

## **GODALMING TOWN COUNCIL**

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107-109 High Street  
Godalming  
Surrey  
GU7 1AQ

31 January 2025

I HEREBY SUMMON YOU to attend the **AUDIT COMMITTEE** Meeting to be held in 107-109 High Street, Godalming on THURSDAY, 6 FEBRUARY 2025 at 6.30pm.

*Andy Jeffery*

Andy Jeffery  
Town Clerk

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

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

### **A G E N D A**

1. **MINUTES**

To approve as a correct record the minutes of the meeting held on the 14 September 2024, a copy of which has been circulated previously.

2. **APOLOGIES FOR ABSENCE**

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

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

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

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

5. **QUESTIONS BY MEMBERS**

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

6. **WORK PROGRAMME**

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

7. **BANK RECONCILIATION**

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

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

8. INTERNAL AUDITOR'S REPORT

**Recommendation:** Members to consider the report from the Council's Internal Auditor, Mulberry & Co, dated 25 September 2024 for the financial year ending 31 March 2024 (attached for the information of Members) and are requested to consider the recommendation(s) contained within the report and provide direction to the Town Clerk for any amendments to current procedures or processes.

As the internal audit for the financial year ending 31 March 2024 was completed early within the inspection period (25 September 2024), with the permission of the Chair of this committee, as there were no issues within the report for the Audit Committee to investigate the report was sent directly to Full Council. This allowed Full Council to give directions regarding the Internal Auditor's recommendations.

Full Council resolved to agree that the Council's Fidelity Guarantee be increased to two million pounds.

In doing so, Full Council noted that the Audit Committee will consider any commentary points/suggestions contained within the report at its next scheduled meeting in February 2025.

Members will note that the auditor concluded that:

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

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

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

In reviewing the Internal Auditor's comments/recommendations, Members will note the following:

**Page 5 of 12 - Check the draft minutes of the last meeting(s) are on the council's website**

**Auditor's Comment:** Minutes are routinely uploaded to the council website, although there is no indication of whether these are draft or adopted versions and I recommend the addition of a statement to the minutes page confirming all minutes are in draft format until approved at the next meeting.

**Officers Response:** Members will note that on the Council's website page which records the minutes of the Council and its committees there is a column which clearly indicated the date that the minutes were approved, see [December 2024](#) as an example. Members will note that whilst the E&P minutes of 19 December are shown as approved on 9 December, the Full Council minutes are not shown as approved. The website will be updated following the next Full Council to be held on 13 February 2025, if and when Full Council approves them. It is for members to determine whether they believe residents are able to distinguish between draft and approved minutes on the Council's website.

9. REVIEW OF RISK ASSESSMENT – FINANCIAL

Members to consider the risk assessment on Financial (attached for the information of Members).

10. REVIEW OF HEAT SOURCE PUMPS AND SOLAR PANELS RISK ASSESSMENT

In reviewing the 2024 assessment (attached for the information of Members), Members will wish to note that the installation of the Solar PV panels at Broadwater Youth & Community Centre has been completed within the agreed budget and during the first year of installation 67% of the centre's electricity requirement was self-generated. The Return of Investment (ROI) for the Solar PVs was anticipated at 7 years based on an electricity price of 34p kw/h. This committee determined to assess whether ROI will be met after three years of operation, i.e 2027. In the meantime, Members may wish to note that the initial assessment was made on a self-consumption figure of 60%.

Regarding the second part of the decarbonisation plans for Broadwater Youth & Community Centre, the installation of an Air Source Heat Pump (ASHP) as an alternative to natural gas as the heating source for the building has stalled.

Whilst a potentially suitable option for an ASHP system was identified, planning permission including a noise survey was required, which generated a delay. However, the primary reason the installation has not taken place is due to the limitations of existing power supply.

When built, the centre was only provided with a single phase 100amp power supply (the same supply provided to a new domestic property), which is inadequate to support the power load requirement of the building if converted to an ASHP system.

Upgrading to a three-phase power supply that would support ASHP operation is estimated to be in the region of £20,000. Coupled with the costs of ASHP installation and the required alterations to the existing heating system, means the total cost has increased to approximately £44,000. This alters the ROI period from an estimated 6.3 years to 15.3 years. (Members to note that this is an estimation and would have to be confirmed once an updated quote on the cost of installation is obtained and is also affected by the prevailing gas-electricity cost ratio).

Members are asked to consider whether the financial risk of installing ASHP has exceeded the original assumptions to a level which requires a recommendation to the Policy & Management Committee. Members may wish to recommend that consideration is given to suspending installing ASHP whilst investigations are undertaken to determine whether there are suitable alternative options to lower the carbon footprint of the Broadwater Youth & Community Centre.

11. REVIEW OF BUSINESS CONTINUITY PLAN

Members to review the draft revised Business Continuity Plan (attached for the information of Members) Members may wish to compare the draft revised plan with the existing 2022 plan which can be found on the [Council's website](#).

12. DATE OF NEXT MEETING

The next meeting of the Audit Committee is scheduled to be held in the meeting room at 107-109 High Street on Thursday, 17 April 2025 at 6.00pm.

13. ANNOUNCEMENTS

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

**AUDIT COMMITTEE WORK PROGRAMME**

<b>SUBJECT</b>	<b>NAME OF PERSON UNDERTAKING REVIEW</b>	<b>PREVIOUS COMPLETION DATE</b>	<b>ACTIONS BROUGHT FORWARD</b>	<b>STATUS</b>	<b>ACTIONS CARRIED FORWARD</b>
Bank Reconciliation	Cllr Crooks/RFO	18 April 2024	Latest bank recs reviewed at each meeting of Audit Committee	Chair to review and sign at each meeting of the Audit Committee	Ongoing
<b>Internal Control – Meeting 1</b>					
Income Controls	Cllr Steel	18 July 2024	Conducted 3 June 2024 – no issues identified	Annual review to be completed by July 2025	
Payment Controls	Cllr Steel	18 July 2024	Conducted 30 May 2024 – no issues identified	Annual review to be completed by July 2025	
Payroll Controls	Cllr Steel	18 July 2024	Conducted 30 May & 3 June 2024 – no issues identified	Annual review to be completed by July 2025	
Proper Book-keeping	Cllr Steel	18 July 2024	Conducted 30 May & 3 June 2024 – no issues identified	Annual review to be completed by July 2025	
VAT Controls	Cllr Steel	18 July 2024	Conducted 30 May & 3 June 2024 – no issues identified	Annual review to be completed by July 2025	
<b>Miscellaneous – Meeting 2</b>					
External Auditor's Report	RFO	14 September 2023	Already considered by Full Council on 5 September 2024	On this agenda	
Asset Control	Cllr Thomson/RFO	14 September 2023	Conducted 14 September 2023. Building revaluations required to remain compliant with Fixed Asset Policy	Surveyor engaged and revaluation inspections completed December 2024.	Awaiting valuation reports expected by mid-Feb. Insurance broker to be informed of updated valuations.

