

GODALMING TOWN COUNCIL

Tel: 01483 523575
Fax: 01483 523077
E-Mail: office@godalming-tc.gov.uk
Website: www.godalming-tc.gov.uk

Municipal Buildings
Bridge Street
Godalming
Surrey GU7 1HT

21 July 2017

I HEREBY SUMMON YOU to attend the **AUDIT COMMITTEE** Meeting to be held in the Council Chamber, Municipal Buildings, Godalming on THURSDAY, 27 JULY 2017 at 7.00 pm.

Andy Jeffery
Acting Town Clerk

Committee Members: Councillor Bolton
Councillor Pinches – Vice Chairman
Councillor Noyce
Councillor Williams
Councillor Purkiss

AGENDA

1. TO ELECT A CHAIRMAN

To receive nominations for the Chairman of the Audit Committee and to elect said Chairman.

2. TO ELECT A VICE-CHAIRMAN

To receive nominations for the Vice-Chairman of the Audit Committee and to elect said Vice-Chairman.

3. MINUTES

To approve as a correct record the minutes of the meeting held on the 8 May 2017, a copy of which has been circulated previously.

4. APOLOGIES FOR ABSENCE

5. PETITIONS/STATEMENTS/QUESTIONS FROM MEMBERS OF THE PUBLIC

The Chairman to allow members of the public to ask questions, or make a statement or present a petition. This forum to be conducted in accordance with Standing Order 4.

6. DISCLOSABLE PECUNIARY INTERESTS AND NON-PECUNIARY 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.

Members of the Public have the right to attend all meetings of the Town Council and its Committees and are welcome.

7. 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).

8. BANK RECONCILIATION

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

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

9. INCOME CONTROLS

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

10. PAYMENT CONTROLS

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

11. PAYROLL CONTROLS

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

12. PETTY CASH

Members to receive the report on the review of petty cash (report attached for the information of Members).

13. PROPER BOOKKEEPING

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

14. VAT CONTROLS

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

15. INTERNAL AUDIT SPECIFICATION CRITERIA

In preparation for market testing Internal Audit providers (as requested by Policy & Management, Min No 543-16 refers), Members are asked to consider the following proposed selection criteria:

- Possess a recognised accounting/auditing qualification.
- Have parish council experience (particularly regarding fixed assets, VAT, the Transparency Code).
- Provide a three-year audit plan that covers standing orders, financial regulations, minutes, risk assessments, insurance, VAT and financial internal controls.
- Have professional indemnity insurance.
- Provide their annual fixed fee estimate.

Members to AGREE the selection criteria to be used for market testing of Internal Audit providers.

16. DATE OF NEXT MEETING

The next meeting of the Audit Committee is scheduled to be held on Thursday, 26 October 2017 at 7.00pm in the Council Chamber.

17. ANNOUNCEMENTS

Brought forward by permission of the Chairman. 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
Internal Auditor's Report	RFO	16 March 2017	Received 16 March 2017	Bi-annual reports to be received. Audits normally conducted Nov and May of each year Onward recommendation to Full Council.	
External Auditor's Report	RFO	16 March 2017	Received 16 March 2017	Annual report to be received (Sept/Oct each year). Onward Recommendation to Full Council	
Asset Control	Cllr Nick Williams/RFO	2 June 2016	Conducted 2 June 2016 to be reviewed in 12 months	Annual review to be completed by June 2017	On this agenda
Income Controls	Cllr Nick Pinches	2 June 2016	Conducted 2 June 2016	Review received 6 October 2016	On this agenda
Payment Controls	Cllr Nick Pinches	2 June 2016	Conducted 2 June 2016	Review received 6 October 2016	On this agenda
Payroll Controls	Cllr Nick Pinches	2 June 2016	Conducted 2 June 2016	Review received 6 October 2016	On this agenda
Petty Cash	Cllr Nick Pinches	2 June 2016	Conducted 2 June 2016	Review received 6 October 2016	On this agenda
Proper Book-keeping	Cllr Nick Pinches	2 June 2016	Conducted 2 June 2016 to be reviewed in 12 months	Annual review to be completed by June 2017	On this agenda
Integrated Booking System	RFO		Added to work programme following 16 March 2017 meeting.	Taken to P&M on 6 April 2017 – approval given to proceed. RBS contacted and have arranged installation on 8 & 9 May 2017.	System installed, in the process of migrating data across (Broadwater Park last centre to be transferred). Item can now be removed from Work Programme.

