GODALMING TOWN COUNCIL

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11 April 2025

I HEREBY SUMMON YOU to attend the **AUDIT COMMITTEE** Meeting to be held in the Council Chamber, Waverley Borough Council, The Burys, Godalming on THURSDAY, 17 APRIL 2025 at 6.30pm.

Andy Jeffery

Andy Jeffery
Town Clerk

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

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

A G E N D A

1. MINUTES

   To approve as a correct record the minutes of the meeting held on the 6 February 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. FINANCIAL REGULATIONS – UPDATE

Members to note that Financial Regulations will need to be updated to reflect changes in procurement regulations due to the introduction of The Procurement Act 2023 and The Procurement Regulation 2024, which came into force in February. The changes are to Financial Regulations 5.4, 5.7 as shown below. The wording in blue is the previous regulation and wording in red is the updated regulation.

SALC has advised that the new Financial regulations are adopted by Council's at the May Annual Council meeting. It should also be noted that the procurement regulation changes will also result in an update to Standing Orders, which will also be put to Full Council at the Annual Council in May.

(5.4) **For a contract for the supply of goods, services or works where the estimated value will exceed the thresholds set by Parliament, the full requirements of The Public Contracts Regulations 2015 or any superseding legislation ("the Legislation"), must be followed in respect of the tendering, award and notification of that contract. For a contract for the supply of goods, services or works where the estimated value will exceed the thresholds set by Parliament, the full requirements of The Procurement Act 2023 and The Procurement Regulations 2024 or any superseding legislation ("the Legislation"), must be followed in respect of the tendering, award and notification of that contract.**

(5.7) **For contracts estimated to be over £30,000 including VAT, the council must comply with any requirements of the Legislation[1] regarding the advertising of contract opportunities and the publication of notices about the award of contracts. For contracts estimated to be over £30,000 including VAT, the council must comply with any requirements of the Legislation regarding the publication of invitations and notices.**

9. INTERNAL AUDIT

Members to note that the Internal Audit by Mulberry & Co will be conducted on 23 April 2025.

10. MANAGEMENT OF DEBT 2024/25

The Council adopted the Credit Control Policy at Full Council on 19 November 2015 (Min No. 271-15 refers). The policy was reviewed by this committee on 21 January 2021 and changed to a procedure (Min No. 324-20 refers). The procedure allows for a staged process to recover overdue invoices. This process has been found to be very effective and has minimised the amount of irrecoverable debts incurred by the Council.

Financial Regulation 13.3 requires any sums found to be irrecoverable to be reported to the Policy & Management Committee so that they can be written off in the current financial year.

The Responsible Finance Officer has not requested any write offs in the 2024-25 financial year.

[1] The Regulations require councils to use the Contracts Finder website if they advertise contract opportunities and also to publicise the award of contracts over £30,000 including VAT, regardless of whether they were advertised.

11. REVIEW OF THE EFFECTIVENESS OF INTERNAL CONTROL

Members to consider a report from the Responsible Finance Officer (report attached for the information of Members) and to consider what recommendations they will make to Full Council.

12. ANNUAL GOVERNANCE STATEMENT

The Annual Governance Statement is attached for the information of Members. Members are required to consider the answers to the questions posed by the Statement and to make recommendations to Full Council as to how it should respond to those questions. Members to note that minute numbers from this meeting will be inserted before final Annual Governance Statement is considered by Full Council.

13. ACCOUNTING STATEMENTS 2024/25

Members to consider the Town Council's Accounting Statements for the Financial Year Ended 31 March 2025 (copy of Section 2 of the Annual Return to be tabled at the meeting).

14. TREASURY & INVESTMENT STRATEGY

The Council's Treasury & Investment Strategy was adopted by Full Council 16 May 2024. The Audit Committee is requested to review the policy and if appropriate make recommendations for amendments for consideration by Full Council on the 8 May 2025. (The Treasury & Investment Policy is available on the Council's website).

15. DATE OF NEXT MEETING

The next meeting of the Audit Committee is scheduled to be held in the Council Chamber on Thursday, 22 May 2025 at 7.20pm, or at the conclusion of the preceding Policy & Management Committee, whichever is later.

