

GODALMING TOWN COUNCIL

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107-109 High Street
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5 September 2025

I HEREBY SUMMON YOU to attend the **AUDIT COMMITTEE** Meeting to be held in the Meeting Room at 107-109 High Street, Godalming on THURSDAY, 11 SEPTEMBER 2025 at 6.30pm.

Andy Jeffery

Andy Jeffery
Chief Executive Officer

If you wish to speak at this meeting please contact Godalming Town Council on 01483 523575 or email office@godalming-tc.gov.uk

Where possible proceedings will be live streamed via the Town Council's Facebook page. If you wish to watch the council meeting's proceedings, please go to Godalming Town Council's [YouTube](#) page.

Committee Members: Councillor C Downey – Vice Chair
Councillor Martin
Councillor Steel
Councillor Thomson – Chair
Councillor Williams

A G E N D A

1. **MINUTES**

To approve as a correct record the minutes of the meeting held on the 26 June 2025, a copy of which has been circulated previously.

2. **APOLOGIES FOR ABSENCE**

3. **DISCLOSABLE PECUNIARY INTERESTS AND OTHER REGISTERABLE INTERESTS**

To receive from Members any declarations of interests in relation to any items included on the agenda for this meeting required to be disclosed by the Localism Act 2011 and the Godalming Members' Code of Conduct.

4. **PETITIONS/STATEMENTS/QUESTIONS FROM MEMBERS OF THE PUBLIC**

The Chair to invite members of the public to make representations, ask or answer questions and give evidence in respect of the business on the agenda or other matters not on the agenda. This forum to be conducted in accordance with Standing Order 5.

5. **QUESTIONS BY MEMBERS**

To consider any questions from Councillors in accordance with Standing Order 6.

6. WORK PROGRAMME

Members to consider the Committee's Work Programme and to note progress on the items therein (copy attached for the information of Members).

7. BANK RECONCILIATION

The Responsible Finance Officer to table the current Bank Reconciliation for the information of Members.

Members to agree that the Chair should sign the bank reconciliation tabled.

8. PAYROLL CONTROLS

At the Audit Committee meeting of the 10 July 2025, Members received the report on the review of payroll controls and noted there were no issues raised. However, Members also noted that, in order to mitigate a single point of failure and for GTC to meet its obligations to staff, as of July 2025, the payroll system is being outsourced to an external provider, therefore procedures should be reviewed and brought to the next Audit Committee meeting.

Members to receive the payroll processing procedures utilising an external payroll provider (attached for the information of Members).

9. BUDGETARY CONTROLS

Members to receive the report on the review of budgetary controls (report attached for the information of members).

10. INTERIM INTERNAL AUDIT

Members to consider the report from the Council's Internal Auditor, Mulberry & Co, on an interim internal audit conducted on 29 August 2025 for the 2025/26 financial year (report attached for the information of Members).

Members are requested to note that a 2nd Interim Audit/assurance check has been booked for 9 January 2026 – reporting to Audit Committee 5 February 2026, with the Final Internal Audit booked for 8 May 2026 – reporting to Audit Committee on 28 May and Full Council, with the end of year accounts and Annual Governance and Accountability Statement (AGAR) on 4 June 2026.

11. DATE OF NEXT MEETING

The next meeting of the Audit Committee is scheduled to be held in the Meeting Room at 107-109 High Street on Thursday, 5 February 2026 at 6.30pm.

12. ANNOUNCEMENTS

Brought forward by permission of the Chair. Requests to be submitted prior to commencement of the meeting.

AUDIT COMMITTEE WORK PROGRAMME

SUBJECT	NAME OF PERSON UNDERTAKING REVIEW	PREVIOUS COMPLETION DATE	ACTIONS BROUGHT FORWARD	STATUS	ACTIONS CARRIED FORWARD
Bank Reconciliation	Cllr Thompson/RFO	10 July 2025	Latest bank recs reviewed at each meeting of Audit Committee	Chair to review and sign at each meeting of the Audit Committee	Ongoing
Internal Control – Meeting 1					
Income Controls	Cllr Thompson	10 July 2025	Reviewed 10 July 2025 – no issues identified	Annual review to be completed by July 2026	
Payment Controls	Cllr Thompson	10 July 2025	Reviewed 10 July 2025 – no issues identified	Annual review to be completed by July 2026	
Payroll Controls	Cllr Thompson	10 July 2025	Reviewed 10 July 2025 – no issues identified	Annual review to be completed by July 2026	Update of payroll procedures on this agenda
Proper Book-keeping	Cllr Thompson	10 July 2025	Reviewed 10 July 2025 – no issues identified	Annual review to be completed by July 2026	
VAT Controls	Cllr Thompson	10 July 2025	Reviewed 10 July 2025 – no issues identified	Annual review to be completed by July 2026	
Miscellaneous – Meeting 2					
External Auditor's Report	RFO	8 August 2025	Considered by Full Council on 4 September 2025	Annual review to be completed by September 2025	
Asset Control	Cllr Thomson/RFO	12 September 2024	Building revaluations required to remain compliant with Fixed Asset Policy	Revaluation Completed March 2024. Next revaluation due 2030	

