

GODALMING TOWN COUNCIL

Tel: 01483 523575
Fax: 01483 523077
E-Mail: office@godalming-tc.gov.uk
Website: www.godalming-tc.gov.uk

Municipal Buildings
Bridge Street
Godalming
Surrey GU7 1HT

20 July 2018

I HEREBY SUMMON YOU to attend the **AUDIT COMMITTEE** Meeting to be held in the Council Chamber, Municipal Buildings, Godalming on THURSDAY, 26 JULY 2018 at 7.00 pm.

Andy Jeffery
Town Clerk

Committee Members: Councillor Bolton – Chairman
Councillor Pinches – Vice Chairman
Councillor Noyce
Councillor Wainwright
Councillor Follows

AGENDA

1. ELECTION OF CHAIRMAN

To receive nominations for the Chairman of the Committee and to elect said Chairman.

2. ELECTION OF A VICE-CHAIRMAN

To receive nominations for the Vice-Chairman of the Committee and to elect said Vice-Chairman.

3. MINUTES

To approve as a correct record the minutes of the meeting held on the 23 April 2018, a copy of which has been circulated previously.

4. APOLOGIES FOR ABSENCE

5. 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.

6. 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.

7. WORK PROGRAMME

Members to consider the Committee's Work Programme and to note progress on the items therein (copy attached for the information of Members).

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

8. 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 reconciliation tabled.

9. INCOME CONTROLS

Members to receive the report on the review of income controls (report attached for the information of Members).

10. PAYMENT CONTROLS

Members to receive the report on the review of payment controls (report attached for the information of Members).

11. PAYROLL CONTROLS

Members to receive the report on the review of payroll controls (report attached for the information of Members).

12. PETTY CASH

Members to receive the report on the review of petty cash (report attached for the information of Members).

13. PROPER BOOKKEEPING

Members to receive the report on the review of bookkeeping (report attached for the information of Members).

14. VAT CONTROLS

Members to receive the report on the review of VAT controls (report attached for the information of Members).

15. COMMUNICATIONS ARISING FROM THIS MEETING

Members to identify which matters (if any), discussed at this meeting, are to be publicised.

16. DATE OF NEXT MEETING

The next meeting of the Audit Committee is scheduled to be held on Thursday, 20 September 2018 at 7.00pm in the Council Chamber.

17. ANNOUNCEMENTS

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

AUDIT COMMITTEE WORK PROGRAMME

SUBJECT	NAME OF PERSON UNDERTAKING REVIEW	PREVIOUS COMPLETION DATE	ACTIONS BROUGHT FORWARD	STATUS	ACTIONS CARRIED FORWARD
Bank Reconciliation	Cllr Andrew Bolton/RFO	26 October 2017	Latest Bank recs reviewed at each Meeting of Audit Committee	Chairman to review and sign at each meeting of the Audit Committee.	Ongoing
Internal Control – Meeting 1					
Income Controls	Cllr Nick Williams	27 July 2017	Conducted 27 July 2017 – no issues identified	On this agenda	
Payment Controls	Cllr Nick Williams	27 July 2017	Conducted 27 July 2017 – no issues identified	On this agenda	
Payroll Controls	Cllr Nick Williams	27 July 2017	Conducted 27 July 2017 – no issues identified	On this agenda	
Petty Cash	Cllr Nick Williams	27 July 2017	Conducted 27 July 2017 – no issues identified	On this agenda	
Proper Book-keeping	Cllr Nick Williams	27 July 2017	Conducted 27 July 2017 – no issues identified	On this agenda	
VAT Controls	Cllr Nick Williams	27 July 2017	Conducted 27 July 2017 – no issues identified	On this agenda	

SUBJECT	NAME OF PERSON UNDERTAKING REVIEW	PREVIOUS COMPLETION DATE	ACTIONS BROUGHT FORWARD	STATUS	ACTIONS CARRIED FORWARD
Miscellaneous – Meeting 2					
External Auditor's Report	RFO	26 October 2017	Annual report received 26 October 2017. Onward Recommendation to Full Council on 16 November 2017	Annual report to be received around Oct 2018. Onward Recommendation to Full Council	
Asset Control	Cllr Andrew Bolton/RFO	26 October 2017	Conducted 26 Oct 2017 - to be reviewed in 12 months	Annual review to be completed by Oct 2018	
Review of Ongoing Suppliers	Cllr Andrew Bolton /Facilities Manager/TC	Ongoing	Recently reviewed: - HR Services reviewed 2016/17 -Legal Services Reviewed 2017 -Advertising contract reviewed 2017 - Internal auditors reviewed Oct 2017 - Insurance providers to be reviewed for 2018/19 financial year	Ongoing task.	
Financial Regulations	RFO	26 October 2017	Review of Financial Regulations completed at by this Committee 26 Oct 2017 and agreed by Full Council on 16 Nov 2017	Annual review required to be completed by 31 March 2019	
Procedures	Cllr Andrew Bolton	Ongoing	Financial procedures as updated agreed by this Committee on 6 October 2016 Other key processes agreed by the Committee on 16 March 2017	List of procedures completed.	
Budgetary Controls	Cllr Andrew Bolton	26 October 2017	Conducted 26 October 2017- to be reviewed in 12 months	Annual review to be completed by October 2018	

