

GODALMING TOWN COUNCIL

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Municipal Buildings
Bridge Street
Godalming
Surrey GU7 1HT

30 September 2016

I HEREBY SUMMON YOU to attend the **AUDIT COMMITTEE** Meeting to be held in the Council Chamber, Municipal Buildings, Godalming on THURSDAY, 6 OCTOBER 2016 at 7.00 pm.

Louise P Goodfellow
Town Clerk

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

AGENDA

1. MINUTES

To approve as a correct record the minutes of the meeting held on the 2 June 2016, a copy of which has been circulated previously.

2. APOLOGIES FOR ABSENCE

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

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

4. 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.

5. WORK PROGRAMME

Members to consider the Committee's Work Programme and to note progress on the items therein.

6. BANK RECONCILIATION

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

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

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

7. INCOME CONTROLS

Members to consider a report on income controls to be tabled at the meeting.

8. PAYMENT CONTROLS

Members to consider a report on payment controls. That part of the report updating upon the report received on 2 June 2016 is attached for the information of Members, a second part will be tabled at the meeting.

9. PAYROLL CONTROLS

Members to consider a report on payroll controls to be tabled at the meeting.

10. PETTY CASH

Members to consider a report on petty cash (report attached for the information of Members).

11. PROCEDURES FOR PAYMENT OF SUPPLIERS & PAYROLL

Members to receive revised written procedures for: the Monthly payroll process, payments by BACS, payments by cheque and payments by direct debit (procedures attached for the information of Members).

12. BUDGETARY CONTROLS

Members to consider a report on budgetary controls to be tabled at the meeting.

13. BUSINESS CONTINUITY PLAN

Members to consider an updated business continuity plan to be tabled at the meeting.

14. FINANCIAL RISKS

Members to consider a report on financial risks to be tabled at the meeting.

15. DATE OF NEXT MEETING

The next meeting of the Audit Committee is scheduled to be held on Thursday, 16 March 2017 in the Council Chamber at 7.30pm or at the conclusion of the Planning & Environment Committee, whichever is the later.

16. ANNOUNCEMENTS

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

WORK PROGRAMME REVIEW LIST – 2014/15

| SUBJECT | NAME OF PERSON UNDERTAKING REVIEW | PREVIOUS COMPLETION DATE | ACTIONS BROUGHT FORWARD | STATUS | ACTIONS CARRIED FORWARD |
|---------------------|--|---------------------------------|--|---|--|
| Asset Control | Cllr Nick Williams/RFO | June 2012 | Asset registers checked and agreed. To be reviewed March 2015 – review still outstanding (TC to chase) | To be reviewed each year Report received 2 June 2016 | To be reviewed June 2017 |
| Standing Orders | Cllr Nick Williams/TC/RFO | 19 November 2015 | Standing Orders reviewed & adopted by Full Council on 19 November 2015. | Annual review required to be completed by 31 March 2017 | |
| Income Controls | Cllr Nick Pinches | 31/10/2014 | Conducted 31 October 2014 to be reviewed in 12 months | Review received 2 June 2016. Additional Review on the Agenda for this meeting and report to be tabled | To be reviewed again in a year's time (October 2017) |
| Payment Controls | Cllr Nick Pinches | 31/10/2014 | Conducted 31 October 2014. BACS payments issues still outstanding. To be reviewed in 12 months. | Review received 2 June 2016. Additional Review on the Agenda for this meeting. Follow-up to 2 June attached, further report to be tabled. | To be reviewed again in a year's time (October 2017) |
| Payroll Controls | Cllr Nick Pinches | 31/10/2014 | Conducted 31 October 2014 to be reviewed in 12 months | Review received 2 June 2016. Additional Review on the Agenda for this meeting and report to be tabled. | To be reviewed again in a year's time (October 2017) |
| Petty Cash | Cllr Nick Pinches | 31/10/2014 | Conducted 31 October 2014 to be reviewed in 12 months | Review received 2 June 2016. Additional Review on the Agenda for this meeting and report attached. | To be reviewed again in a year's time (October 2017) |
| Proper Book-keeping | Cllr Nick Pinches | 31/10/2014 | Conducted 31 October 2014 to be reviewed in 12 months | Review received 2 June 2016 | To be reviewed June 2017 |

| SUBJECT | NAME OF PERSON UNDERTAKING REVIEW | PREVIOUS COMPLETION DATE | ACTIONS BROUGHT FORWARD | STATUS | ACTIONS CARRIED FORWARD |
|-----------------------------|--|---|---|--|--|
| Review of Ongoing Suppliers | Cllr Simon Thornton /Facilities Manager/TC | August 2014 | Report received from Office Secretary relating to the change of stationery suppliers as a more lucrative supplier has been found. Further suppliers to be reviewed as an ongoing task and reported to next meeting of the Audit Committee by Cllr Thornton. Received updated Gas and Electricity review of charges renegotiated. Utility suppliers switched in August 2014. GTC uses a broker to ensure it is made aware of the best available deal. | Ongoing task. | |
| VAT Controls | Cllr Simon Thornton | 31/10/2014 | Conducted 31 October 2014 to be reviewed in 12 months | Review received 2 June 2016 | To be reviewed June 2017 |
| Bank Reconciliation | Simon Thornton/RFO | Ongoing | Latest Bank recs reviewed at each Meeting of Audit Committee | Chairman to review and sign at each meeting of the Audit Committee. | Ongoing |
| Financial Regulations | Simon Thornton | New Financial Regulations adopted 15 January 2015 | Review of Financial Regulations completed at by this Committee 10 March 2016 and agreed by Full Council on 31 March 2016 | Annual review required to be completed by 31 March 2017 | For next meeting 16 March 2017 |
| Procedures | Simon Thornton | Ongoing | Financial procedures as drafted to date agreed by this Committee on 8 October 2015. | List of procedures completed. Procedures for Payment of Suppliers and Payroll updated to reflect movement to payment by BACS on agenda for this meeting. | To be reviewed again in a year's time (October 2017) |

| SUBJECT | NAME OF PERSON UNDERTAKING REVIEW | PREVIOUS COMPLETION DATE | ACTIONS BROUGHT FORWARD | STATUS | ACTIONS CARRIED FORWARD |
|---------------------------------------|-----------------------------------|--------------------------|--|--|-------------------------|
| Budgetary Controls | Simon Thornton | May 2015 | Two recommendations made on 13 November 2014 completed in May 2015 1. An additional user licence to access the RBS finance management system with the associated training is purchased to allow staff to access up to date income and expenditure information. 2. That a full time financial administrator is engaged as a matter of priority. | Completed May 2015 On the agenda for this meeting and report to be tabled. | |
| Review of systems of Internal Control | RFO | May 2016 | To be completed every Financial Year | Review to be undertaken 16 March 2017 and forwarded to Full Council | |
| Risk Management | | | | | |
| Business Continuity | Cllr Nick Williams/TC/RFO | 8 October 2015 | Updated Business Continuity Plan considered & agreed on 8 October 2015 Recent collapse of GTC's website indicates that business continuity plans need to be expanded to address the specific point of back up & continuity of GTC's website. Address as part of Website item below in June 2016 | Updated Business Continuity Plan to be tabled at this meeting. | |
| Environmental | Cllr Ollie Purkiss/TC/RFO | February 2014 | To be reviewed annually | Review outstanding but TC/RFO does not deem it high priority because of duplication elsewhere. | |

| SUBJECT | NAME OF PERSON UNDERTAKING REVIEW | PREVIOUS COMPLETION DATE | ACTIONS BROUGHT FORWARD | STATUS | ACTIONS CARRIED FORWARD |
|-------------------|-----------------------------------|--------------------------|---|---|-------------------------|
| Legal | Cllr Nick Williams/TC/RFO | 31/03/2013 | Town Clerk reported orally on 10 March 2016 that Penningtons would be retained for all ongoing work but that new solicitors would be considered for new work – e.g. employments issues – noting that urgency sometimes made it expedient to instruct the usual solicitors on new matters. | To be reviewed for 6 October 2016 meeting and deferred until 16 March 2017 | |
| Physical/Security | TC/RFO/Cllr Ollie Purkiss | 24/01/2013 | Reviewed and presented to meeting 24 January 2013. | Review outstanding | |
| Reputation | Cllr Julie Noyce/TC/RFO | 10/03/2016 | No outstanding issues. To be reviewed in Feb 2015 | To be next reviewed for 16 March 2017 | |
| Website | Cllr Ollie Purkiss | | New website planned as project for 2016 | Business Continuity Plan to be updated to cover risks to website and on agenda for this meeting | |
| Health & Safety | Cllr Simon Thornton /TC/RFO | June 2015 | Health & Safety Risk assessments reviewed. TC to ensure announcements at meetings to ensure adequate 'In case of fire' information is given to the public (also to cover recording of meetings). 2015 February Appraisals identified additional training needs in particular Manual Handling training for new staff and refresher training for existing staff. Fire Risk Assessment for BWP deferred to be completed alongside Fire Safety Plan for the newly refurbished WNCC – to be reported 10 March 2016 | Review outstanding and deferred to 16 March 2017 | |