SUBJECT	NAME OF PERSON UNDERTAKING REVIEW	PREVIOUS COMPLETION DATE	ACTIONS BROUGHT FORWARD	STATUS	ACTIONS CARRIED FORWARD
Review of Suppliers	RFO /TC	Ongoing Insurance contract reviewed for 2024/25.	Review suppliers to ensure best value for money being achieved		
Financial Regulations	RFO	12 September 2024	New Model Financial Regulations reviewed by this committee September 2024	Update received March 2025. Approved by Full Council 8 May 2025	
Procedures	RFO	Ongoing SOP's for Facilities function written and being updated by Operations & Compliance Officer.	Creating a Standard Operating Procedures File for each position	SOP for Community & Communications Officer completed MARCH 2025.	Annual review of SOP'S
Budgetary Controls	Cllr C Downey	12 September 2024	To be reviewed in 12 months	Next review due Sept 2025	On this agenda
Risk Management – Meeting 3					
Risk Management Strategy	RFO	14 September 2023	Review of the Risk Management Strategy to be completed by this Committee	Annual review to be completed by February 2025	
Insurance	RFO	18 April 2024	To be reviewed in detail at each contract renewal	Current Insurance based on 3-year contract due for reviewed for renewal for April 2027	.
Risk Assessment – Re-use of Land at Nightingale Cemetery	Cllr Steel / RFO	1 February 2024		Digitisation of Nightingale Cemetery record completed	Risk assessment to be produced as part of application for Faculty. Due to Godalming Minister being interregnum unable to progress Faculty. Expected to be able to take this forward Autumn 2025.

SUBJECT	NAME OF PERSON UNDERTAKING REVIEW	PREVIOUS COMPLETION DATE	ACTIONS BROUGHT FORWARD	STATUS	ACTIONS CARRIED FORWARD
Risk	RFO	Ongoing	Identify areas to review to ensure risk is being managed appropriately within the Council	Ongoing	
Year End – Meeting 4					
Internal Auditor's Reports	RFO	23 April 2025	To be reviewed at next interim audit	Ongoing	
Management of Debt (particularly Bad Debt)	RFO	8 April 2024	To be reviewed annually	Annual review to be completed by April 2026	
Review of Effectiveness of Internal Control	Cllr Thompson /RFO	8 April 2024	To be reviewed annually	Annual review to be completed by April 2026	
Annual Governance Statement	Cllr Thompson /RFO	8 April 2024	To be reviewed annually	Annual review to be completed by April 2026	
Annual Accounting Statements	Cllr Thompson /RFO	8 April 2024	To be reviewed annually	Annual review to be completed by April 2026	
Review of Credit Control Procedures	RFO	18 April 2024	To be reviewed at least every three years	Next review to be completed by April 2027	
Review of Council Banking Arrangements	Cllr Thompson /RFO	20 July 2023 Full Council Min 117-23	To be reviewed each Administration	Next review to be completed after May 2027	
Review of Treasury & Investment Policy	Cllr Thompson /RFO	8 April 2024	To be reviewed annually	Annual review to be completed by April 2026	

Godalming Town Council Audit Committee: Internal Review

Area of Review – GTC – Monthly Payroll Process by External Payroll Provider

Process		Do By
1.	RFO email all staff asking for any information regarding payroll for the month e.g. Farmers Market, new deductions, payroll adjustments	11 th of the month
2.	Information of any one-off adjustments plus any permanent changes e.g. pay awards, incremental scale increase and set processing date to the 25 th	15 th of the Month
3.	Inform payroll provider of any new employees (see separate process instructions)	On day of joining
4.	Payroll provider checks HMRC for any tax code changes, student loan notifications etc. and applies	
5.	Payroll provider processes payroll data and emails RFO information, including draft payslips	17 th of Month
6.	RFO checks payroll information and, if required, informs payroll provider of any issues	
7.	Once any issues resolved payroll provider issues final information for GTC records, including Payment Summary Part 1, Payment Summary Part 2, Pensions – Current, Pensions – Employee and Pensions – Employer	18/19 th of Month
8.	RFO retains above information for Audit	
9.	Payroll Payment file and email to Councillors for authorisation	20 nd of the month
10.	Finance Manager sets up Payroll Payment in HSBC account	22 nd of the month
11.	Payroll provider processes any leavers and forwards P45.	
12.	Process Full Payment Submission	25 th of the month
13.	Payroll provider emails payslips to employees.	By 25 th of the month
14.	P32 processed by payroll provider	
15.	Payroll provider complete Surrey Pension Contribution Form	
16.	HMRC PAYE/NIC payments made by direct debit	
17.	Finance manager sets up payment of Employers Pension Contribution and payment of Union Fees in HSBC	
18.	Finance manager prepares and posts payroll journal	End of month

Godalming Town Council Audit Committee: Internal Review

Area of Review - Budget Setting Process

Budget Setting Process

The current process for setting the budget is:

- the CEO/RFO gains visibility of potential new initiatives from Members through the Leaders of Political Groups' Meeting. Officers may also raise initiatives in this forum which are usually derived from either best practice seen at other councils, known legislative changes that need to be adhered to or technological changes that could improve efficiencies;
- financial implications of new initiatives are developed and incorporated into base budget;
- base budget is reviewed and amended for known inflationary and other adjustments;
- draft budget is presented to the Policy & Management Committee for review and comment; and
- once agreed, budget is taken to Full Council to be approved and for the Precept to be set.

Timeframes

The Responsible Finance Officer must each year, by no later than the end of December, prepare detailed estimates of all receipts and payments including the use of reserves and all sources of funding for the following financial year in the form of a budget to be considered by the Policy & Management Committee and the Council no later than the end of January of the following year.

