Frome Town Council
Financial Year 2025-26

Visit 1 Internal Audit Observations

Date considered by Council ____18 February 2026____

Minute Reference ___________________

IAC Audit and Consultancy Ltd

Audit date: 18 December 2025

A ***Appropriate accounting records have been properly kept throughout the financial year.***

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	Accounting system opening balances agree to prior year Annual Return	Yes	*It was noted that the values entered in the 2024/25 Accounting Statements approved by Town Council did not agree to the draft number provided to the Internal Auditor as part of the year end process. The Box 5 and Box 6 numbers had been changed to incorrectly reclassify loan repayments to Salix and the Lawn Tennis Association to Box 6 instead of Box 5. This was picked up by the External Auditor during their year-end review.*	Should it be necessary to amend any of the year end Accounting Statement values after the conclusion of the Internal Audit it may be prudent for the Council to provide the revised Statement to the Internal Auditor for review prior to approval of Council. (The Council should note that the responsibility for the accuracy of the Accounting Statement value rests with the RFO and not, strictly, with the Internal Auditor)	Medium	SW to ask Kate Simpson as assisting AGAR for 24/25 with Hannah Watts, if she has a note of when and which edits were done.

B ***This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.***

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	Does the Council use the NALC model Standing Orders?	No	*The Council does not use the NALC model Standing Orders. This can make it difficult to ensure that Standing Orders are regularly updated and comply with relevant legislation.*	The Council to consider adopting the NALC model Standing Orders.	Medium	Noted - SW and PWh to discuss
2	Does the Council use the NALC model Financial Regulations?	No	*Council does not use the NALC model Financial Regulations. This can make it difficult to ensure that the Council is aware of, and complies with, proper practices. It can also make it difficult to revise and update regulations to reflect changes in statutory requirements.*	The Council to consider adopting the NALC model Financial Regulations.	Medium	As above - noted

3	Has guidance been issued to staff on the usage of the card?	No	*It was noted that the Councils Financial Regulations do not state a maximum value of transactions for which the card may be used and do not state the nature of purchases that may be made using the card. (Fin Reg 8.3)*	The Council to issue formal guidance to staff on the permitted usage of Debit/Credit cards. This could be done by amending the wording of Financial Regulation 8.3.	Medium	Noted - SW and CRD to draft guidance for Council approval.
4	Have invoices been approved as required under Council Financial Regulations?	No	*During the year a duplicate payment was made (this has been subject to an independent review commissioned by the Council). Two major contributing factors to the duplicate payment were;* *a) payment was made against a pro forma invoice.(the document was entitled 'Sales Order')* *b) payment was made against an 'unmatched' invoice i.e. an invoice for which no purchase order had been raised.*	The Council to ensure that payments for Goods and Services are only ever made against valid Sales Invoices, payments should not be made against any other form of documentation such as a quotation, sales order or pro forma invoice. Wherever possible invoices should only be recorded against a valid purchase order.	High	Noted - practices changed immediately following discovery of duplicate payment.
5	Have tenders been obtained as set out in Financial Regulations?	Yes	*It was noted that the Council has not published details of awarded contracts on Contracts Finder or Find a Tender.*	The Council to note the requirement to publish details of awarded contracts on the Find a Tender portal. The Council to consider updating both the Find a Tender portal, and Contracts Finder, to provide details of the warded tenders.	High	Noted - Awarded tenders to be updated, SW to advise RH and JL.
6	Has the Council complied with the requirements of the Procurement Act?	Yes	*It was noted that neither the Councils Standing Orders or Financial Regulations make reference to the requirement of the Procurement Act. Financial Regulations do make reference to Public Contract Regulations which no longer apply.*	the Council to note that the Public Contract Regulations no longer apply and have been replaced by the Procurement Act. Council to ensure that Standing Orders and Financial Regulations are amended to reflect this change in legislation.	High	Noted - SW to revise Financial Regulations for Council approval - move towards NALC template FRs.

