

Fair Account

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20 July 2016

Frome Town Council
Town Clerk
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Dear Mr Wynne

Internal Audit Report for Frome Town Council (2016/17) April 2016 – June 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 2016/2017, appointing Fair Account to undertake the work for 2016/17.

This is the first visit to check that the Town Council adhere to the requirements set out in the National Association of Local Councils Governance and Accountability Manual Section 3 ensuring that compliance is maintained.

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 March 2016 brought forward are accurately shown in the cash books.
- all un-presented cheques and un-banked income at 31 March 2016 were checked to bank statements to verify these were banked in April 2016.
- all direct debits, standing orders, transfers were checked and accounted for in the period 1 April 2016 to 30 June 2016.
- all bank paying in slips were banked and agreed to bank statements in the period 1 April 2016 to 30 June 2016.
- bank reconciliations for all bank account had been carried out between 1 April 2016 to 30 June 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 30 June 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 April 2016 – 30 June 2016 were undertaken.
- a series of petty cash vouchers were checked and agreed, and Cash Books 2, 3 and 4 were reconciled up to 30 June 2016.

Investments

- the level of Investments shown in Cash Books 5,6,7,8,9 were reconciled to information shown on the bank statements and Investment Portfolio details as at 30 June 2016.

Income and Expenditure

- all un-presented cheques and un-banked income information at as 30 June 2016 were confirmed that the details are accurate to the records held by Town Council.
- all Remittance Advices were checked and agreed to the Cashbooks and bank statements for the period 1 April 2016 – 30 June 2016.
- Agreed Tourist Information Centre Daily totals in the Cash Books for the period 1 April 2016 – 30 June 2016.

Cardnet

- all transactions shown on the Cardnet statements for the period 1 April 2016 – 30 June 2016 were accurately recorded in the cash books and that all the transactions including Cardnet fees could be traced to the bank statements.

VAT

- The VAT reimbursement claim total for the period April – June 2016 were checked to the VAT Control Account and the individual VAT totals from invoices were checked for accuracy.

BACS Payments

- A test check of the BACS payment file was carried out (April – June 2016) to ensure that the totals paid by BACS were authorised and matched the payment vouchers held on the file. We also checked that the total BACS payments were correctly shown of the bank statements to confirm the accuracy of payments authorised for payment.

Town Council Minutes

- minutes of the Town Council were checked for approvals for the period February 2016 to May 2016 to note decisions taken that affects the budget management of the Town Council.

I am pleased to report that the various records and procedures in place for the Council provide a good 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 April 2016 – 30 June 2016 for these various transactional elements.

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

Yours sincerely,



Paul Reynolds FMAAT and Tim Light FMAAT
Internal Auditors