

GODALMING TOWN COUNCIL

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23 April 2021

I HEREBY SUMMON YOU to attend the **AUDIT COMMITTEE** Meeting to be held via Zoom on THURSDAY, 29 APRIL 2021 at 7.00pm.

Andy Jeffery
Town Clerk

The meeting of the Audit Committee of the Godalming Town Council will be held under the provisions of the Coronavirus Act 2020 and The Local Authorities and Police & Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020

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

If you wish to watch the council meeting's proceedings, please go to Godalming Town Council's [Facebook](#) page, alternatively please contact office@godalming-tc.gov.uk by 5.00pm on 29 April 2021 for alternative options.

Committee Members:

Councillor Boyle
Councillor Crooks – Vice-Chair
Councillor Heagin – Chair
Councillor Steel
Councillor Welland

AGENDA

1. **MINUTES**

To approve as a correct record the minutes of the meeting held on the 21 January 2021, a copy of which has been circulated previously.

2. **APOLOGIES FOR ABSENCE**

3. **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.

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. INTERNAL AUDITOR'S REPORT

Members to consider the report of an internal audit conducted on 12 April 2021 by the Council's Internal Auditor, Mulberry & Co (copy attached for the information of Members).

9. INSURANCE REVIEW

Members to consider a report from Councillor Heagin on the review of the Council's insurance for 2021/22 and beyond (copy attached for the information of Members).

10. COUNCIL BANKING ARRANGEMENTS

HSBC has formally announced the closure of its Godalming branch at 2.00pm on 23 July 2021. The Council's account will be administered from that date from the branch at 12A North Street, Guildford.

Given the imminent closure, it would be prudent to review the Council's banking arrangements to ensure that the future banking needs of the Council are met. Councillors are asked to determine the criteria upon which to evaluate banking institutions. The following criteria may be considered:

- High Street presence – our community needs High Street banks and those that continue to operate in our town are deserving of our support. Is also consistent with the Council's Godalming First ethos;
- ease of administration of the Council's day-to-day banking needs;
- financial security – are they covered by FSCS?
- Fees/charges and interest payable on deposits;
- ethical credentials;
- service quality; and
- cost/disruption of making any change – for example, is all ID checking online, or is physical attendance necessary by all signatories?

The Responsible Finance Officer will review potential banking institutions against the agreed criteria and report back to this Committee at its next meeting.

11. TREASURY AND INVESTMENT STRATEGY

Members to review the Council's Treasury and Investment Strategy, last reviewed 16 July 2020 (attached for the information of Members) in light of Agenda Item 10. If any changes are required, the updated Strategy to be recommended for re-adoption by Full Council.

12. MANAGEMENT OF DEBT 2020/21

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 9.6 requires any sums found to be irrecoverable to be reported to the Council so that they can be written off in the current financial year. The Responsible Finance Officer requested the following write offs in the 2020-21 financial year:

- Full Council 16 July 2020 - £1,684.27
- Full Council 17 December 2020 - £227.20

However, only £164.27 was actually written off as three of the four debtors did eventually pay their outstanding balances.

13. DATE OF NEXT MEETING

The next meeting of the Audit Committee is scheduled to be held in the Council Chamber on Thursday, 20 May 2021 at 8.00pm or at the conclusion of the preceding Policy & Management Committee, whichever is later.

14. 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 Heagin/RFO	10 September 2020	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 Michael Steel	4 July 2019	Deferred until 2021 due to COVID-19 Community Centres not in operation so no revenue from this source.	Annual review to be completed by July 2022	
Payment Controls	Cllr Michael Steel	10 September 2020	Conducted 10 September 2020 – no issues identified	Review to be completed by 31 March 2021	To be repeated within six months Continuing lockdowns may prevent this.
Payroll Controls	Cllr Michael Steel	10 September 2020	Conducted 10 September 2020 – no issues identified	Annual review to be completed by July 2022	
Petty Cash	Cllr Michael Steel	4 July 2019	Deferred until 2021 due to COVID-19 Petty cash not able to be reimbursed during lockdown so expense claims used instead.	Annual review to be completed by July 2022	
Proper Book-keeping	Cllr Michael Steel	10 September 2020	Conducted 10 September 2020 – no issues identified	Annual review to be completed by July 2022	
VAT Controls	Cllr Michael Steel	10 September 2020	Conducted 10 September 2020 – no issues identified	Annual review to be completed by July 2022	

SUBJECT	NAME OF PERSON UNDERTAKING REVIEW	PREVIOUS COMPLETION DATE	ACTIONS BROUGHT FORWARD	STATUS	ACTIONS CARRIED FORWARD
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Miscellaneous – Meeting 2					
External Auditor's Report	RFO	10 September 2020	Annual report received 10 September 2020. Onward recommendation to Full Council on 17 September 2020	Annual review to be completed by September 2021	
Asset Control	Cllr Boyle/RFO	19 September 2019	Deferred until 2021 due to COVID-19	Annual review to be completed by September 2021	
Review of Ongoing Suppliers	RFO /Facilities Supervisor /TC	Ongoing	Telephone services – as part of move to new offices, quotes received from three suppliers. Decision to go with Phones for Business.	Ongoing task	
Financial Regulations	RFO	10 September 2020	Review of Financial Regulations completed by this Committee 10 September 2020. Onward recommendation to Full Council on 17 September 2020	Annual review to be completed by September 2021	
Procedures	Cllr Welland	Ongoing	Creating a Standard Operating Procedures File for each position – aimed completion March 2020	Deferred until 2021 due to COVID-19	
Budgetary Controls	Cllr Welland	10 September 2020	Conducted 10 September 2020 – to be reviewed in 12 months	Annual review to be completed by September 2021	

SUBJECT	NAME OF PERSON UNDERTAKING REVIEW	PREVIOUS COMPLETION DATE	ACTIONS BROUGHT FORWARD	STATUS	ACTIONS CARRIED FORWARD
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Risk Management – Meeting 3					
Risk Assessment – Business Continuity	Cllr Heagin /RFO	6 February 2020	To be reviewed at least every three years	Deferred until next meeting as not in office yet.	Will need to be reviewed once Council has moved to new offices
Risk Assessment – Environmental	Cllr Crooks/RFO	6 February 2020	To be reviewed at least every three years	Next review to be completed by 31 March 2022	Cllr Crooks to discuss developing an Environment Sustainability Policy with Cllr Follows
Risk Assessment – Legal	Cllr Boyle/RFO	6 February 2020	To be reviewed at least every three years	Next review to be completed by 31 March 2022	
Risk Assessment – Physical & Information Security	Cllr Welland/RFO	10 September 2020	To be reviewed at least every three years	Next review to be completed by 31 March 2023	
Risk Assessment – Reputation	Cllr Heagin /RFO	6 February 2020	To be reviewed at least every three years	Next review to be completed by 31 March 2023	
Risk Assessment – Health & Safety	Cllr Heagin /RFO	6 February 2020	To be reviewed at least every three years	Next review to be completed by 31 March 2022	RFO to organise Workplace Assessments for full time staff – when staff have moved into new premises
Risk Assessment – Financial	Cllr Crooks /RFO	10 September 2020	To be reviewed at least every three years	Next review to be completed by 31 March 2023	
Insurance	Town Clerk/RFO/ Cllr Heagin	21 January 2021	To be reviewed annually	On this agenda	.
Risk Assessment – Safeguarding	Cllr Boyle	21 January 2021	To be reviewed at least every three years	Next review to be completed by 31 March 2024	