| SUBJECT | NAME OF PERSON UNDERTAKING REVIEW | PREVIOUS COMPLETION DATE | ACTIONS BROUGHT FORWARD | STATUS | ACTIONS CARRIED FORWARD |
|--|-----------------------------------|---|--|--|-------------------------|
| Financial Risks | Cllr Simon Thornton /TC/RFO | 4 June 2015 | Report received 4 June 2015 | Review on agenda for this meeting and to be tabled | |
| Insurance | Town Clerk | 10 March 2016 | Review complete 10 March 2016. TC reported orally. | On going | |
| Management of Debt (particularly Bad Debt) | RFO | Draft Credit Control Policy considered & agreed on 8 October 2015. Adopted by Full Council 19 November 2015. First judgement obtained in GTC's favour February 2016 | | Review required after 1 year of operation – report 16 March 2017 | |

GODALMING TOWN COUNCIL AUDIT REVIEW

INTERNAL REVIEW

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

| Test | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|--|--------------------------|---------------|--|-----------------------|-----------------------------|-------------|---|-----------------------------|--------------------------|
| Cheque No | 105455 | 105459 | 105465 | 105471 | 105474 | 105477 | 105481 | 105484 | 105486 |
| Payee | Despark | SS P&P Scouts | SLCC | **** | Cara | Workstation | Scout Council | DE Gardner | HMRC |
| Amount | £10,800.00 | £2,226.00 | £250.00 | £30.00 | £2,039.12 | £15.98 | £10.00 | £1,920.00 | £5,454.75 |
| Date | 12-Apr-16 | 14-Apr-16 | 15-Apr-16 | 27-Apr-16 | 14-Apr-16 | 05-May-16 | 13-May-16 | 17-May-16 | 23-May-16 |
| A) Check that cheque stub carries intelligible initials of 2 Councillors. | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| B) Check that invoice being paid bears initials of 2 Councillors. | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| C) Check that invoice being paid has been passed by instigator of requisition. | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| D) Check whether purchase order is attached to invoice | N/A Contract in place | N/A Grant | N/A Other documenta tion in place | N/A Refund Deposit | N/A Contract in place | No | N/A Other documentati on in place | N/A Contract in place | N/A legal requirement |
| E) Check that invoice has been entered correctly on system, including VAT. | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| F) Check that payment is within reasonable time period. | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| G) Check whether cheque has gone through the bank. | 19-Apr-16 | 09-May-16 | 06-May-16 | 27-Jul-16 | 19-May-16 | 19-May-16 | 28-Jun-16 | 08-Jun-16 | 02-Jun-16 |
| H) If not in current month, is it allowed for in bank reconciliation | | | | Yes | | | N/A | N/A | N/A |

Date review carried out: 26 May 2016

By: Town Clerk

Signed: *Louise P Goodfellow*

Follow up review carried out: 27 September 2016

By: Cllr Nick Pinches

Signed:

GODALMING TOWN COUNCIL AUDIT REVIEW

INTERNAL REVIEW

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

| Test | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|---|--------------------------|-----------------------------|--|---------------------------------|-----------------------------|-------------|-----------------|-----------------------------|-----------|
| Payment ID | PR1.1 | PR1.3 | PR1.6 | PR1.10 | PR2.7 | PR2.9 | PR2.15 | PR2.17 | PR2.18 |
| Payee | **** | Brennan | CIPFA | Leedsheath | Country Services | Darren Pepe | Marshall Design | Penningtons | Rayners |
| Amount | £497.72 | £1,902.00 | £310.00 | £318.00 | £348.00 | £250.00 | £2,922.00 | £12,036.00 | £4,118.30 |
| Date | 30-Apr-16 | 30-Apr-16 | 30-Apr-16 | 30-Apr-16 | 13-May-16 | 13-May-16 | 13-May-16 | 13-May-16 | 13-May-16 |
| A) Check that payment authority carries intelligible initials of 2 Councillors. | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| B) Check that invoice being paid bears initials of 2 Councillors. | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| C) Check that invoice being paid has been passed by instigator of requisition. | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| D) Check whether purchase order is attached to invoice | N/A Expenses Claim | N/A Contract in place | N/A Other documenta tion in place | No - order placed by Gees | N/A Contract in place | No | No | N/A Contract in place | No |
| E) Check that invoice has been entered correctly on system, including VAT. | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| F) Check that payment is within reasonable time period. | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| G) Confirm payment has gone through the bank. | 30-Apr-16 | 30-Apr-16 | 30-Apr-16 | 30-Apr-16 | 13-May-16 | 13-May-16 | 13-May-16 | 13-May-16 | 13-May-16 |
| H) If not in current month, is it allowed for in bank reconciliation | | | | | | | | | |

Date review carried out: 26 May 2016

By: Town Clerk

Signed: *Louise P Goodfellow*

Godalming Town Council Audit Committee: Internal Review

Area of Review: **Checking Petty Cash 2016**

| Test | Success Y/N | Notes |
|--|------------------------|--------------|
| A) Is Petty Cash kept securely? | Y | Strong room |
| B) Ensure petty cash vouchers are correctly authorised and within budget limits. | Y | |
| C) Ensure VAT and addition is correct on voucher. | Y | |
| D) Ensure Petty Cash is reimbursed correctly. | Y | |
| E) Ensure vouchers are entered correctly in cash book. | Y | |
| F) Ensure Petty Cash is checked regularly. | Y | |

Date review carried out: 27 September 2016

By: Cllr Nick Pinches

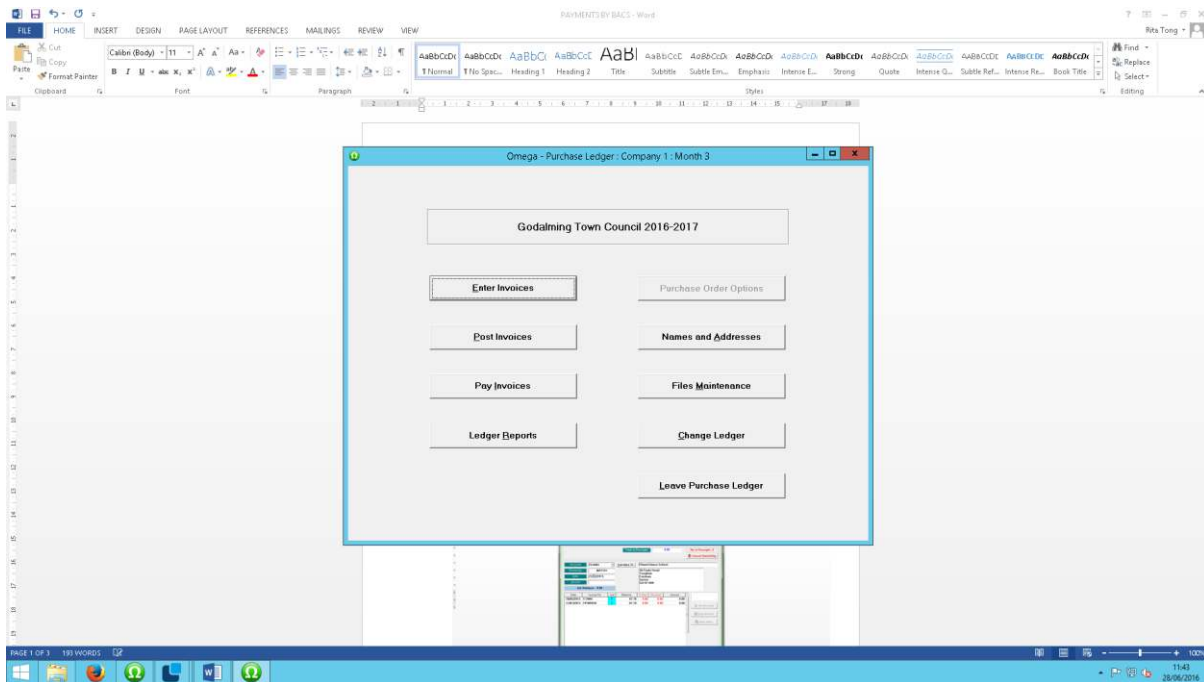
Signed:

