

Fair Account

Fair Account
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2 May, 2019

Frome Town Council
Town Clerk
Christchurch Street West
Frome
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Dear Mr Wynne

End of Year Internal Audit Report for Frome Town Council 2018/19

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 final visit for 2018/2019 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 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 Business Manager 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.

As part of the Internal Audit Review we checked that:

Bank Reconciliations

- the financial totals as at 31 January 2019 brought forward are accurately shown in the cash books.
- all un-presented cheques, on line payments and un-banked income at 31 January 2019 were checked to bank statements to verify these were banked in February 2019.
- all direct debits, standing orders, transfers were checked and accounted for in the period 1 February to 31 March 2019.
- all bank paying in slips were banked and agreed to bank statements in the period 1 February to 31 March 2019.
- bank reconciliations for all bank accounts had been carried out between 1 February to 31 March 2019, and totals agreed to those shown in the appropriate cash books.

Petty Cash

- the Petty Cash totals for the Office and Victoria Park was agreed to the cash in hand as at 31 March 2019.
- a series of tests to agree the reimbursements from the Office Imprest Account between, 1 February 2019 – 31 March 2019 were undertaken.
- a series of petty cash vouchers were checked and agreed, and Cash Books 3 and 4 were reconciled up to 31 March 2019.

Investments

- the level of Investments shown in Cash Books 5,6,7,8,9 were reconciled to information shown on the bank statements and Investment Portfolio details as at 31 March 2019.

Income and Expenditure

- all un-presented cheques, online payments and un-banked income information at as 31 March 2019 were confirmed that the details are accurate to the records held by Town Council.
- Income recorded in the Cash Book for March 2019 was checked and matched to Sales Invoices raised by the Town Council.

VAT

- VAT reimbursement claim totals for the period January-March 2019 were checked to the VAT Control Account. We can confirm that a VAT reimbursement claim totalling £10,982.90 January – March 2019 was submitted to HMRC in April 2019.

BACS Payments

- we checked to ensure that the total BACS payments for March 2019 were correctly shown on the bank statements to confirm the accuracy of payments authorised for payment.

Risk Assessment 2018/2019

- Although the Town Council completed the review of risks during 2017/2018 a risk review was not undertaken in 2018/2019 that was minuted by the Council before the 31 March 2019.

- The Town Clerk will produce a 2019/2020 risk strategy document and this has been identified as a priority. This will be presented to the Town Council at their meeting in May 2019 for ratification to ensure compliance with the requirements of Accountability and Governance for Smaller Authorities in England.

End of Year Procedures 2018/2019

- 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 2017/18 and 2018/19 shown on the Accountability and Governance 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 Accountability and Governance Annual Return and therefore have signed the Internal Audit Report on the Accountability and Governance Annual Return.

Audit Opinion

The various records and procedures now in place for the Town Council will provide an adequate standard of control once the risks of the Town Council are reviewed and adopted by the Council in May 2019.

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

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Explanation for No to objective C.

It came to the attention of the Internal Auditor that no review of the Town Council risks has been carried out during 2018/2019.

Although a review was carried out by the Town Clerk, the resulting documentation has not yet been approved by Council and this is tabled for 15th May 2019. This will ensure compliance with the requirements of Accountability and Governance for Smaller Authorities in England.



Paul Reynolds FMAAT

Internal Auditor



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