16. 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 Crooks/RFO	18 April 2024	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 Steel	18 July 2024	Conducted 3 June 2024 – no issues identified	Annual review to be completed by July 2025	
Payment Controls	Cllr Steel	18 July 2024	Conducted 30 May 2024 – no issues identified	Annual review to be completed by July 2025	
Payroll Controls	Cllr Steel	18 July 2024	Conducted 30 May & 3 June 2024 – no issues identified	Annual review to be completed by July 2025	
Proper Book-keeping	Cllr Steel	18 July 2024	Conducted 30 May & 3 June 2024– no issues identified	Annual review to be completed by July 2025	
VAT Controls	Cllr Steel	18 July 2024	Conducted 30 May & 3 June 2024 – no issues identified	Annual review to be completed by July 2025	
Miscellaneous – Meeting 2					
External Auditor's Report	RFO	12 September 2024	Already considered by Full Council on 5 September 2024	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	Next revaluation due 2030	

AC 06.02.25
Agenda Item 6

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 – Item on this agenda	
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 Communications & Community Officer completed MARCH 2025.	Annual review of SOP'S
Budgetary Controls	Cllr C Downey	12 September 2024	To be reviewed in 12 months		
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	18 April 2024	To be reviewed at next interim audit	Ongoing	Interim internal conducted 25 September 2024, End of Year Audit due 23 April 2025
Management of Debt (particularly Bad Debt)	RFO	8 April 2024	To be reviewed annually	Annual review to be completed by April 2025 – **Item on this Agenda**	
Review of Effectiveness of Internal Control	Cllr Crooks /RFO	8 April 2024	To be reviewed annually	Annual review to be completed by April 2025 – **Item on this Agenda**	
Annual Governance Statement	Cllr Crooks /RFO	8 April 2024	To be reviewed annually	Annual review to be completed by April 2025 – **Item on this Agenda**	
Annual Accounting Statements	Cllr Crooks /RFO	8 April 2024	To be reviewed annually	Annual review to be completed by April 2025 – **Item on this Agenda**	
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 Crooks /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 Crooks /RFO	8 April 2024	To be reviewed annually	Annual review to be completed by April 2025 – **Item on this Agenda**	

11. REVIEW OF THE EFFECTIVENESS OF INTERNAL CONTROL FOR GODALMING TOWN COUNCIL

Background

1. Paragraph 3 of the Accounts and Audit (England) Regulations 2015 says the following:

   3 A relevant authority must ensure that it has a sound system of internal control which—

   (a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;

   (b) ensures that the financial and operational management of the authority is effective; and

   (c) includes effective arrangements for the management of risk.

2. It is part of the role of the Audit Committee to undertake a rolling programme of work that goes to inform the Council's review of the effectiveness of its system of internal control and the work programme forms part of the Council's evidence base.

3. It is the normal practice of Godalming Town Council to undertake reviews of the effectiveness of internal control covering the financial year end to 31 March. In addition to its ongoing reviews this committee will undertake two formal reviews, which together make up the "review of the effectiveness of systems of internal control". The first of these is this report and will inform the reviews to be undertaken by Full Council on 8 May 2025. The second is on this agenda when this committee reviews the annual governance statement alongside the statement of accounts.

Effectiveness of Systems of Internal Control

4. Members are asked to consider whether the Audit Committee's work programme deals adequately with the internal systems of control?

5. Members are further asked to address specifically the question of the effectiveness of audit and to do that by considering the questions and suggested responses shown below:

- **Scope of Audit**
  Has the scope of the internal audit been discussed with the Internal Auditor to ensure that all the relevant risks are covered?

  - The scope of the internal audit had been discussed with the Internal Auditor in order to ensure that all the relevant risks were covered. Each year the Internal Auditor reviews the accounting statements and then focuses on a different element of the Governance Statement, with all elements being covered in a 4-year rolling programme.

- **Independence**
  Is the Internal Auditor sufficiently independent, objective and unbiased?