SUBJECT	NAME OF PERSON UNDERTAKING REVIEW	PREVIOUS COMPLETION DATE	ACTIONS BROUGHT FORWARD	STATUS	ACTIONS CARRIED FORWARD
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Year End – Meeting 4					
Internal Auditor's Reports	RFO	21 January 2021	Interim audit report received and responses given. Onward recommendation to next Full Council meeting	On this agenda	
Management of Debt (particularly Bad Debt)	RFO	18 April 2019	To be reviewed annually	On this agenda	
Review of Effectiveness of Internal Control	Cllr Heagin /RFO	22 April 2021 (at Full Council due to COVID-19)	To be reviewed annually	Annual review to be completed as part of Annual Governance and Accountability Return process.	
Annual Governance Statement	Cllr Heagin /RFO	22 April 2021 (at Full Council due to COVID-19)	To be reviewed annually	Annual review to be completed as part of Annual Governance and Accountability Return process.	
Annual Accounting Statements	Cllr Heagin /RFO	22 April 2021 (at Full Council due to COVID-19)	To be reviewed annually	Annual review to be completed as part of Annual Governance and Accountability Return process.	
Review of Credit Control Procedures	RFO	21 January 2021	To be reviewed at least every three years	Next review to be completed by 31 January 2024	
Review of Council Banking Arrangements	Cllr Heagin /RFO			On this Agenda	
Review of Treasury and Investment Policy			To be reviewed at least every three years	On this Agenda	



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Our Ref: MARK/GOD001

Ms R Tong
Godalming Town Council
Town Council Offices Municipal Buildings
Bridge Street
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GU7 1HR

12th April 2021

Dear Rita

Re: Godalming Town Council
Internal Audit Year Ended 31st March 2021

Executive Summary

Following completion of our interim internal audit on the 22nd September 2020 and our final audit on the 12th April 2021, 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. **Testing requirements are shown in Red** and where appropriate **recommendations for future action are shown in bold text and summarised in the tables at the end of the report.**

Our report is presented in the same order as the assertions on the internal auditor report within the published AGAR. The start of each section details the nature of the assertion to be verified, followed by recommended minimum testing requirements. Each section is then concluded with an opinion as to whether the assertion has been met or not.

Our sample testing did not uncover any errors or misstatements that require reporting to the external auditor, 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 very seriously and I am pleased to report that overall the systems and procedures you have in place are fit for purpose. The existence of an audit committee with its own detailed scope of works, testing & reporting regimen is very much best practice and is to be applauded. I would recommend the continuance of this into the future.

I would like to thank Rita for her assistance and whilst my report contains 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.

I am of the opinion that the council is ready to finalise and submit the 2020/21 AGAR to the external auditors.

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 & Competence

Your audit was conducted by Mark Mulberry of Mulberry & Co. We confirm we are independent from the management of the financial controls and procedures of the council and neither the internal auditor or the firm have any conflicts of interest with the audit client, nor do they provide any management or financial assistance to the client.

Your auditor is a qualified practicing accountant with over 20 years’ experience as a registered statutory auditor.

Engagement Letter

An engagement letter was issued on the 1st September 2020 covering the 2020/21 internal audit assignment. Copies of this document are available on request.

Planning & Inherent Risk Assessment

The scope and plan of works including fee structure was issued to the council on the 1st September 2020 under separate cover. Copies of this document are available on request. In summary, our work will address each of the internal control objectives as stated on the Annual Internal Audit Report of the AGAR.

- There have been no instances of breaches of regulations in the past
- The client uses an industry approved financial reporting package
- The client regularly carries out reconciliations and documents these
- There is regular reporting to council
- The management team are experienced and informed
- Records are neatly maintained and referenced
- The client is aware of current regulations and practices
- There has been no instance of high staff turnover
- The client has an audit committee with detailed terms of reference and work programme

It is my 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.

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A. BOOKS OF ACCOUNT (INTERIM AUDIT)

Internal audit requirement

Appropriate accounting records have been properly kept throughout the financial year.

Recommended Minimum Testing

- Ensure the correct roll forward of the prior year cashbook balances to the new financial year
- Check a sample of financial transactions in cashbooks to bank statements, etc: the sample size dependent on the size of the authority and nature of accounting records maintained

The Council continues to use RBS Rialtus suite. This an industry specific accounting package. The RBS system is used daily to report and record the financial transactions of the council.

There are a number of access users. The system is cloud based and access is by secure log on to the local machine and a separate password for the cloud system.

- RFO -full access all areas
- Clerk – Read only all areas
- Facilities supervisor – read write to bookings
- Support services – read write to bookings.

The system encompasses, sales ledger, purchase ledger and cashbook. It provides for reconciliation of key control accounts and regular reporting against budget.

Every month, a month end close down is performed by the RFO, various reports are printed and filed in hard copy, these include but are not limited to; income and expenditure against budget, bank reconciliations and other reports as fit.

The RFO makes use of a control sheet to tick off the various reconciliations and financial activities that must be completed to finalise a month end. I have reviewed the June, July & August months and can confirm the tick sheet is completed and the various reconciliations are in evidence. This is a robust, clear to follow system of internal control and demonstrates good working practices.

I also reviewed the bank reconciliation file and can confirm for May, June and July there was evidence of the RFO preparing and signing off the bank reconciliations. This demonstrates internal controls are in evidence and being followed.

The cashbooks are routinely printed and are also retrospectively accessible. The system requires the population of key data fields to enable the user to record a transaction with sufficient detail to understand the nature and scope of the transaction. This is a clear and easy to follow system and a review of the cashbook shows that all data fields are being entered, the reports are easy to read and logically filed.

My walk through audit testing of receipts and payments to underlying documentation chosen at random from month two & three showed that the referencing system can be relied upon, and that the source documents could be easily located in the council records. I make no recommendation to change in this system.