SUBJECT	NAME OF PERSON UNDERTAKING REVIEW	PREVIOUS COMPLETION DATE	ACTIONS BROUGHT FORWARD	STATUS	ACTIONS CARRIED FORWARD
Review of Suppliers	RFO /TC	Ongoing  Insurance contract reviewed for 2024/25.	Review suppliers to ensure best value for money being achieved		
Financial Regulations	RFO	14 September 2023	New Model Financial Regulations reviewed by this committee September 2024	New Financial Regulations adopted by Full Council 21 November 2024	
Procedures	RFO	Ongoing SOP's for Facilities function written and being updated by Operations & Compliance Officer.	Creating a Standard Operating Procedures File for each position	SOP for Communications & Community Officer to be completed.	No progress since last meeting
Budgetary Controls	Cllr C Downey	14 September 2023	Conducted 6 September 2024 – to be reviewed in 12 months		
Risk Management – Meeting 3					
Risk Management Strategy	RFO	14 September 2023	Review of the Risk Management Strategy to be completed by this Committee	Annual review to be completed by February 2025	
Insurance	RFO	18 April 2024	To be reviewed in detail at each contract renewal	Current Insurance based on 3-year contract due for reviewed for renewal for April 2027	.
Risk Assessment – Re-use of Land at Nightingale Cemetery	Cllr Steel / RFO	1 February 2024		Digitisation of Nightingale Cemetery record completed	Risk assessment to be produced as part of application for Faculty. Due to Godalming Minister being interregnum unable to progress Faculty. Expected to be able to take this forward Autumn 2025.

SUBJECT	NAME OF PERSON UNDERTAKING REVIEW	PREVIOUS COMPLETION DATE	ACTIONS BROUGHT FORWARD	STATUS	ACTIONS CARRIED FORWARD
Risk	RFO	Ongoing	Identify areas to review to ensure risk is being managed appropriately within the Council	Ongoing	
Year End – Meeting 4					
Internal Auditor's Reports	RFO	18 April 2024	To be reviewed at next interim audit	Ongoing	Interim internal conducted 25 September 2024. And received by Full Council 21 November 2024
Management of Debt (particularly Bad Debt)	RFO	8 April 2024	To be reviewed annually	Annual review to be completed by April 2025	
Review of Effectiveness of Internal Control	Cllr Crooks /RFO	8 April 2024	To be reviewed annually	Annual review to be completed by April 2025	
Annual Governance Statement	Cllr Crooks /RFO	8 April 2024	To be reviewed annually	Annual review to be completed by April 2025	
Annual Accounting Statements	Cllr Crooks /RFO	8 April 2024	To be reviewed annually	Annual review to be completed by April 2025	
Review of Credit Control Procedures	RFO	18 April 2024	To be reviewed at least every three years	Next review to be completed by April 2027	
Review of Council Banking Arrangements	Cllr Crooks /RFO	20 July 2023 Full Council Min 117-23	To be reviewed each Administration	Next review to be completed after May 2027	
Review of Treasury & Investment Policy	Cllr Crooks /RFO	8 April 2024	To be reviewed annually	Annual review to be completed by April 2025	



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

25 September 2024

Dear Andy

**Re: Godalming Town Council**  
**Internal Audit for Financial Year Ended 31 March 2025 – Interim Audit report**

**Executive summary**

Following completion of our interim internal audit on 25 September 2024 we enclose our report for your kind attention and presentation to the council. The audit was conducted in accordance with current practices and guidelines and testing was risk based. Whilst we have not tested all transactions, our samples have where appropriate covered the entire year to date.

Our report is presented in the same order as the assertions on the internal auditor report within the published Annual Governance and Accountability Return (AGAR). The start of each section details the nature of the assertion to be verified. Testing requirements follow those detailed in the audit plan previously sent to the council, a copy of which is available on request. The report concludes with an opinion as to whether each assertion has been met or not at this point in the year. Some assertions are tested only at the final internal audit, and this is reflected where appropriate in the report.

**Recommendations for action are shown in bold text and are summarised in the table at the end of the report.**

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

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

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

**Regulation**

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

Internal auditing is an independent, objective assurance activity designed to improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. The purpose of internal audit is to review and

report to the authority on whether its systems of financial and other internal controls over its activities and operating procedures are effective.

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

### **Independence and competence**

Your audit was conducted by Andy Beams of Mulberry Local Authority Services Ltd, who has over 34 years' experience in the financial sector with the last 14 years specialising in local government.

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

### **Engagement Letter**

An engagement letter was previously issued to the council covering the 2024/25 internal audit assignment. Copies of this document are available on request.

### **Planning and inherent risk assessment**

The scope and plan of works including fee structure was issued to the council 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.

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

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## A. BOOKS OF ACCOUNT

### **Internal audit requirement**

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

### **Audit findings**

The audit was conducted on site with the council's Locum Responsible Financial Officer (RFO) who is an experienced local government officer. The information advised in advance of the visit was prepared and made available for inspection, and overall, I have the impression that accounting records are neatly maintained and easily accessible. Other information was reviewed through discussion with the Town Clerk and Locum RFO and a review of the council website

[www.godalming-tc.gov.uk](http://www.godalming-tc.gov.uk)

The council uses the Rialtas Business Solutions (RBS) Omega accounting package for recording the council's finances, including using the sales and purchase ledger functions of the system. This is an industry specific accounting package. The accounting package is updated regularly and used to produce management information reports for review at council meetings.

I reviewed the cashbooks and nominal ledger entries for the period 1 April 2024 to date. Data entry contains sufficient narrative information to either identify the source and nature of the transaction or references the council or committee meeting where a spending decision is recorded. I found no evidence of instances of 'netting off' on the nominal ledger report, and transactional items appeared to be placed to the most appropriate nominal code budget headings.

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

## B. FINANCE REGULATIONS, GOVERNANCE AND PAYMENTS

### **Internal audit requirement**

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

### **Audit findings**

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

The External Auditor's Report for 2023/24 was not qualified and has been published on the council website along with the Notice of Conclusion of the Audit and was reported to the council at the meeting held on 5 September 2024 (minute ref 206).

I note the council received and considered the previous internal auditor report at the council meeting held on 9 May 2024 (minute ref 648) which includes comments on action taken based on the internal auditor's recommendations.

