

**MINUTES AND REPORT OF THE AUDIT SUB COMMITTEE  
HELD ON THE 17 MARCH 2011**

\* Councillor T Martin – Chairman  
\* Councillor Pinches – Vice Chairman  
\* Councillor RA Gordon-Smith  
\* Councillor Barnes  
0 Councillor Wheatley

\* Present      # Absent & No Apology Received      0 Apology for Absence      L Late

358. MINUTES

The Minutes of the Meeting held on 7 October 2010 were signed by the Chairman as a correct record.

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

No petitions/statements/questions had been received from members of the public in accordance with Standing Order No 80.

360. DISCLOSURE OF PERSONAL AND PREJUDICIAL INTERESTS

Members declared no Personal or Prejudicial Interest in relation to any item on the agenda for this meeting, which is required to be disclosed by Local Authorities (Model Code of Conduct) Order 2007 No.1159.

361. WORK PROGRAMME

Members noted that the work programme schedule was drawn up at the commencement of the financial year 2010/2011, providing areas of work to be reviewed and the timetable for completion. Phase one of this schedule had been completed. Councillor Barnes had completed risk assessments for 2010/2011 and was continuing with her work programme, working with the Town Clerk and Responsible Finance Officer. Currently, the most recent assessments finalised have been Physical/Security, Reputation, (copies attached to record minutes).

Members noted that the properties of the Town Council and Joint Burial Committee had now been re-valued for insurance purposes as agreed and their revised values had been updated on the relevant Asset registers (copies of both Asset Registers attached to record minutes).

Members noted that updated guidance had now been issued in the Practitioners' Guide on how assets should be reported in the accounts at the end of the financial year. Although the totals that were recorded on the annual statement fulfil the criterion stated, the guidance given was ambiguous.

Members agreed that to ensure the Town Council comply with the recommended practice that the Responsible Finance Officer discuss with the Internal Auditor how to analyse the breakdown of our recorded assets and agree the strategy for the future, as any changes to the way our assets were reported would mean that they would need to be restated.

Members received and agreed Councillor Pinches' review of the budget preparation and his report (copy attached to record minutes).

Members noted that the reviewing of suppliers had still to be completed, but acknowledged that the advent of the new Facilities and Cemeteries manager was an opportunity to review the current agreements and establish the parameters of contracts etc and whether it would be cost effective to change supplier. Members requested that a report regarding the progress of this review be brought to next meeting even if there were no major changes considered or required.

Members agreed that the Work Programme Review Listing was a good working document and for the future should be updated and brought forward each meeting to identify the action points outstanding on the work schedule and prioritise what needs to be done next.

362. BANK RECONCILIATION

The Responsible Finance Officer tabled the current Bank Reconciliations for GTC and JBC for the information of Members.

Members agreed that the Chairman should sign the bank reconciliations tabled.

363. RBS ACCOUNTING SOLUTIONS MIGRATION

Members noted that the Town Council had been without one key member of staff during the year and that this had delayed this transfer and that the chart of accounts for the new layout had now been designed and the RFO was working with RBS to arrange the appropriate moment to make the transfer.

364. REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT

In accordance with the Accounts and Audit regulations 2006 all bodies are required to undertake a review of the effectiveness of the internal audit at least annually.

Members agreed the following:

The five areas to be covered were:

- Scope of internal Audit  
Has the scope of the internal audit been discussed with the Internal Auditor to ensure that all the relevant risks are covered?

Members received a copy of the agreed Internal Audit Plan (Min 264/10 refers).

- Independence  
Is the Internal Auditor sufficiently independent, objective and unbiased?

Mulberry and Co is an external accountancy firm trading independently.

- Competence  
Does the Internal Auditor have sufficient knowledge to be able to carry out the audit?

Mark Mulberry (the Internal Auditor) is a Chartered Certified Accountant and Registered Auditor.

- Relationships  
Are the relevant responsibilities of Members, Clerk, RFO, clearly defined?

There are job descriptions for the Clerk and RFO and the existence of Audit Sub Committee define relevant responsibilities.

- Planning & Reporting

Is the body aware of a timetable of when the internal and external audits will take place and when the reports from these will be expected?

Internal Audit is to be conducted on 25 May 2011, and External Audit to be sent off by 8 July 2011. The next Audit Sub Committee meets to discuss the outcome of the Internal Audit on 16 June 2011 prior to it being sent to BDO.

In addition to this the Audit Sub Committee undertook the following Work Programme, by reviewing the topics listed below and developed a plan to be updated on a regular basis. They had met regularly throughout the year and had reviewed the majority of topics, however, Risk Assessment and the Assets, had been identified as requiring a rolling programme as they were much larger topics and therefore ongoing.

The Work Programme covered the following areas:

- Planning
- Proper Bookkeeping
- Financial Regulations, Standing Orders
- Payment Controls
- Risk Management
- Budgetary Controls
- Income Controls
- Petty Cash Procedure
- Payroll Controls
- Asset Control
- Bank Reconciliation
- VAT
- Year End Procedures
- Trustee Responsibilities
- Internal Audit Review
- Account Package migration
- Review of Suppliers

The reviews undertaken to date had been reported to both the Policy & Management Committee and the Joint Burial Committee through the year and formed the basis of future reviews.

#### Internal Audit

A review of the effectiveness of the Internal Audit had been undertaken for the year ending 31 March 2011. Mark Mulberry of Mulberry & Co was appointed as the Internal Auditor for the financial year 2009/2010 and following a successful outcome had been reappointed for the ensuing year.

Members endorsed the selection of the Internal Auditor who had already provided much guidance and value for money to the Town Council and Joint Burial Committee over the past two years and felt that currently this relationship should be continued.

#### External Audit

BDO Stoy Hayward had been and continues to be the External Auditor for Godalming Town Council and Joint Burial Committee. It had been noted that their Audit Briefings were now providing clearer support and guidance to reduce the risk of a qualified opinion, by highlighting issues that might arise, thus enabling the Council to implement changes that

occurred. This had assisted the Audit Sub Committee with their work programme. As BDO was appointed by the Audit Commission to undertake the external audit for both Godalming Town Council and the Joint Burial Committee there was currently no facility to change provider if the Council so desired.

365. DATE OF NEXT MEETING

The next meeting of the Audit Sub Committee is scheduled to be held on Thursday, 16 June 2011 at 6.30 pm in the Council Chamber.

366. ANNOUNCEMENTS

The Chairman thanked everyone for their contributions and hard work for getting the Audit Sub Committee established and completing the work programme set.