

# Fair Account

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2 August 2017

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

Dear Mr Wynne

## **Internal Audit Report for Frome Town Council (2017/18) April 2017 – July 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 2017/2018, appointing Fair Account to undertake the work for 2017/18.

This is the first visit in 2017/2018 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.

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 was agreed with the Responsible Finance Officer and Community Project Officer that a review of the Grants system operated by the Town Council will take place on the 13 September 2017 to check that sufficient controls are operating for Crowd Funding and the Community Grants system. This will be reported separately to the Town Council in due course.

As part of the Internal Audit Review we checked that:

### **Bank Reconciliations**

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

### **Petty Cash**

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

### **Investments**

- the level of Investments shown in Cash Books 6,7,8,10,11,13 and 14 were reconciled to information shown on the bank statements and Investment Portfolio details as at 31 July 2017.

### **Income and Expenditure**

- all un-presented cheques and un-banked income information at as 31 July 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 April 2017 – 31 July 2017.
- Agreed Business Breakfast totals from the summary sheets to the Cash Books totals for the period 1 April 2017 – 31 July 2017.

### **Credit Card Transactions**

- all transactions shown on the Credit Card statements for the period 1 April 2017 – 31 July 2017 were accurately recorded in the cash books and that all the transactions including Credit Card fees could be traced to the bank statements.

### **VAT**

- The VAT reimbursement claim total for the period April – June 2017 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 – July 2017) 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.

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 2017 – 31 July 2017 for these various transactional elements.

This letter report should be noted at the next meeting of the Council Matters to inform them of the Internal Audit work carried out.

Yours sincerely,

A handwritten signature in cursive script, appearing to read 'P. Reynolds'.

Paul Reynolds FMAAT and Tim Light FMAAT  
Internal Auditors