I tested opening balances as at 1/4/20 and confirmed they could be agreed back to the audited accounts for 2019/20.

The Council is VAT registered and the last VAT return was for quarter ended 30th June 2020. This was submitted using the software package under the making tax digital rules and was submitted on time ahead of the deadline. The return was a refund return and I proved the amount shown on the return to the HMRC system and to the physical bank statements. This test indicates that the council is up to date with its postings on the financial package and that these can be verified to third party evidence.

Overall, I have the impression that the accounting systems are well ordered and routinely maintained and as such I make no recommendation to change.

Section Conclusion

I am of the opinion that the control assertion of “Appropriate accounting records have been properly kept throughout the financial year” has been met.

B. FINANCIAL REGULATIONS, GOVERNANCE & PAYMENTS (INTERIM & FINAL AUDIT)

Internal audit requirement

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

Recommended Minimum Testing

- Review the procedures in place for acquisition of formal tenders and quotes, ensuring they are in line with the SOs and FRs which should be based on the latest version.
- Ensure that consistent values are in place for the acquisition of formal tenders between SOs and FRs (frequently different limits are recorded in the two documents)
- Review the procedures for receipt of invoices, agreement of invoice detail and confirmation of goods /services delivery and approval for payment: ideally, a suitably designed certification stamp should be in place providing for evidencing of these checks and payment authorisation
- Check that there is effective segregation between the writing of cheques or the setting up of online payments, and physical release of payments
- Check that VAT reclaims are prepared and submitted in a timely manner in line with the underlying records and in accordance with current HMRC requirements
- Where debit / credit cards are in use, establish the total monthly and individual transaction limits and ensure appropriate controls over physical security and usage of the cards are in place

Interim Audit

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

The external auditors report was not qualified in 2019/20, although the external auditor made a comment regarding the comparative 2019 column of the AGAR.

The notice of conclusion of audit is dated 26/08/20 and is posted to the council website in accordance with regulations.

Both the auditor's report and the notice were properly reported to the audit committee in September 2020. Evidence was also noted in the minutes of the internal auditor's report being reviewed and accepted in April 2020.

Confirm by sample testing that councillors sign statutory office forms

I confirmed by sample testing that Councillors sign "Acceptance of Office" forms and "Register of members Interests" and "Acceptance to receive information by Electronic Means", all in line with regulations.

Each councillor is listed on the website, has a mini biography and link to their register of interests. **If I had one comment, – the council may want to consider redacting personal signatures in future.**

Confirm that the Council is compliant with the relevant transparency code.

The Council is required by law to follow the 2015 Transparency Code, a review of the web site has shown that the council is routinely and properly following this. **However, the link to Grants was misdirected to pay multiple and will need fixing.**

A review of the website indicates that in general information is clear, easily accessible and readable. The council is aware of the accessibility regulations which come into effect in September 2020 and there is a programme and schedule of works in place to improve the accessibility of the website.

Confirm that the Council is compliant with the GDPR.

The council is aware of GDPR, it was noted the Council has common email addresses internally which gives a natural segregation so it is clear beyond doubt in what capacity a councillor is acting, gives control to the council, adds a degree of professionalism and in the event of a FOI request limits access to personal computers.

Confirm that the Council meets regularly throughout the year

The council has the following committees:

- Full Council; meets circa 6 times per annum
- Audit; quarterly
- Staffing; Quarterly
- Mayoralty – annual
- P&M – 6 weekly
- Environment & Planning – new
- JBC - quarterly

There are also a number of working parties and groups which meets as and when necessary to cover specific tasks, not committee have spending powers.

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

I reviewed the agendas for meetings held in June, July & August and can confirm that at least 3 clear days' notice is given.

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

Minutes are uploaded to the council website and these agree to signed hard copies.

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 and are dated July 2020. These were adopted by full council the July 2020 meeting.

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

Financial regulations are based on the NALC model. Financial Regulation were reviewed by the Audit Committee on 10 Sept 2020 and taken to Full Council on 17 September 2020 (no changes made). The regulations being based on the NALC model contain provisions for the approval of spending, setting of budgets, reconciliation of the bank and reporting to council.

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

Financial regulation 2.2 deals with bank reconciliations, the council is performing a monthly bank reconciliation for all accounts and this is signed & minuted in accordance with regulations. However, due to covid restrictions there has only been one audit committee meeting in the last 6 months. **It was noted the chair MUST attend site to counter sign the bank reconciliations & face of the bank statements for April to August 2020.** Final audit update - This has been completed

Financial regulation 3 deals with Annual estimates (Budget) and Forward planning. Budget monitoring reports are presented to the Policy and Management Committee at each meeting.

Financial regulation 4 deals with budgetary control and authority to spend. The office has the power to spend within a budget heading and the clerk has emergency powers up to £4,500. The internal processes of the council are sufficiently robust to ensure before an order is placed the budgets are checked. On occasion it is necessary to get retrospective approval from council. A point to note, the Staffing Committee has the authority to spend up to £5000 pa from the Professional Fees budget (Standing Order 99)

Financial Regulation 5 deals with authorisation of payments. The minutes show authorisation of payments lists in accordance with regulations. The bank mandate is up to date.

Financial regulation 6 deals with making payments. The council makes payments by cheque, direct debit, debit card and bacs. The system in place is routinely followed and a review of the payments file showed all summaries are signed and invoices verified. There is no doubt payments are properly reported to council, approved and the physical payment authorised.

The de-minimis limit recorded in the Financial Regulations for the competitive purchase of items and services is as listed below.

- £25,000 + Tender Process
- £5,000 - £25,000 3 quotations are required.
- £1,000 - £5,000 – strive to get 2 estimates
- 0 - £1,000 – power to spend

I discussed the purchasing system with the RFO vis-à-vis financial regulations 4, 5 & 6 and ascertained that the regulations are being followed at a local level as described below:

1. Regular and recurring expenditure (rent, rates, wages, light & heat, contractual spend etc.) is known and authorised in advance (budget setting or tender process). These are, in the main, paid via direct debit, standing order or on-line banking. Evidence was noted in the minutes of advance variable direct debits being properly authorised.
2. An ad hoc expenditure requirement is identified and noted to the clerk/RFO – this can be from a number of sources and depending on the financial amount will be discussed in advance with council, committee or chair. If required, this is approved in advance by council committee before the expenditure is incurred. My audit testing showed via the minutes that there is where appropriate discussion of expenditure before the orders are placed.
3. The order is made via the office – councillors are not allowed or permitted to place amend or vary orders.
4. The supplier invoice, when received, is reviewed by the RFO and box stamped and passed to budget holder for authorisation and review. My audit testing showed that supplier invoices do all have a box stamp.
5. The authorised invoices are then returned to the RFO and are input into the financial reporting package.
6. On a weekly basis a payments list is prepared by the RFO and councillors are invited to sign off the payment sheet and invoice. The RFO sets the payments up on the on-line banking screens and the councillors authorise the payments. Dual access is not required to access bank. The RFO accesses bank account and inputs payment and Town Clerk reviews input against schedule and signs that it is correct.
7. The payments list is taken to committee for approval in accordance with regulations.

