

Fair Account

Fair Account
1 Roker Way
Fair Oak
Eastleigh
Hants
SO50 7LD

TEL/FAX: (023) 8069 6763

21 March 2017

Frome Town Council
Town Clerk
Frome Town Hall
Christchurch Street West
FROME
SOMERSET
BA11 1EB

Dear Mr Wynne

Internal Audit Report for Frome Town Council (2016/17) July 2016 – February 2017

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.

Two visits have taken place on 11 January and 21 March 2017 to continue to check that the Town Council adhere to the requirements set out in the National Association of Local Councils Governance and Accountability Manual 2014 Section 3 ensuring that compliance is maintained.

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.

It is noted that the Town Council's move to new premises at the Town Hall, Christchurch Street West, has taken place during this period and that records from the Tourist Information Office has ceased from January 27th 2017 including the closure of the Petty Cash Account which has now been paid in to the Office Petty Cash Account.

It is also noted that the Town Council is in the process of closing two Lloyds Bank Accounts and the Responsible Finance Officer has written to Lloyds Bank to close Business Account, Business Instant Access Account and Business Charge Card on the 15 March 2017 with immediate effect. The Town Council has opened new bank accounts with Barclays Bank where they have obtained favourable terms including a new Barclays Charge Card.

As part of the Internal Audit Review we checked that:

Bank Reconciliations

- the financial totals as at 30 June 2016 brought forward are accurately shown in the cash books.
- all un-presented cheques and un-banked income at 30 June 2016 were checked to bank statements to verify these were banked in July 2016.
- all direct debits, standing orders, transfers were checked and accounted for in the period 1 July 2016 to 28 February 2017.
- all bank paying in slips were banked and agreed to bank statements in the period 1 July 2017 to 28 February 2017.
- bank reconciliations for all bank account had been carried out between 1 July 2016 to 28 February 2017 and totals agreed to those shown in the appropriate cash books.

Petty Cash

- the Petty Cash totals for the Office, and Victoria Park were agreed to the cash in hand up to 28 February 2017 It is noted that the Tourist Information Centre Petty cash has been closed as at the 31 January and the balance of £30.78 paid in to the Office Petty Cash.
- 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 July 2016 28 February 2017 were undertaken.
- a series of petty cash vouchers were checked and agreed, and Cash Books 2, 3 and 4 were reconciled up to 28 February 2017 for cash book 3 and 4 and to 31 January 2017 for cash book 2.

Investments

- the level of Investments shown in Cash Books 5,6,7,8,9,10, 11,12,13,14 were reconciled to information shown on the bank statements and Investment Portfolio details as at 28 February 2017.

Income and Expenditure

- all un-presented cheques and un-banked income information at as 28 February 2017 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 July 2016 – 28 February 2017.
- Agreed Tourist Information Centre Daily totals in the Cash Books for the period 1 April 2016 – 4 February 2017.

Cardnet

- all transactions shown on the Cardnet statements for the period 1 July 2016 – 28 February 2017 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 July – September and October – December 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 (July 2016 – November 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 July 2016 – February 2017 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 July 2016 – 28 February 2017 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 also be minuted by the Town Council.

Yours sincerely,

Handwritten signature in black ink, appearing to be 'PJR' followed by a flourish.

Paul Reynolds FMAAT and Tim Light FMAAT
Internal Auditors