

GODALMING TOWN COUNCIL

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28 February 2014

I HEREBY SUMMON YOU to attend the **AUDIT COMMITTEE** Meeting to be held in the Council Chamber, Municipal Buildings, Godalming on THURSDAY, 6 MARCH 2014 at 6.30 pm.

Louise P Goodfellow
Town Clerk

Committee Members: Councillor S Bott – Chairman
Councillor Hunter – Vice Chairman
Councillor Noyce
Councillor Thornton
Councillor Williams

AGENDA

1. MINUTES

To approve as a correct record the minutes of the meeting held on the 10 October 2013, 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 receive the reports undertaken to date on the work programme and to assess progress for the remainder (brought forward Work Programme attached for the information of Members).

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 reconciliations tabled.

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

7. CONSIDERATION OF RECEIPTS TAKEN BY PHONE OR VIRTUAL TERMINAL

A report for taking receipts by phone or virtual terminal was taken to the Policy & Management Committee meeting on Thursday 28 November 2013 (Agenda Item 10). After some discussion it was agreed to include a further provider in the debate and to ask the Audit Committee to consider the issue again and make a recommendation (copy of the report attached for the information of Members).

8. REVIEW OF LOCAL AUTHORITY PAYMENT SYSTEMS

NALC have produced a paper relating to the repeal of s150 of the Local Government Act 1972 that requires all cheques or other payable orders to be signed by two councillors. Members to consider the financial briefing report circulated (copy of report attached for the information of Members).

9. INTERNAL AUDIT REVIEW, AUDIT WORKPLAN AND LETTER OF ENGAGEMENT

The interim Internal Audit, was conducted on 25 November 2013, by Mark Mulberry (copy attached for the information of Members). In addition to this, the Internal Audit Work-plan for the year 2014/15 was submitted by the Internal Auditor for approval for the financial year 2014/15 (copy attached for the information of Members).

Members to receive and consider the Interim Audit report and Audit Work-plan. Members also to agree that the Chairman sign the Letter of Engagement for the ensuing year from Mulberry & Co and onward recommendation to Full Council for the Internal Auditor for Godalming Town Council and Godalming Joint Burial Committee for the ensuing year 2014/15 (copy letter attached for the information of Members).

10. REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT FOR GODALMING TOWN COUNCIL AND GODALMING JOINT BURIAL COMMITTEE

In accordance with the Accounts and Audit (England) Regulations 2011 all bodies are required to undertake a review of the effectiveness of the internal audit annually by 31 March each year. Members to note that this Committee is undertaking an initial review so as to be able to recommend the review undertaken to Full Council on the 27 March 2014. Members to agree that the Audit Committee's work programme deals adequately with the internal systems of control and agreed to address specifically the question of the effectiveness of audit.

Members to agree the following responses to the questions posed and agreed that these responses should be recommended to Full Council:

The five areas that must be covered are:

- Scope of Audit

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

- the scope of the internal audit had been discussed with the Internal Auditor in order to ensure that all the relevant risks were covered and all Members have received a copy of the agreed Internal Audit Plan presented to Audit Committee on 10 March 2014 (See item 8 on this agenda);

- Independence

Is the Internal Auditor sufficiently independent, objective and unbiased?

- The Internal Auditor is sufficiently independent, objective and unbiased evidenced by the fact that Mulberry & Co is an external accountancy firm trading independently. Mulberry & Co had a particular specialism in Town and Parish Councils. Members to note that it is good practice to change the Internal Auditor every 6-10 years and that Mulberry & Co is about to start its sixth year as the Council's Internal Auditor;
- Competence

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

 - the Internal Auditor has sufficient knowledge to be able to carry out the audit as demonstrated by the fact that Mark Mulberry (the Internal Auditor) is a Chartered Certified Accountant and Registered Auditor;
- Relationships

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

 - the relevant responsibilities of Members, Clerk, RFO are clearly defined in the job descriptions for the Clerk and the RFO and the terms of reference of the Audit Committee;
- Audit 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?

 - the Committee is made aware of the timetable of when the internal and external audits will take place and when the reports from these would be expected. The next Internal Audit is to be conducted May 2014 and reported to the next Audit Committee at a meeting to be held on 12 June 2014 the Committee's observations will then accompany the Internal Audit Report to the Full Council 26 June 2014. The outcome of which, will then be reported to Full Council meeting on 26 June 2014 so that Full Council might formally agree the annual return. The annual return is to be sent to the External Auditor in July 2014 and the expectation is that it should be received back by 30 September 2014. The annual return will be considered at the next scheduled meeting following its receipt from the External Auditor.