MONTHLY PAYROLL PROCESS

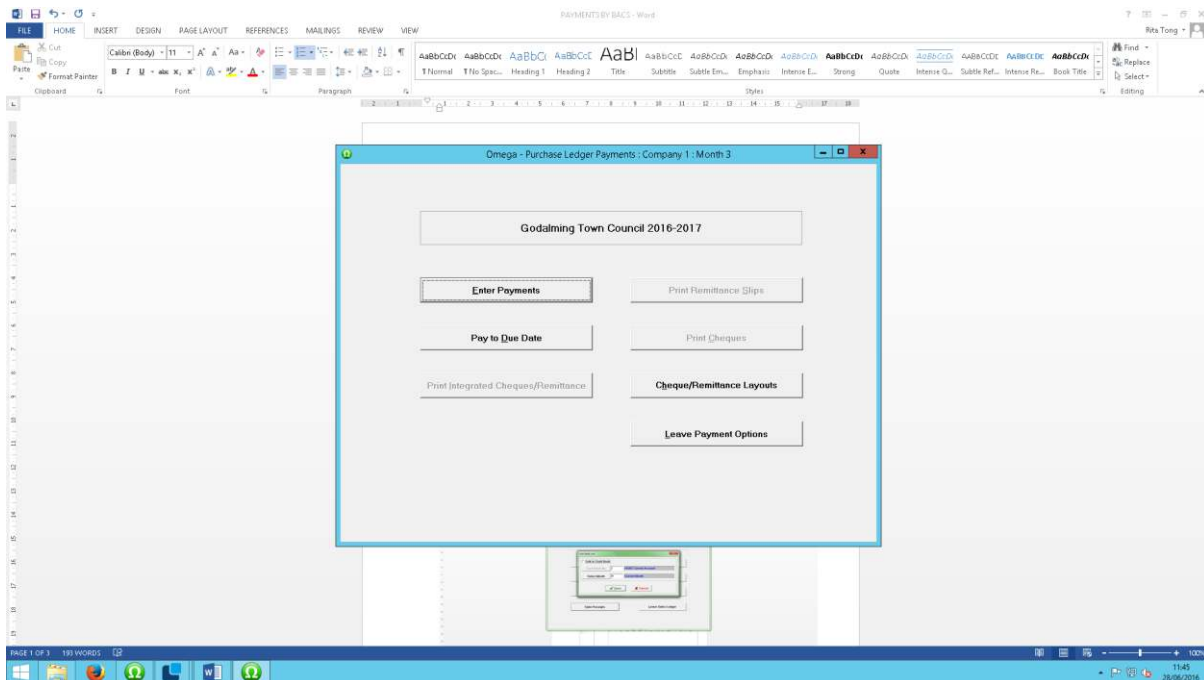
| Process | Do By |
|---|-------------------------------|
| 1. Email all staff asking for any information regarding payroll for the month e.g. Farmers Market, new deductions, payroll adjustments | 15 th of the month |
| 2. Log onto Sage 50 Payroll and set processing date to the 25th | |
| 3. Check HMRC secure mail box for any tax code changes and apply | |
| 4. Process any new employees (see separate process instructions) | |
| 5. Process payroll data and check payments online | |
| 6. Print draft payslips report ~2015_Laser (2 per A4 Sheet) (see separate process instructions) | |
| 7. Get Town Clerk's authorisation to proceed with payment. | |
| 8. Print final payslips (see separate process instructions) | |
| 9. Print following reports- Payment Summary Part 1, Payment Summary Part 2, Pensions – Current, Pensions – Employee and Pensions – Employer (see separate process instructions) | |
| 10. Complete payroll journal in draft | |
| 11. Take back-up of payroll | |
| 12. Update records (Select all employees / Payroll / Update Records) | |
| 13. Create e-banking file (see separate process instructions) | 20 nd of the month |
| 14. Get two councillors authorisation to proceed with payment | |
| 15. Upload e-banking file for payment | 22 nd of the month |
| 16. Print P32 report (see separate process instructions) | |
| 17. Process any leavers and print P45 | |
| 18. Process Full Payment Submission (E-submissions / Full Payment Submission) | 25 th of the month |
| 19. Take final back up of payroll for the month | |
| 20. Complete Surrey Pension contribution Form (see separate process instructions) | |
| 21. Make payment for Union Fees, Pension Contribution and HMRC PAYE/NIC | |
| 22. Post payroll journal | End of month |

PAYMENTS BY BACS

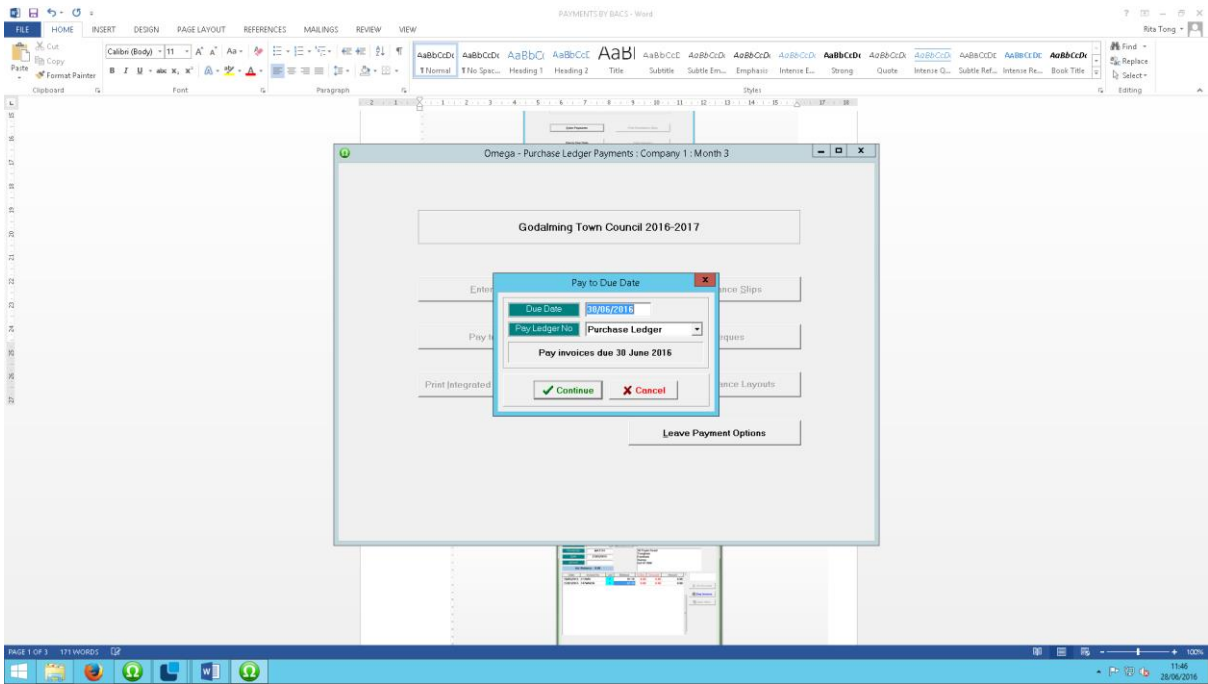
1. Go to the Purchase Ledger / Pay Invoices