Financial regulation 7 deals with approval and authorisation of salaries, the minutes and files show evidence of authorisation of changes and of wages generally.

Confirm all section 137 expenditure meets the guidelines & does not exceed the annual per elector limit of £8.32 per elector.

The council has no S.137 expenditure because they have GPC.

Confirm that checks of the accounts are made by a councillor.

The client has an internal audit committee. In September 2020 a body of review work was presented and documented. No errors or omissions were noted. I am under no doubt the council has robust internal controls in place.

Final Audit

All other payments are £492, 673 (Was £499,173) (2020: £916,741). The year on year movement is due in the main to £408,954 of expenditure in 2020 for the new offices not repeated in 2021. I also reviewed the nominal ledger for evidence of netting off and significant journal entries, the individual entries were in accordance with the heading under which they were posted and corrections/transfers where evident were bonafide. We found no evidence of breaches of financial regulations in the sample testing completed.

Creditors were £24,836 of which

- Trade creditors £3,469- agrees to aged creditors report – no aged balances. Agrees to after date payment.
- Deposits £6,826 – agrees to schedules maintained by client
- Accruals £14,000 – This comprises unpaid grants and accruals – accruals need to be adjusted
- Income in advance £541 – this is rents received in advance

The accruals for the unpaid grants are allowable; however, the accrual for the Pepper Pot lamp installation is not as no purchase orders or contracts have been agreed. An earmarked reserve can be created but we cannot recognise any costs in the 2020/21 council year. This adjustment will reduce the overall costs shown in box 6 by £6,500 to £492,673

Section Conclusion

I am of the opinion that the control assertion “This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for”, has been met.

C. RISK MANAGEMENT & INSURANCE (INTERIM AUDIT)

Internal audit requirement

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

Recommended Minimum Testing

- Ensure that authorities have prepared, and formally adopted, at least once annually, an appropriate and comprehensive register of assessed risks, both regular and ad hoc
- Ensure that appropriate levels of insurance cover are in place for land, buildings, public, employers' and hirers' (where applicable) liability, fidelity / employees (including councillors) liability, business interruption and cyber security
- Ensure that appropriate arrangements are in place for monitoring play areas, open spaces and sports pitches: such reviews should be undertaken by appropriately qualified external inspectors or, if by officers or members, that they have received the appropriate training and accreditation

Interim Audit

The Council undertakes a full risk assessment that covers operational and financial risks, this is taken to council on an annual basis. Evidence was noted in the September Audit Committee meeting of review and adoption of the risk management policy and documentation. These are very comprehensive and detailed documents.

Godalming TC is insured with Zurich. Asset cover seems consistent with the asset register, and money cover is adequate for a council of this size. The certificate is in date.

We discussed assertion 8 of the AGAR and whether or not this had any impact on the council. All appropriate transactions and events have been recorded.

"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 authority and, where appropriate, have included them in the accounting statements."

Section Conclusion

I am of the opinion that the control objective of "This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.", has been met

D. BUDGET, PRECEPT & RESERVES (INTERIM & FINAL AUDIT)

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.

Recommended Minimum Testing

- Ensure that the full Authority, not a Committee, has considered, approved and adopted the annual precept in accordance with the required parent Authority timetable
- Ensure that budget reports are prepared and submitted to Authority / Committees periodically during the year with appropriate commentary on any significant variances
- Review the budget performance either during the year or at the financial year-end seeking explanations for any significant or unanticipated variances
- Ensure that the Authority has considered the establishment of specific earmarked reserves and, ideally, reviews them annually as part of the budget assessment process
- Ensure that the precept in the accounts matches the submission form to the relevant authority and the public record of precepted amounts

Interim Audit

I confirmed that the 2021/22 Budget and precept setting process was underway at the time of the audit. Full council approved the 2020/21 precept at its meeting in 19th December 2019 which is within the timescales set within the financial regulations and submitted its application on time to the precepting authority.

Councillors receive regular reports on budget against actuals via reports to the Policy and Management Committee. I reviewed the report for the period to end of September 2020 and was able to confirm that the budget is well managed and reported on. Overspends have been properly explained and approval for funding sought from Councillors.

The Council has well developed reserves, which are properly recorded. The RFO is aware that by the end of the council year the general reserve will be below the 50% of precept rule of thumb. This has been discussed with council so that a strategy can be put in place to bring the reserves level up over time.

Final Audit

The council has £519,501 of reserves of which £244,918 are earmarked and £274,583 are general. In respect of general reserves, rule of thumb calculations would suggest that 50% of precept as adjusted for local conditions would be reasonable being circa £350-£360k. The general reserve at 38% of precept is a little low but not significantly low as to cause financial distress - the council has a process in place to increase this over the next few years.

I discussed the earmarked reserves with the RFO and RFO was able to provide explanations and reasons for all reserves. I am of the opinion these are bonafide reserves.

Full council approved the 2021/22 precept at its 17th December 2020 meeting which is within the timescales set within the financial regulations and submitted its application on time to the precepting authority.

Section Conclusion

I am of the opinion that the control objective of "The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.", has been met.

E. INCOME (INTERIM & FINAL AUDIT)

Internal audit requirement

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

Recommended Minimum Testing

- Review "Aged debtor" listings to ensure appropriate follow up action is in place
- Allotments: ensure that appropriate signed tenancy agreements exist, that an appropriate register of tenants is maintained identifying, that debtors are monitored.
- Burials: ensure that a formal burial register is maintained that it is up-to-date and that a sample of interments and memorials are appropriately evidenced, that fees have been charged at the correct approved rate and been recovered within a reasonable time: (Authorities should also acquire and retain copies of Burial / Cremation certificates)
- Hall hire: ensure that an effective diary system for bookings is in place identifying the hirer, hire times and ideally cross-referenced to invoices raised
- Leases: ensure that leases are reviewed in a timely manner in accordance with the terms of the lease and rents similarly reviewed appropriately at the due time
- Other variable income streams: ensure that appropriate control procedures and documentation are in existence to provide a clear audit trail through to invoicing and recovery of all such income
- Where amounts are receivable on set dates during the year, ensure that an appropriate control record is maintained duly identifying the date(s) on which income is due and actually received / banked

Interim Audit

The Council uses the RBS booking module to invoice and record the collection of income for hires. I was able to agree charging rates back to approved fees and charges dated 1st April 2020. These charges were properly agreed by council in December 2019.

