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24 January 2017

The Town Clerk

Andover Town Council

First Floor Offices

66c High Street

Andover

Hants

SP10 1NG

Dear Wendy

Internal Audit Letter Report for Andover Town Council (April –December 2016) 2016/17

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 2016/2017, appointing Lightatouch to undertake the work.

This is the first visit to take place covering the period April – December 2016 to check that the Town Council adhere to the requirements set out in the Governance and Accountability document for Smaller Authorities in England ensuring that compliance is maintained.

An Internal Audit testing strategy is set out in the current Governance and Accountability document for Small 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.

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It was agreed with the Town Clerk that a financial risk assessment would be carried out of the Town Council Allotments for 2016/2017 as part of the visit. In discussion with the Town Clerk and the Allotments Officer a record of the internal control framework currently used has been recorded. Further consultations with the Allotment Officer will continue during 2016/2017 and work has started to enhance the internal control framework so that information held by the Town Council is accurate and up to date. **Audit Note: We will report further from our next visit planned on Monday 13 March 2017 as to the progress made to improve the recording of information and tracking of Allotment Deposits. We will also make recommendations to consider the use of Deposits and whether a different approach should be considered to their collect in the future.**

At this visits a series of independent audit tests were then undertaken using the various financial records, vouchers, documents, Minutes, previous audit reports, insurance etc. to ascertain the efficiency and effectiveness of these internal controls.

As part of the Internal Audit Reviews we checked that:

Bank Reconciliations

- the financial totals as at 31 March 2016 brought forward are accurately shown in the cash books.
- all un-presented cheques and un-banked income was checked to bank statements and any that remain outstanding were checked to the bank reconciliation at 30 April 2016. **Audit note: It was noted that one cheque for £175.66 remains outstanding from 10 June 2015 which has not been presented and this should now be written back into the cash book.**
- all direct debits, standing orders, transfers were checked and accounted for in the period 1 April 2016 through to 31 December 2016.
- all bank paying in slips were banked and agreed to bank statements in the period 1 April 2016 through to 31 December 2016.
- bank reconciliations for all bank accounts had been carried out between 1 April 2016 to 30 November 2016, and totals agreed to those shown in Cashbook. **Audit note: It was noted that the Cashbook entries on the Unity Trust Bank Current Account no 20334109 for December 2016 had yet to be entered by the Town Clerk who agreed that this would be done as soon as possible.**

Income and Expenditure

- all un-presented cheques and un-banked income information as at 31 December 2016 was checked to ensure that the details are accurately recorded in the Town Council records.
- all Remittance Advices were checked and agreed to the Cashbooks and bank statements for the period 1 April 2016 – 31 December 2016.

VAT

- We noted reimbursements for VAT has been processed during the period for April – June 2016 in the sum of £3680.01 and July 2016 – September 2016 in the sum of £2802.82. We test checked that these reimbursements had been made into Unity Current Account and found that these had been credited on 20 July and 13 October 2016. The VAT reimbursement claim July – September 2106 was checked to ensure that all the VAT elements were correctly recorded from the Invoices for the same period.

Audit Note: It is noted that the VAT reimbursement claim for the period October – December 2016 is currently being prepared by the Town Clerk and will be submitted to HMRC in the near future.

BACS Payments

- A test check of the invoice payment file was carried out (April 2016 to December 2016) to ensure that the totals paid by cheques and BACS were authorised and matched the payment vouchers held

on the file. We also checked that the BACS payments were correctly recorded on the bank statements to confirm the accuracy of payments made.

Minutes of the Town Council

- We checked from the website the Minutes of the Town Council and Committees for decisions and approvals for the period April 2016 – October 2016.

Audit Opinion

It is our opinion that the various records and procedures in place for the Council provide an adequate standard of control for the Town Council with the exception of the Allotments information which will be reported from our next Internal Audit visit planned in March 2017 and to completion of the Cashbook entries for December 2016.

All other minor queries were resolved during the course of the audit for the period 1 April 2016– 31 December 2016 for the various transactional elements.

This letter report should be noted and taken to the next meeting of the Policy and Resources Committee to inform them of the Internal Audit work carried out. The details of this Internal Audit Letter Report should also be minuted.

Yours sincerely,

Tim Light FMAAT
Internal Auditor