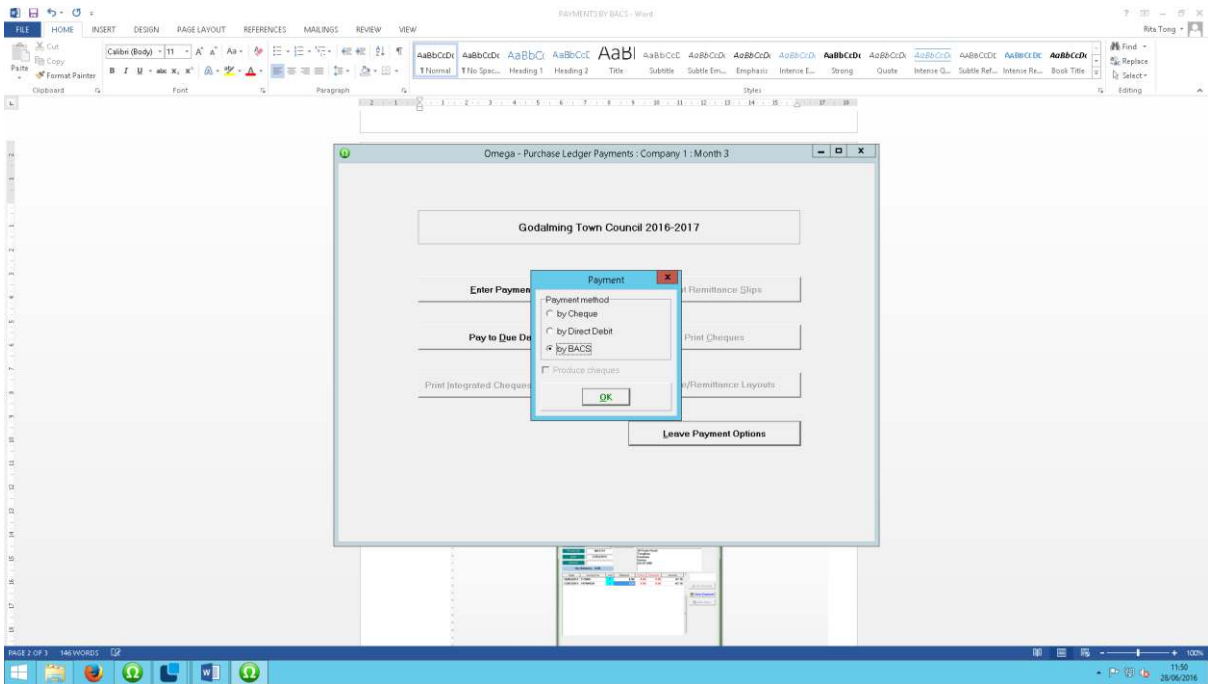
2. Click Pay to Due Date.



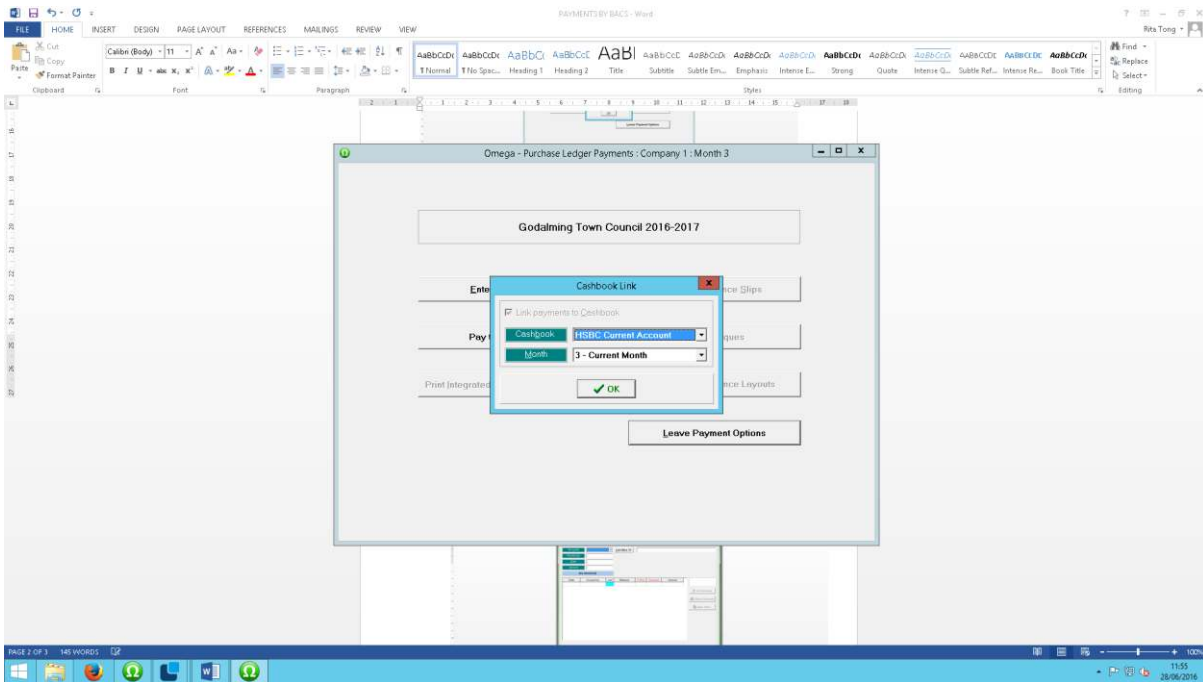
3. Change Due Date to the date the payment will be made from the bank account then click on Continue.



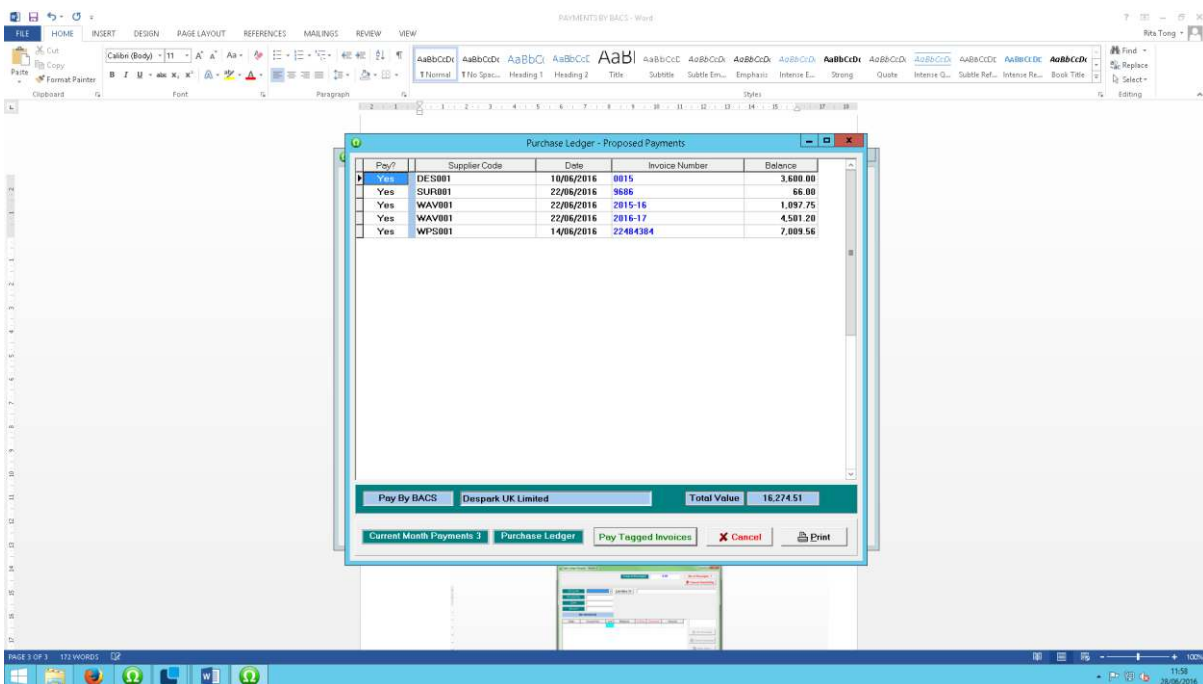
4. Select Payment Method – ‘By BACS’ and then click OK.