*Confirm by sample testing that councillors sign statutory office forms*

I confirmed by sample testing that councillors sign "Acceptance of Office" forms. The council website includes a page with councillor information, including a short bio for each councillor, their contact information and their individual Register of Members' Interests forms.

*Confirm that the council is compliant with the relevant transparency code*

As the council's income and expenditure exceeds £25,000, it is not a statutory requirement to follow the requirements of the Local Government Transparency Code, although it is recommended best practice to do so. A review of the council website shows that a transparency page has been created on the website and information relating to all aspects of the code are published on this page. This is an exemplar way of proving the information is a transparent format.

**Confirm that the council is compliant with GDPR**

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

The Joint Panel on Accountability and Governance (JPAG) Practitioner's Guide (March 2024) contains updated guidance on the matter as below:

*The importance of using .gov.uk domains for websites and emails*

*5.210. All Parish, Town and Community Councils are eligible to use, and are advised to use, a .gov.uk domain for their websites and email communications. Your community, suppliers and partners will now reasonably expect a local council to have a .gov.uk domain name. Note that Parish meetings are exempt from the requirement to have a website.*

*5.211. To assist with compliance with the General Data Protection Regulations (GDPR), it is advised that clerks provide official .gov.uk email accounts to their councillors, which must only be used for official council business.*

*5.212. When choosing a domain name all councils must follow the rules set out by the Cabinet Office to choose a .gov.uk domain name, for example, 'ourparishcouncil.gov.uk' with email addresses linked to that domain.*

*5.213. Using a .gov.uk domain for your council website and email accounts gives Parish Councils the following advantages:*

*5.214. Increased professionalism and trust from members of your community, partners and suppliers because your email address and website domains are a trusted government brand.*

*5.215. Separation of your personal life from your professional life, ensuring members of your community, partners and suppliers understand what capacity you are emailing them in - whether a Councillor or Clerk.*

*5.216. Increased control for the Responsible Officer over email accounts and documentation when managing new joiners, leavers, sudden absences or Freedom of Information and Subject Access Requests.*

The council has a Privacy Notice and Accessibility Statement on its website, and it is clear the council has made every effort to comply with the website requirements.

**Confirm that the council meets regularly throughout the year**

In addition to full council, the council has a committee structure in place. Details of the purpose and function of each committee are included within the council's adopted Standing Orders.

A diary of future meeting dates is published on the council website, along with historic agendas and minutes for council and committee meetings.

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

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

I note that the non-confidential supporting papers are included with the agendas on the council website in compliance with the requirements of the Information Commissioner's Office.

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

Minutes are routinely uploaded to the council website, although there is no indication of whether these are draft or adopted versions and I recommend the addition of a statement to the minutes page confirming all minutes are in draft format until approved at the next meeting.

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

The Standing Orders are based on the current NALC model, although amended to reflect the size and structure of the Town Council and were most recently reviewed and adopted by council on 16 May 2024 (minute ref 23). The Standing Orders include information relating to the purpose and functions of each committee of the council.

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

The Financial Regulations adopted by the council on 16 May 2024 (minute ref 23) are based on the previous NALC model, although the council are in the process of adopting the new model version published in May 2024. These have been reviewed by the Audit Committee at their meeting held on 12 September 2024 (minute ref 230) and a recommendation for adoption has been made to the next council meeting.

Checks of processes against Financial Regulations are therefore based on the version in place at the date of the interim audit visit.

I note the council also has an adopted Scheme of Delegation to support the Financial Regulations and this was also reviewed and approved by the council at the May 2024 meeting.

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

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

- FR 4.1 Expenditure on revenue items may be authorised up to the amounts included for that class of expenditure in the approved budget.*
- FR 4.2 No expenditure may be authorised that will exceed the amount provided in the revenue budget for that class of expenditure, or that is not contained within the revenue budget or within the Clerks delegated authority of £4,500, other than by resolution of the Council, or duly delegated committee. During the budget year and with the approval of Council having considered fully the implications for public services, unspent and available amounts may be moved to other budget headings or to an earmarked reserve as appropriate (virement). Any time the Clerk exercises a delegated financial authority, the Clerk will agree expenditure with the Chair or Vice Chair of the appropriate Committee and shall report the action taken and costs incurred to the same Committee as soon as practicable thereafter.*
- FR 4.5 The Clerk may incur expenditure on behalf of the Council which is necessary to carry out any repair, replacement, health and safety or other work which is of such extreme urgency that it must be done at once, whether or not there is any budget provision for the expenditure, subject to a limit of £4,500. Before doing so, the Clerk will agree expenditure with the Chair or Vice Chair of the appropriate Committee and shall report the action taken and costs incurred to the same Committee as soon as practicable thereafter.*

A review of the accounting information for the year to date shows that expenditure has been approved in accordance with the above Financial Regulations.

I note that approval of making payments by direct debit was granted by the council at the meeting held on 16 May 2024 in accordance with FR 6.6.

*Confirm all section 137 expenditure meets the guidelines and does not exceed the annual per elector limit of £10.81 per elector*

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

***Check receipt of VAT refund matches last submitted VAT return***

The council submits its VAT return on a quarterly basis. I reviewed the submission for the period ending 30 June 2024 which showed a refund amount due of £35,489.60 and was fully supported by the required details. I was able to confirm receipt of this amount to the council's bank account on 16 July 2024 and that the entry had been processed to the VAT code within the council's accounting package on the same date.

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

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

**C. RISK MANAGEMENT AND INSURANCE*****Internal audit requirement***

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

**Audit findings**

The council has a Risk Management Strategy which was last reviewed and approved by the council at the meeting held on 16 May 2024 (minute ref 23). Through the Audit Committee, a work programme is in place which considers risks and associated internal controls. The work programme is wide-ranging with different subject matters addressed and reported on at each meeting. I was provided with a sample of the reviews carried out by councillors, which includes a check list of tests and concludes with a written report with their findings.

This is a comprehensive approach and includes analysis of all risks typically associated with a council of this size with its range of services and facilities. I note that the Audit Committee also approved individual risk assessments for a range of the council's activities at the meeting held on 1 February 2024 (minute refs 488-494).

I confirmed that the council has a valid insurance policy in place with Zurich Insurance which covers the year under review. The policy includes Public Liability cover of £15 million, Employers Liability cover of £10 million and a Fidelity Guarantee level of £500,000. The Fidelity Guarantee level appears to have reduced from the previous year, where it was recorded as £1 million in the internal audit report and the Town Clerk confirmed that an insurance review was conducted during the year with a competitive tender process, and the figure may have been inadvertently altered during that process.