In practice a lot of work takes place on preparing the budget over the months of October and November. The Council shall fix the precept (council tax requirement), and relevant basic amount of council tax to be levied for the ensuing financial year not later than by the end of January each year.

Ongoing Oversight

Once the budget has been agreed, it is loaded into Omega (the financial system operated by the Town Council) which enables budget monitoring to be performed. Budget monitoring is done at every Policy & Management Committee meeting.

At each Policy & Management Committee meeting actual expenditure to date (by line item and by cost centre) is compared to the profiled budget and significant variances explained. Where any potential issues are identified, they are discussed and a course of action agreed (and reflected in the minutes of the meeting). The CEO/RFO attends Policy & Management Committee meeting and is able to answer most questions at the meeting, however if necessary written answers will be provided post meeting after further checks have been made. The written answer would also be presented at the next scheduled meeting to be recorded on the minutes.

Officers are able to spend against the approved budget, within Financial Regulations and Standing Orders. If during a financial year a spending requirement is identified that has not been budgeted for, the item is taken to the Policy & Management Committee for authorisation.

In accordance with Financial Regulations quotes are required for any significant expenditure not covered by existing contracts. A formal tendering exercise is required for procurement above a threshold of £60,000 (excluding VAT). Further information on procurement is set out in the Financial Regulations.

The Internal Auditor reviews our compliance with our own Financial Regulations. The External Auditor reviews whether budget monitoring is done.

Published Data

The Council is required to publish its approved budget on its website; this information can be found on the [Financial Information](#) page.

Information about payments made is published quarterly on the Council's website.

Summary information about payment is retained with the Policy & Management Committee minutes.

The Council must also demonstrate that performance against budget is monitored at least quarterly. Godalming Town Council performs its budget monitoring within the Policy & Management Committee, the agendas for which can be found online within the Town Council [Agendas & Minutes](#) section.



Mr A Jeffery
Godalming Town Council
107-109 High Street
Godalming
Surrey
GU7 1AQ

29 August 2025

Dear Andy

Re: Godalming Town Council
Internal Audit for Financial Year Ended 31 March 2026 – Interim Audit report

Executive summary

Following completion of our interim internal audit on 29 August 2025 we enclose our report for your kind attention and presentation to the council. The audit was conducted in accordance with current practices and guidelines and testing was risk based. Whilst we have not tested all transactions, our samples have where appropriate covered the entire year to date.

Our report is presented in the same order as the assertions on the internal auditor report within the published Annual Governance and Accountability Return (AGAR). The start of each section details the nature of the assertion to be verified. Testing requirements follow those detailed in the audit plan previously sent to the council, a copy of which is available on request. The report concludes with an opinion as to whether each assertion has been met or not at this point in the year. **Recommendations for action are shown in bold text and are summarised in the table at the end of the report.**

Our sample testing did not uncover any errors or misstatements that require reporting to the external auditor at this time, nor did we identify any significant weaknesses in the internal controls such that public money would be put at risk.

It is clear the council takes governance, policies and procedures seriously and I am pleased to report that overall, the systems and procedures you have in place are fit for purpose and whilst my report may contain recommendations to change these are not indicative of any significant failings, but rather are pointers to improving upon an already well-ordered system.

It is therefore our opinion that the systems and internal procedures at Godalming Town Council are well established and followed.

Regulation

The Accounts and Audit Regulations 2015 require smaller authorities, each financial year, to conduct a review of the effectiveness of the system of internal control and prepare an annual governance statement in accordance with proper practices in relation to accounts. In addition to this, a smaller authority is required by Regulation 5(1) of the Accounts and Audit Regulations 2015 to “undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.”

Internal auditing is an independent, objective assurance activity designed to improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. The purpose of internal audit is to review and report to the authority on whether its systems of financial and other internal controls over its activities and operating procedures are effective.

Internal audit’s function is to test and report to the authority on whether its specific system of internal control is adequate and working satisfactorily. The internal audit reports should therefore be made available to all Members to support and inform them when they considering the authority’s approval of the annual governance statement.

Independence and competence

Your audit was conducted by Andy Beams of Mulberry Local Authority Services Ltd, who has over 35 years’ experience in the financial sector with the last 15 years specialising in local government.

Your auditor is independent from the management of the financial controls and procedures of the council and has no conflicts of interest with the audit client, nor do they provide any management or financial assistance to the client.

Engagement Letter and inherent risk assessment

An engagement letter was previously issued to the council covering the 2025/26 internal audit assignment, which includes the scope and plan of works and fee structure. Copies of this document are available on request from anna@mulberrylas.co.uk

In summary, our work will address each of the internal control objectives as stated on the Annual Internal Audit Report of the AGAR.

It is our opinion that the inherent risk of error or misstatement is low, and the controls of the council can be relied upon and as such substantive testing of individual transactions is not required. Testing to be carried out will be “walk through testing” on sample data to encompass the period of the council year under review.

