

Year End Audit Report



Barrowford Parish Council

Period Audited: April 2024-March 2025

YEAR 24/25

Objective (Automated)	QUESTIONS	Answer	Recommendations
Proper Bookkeeping	What systems are used - ieScribe/Rialtas/Edge/Excel/Quickbooks etc	Excel Spreadsheets	Given the size of the Council's budget I would recommend the use of a sector specific accounting package such as Scribe or Rialtas (others are available) to help with the accounting task as there are some significant issues with how the accounts are currently set up. I cannot confirm that they are an accurate representation of the Council's accounting position.
Proper Bookkeeping	Is cashbook maintained and up to date?	Cashbook is maintained and up to date. There is only one cashbook, there should be a cashbook for every bank account and each petty cash account.	I would recommend that the Council secure the help of an accountant to set up the sheets needed for income and expenditure accounting if it will not move to a proper accounting system.
Proper Bookkeeping	Is cashbook arithmetically correct?	Yes, insofar as the numbers do add up across rows and columns, but there is a confusion of multiple cashbooks onto one sheet. It is not possible to determine from the cashbook what the expected balance is on the bank account each month.	
Proper Bookkeeping	Is the cashbook regularly balanced?	The Clerk says that this is carried out monthly but I can find no evidence of monthly reconciliations from the papers uploaded to our portal - there should be bank statements ticked off and signed to confirm the balance against the cashbook or a monthly report showing the relevant totals.	The use of a software system will help with the reconciliations as this is built in. Otherwise, a template report for reconciling each bank account and petty cash account monthly should be introduced with a Councillor signing off that they have verified the figures against the bank statements.
Proper Bookkeeping A) Standing Orders and Financial Regulations adopted and applied; AND B) Payment Controls	What basis are the accounts made up on - cash or accruals?	The accounts are prepared on an accruals basis.	
	Has the council formally adopted standing orders and financial regulations?	Yes. both documents were reviewed and re-adopted towards the end of the financial year.	

A) Standing Orders and Financial Regulations adopted and applied; AND B) Payment Controls	Has a Responsible financial officer been appointed with specific duties?	Yes, the Clerk performs this role.	I would recommend some specialist accounting support for the Clerk to ensure that they understand how to do income and expenditure accounting correctly.
A) Standing Orders and Financial Regulations adopted and applied; AND B) Payment Controls	Have items or services above the de minimus amount been competitively purchased?	The Council appears to seek quotes for large purchases but they are not putting items over the limits on contracts finder as required under legislation.	I recommend that the Clerk is given time to brush up on the requirements for notifying of contracts awarded - this has recently been changed by the new Procurement Act. The Council is currently not meeting its duty.
A) Standing Orders and Financial Regulations adopted and applied; AND B) Payment Controls	Are payments in the cashbook supported by invoices, authorised and minuted?	Yes, all invoices requested for the sample were provided.	
A) Standing Orders and Financial Regulations adopted and	Has VAT on payments been identified, recorded and reclaimed?	Yes, VAT126 process in place and claims made quarterly.	
A) Standing Orders and Financial	Does the Council have General Power of Competence?	No.	
A) Standing Orders and Financial Regulations adopted and	Is s137 expenditure separately recorded and within statutory limits?	There is a separate analysis column in the cashbook and there appears to have been no S137 spending this year.	
Risk Management Arrangements	Does a review of the minutes identify any unusual financial activity?	No. All expenditure is approved prior to orders being placed or within the Clerk's delegated authority to purchase.	
Risk Management Arrangements	Do minutes record the council carrying out an annual risk assessment?	Yes this was carried out at the March 2025 meeting and included a review of the Risk Management Policy Statement.	
Risk Management Arrangements	Is insurance cover appropriate and adequate?	Yes, the council has a sector specific policy provider and the sums listed are consistent with the items on the asset register. Values seem reasonable.	
Risk Management Arrangements	Are internal financial controls documented and regularly reviewed?	Yes a review was carried out at the March 2025 meeting and included the adoption of an effectiveness of internal audit document alongside the internal controls and suggested testing document.	
Risk Management Arrangements	(Burial Authorities only) Is the Council aware of the Ministry of Justice guidance on "Managing the Safety of Burial Ground Memorials"	N/A	
Burial Authority	Has a sample of burials and interments been tested and the relevant paperwork and payments found to be in place?	N/A	

