

# Fair Account

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Frome Town Council  
Town Clerk  
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Dear Mr Wynne

## **End of Year Internal Audit Report for Frome Town Council 2016/17**

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 final visit for 2016/2017 to check that the Town Council adhere to the requirements set out in the Governance and Accountability for Smaller Authorities in England ensuring that compliance is maintained.

An Internal Audit testing strategy is set out in the current Governance and Accountability for Small Authorities in England appendix 3. 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 to ascertain the efficiency and effectiveness of these internal controls. It is noted that during 2016/2017 the Town Council moved to new premises and the Assets Register has been amended to take account of the disposal and acquisition of assets from the move.

As part of the Internal Audit Review we checked that:

#### **Bank Reconciliations**

- the financial totals as at 28 February 2017 brought forward are accurately shown in the cash books.
- all un-presented cheques, on line payments and un-banked income at 28 February 2017 were checked to bank statements to verify these were banked in March 2017.
- all direct debits, standing orders, transfers were checked and accounted for in the period 1 March to 31 March 2017.
- all bank paying in slips were banked and agreed to bank statements in the period 1 March to 31 March 2017.
- bank reconciliations for all bank accounts had been carried out between 1 March to 31 March 2017, and totals agreed to those shown in the appropriate cash books.

*Audit Note: The Lloyds Bank Current Account No 24929968 remained open at the 31 March 2017 although the main current account activity had been transferred to the Barclays Current Account No 60431389 during 2016/2017. It is noted that the Lloyds Bank Account No 24929968 is no longer used by the Town Council and was closed on 25 April 2017.*

#### **Petty Cash**

- the Petty Cash totals for the Office was agreed to the cash in hand as at 31 March 2017.
- a series of tests to agree the reimbursements from the Office Imprest Account between, 1 March 2017 – 31 March 2017 were undertaken.
- a series of petty cash vouchers were checked and agreed, and Cash Book 3 was reconciled up to 31 March 2017.

*Audit Note: The Petty Cash sub floats for the Tourist Information Office and Victoria Park were closed during 2016/2017 and balances were paid in to the Office Petty Cash to close these sub float accounts.*

#### **Investments**

- the level of Investments shown in Cash Books 6,7,8,10, 11,14 were reconciled to information shown on the bank statements and Investment Portfolio details as at 31 March 2017.

#### **Income and Expenditure**

- all un-presented cheques, online payments and un-banked income information at as 31 March 2017 were confirmed that the details are accurate to the records held by Town Council.

#### **VAT**

- VAT reimbursement claim totals for the period January – March 2017 were checked to the VAT Control Account. We can confirm that a VAT reimbursement claim totalling £88,796.14 for January – March 2017 was submitted to HMRC on the 12 May 2017.

#### **BACS Payments**


- we checked to ensure that the total BACS payments for March 2017 were correctly shown on the bank statements to confirm the accuracy of payments authorised for payment.

**End of Year Procedures 2016/2017**

- a full check was carried out on the end of year documentation provided by the Responsible Finance Officer to confirm the accuracy of the details to be submitted to the External Auditor. This also included the validation of any variances of totals between 2015/16 and 2016/17 shown on the Annual Return in Section 2 as required by the External Auditor which is over 15%.
- we are satisfied that the information provided confirms the accuracy of the details to be shown in Section 2 of the Annual Return and therefore have signed Section 4 of the Annual Return.

We are 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 March 2017 – 31 March 2017 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 also be minuted by the Town Council.

Yours sincerely, 

Paul Reynolds FMAAT and Tim Light FMAAT  
Internal Auditors