5. Select the Bank Account you wish the payment to be made from then click OK.



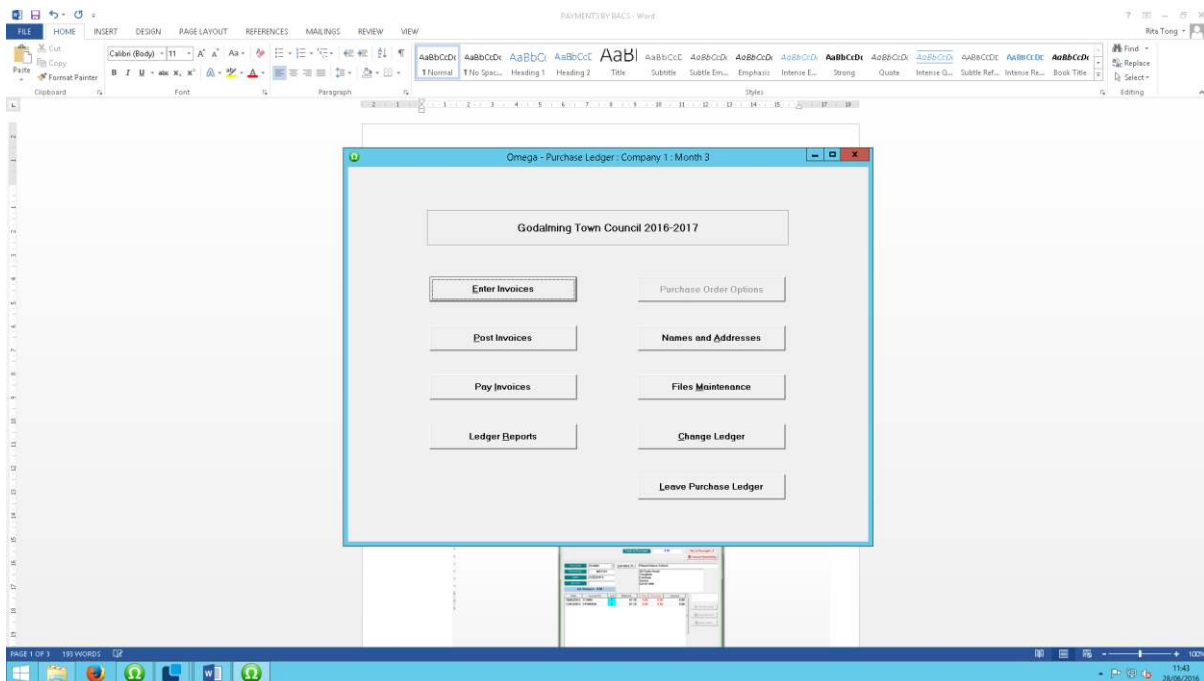
- This will bring up a list of all invoices available to be paid. You can deselect any invoice you don't wish to be paid by changing the Yes to No in the Pay? (far left) column. Ensure the Total amount to be paid agrees to your Payment Run spreadsheet (PR#) and then click on Pay Tagged Invoices (middle of bottom row).



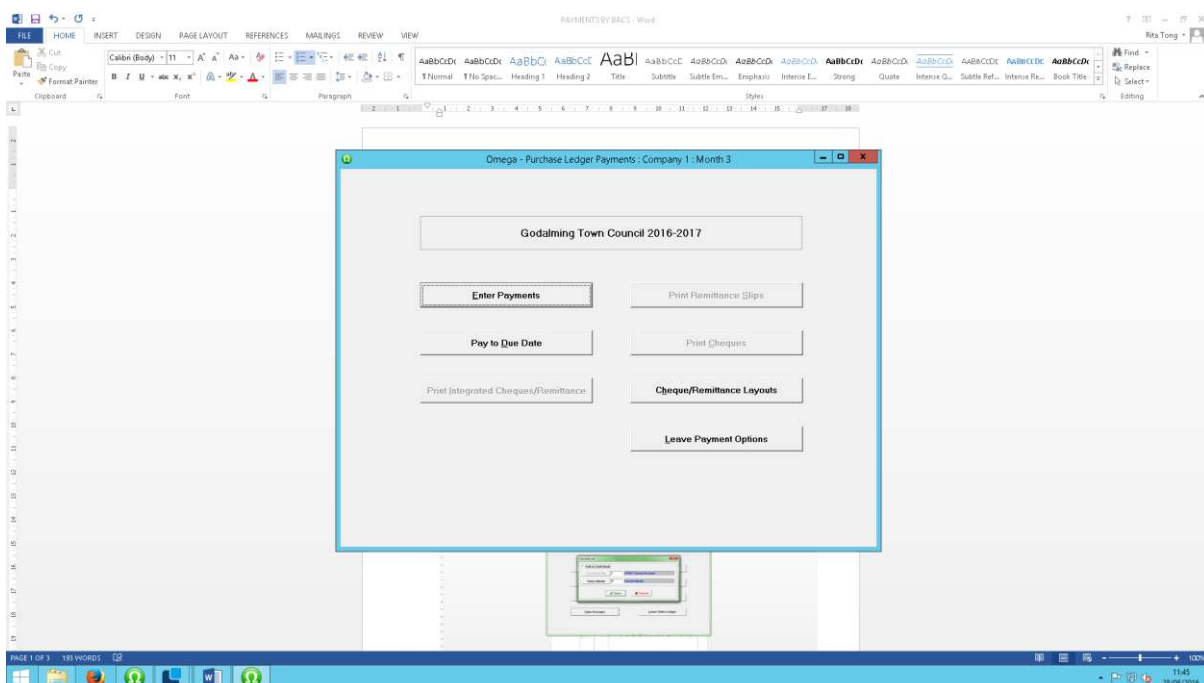
- This will automatically bring up the List of Purchase Ledger BACS Payments report which should be printed off and filed.

PAYMENTS BY CHEQUE

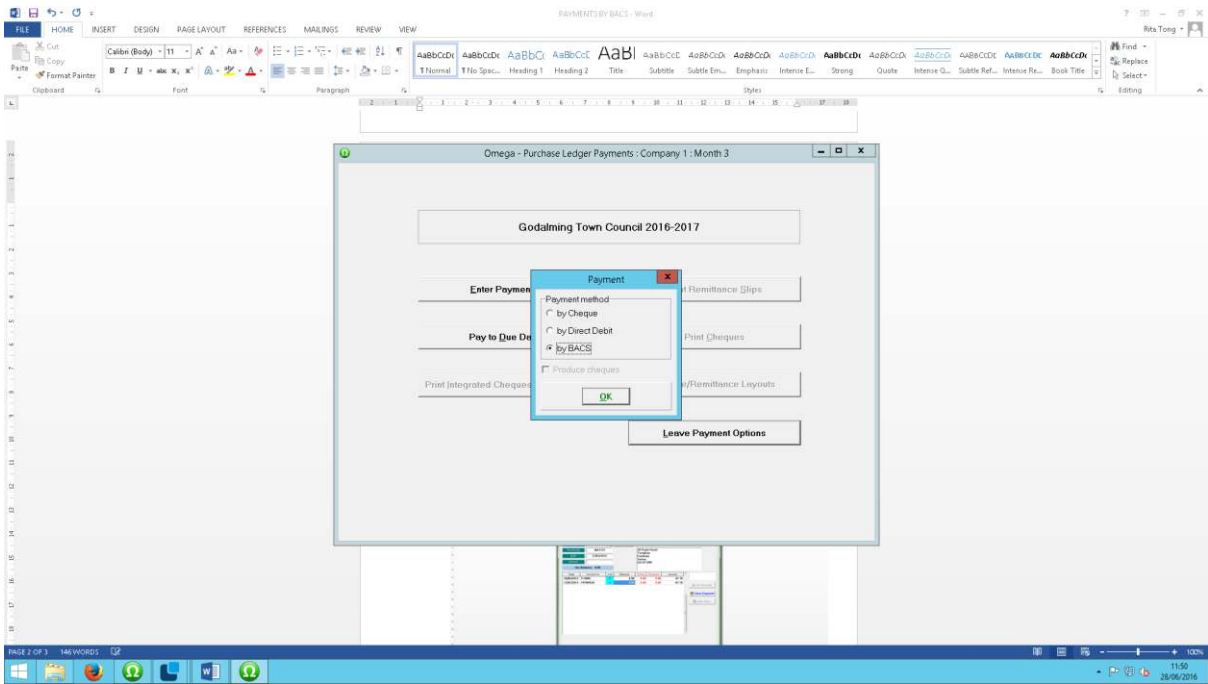
1. Go to the Purchase Ledger / Pay Invoices



