

## **GODALMING TOWN COUNCIL**

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107-109 High Street  
Godalming  
Surrey  
GU7 1AQ

12 July 2024

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, 18 JULY 2024 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](mailto:office@godalming-tc.gov.uk)

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

### **AGENDA**

1. **MINUTES**

To approve as a correct record the minutes of the meeting held on the 23 May 2024, 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. INCOME CONTROLS

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

9. PAYMENT CONTROLS

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

10. PAYROLL CONTROLS

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

11. PROPER BOOKKEEPING

Members to receive the report on the review of proper bookkeeping (report attached for the information of Members).

12. VAT CONTROLS

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

13. IT PROVIDER

Members to consider a report on a review of our IT Provider (report attached for the information of Members) and accompanying proposal (commercial-in-confidence proposal attached for the information of Members).

14. REVIEW OF POLICY DOCUMENTS

Members are requested to consider the Council's published policy and if appropriate recommend amendments. (Members to note that if no amendments are recommended the existing document remains extant).

Fixed Asset Disposal Policy  
Fixed Asset Policy

Officers make no recommendations for amendment.

15. 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, 12 September 2024 at 6.30pm.

16. ANNOUNCEMENTS

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

## AUDIT COMMITTEE WORK PROGRAMME

<b>SUBJECT</b>	<b>NAME OF PERSON UNDERTAKING REVIEW</b>	<b>PREVIOUS COMPLETION DATE</b>	<b>ACTIONS BROUGHT FORWARD</b>	<b>STATUS</b>	<b>ACTIONS CARRIED FORWARD</b>
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
<b>Internal Control – Meeting 1</b>					
Income Controls	Cllr Steel	6 July 2023	Conducted 15 June 2023 – no issues identified	On this agenda	
Payment Controls	Cllr Steel	6 July 2023	Conducted 15 June 2023 – one payment had not claimed VAT which was subsequently corrected	On this agenda	
Payroll Controls	Cllr Steel	6 July 2023	Conducted 15 June 2023 – no issues identified	On this agenda	
Proper Book-keeping	Cllr Steel	6 July 2023	Conducted 15 June 2023 – no issues identified	On this agenda	
VAT Controls	Cllr Steel	6 July 2023	Conducted 15 June 2023 – no issues identified	On this agenda	

SUBJECT	NAME OF PERSON UNDERTAKING REVIEW	PREVIOUS COMPLETION DATE	ACTIONS BROUGHT FORWARD	STATUS	ACTIONS CARRIED FORWARD
Miscellaneous – Meeting 2					
External Auditor's Report	RFO	14 September 2023	Reviewed by this committee 14 September 2023. Onward recommendation to Full Council on 21 September 2023	Annual review to be completed following receipt of the External Auditor's Report by October 2024 (earlier if possible).	
Asset Control	Cllr Thompson/RFO	14 September 2023	Conducted 14 September 2023. Building revaluations required to remain compliant with Fixed Asset Policy	Annual review to be completed by September 2024	Provision for revaluation of buildings provided in the 2024/25 budget. Due to RFO vacancy this work stream to be reassigned, it is unlikely to be completed by Sept.
Review of Suppliers	RFO /TC	Ongoing Insurance contract reviewed for 2024/25.	Review suppliers to ensure best value for money being achieved	On this agenda	Investigate having an IT audit as an alternative.
Financial Regulations	RFO	14 September 2023	Review of Financial Regulations completed by this committee 14 September 2023	Annual review to be completed by September 2024	Updated Model Financial regulations have been issued by NALC, which will require TC and Locum RFO to conduct a line-by-line review of GTC adopted Financial Regulations in order to identify changes to Members.
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 to be completed.	

SUBJECT	NAME OF PERSON UNDERTAKING REVIEW	PREVIOUS COMPLETION DATE	ACTIONS BROUGHT FORWARD	STATUS	ACTIONS CARRIED FORWARD
Budgetary Controls	Cllr C Downey	14 September 2023	Conducted 14 September 2023 – to be reviewed in 12 months	Annual review to be completed by September 2024	
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	Annual review to be completed by April 2025	
Risk Assessment – Re-use of Land at Nightingale Cemetery	Cllr Steel / RFO	1 February 2024		Review to be completed by July 2024	Cllr Steel to complete assessment for next Committee meeting. Risk assessment to be produced as part of application for Faculty. Expected submission Summer 2025.
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	Onward recommendation to Full Council
Management of Debt (particularly Bad Debt)	RFO	8 April 2024	To be reviewed annually	Annual review to be completed by April 2025	
Review of Effectiveness of Internal Control	Cllr Crooks /RFO	8 April 2024	To be reviewed annually	Annual review to be completed by April 2025	

