

Fair Account

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12 February 2018

Frome Town Council
Town Clerk
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Dear Mr Wynne

Internal Audit Report for Frome Town Council (2017/18) November 2017 – January 2018

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 third visit for 2017/2018 to check that the Town Council adhere to the requirements set out in the Governance and Accountability document for Smaller Authorities in England ensuring that compliance is maintained.

An Internal Audit testing strategy is set out in the current Governance and Accountability document for Smaller Authorities in England appendix 5. 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 (RFO) 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.

We have agreed with the RFO that a review of the Risk Management Strategy and Policy for Health, Safety and Welfare will be undertaken. This will ensure that the Town Council have up to date information recorded which detail accurate and relevant information to its Parishioners and Stakeholders. Detailed feedback will be provided to the RFO on the review by the end of February 2018.

As part of the Internal Audit Review we checked that:

Bank Reconciliations

- the financial totals as at 31 October 2017 brought forward are accurately shown in the cash books.
- all un-presented cheques and un-banked income at 31 October 2017 were checked to bank statements to verify these were banked in November 2017.
- all direct debits, standing orders, transfers were checked and accounted for in the period 1 November 2017 to 31 January 2018.
- all bank paying in slips were banked and agreed to bank statements in the period 1 November 2017 to 31 January 2018.
- bank reconciliations for all bank account had been carried out between 1 November 2017 to 31 January 2018, and totals agreed to those shown in the appropriate cash books.

Petty Cash

- the Petty Cash totals for the Office, agreed to the cash in hand up to 31 January 2018.
- a series of tests to agree the reimbursements from the Office Imprest Account between, 1 November 2017 – 31 January 2018 were undertaken.
- a series of petty cash vouchers were checked and agreed, and Cash Book 3 and 4 were reconciled up to 31 January 2018.

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 January 2018.

Income and Expenditure

- all un-presented cheques and un-banked income information at as 31 January 2018 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 November 2017 – 31 January 2018.
- Agreed Business Breakfast totals from the summary sheets to the Cash Books totals for the period 1 November 2017 – 31 January 2018.

Credit Card Transactions

- all transactions shown on the Cardnet statements for the period 1 November 2017 – 31 January 2018 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 October - December 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 (November 17 –January 2018) 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 October 2017 to January 2018 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 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,



Paul Reynolds FMAAT and Tim Light FMAAT
Internal Auditors