  - The Internal Auditor is sufficiently independent, objective and unbiased evidenced by the fact that Mulberry & Co is an external accountancy firm trading independently. Mulberry & Co has a particular specialism in town and parish councils. Members to note that it is good practice to change the Internal Auditor and Godalming Town Council performed a market test in the 2017/18 financial year which resulted in Mulberry & Co being reappointed. However, in order to ensure familiarity does not become an issue, the person performing the audit is changed periodically (person one performed the financial years 2016/17, 2017/18 and 2018/19, person two performed the financial years 2019/20 and 2020/21, a third person in the 2021/22 financial year before returning to the first person in 2022/23 & 2024/25).

- **Competence**
  Does the Internal Auditor have sufficient knowledge to be able to carry out the audit?

  - The Internal Auditor has sufficient knowledge to be able to carry out the audit as demonstrated by the fact that Mark Mulberry (the Internal Auditor) is a Chartered Certified Accountant and Registered Auditor.

- **Relationships**
  Are the relevant responsibilities of Members, Clerk and RFO clearly defined?

  - The relevant responsibilities of Members, Clerk and RFO are clearly defined in the job description for the Clerk and RFO and the terms of reference of the Audit Committee. There are also clear definitions of responsibility in Financial Regulations which are reviewed at least annually.

- **Audit Planning & Reporting**
  Is the body aware of a timetable of when the internal and external audits will take place and when the reports from these will be expected?

  - The committee is made aware of the timetable of when the internal and external audits will take place and when the reports from these would be expected. The last interim internal audit was conducted on the 24 September 2024, reported to Full Council on 21 November and Audit Committee meeting on the 6 February 2025. The final Internal Audit is scheduled for 23 April 2025 and will be reported at the Audit Committee meeting on 22 May 2025. The annual return including the statement of accounts and the annual governance statement will be considered by Full Council at its meeting on the 8 May 2025 when it should be formally agreed. The annual return will then be sent to the External Auditor with the expectation that it should be received back by 30 September 2025. The annual return will be considered at the next scheduled meeting following its receipt from the External Auditor.

Internal Audit Process

6. The Committee is further asked to consider the following questions and suggested responses with regard to internal audit arrangements.

   Is the work of the Internal Audit reviewed regularly?

   - The work of the Internal Auditor is reviewed regularly; initially by Officers, then in detail by the Audit Committee. Findings and recommendations of the Audit Committee are reported to Full Council.

Are the reports on the work of the Internal Auditor presented to the committee?

- The reports on the work of the Internal Auditor are presented to the Audit Committee; the most recent included on Audit Committee meeting dated the 6 February 2025.

Does the Audit Committee provide regular reports relating to its recommendations and the agreed Work Programme to the Full Council?

- The Audit Committee reported to Full Council on the 9 May 2024 (Min No. 638-23 refers), 21 November 2024 (Min Nos 328-24 & 333–24 refer) and 13 February 2025 (Min No. 473-24 refers).

Are the annual reports from the Internal Auditor presented to the committee?

- The Annual Reports from the Internal Auditor are usually presented to the Audit Committee and then received by Full Council (see above for dates).

External Audit Process

7. The committee is further asked to consider the following questions and suggested responses with regard to external audit arrangements.

Are the annual reports from the External Auditor presented to the committee?

- The Annual Reports from the External Auditor relating to Godalming Town Council are presented to the Audit Committee, the most recent being brought to Full Council on the 5 September 2024.

Does the committee ensure that recommendations from the External Auditor are implemented?

- If there are recommendations from the External Auditor, then Members ensure that they are implemented. There were no recommendations for the 2023/24 financial year.

  PK Littlejohn LLP will be the External Auditor for Godalming Town Council for the 2025/26 financial year.

Characteristics of the Review

8. Finally, the Council is asked to consider the following questions and suggested responses about the overall characteristics of this review.

Can it be seen as a Catalyst for Change?

- Yes, the evidence being the Work Programme and the reviews undertaken to assess risk and the areas that are developed from these reviews.

Does it Add Value?

- Yes, value is provided by the follow-up actions that are taken from the work programme to make improvements to enhance our services and reduce risk.

Is it Forward Looking?