Table of contents

		PAGE
A	BOOKS OF ACCOUNT	4
B	FINANCIAL REGULATIONS, GOVERNANCE AND PAYMENTS	4
C	RISK MANAGEMENT AND INSURANCE	7
D	BUDGET, PRECEPT AND RESERVES	8
E	INCOME	9
F	PETTY CASH	9
G	PAYROLL	9
H	ASSETS AND INVESTMENTS	10
I	BANK AND CASH	12
J	YEAR END ACCOUNTS	12
K	LIMITED ASSURANCE REVIEW	12
L	PUBLICATION OF INFORMATION	13
M	EXERCISE OF PUBLIC RIGHTS – INSPECTION OF ACCOUNTS	14
N	PUBLICATION REQUIREMENTS	14
O	TRUSTEESHIP	15
	ACHIEVEMENT OF CONTROL ASSERTIONS	16
	AUDIT POINTS CARRIED FORWARD	17

A. BOOKS OF ACCOUNT

Internal audit requirement

Appropriate accounting records have been kept properly during the year.

Audit findings

The audit was conducted on site with the Clerk and the Interim Finance Manager. The information advised in advance of the visit had been prepared and made available for review, and overall, I have the impression that accounting records are neatly maintained and easily accessible. Other information was reviewed through discussion with the Clerk and Interim Finance Manager and a review of the council website www.godalming-tc.gov.uk

The council uses the Rialtas Business Solutions (RBS) accounting package for recording the council's finances. This is an industry specific accounting package. The accounting package is updated regularly and used to produce management information reports for review at council meetings.

I reviewed the cashbooks and nominal ledger entries for the period 1 April 2024 to date. Data entry contains sufficient narrative information to either identify the source and nature of the transaction or references the council or committee meeting where a spending decision is recorded.

Entries on the cashbook were cross-referenced to the bank account statements and I found no errors in the sample testing conducted.

B. FINANCE REGULATIONS, GOVERNANCE AND PAYMENTS

Internal audit requirement

This authority complied with its Finance Regulations, payments were supported by invoices, all expenditure was approved, and VAT was appropriately accounted for.

Audit findings

Check the publication and minuting of the prior year audited AGAR and notice of conclusion of audit

The External Auditor's Report for 2024/25 was not qualified and has been published on the council website along with the Notice of Conclusion of Audit and is scheduled to be reported to the council meeting in September 2025.

There is evidence within the minutes of meetings of the receipt and review of internal audit reports during the year.

Confirm by sample testing that councillors sign statutory office forms

There have been no new councillors appointed this year, and I have previously confirmed that I confirmed that councillors sign "Acceptance of Office" forms.

The council website includes a councillor page where the individual Register of Members' Interests forms are published.

Confirm that the council is compliant with GDPR

The council is fully aware of GDPR and has undergone training. It was noted the council has established common email addresses for all councillors. This is recommended because it gives a natural segregation between work and personal lives, making it clear beyond doubt in what capacity a councillor is acting. In addition to this it gives control to the council, adds a degree of professionalism and in the event of a FOI request limits access to personal computers.

The Smaller Authorities Proper Practices Panel (SAPPP) Practitioner's Guide (March 2025) contains updated guidance on the matter as below, including details of the new Governance Assertion to be included in the 2025/26 AGAR:

Assertion 10 - Digital and data compliance

To warrant a positive response to this assertion, the authority needs to have taken the following actions:

1.47 *Email management - Every authority must have a generic email account hosted on an authority owned domain, for example clerk@abcparishcouncil.gov.uk or clerk@abcparishcouncil.org.uk rather than abcparishclerk@gmail.com or abcparishclerk@outlook.com for example.*

1.48 *All smaller authorities (excluding parish meetings) must meet legal requirements for all existing websites regardless of what domain is being used.*

1.49 *All websites must meet the [Web Content Accessibility Guidelines 2.2 AA](#) and the [Public Sector Bodies \(Websites and Mobile Applications\) \(No. 2\) Accessibility Regulations 2018](#) (where applicable).*

1.50 *All websites must include published documentation as specified in the [Freedom of Information Act 2000](#) and the [Transparency Code for Smaller Authorities](#) (where applicable).*

1.51 *All smaller authorities, including parish meetings, must follow both the [General Data Protection Regulation \(GDPR\) 2016](#) and the [Data Protection Act \(DPA\) 2018](#).*

1.52 *All smaller authorities, including parish meetings, must process personal data with care and in line with the principles of data protection.*

1.53 *The [DPA 2018](#) supplements the [GDPR](#) and classifies an authority as both a Data Controller and a Data Processor.*

1.54 *All smaller authorities (excluding parish meetings) must also have an IT policy. This explains how everyone - clerks, members and other staff - should conduct authority business in a secure and legal way when using IT equipment and software. This relates to the use of authority-owned and personal equipment.*

I was able to locate a Freedom of Information Publication Scheme, Privacy Notice, Website Accessibility Statement and IT Policy on the council website and the council meets the requirements for Assertion 10.

Confirm that the council is compliant with the relevant transparency code

As the council's income and expenditure exceeds £25,000, it is not a statutory requirement to follow the requirements of the Local Government Transparency Code, although it is recommended best practice to do so.

Confirm that the council meets regularly throughout the year

In addition to full council, the council has a committee structure in place, with a schedule of meetings published on the council website.

Terms of reference for each committee are included within the Standing Orders, which are available for review on the council website.

Check that agendas for meetings are published giving 3 clear days' notice

I was able to confirm that at least 3 clear days' notice is given on agendas. Whilst we have not tested every single committee and council meeting there was no evidence of non-compliance in giving three clear days' notice of the meeting.