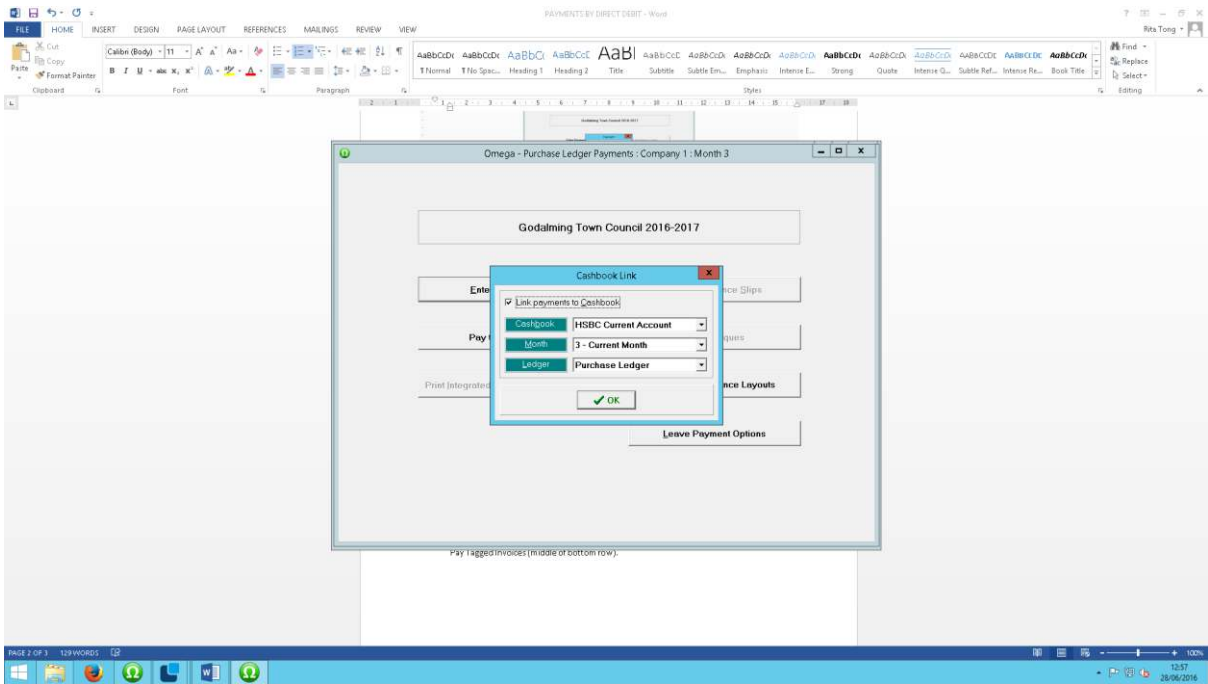
2. Click Pay to Enter Payments.



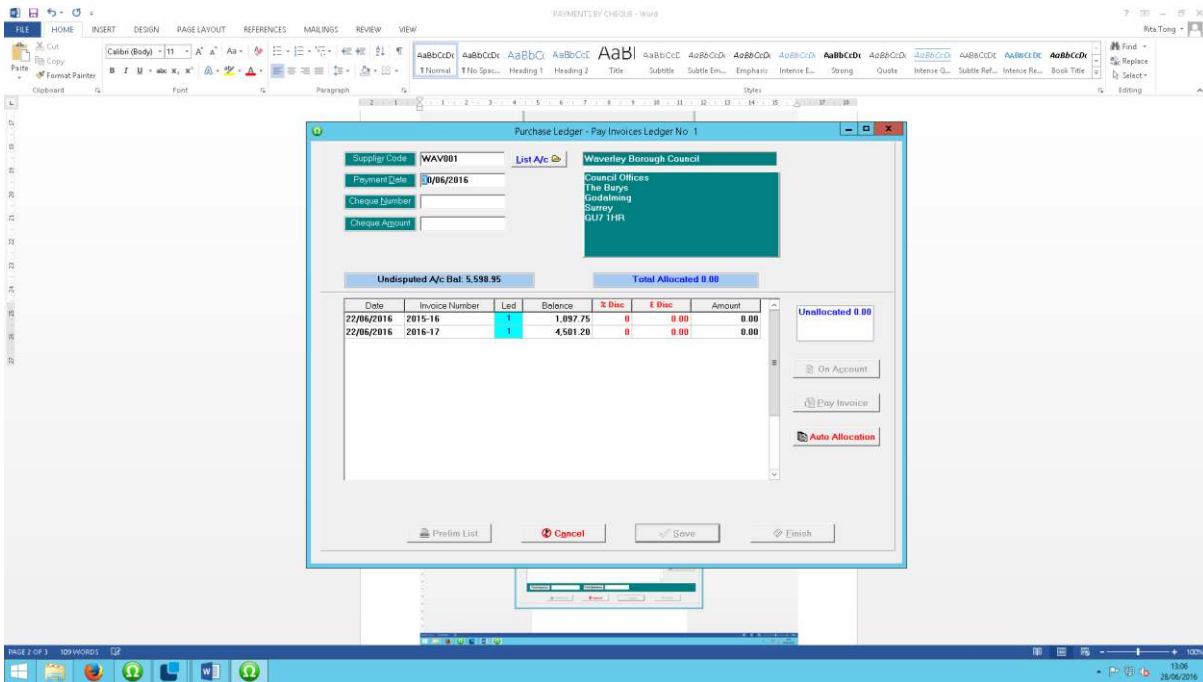
3. Select Payment Method – ‘By Cheque’ and then click OK.



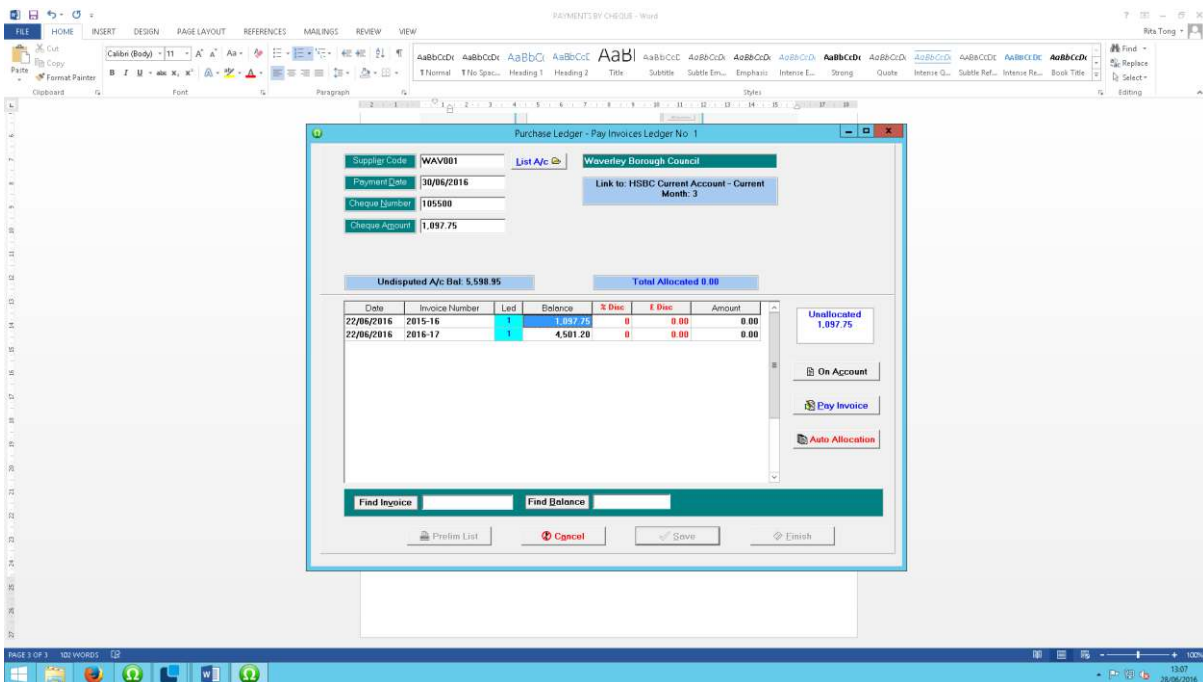
4. Select the Bank Account you wish the payment to be made from then click OK.



