the annual internal audit report on the Annual Governance and Accountability Return.
2. In most cases, an additional narrative report to the full council would be expected. It is advised that all councils publish this full report on their websites with the AGAR along with any comments from the external auditor.
3. Any narrative report should have conclusions that are compatible with the entries on the AGAR.
4. The annual internal report will inform the authority's response to Assertion 2 and Assertion 6 in the annual governance statement.
5. An authority should minute their review and actions planned from the outcomes of the AGAR tests and content of any narrative reports from Internal Auditors.