**Based on the balances held by the council, I recommend the council contacts the insurance company to confirm the cover level held and if required, consideration is given to increasing the Fidelity Guarantee level to ensure that it covers the maximum balance held.**

**D. BUDGET, PRECEPT AND RESERVES*****Internal audit requirement***

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

**Audit findings**

The council set a precept of £1,147,744 for 2024/25. With a tax base of 9,864.7, this equates to a band D equivalent of £116.35 (compared to the average in England of £85.89).

Budgetary controls are included within the work programme of the Audit Committee as part of the council's Risk Management programme. Budget monitoring is conducted in detail at Policy & Management Committee meetings and a review of the minutes confirms this activity takes place.

At the date of the interim audit, the council held circa £673,700 in earmarked reserves, spread across a range of clearly identifiable projects including circa £299,000 in a Community Infrastructure Levy (CIL) EMR. Transfers between reserves are processed through the accounting package with reference to the council minute where the transfer was approved.

The Joint Panel on Accountability and Governance (JPAG) Practitioner's guide provides updated guidance on the appropriate level of general reserves that councils should retain as below:

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

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

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

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

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

A review of the general reserve balance will be conducted as part of the year-end internal audit.

## **E. INCOME**

### **Internal audit requirement**

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

### **Audit findings**

The council has a range of income sources other than the precept. The Locum RFO confirmed that a review of fees and charges made by the council will form part of the budget setting process, and detailed testing of this will be conducted as part of the year-end internal audit testing.

I reviewed the outstanding ledger balances at the date of the interim audit. There are minimal amounts outstanding to the council demonstrating a good level of credit control.

## **F. PETTY CASH**

### **Internal audit requirement**

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

### **Audit findings**

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

## G. PAYROLL

### **Internal audit requirement**

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

### **Audit findings**

Payroll is processed in house by the RFO using Sage software and the council is a member of the Local Government Pension Scheme (LGPS). I reviewed the salary slips for April, May and June 2024 and was able to confirm that deductions amounts for tax and national insurance and pension contributions appear to be calculated correctly. The June payroll shows 25 employees in place at that date although I note that number has reduced to 22 in September 2024.

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

The council has a performance management scheme in place, although this is currently under review with the intention to use the ACAS system for small and medium employers in the future.

There is no councillor allowances, although the Town Council, under the General Power of Competence (GPC) has adopted a scheme to allow councillors to claim allowances relating to carer responsibilities. No claims under this scheme have been made to date, but the Town Clerk and RFO are aware that if paid to members, these must be processed through payroll and assessed for tax and national insurance.

## H. ASSETS AND INVESTMENTS

### **Internal audit requirement**

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

### **Audit findings**

The council has a fixed asset register in place, maintained in an Excel format, which includes details of asset location, date of acquisition, original purchase price, useful life estimate, current value, insurance value, custodian information and usage information. This is a detailed register and is an appropriate method of recording assets for a council of this size.

The Locum RFO confirmed that the register is in the process of being updated with assets acquired during the year, and a detailed check to confirm accuracy of newly recorded information and the total asset figure for inclusion on the Annual Governance and Accountability Return (AGAR) will be completed at the year-end internal audit.

The council has borrowing through the Public Works Loan Board (PWLb) and checks of the year-end balances and confirmation of yearly payments will be conducted at the final internal audit.

I note the council has adopted a Treasury & Investment Policy, which was last reviewed and approved by council in May 2024 (minute ref 23) to support its future decision making on placement of funds in accordance with the [Statutory Guidance on Local Authority Investments](#)

**I. BANK AND CASH****Internal audit requirement**

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

**Audit findings**

Financial Regulation 2.62 states 'On a regular basis, at least once in each quarter, and at each financial year end, a member other than a cheque signatory shall be appointed to verify bank reconciliations (for all accounts) produced by the RFO. The member shall sign the reconciliations and the original bank statements (or similar document) as evidence of verification. This activity shall on conclusion be reported, including exceptions, to and noted by the Audit Committee.'

Bank reconciliations are completed monthly. I reviewed the bank reconciliations for cashbooks for the two HSBC accounts and CCLA and was able to confirm the balances to the bank statements and found no errors. The reconciliation and accompanying bank statements have been signed in accordance with the requirements of FR 2.2 and reported to the Audit Committee.

Due to the size of the council's budget, it receives no depositor protection from the Financial Services Compensation Scheme (FSCS).

**J. YEAR END ACCOUNTS****Internal audit requirement**

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

**Audit findings**

Testing to be conducted at final interim audit.

**K. LIMITED ASSURANCE REVIEW****Internal audit requirement**

*IF the authority certified itself as exempt from a limited assurance review in 2023/24, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2023/24 AGAR tick "not covered")*

**Audit findings**

The council did not certify itself exempt in 2023/24 due to exceeding the income and expenditure limits and this test does not apply.

**L: PUBLICATION OF INFORMATION****Internal audit requirement**

*The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation*

**Audit findings**

Testing to be conducted at final interim audit.

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

*The authority has demonstrated that during summer 2024 it correctly provided for the exercise of public rights as required by the Accounts and Audit Regulations.*

**Audit findings**

Inspection – key dates	2023/24 Actual
Date AGAR signed by council	9 May 2024
Date inspection notice issued	31 May 2024
Inspection period begins	3 June 2024
Inspection period ends	12 July 2024
Correct length (30 working days)	Yes
Common period included (first 10 working days of July)	Yes

I am satisfied the requirements of this control objective were met for 2023/24, and assertion 4 on the Annual Governance Statement can therefore be signed off by the council.

**N: PUBLICATION REQUIREMENTS****Internal audit requirement**

*The authority has complied with the publication requirements for 2023/24. Under the Accounts and Audit Regulations 2015, authorities must publish the following information on the authority website / webpage.*

*Before 1 July 2024 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 2023/24, approved and signed, page 4
- Section 2 - Accounting Statements 2023/24, approved and signed, page 5

*Not later than 30 September 2024 authorities must publish:*

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

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

**Audit findings**

Testing to be conducted at final interim audit.

**O. TRUSTEESHIP****Internal audit requirement**

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

**Audit findings**

The council has no trusts and testing under this internal control objective is not required.



**Achievement of control assertions at interim audit date**

Based on the tests conducted during the interim audit, our conclusions on the achievement of the internal control objectives to date are summarised in the table below. Confirmation of continued compliance will be conducted at the final internal audit, with testing of internal control objectives J, L and N also completed at that visit.

