

# Fair Account

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Frome Town Council  
Town Clerk  
Christchurch Street West  
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Dear Mr Wynne

## **Internal Audit Report for Frome Town Council (2018/19) October 2018 – January 2019**

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 third 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 5 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 September 2018 brought forward are accurately shown in the cash books.
- all un-presented cheques and un-banked income at 30 September 2018 were checked to bank statements to verify these were banked in October 2018.
- all direct debits, standing orders, transfers were checked and accounted for in the period 1 October 2018 to 31 January 2019.
- all bank paying in slips were banked and agreed to bank statements in the period 1 October 2018 to 31 January 2019.
- bank reconciliations for all bank account had been carried out between 1 October 2018 to 31 January 2019, and totals agreed to those shown in the appropriate cash books.
- agree and compare overall cash holding from reconciled cash book to balance sheet as at 31 January 2019.

#### **Petty Cash**

- the Petty Cash totals for the Office, agreed to the cash in hand up to 31 January 2019.
  - a series of tests to agree the reimbursements from the Office Imprest Account between, 1 October 2018 – 31 January 2019 were undertaken.
  - a series of petty cash vouchers were checked and agreed, and Cash Book 3 and 4 were reconciled up to 31 January 2019.

#### **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 31 January 2019.

#### **Income and Expenditure**

- all un-presented cheques and un-banked income information at as 31 January 2019 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 October 2018 – 31 January 2019.

#### **Credit Card Transactions**

- all transactions shown on the Cardnet statements for the period 1 October 2018 – 31 January 2019 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 2018 - December 2018 was 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 (October 2018 – January 2019) 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 October – January 2019.

#### **Audit Opinion**

We are 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 no formal recommendations have been made for the period 1 October 2018 – 31 January 2019 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