SUBJECT	NAME OF PERSON UNDERTAKING REVIEW	PREVIOUS COMPLETION DATE	ACTIONS BROUGHT FORWARD	STATUS	ACTIONS CARRIED FORWARD
Review of Ongoing Suppliers	Cllr Simon Thornton /Facilities Manager/TC	Ongoing	<p>As part of move to being web hosted, cost of providing IT Services was reviewed. Existing supplier provided best cost / benefit.</p> <p>Gas / Electricity suppliers' contract reviewed Sept 2016 – Broadwater changed Electricity Suppliers. GTC uses a broker to ensure it is made aware of the best available deal.</p> <p>BT telecommunications were reviewed January 2016. New contract at Broadwater resulted in savings. Further review of requirements for the Pepperpot is needed (currently has broadband and two phone lines).</p>	Ongoing task.	<p>Review of Internal Audit providers required before 31 March 2018</p> <p>On this agenda</p>
VAT Controls	Cllr Simon Thornton	2 June 2016	Conducted 2 June 2016 to be reviewed in 12 months	Annual review to be completed by June 2017	On this agenda
Bank Reconciliation	Cllr David Hunter/RFO	Ongoing	Latest Bank recs reviewed at each Meeting of Audit Committee	Chairman to review and sign at each meeting of the Audit Committee.	Ongoing
Financial Regulations	Simon Thornton	16 March 2017	Review of Financial Regulations completed at by this Committee 10 March 2016 and agreed by Full Council on 31 March 2016	Annual review required to be completed by 31 March 2018	
Procedures	Simon Thornton	Ongoing	<p>Financial procedures as updated agreed by this Committee on 6 October 2016</p> <p>Other key processes agreed by the Committee on 16 March 2017</p>	List of procedures completed.	<p>Financial Administrator to identify any missing financial procedures by 8 May 2017</p> <p>RFO to identify other key processes by 28 September 2017</p>

SUBJECT	NAME OF PERSON UNDERTAKING REVIEW	PREVIOUS COMPLETION DATE	ACTIONS BROUGHT FORWARD	STATUS	ACTIONS CARRIED FORWARD
Budgetary Controls	Simon Thornton	6 October 2016	Conducted 6 October 2016 to be reviewed in 12 months	Annual review to be completed by October 2017	To be reviewed October 2017
Risk Management					
Risk Assessment - Business Continuity	Cllr Nick Williams/TC/RFO	6 October 2016	Updated Business Continuity Plan considered & agreed on 5 October 2016	Annual review to be completed by October 2017	To be reviewed October 2017
Risk Assessment - Environmental	Cllr Ollie Purkiss/TC/RFO	16 March 2017	To be reviewed annually	Annual review to be completed by 15 March 2018	
Risk Assessment - Legal	Cllr Nick Williams/TC/RFO	16 March 2017	To be reviewed annually	Annual review to be completed by 15 March 2018	
Risk Assessment - Physical/Security	TC/RFO/Cllr Ollie Purkiss	16 March 2017	To be reviewed annually	Annual review to be completed by 15 March 2018	
Risk Assessment - Reputation	Cllr Julie Noyce/TC/RFO	16 March 2017	To be reviewed annually	Annual review to be completed by 15 March 2018	
Risk Assessment - Health & Safety	Cllr Simon Thornton /TC/RFO	16 March 2017	To be reviewed annually	Annual review to be completed by 15 March 2018	
Financial Risks	Cllr Simon Thornton /TC/RFO	6 October 2016	Conducted 6 October 2016 to be reviewed in 12 months	Annual review to be completed by October 2017	To be reviewed October 2017
Insurance	Town Clerk/RFO	16 March 2017	To be reviewed annually	On going	Now have two quotes for Godalming Museum. Market test of insurers on P&M work programme.
Management of Debt (particularly Bad Debt)	RFO	16 March 2017	To be reviewed annually	Annual review to be completed by 15 March 2018	