<b>SUBJECT</b>	<b>NAME OF PERSON UNDERTAKING REVIEW</b>	<b>PREVIOUS COMPLETION DATE</b>	<b>ACTIONS BROUGHT FORWARD</b>	<b>STATUS</b>	<b>ACTIONS CARRIED FORWARD</b>
Annual Governance Statement	Cllr Crooks /RFO	8 April 2024	To be reviewed annually	Annual review to be completed by April 2025	
Annual Accounting Statements	Cllr Crooks /RFO	8 April 2024	To be reviewed annually	Annual review to be completed by April 2025	
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 2024 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	

## Godalming Town Council Audit Committee: Internal Review

### Area of Review: **Income Controls – 2024/25**

Test		Success Yes/No	Notes
A)	Ensure that precept is received on time and is the amount agreed in the budget.	<b>Y</b>	Remittance advice from WBC seen and checked. Includes 50% of precept as per budget and received on 5 April 2024.
B)	Ensure that rents from Cemetery Lodges, The Square and Allotments are received regularly.	<b>Y</b>  <b>N</b>  <b>Y</b>	Cemeteries Lodge income received by direct debit each month (bank statement sighted for April and May 2024). Rent for Nightingale Chapel invoiced in September each year. Sighted September 2023 invoice and traced receipt to bank statement.  Allotments not yet invoiced for 2024/25 but all rents received 2023/24 (Farncombe Allotment Association paid £2,121.09 – traced to bank statement).  The Square – car park rent being received monthly and main rent quarterly (currently not a regular amount but always at least the minimum agreed amount).
C)	Ensure bank interest is received.	<b>Y</b>	CCLA and HSBC accounts now both paying interest. Amount varies but correctly accounted for in financial system.
D)	Ensure sales invoices are correctly made out and VAT accounted for where applicable.	<b>Y</b>	See table of invoices checked
E)	Ensure monies received meet invoices raised and are banked properly.	<b>Y</b>	ditto
F)	Ensure receipts are properly recorded in the cash book.	<b>Y</b>	ditto
G)	Ensure that more than one person is present when significant amounts of cash are received and counted.	<b>N/a</b>	No longer deal in cash bar one market trader who pays £40 per week. Other insignificant ad hoc cash receipts noted such as Street Collections.

Date review carried out: 3 June 2024

By: Councillor Michael Steel

## Invoices Checked 2024/25

<b>Invoice No</b>	<b>Amount</b>	<b>Correct Fee</b>	<b>Correct VAT</b>	<b>Correct Addition</b>	<b>Posted to Ledger</b>	<b>Paid</b>	<b>Banked</b>
PP1481	£655.20	Y	Y	Y	Y	10/5/24	Y
CEM433	£2,640.00	Y	Y	Y	Y	9/4/24	Y
CEM437	£410.00	Y	Y	Y	Y	19/4/24	Y
GTC5753	£800.00	Y	Y	Y	Y	17/5/24	Y
GTC5759	£60.00	Y	Y	Y	Y	30/4/24	Y
GTC5766	£2,397.22	Y	Y	Y	Y	14/5/24	Y
WN3510	£74.40	Y	Y	Y	Y	7/4/24	Y
WN3523	£13.50	Y	Y	Y	Y	22/5/24	Y
BW4910	£67.20	Y	Y	Y	Y	20/5/24	Y



# GODALMING TOWN COUNCIL AUDIT REVIEW

## INTERNAL REVIEW

AC 18.07.24  
Agenda Item 9

Area of Review: **Checking random payments**

Test	1	2	3	4	5	6	7	8	9	10
Payment ID	428	428	428	428	424	424	421	421	419	419
Payee	Auto Sussex	Community Store	Surrey Groundworks	Waverley Borough Council	ISS	Van Arnhem	Springboard Research Ltd	Worknest	M Jolly	Munsley & Tuesley PC
Amount	£7,794.00	£520.00	£10,725.12	£908.55	£346.80	£555.66	£1,020.00	£1,140.00	£953.57	£25,000.00
Date	15-May-24	13-May-24	14-May-24	09-May-24	23-Apr-24	25-Apr-24	08-Apr-24	22-Apr-24	27-Mar-24	03-Apr-24
A) Check that there is payment authority from 2 Councillors.	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
B) Check that invoice being paid has been passed by instigator of requisition.	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
C) Check that invoice has been entered correctly on system, including VAT.	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
D) Check that payment is within reasonable time period.	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
E) Confirm payment has has gone through the bank.	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y