I note that non-confidential supporting documentation is published with the agendas on the council website in accordance with the requirements of the Information Commissioner's Office.

Check the draft minutes of the last meeting(s) are on the council's website

Draft minutes are uploaded to the council website and clearly annotated as draft.

Confirm that the Parish Council's Standing Orders have been reviewed within the last 12 months

The Standing Orders are based on the NALC model, adapted to suit the size and structure of the council, and were most recently reviewed and adopted by council in May 2025 (minute ref 22).

Confirm that the Parish Council has adopted and recently reviewed Financial Regulations

Financial Regulations are based on the current NALC model and were last reviewed and adopted by council in May 2025 (minute ref 22). The regulations contain provisions for the approval of spending, setting of budgets, reconciliation of the bank and reporting to council. I note the council also has an adopted Scheme of Delegation to support the Financial Regulations.

Check that the council's Financial Regulations are being routinely followed

The council has thresholds in place at which authorisations to spend must be obtained as below:

- FR 5.15 Individual purchases within an agreed budget for that type of expenditure may be authorised by officers in accordance within the approved Scheme of Delegation.*
- FR 5.18. In cases of serious risk to the delivery of council services or to public safety on council premises, the clerk may authorise expenditure of up to £4,500 excluding VAT on repair, replacement or other work that in their judgement is necessary, whether or not there is any budget for such expenditure. Before doing so, the Clerk will agree expenditure with the Chair or Vice Chair of the appropriate Committee and shall report the action taken and costs incurred to the same Committee as soon as practicable thereafter.*

A review of the Scheme of Delegation, which was approved by council at the same meeting as the Financial Regulations, shows the Town Clerk has authority to incur expenditure within budget, with other officers authorised to agree expenditure up to a lower level of either £2,000 or £1,000. This approach allows the council to function effectively, while retaining a responsible approach to approval of expenditure.

I tested a sample of invoices and was able to confirm that amounts have been properly authorised in accordance with the adopted Financial Regulations.

The council has a corporate credit card with a £10,000 credit limit, and the Town Clerk and Youth Service Officer as the individual card holders. The credit card is kept as a separate cashbook on the accounting system and is reconciled monthly along with the other bank accounts.

The Financial Regulations allow the use of a credit card, with users restricted to those authorised by the council. I was provided with evidence that the council authorised the two individual users, with the appointment recorded in the minutes of the appropriate meeting.

Confirm the council has adopted the General Power of Competence (GPC) and met the eligibility criteria at the time of adoption, or if GPC not adopted, confirm all section 137 expenditure meets the guidelines and does not exceed the annual per elector limit of £11.10 per elector

The council declared the re-adoption of the General Power of Competence (GPC) at the Annual Council Meeting following the 2023 elections and the Section 137 threshold does not apply.

Check receipt of VAT refund matches last submitted VAT return

The council submits its VAT return on a quarterly basis. I reviewed the submission for the period ending 30 June 2025 which showed a refund amount due of £28,761.73 and was fully supported by the required details. I was able to confirm receipt of this amount to the council's bank account on 10 July 2025. The council is up to date with its VAT submissions.

Confirm that checks of the accounts are made by a councillor

The system noted above details internal review takes place and I am under no doubt that council properly approves expenditure.

C. RISK MANAGEMENT AND INSURANCE

Internal audit requirement

This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.

Audit findings

The council's adopted Financial Regulations include a section covering Risk Management and state:

- FR 2.1 *The council must ensure that it has a sound system of internal control, which delivers effective financial, operational and risk management.*
- FR 2.2 *The Clerk shall prepare, for approval by [the council], a risk management policy covering all activities of the council. This policy and consequential risk management arrangements shall be reviewed by the council at least annually.*
- FR 2.3 *When considering any new activity, the Clerk shall prepare a draft risk assessment including risk management proposals for consideration by the council.*
- FR 2.4 *At least once a year, the council must review the effectiveness of its system of internal control, before approving the Annual Governance Statement.*

The council has an Adopted Risk Management Strategy which is published on the council website and was most recently reviewed and approved by council in May 2025 (minute ref 22). The strategy includes a risk matrix which the council uses to assess the likelihood and impact of each risk occurring to assign and overall risk rating.

A review of the minutes of the Audit Committee meetings shows that a scheduled work programme considers risks as part of the internal control processes, with different areas focussed on at each meeting.

This is a comprehensive approach and includes analysis of all risks typically associated with a council of this size with its range of services and facilities.

I confirmed that the council has a valid insurance policy in place with Zurich Insurance which covers the year under review. The policy includes Public Liability cover of £15 million, Employers Liability cover of £10 million and a Fidelity Guarantee level of £2 million which is sufficient for a council of this size.

D. BUDGET, PRECEPT AND RESERVES

Internal audit requirement

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

Audit findings

The council set a precept of £1,236,391 for 2025/26. With a tax base of 10,122.3, this equates to a band D equivalent of £122.15 (compared to the average in England of £92.92).

The Clerk confirmed that the council has in place a process for agreeing the 2026/27 budget and precept, with this going through the Policy and Management Committee before approval by the Council, which is scheduled for agreement in December 2025.

A review of the minutes of the Policy and Management Committee meetings show that there are regular reviews of financial information at these meetings. This includes receiving a schedule of payments made, with vouchers made available for scrutiny by the committee. The committee also receive a budget monitoring report to keep them informed of the council's current financial position.