Godalming Town Council Audit Committee: Internal Review

Area of Review: **Income Controls - 2017**

Test	Success yes/no	Notes
A) Ensure that precept is received on time and is the amount agreed in the budget.	Y	Remittance advice from WBC seen & checked. Includes 50% of precept as per budget & due on 1 April 2017 but also £9,755 Council Tax Support Grant (not separately identified by WBC).
B) Ensure that rents from Cemetery Lodges, The Square and Allotments are received regularly.	Y/N	All JBC lodge income received. Rent for Nightingale Chapel invoiced annually Allotments not yet invoiced 2017/18 but all rents received 2016/17. The Square – circumstances documented elsewhere
C) Ensure bank interest is received.	Y	Banks no longer give interest on GTC deposit account.
D) Ensure sales invoices are correctly made out and VAT accounted for where applicable.	Y	See table of invoices checked
E) Ensure monies received meet invoices raised and are banked properly.	Y	ditto
F) Ensure receipts are properly recorded in the cash book.	Y	ditto
G) Ensure that more than one person is present when significant amounts of cash are received and counted.	Y	Cannot guarantee that more than one person will be present when cash is received – but the customer will always be given a receipt. Where large cash sums (e.g. income from Mayor's quiz) money will always be counted by two people.

Date review carried out: 12 July 2017

By: Councillor Nick Pinches

Signed: *Nick Pinches*

Invoices Checked 2017/18

Invoice No	Amount	Correct Fee	Correct VAT	Correct Addition	Posted to Ledger	Paid	Banked
3640BW	£26.40	Y	Y	Y	Y	Y	Y
3663BW	£958.23	Y	Y	Y	Y	Y	Y
5111JBC	£80.00	Y	N/A	Y	Y	Y	Y
5126JBC	£150.00	Y	N/A	Y	Y	Y	Y
PP1001	£84.00	Y	Y	Y	Y	Y	Y
PP1011	£84.00	Y	Y	Y	Y	Y	Y
3495GTC	£25.20	Y	Y	Y	Y	Y	Y
GTC4003	£500.00	Y	N/A	Y	Y	Y	Y
1225WN	£120.00	Y	Y	Y	Y	Y	Y
WN1509	£62.40	Y	Y	Y	Y	Y	Y

GODALMING TOWN COUNCIL AUDIT REVIEW

INTERNAL REVIEW

AC 27.07.17
Agenda Item 10

Area of Review: Checking random cheque payments -

Test	1	2	3	4	5	6	7	8	9
Cheque No	JBC 101616	JBC 101627	JBC 101645	105602	105604	605605	105607	105609	105612
Payee	A West	Express	Cornmeter	Thompson	Skillway	Petty Cash	Emma Hull	1st for Windows	Lodge & Sons
Amount	£450.00	£60.00	£51.31	£13.20	£1,474.33	£129.17	£30.00	£52.50	£75,819.49
Date	07-Apr-17	05-May-17	15-Jun-17	06-Apr-17	19-Apr-17	24-Apr-17	27-Apr-17	01-Jun-17	05-Jul-17
A) Check that cheque stub carries intelligible initials of 2 Councillors.	Y	Y	Y	Y	Y	Y	Y	Y	Y
B) Check that invoice being paid bears initials of 2 Councillors.	Y	Y	Y	Y	Y	Y	Y	Y	Y
C) Check that invoice being paid has been passed by instigator of requisition.	Y	Y	Y	Y	Y	Y	Y	Y	Y
D) Check that invoice has been entered correctly on system, including VAT.	Y	Y	Y	Y	Y	Y	Y	Y	Y
E) Check that payment is within reasonable time period.	Y	Y	Y	Y	Y	Y	Y	Y	Y
F) Check whether cheque has gone through the bank.	Y	Y	Y	Y	Y	Y	Y	Y	Y
G) If not in current month, is it allowed for in bank reconciliation	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Date review carried out: 12 July 2017

