

**MINUTES AND REPORT OF THE AUDIT COMMITTEE
HELD ON THE 6 MARCH 2014**

- * Councillor S Bott – Chairman
- * Councillor Hunter – Vice Chairman
- * Councillor Noyce
- * Councillor Thornton
- * Councillor Williams

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

378. MINUTES

The Minutes of the Meeting held on 10 October 2013 were signed by the Chairman as a correct record.

379. 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.

380. 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.

381. WORK PROGRAMME

Members reviewed the work programme and updated it accordingly. These included business continuity, environment, legal, reputation, stationery suppliers, major risk finance, insurance, assets, schedule of financial responsibilities, payroll, superannuation administration scheme, health and safety, financial regulations and festivals administrative procedure (copy attached to record minutes).

The following recommendations were made to Full Council:

- Replace the carpet for general office as soon as possible.
- Establish whether the thermostat can be adjusted on the radiator in the general office to control the heating.
- Establish whether anything could be done to alleviate the cramped working conditions within the office.
- Request that the Communications working group as part of their remit consider the process of updating the website.
- Progress the electronic payments as soon as the guidelines are received from NALC with a view to updating the financial regulations to reflect changes and bank mandates where appropriate.

382. BANK RECONCILIATION

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

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

383. CONSIDERATION OF RECEIPTS TAKEN BY 'PHONE OR VIRTUAL TERMINAL

After some discussion it was agreed to ask Sagepay to provide this service to the Council. However, it was agreed that it should first be established, whether there would be a penalty for leaving the system early. The RFO agreed to report back to the Chairman whether this was likely to be a problem. If this should be the case, councillors agreed that the Council would approach Card Saver to supply this service.

384. REVIEW OF LOCAL AUTHORITY PAYMENT SYSTEMS

Members noted the paper produced by NALC 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 look forward to the final report from NALC and their recommendations which will enable a decision to be made on how payments within the Council should be made in the future.

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

Members received and considered the interim audit report and audit work-plan and noted that all the reports were satisfactory. Members agreed to recommend to Full Council and Godalming Joint Burial Committee the satisfactory internal auditor's report, and recommend the audit work-plan and letter of engagement for the Internal Auditor for Godalming Town Council and Godalming Joint Burial Committee for the ensuing year 2014/15 (copies of the interim audit report, audit work-plan and letter of engagement attached to record minutes).

386. 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 systems of control annually by 31 March each year. Members noted that this Committee was undertaking an initial review so as to be able to recommend it to Full Council and Godalming Joint Burial Committee at their meetings on the 27 March 2014. Members agreed that the Committee's work programme (Minute 381-13 above) dealt adequately with the internal systems of control and agreed to address specifically the question of the effectiveness of audit.

Members agreed the following responses to the questions posed and agreed that these responses should be recommended to Full Council and the Godalming Joint Burial Committee:

- 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 6 March 2014 (See minute 385-13);

- 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 Committees are 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 outcome of which, will then be reported to Full Council and Joint Burial Committee meetings on 26 June 2014 so that Full Council and Godalming Joint Burial Committee might formally agree their annual returns. The annual returns are 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 returns will be considered at the next scheduled meeting following their receipt from the External Auditor.

Internal Audit Process

Is the work of the Internal Auditor 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 385-13 on these minutes;

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 and the Joint Burial Committee.

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 and Godalming Joint Burial Committee 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 noted 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 noted that the observation from the JBC that the Audit Committee should include a member of the JBC. Councillor Noyce fulfils that role.

387. 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.

388. ANNOUNCEMENTS

There were no announcements.