The Smaller Authorities Proper Practices Panel (SAPPP) Practitioner's guide provides updated guidance on the appropriate level of general reserves that councils should retain as below:

5.33 The general reserve of an authority comprises its cash flow and contingency funds to cover unexpected inflation, unforeseen events and unusual circumstances.

5.34 The generally accepted recommendation with regard to the appropriate minimum level of a smaller authority's general reserve is that this should be maintained at between three and twelve months of net revenue expenditure.

5.35 The reason for the wide range is to cater for the large variation in activity level between individual authorities. The smaller the authority, the closer the figure may be to 12 months expenditure, the larger the authority, the nearer to 3 months. In practice, any authority with income and expenditure in excess of £200,000 should plan towards 3 months equivalent general reserve.

5.36 In all of this it is important that each authority adopt, as a general reserve policy, the level appropriate to their size, situation, risks and plan their budget so as to ensure that the adopted level is maintained. Consideration of the minimum level of reserves requires not only consideration of level of income and expenditure but also the risks to that income.

5.37 Authorities with significant self-generated income (other than the precept or levy) should take into account situations that may lead to a loss in revenue as well as increased costs and adapt their general reserve accordingly.

The council has an adopted Reserves Policy which is published on the council website. Contained within the policy, is a statement that 'Godalming Town Council will seek to maintain the General reserve within a range of 45%-55% of the precept.'

A review of the reserve balances will be conducted as part of the final internal audit, to check for compliance with the Practitioner's Guide and the council's adopted policy.

E. INCOME

Internal audit requirement

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

Audit findings

Apart from the precept, the council receives income from a range of sources. I reviewed the receipt reports and was able to confirm that amounts received are recorded with sufficient narrative detail to identify the source of the funds.

FR 13.2 states *'The council will review all fees and charges for work done, services provided, or goods sold at least annually as part of the budget-setting process, following a report of the Clerk. The RFO shall be responsible for the collection of all amounts due to the council.'*

Fees are reviewed as part of the budget setting process, and a review of this will be completed at the final internal audit.

A review of the outstanding ledger balances at the date of the interim audit shows amounts outstanding over 60 days totalling £3,961.98, although the Interim Finance Manager is aware of the details of these and is taking appropriate action where required.

F. PETTY CASH

Internal audit requirement

Petty cash payments were properly supported by receipts; all petty cash expenditure was approved and VAT appropriately accounted for.

Audit findings

The council has no petty cash and the testing for this internal control objective does not apply.

G. PAYROLL

Internal audit requirement

Salaries to employees and allowances to members were paid in accordance with the authority's approvals, and PAYE and NI requirements were properly applied.

Audit findings

There are twenty-five employees listed on the most recent payroll summary. During this financial year, the council has moved from processing payroll in house to using an external provider. The external provider now completes the PAYE calculations and provides the information to the council each month to allow the payments to be made.

I reviewed the payroll summary for one month prior to moving to the external provider, and one month with the provider and was able to confirm that the payroll deductions appear correct. The NJC back dated pay rise has been applied to the month five salaries.

I was able to confirm HMRC and pensions payments are up to date and that the council is correctly not claiming the employment allowance for national insurance contributions.

H. ASSETS AND INVESTMENTS

Internal audit requirement

Asset and investments registers were complete and accurate and properly maintained.

Audit findings

The Smaller Authorities Proper Practices Panel (SAPPP) Practitioner's guide provides updated guidance on assets and asset registers as below:

5.58 The asset register should contain in its most simple form the date of acquisition, cost of acquisition, useful life estimate and location along with value held for investments; however, it is desirable for the register to contain other such supplementary information to enable the user to better understand the nature and scope of the use of the fixed asset. It is therefore recommended to show insurance value, replacement value, custodian, date last physically vouched.

5.59 Each authority may choose an appropriate minimum value for deciding between fixed assets and general consumables. The limit chosen will relate to expected useful life, whether the item would be included on an insurance claim and whether it is included in the risk assessment of the authority in any way. This minimum level is to be minuted and reviewed at least annually. The rationale and methodology should be recorded in the minutes.

5.60 One item or group of similar items shall be regarded for inclusion in the fixed asset register.

5.61 Assets should be first recorded in the asset register at their actual purchase cost.

5.62 Assets that are either under construction or have not been brought into use should be included on the asset register only once complete and they benefit the community.

5.63 Obsolete assets that are no longer in use or are awaiting disposal should be clearly recorded as such.

5.64 Where an authority receives an asset as a gift at zero cost, for example by community asset transfer, it should be included with a nominal one-pound (£1) value as a proxy for the zero cost.

5.65 Assets that do not have a functional purpose or any intrinsic resale value (for example, a village pond or war memorial) are often referred to as 'community assets'. Authorities should record community assets in the asset register in the same way as gifted assets.

5.66 The particular method of asset valuation is not specified in proper practices so authorities may use any reasonable approach to be applied consistently from year to year. The method of asset valuation adopted should be set out in a policy approved by the authority and recorded in the authority's minutes and in the asset register.

5.67 For authorities covered by this guide, the most appropriate and commonly used method of fixed asset valuation for first registration on the asset register is at acquisition cost. This means that the recorded value of the asset will not change from year to year, unless it is materially enhanced.

5.68 Commercial concepts of depreciation, impairment adjustments, and revaluation are not required nor appropriate for this method of asset valuation.