SUBJECT	NAME OF PERSON UNDERTAKING REVIEW	PREVIOUS COMPLETION DATE	ACTIONS BROUGHT FORWARD	STATUS	ACTIONS CARRIED FORWARD
---------	-----------------------------------	--------------------------	-------------------------	--------	-------------------------

Risk Management – Meeting 3					
Risk Assessment - Business Continuity	Cllr Nick Pinches/TC/RFO	25 January 2018	To add a section on Loss of Key Personnel – draft to this committee in March 2018	Annual review to be completed by January 2019	To add a section on Loss of Key Personnel – draft to this committee in March 2018
Risk Assessment - Environmental	Cllr Ollie Purkiss/TC/RFO	25 January 2018	New Facilities Supervisor to review use of environmentally friendly cleaning products upon appointment	Annual review to be completed by January 2019	
Risk Assessment - Legal	Cllr Nick Williams/TC/RFO	25 January 2018	To be reviewed annually	Annual review to be completed by January 2019	
Risk Assessment - Physical/Security	TC/RFO/Cllr Ollie Purkiss	25 January 2018	New Facilities Supervisor to review all building risk assessments upon appointment	Annual review to be completed by January 2019	
Risk Assessment - Reputation	Cllr Julie Noyce/TC/RFO	25 January 2018	To be reviewed annually	Annual review to be completed by January 2019	
Risk Assessment - Health & Safety	Cllr Nick Pinches /TC/RFO	25 January 2018	To be reviewed annually	Annual review to be completed by January 2019	
Risk Assessment - Financial	Cllr Andrew Bolton /TC/RFO	25 January 2018	To be reviewed annually	Annual review to be completed by January 2019	
Insurance	Town Clerk/RFO	25 January 2018	To be reviewed annually	On going	Market test of insurers completed and reported to P&M on 22 March 2018
Risk Assessment - Data Protection				New Item due to GDPR	

SUBJECT	NAME OF PERSON UNDERTAKING REVIEW	PREVIOUS COMPLETION DATE	ACTIONS BROUGHT FORWARD	STATUS	ACTIONS CARRIED FORWARD
---------	-----------------------------------	--------------------------	-------------------------	--------	-------------------------

Year End – Meeting 4					
Internal Auditor's Reports	RFO	23 April 2018	Interim audit report received and responses given. To be onward recommended to next Full Council meeting	Annual review to be completed as part of Annual Governance and Accountability Return process	
Management of Debt (particularly Bad Debt)	RFO	23 April 2018	To be reviewed annually	Annual review completed by April 2019	
Review of Effectiveness of Internal Control	Cllr Andrew Bolton /RFO	23 April 2018	To be reviewed annually	Annual review to be completed as part of Annual Governance and Accountability Return process	
Annual Governance Statement	Cllr Andrew Bolton /RFO	23 April 2018	To be reviewed annually	Annual review to be completed as part of Annual Governance and Accountability Return process	
Annual Accounting Statements	Cllr Andrew Bolton /RFO	23 April 2018	To be reviewed annually	Annual review to be completed as part of Annual Governance and Accountability Return process	

Godalming Town Council Audit Committee: Internal Review

Area of Review: **Income Controls - 2018**

Test	Success yes/no	Notes
A) Ensure that precept is received on time and is the amount agreed in the budget.	Y	Remittance advice from WBC seen & checked. Includes 50% of precept as per budget & due on 1 April 2018 but also £8,310 Council Tax Support Grant (not separately identified by WBC).
B) Ensure that rents from Cemetery Lodges, The Square and Allotments are received regularly.	Y/N	JBC lodge income received. Rent for Nightingale Chapel invoiced annually Allotments not yet invoiced 2018/19 but all rents received 2017/18. The Square – first quarter invoiced.
C) Ensure bank interest is received.	Y	Banks give interest on GTC deposit account at 0.25% pa – one payment received in 2018/19 year.
D) Ensure sales invoices are correctly made out and VAT accounted for where applicable.	Y	See table of invoices checked
E) Ensure monies received meet invoices raised and are banked properly.	Y	ditto
F) Ensure receipts are properly recorded in the cash book.	Y	ditto
G) Ensure that more than one person is present when significant amounts of cash are received and counted.	Y	Cannot guarantee that more than one person will be present when cash is received – but the customer will always be given a receipt. Where large cash sums (e.g. income from Mayor's quiz) money will always be counted by two people and the receipt of cash is known in advance.