I was pleased to note that the RFO regularly checks and chases aged debtors.

VAT has been properly charged at the prevailing rate.

Final Audit

The precept was agreed to third party evidence provided to the auditor and is correctly shown in box 2 of the AGAR.

In total, other income has decreased by £438,405 this is due in the main a receipt of a PWLB loan of £430,000 in the 2020/21. I am of the opinion that income is properly recorded in box 3 of the AGAR.

Other income and other debtors were tested to remittance advice notes, and after date payment, together with a nominal ledger analysis. There is no evidence of netting off, nor were there significant numbers of journal corrections.

At the year-end date the council has £12,892 of debtors and £17,158 of VAT outstanding. The VAT return details agrees to the nominal ledger although at the audit date the return has not been submitted. The after date payment of the majority of trade debtors (64.6%) was proven to after date bank statements.

Section Conclusion

I am of the opinion that the control objective of "Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.", has been met.

F. PETTY CASH (INTERIM AUDIT)

Internal audit requirement

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

Recommended Minimum Testing

- A number of Authorities are now running down and closing their petty cash accounts and using debit / credit cards for ad hoc purchases. Consequently, a "Not applicable" response is frequently required in this area.
- Review the systems in place for controlling any petty cash and also cash floats (used for bar, catering, etc)
- Check a sample of transactions during the financial year to ensure appropriate supporting documentation is held
- Review the existence of evidenced periodic independent verification of the petty cash and any other cash floats held
- Ensure that VAT is identified wherever incurred and appropriate
- Physically check the petty cash and other cash floats held
- Where bar or catering facilities are in place, ensure that appropriate cashing-up procedures are in place reconciling the physical cash takings to the till "Z" total readings

The council has a float of £200. This was reviewed at the audit date, it is clear this is used for small sundries and is not significant or material.

Petty cash expenditure is signed off by the RFO and another officer.

Section Conclusion

I am of the opinion the control objective of "Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.", has been met.

G. PAYROLL (INTERIM & FINAL AUDIT)

Internal audit requirement

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

Recommended Minimum Testing

- Ensure that, for all staff, a formal employment contract is in place together with a confirmatory letter setting out any changes to the contract
- Ensure that appropriate procedures are in place for the payment of members allowances and deduction of any tax liability
- Ensure that, for a sample of staff salaries, gross pay due is calculated in accordance with the approved spinal point on the NJC scale or hourly rate, if off-scale, and also with the contracted hours
- Ensure that appropriate tax codes are being applied to each employee
- Where free or paid for software is used, ensure that it is up to date.
- For the test sample of employees, ensure that tax is calculated appropriately
- Check the correct treatment of Pension contributions to either the Local Government pension scheme (non - taxable, deducted from the gross salary or DC schemes like NEST which already allow for tax deductions
- For NI, ensure that the correct deduction and employer's contributions are applied: NB. The employers allowance is not available to councils but may be used by other authorities
- Ensure that the correct employers' pension percentage contribution is being applied
- Ensure that for the test sample, the correct net pay is paid to the employee with tax, NI and pension contributions correctly paid to the respective agencies

Interim Audit

The payroll is processed using Sage 50 payroll and is processed in house by the RFO. Payroll is then reviewed by the Clerk and signed off by two councillors prior to payment to staff.

The council has fulfilled its obligations in respect of auto-enrolment and uses LGPS.

I tested the tax deduction and pay scales for a full time & part time employee – there were no errors. I am of the opinion salaries are correctly calculated and paid.

The PAYE and NI liabilities are paid on time.

All Council employees are paid through the payroll for all Council work undertaken. No employees are paid separately for any other Council work undertaken. Casual labour payments are correctly recorded via the payroll.

Councillors are not paid allowances.

Pay increases are based on an annual appraisal and a fixed % e.g. an annual cost of living increase or an incremental scale increase, where applicable

Final Audit

The amounts shown on the AGAR, were reconcilable to the payroll records, there were no errors.

Monthly and year-end PAYE and NI deductions and returns have been submitted online, on time to HMRC. There were no errors recorded or late payments to HMRC during the financial year under review. The £7,316.37 PAYE and

NI liability for March 2021 was paid on the 23rd March. The council last reviewed the HMRC gateway account on the 30th March – there were no outstanding amounts or credits

The year on year increase of £54,097 is greater than 15% and as such will need to be reported on the report of significant variances. This is due to up to 3 additional staff being employed in the 2021 council year.

It was noted that there are three codes that are currently included as box 4 items that should be shown in box 6. The system has been adjusted year. The quantum of the amount that should be shown in box 6 is £1,296 - an adjustment has been made to the accounts.

Section Conclusion

I am of the opinion that salaries are correctly stated on the AGAR and that the control object of “Salaries to employees and allowances to members were paid in accordance with this authority’s approvals, and PAYE and NI requirements were properly applied.”, has been met.

H. ASSETS AND INVESTMENTS (INTERIM & FINAL AUDIT)

Internal audit requirement

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

Recommended Minimum Testing

Tangible Fixed Assets

- Ensure that the Authority is maintaining a formal asset register and updating it routinely to record new assets at historic cost price, net of VAT and removing any disposed of / no longer serviceable assets
- Physically verifying the existence and condition of high value, high risk assets may be appropriate
- Ideally, the register should identify for each asset the purchase cost and, if practicable, the replacement / insured cost, the latter being updated annually and used to assist in forward planning for asset replacement
- Additions and disposals records should allow tracking from the prior year to the current
- Ensure that the asset value to be reported in the AGAR at Section 2, Box 9 equates to the prior year reported value, adjusted for the nominal value of any new acquisitions and /or disposals
- Compare the asset register with the insurance schedule to ensure that all assets as recorded are appropriately insured or "self-insured" by the Authority

Fixed asset investments

- Ensure that all long-term investments (i.e., those for more than 12 month terms) are covered by the "Investment Strategy" and reported as Assets in the AGAR at Section 2, Box 9.

