

17.02.21.

**TO:**

MEMBERS  
FILEY TOWN COUNCIL

INTERNAL AUDIT OF FILEY TOWN COUNCIL ACCOUNTS  
FINANCIAL YEAR 2020/21 SECOND/ THIRD QUARTERS

In accordance with my agreement with the Council I have carried out the second and third quarters internal audit in respect of the Financial Year 2020/21.

The following are the areas that have received attention by me in this quarter:-

- (a) Bank reconciliations and bank transfers
- (b) Cash book/ Financial Ledger maintenance
- (c) V.A.T. account
- (d) Approval and validity of payments
- (e) Income and debtors
- (f) Corporate governance
- (g) Tenders and quotes
- (h) Investments
- (i) Minute scrutiny
- (j) Financial controls
- (k) Payroll

I have considered my comments in relation to the above on the basis of the annual report I am required to submit to the external auditors. This is an interim report and a full final annual report will be issued at the completion of the fourth quarter audit.

The approach to this year's quarterly audits of the Council has been partially shaped by national guidelines and your policies in place at the time in relation to Covid.

Despite the difficulties surrounding Covid and the need to comply with guidelines an internal audit at the council offices was carried out in the first quarter of this year. As reported to you satisfying a very limited number of tests was problematical and remains so eg. minutes and payments schedules require the physical presence of the Chair in order to sign them.

Subsequently discussions were held over time with the R.F.O. as to how the remaining audits could be carried out without a physical presence by the auditor, which may have gone against Council policy and the government guidelines at that stage. Early on in discussions an optimistic view was taken that it would be possible to attend in the relatively near future to work on the second quarter with the outlook for the third quarter being impossible to predict.

Bank reconciliations are the major control and these were carried out at differing stages and audited prior to submission to Finance and General Purposes Committee.

Your R.F.O. and I have always considered that a major benefit of a quarterly audit is that any potential problems can be resolved as soon as possible in that current financial year. It became clear that we may be faced with a position that no physical presence would be possible for some considerable time and very unlikely in 2020/21 financial year.

Early in February 2021 it was agreed that a home based audit would be carried out at the stage that the third audit would normally be carried out at the office. This involved staff copying and uploading some documents to computer. Both your R.F.O. and I believe there are benefits from having carried out this exercise as opposed to waiting.

However, again a very limited number of tests could not be fully completed and those elements will be carried out in the next quarter if possible. Without a physical presence certain features cannot be carried out by councillors and the auditor.

The audit carried out is extremely close in terms of content to what would have been carried out by means of a physical visit and gives reassurance to members in a very difficult period.

I have no matters I should like to bring to your attention from the audit of quarters two and three.

D M LATHAM  
INTERNAL AUDITOR