	INTERNAL CONTROL OBJECTIVE	YES	NO	NOT COVERED
A	Appropriate accounting records have been properly kept throughout the financial year	✓		
B	This authority complied with its Finance Regulations, payments were supported by invoices, all expenditure was approved, and VAT was appropriately accounted for	✓		
C	This authority assesses the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these	✓		
D	The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓		
E	Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for	✓		
F	Petty cash payments were properly supported by receipts, all petty cash expenditure was approved, and VAT appropriately accounted for			✓
G	Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.	✓		
H	Asset and investments registers were complete and accurate and properly maintained.	✓		
I	Periodic bank account reconciliations were properly carried out during the year.	✓		
J	Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	To be tested at final internal audit		
K	If the authority certified itself as exempt from a limited assurance review in 2023/24, it met the exemption criteria and correctly declared itself exempt. <i>(If the authority had a limited assurance review of its 2023/24 AGAR tick "not covered")</i>			✓
L	The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation	To be tested at final internal audit		
M	The authority, during the previous year (2023/24) correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations <i>(evidenced by the notice published on the website and/or authority approved minutes confirming the dates set).</i>	✓		
N	The authority has complied with the publication requirements for 2023/24 AGAR.	To be tested at final internal audit		
O	Trust funds (including charitable) – The council met its responsibilities as a trustee.			✓

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

Yours sincerely



**Andy Beams**

**Mulberry Local Authority Services Ltd**

**Interim Audit - Points Carried Forward**

Audit Point	Interim Audit Findings	Council comments
<b>C. RISK MANAGEMENT AND INSURANCE</b>	Based on the balances held by the council, I recommend the council contacts the insurance company to confirm the cover level held and if required, consideration is given to increasing the Fidelity Guarantee level to ensure that it covers the maximum balance held.	

# Risk Assessment



Area:	<b>FINANCE</b>	Date of Assessment:	06/02/2025	Date of Last Assessment:	01/02/2024	Responsible Persons Name:	Town Clerk – Andy Jeffery
		Name of Assessor:	Andy Jeffery	Date of Next Assessment:	February 2025	Signature:	

<u>Hazards</u>	<u>Persons at Risk</u>	<u>Existing Precautions</u>	<u>Severity</u>	<u>Likelihood</u>	<u>Numerical Risk</u>	<u>Risk Rating</u>	<u>Additional Controls</u>	<u>Task Frequency</u>
<b>Income</b> May not receive the Precept on the due date.	The community and GTC	Ensure reserves are adequate to cover 6 months or 50% of the Precept to allow the organisation to continue trading.	4	3	12	Medium	On 19 Dec 24 Full Council adopted a Reserves Policy which formalises the level of reserves to be held by GTC	RFO – ongoing.
Rent not received on properties or no hire fees received from community centres.	The community and GTC	Have adequate Insurance cover for loss of rent and loss of gross revenue.	3	3	9	Medium	Insurance renewed April 2024 on a 3-year renewal basis	RFO/TC arranges insurance annually and reviews levels of cover to ensure adequate.
Insufficient revenue is generated to fund operations.	The community and GTC	Ensure a medium to long term budget is in place to anticipate future revenue requirements, taking into account the impact of inflation, and enable strategies to be developed to address potential shortfalls.	4	2	8	Medium	On 19 Dec 24 Full Council noted the budget forecast projections for periods 2026/27-2029/30	RFO develops a rolling three-year high-level budget for Council consideration.

<b>High risks 12-25</b> Immediate action required to either eliminate or adequately control the risk before further activity takes place.	<b>Medium risks 5-10</b> Review existing control measures to determine effectiveness. Where necessary implement further risk reducing measures.	<b>Low risks &lt;5</b> Adequately controlled. No actions required but keep assessment under review. Additional controls will further reduce risk.	<table><tr><th></th><th colspan="5">Severity</th></tr><tr><th>Likelihood</th><th>Negligible</th><th>Minor</th><th>Moderate</th><th>Major</th><th>Catastrophic</th></tr><tr><td>Rare</td><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td></tr><tr><td>Unlikely</td><td>2</td><td>4</td><td>6</td><td>8</td><td>10</td></tr><tr><td>Possible</td><td>3</td><td>6</td><td>9</td><td>12</td><td>15</td></tr><tr><td>Likely</td><td>4</td><td>8</td><td>12</td><td>16</td><td>20</td></tr><tr><td>Almost certain</td><td>5</td><td>10</td><td>15</td><td>20</td><td>25</td></tr></table>		Severity					Likelihood	Negligible	Minor	Moderate	Major	Catastrophic	Rare	1	2	3	4	5	Unlikely	2	4	6	8	10	Possible	3	6	9	12	15	Likely	4	8	12	16	20	Almost certain	5	10	15	20	25
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<b>Money Laundering</b> Money received could be illegally acquired and therefore as a consequence the Council may suffer a financial loss.	GTC	All signatories to be approved by the bank and provide the required level of identification. Two Members to authorise all withdrawals. Ensure as far as possible that all dealings with customers are legally binding.  Only approved Officers and Members named on nominated bank mandate to liaise with any financial institution in relation to the finances of the organisation.	4	3	12	High	RFO arranges bank mandate and liaises between bank and Members to fulfil identification requirements  RFO is main liaison with bank.	
<b>Banking Facilities Provision</b> Banks could make a loss or become insolvent.		Ensure monies are placed with approved and recognised institutions. Follow Treasury & Investment Policy.	4	2	8	Medium	RFO to monitor banking institutions' credit rating at least annually.  RFO to ensure adherence to Treasury & Investment Policy	Annually. As of 29/01/2025 GTC's bank is rated A+stable. Annually
<b>Investments</b> Investments may be lost through market forces.		Follow Council's Treasury & Investment Policy.	4	2	8	Medium	RFO to ensure adherence to Treasury & Investment Policy	As and when investments change GTC's investment vehicle is rated AAmmf

#### High risks 12-25

Immediate action required to either eliminate or adequately control the risk before further activity takes place.

#### Medium risks 5-10

Review existing control measures to determine effectiveness. Where necessary implement further risk reducing measures.