Borrowing and Lending

- Ensure that the authority has sought and obtained appropriate DMO approval for all loans acquired
- Ensured that the authority has accounted for the loan appropriately (i.e., recorded the full value of the loan. Any arrangement fee should be regarded as an admin expense) in the year of receipt
- Ensure that the combined principal loan repayment and interest for the year is correctly recorded in the AGAR at Section 2 Box 5
- Ensure that the outstanding loan liability as at 31st March each year is correctly recorded in the AGAR at Section 2, Box 10 (value should be verified via the DMO website)
- Where the Authority has issued loans to local bodies, they should ideally seek signed indemnities from the recipient body, or their members, agreeing to underwrite the loan debt

Interim Audit

The fixed asset register is maintained on excel, additions and disposals have been agreed to a schedule prepared by the RFO and have been correctly added at cost, or written off the asset register as obsolete.

Final Audit

The loan interest and capital repayments were agreed to PWLB debt management letters and the closing balance to the end of year statement letter. There were no errors.

The council has four PWLB loans as shown below

Valuation Date	Loan Number	Advance Date	Maturity Date	Previous Payment Date	Next Payment Date	Principal Balance Outstanding (£)	Loan Rate (%)
31-Mar-2021	PW504288	13-Aug-2015	13-Feb-2045	13-Feb-2021	13-Aug-2021	369,927.38	3.36
31-Mar-2021	PW504568	13-Jan-2016	13-Jul-2045	13-Jan-2021	13-Jul-2021	374,721.26	3.33
31-Mar-2021	PW506047	04-May-2017	04-Nov-2046	04-Nov-2020	04-May-2021	275,265.52	2.63
31-Mar-2021	131999	14-Nov-2019	14-May-2069	14-Nov-2020	14-May-2021	426,555.13	3.38

The capital and interest repayments of £77,703 (2020: £59,753) have been agreed to PWLB statements. The council has one extra loan this year which accounts for the year on year variance.

The Council does not hold any long term investments i.e. over 1 year. Any addition to the asset register is normally with a cost value greater than £1,000.

Section Conclusion

I am of the opinion that the control objective of "Asset and investments registers were complete and accurate and properly maintained.", has been met.

I. BANK & CASH (INTERIM & FINAL AUDIT)

Internal audit requirement

Periodic and year-end bank account reconciliations were properly carried out.

Recommended Minimum Testing

- Ensure that bank reconciliations are prepared routinely, are subject to independent scrutiny and sign-off by members
- Verify the accuracy of the year-end bank reconciliation detail and ensure accurate disclosure of the combined cash and bank balances in the AGAR, Section 2, Box 8.
- Where the authority has bank balances in excess of £100,000 it has an appropriate investment strategy.

Interim Audit

The Town Council has four bank accounts. The bank reconciliations for all accounts are properly prepared and presented to committee for verification and approval on a regular basis.

Final Audit

At the year-end date the council had a reconciled bank position which has been signed by the RFO in accordance with financial regulations and will be reported to F&GP committee in due course. I have reviewed the reconciliation there was one bulk payment run for £17,720.03 which cleared the bank on the 6th April as verified to the bank statement. I also tested the cut off and can confirm the payments and lodgements are shown in the correct year.

The council has three bank accounts, together with petty cash. None of the accounts are long term investments and as such do not need to be disclosed in box 9 of the AGAR.

The movement year on year in bank and cash balances of £15,419 is less than 15%. No further explanations are required.

The council has an investment strategy clearly posted on its website which was last reviewed and updated in July 2020. There is no indication that the council is not following its own policy in respect of bank and cash balances.

Section Conclusion

I am of the opinion that bank and cash balances are properly shown on the AGAR and that the control objective of "Periodic and year-end bank account reconciliations were properly carried out.", has been met.

J. YEAR END ACCOUNTS (FINAL AUDIT)

Internal audit requirement

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

Recommended Minimum Testing

- Ensure that, where annual turnover exceeds £200,000, appropriate records are maintained throughout the year on an Income and Expenditure basis to facilitate budget reporting in that vein
- Ensure that appropriate accounting arrangements are in place to account for debtors and creditors during the year and at the financial year-end

The council, at its meeting to sign off the year-end accounts, must discuss the Annual Governance Statement and record this activity in the minutes of the meeting. Based on the internal audit finding, I recommend using the table below as the basis for that discussion. THIS MUST BE A SEPARATE AGENDA ITEM TO THE SIGNING OF THE ANNUAL ACCOUNTS.

Section 1 – Annual Governance Statement

	Annual Governance Statement	'Yes' means that this authority	Suggested response based on evidence
1	We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.	<i>prepared its accounting statements in accordance with the Accounts and Audit Regulations.</i>	YES – income & expenditure accounts follow latest Accounts and Audit Regulations and practitioners guide recommendations.
2	We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.	<i>made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.</i>	YES – there is regular reporting of financial transactions and accounting summaries, offering the opportunity for scrutiny.
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 authority to conduct its business or manage its finances.	<i>has only done what it has the legal power to do and has complied with Proper Practices in doing so.</i>	YES – the Clerk is experienced and advises the council in respect of its legal powers.
4	We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.	<i>during the year gave all persons interested the opportunity to inspect and ask questions about this authority's accounts.</i>	YES – the requirements and timescales for 2018/19 year-end were followed.

5	We carried out an assessment of the risks facing this authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	<i>considered and documented the financial and other risks it faces and dealt with them properly.</i>	YES – the council has a risk management scheme and appropriate external insurance.
6	We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.	<i>arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of this smaller authority.</i>	YES – the council has appointed an independent and competent internal auditor has completed two audits during the year.
7	We took appropriate action on all matters raised in reports from internal and external audit.	<i>responded to matters brought to its attention by internal and external audit.</i>	YES – where matters are raised, action taken by council is recorded in the minutes.
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 authority and. Where appropriate, have included them in the accounting statements.	<i>disclosed everything it should have about its business activity during the year including events taking place after the year end if relevant.</i>	YES – no matters were raised during the internal audit visits.
9	Trust funds including charitable – In our capacity as the sole managing trustee we discharged our accountability responsibilities for the fund(s)/asset(s), including financial reporting and, if required, independent examination or audit.	<i>has met all of its responsibilities where, as a body corporate, it is a sole managing trustee of a local trust or trusts.</i>	N/A – the council has no trusts.

Section 2 – Accounting Statements

Agar Box Number		2019/20	2020/21	Auditor Notes
1	Balances brought forward	466,245	502,377	Agrees to prior year cfwd
2	Precept or Rates and Levies	643,778	711,154	Agrees to third party evidence provided to auditor
3	Total other receipts	701,518	263,113	Agrees to underlying records
4	Staff costs	332,670	385,471	Agrees to underlying records
5	Loan interest/capital repayments	59,753	77,703	Agreed no loans
6	All other Payments	916,741	493,969	Agrees to underlying records
7	Balances carried forward	502,377	519,501	Cast correctly agrees
8	Total value of cash and short term investments	492,368	507,787	Agrees to reconciliation
9	Total fixed assets plus long term investments and assets	1,977,504	1,977,504	Agrees to register
10	Total borrowings	1,476,881	1,446,469	Agrees to PWLB statement
11	For Local Councils Only) Disclosure note re Trust funds (including charitable)	YES	NO ✓	No trusts

The 2020 year-end accounts were correctly prepared on the income & expenditure basis with the box 7 & 8 reconciliation properly completed.