5. Enter supplier number, date of cheque, cheque number and amount.



6. From list of invoices, select the one being paid and then click on Pay Invoice.

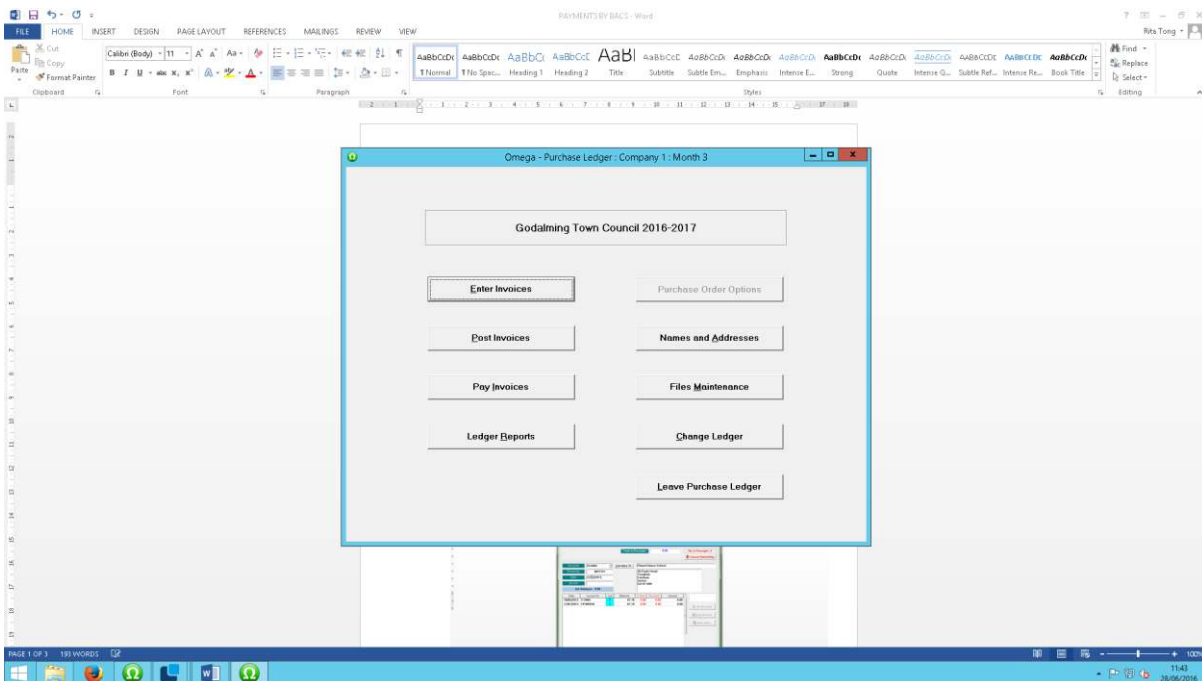


7. Repeat for all invoices requiring payment then click Finish.

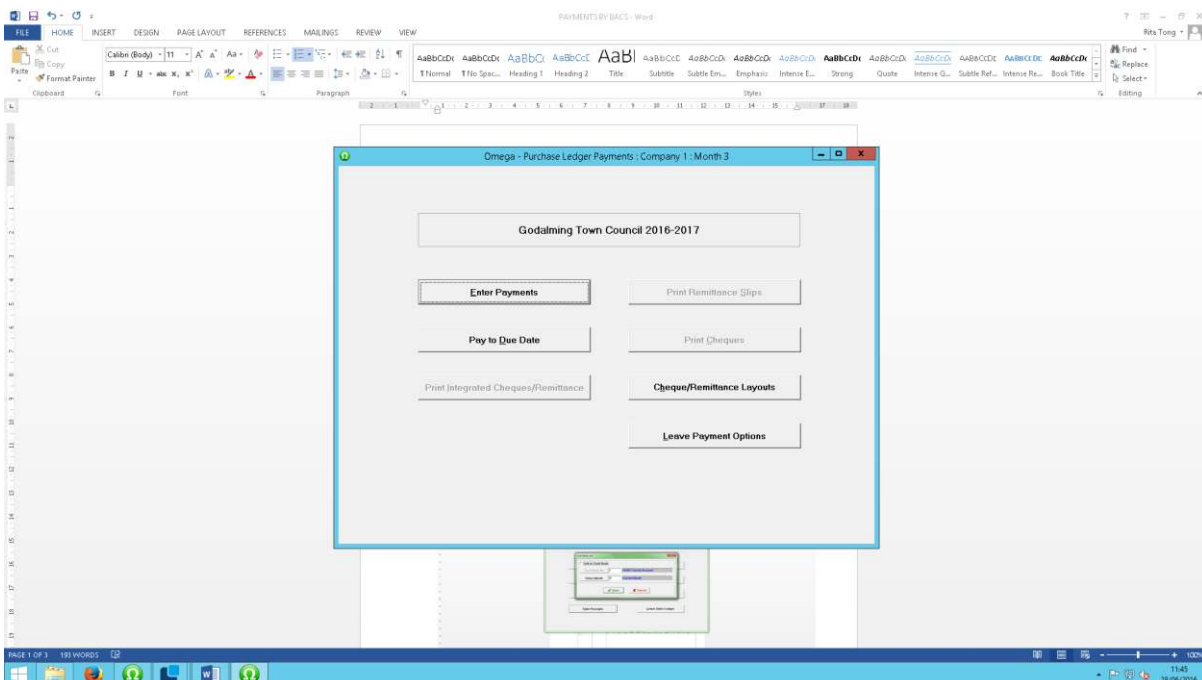
8. This will automatically bring up the List of Purchase Ledger Cheque Payments report which should be printed off and filed.

PAYMENTS BY DIRECT DEBIT

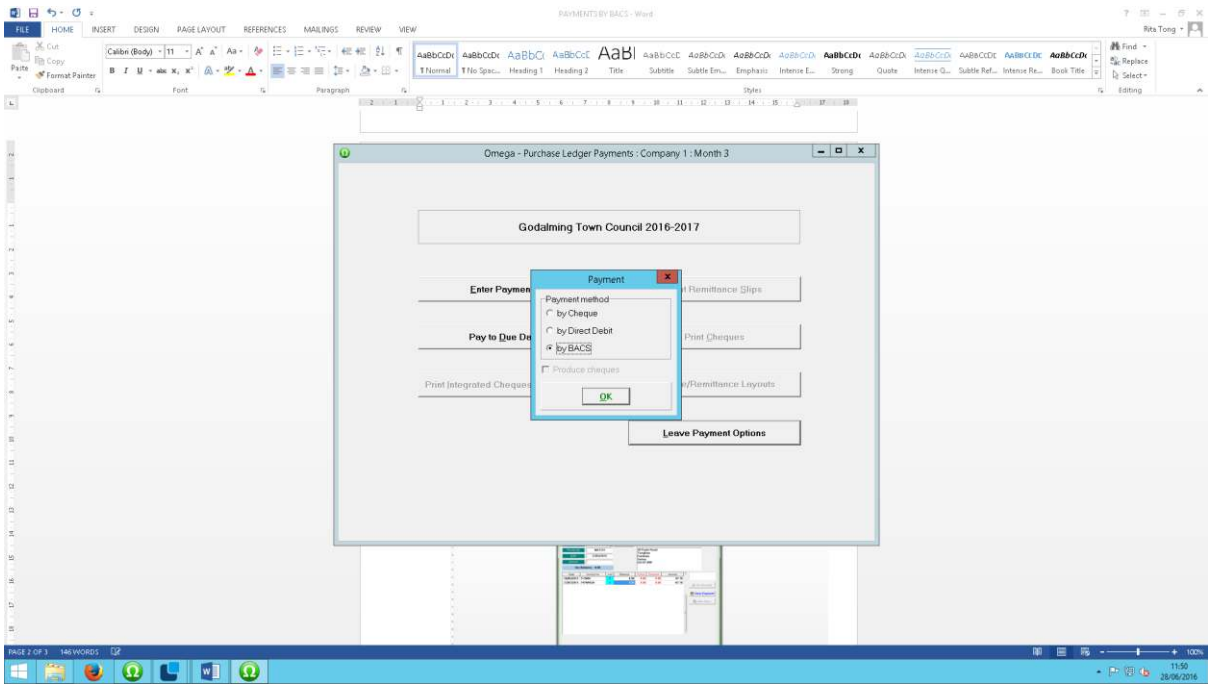
1. Go to the Purchase Ledger / Pay Invoices



