

**MINUTES AND REPORT OF THE AUDIT COMMITTEE
HELD ON THE 2 JUNE 2016**

* Councillor Thornton – Chairman
* Councillor Pinches – Vice Chairman
* Councillor Noyce
* Councillor Williams
0 Councillor Purkiss

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

68. ELECTION OF CHAIRMAN

It was resolved unanimously that Councillor Thornton be elected as Chairman of the Audit Committee for the local government year 2016/2017.

69. ELECTION OF VICE CHAIRMAN

It was resolved unanimously that Councillor Pinches be elected as Vice-Chairman of the Audit Committee for the local government year 2016/2017.

70. MINUTES

The Minutes of the meeting held on 9 May 2016 were signed by the Chairman as a correct record.

71. APOLOGIES FOR ABSENCE

Apologies for absence were received and recorded as above.

72. 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.

73. 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.

74. WORK PROGRAMME

Members considered the Committee's Work Programme and noted progress on the items therein. The allocation of responsibility for items was reviewed and an amended programme is attached to the record minutes.

75. BANK RECONCILIATION

Members noted that due to the proximity of this meeting to the last one, there were no bank reconciliations to table.

76. ASSET REGISTER

Members considered the Town Council's asset register and noted that it has been updated to reflect the work carried out on the Wilfrid Noyce Centre.

77. INCOME CONTROLS

Members received the report on the review of income controls. Members noted that the review had identified that there had been no control to ensure that the rent due for Nightingale Cemetery Chapel was regularly invoiced. The Town Clerk reported that this had now been addressed with the diarisation of the invoice date.

Members noted that because the check was performed so early in the financial year a number of the invoices sampled had not yet been paid and agreed that these same invoices should be followed up at the next review.

Members agreed that Question G duplicated the view of VAT controls and therefore agreed that it should be re-written to read "Ensure VAT is correctly analysed".

78. PAYMENT CONTROLS

Members received the report on the review of payment controls. Members noted that the review had been carried out by the Town Clerk & Responsible Finance Officer and that since that officer is an essential part of the controls in this area then the review needs to be carried out again by a Councillor at some point during the financial year.

For the first time the review had sampled payments by direct credit as well as cheque payments. All payments checked demonstrated that they had been properly processed and authorised and most had already cleared the bank.

However, in none of the payments checked (18 in total) had an official order been attached to invoice before payment. For 13 payments there was other supporting documentation in place of an official order (e.g. a contract or a cheque requisition form) and in one case the order had been made by the contractor undertaking work on the Wilfrid Noyce Centre. In the remaining four cases there was no justification, in terms of Financial Regulations, for the absence of an official order.

The Town Clerk & Responsible Finance Officer explained that in her view that this did not mean a lack of control of ordering goods & services or any risk to the Council but that a breach of our own Financial Regulations was an absolute failure and could deliver an adverse audit opinion. Members agreed that this point of control should be reviewed further and a view taken as to whether the Financial Regulations or officers' behaviour should change.

79. PAYROLL CONTROLS

Members received the report on the review of payroll control.

Members noted that the review had been carried out by the Town Clerk & Responsible Finance Officer and that since that officer is an essential part of the controls in this area then the review needs to be carried out again by a Councillor at some point during the financial year.

Members noted that over the period 2014-16 incorrect NI deductions had been made for three employees (NI had been over deducted because the incorrect NI table, A not D, had been applied to the employees concerned). Members further noted that this had been highlighted by internal controls and addressed before this review.

Minor changes to the questions posed by the review were agreed.

80. PETTY CASH

Members received the report on the review of petty cash.

Members noted that the review had been carried out by the Town Clerk & Responsible Finance Officer and that since that officer is an essential part of the controls in this area then the review needs to be carried out again by a Councillor at some point during the financial year.

Members noted that there were no issues with the review of petty cash.

Members agreed that the question "Is Petty Cash kept securely?" should be substituted for the question "Ensure key to Petty Cash is secure".

81. PROPER BOOKKEEPING

Members received the report on the review of bookkeeping.

Members noted that the only issue noted with the review of bookkeeping was a duplication of the issue about inconsistent use of the purchase order system raised above at Minute 78-16.

Members agreed that the question "Is there a procedure for checking that goods and services are received as ordered?" should be substituted for the question "Ensure proper procedure for requisitioning items".

82. VAT CONTROLS

Members received the report on the review of VAT controls.

Members noted that there were no issues with the review of VAT controls.

Members agreed that the question "Whether VAT rate has been correctly amended to 20%?" should now be deleted.

83. BUSINESS CONTINUITY PLAN

Members agreed a new business continuity plan noting that one the new GTC website was developed and launched more detail would need to be added to that part of the plan.

84. DATE OF NEXT MEETING

The next meeting of the Audit Committee is scheduled to be held on Thursday, 6 October 2016 at 7.00pm in the Council Chamber.

85. ANNOUNCEMENTS

There were no announcements.