Date review carried out: 30 May 2024

By: Councillor Michael Steel



## MONTHLY PAYROLL PROCESS

Process		Do By
1.	Email all staff asking for any information regarding payroll for the month e.g. Farmers Market, new deductions, payroll adjustments	15 <sup>th</sup> of the month
2.	Log onto Sage 50 Payroll and set processing date to the 25 <sup>th</sup>	
3.	Check HMRC secure mailbox for any tax code changes or student loan notifications and apply (notified by email)	
4.	Process any new employees (see separate process instructions)	
5.	Process payroll data and check payments online	
6.	Print draft payslips report ~2015_Laser (2 per A4 Sheet) (see separate process instructions)	
7.	Get Town Clerk's authorisation of draft payslips before proceeding.	
8.	Print following reports: Payment Summary Part 1, Payment Summary Part 2, Pensions – Current, Pensions – Employee and Pensions – Employer (see separate process instructions)	
9.	Upload payslips to Sage portal – use publishing date of day before payment	
10.	Update records (Select all employees / Payroll / Update Records)	
11.	Complete Payroll Payment file and email to Councillors for authorisation (in W: drive)	20 <sup>nd</sup> of the month
12.	Process any leavers and save P45	
13.	Process Full Payment Submission	25 <sup>th</sup> of the month
14.	Print P32 report (see separate process instructions)	
15.	Take final back up of payroll for the month	
16.	Upload Payroll Payment in HSBC	22 <sup>nd</sup> of the month
17.	Complete Surrey Pension Contribution Form (see separate process instructions) – this is sent with payment remittance	
18.	Make payment for Union Fees, Pension Contribution and HMRC PAYE/NIC	
19.	Prepare and Post payroll journal	End of month

## Godalming Town Council Audit Committee: Internal Review

Area of Review: Proper Bookkeeping –2024/25

<b>Test</b>	<b>Success</b>	<b>Notes</b>
Is there a procedure for checking that goods and services are received as ordered?	<b>Y</b>	Officers certify on invoices that goods/services have been received and query invoices where this is not the case.
Ensure proper procedure for checking suppliers' invoices and identifying VAT.	<b>Y</b>	As above – Officers check and certify suppliers' invoices. RFO checks VAT accuracy.
Ensure proper procedure for recording suppliers' invoices.	<b>Y</b>	Documented in financial procedures.
Ensure proper procedure for making and checking payments.	<b>Y</b>	Completion of payment grid on each invoice – also payment checks carried out as part of this review – elsewhere on agenda – indicate procedure applied consistently.
Ensure proper filing system for purchase-ledger paperwork.	<b>Y</b>	Invoices filed alphabetically.
Ensure proper system for issuing sales invoices and/or receipts.	<b>Y</b>	RFO does all invoicing through RBS system – each invoice is stamped "PAID" as income is received.
Ensure proper procedure for recording and checking sales invoices.	<b>Y</b>	RFO checks each invoice when printed for obvious errors. Booking System has many automatic checks which eliminates many potential errors.
Ensure proper system for monitoring and ensuring prompt payment of sales invoices.	<b>Y</b>	Sighted credit control spreadsheet for April 2024 and noted actions taken in line with approved process.
Ensure proper system for paying-in funds received.	<b>Y</b>	Banking as required– items recorded on schedule.
Ensure proper filing system for sales-ledger paperwork.	<b>Y</b>	Files checked.
Ensure cash book is up-to date.	<b>Y</b>	Sighted electronic YTD Cashbook.
Ensure bank reconciliations are carried out properly.	<b>Y</b>	Evidence in the files; RFO carries out reconciliations monthly; these are signed by Chairman of the Audit Committee at each meeting of the Committee.

Date review carried out: 30 May & 3 June 2024

By: Councillor Michael Steel

## Godalming Town Council Audit Committee: Internal Review

### Area of Review: VAT 2024/25

Test		Success Yes/No	Notes
A)	Whether VAT records are properly maintained?	Y	RBS maintains VAT accounts.
B)	Whether GTC registered to submit VAT records online?	Y	Evidence of electronic submission sighted.
C)	Whether VAT forms are submitted correctly?	Y	Evidence of electronic submission sighted
D)	Whether VAT paid correctly and on time?	Y	GTC receives refunds. Q4 2023/24 refund of £22,679.53 was received on 19 April 2024.

Date review carried out: 30 May & 3 June 2025

By: Councillor Michael Steel

The process for VAT submissions has changed since October 2020. Making Tax Digital requires that accounting packages digitally submit VAT returns directly to HMRC. Unlike PAYE digital submissions, the Council does not get any email verification of a VAT submission. However, the HMRC portal does record each submission.

