

Fair Account

Fair Account
1 Roker Way
Oak Eastleigh
Hants
SO50 9LD

TEL/FAX: (023) 8069 6763

2 February 2016

Frome Town Council
Town Clerk
5 Palmer Street
FROME
SOMERSET
BA11 1DS

Dear Mr Wynne

Internal Audit Report for Frome Town Council 2015/16 November 2015 – January 2016

The Accounts and Audit Arrangements introduced from 1st April 2002 (lighter touch audit) requires all Town and Parish Councils to implement an independent internal audit examination of their Accounts and Accounting processes annually.

The Council have complied with the requirements in terms of independence by the Council decision making process in 2015/2016, appointing Fair Account to undertake the work for 2015/16.

This is the third visit to check that the Town Council adhere to the requirements set out in the National Association of Local Councils Accountability and Governance Manual Appendix 9 ensuring that compliance is maintained.

A further visit has already been arranged to continue the internal audit for 2015/16 on the 9 March 2016.

During the course of this internal audit visit it was agreed with the Responsible Finance Officer that we would in future provide an Interim Summary Report Letter on each occasion to highlight any issues from the continuing Internal Audit

An Internal Audit testing strategy is set out in the current, NALC Accountability & Governance manual. This covers a "suggested approach to internal audit testing" covering 10 aspects ranging from Proper bookkeeping right through to Year-end procedures. Our Internal Audit testing is based on this approach.

Our initial discussion with the Responsible Finance Officer established any system/procedure changes to the internal controls from the previous period. A series of independent audit tests were then undertaken using the various financial records, vouchers, documents, minutes, previous audit reports, insurance etc. to ascertain the efficiency and effectiveness of these internal controls.

As part of the Internal Audit Review we checked that:

Bank Reconciliations

- The financial totals as at 31 October 2015 brought forward are accurately shown in the cash books.
- All un-presented cheques and un-banked income at 31 October 2015 were checked to bank statements to verify these were banked in November 2015.
- All direct debits, standing orders, transfers were checked and accounted for in the period 1 November 2015 to 31 January 2016.
- All bank paying in slips were banked and agreed to bank statements in the period 1 November 2015 to 31 January 2016.
- Bank reconciliations for all bank accounts had been carried out between 1 November 2015 to 31 January 2016, and totals agreed to those shown in the appropriate cash books.

Petty Cash

- The Petty Cash totals for the Office, Tourist Information Centre and Victoria Park were agreed to the cash in hand up to 31 January 2016.
- A series of tests to agree the reimbursements from the Office Imprest Account to sub floats held by Tourist Information Centre and Victoria Park between 1 November 2015 - 31 January 2016 were undertaken.
- A series of petty cash vouchers were checked and agreed, and Cash Books 2, 3 and 4 were reconciled up to 31 January 2016.

Investments

- The level of Investments shown in Cash Books 5,8,9, 10,22,23,24,25 were reconciled to information shown on the bank statements and Investment Portfolio details as at 31 January 2016.

Income and Expenditure

- All un-presented cheques and un-banked income information at as 31 January 2016 were confirmed that the details are accurate to the records held by Town Council.

Review of Financial Regulations

- A review of the Financial Regulations last adopted in June 2015 was undertaken with the RFO to confirm the accuracy of information recorded. There are some minor amendments required to take account of the new arrangements for Council

where no committee structure is in place since May 2015 and all decisions are taken by full Council. These will now be amended and brought to Council for updating Financial Regulations in February 2016.

Update of Risk Assessment

- A review of the Risk Assessment documentation completed in February 2015 was checked with the RFO to see if further risk areas need to be included. We have noted that the changes to Financial Regulations will need to be updated in the Risk Assessment documentation and these will be reported to Council in February 2016. We further discussed the need to ensure that all risk areas for the security of data will be checked again throughout 2016 to provide business continuity when the move to new Town Council premises is planned in January 2017.

I am pleased to report that the various records and procedures in place for the Council provide an adequate standard of control. All other minor queries were resolved during the course of the audit, and therefore no formal recommendations have been made for the period 1 November 2015 - 31 January 2016 for these various transactional elements.

This letter report should be noted and taken to the next meeting of the Town Council to inform them of the Internal Audit work carried out. The details of this Internal Audit Report Letter should be also be minuted by the Town Council.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'P. Reynolds', with a horizontal line underneath it.

Paul Reynolds FMAAT and Tim Light FMAAT
Internal Auditors

