



# FARNHAM TOWN COUNCIL

## Annex ii

### Report

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**Date: 18 January 2022**

### **Interim Internal Audit – Officers’ Comments**

The Council’s new Internal Auditor, Mr Mike Platten has submitted his first Interim Internal Audit Report. The Internal Auditor is a key independent check for the council in testing and reporting on whether its specific system of internal control is adequate and working satisfactorily. It is an important part of the risk management for the council and an independent review of the proper practices being followed by the council.

As is to be expected with a new Internal Auditor, with fresh eyes and a different background, a number of issues have helpfully been identified where a change of process may bring some benefits. Overall the Internal Auditor has confirmed that the Council has a robust system of financial control with good separation of duties and a strong control against fraud and error.

This report summarises the matters arising in the Internal Auditor’s report, and the Officers’ responses.

1	Periodic check of Omega financial users profiles.	Will be checked and updated at least annually as part of end of year processes and as staff change
2	BACS files to be stored on limited access drive	BACS files to be stored on new drive with limited access to Accountant, Bookkeeper and Town Clerk/RFO and deleted after appropriate period`
3	Review of Standing Order transactions 2-3 weeks after month end	Agreed
4	Gostrey Meadow/new assets on insurance	Zurich confirmed these items were already covered and will be separately listed on policy in future.
5	Change terms and conditions for customers to pay by BACS rather than by cheque apart from certain exceptional circumstances	Agreed. This is more important now that HSBC are no longer accepting deposits in branch.
6	Fees and charges to be reviewed annually.	Agreed. Whilst this has happened as part of the budget setting process, Council has not always seen a full list of the fees and charges. List being reviewed for 2022/23.
7	South Street Trust Accounts	Accounts submitted (after Independent Examination) for 2020/21 on 23 <sup>rd</sup> December 2021. Previous issues were reported and approved by Council acting as Trustee of the South Street Trust. The first late submission (2017/18 accounts)

		was as a result of needing to resubmit full accounts as a dividend was not sent by BlackRock (reported Minute 12/18). The charities' Commission procedures did not allow an amendment after submission, so the new accounts were technically late. The second submission (2019/20) was as a result of late Independent Examination due to an oversight during covid.
8	Public Inspection Notice for 2020-21 accounts to be added back onto website	Agreed.
9	Investment accounts to be reclassified as cashbook account and reconciled to bank Statements	Agreed and actioned for Cambridge & Counties as interest is applied monthly. Nationwide and CCLA Public Sector Deposit Fund does not alter. Interest for Nationwide is paid annually and reinvested. Interest for the Public Sector Deposit Fund is paid into current account and reviewed monthly and visible on current account reconciliation whilst principal sum is reconciled on the balance sheet. The Money Markets (apart from the call account which is a separate cash book) are listed on the balance sheet and interest is paid at the end of the term.

**Recommendation:**

It is recommended that:

- 1) The Internal Auditor's report be welcomed;
- 2) The officers' responses be noted and endorsed.

Questions about this report to:

Iain Lynch

Town Clerk and Responsible Financial Officer