		Has the council prepared an annual budget in support of its precept?	Yes, this was drafted by the RFO and presented to the Council for consideration. There is only one comparison prior year which is not inline with best practice. 2023-24 should also be included to show changes over a longer period.	Again, the relevant software houses build budgeting into their accounting packages which would ensure that Council is following best practice guidance and can get a myriad of reports at the touch of a button.
Budgetary Controls		Is actual expenditure against the budget regularly reported to the council?	Yes this is provided to Council showing up to the end of the month preceding each meeting.	
Budgetary Controls		Are there any significant unexplained variances from budget?	No, all variances are explained.	
Income Controls		Is income properly recorded and promptly banked?	All income is promptly banked, most seems to be paid in directly online.	
Income Controls		Does the precept recorded agree to the Council Tax authority's notification?	Yes, matches to the government record.	
Income Controls		Are security controls over cash and near-cash adequate and effective?	Cash is in a cashbox which is locked and kept in a locked drawer. The Clerk manages the banking regularly.	I recommend that the Council invests in a safe for the office.
Petty Cash Procedures		Is all petty cash spent recorded and supported by VAT invoices/receipts?	The sample requested was not provided - an overview sheet was given but no receipts were attached.	Councillors should be able to request to view receipts to verify expenditure has occurred.
		Is petty cash expenditure reported to each council meeting?	Yes petty cash expenditure is recorded in the accounts, however the expenditures are included on the main cashbook, presumably so that it is captured within the analysis columns. There should be a separate sheet which shows the opening balance of the account and the subsequent expenditures. The main cashbook should only record the transfers to and from the petty cash account.	I recommend that the spreadsheets are overhauled to properly represent a petty cash imprest account with a fixed amount eg £200 which is the opening balance transferred in. Currently the spreadsheets do not show the opening balance. The analysis columns can be linked to a summary sheet which monitors the budget instead of trying to make the main cashbook do everything as it is not working correctly.
Petty Cash Procedures		Is petty cash reimbursement carried out regularly?	Yes.	
Petty Cash Procedures		Do all employees have contracts of employment with clear terms and conditions?	Yes.	
Payroll Controls		Do salaries paid agree with those approved by the council?	Yes.	
Payroll Controls		Are other payments to employees reasonable and approved by the council?	Yes.	
Payroll Controls		Have PAYE/NIC been properly operated by the council as an employer?	Yes.	
Asset Control		Does the council maintain a register of all material assets owned or in its care?	Yes.	
Asset Control		Are the assets and Investments registers up to date?	Yes.	
Asset Control		Do asset insurance valuations agree with those in the asset register?	Yes.	
Bank Reconciliation		Is there a bank reconciliation for each account?	No, whilst the year-end bank reconciliation covers all of the Council's accounts, there should be monthly reconciliations for each account. This and the lack of evidence of monthly reconciliations being carried out is the reason for my answering 'No' to Control Objective I.	I recommend that a software solution is purchased but failing that, template reports for each cashbook should be established.
Bank Reconciliation		Is a bank reconciliation carried out regularly and in a timely fashion?	There is no evidence to view on this but the Clerk advises that this is done monthly.	