#### Low risks <5

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Investments may be misused/ fraud/corruption.		Insurance cover for Fidelity Guarantee (which covers the misappropriation of funds by Officers and Members) to cover total reserves.					Review both Investment Strategy Policy and insurance cover annually.	Annually. 19 Dec 24, Fidelity Guarantee increased to £2m
<b>Assets</b> Assets may be damaged/stolen.  Inability to replace assets that are damaged, lost or stolen.		Ensure all assets are appropriately maintained through regular inspections.  Ensure the Asset Register is updated regularly  Have adequate insurance to cover loss or damage.  Ensure all assets are retained in a safe and secure environment (e.g. civic regalia is kept in alarmed strong room).  Annual budget includes a maintenance line item for regular scheduled maintenance and unplanned maintenance. Reserves are built up over time to ensure ability to replace or repair major capital assets.	4	3	12	High	Operations & Compliance Officer has a scheduled maintenance programme and performs regular reviews for unplanned maintenance.  RFO maintains Asset Register which is reviewed by the Internal Auditor each year.  RFO/TC review insurance cover annually.  RFO prepares budget annually with provision for both short and long term asset maintenance.	In line with Maintenance Programme           As and when assets change and annual audit    Annual    Annual

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<b>Liquidity</b> Insufficient funds available when required to make payments when due.  Unable to recover debtors' amount.  Long term inability to repay loans.		Cash flow not a significant issue as Council receives the Precept (its main income) in two instalments in advance and holds healthy levels of cash reserves in the bank.  Cash flow is a required element of consideration per the Councils' Treasury & Investment Policy.  Casual users of community centres are required to pay their account before the service is provided. Regular users and ad hoc debtors are subject to the Council's credit control procedures.  Repayments are fixed interest (not variable) and have been built into the base budget.	3	3	9	Medium		RFO monitors cash flow regularly.  Policy to be reviewed annually  RFO performs credit control each month.
			4	2	8	Medium	RFO ensures repayments are built into annual budget.	Annual provision

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<b>Insurance</b> Cover is inadequate or incomplete for organisational needs.		Insurance cover reviewed with insurance agent annually to revise levels, ensure new areas of risk are included and remove no longer required areas of coverage.  Fixed Asset Policy requires major assets (e.g. buildings and civic regalia) to be reviewed every 5-7 years to ensure values insured are appropriate.	4	2	8	Medium	RFO/TC review insurance coverage annually. December 2024 Ockford & Aarons Hill Hub added to insurance policy; Fidelity Guarantee increased.  RFO/Audit Committee and Internal Auditor ensure compliance with Council's policies and procedures. Dec 24, GTC buildings evaluated for reinstatement costs.	Annual       As and when risks change
<b>Activities Outside Legal Powers</b> Budget spent without a legal power to do so and therefore <i>ultra vires</i> .		Council has achieved General Power of Competence and a CiLCA qualified S151 Officer (Town Clerk).  Officers to advise Members where potential plans may not fall within existing powers.	3	3	9	Medium	TC to ensure Council does not operate <i>ultra vires</i> .  TC to ensure Council continues to meet the eligibility criteria for General Power of Competence every four years. 2023/24 External Auditor Check on Officers	On going       Every 4 years

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<b>Internal Controls</b> The Council does not have an adequate system of internal controls to prevent and/or detect fraud and errors.  Council fails to adhere to internal controls and opens itself up to qualified audit, fraud and damage to its reputation.		Included on the Audit Committee programme is an annual review of key internal controls for major areas.	4	3	12	High	CILC qualification and Council's adoption of GPC. Chair of Audit to ensure Member assigned to do review each year.	Annual
		Internal Auditor includes within its programme a review of the Council's adherence to its own Standing Orders, Financial Regulations and internal controls.	4	3	12	High	RFO to liaise with Internal Auditor to accommodate the Internal Auditor's review of internal controls.	Minimum twice a year
<b>Audit</b> Audit not performed		External auditor is appointed by Smaller Authorities Audit Appointments for all Town and Parish Councils. External Auditor then informs Council of significant dates and follows up if information requested not provided.  See Internal Controls, Legal Powers. Council appoints suitably qualified Officers.	4	2	8	Medium	RFO to liaise with both External and Internal Auditors to ensure audits are conducted and any information requested provided in a timely manner.	Annual

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<p>Audit performed and identifies areas of concern that result in a qualified audit opinion.</p> <p>Auditor does not have necessary expertise to conduct audit.</p> <p>Auditor recommendations not addressed by Council.</p>		<p>Audit Committee sets appointment criteria which includes evidence of necessary skills, experience and qualifications.</p> <p>Internal Auditor checks that all of their recommendations and those of the External Auditor have been considered and addressed.</p>	<p>2</p> <p>4</p>	<p>2</p> <p>2</p>	<p>4</p> <p>8</p>	<p>Low</p> <p>Medium</p>	<p>Auditor's recommendations are reported to the Audit Committee to determine an appropriate response. This is then forwarded to Full Council for agreement.</p>	

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## NEW PROJECT/INITIATIVE ASSESSMENT FORM

<b>Proposal Name/Title</b>	Installation of Solar Panels & Air Source Heat Pumps (ASHP) at Broadwater Park
<b>Aim/Objective</b>	<p>Installation of building integrated renewable energy technologies to reduce carbon footprint.</p> <p>Note the LGA categorises example energy efficiency measures:</p> <ul style="list-style-type: none"> <li>At one extreme; straightforward, low-risk measures such as lighting controls, lighting upgrades, heating controls, boiler replacements and building fabric insulation typically result in a 10-18 per cent saving with an average payback of 2-3 years on the cost of the measures.</li> </ul> <p>At the other extreme: stand-alone (renewable energy generation) projects, such as wind turbines and solar farms, have a high degree of risk.</p>
<b>Corporate Plan Reference</b>	<ol style="list-style-type: none"> <li>1. Ensure that Godalming Town Council is carbon neutral across Scope 1 &amp; 2 by 2025 and across all other areas of its own operations by 2030. <b>[31, 32]</b></li> <li>2. Ongoing project (Broadwater Youth &amp; Community Center) Action 46</li> </ol>
<b>Proposal</b>	
£47k future capital investment on solar PV's and air source heat pump at Broadwater Park Youth & Community Centre.	
<b>Key Identified Risks &amp; Mitigation</b>	
<p><b>Strategic Risk</b> Long-term adverse impacts from poor decision-making or poor implementation. Risks damage to the reputation of the Council, loss of public confidence, in a worst-case scenario Government intervention.</p> <ul style="list-style-type: none"> <li>If the press release announcement made on 02/08/23 for the future capital investment of a significant portion of annual budget namely £47k, significantly overshoots that budget.</li> <li>If the commitment that the expected Return of Investment (ROI) for capital costs (will be) approximately 7 years is not met.</li> <li>GTC currently doesn't have any specific decarbonisation KPIs that measures value for money of specific or all decarbonisation spending (based upon existing or carbon-based energy costs).</li> <li>An appropriate measure is ROI. Whilst there will be an immediate saving in energy costs to the revenue budget once the PV's are installed the level of saving in the first year will not cover the costs of installation. However, over a period in time the accumulated savings to the revenue account in energy costs will exceed the investment cost. It is after that point that we start to see a return of investment, this is often called 'invest to save'.</li> </ul>	
<p><b>Compliance Risk</b> Failure to comply with legislation, laid down procedures or the lack of documentation to prove compliance. Risks exposure to prosecution, judicial review, employment tribunals and the inability to enforce contracts.</p> <ul style="list-style-type: none"> <li>Pre-installation fire risk assessment must be undertaken for all industrial, commercial, and domestic PV installations and be in compliance with the Regulatory Reform (Fire Safety) Order 2005.</li> <li>Solar PV contractor accredited to a national trade body associated with design &amp; install standards e.g. BS 7671 IET wiring regulations and provision of a ground fault detection to reduce risk associated with short circuit generated fire risk.</li> <li>Quality of supplied manufacturer PV panels (cert by 3<sup>rd</sup> party accredited supplier) conform to BS EN 61215 (ref 15) or BS EN 61646 (ref 18) in conjunction with BS EN 61730-1 and BS EN 61730-2 (refs 19 and 20)</li> <li>Solar PV panels roof design (structural suitability and strength of the roof) assessment adheres to Microgeneration install standard 3002.</li> </ul>	