13. IT SERVICES REVIEW

**1. Background**

- 1.1. In accordance with Financial Regulation 10.3 all members and officers are responsible for obtaining value for money at all times. An officer issuing an official order shall ensure as far as reasonable and practicable that the best available terms are obtained in respect of each transaction, usually by obtaining three or more quotations or estimates from appropriate suppliers.
  - 1.2. At the Audit Committee meeting dated 3 February 2022 it was noted that the Council spent a significant amount on IT Services and that the supplier used had not been tested against the market to ensure value for money was being achieved. Members noted that value for money did not always mean cheapest and that the current providers had excellent response times, great customer service and had restored lost data demonstrating good back up processes. However, to gain some assurance that the Council was not paying over the current market rate Members requested that the RFO perform a desktop review against other IT Service providers.
  - 1.3. The RFO reported back to the Audit Committee on 25 April 2022 that a desktop review was not possible as it required a level of technical information she did not have access to. Members asked that a competitive quote exercise be performed next time the current IT Service provider updated their costs.
  - 1.4. The RFO reported back to the Audit Committee on 6 July 2023 that she had attempted to get competitive quotes from local IT Service providers but that they had not been sufficiently qualified to manage a government domain which has specialist requirements. The RFO reiterated that the service provided by the current IT Service provider were excellent:
    - excellent response times to trouble tickets (normally less than 2 hours);
    - size of team large enough to cover staff absences but small enough to know everyone's names and thus provide personalised service;
    - continually looking at ways to improve service shown by moving servers to secure data centres;
    - understands the parish council sector requirements and peculiarities;
    - flexible in providing solutions to IT requirements; and
    - no hidden costs and price increases have always been reasonable (ie in line with inflation).
- Members asked Councillor Holliday if he could do a review of the current providers services to see if costs and services were reasonable.
- 1.5. Councillor Holliday reported back to the Audit Committee on 1 February 2024 that costs for specific products were in line with market. After some discussions, Members suggested that the RFO investigate having an IT audit done.

**2. Cyber Crime**

Cybercrime refers to any criminal activity carried out using computers and the internet. With the rise of technology and the increasing reliance on digital communication, cybercrime has become a significant concern for individuals, businesses, and governments worldwide. Cybercrime can take many forms, including hacking, identity theft, phishing scams, and cyberbullying. Hacking involves gaining unauthorised access to computer systems, networks, or data and can be done for various malicious purposes. Phishing scams are designed to trick individuals into providing personal information through fraudulent emails or websites.

Cyber Crime is a major problem for UK organisations of every size, whilst most of the major cyber security incidents we hear about are large businesses, this doesn't mean that they are the only organisations to be targeted.

In reality, over 560,000 new cyber threats are discovered daily and 81% of all UK Businesses who suffer from a Cyber Security Attack are Small to Medium Sized Businesses (SMBs/SMEs). But, 97% of businesses who suffer a cyber-attack could have been protected if they had a modern and comprehensive cyber security solution in place.

### **3. Cyber Security**

Godalming Town Council relies on its IT server provider to provide the main protection against cyber attacks but does not know how effective they are in doing this or where the vulnerabilities lie.

Citation, who are our current Health & Safety providers, also have a cyber security branch. They can do a vulnerability test on the Council's systems which includes an ethical hack on our network. This will test our computer system, network, cloud access and any application to find security vulnerabilities that could be exploited by malicious hackers. We will be given a report with traffic-light system guidance on where we are secure and where we are at risk.

They also offer an accreditation process which will help the Council become robust and ensure we have the best online practices and procedures in place.

How the Process looks-

1. Basic Accreditation: They will provide you the Cyber Essentials Questionnaire to expose vulnerabilities on your data storage.
2. They will provide support to ensure this Test is "Passed": If we fail, they will support us to get a pass mark, they do not charge for a re-issue like other Cyber Security providers.
3. They will provide and register our accreditation with IASME, the governments NCSS website scheme.
4. Cyber Essentials Plus: Will take affect after the initial steps, they will perform more enhanced tests on your systems and provide you with protection and support 24/7 for the year. This accreditation is a requirement for "SSIPs, Tender Work and ISO Accreditation".
5. During this stage they can train our staff on the importance of Cyber Security: They make this as simple or as complex as we require depending on the strength of our staff's IT knowledge.
6. Bespoke Phishing emails can be created and sent to our staff any time we wish to expose vulnerabilities. They will provide reports on click counts, downloads etc. They will do this however many times we need.
7. They will test individual computer units and perform "Ethical Hacks" to break into our data: Should they succeed, they will patch this vulnerability.
8. They will provide in depth reports, detailing our Cyber safety protocols.
9. They will work closely with our 3rd party IT provider to ensure everything is safe and secure and within the parameters of data safety.
10. Basic accreditation can take anywhere from a week to 3 weeks depending on the completion of the questionnaire. Cyber Essentials Plus Accreditation will be completed in 3 to 4 weeks.

### **4. Recommendation**

Members to consider the confidential proposal attached and determine what level, if any, the Council should proceed with.

## GODALMING TOWN COUNCIL

Disclosure by a Member<sup>1</sup> 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]<sup>2</sup> [a registerable interest (non-pecuniary interest)]<sup>3</sup> 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** \_\_\_\_\_

<sup>1</sup> "Member" includes co-opted member, member of a committee, joint committee or sub-committee

<sup>2</sup> 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

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