5.69 The total value of an authority's assets recorded on the asset register as at 31 March each year is reported at Line 9 on the authority's AGAR. Authorities should be able to track and explain fully any changes in the asset register from year to year.

The council has an adopted Fixed Asset Policy, which is published on the council website and was last reviewed and approved by council in July 2024. The policy is in accordance with the guidance in the Practitioner's Guide.

The council has a fixed asset register in place, maintained in a tabular format, which includes a description of each asset, its date of acquisition, the original cost, anticipated useful life estimate, location, present use, custodian details, usage frequency, current value and insurance value.

This is a comprehensive register, with assets correctly listed at cost/proxy cost, or where gifted/donated, given a nominal £1 value for the purpose of the asset register.

A review of the asset register total will be completed as part of the final internal audit to confirm the accuracy of the figure included on the AGAR.

The Smaller Authorities Proper Practices Panel (SAPPP) Practitioner's guide provides updated guidance on investments, and defines a long-term investment as below:

2.23 Short-term investments, which mainly include deposit and savings accounts typically provided by banks, are those that display the following characteristics:

- a. are denominated in pounds Sterling;*
- b. be realisable at full value on demand or have a maturity end date of not more than 12 months;*
- c. the whole of the original sum invested can, from the time that the investment is made, be accessed for use by the authority without any reduction; and*
- d. the authority has assessed the counterparty and is satisfied that the original sum invested is not subject to unreasonable risk.*

2.26 A long-term investment arises where the authority invests money in anything other than a short-term investment.

1.11 Arrangements need to be in place to ensure that the authority's funds are managed properly and that any amounts surplus to requirements is invested appropriately, in accordance with an approved strategy which needs to have regard to the government's [Statutory Guidance on Local Government Investments](#). If total investments are to exceed the threshold specified in the statutory guidance at any time during a financial year, the authority needs to produce and approve an annual Investment Strategy in accordance with the guidance.

The council has adopted a Treasury and Investment Policy to support its future decision making on placement of funds in accordance with the statutory guide. The Policy is published on the council's website and was most recently reviewed and adopted by the council at the meeting held in May 2025.

The council has borrowing through the Public Works Loan Board (PWLb) and confirmation of the figures for in year payments (box 5) and year-end balance (box 10) will be completed at the final internal audit against the PWLB statement and remittance advices.

I. BANK AND CASH

Internal audit requirement

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

Audit findings

Financial Regulation 2.6 states 'At least once in each quarter, and at each financial year end, a member other than a cheque signatory shall be appointed to verify bank reconciliations (for all accounts) produced by the RFO. The member shall sign and date the reconciliations and the original bank statements (or similar document) as evidence of this. This activity, including any exceptions, shall be reported to and noted by the Audit Committee.'

Bank reconciliations are completed monthly. I reviewed the July 2025 bank reconciliation for all accounts and was able to confirm the balances to the bank statements and found no errors.

I was able to confirm that the bank reconciliations have been verified in accordance with Financial Regulations, and evidence of this activity taking place is recorded within the minutes of the Audit Committee meetings.

The council holds two accounts with HSBC and one with CCLA. As the council's annual budget exceeds the €500,000 (£430,950 as of 3 July comparative date) threshold, it is not protected by the Financial Services Compensation Scheme (FSCS).

J. YEAR END ACCOUNTS

Internal audit requirement

Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), supported by an adequate audit trail from underlying records and, where appropriate, debtors and creditors were properly recorded.

Audit findings

To be tested at the final internal audit.

K. LIMITED ASSURANCE REVIEW

Internal audit requirement

IF the authority certified itself as exempt from a limited assurance review in the previous year, it met the exemption criteria and correctly declared itself exempt.

Audit findings

The council did not certify itself exempt in 2024/25 due to exceeding the income and expenditure limits and this test does not apply.

L: PUBLICATION OF INFORMATION

Internal audit requirement

The authority publishes information on a free to access website/webpage, up to date at the time of the internal audit in accordance with relevant legislation

Audit findings

The council is reminded that the following requirements apply.

For councils with a turnover over £25,000, it is recommended best practice to follow the Local Government Transparency Code 2015, but not a statutory requirement and therefore not subject to verification during the internal audit.

All councils are required to follow The Accounts and Audit Regulations which include the following requirements:

13(1) An authority must publish (which must include publication on that authority's website)

- (a) the Statement of Accounts together with any certificate or opinion entered by the local auditor in accordance with section 20(2) of the Act; and
- (b) the Annual Governance Statement approved in accordance with regulation 6(3)

13(2) Where documents are published under paragraph (1), the authority must

- (a) keep copies of those documents for purchase by any person on payment of a reasonable sum; and
- (b) ensure that those documents remain available for public access for a period of not less than five years beginning with the date on which those documents were first published in accordance with that paragraph.

All councils are required to follow The Accounts and Audit Regulations which include the following requirements:

13(1) An authority must publish (which must include publication on that authority's website)

- (c) the Statement of Accounts together with any certificate or opinion entered by the local auditor in accordance with section 20(2) of the Act; and
- (d) the Annual Governance Statement approved in accordance with regulation 6(3)

13(2) Where documents are published under paragraph (1), the authority must

- (c) keep copies of those documents for purchase by any person on payment of a reasonable sum; and
- (d) ensure that those documents remain available for public access for a period of not less than five years beginning with the date on which those documents were first published in accordance with that paragraph.