By: Councillor Nick Pinches

Signed: *Nick Pinches*

GODALMING TOWN COUNCIL AUDIT REVIEW

INTERNAL REVIEW

Area of Review: **Checking random BACS payments-**

Test	1	2	3	4	5	6	7	8	9
Payment ID	PR26-2	PR28-3	PR28-14	PR29-5	PR29-18	PR30-4	PR30-18	PR32-7	PR32-21
Payee	Be Safe	Castle Water	SLCC	Chambers	WPS Insurance	Burleys	Shorts	Cara	Unison
Amount	£221.58	£9.48	£499.00	£215.95	£11,623.84	£889.65	£117.35	£2,146.68	£39.75
Date	12-Apr-17	28-Apr-17	28-Apr-17	15-May-17	15-May-17	31-May-17	31-May-17	15-Jun-17	15-Jun-17
A) Check that payment authority carries intelligible initials of 2 Councillors.	Y	Y	Y	Y	Y	Y	Y	Y	Y
B) Check that invoice being paid bears initials of 2 Councillors.	Y	Y	Y	Y	Y	Y	Y	Y	Y
C) Check that invoice being paid has been passed by instigator of requisition.	Y	Y	Y	Y	Y	Y	Y	Y	Y
D) Check that invoice has been entered correctly on system, including VAT.	Y	Y	Y	Y	Y	Y	Y	Y	Y
E) Check that payment is within reasonable time period.	Y	Y	Y	Y	Y	Y	Y	Y	Y
F) Confirm payment has has gone through the bank.	Y	Y	Y	Y	Y	Y	Y	Y	Y
G) If not in current month, is it allowed for in bank reconciliation	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Date review carried out: 12 July 2017

By: Councillor Nick Pinches

Signed: *Nick Pinches*

Godalming Town Council Audit Committee: Internal Review

Area of Review: Payroll 2017/18

Test	Success yes/ no	Notes
A) Whether all employees are in payroll system?	Y	All employees, including casual employees (but not self-employed contractors) are on payroll
B) Whether all employees have contracts of employment?	Y	Contracts of employment exist for all staff and are kept by Acting TC in a locked filing cabinet.
C) How wages are prepared?	Y	See attached written process
D) Whether correct PAYE codes are being used?	Y	PAYE codes picked up annually from HMRC notifications on-line. In year changes prompted by employee (with HMRC letter), All employees who have main employment elsewhere are BR code.
E) Whether PAYE records are being kept correctly?	Y	System generated and no queries from HMRC
F) Whether net pay paid correctly?	Y	Net pay per payroll reports agrees to bank statements
G) Does the payment to HMRC match the FPS submission to HMRC?	Y	FPS amounts for April to June 2017 checked
H) Whether HMRC paid correctly and on time?	Y	Amounts & payments for April to June 2017 checked.
I) Whether PAYE cheques are seen going through the bank?	Y	PAYE now paid via BACS. Checked April to June payments.
J) Whether P45's, where applicable, are filed correctly?	N/A	No leavers year to date.
K) Are all employees in the Local Government Pension Scheme? And if not is there written evidence of their opting out	Y	All full time staff are in the scheme. The part time staff do not meet the criteria for compulsory registration and have not elected to join voluntarily.

L) Are contribution rates (EE & ER) applied correctly	Y	SCC check also check at year end
M) Are correct payments made to Pension Authority	Y	Checked April to June payments.
N) How are annual pay awards advised?		Notification from NALC/SLCC and taken through P&M Committee for permission to pay. Notification letters signed by TC except TC's which is signed by Chairman of P&M.

Date review carried out 12 July 2017

By: Councillor Nick Pinches

Signed: *Nick Pinches*

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 th of the month
2. Log onto Sage 50 Payroll and set processing date to the 25th	
3. Check HMRC secure mail box for any tax code changes and apply	
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 to proceed with payment.	
8. Print final payslips (see separate process instructions)	
9. Print following reports- Payment Summary Part 1, Payment Summary Part 2, Pensions – Current, Pensions – Employee and Pensions – Employer (see separate process instructions)	
10. Complete payroll journal in draft	
11. Take back-up of payroll	
12. Update records (Select all employees / Payroll / Update Records)	
13. Create e-banking file (see separate process instructions)	20 nd of the month
14. Get two councillors authorisation to proceed with payment	
15. Upload e-banking file for payment	22 nd of the month
16. Print P32 report (see separate process instructions)	
17. Process any leavers and print P45	
18. Process Full Payment Submission (E-submissions / Full Payment Submission)	25 th of the month
19. Take final back up of payroll for the month	
20. Complete Surrey Pension contribution Form (see separate process instructions)	
21. Make payment for Union Fees, Pension Contribution and HMRC PAYE/NIC	
22. Post payroll journal	End of month