	Are there any unexplained balancing entries in any reconciliation?	There is an unidentified error amounting to £42.98 recorded in the cashbook. This is not highlighted on a reconciliation report.	This problem has been found at year-end - had monthly reconciliation reports been carried out it would be easier to narrow down the problem - recommend monthly reconciliations are documented.
Bank Reconciliation			
	Is the value of investments held summarised on the reconciliation?	N/A no investments held.	The Council has over £100,000 in reserves, it should have an investment policy in place to ensure that this money is managed effectively. Recommend that the Council gets a policy in place asap.
Bank Reconciliation			
	Are year end accounts prepared on the correct accounting basis (Receipts and Payments or Income and Expenditure)?	Yes, income and expenditure. However, the oversimplification of the spreadsheets (which are really set up for a receipts and payments council) means that there is incorrect recording of some of the transactions. The luncheon club contra is an example of this - it seems that expenditure is being coded back as both income and expenditure but it doesn't impact on the luncheon club's income figures which are banked whole and leaving the club with an increasing deficit, which doesn't really make sense. The luncheon club petty cash spreadsheet should contain income and outgoing (with an opening balance) and the only thing to be logged to the main bank cashbook should be transfers of actual cash between the main bank and the cash tin. If the club is supposed to be standalone then the Council shouldn't be banking all of its income into its own account.	I recommend that the accounts are reviewed again with the benefit of an accountant's support as they are not telling the story clearly as to what has been happening with the Council's accounts through the year. I have not looked back at prior years but I suspect that they will also need looking at to make sure that everything is in order.
Year End Procedures		It feels like there are a couple of spreadsheets missing that the Council needs to improve the accuracy of the accounts. Currently there are errors in recording because the various bank accounts are not separated. The current 'cashbook' is not a true cashbook that can be balanced against the main bank account.	It would be helpful for the status of the luncheon club to be explained - is this a council initiative or a standalone entity? Whichever is correct there is an incorrect treatment of the money and accounts for it which needs to be resolved.
	Do accounts agree with the cashbook?	No - there are a number of errors and some of the spreadsheets contain 23-24 figures without providing the 24-25 figures. Overall the accounts are confusing and I am not confident that they represent the true position of the Council's finances. For this reason I have answered 'No' to control objectives A, E and J on the AIAR.	
Year End Procedures			
	Is there an audit trail from underlying financial records to the accounts?	Yes, but it is confusing - see comments above.	
Year End Procedures			
	Where appropriate, have debtors and creditors been properly recorded?	No, whilst the allotments spreadsheet records the details of amounts owed the inclusion to the year-end accounts doesn't seem to tally. The failure to let plots does not constitute a writeoff of the 'possible' income - the Council should only be writing off invoices where payment has not been received and is unlikely to be (eg the plotholder has moved away and refuses to pay and its not economic to take further action).	I recommend that the Council receive training on proper practices and the SAPPP practitioner's guide.
Year End Procedures			
	Is the Council are Market Authority and if so please provide a list of regular market traders so we can check their contracts & a rate card for contracted and casual traders	N/A	
Market Authority			
	Do you manage any facilities, what systems do you use to record bookings and payments?	Yes, allotments - separate spreadsheet maintained.	
Facilities			
	Is the Council registered with the Information Commissioner? If so what is the Reference Number and what is the date of expiry	Yes - ZB696321 - registration expires on 2 June 2026.	
Other Issues			
	What arrangements does the Council have for the back up of computer files?	An external harddrive is used.	
Other Issues			
	Does the Council have responsibility for any Trust Funds or Charities? If so, are they independently examined?	No.	
Other Issues			

		Record of Minutes	I have reviewed all of the minutes and confirm that they are all signed as required. It is unfortunate that they are not all available on the Council's website as this does not help with the Council meeting legislative requirements and supporting transparency, however I am aware that works are being done to the website and this may be the cause.	I understand that the Clerk has been suffering as a result of absences amongst other staff. I would recommend that the Council seek locum support to cover such absences in future, particularly when busy periods such as year end are happening. It is clear from the audit that the Clerk has, understandably, been struggling to pull everything in.	
Other Issues		Do the Council have a .gov.uk domain and dedicated email addresses for Council business?	No the Council is still using an org.uk domain and has resolved to continue doing so at the year-end. However all Councillors and the Clerk have domain linked email addresses, which meets best practice standards.	The cost of the gov.uk domain has reduced significantly this year and so this is not as unattainable as it may have been this time last year. It is recommended that the Council reconsider this stance as it is likely that Councils will be pushed towards this as part of future audit requirements.	
Other Issues		Internal Audit report published by 1st July on the website?	Yes.		
Other Issues		Payments made in accordance with financial regulations, cheques, online banking, BACS, DD, credit or debit cards, other payments	Yes, majority of payments are still made by cheque, cash or card. The Council should consider phasing out cheques and progressing to online banking moving forward.	I recommend phasing out cheques going forward.	
Other Issues		S137 Grants- Do Grant Recipients fill in a report after given? (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).	Currently reports are not required as payment of grants is not made until the end of the project, however the Clerk will introduce the requirement going forward. Notice published on the website.	Recommend Council to consider seeking after grant reports to show what the money has been spent on and the outcomes achieved.	
		Are all the councils policies available to view on the PC Website? Any other issues that are worthy of reporting.	No. Documents published on the website are very limited and the Council is not meeting expectations under the transparency guidance nor requirements of the Freedom of Information Act.	Recommend the Council considers the policies it has and try to have them all published online or create those missing as necessary.	