Testing for publication to meet this requirement will be completed at the final internal audit.

M: EXERCISE OF PUBLIC RIGHTS - INSPECTION OF ACCOUNTS**Internal audit requirement**

The authority, during the previous year, correctly provided for the exercise of public rights as required by the Accounts and Audit Regulations.

Audit findings

Inspection – key dates	2024/25 Actual
Date AGAR signed by council	9 May 2025
Date inspection notice issued	30 May 2025
Inspection period begins	3 June 2025
Inspection period ends	14 July 2025
Correct length (30 working days)	Yes
Common period included (first 10 working days of July)	Yes

I am satisfied the requirements of this control objective were met for 2024/25, and assertion 4 on the Annual Governance Statement can therefore be signed yes by the council.

N: PUBLICATION REQUIREMENTS**Internal audit requirement**

The authority complied with the publication requirements for the prior year AGAR.

Under the Accounts and Audit Regulations 2015, authorities must publish the following information on the authority website / webpage.

Before 1 July 2025 authorities must publish:

- Notice of the period for the exercise of public rights and a declaration that the accounting statements are as yet unaudited
- Section 1 - Annual Governance Statement 2024/25, approved and signed, page 4
- Section 2 - Accounting Statements 2024/25, approved and signed, page 5

Not later than 30 September 2025 authorities must publish:

- Notice of conclusion of audit
- Section 3 - External Auditor Report and Certificate
- Sections 1 and 2 of AGAR including any amendments as a result of the limited assurance review.

It is recommended as best practice, to avoid any potential confusion by local electors and interested parties, that you also publish the Annual Internal Audit Report, page 3.

Audit findings

I was able to confirm that the Notice of the Period of Public Rights and Section 1 (Annual Governance Statement) and Section 2 (Accounting Statement) were published on the council's website before 1 July 2025.

I was able to confirm that the Notice of Conclusion of Audit and External Auditor Report and Certificate were published on the council's website before 30 September 2025.

The council has therefore met the publication requirements for 2024/25 have been met.

O. TRUSTEESHIP

Internal audit requirement

Trust funds (including charitable) – The council met its responsibilities as a trustee.

Audit findings

The council has no trusts, and testing for this internal control objective is not applicable.

Achievement of control assertions at final internal audit date

Based on the tests conducted during the interim audit, our conclusions on the achievement of the internal control objectives to date are summarised in the table below.

	INTERNAL CONTROL OBJECTIVE	YES	NO	NOT COVERED
A	Appropriate accounting records have been properly kept throughout the financial year	✓		
B	This authority complied with its Finance Regulations, payments were supported by invoices, all expenditure was approved, and VAT was appropriately accounted for	✓		
C	This authority assesses the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these	✓		
D	The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓		
E	Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for	✓		
F	Petty cash payments were properly supported by receipts, all petty cash expenditure was approved, and VAT appropriately accounted for			✓
G	Salaries to employees and allowances to members were paid in accordance with the authority's approvals, and PAYE and NI requirements were properly applied.	✓		
H	Asset and investments registers were complete and accurate and properly maintained.	✓		
I	Periodic bank account reconciliations were properly carried out during the year.	✓		
J	Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), supported by an adequate audit trail from underlying records and, where appropriate, debtors and creditors were properly recorded.	To be tested at final internal audit		
K	If the authority certified itself as exempt from a limited assurance review in the previous year, it met the exemption criteria and correctly declared itself exempt.			✓
L	The authority publishes information on a free to access website/webpage up to date at the time of the internal audit in accordance with the relevant legislation.	To be tested at final internal audit		
M	The authority, during the previous year correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations.	✓		
N	The authority complied with the publication requirements for prior year AGAR.	✓		
O	Trust funds (including charitable) – The council met its responsibilities as a trustee.			✓

Should you have any queries please contact me directly on andy@mulberrylas.co.uk or 07428 647069

Yours sincerely



Andy Beams

Director, Mulberry Local Authority Services Ltd

Interim Internal Audit - Points Carried Forward

Audit Point	Interim Audit Findings	Council comments
None		

GODALMING TOWN COUNCIL

Disclosure by a Member¹ of a disclosable pecuniary interest or other registerable interest (non-pecuniary interest) in a matter under consideration at a meeting (S.31 (4) Localism Act 2011 and the adopted Godalming Members' Code of Conduct).

As required by the Localism Act 2011 and the adopted Godalming Members' Code of Conduct, **I HEREBY DISCLOSE**, for the information of the authority that I have [a disclosable pecuniary interest]² [a registerable interest (non-pecuniary interest)]³ in the following matter:-

COMMITTEE:

DATE:

NAME OF COUNCILLOR: _____

Please use the form below to state in which agenda items you have an interest.

Agenda No.	Subject	Disclosable Pecuniary Interests	Other Registerable Interests (Non-Pecuniary Interests)	Reason

Signed _____

Dated _____

¹ "Member" includes co-opted member, member of a committee, joint committee or sub-committee

² A disclosable pecuniary interest is defined by the Relevant Authorities (Disclosable Pecuniary Interests) regulations 2012/1464 and relate to employment, office, trade, profession or vocation, sponsorship, contracts, beneficial interests in land, licences to occupy land, corporate tenancies and securities

³ A registerable interest (non-pecuniary interest) is defined by Section 9 of the Godalming Members' Code of Conduct.