The 2021 year-end accounts have been correctly prepared on the income & expenditure basis with the box 7 & 8 reconciliation properly completed.

The AGAR correctly casts and cross casts and the comparatives have been correctly copied over from the prior years

The variance analysis is required because there were variances greater than 15% and £200. This was properly prepared on a summary table basis showing the financial elements and explanatory narrative.

The council had made provision within its schedule of meetings to sign off the annual governance statement.

Section Conclusion

I am of the opinion the control objective of "Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.", has been met.

K. LIMITED ASSURANCE REVIEW (INTERIM & FINAL AUDIT)**Internal audit requirement**

If the authority certified itself as exempt from a limited assurance review in 2019/20, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2019/20 AGAR tick “not covered”)

Recommended Minimum Testing

- the correct exemption certificate was prepared and minuted in accordance with the statutory submission deadline
- that it has been published, together with all required information on the Authority’s website and noticeboard

Not applicable

Section Conclusion

I am of the opinion that the control assertion of *“If the authority certified itself as exempt from a limited assurance review in 2019/20, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2019/20 AGAR tick “not covered”).”* has been met.

L: TRANSPARENCY (INTERIM & FINAL AUDIT)**Internal audit requirement**

If the authority has an annual turnover not exceeding £25,000, it publishes information on a website/ webpage up to date at the time of the internal audit in accordance with the Transparency code for smaller authorities.

Recommended Minimum Testing

- This test applies only to those councils covered by the £25,000 External Audit exemption
- IAs should review the Authority’s website ensuring that all required documentation is published in accordance with the Transparency Code.

Not applicable

Section Conclusion

I am of the opinion that the control assertion of *“If the authority has an annual turnover not exceeding £25,000, it publishes information on a website/ webpage up to date at the time of the internal audit in accordance with the Transparency code for smaller authorities.”* has been met.

M: EXERCISE OF PUBLIC RIGHTS - INSPECTION OF ACCOUNTS

Internal audit requirement

The authority, during the previous year (2019-20) correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations (evidenced by the notice published on the website and/or authority approved minutes confirming the dates set).

Recommended Minimum Testing

- IAs should acquire / examine a copy of the required "Public Notice" ensuring that it clearly identifies the statutory 30 working day period when the Authority's records are available for public inspection.
- IAs may also check whether councils have minuted the relevant dates at the same time as approving the AGAR

Due to the Covid 19 outbreak during the 2020/21, the statutory deadlines had been changed for the 2019/20 AGAR as follows:

The publication date for final, audited, accounts was moved from the 30 September to 30 November 2020 for all local authority bodies. To give local authorities more flexibility, the requirement for the public inspection period to include the first 10 working days of July was removed. Instead, local authorities must have commenced the public inspection period on or before the first working day of September 2020.

This meant that draft accounts must have been approved by 31 August 2020 at the latest.

Authorities must publish the dates of their public inspection period, and given the removal of the common inspection period and extension of the overall deadlines for this year, it is recommended that all authorities provide public notice on their websites when the public inspection period would usually commence, explaining why they are departing from normal practice for 2019/20 accounts.

The regulations (SI 2020/404 The Accounts and Audit (Coronavirus) (Amendment) Regulations 2020) implementing these measures were laid on 7 April 2020 and came into force on 30 April 2020.

I confirmed with the RFO that arrangements are in place at this Council to ensure proper exercise of public rights. Relevant dates are set out in the table below.

The Local Audit and Accountability Act 2014 and the Accounts and Audit Regulations 2015 require that the statement of accounts prepared by the authority (i.e. the Annual Governance & Accountability Return (AGAR) Part 2), the accounting records for the financial year to which the audit relates and all books, deeds, contracts, bills, vouchers, receipts and other documents relating to those records must be made available for inspection by any person interested, during a period of 30 working days set by the smaller authority and including the first 10 working days of July.

Inspection - Key date	2019/20	2020/21
Accounts approved at full council	30 th April 2020	13 th May 2021
Date Inspection Notice Issued and how published	1 st May 2020	11 th June
Inspection period begins	4 th May	14 th June
Inspection period ends	16 th June	23 rd July
Correct length	yes	yes
Common period included?	yes	yes
Summary of rights document on website?	Attached to inspection announcement	Attached to inspection announcement

Section Conclusion

I am of the opinion that the control assertion of *“The authority, during the previous year (2019-20) correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations (evidenced by the notice published on the website and/or authority approved minutes confirming the dates set):”* has been met.

N. PUBLICATION REQUIREMENTS (INTERIM & FINAL AUDIT)

Internal audit requirement

The authority has complied with the publication requirements for 2019/20 AGAR. Under the Accounts and Audit Regulations 2015, authorities must publish the following information on the authority website/webpage:

Recommended Minimum Testing

- IAs should acquire / examine a copy of the required "Public Notice" ensuring that it clearly identifies the statutory 30 working day period when the Authority's records are available for public inspection.
- IAs may also check whether councils have minuted the relevant dates at the same time as approving the AGAR

Before 1 July 2021 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 2020/21, approved and signed, page 4*
- *Section 2 - Accounting Statements 2020/21, approved and signed, page 5*

Not later than 30 September 2021 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.

The council has robust procedures in place to ensure the publication of the relevant year end documents, there is no indication of non-compliance a review of the client website shows evidence of these documents. The website administrator demonstrated these were uploaded on the 26th August 2020.

Section Conclusion

I am of the opinion that the control assertion of *"The authority has complied with the publication requirements for 2019/20 AGAR. Under the Accounts and Audit Regulations 2015, authorities must publish the following information on the authority website/webpage:"* has been met.

O. TRUSTEESHIP (INTERIM AUDIT)

Internal audit requirement

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

Recommended Minimum Testing

- Confirm that all charities of which the council is a Trustee are up to date with CC filing requirements
- that the council is the sole trustee on the Charity Commission register
- that the council is acting in accordance with the Trust deed
- that the Charity meetings and accounts recorded separately from those of the council
- review the level and activity of the charity and where a risk based approach suggests such, review the Independent Examiners report

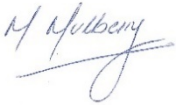
Section Conclusion

I am of the opinion that the control assertion of “Trust funds (including charitable) – The council met its responsibilities as a trustee” has been met.