Godalming Town Council Audit Committee: Internal Review

Area of Review: **Checking Petty Cash 2017**

Test	Success Y/N	Notes
A) Is Petty Cash kept securely?	Y	Petty cash kept in locked tin in locked & alarmed strongroom (one key to tin kept by Acting RFO; second in locked key cabinet)
B) Ensure petty cash vouchers are correctly authorised and within budget limits.	Y	Vouchers for recent claims checked – all compliant.
C) Ensure VAT and addition is correct on voucher.	Y	VAT not relevant to petty cash because not reclaimable
D) Ensure Petty Cash is reimbursed correctly.	Y	File demonstrates the correct reimbursement
E) Ensure vouchers are entered correctly in cash book.	Y	File demonstrates that vouchers have been entered correctly in cash book
F) Ensure Petty Cash is checked regularly.	Y	Checked monthly by an officer other than the Acting RFO; by the Internal Auditor twice annually and by Councillor Nick Pinches as part of this review

Date review carried out: 12 July 2017

By: Councillor Nick Pinches

Signed: *Nick Pinches*

Godalming Town Council Audit Committee: Internal Review

Area of Review: Proper Book-keeping –2017

Test	Success	Notes
Is there a procedure for checking that goods and services are received as ordered.	Y	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.	Y	As above – officers check & certify suppliers' invoices. Acting RFO checks VAT accuracy
Ensure proper procedure for recording suppliers' invoices	Y	Documented in financial procedures
Ensure proper procedure for making and checking payments.	Y	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.	Y	Invoices filed alphabetically
Ensure proper system for issuing sales invoices and/or receipts.	Y	Different officers have responsibility for different sales invoices – but each stamped "PAID" as income is received.
Ensure proper procedure for recording and checking sales invoices.	Y	Acting RFO checks as each invoice is entered on to RBS. New Booking System has many automatic checks which eliminates many potential errors.
Ensure proper system for monitoring and ensuring prompt payment of sales invoices.	Y	See Credit Control process as considered by this Committee on 8 October 2015 and adopted by Full Council on 19 November 2015.
Ensure proper system for paying-in funds received.	Y	Weekly banking – items recorded on schedule (Cash banked more promptly)
Ensure proper filing system for sales-ledger paperwork.	Y	Files checked

Ensure cash book is up-to date.	Y	Sighted printed YTD Cashbook
Ensure bank reconciliations are carried out properly.	Y	Evidence in the files Acting RFO carries out reconciliations monthly; these are signed by Chairman of the Audit Committee at each meeting of the Committee
Ensure petty cash tin balance is checked and agrees with paperwork and receipts.	Y	Checked

Date review carried out: 12 July 2017

By: Councillor Nick Pinches

Signed: *Nick Pinches*

Godalming Town Council Audit Committee: Internal Review

Area of Review: VAT 2017

Test	Success Y/N	Notes
A) Whether VAT records are properly maintained?	Y	RBS maintains VAT accounts
B) Whether GTC and JBC registered to submit VAT records on line?	Y	Evidence of electronic submission receipts sighted.
C) Whether VAT forms are submitted correctly?	Y	Printouts of submissions to HMRC
D) Whether VAT paid correctly and on time?	Y	GTC receives refunds

Date review carried out: 12 July 2017

By: Councillor Nick Pinches

Signed: *Nick Pinches*

GODALMING TOWN COUNCIL

Disclosure by a Member¹ of a disclosable pecuniary interest or a 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 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 Interest	Non-Pecuniary Interest	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 non-pecuniary interest is defined by Section 5 (4) of the Godalming Members' Code of Conduct.