Associated risks to GTC:

- (Solar PV) Issues with pre-installation structural suitability, age and strength of the roof, lack of existing flammable insulation & roof covering leading to a fire.
- Solar PV issues with installation work that leads to water leaks, damage to structure and water ingress, drains, ventilation and hinder ongoing roof maintenance.

Panel security to the building structure.

### Financial Risk

Fraud and corruption, waste, excess demand for services, bad debts. Risk of additional audit investigation, objection to accounts, reduced service delivery, dramatically increased Council Tax levels/impact on Council reserves.

- The expected ROI for capital costs is more or much more than 7 years.
- The estimate used for 'invest to save' showing the period in time the accumulated savings (in energy costs) fails to deliver forecasted savings to revenue account.
- Failure of solar PV panels during operation.
- The electricity-to-gas price ratio sees gas prices drop significantly (gas is currently 4 times cheaper) then any savings from ASHP efficiency and the Solar PV generating electricity then the financial saving of the decarbonisation/energy saving measures might end up costing more over the equipment's lifetime, than an upgraded gas boiler.

Note the following LGA costs and benefits analysis gives a typical sample for ROI & Performance risk Figure 6 <https://www.local.gov.uk/sites/default/files/documents/download-potential-energy-9f8.pdf>

Associated risk to GTC:

- Solar PV manufacturer specified 25-year life cycle significantly fails to meet expectations and requires additional unforeseen spending/ replacement.
- Solar PV average yearly panel replacement cost was not factored in.

Recommendation:

- The Audit Committee review progress toward expected ROI payback in 3 years' time (January 2027).
- No further investment in these technologies be made until the above review completed to ensure operational, environmental and financial aims are achieved.

### Operating Risk

Failure to deliver services effectively, malfunctioning equipment, hazards to service users, the general public or staff, damage to property. Risk of insurance claims, higher insurance premiums, lengthy recovery processes.

Note the ASHP to be installed is Samsung HTQ 12kW.

- Air Source heat pumps can fail to operate efficiently (in particular, deliver the required temperature of heating for the buildings occupants) in buildings which were not designed (under building regulations introduced after year 2000) to be well insulated.
  - Mitigation by Town Clerk indicated that a heat loss survey was conducted to determine the required output for an ASHP System. This indicated that the centre is sufficiently well insulated, however, upgrades to several of the existing radiators were required.
- ASHP can fail to operate efficiently (deliver required building temperature) in colder weather. For example, a 12kw unit may drop down to 10.5kw in those conditions.
- Hazards might include 26Db expected noise level.
  - Mitigation by Town Clerk – noise survey was completed and submitted as part of planning application.

Note the Solar PV + battery storage model TBD

- Fire/explosion risk from energy battery storage ESS (lithium-ion safety & fire risk).
- PV panel performance efficiency has a direct correlation with the amount of sunlight falling on the panels and the duration of the exposure to natural light sources. Siting of panels away from shade of trees and extractor fan output etc.
- Pre-installation assessment of structural suitability and strength of the roof completed.
- Firefighters' isolation switch must be provided in a prominent location readily accessible to firefighters to isolate the DC side of the PV system (RC62). Additionally local fire brigade invited for post installation visit.






- Failure of some panels during operational lifetime and potentially exacerbated by design of the installation not allowing for panel replacement with the minimum need for removal of other operating panels.
- Early replacement of the inverter (10 years) or ESS (both over lifetime than panels) leads to additional unforeseen electrical costs.
- Panel electrical safety inspections and panel cleaning/maintenance of roof/clearing of debris will have additional maintenance costs to the building.

#### Environmental Risk

- Safe environmental disposal of failed or retired Solar PV panels is a complete unknown in both recycling terms and impact to the environment.
- ESS battery storage lithium-ion disposal issues/lack of facilities.

## Appendix

**Figure 6: Typical costs and benefits of building integrated renewable energy technologies**

Building-integrated technologies					
Technology	10kW roof mounted Solar PV	20kW solar hot water heating system	100kW biomass boiler	100kW ground source heat pumps system	100kW air source heat pump system
					
Capital cost	£13k	£25k	£60k	£125k	£100k
Annual revenue potential	£1.2k	£1.2k	£5.3k	£1.2k	£3.8k
Return on investment	10%	5%	9%	10%	4%
Development complexity	●	●	●	●	●
Performance risk	●	●	●	●	●

Key: ● High ● Medium ● Low

## **BUSINESS CONTINUITY POLICY**

### **OVERVIEW**

The objectives of a Business Continuity Plan (BCP) are:

- to provide guidance, establish actions to be taken and develop procedures that will allow the Council to manage any incident;
- to ensure the continued operation of key services;
- to keep the organisation working effectively;
- to inform the community and customers of the Council.

The BCP must cover all areas of the Council's business, including issues for the:

- staff – operational issues; to ensure their ability to undertake their day-to-day duties;
- council – statutory requirements, Councillors' business, service provider to customers (residents, visitors); to ensure they are undertaken with minimal disruption, and stakeholders kept informed and details and updates are well communicated.

Responsibility for implementing the BCP rests with the Proper Officer (PO), or, in their absence, the Operations & Compliance Officer. Access to the BCP, including appendices, should not be dependent upon access to the council's administrative offices. Appendices to the BCP should be updated as soon as any aspect changes. The BCP is held on the GTC server and can be accessed by login into the GTC remote server from the Council's Offices, Eashing Workshop, Broadwater Park Youth & Community Centre or from a remote location using a GTC laptop. Additionally, hardcopies of the BCP and appendices should be held at the locations indicated above.