No trusts.

Should you have any queries please do not hesitate to contact me.

Kind regards
Yours sincerely



Mark Mulberry

Interim Audit - Points Forward

Audit Point	Audit Findings	Council comments
Transparency	Misdirected link on Grants	Completed
GDPR	May want to consider redacting personal signatures on registers of interests (on public view) in future	Completed
Bank Reconciliations	Chair MUST attend site and sign reconciliations and face of bank statements	In progress

Final Audit - Points Forward

None

9. INSURANCE CONTRACT REVIEW

In accordance with Financial Regulations 11.1.i the Council's insurance contract was due for triennial review prior to renewal on 1st April. In addition questions were raised with regard to the Council's role in making insurance arrangements on behalf of Godalming Museum.

In the latter context it has been clarified that the Museum Trustees wish the Council to make the most appropriate insurance arrangements on their behalf, including adding the Museum Trust as an additional insured on GTC policies if this proves most advantageous.

Request for alternative quotations

The GTC insurance contract has been held by Zürich insurance since 2018. They indicated that they wished to continue to provide the service going forward.

Although only a minimum of 2 alternative quotations are required under the Regulations, requests for proposals were sent to a total of 4 brokers who claim a specialism in insurance for Town and Parish councils, plus the broker providing insurance for the Museum Trust.

The results of this exercise are summarised as:

- one broker failed to respond;
- three brokers commenced discussions but it became obvious from these discussions that any proposal would result in a premium at least 30% higher than Zürich for more restrictive protection, so discussions were discontinued; and
- one broker was very keen to provide a proposal. However when they were approached they advertised themselves as providing quotations from RSA; a recognised insurer. However their proposal was for GTC to participate in a revolutionary sharing arrangement which was only launched on 1st March 2021. There was no cost advantage for GTC in doing so, cover for terrorism was not included and general uncertainty regarding the way in which the arrangement would work.

Renewal of the contract was therefore confirmed with Zürich for a further 3 years at an overall premium of £13,287 compared with £12,176 in 2020/21. Please note that 2020/21 had two policies that were not renewed on a 12 months basis in order to bring their termination date in line with the main policy.

Within that premium:

- the majority of asset values have been increased by 3% in line with inflation;
- cover has been included for stock, fixtures and fittings for Community Store; and
- cover has also been included for certain Museum contents (at their request), since this resulted in a saving to them of over £600.



TREASURY AND INVESTMENT POLICY

INTRODUCTION

Godalming Town Council (the 'Council') acknowledges the importance of prudently investing the temporary surplus funds held on behalf of the community as part of its fiduciary duty. In preparing its investment policy the Council is required under Section 15(1) of the Local Government Act 2003 to have regard to the requirements set in the Department for Communities and Local Government *Statutory Guidance on Local Government Investments* and guidance within *Governance and Accountability for Local Council's Practitioners Guide 2016*.

The Local Government Act 2003 states that a local authority may invest:

- For any purpose relevant to its functions under any enactment;
- For the purpose of prudent management of its financial affairs.

The *Statutory Guidance on Local Government Investments* defines an investment as '*all of the financial assets of a local authority as well as other non-financial assets that the organisation holds primarily or partially to generate a profit*'. This may therefore include investments that are not managed as part of normal treasury management processes or under treasury management delegations.

The Council defines its treasury management activities as '*the management of the Council's cash flows, its banking transactions, the effective control of the risks associated with those activities and the pursuit of best value performance consistent with those risks*'.

The Council defines its non-financial assets held to partially generate a profit as '*all of the buildings where rent or hireage fees are charged*'.

TREASURY INVESTMENT OBJECTIVES

The Council's treasury investment priorities are the security of reserves and liquidity of its investments. The Council will aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity.

All investments will be made in Sterling.

The Department for Communities and Local Government maintains that borrowing of monies purely to invest, or lend and make a return, is unlawful and the Council may not engage in such activity.

SHORT TERM TREASURY INVESTMENTS

Short term investments are those offering high security and high availability, made in Sterling and maturing within two years.

For the prudent management of its treasury balances whilst maintaining sufficient levels of security and liquidity, the Council will use deposits with banks and building societies, Licensed Deposit Takers (licensed by either the Prudential Regulation Authority or Financial Conduct Authority), UK local authorities and other UK public authorities.

Institutions should meet the required rating at the time of investment.

Required ratings:

Type	Minimum Rating	Definition		
	Fitch	Moody's	S&P	
Short Term investments (maturities of less than one year)	F1	P-1	A2	Strong capacity to meet financial commitments. Low to medium risk. Numeral indicates higher end of rating
Medium Term investments (maturities of up to five years)	AA	AA	AA	Strong capacity to meet Financial commitments, but somewhat susceptible to adverse economic conditions and changes in circumstances. Low to medium risk.

The Responsible Finance Officer, in consultation with the Chairman of the Audit Committee and Proper Officer, shall have the delegated power to invest in short term investments, with any such investment reported to the next Full Council meeting. The Council is ultimately responsible for its investments.

NON-SPECIFIED TREASURY INVESTMENT

These investments have greater potential risk – examples include investment in money markets, stocks and shares.

Given the unpredictability and uncertainties surrounding such investments, the Council will not use this type of investment.

LONG TERM TREASURY INVESTMENTS

Long term treasury investments shall be defined as greater than two years. The Council will use the same criteria for assessing long term investment as for short term investments. Should the Council wish to invest for periods greater than two years, it **must** identify the procedures for monitoring, assessing and mitigating the risk of loss of invested sums before committing to such an investment. The Responsible Finance Officer shall require Full Council approval before entering into any long term investment. The Council is ultimately responsible for its investments.

NON-FINANCIAL ASSETS

The Council's strategy in relation to the buildings it holds for income generation is to undertake regular maintenance to ensure they remain in proper working order, and to accumulate sufficient reserves to enable any major maintenance works to be completed as and when required.

The Council will also ensure that adequate insurance cover is held to mitigate the loss of income should significant damage ever occur.

REVIEW AND AMENDMENT

As recommended under the *Statutory Guidance on Local Government Investments*, this policy will be reviewed annually by the Audit Committee and ratified each year by Full Council.

The Council does not normally employ in-house or external financial advisors but will rely on information which is publically available.

The Council reserves the right to make variations to the Policy at any time, subject to the approval of Full Council. Any variations will be made available to the public.

FREEDOM OF INFORMATION

In accordance with the Freedom of Information Act 2000, this document will be published on the Council's website and a hard copy will be available from the Council's office

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.