D ***The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.***

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	The Council has reviewed any points raised by the External Auditor as required	No	*As of the date of the interim Internal Audit, the Council has not formally reviewed the report of the External Auditor. The report had been included within a report to a meeting the Operation and Assets Committee on 26th November 2025.* *It was noted that the Terms of Reference of the Operations and Assets Committee do not include responsibility in respect of either External or Internal Audit.*	The Council to note that the Terms of Reference of the Operations and Assets Committee do not include any reference in respect of audit (either internal or external). If the Council wishes the Committee to review the reports of auditors it should be specifically included in the Committee Terms of Reference. As this is a matter covered under the Annual Governance Statement the Council must ensure that all audit reports are subject to formal review and approval of Full Council.	High	Noted - SW to report to 18/2/26 Council on External Auditors report.

E ***Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.***

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	Has the Investment Strategy been subject to annual review?	Yes	*The Investment Policy was adopted by the Oversight Committee in March 2025. The supporting paper states "To replace current section 6 in the Financial Regulations". It was noted that the version of Financial Regulations on the Councils website does not include this policy.*	The Council to note that the published Financial Regulations do not include the March 2025 amendment in respect of investments. The Council to ensure that Financial Regulations are promptly updated with any amendments made.	High	Noted - revised Financial Regulations (based on NALC template) to come to Council (est March 2026)

I ***Periodic bank account reconciliations were properly carried out during the year.***

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	Bank reconciliation have been subject to independent review (not by a bank signatory). (Interim)	No	*It was noted that the Councils Financial Regulations make no mention of the requirement for regular bank reconciliations or for the independent review of such reconciliations*	The Council to review and amend Financial Regulations to include a requirement for the independent review of bank reconciliations and supporting bank statements.	High	Noted - to be included in new FinRegs using NALC template.

2	Bank reconciliations, and supporting bank statements, have been signed and dated as evidence of independent review (Interim)	No	*See above*	Bank reconciliations and supporting bank statements should be subject to review, at least on a quarterly basis, and should be signed and dated as evidence of this review.	High	Noted - to be included in new FinRegs using NALC template.

M ***The authority, during the previous year (2024/25) correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations (evidenced by the notice published on the website and/or authority approved minutes confirming the dates set).***

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	The period for the Exercise of Public Rights commenced the day after the Council published the Accounting Statements, the Annual Governance Statement and the Notice as set out in Regulation 15.3 of the Accounts and Audit Regulations 2015.	No	*The period for the Exercise of Public Rights did not commence the day after the Council published the Accounting Statements, the Annual Governance Statement and the Notice as set out in Regulation 15.3 of the Accounts and Audit Regulations 2015. The date of publication was Thursday 19th June and the Commencement Date was Monday 23rd June.*	Although the difference was only one day the Council should note that strict requirements of the Accounts and Audit regulations and ensure that the audit notices, including the Exercise of Public Rights, are all made in accordance with legal requirements.	High	Noted - at the time this timing was thought to be adequate in that the announcement (on Thursday 19th) would extra time for the public to 'have notice' and benefit from the full period of accessibility Monday 23/6/25 to Friday 1/8/25.

N ***The authority has complied with the publication requirements for 2024/25 AGAR (see AGAR Page 1 Guidance Notes).***

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	The Council has published the Notice of Conclusion of Audit on its website in accordance with the requirements of Regulation 16 of the Accounts and Audit Regulations	No	*The Notice of Conclusion of Audit was published on 6th October 2025, after the statutory deadline of 30th September.*	The Council MUST publish the Notice of Conclusion of Audit on its website in accordance with the requirements of Regulation 16 of the Accounts and Audit Regulations	Non Compliance	Noted - there were extenuating circumstances at the time contributed to by enquires from the External Auditors office themselves occuring over the weekend (Saturday) prior to the deadline of Tuesday 30th, with the External Auditors final report being received on Monday 29th September - the day before publication deadline (we were not aware of the publication deadline at the time and had been chasing the EA's report with some concern for the lateness). It was only a week later that we noticed the deadline date of 30/9 and published one week late on 6/10/25.