Internal Audit Process

Is the work of the Internal Audit reviewed regularly?

- The work of the Internal Auditor is reviewed regularly; initially by officers, then in detail by the Audit Committee. Findings and recommendations of the Audit Committee are reported to Full Council;

Are the reports on the work of the Internal Auditor presented to the committee?

- The reports on the work of the Internal Auditor are presented to the Audit Committee; the most recent having been reported on Item 8 on this agenda;

Are the reviews and risk assessments undertaken from the Work Programme by the Audit Sub Committee on behalf of the Joint Burial Committee reported to the committee?

- the reviews and risk assessments undertaken from the Work Programme by the Audit Committee on behalf of Godalming Town Council and the Godalming Joint Burial Committee were reported to Full Council on 27 June 2013 (Minute No. 96-13 refers), 21 November 2013 (Minute No. 245-13 refers). The reports will also be reported to the forthcoming meeting on the 27 March 2014.

Are the annual reports from the Internal Auditor presented to the committee?

- the Annual Reports from the Internal Auditor are now presented to the Audit Committee (although previously Policy & Management Committee noted that the last Annual Report was received on 28 June 2013) and then received by Full Council.

External Audit Process

Are the annual reports from the External Auditor presented to the committee?

- the Annual Reports from the External Auditor relating to Godalming Town Council are presented to the Audit Committee, the most recent being received at Audit Committee on 10 October 2013 (Minute 202-13 refers);

Does the committee ensure that recommendations from the External Auditor are implemented?

- If there are recommendations from the External Auditor then Members ensure that they are implemented. Recommendations were considered at the Audit Committee on 10 October 2013 (Minute No. 202-13 refers) and Full Council (Minute No. 245-13 refers).

Does the Audit Committee provide regular reports relating to its recommendations and the agreed Work Programme to the Policy & Management Committee?

- The Audit Committee reports its recommendations to the following Full Council meetings on 27 June 2013 (Minute No. 96-13 refers), 21 November 2013 (Minute No. 245-13 refers), and 27 March 2014.

Mark Mulberry of Mulberry & Co was first appointed as the Internal Auditor in 2010/2011 and following a successful outcome has been reappointed for the current year.

BDO Stoy Hayward has been and continues to be the External Auditor for Godalming Town Council and the Godalming Joint Burial Committee. As BDO is appointed by the Audit Commission to undertake the external audit for both Godalming Town Council and the Godalming Joint Burial Committee there is currently no facility to change provider if the Council so desired.

Characteristics of the Review

Can it be seen as a Catalyst for Change?

Evidence Work Programme and Reviews undertaken to assess Risk and the areas that are developed from these reviews

Does it Add Value?

Value is provided by the follow up actions that are taken from the work programme to make improvements to enhance our services.

Is it Forward Looking?

Identifies risks and incorporates them into the Work Programme which is reviewed and updated at each meeting of the Audit Committee to ensure it is forward looking and meeting events e.g. Website added under Reputation

Is it Challenging?

It has created its own Work Programme identifying areas and risks over and above the norm that are considered and are reviewed on a regular basis to ensure compliance and to allow Members to take ownership of the risks and how they are managed to meet best practice.

Are the right resources available for the Internal audit to complete its work?

Good communication lines.

Members to note that the Godalming Joint Burial Committee (JBC), will meet on the 27 March 2014, to discuss the effectiveness of the systems of audit for Godalming Joint Burial Committee. Members specifically to note that the observation from the JBC that the *Audit Committee should include a member of the JBC. Councillor Julie Noyce fulfils that role.*

11. DATE OF NEXT MEETING

The next meeting of the Audit Committee is scheduled to be held on Thursday, 12 June 2014 at 6.30 pm in the Council Chamber.

12. ANNOUNCEMENTS

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

GODALMING TOWN COUNCIL

Disclosure by a Member¹ of a disclosable pecuniary interest or a non-pecuniary interest in a matter under consideration at a meeting (S.31 (4) Localism Act 2011 and the adopted Godalming Members' Code of Conduct).

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

COMMITTEE:

DATE:

NAME OF COUNCILLOR: _____

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

Agenda No.	Subject	Disclosable Pecuniary Interest	Non-Pecuniary Interest	Reason

Signed _____

Dated _____

¹ "Member" includes co-opted member, member of a committee, joint committee or sub-committee

² A disclosable pecuniary interest is defined by the Relevant Authorities (Disclosable Pecuniary Interests) regulations 2013/1464 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.