

Fair Account

Fair Account
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7 November, 2019

Frome Town Council
Town Clerk
Christchurch Street West
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Dear Mr Wynne

Internal Audit Report for Frome Town Council 2019/20

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 2019/20.

This is the first visit for 2019/2020 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 March 2019 brought forward are accurately shown in the cash books.
- all un-presented cheques, on-line payments and un-banked income at 31 March 2019 were checked to bank statements to verify these were banked in April 2019.
- all direct debits, standing orders, transfers were checked and accounted for in the period 1 April 2019 to 31 October 2019.
- all bank paying in slips were banked and agreed to bank statements in the period 1 April 2019 to 31 October 2019.
- bank reconciliations for all bank accounts had been carried out between 1 April 2019 to 31 October 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 October 2019.
- a series of tests to agree the reimbursements from the Office Imprest Account between, 1 April 2019 – 31 October 2019 were undertaken.
- a series of petty cash vouchers were checked and agreed, and Cash Books 3 and 4 were reconciled up to 31 October 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 October 2019.

Income and Expenditure

- all un-presented cheques, online payments and un-banked income information at as 31 October 2019 were confirmed that the details are accurate to the records held by Town Council.
- remittance advices were checked for the period September 2019 and agree to the Cash Book and Bank statements.

Purchases Day Book

- A test check of Purchase Invoices (April 2019 – June 2019) to the Purchases Day Book was carried out to ensure that they were accurately recorded and where appropriate showed the correct VAT elements extracted.

Sales Day Book

- A test check of Sales Invoices (April 2019 – June 2019) to the Sales Day Book was carried out to ensure that they were accurately recorded and where appropriate showed the correct VAT elements extracted.

VAT

- VAT reimbursement claim totals for the period April – June 2019 were checked to the VAT Control Account. We can confirm that a VAT reimbursement claim totalling £8,399.19 April – June 2019 was received from HMRC on 1 August 2019. We note that the period for July – September 2019 necessitated a payment to HMRC of £102,072.89 due to the VAT element on the sale of Saxonvale.

BACS Payments

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

Minutes of the Town Council

- Minutes of the Town Council were checked via the Council website for approvals and decisions for the period April – July 2019.

Audit Opinion

The various records and procedures checked at this visit for the Town Council provide an adequate standard of control.

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