- Yes, the review identifies risks and incorporates them into the Audit Committee's Work Programme, which is reviewed and updated at each meeting of the committee to ensure it is forward looking and meeting events.

Is it Challenging?

- Yes, the Audit Committee has created its own Work Programme identifying areas and risks over and above the norm that are considered and are reviewed on a regular basis to ensure compliance, and to allow Members to take ownership of the risks and how they are managed to meet best practice.

Are the right resources available for the Internal Auditor to complete its work?

- Sufficient budget exists to meet internal audit fees (and additional professional fees budget and/or reserves should unexpected circumstances demand more internal audit input is available if required). Good communication lines exist between the Internal Auditor and the Council's Officers and contracted staff.

12. ANNUAL GOVERNANCE STATEMENT

The Audit Committee considered the Town Council's Annual Governance Statement for the Financial Year ended 31 March 2025 specifically considering the answers to the questions posed by the Annual Governance Statement. The proposed answers are shown below and are recommended to Full Council.

	Statement ***Godalming Town Council***	**Recommended Answer**	**Evidence**
1	We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.	YES	Use RBS accounting software – Officers have received training on the use of it. The budget is monitored at each ordinary meeting of the Policy & Management Committee. Budgeting: FY 2024/25 Min Nos 391-23 & 425-23, 26-24 FY 2025/26 Min No 359-24, 378-24 Budget Monitoring: Mon Nos 45-24, 126-24, 265-24, 294-24, 357-24, 418-24, 446-24, 514-24, 547-24 Bank Reconciliations: Min Nos 590-23, 147-24, 228-24, 460-24 and on this agenda.
2	We maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.	YES	Standing Orders: Min No 23-24 Financial Regulations: Min Nos 23-24, 230-24, 328-24 and on this agenda. Payment Authority: Min No 25-23 Corporate Credit Card: Credit Limit set to £10,000 and payment made by direct debit each month. Min No 178-23, with the Youth Service card having a limit of £2,000 Min No 334-24 Financial Risk Assessment: Min No 462-24 Bank Mandate: Min No 177-23 Salaries: Set as part of budgeting (refer Assertion 1). Reviewed refer Min 317-24 Changes to salary scales refer Min Nos 311-24, 328-24 & 447-24 Internal Controls: Min Nos 148-24, 149-24, 150-24, 151-24, 152-24, and on this agenda. We maintain a fixed asset register of GTC owned assets.
3	We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and proper practices that could have a significant financial effect on the ability of this smaller authority to conduct its business or manage its finances.	YES	General Power of Competence: Min No 16-23 Email Management: every officer and councillor has a @godalming-tc.gov.uk email Compliance with Laws, Regulations & Proper Practice: GTC has membership with multiple organisations who advise of changes in law, regulations & proper practice eg SALC, SLCC, NALC, Citation, Worknest

4	We provided a proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.	YES	Relevant notices displayed outside the Town Council offices as per the Accounts & Audit Regulations. The notices are also displayed on our website. In addition, ad hoc queries during the year are addressed fully.
5	We carried out an assessment of the risks facing this smaller authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	YES	Risk Assessments: Min Nos 462-24-23, 463-24-, 464-24, Insurance: Min No 485-23 and 591-23
6	We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.	YES	Internal Audit: Min Nos 333-24, 461-24 and on this agenda. External Audit: Min Nos 206-24, 229-24
7	We took appropriate action on all matters raised in reports from internal and external audit.	YES	Internal Audit: Min Nos 333-24, 461-24 External Audit: Min Nos 206-24, 229-24
8	We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this smaller authority and, where appropriate have included them in the accounting statements.	YES	Annual provision made in reserves for election expenses; ear-marked reserves are used to provide for other potential commitments. There is no litigation in progress and no known potential litigation. There is nothing the Council is aware of that could have a financial impact that is not already included in the accounts.
9	(For local council only) Trust funds including charitable. In our capacity as the sole managing trustee, we discharged our accountability responsibilities for the fund(s)/assets, including financial reporting and, if required, independent examination or audit.	N/A	This Council manages no trust funds.

GODALMING TOWN COUNCIL

Disclosure by a Member[1] 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.