

**MINUTES AND REPORT OF THE EXTRAORDINARY AUDIT COMMITTEE  
HELD ON THE 6 JANUARY 2015**

\* Councillor Hunter – Chairman  
0 Councillor Thornton – Vice Chairman  
\* Councillor Noyce  
\* Councillor Robinson  
\* Councillor Williams

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

293. MINUTES

The Minutes of the Meeting held on 13 November 2014 were signed by the Chairman as a correct record.

294. 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 4.

295. DISCLOSABLE PECUNIARY INTERESTS AND NON-PECUNIARY INTERESTS

Members made no declarations of interest in relation to any item on the agenda for this meeting, which is required to be disclosed by the Localism Act 2011 and the Godalming Members' Code of Conduct.

296. REVIEW OF FINANCIAL REGULATIONS

Members considered new Financial Regulations based on the new Model Financial Regulations published by NALC in October 2014 and adapted to meet the requirements of this Council.

The Town Clerk explained that the significant change in practice that these Regulations will bring about is that it will enable the Council to proceed to make payments (to employees and suppliers) by internet banking transfer – the paragraphs dealing with this are 6.9 to 6.16 inclusive. The Town Clerk explained that these paragraphs may need redrafting once it has been established with the Council's bankers exactly how internet banking will work. However, the principles set out in paragraphs 6.9 to 6.16 should be followed throughout – i.e. that internet payments will be authorised by two Members (as cheques are currently) no officer will authorise payment; the banking system will be administered by an officer (not the Town Clerk/RFO) who will be unable to authorise payments and all passwords/PINs required for the bank account will be kept securely.

The Committee recommended to Full Council two amendments to the draft regulations:

- At para 6.10 – the first sentence should be amended to read “Where a computer requires use of a personal identification number (PIN) or other password(s), for access to the Council's records on that computer, a note shall be made of the PIN and Passwords and shall be kept securely in the Council's strongroom in a sealed dated & timed envelope signed by two Councillors across the seal.
- At para 10.1 the text that is struck through should be removed.

## 297. INTERNAL AUDIT

Members received the report of the interim Internal Audit, conducted by Mark Mulberry of Mulberry & Co, which took place on 19 November 2014.

The report identified three areas for action by the Council:

- It was noted that three cheque numbers, 201943, 201944 & 201945 were missing from one schedule of payments for approval to the next. The Internal Auditor had accepted that this omission arose because the schedule of payments considered by Policy & Management Committee on 11 September 2014 had been prepared at the end of August and the schedule considered on 23 October 2014 covered payments from 11 September so that the three payments made between 31 August and 10 September 2014 were not included. The Internal Auditor's recommendation was that Council was to review the schedule of payments list for the 2014-15 council year to date to ensure that there are no cut off errors between the meetings. Any cheques seen as missing were to be listed and retrospectively approved.
- The Council should review LTN40 in respect of document retention.
- The Council was reminded that the provisions of the Local Government Transparency Code which came into force in October 2014 and the Committee noted that the draft Financial Regulations considered elsewhere on the agenda addressed this point.

For want of another appropriate point on the agenda the Town Clerk took the opportunity orally to report a failure of control that had become apparent on 2 January 2015. On that date an assessment had been received from HMRC in respect of VAT payable by the Godalming Joint Burial Committee (JBC) – only on receipt of the assessment did the Town Clerk realise that no VAT return had been returned for the JBC for the quarter ending 30 September 2014. HMRC have agreed not to enforce the assessment provided a VAT return is completed within seven days – the potential financial loss to the JBC is £2,334 being the sum assessed as due plus the loss to the JBC of the input VAT that will not be reclaimable if the matter is not rectified.

Notwithstanding her sick leave absence from 23 September to 20 November 2014 the Town Clerk fully accepted responsibility for this omission – in seeking assurances that the VAT returns would be completed in her absence she was not explicit that her use of the plural meant multiple returns – that is for more than one body (GTC and JBC) rather than multiple quarters. Since there is no output VAT chargeable on any of the JBC's activities, in the absence of an explicit instruction, it would not have been otherwise apparent to the contracted bookkeeper that a VAT return for the JBC was required. Now that all such returns are completed on-line there was no physical prompt in the form of the arrival of a paper return which would have alerted the bookkeeper and/or other officers. The Town Clerk undertook to return to the next meeting of this Committee with details of proposed controls so that Members may be assured routinely that all statutory returns are completed on time.

The Committee considered the Internal Auditor's report and the Town Clerk's oral report and reflected that, given the challenges of the past six months, the financial systems and controls had overall proved fairly robust. The internal Auditor's report would be forwarded to Full Council with the Committee's comments as above.

## 298. APPOINTMENT OF A FINANCE ADMINISTRATOR

A draft job description for a new post of Finance Administrator was tabled at the meeting (draft attached to the record minutes). Members were asked to discuss the job description prior to the matter being considered by the Staffing Sub-Committee, focussing on whether

the job description adequately addressed the tasks that need to be carried out and assessing the risks involved.

The Committee considered the draft job description alongside the draft new Financial Regulations and looked in particular at the separation of duties between the Finance Administrator and the Responsible Finance Officer. Members agreed that they were content with the job description as drafted.

299. DATE OF NEXT MEETING

The next meeting of the Audit Committee is scheduled to be held on Thursday, 19 March 2015 at 6.30 pm in the Council Chamber.

300. ANNOUNCEMENTS

There were no announcements.