

GODALMING TOWN COUNCIL

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11 March 2011

I HEREBY SUMMON YOU to attend the **AUDIT SUB COMMITTEE** Meeting to be held in the Council Chamber, Municipal Buildings, Godalming on THURSDAY, 17 MARCH 2011 at 6.30 pm.

Louise P Goodfellow
Town Clerk

Committee Members: Councillor T Martin – Chairman
Councillor Pinches – Vice Chairman
Councillor RA Gordon-Smith
Councillor Barnes
Councillor Wheatley

AGENDA

1. MINUTES

To approve as a correct record the minutes of the meeting held on the 7 October 2010, 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 80.

4. DISCLOSURE OF PERSONAL AND PREJUDICIAL INTERESTS

To receive from Members, in relation to any items included on the agenda for this meeting, disclosure of any interests which are required to be disclosed by the Local Authorities (Model Code of Conduct) Order 2007 No.1159.

Members are requested to disclose, in accordance with the Code of Conduct, both the existence and nature of any "Personal" or "Prejudicial" interests that they may have in relation to matters for consideration on this agenda.

Personal Interests

- (1) Subject to sub-paragraphs (2) to (5) below, where a Member has a personal interest in any business of the Town Council and attends a meeting of the Council at which the business is considered, the Member must disclose to that meeting the existence and nature of that interest at the commencement of that consideration, or when the interest becomes apparent.

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

- (2) Where the Member has a personal interest in any business of the Town Council which relates to or is likely to affect a person described in paragraph 8(1)(a)(i) or 8(1)(a)(ii)(aa) of the Code of Conduct, the Member needs only disclose to the meeting the existence and nature of that interest when s/he addresses the meeting on that business.
- (3) Where the Member has a personal interest in any business of the Town Council of the type mentioned in paragraph 8(1)(a)(viii) of the Code of Conduct, the Member need not disclose the nature or existence of that interest to the meeting if the interest was registered more than three years before the date of the meeting.
- (4) Sub-paragraph (1) only applies where the Member is aware or ought reasonably to be aware of the existence of the personal interest.
- (5) Where a Member has a personal interest but, by virtue of paragraph 14 of the Code of Conduct, sensitive information relating to it is not registered in the Town Council's register of members' interests, the Member must indicate to the meeting that s/he has a personal interest, but need not disclose the sensitive information to the meeting

Prejudicial Interests

Where a Member has a personal interest in any business of the Town Council that Member also has a prejudicial interest in that business where the interest is one which a member of the public with knowledge of the relevant facts would reasonably regard as so significant that it is likely to prejudice that Member's judgement of the public interest. Where a Member has a prejudicial interest that Member must withdraw from the room or chamber where a meeting considering the business is being held.

5. WORK PROGRAMME

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 has been completed. Councillor Barnes has completed risk assessments for 2010/2011 and continues with her work programme, working with the Town Clerk and Responsible Finance Officer. Currently, the most recent assessments **completed/finalised** have been **Physical/Security, Reputation, (up to date copies to be tabled)**.

The properties of the Town Council and Joint Burial Committee have now been re-valued for insurance purposes as agreed and their revised values have been updated on the relevant Asset registers. (Copies of both Asset Registers are attached for the information of members.) Updated guidance has 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 are recorded on the annual statement fulfil the criterion stated, the guidance given is ambiguous. To ensure we comply with the recommended practice it is proposed that the RFO has a discussion with the Internal auditor to analyse the breakdown of our recorded assets and agree the strategy for the future. As any changes to the way our assets are reported would mean that they would need to be restated.

Councillor Pinches has reviewed the budget preparation and his report is also attached for the information of Members.

The assessment on reviewing suppliers has still to be completed, however with the advent of the new Facilities and Cemeteries manager we are taking the opportunity to conduct an internal review as he needs to understand the current agreements and establish the parameters of contracts etc and whether it would be cost effective to change supplier. Any major changes considered or required will therefore be reported to this committee if appropriate.

Members to discuss the action points outstanding on the work schedule and prioritise what needs to be done next.

6. BANK RECONCILIATION

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

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

7. RBS MIGRATION

In view of the fact that the Town Council has been without one key member of staff it has been rather difficult to pick the right moment to get this transfer undertaken speedily so that it can be finalised. Unfortunately, due to the adverse weather conditions before Christmas it was decided to wait until the New Year, however, the RFO contracted a virus and was off sick for several weeks after the Christmas period and this has further delayed the task. The chart of accounts for the new layout has now been designed and the RFO is working with RBS to arrange the appropriate moment to make the transfer.

8. 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.

The five areas that must be covered are:

- 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?
- Independence
Is the Internal Auditor sufficiently independent, objective and unbiased?
- Competence
Does the Internal Auditor have sufficient knowledge to be able to carry out the audit?
- Relationships
Are the relevant responsibilities of Members, Clerk, RFO, clearly defined?
- 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?

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 have met regularly throughout the year and have reviewed the majority of topics, however, Risk Assessment and the Assets, have been identified as requiring a rolling programme as they are 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 have been reported to both the Policy & Management Committee and the Joint Burial Committee through the year and form the basis of future reviews.

Internal Audit

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

External Audit

BDO Stoy Hayward has been and continues to be the External Auditor for Godalming Town Council and Joint Burial Committee. It has been noted that their Audit Briefings are now providing clearer support and guidance to reduce the risk of a qualified opinion, by highlighting issues that may arise, thus enabling the Council to implement changes that occur. This has assisted the Audit Sub Committee with their work programme. As BDO is appointed by the Audit Commission to undertake the external audit for both Godalming Town Council and the Joint Burial Committee there is currently no facility to change provider if the Council so desired.

9. 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.

10. ANNOUNCEMENTS

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