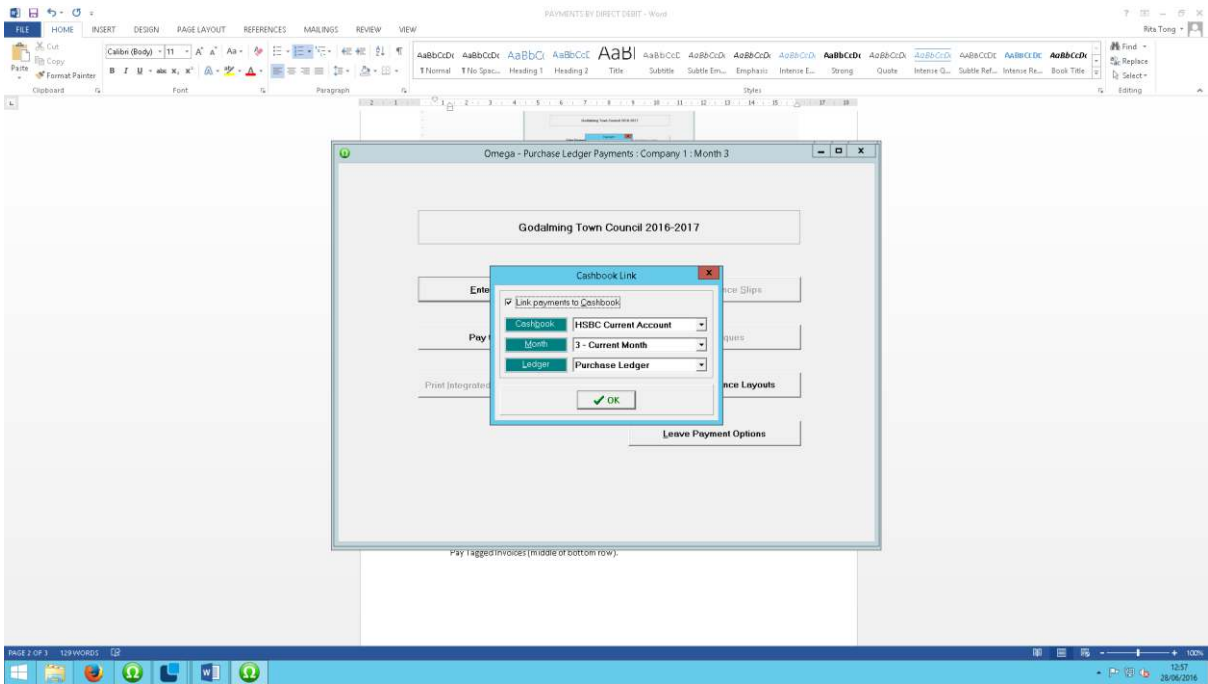
2. Click Pay to Enter Payments.



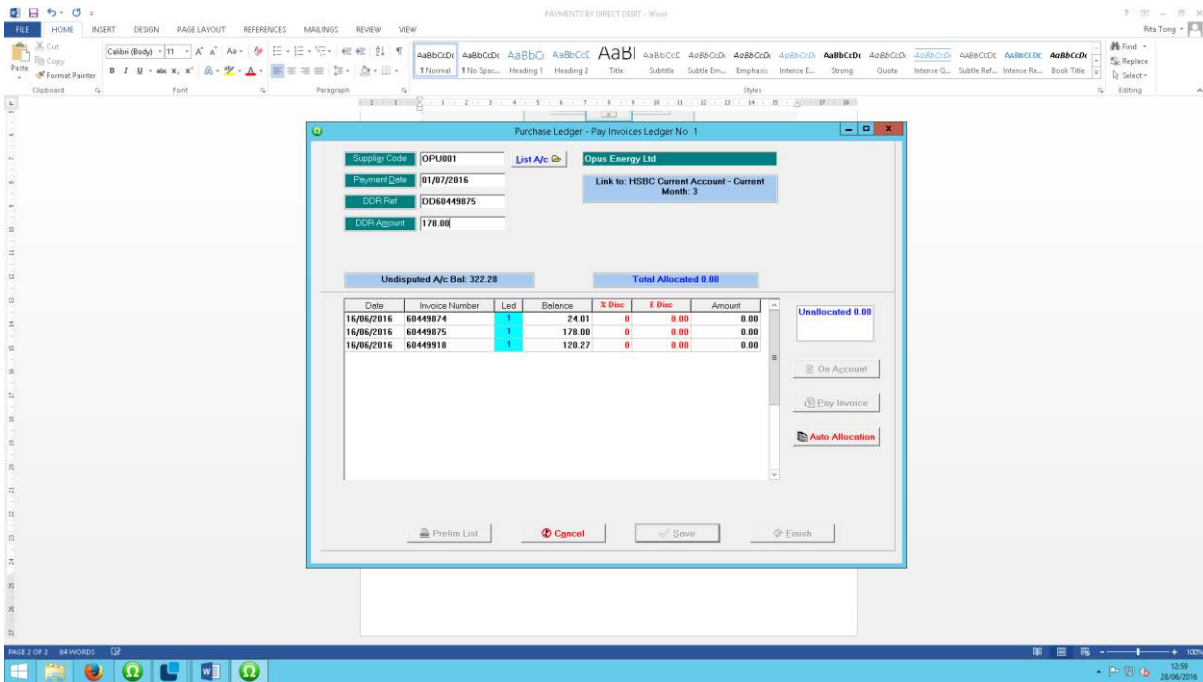
3. Select Payment Method – 'By Direct Debit' and then click OK.



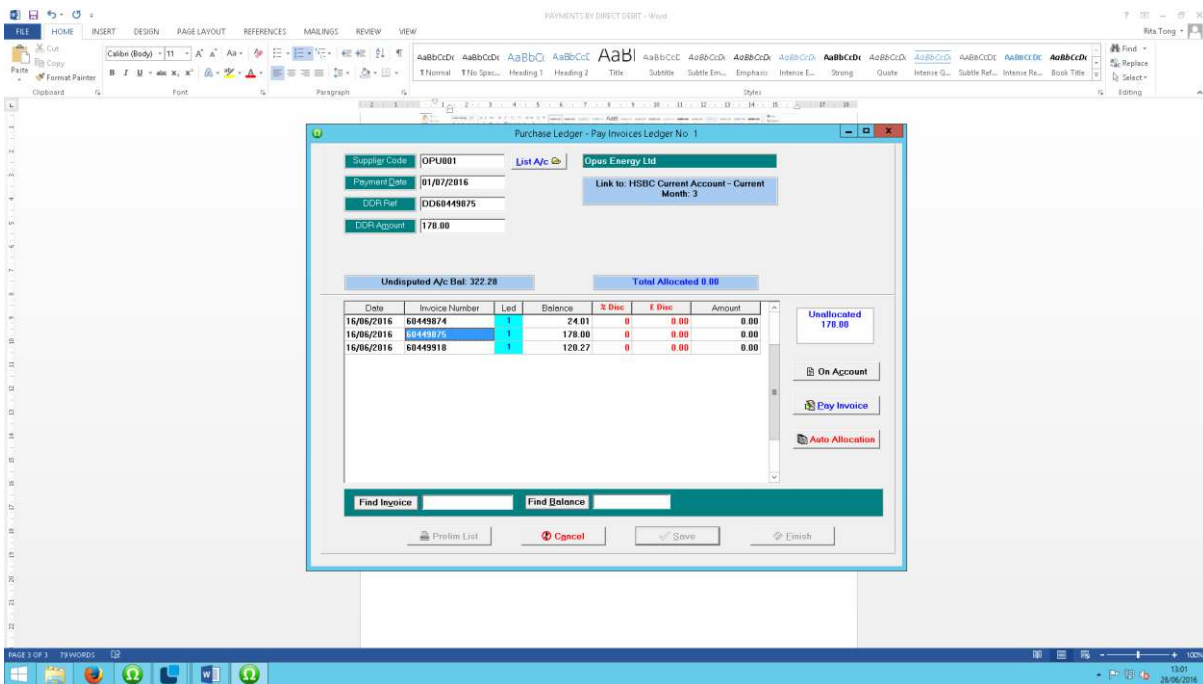
4. Select the Bank Account you wish the payment to be made from then click OK.



5. Enter supplier number, date direct debit will be taken from bank account, invoice number and amount.



6. From list of invoices, select the one being paid and then click on Pay Invoice.



7. Repeat for all invoices requiring payment then click Finish.

8. This will automatically bring up the List of Purchase Ledger Direct Debit Payments report which should be printed off and filed.

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 |
|------------|---------|--------------------------------|------------------------|--------|
| | | | | |
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| | | | | |
| | | | | |
| | | | | |
| | | | | |

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.