

# Fair Account

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18 October 2018

Frome Town Council  
Town Clerk  
Christchurch Street West  
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Dear Mr Wynne

## **Internal Audit Report for Frome Town Council (2018/19) July 2018 –September 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 2018/2019, appointing Fair Account to undertake the work for 2018/19.

This is the second visit in 2018/2019 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 Town Clerk 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 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 30 June 2018 brought forward are accurately shown in the cash books.
- all un-presented cheques and un-banked income at 30 June 2018 were checked to bank statements to verify these were banked in July 2018.
- all direct debits, standing orders, transfers were checked and accounted for in the period 1 July 2018 to 30 September 2018.
- all bank paying in slips were banked and agreed to bank statements in the period 1 July 2018 to 30 September 2018.
- bank reconciliations for all bank account had been carried out between 1 July 2018 to 30 September 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 30 September 2018.
- a series of tests to agree the reimbursements from the Office Imprest Account between, 1 July 2018 – 30 September 2018 were undertaken.
- a series of petty cash vouchers were checked and agreed, and Cash Book 3 and 4 was reconciled up to 30 September 2018.

### **Investments**

- the level of Investments shown in Cash Books 5,6,7,8, and 9, were reconciled to information shown on the bank statements and Investment Portfolio details as at 30 September 2018.

### **Income and Expenditure**

- all un-presented cheques and un-banked income information at as 30 September 2018 were confirmed that the details are accurate to the records held by Town Council.
- all Remittance Advices were checked and agreed to the Cash Books and bank statements for the period 1 July 2018 – 30 September 2018.

*(Audit Note: It was noted that no separate file is retained for general remittance advices received by the Town Council such as Precept and Grants).*

*Recommendation: We recommend that:*

- *the Responsible Finance Officer should hold a general remittance advices tab on a separate file to ensure that all income received can be traced to the Cash Book and to the Town Council bank account which will aid the end of year process when completing the Accountancy and Governance Annual Return (AGAR Part 3).*
- Agreed Business Breakfast totals from the summary sheets to the Cash Books totals for the period 1 July 2018 – 30 September 2018.

- Agreed E Bike Rental totals from summary sheets to the Cash Books for the period 1 July 2018 to – 30 September 2018.
- Agreed the income received from the Discover Frome Information Point for the period 1 July 2018 – 30 September 2018.

#### **Budget information**

- Details shown on the balance sheet reconciliation report were checked and the end of month date has now been corrected to show the correct information.

#### **Credit Card Transactions**

- all transactions shown on the Cardnet statements for the period 1 July 2018 – 30 September 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 July –September 2018 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 –September 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.

#### **Minutes of the Town Council**

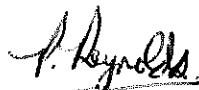
- The Minutes of the Town Council and External and Internal Affairs were checked for decisions and approvals that affect the budget for the period July – September 2018.

#### **Audit Opinion**

I am pleased to report that the various records and procedures in place for the Council provide a good standard of control. Minor points were resolved during the course of the audit, and only one formal recommendation has been made for the period 1 July 2018 – 30 September 2018 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