There are many scenarios that may result in the need to implement aspects of the BCP, but this document focuses on loss of:

- administrative office location;
- any of the main community buildings; WNC, Broadwater or The Pepperpot;
- Godalming Museum;
- IT capabilities from internal or external causes;
- Town Clerk or RFO.

In each scenario there will be a series of immediate actions to be considered and undertaken where relevant. There will then be additional considerations specific to each. It is recognised that those listed here are not exhaustive, as there is a balance to be struck between the benefits of preparedness and the investment of effort in planning for an event that might never happen.

The appendices to the BCP contain emergency contact details and other key information where immediate access may be required. For GDPR and other security reasons the actual details will only be included in restricted access versions of the BCP.

## **IMMEDIATE STEPS – ALL SCENARIOS**

1. Follow any relevant guidelines, such as
  - fire – evacuate and contact emergency services;
  - smell gas – turn off and phone 0800 111 999;
  - malicious threat – bomb warning.
2. Under no circumstances should staff or others be put at risk.
3. Contact the PO and Operations & Compliance Officer, who will then take control of the situation unless the emergency services are involved.
4. Make a quick assessment or value judgement of the seriousness of the situation and issues likely to be involved.
5. Notify key stakeholders, using details in Appendices
  - staff;
  - Leader, Mayor and political group leaders, who should be requested to notify the remainder of their group;
  - insurers, if the incident is likely to give rise to a claim.
6. In conjunction with the Leader, decide roles and responsibilities for staff and other elected members, as appropriate.
7. Arrange more detailed briefings for staff and councilors.
8. Decide the nature and extent of more extensive communication with residents and other relevant stakeholders.

## **SUBSEQUENT STEPS – ALL SCENARIOS**

1. Ensure adequate resources are input to assist the recovery of the service, including those available from insurers.
2. Appropriate reviews of the situation are undertaken, through regular updates and Officers, Councillors and customers are kept updated and informed.
3. Officers are utilised effectively and efficiently, particularly in the event of providing cover, to expedite a prompt return to normal service.
4. Adequate checks are carried out when the services and systems are recovered when systems are restored from back-up records, so that they are fully restored and reinstated and operating correctly.
5. All details, i.e. resources, additional costs etc., are recorded and where applicable photographed.
6. If an insurance claim is to be made
  - ideally retain all damaged property until insurers have the opportunity to inspect;
  - establish a separate cost centre so that all costs associated with service recovery are recorded for submission to insurers/loss adjusters as appropriate. Any aspect not covered by insurers can subsequently be reassigned to normal cost centre.

## **ADDITIONAL CONSIDERATIONS – LOSS OF GTC ADMINISTRATIVE OFFICES**

1. Are alternative premises needed or can staff work from home for the expected duration of the interruption? If it is not currently feasible for them to do so for up to a week, are there sensible steps that can be taken now to ensure that they can do so for a few days, at least?
2. Options for alternative premises include adaptation of all or part of a community building for office use. Where feasible the order of preference will be for the Proper Officer, RFO, Support Service Executive and Finance Assistant should be co-located, order of preference being The Pepperpot, Oglethorpe Hall, Ockford & Aarons Hill Hub, with the Operations & Compliance Officer locating to Eashing Cemetery Workshops and the Communications & Community continuing with remote working. If the loss also affects the Godalming Museum, Museum staff are to relocate as identified in the Museum Business Continuity & Recovery Plan.
3. If required engage the Council's IT support contractors at an early stage to enable re-establishment of connectivity at staff's alternative workstations.

## **ADDITIONAL CONSIDERATIONS – LOSS OF COMMUNITY BUILDINGS**

1. Repair or reinstatement should be arranged as expeditiously as possible, in conjunction with insurers where appropriate.
2. All customers with bookings in the affected building should be included in the list of stakeholders for immediate contact, even if the booking is beyond the expected period of interruption.
3. Assistance should be offered to affected customers to secure alternative facilities in Council buildings or elsewhere.

## **ADDITIONAL CONSIDERATIONS – LOSS OF BROADWATER YOUTH & COMMUNITY CENTRE**

1. Actions relating to loss of other community building should be followed as well as the specific actions relating to the youth service.
2. Youth Service staff are, in the first instance, to relocate and establish themselves at an appropriate location as informed by either the PO or Operations & Compliance Officer.
- 
3. Head of Youth Service, supported by the youth Service manager and youth support staff are to establish an initial program of activities based on use of any available mobile facilities & the Ockford & Aarons Hill Hub.
4. Once the extent and duration of loss of Broadwater Youth & Community Centre is known, the Youth Support Committee is to establish proposals for Council to consider for stable alternative provision.

## **ADDITIONAL CONSIDERATIONS – LOSS OF KEY PERSONNEL**

1. On the loss of the PO, the Chair of Staffing is to contact a locum service provider to arrange suitable cover until such time as the situation is recovered. If required, SALC/NALC should be contacted for advice including on calling an Extra-ordinary meeting of the Council in order to gain authority to appoint a Locum PO
2. On the loss of the RFO, the PO should contact the Chair and leader of the Council to establish a plan of action that could include the appointment of a Locum RFO,
3. Depending on which loss is being managed, the senior officer available and the Chair of Staffing should review the Job Description of the position of concern to identify which aspects can be



assigned to other staff, and the adjustments that might be necessary to allow for this. These might include:

- delegation of aspects of their normal role to others;
- additional training to enable this to happen, especially where this might be an aide to career development;
- identify aspects of activity that could be suspended altogether or scaled back for the duration.

## **APPENDICES**

The secure master copy of the BCP should contain appendices with the details listed below. PO and Operations & Compliance Officer must ensure that they have remote access to these details.

- staff phone numbers and private emails addresses;
- elected Member phone numbers and private email addresses, albeit that the initial communication requirement envisages that political group leaders will be responsible for cascading information to their peers;
- entry access codes and alarm codes for all buildings;
- 24/7 contact details for insurers – for use in the event of a major loss;
- office contact details for insurance broker and insurers;
- contact details for all IT service providers;
- details of any pre-planning as outlined in the BCP, including contact details for any potential service providers identified.



## GODALMING TOWN COUNCIL

Disclosure by a Member<sup>1</sup> of a disclosable pecuniary interest or other registerable interest (non-pecuniary interest) in a matter under consideration at a meeting (S.31 (4) Localism Act 2011 and the adopted Godalming Members' Code of Conduct).

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

**COMMITTEE:**

**DATE:**

**NAME OF COUNCILLOR:** \_\_\_\_\_

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

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

**Signed** \_\_\_\_\_

**Dated** \_\_\_\_\_

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

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

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