Date review carried out: 21 June 2018

By: Councillor Andrew Bolton

Signed: *Andrew Bolton*

Invoices Checked 2018/19

Invoice No	Amount	Correct Fee	Correct VAT	Correct Addition	Posted to Ledger	Paid	Banked
5185JBC	£350.00	Y	Y	Y	Y	Y	27/4/18
5195JBC	£1,325.00	Y	Y	Y	Y	Y	13/6/18
5187JBC	£30,532.00	Y	Y	Y	Y	Y	3/5/18
BW4213	£41.04	Y	Y	Y	Y	Y	1/6/18
BW4228	£65.52	Y	Y	Y	Y	Y	15/5/18
GTC4157	£16,500.00	Y	Y	Y	Y	Y	11/5/18
GTC4162	£250.00	Y	Y	Y	Y	Y	24/5/18
PP1086	£50.40	Y	Y	Y	Y	Y	5/5/18
PP1084	£646.80	Y	Y	Y	Y	N	
WN1884	£124.80	Y	Y	Y	Y	Y	30/4/18
WN1898	£79.80	Y	Y	Y	Y	Credit Note below	N/A
WN1961	(£79.80)	Y	Y	Y	Y	Cancels invoice above	N/A
WN1913	£333.18	Y	Y	Y	Y	Y	5/6/18
WN1934	£218.10	Y	Y	Y	Y	Y	13/6/18
WN1969	(£33.06)	Y	Y	Y	Y	N/A	N/A
WN1970	(£51.84)	Y	Y	Y	Y	N/A	N/A
WN1966	(£14.40)		X	X		N/A	N/A

GODALMING TOWN COUNCIL AUDIT REVIEW

INTERNAL REVIEW

/

Ager

Area of Review: **Checking random cheque or direct debit payments -**

Test	1	2	3	4	5	6	7	8
Cheque No	DD 17/5/18	DD 29/5/18	105654	101738	DD	101742	101730	101729
Payee	BT	Everflow	Farncombe Day Centre	Burleys	Everflow	Jewson	Mulberry	Property & Landscape
Amount	£29.76	£395.89	£25.00	£3,584.76	£27.77	£4.54	£185.40	£700.00
Date	03-May-18	29-May-18	01-May-18	05-Jun-18	26-May-18	13-Jun-18	22-May-18	22-May-18
A) Check that cheque stub carries intelligible initials of 2 Councillors.	*1	*1		Y	*1	Y	Y	Y
B) Check that invoice being paid bears initials of 2 Councillors.	*1	*1	Y	Y	*1	Y	Y	Y
C) Check that invoice being paid has been passed by instigator of requisition.	Y	Y	Y	Y	Y	Y	Y	Y
D) Check that invoice has been entered correctly on system, including VAT.			Y	Y	Y	Y	Y	Y
E) Check that payment is within reasonable time period.	Y	Y	Y	Y	Y	Y	Y	Y
F) Check whether cheque has gone through the bank.	Y			Y	Y		Y	Y
G) If not in current month, is it allowed for in bank reconciliation	N/A	N/A	Y	N/A	N/A	N/A	N/A	X

Date review carried out: 20 June 2018

By: Councillor Andrew Bolton

Signed: *Andrew Bolton*

*1 Variable direct debits are authorised by Council before setting up and annually thereafter

x Cheque replaced - replacement cheque cleared.

GODALMING TOWN COUNCIL AUDIT REVIEW

INTERNAL REVIEW

Area of Review: **Checking random BACS payments-**

Test	1	2	3	4	5	6	7	8
Payment ID	4559	7347	Mayors Charity	745	129857	40116	140087	7902
Payee	Cara	Drake & Kannemeyer	Farncombe Day Centre	Fleur De Lys	Absolute Security	A1 Drains	Van Arnhem	Springfield
Amount	£259.58	£3,432.00	£1,285.45	£100.00	£3,514.80	£180.00	£2,104.80	£13,817.44
Date	03-Apr-18	30-Apr-18	12-Apr-18	28-Mar-18	28-May-18	29-Mar-18	19-Jun-18	05-Apr-18
A) Check that payment authority carries intelligible initials of 2 Councillors.	Y	Y	Y	Y	Y	Y	TBA	Y
B) Check that invoice being paid bears initials of 2 Councillors.	Y	Y	Y	Y	Y	Y	TBA	Y
C) Check that invoice being paid has been passed by instigator of requisition.	Y	Y	Y	Y	Y	Y	Y	Y
D) Check that invoice has been entered correctly on system, including VAT.	Y	Y	Y	Y	Y	Y	TBA	Y
E) Check that payment is within reasonable time period.	Y	Y	Y	Y	Y	Y	TBA	Y
F) Confirm payment has has gone through the bank.	Y	Y	Y	Y	Y	Y	TBA	Y
G) If not in current month, is it allowed for in bank reconciliation	N/A	N/A	N/A	N/A		N/A	TBA	N/A

Date review carried out: 20 June 2018

By: Councillor Andrew Bolton

Signed: *Andrew Bolton*

GODALMING TOWN COUNCIL AUDIT REVIEW INTERNAL REVIEW

AC 26.07.18
anda Item 10

9
101731
WPS Insurance
£4,704.00
24-May-18
Y
Y
Y
Y
Y
Y
Y

fter

Godalming Town Council Audit Committee: Internal Review

Area of Review: Payroll 2018/19

Test	Success yes/ no	Notes
A) Whether all employees are in payroll system? Whether there are any ghost employees?	Y	All employees, including casual employees (but not self-employed contractors) are on payroll. No unidentified people found on the payroll.
B) Whether all employees have contracts of employment?	Y	Contracts of employment exist for all staff and are kept by TC in a locked filing cabinet.
C) How wages are prepared?	Y	See attached written process
D) Whether correct PAYE codes are being used?	Y	PAYE codes picked up annually from HMRC notifications on-line. In year changes prompted by employee (with HMRC letter), All employees who have main employment elsewhere are BR code.
E) Whether PAYE records are being kept correctly?	Y	System generated and no queries from HMRC
F) Whether net pay paid correctly?	Y	Net pay per payroll reports agrees to bank statements
G) Does the payment to HMRC match the FPS submission to HMRC?	Y	FPS amounts for April and May 2018 checked
H) Whether HMRC paid correctly and on time?	Y	Amounts & payments for April and May 2018 checked.
I) Whether PAYE cheques are seen going through the bank?	Y	PAYE now paid via BACS. Checked April and May 2018 payments.
J) Whether P45's, where applicable, are filed correctly?	N/A	No leavers year to date.
K) Are all employees in the Local Government Pension Scheme? And if not is there	Y	All full time staff are in the scheme. The part time staff do not meet the criteria for compulsory registration and have not

written evidence of their opting out		elected to join voluntarily as at staging date.
L) Are contribution rates (EE & ER) applied correctly	Y	SCC check at year end. Confirmed ER rate was correct at 17.2%. RFO to confirm calculations of EE rate as initial checks did not agree.
M) Are correct payments made to Pension Authority	Y	Checked April and May 2018 payments.
N) How are annual pay awards advised?		Notification from NALC/SLCC and taken through P&M Committee for permission to pay. Notification letters signed by TC except TC's which is signed by Chairman of P&M. Current pay award is on Full Council agenda for 19 July 2018.

Date review carried out 20 June 2018

By: Councillor Andrew Bolton

Signed: *Andrew Bolton*

MONTHLY PAYROLL PROCESS

Process	Do By
1. Email all staff asking for any information regarding payroll for the month e.g. Farmers Market, new deductions, payroll adjustments	15 th of the month
2. Log onto Sage 50 Payroll and set processing date to the 25th	
3. Check HMRC secure mail box for any tax code changes and apply	
4. Process any new employees (see separate process instructions)	
5. Process payroll data and check payments online	
6. Print draft payslips report ~2015_Laser (2 per A4 Sheet) (see separate process instructions)	
7. Get Town Clerk's authorisation to proceed with payment.	
8. Print final payslips (see separate process instructions)	
9. Print following reports- Payment Summary Part 1, Payment Summary Part 2, Pensions – Current, Pensions – Employee and Pensions – Employer (see separate process instructions)	
10. Complete payroll journal in draft	
11. Take back-up of payroll	
12. Update records (Select all employees / Payroll / Update Records)	
13. Create payment authorisation record	20 nd of the month
14. Get two councillors authorisation to proceed with payment	
15. Upload e-banking file for payment	22 nd of the month
16. Print P32 report (see separate process instructions)	
17. Process any leavers and print P45	
18. Process Full Payment Submission (E-submissions / Full Payment Submission)	25 th of the month
19. Take final back up of payroll for the month	
20. Complete Surrey Pension contribution Form (see separate process instructions)	
21. Make payment for Union Fees, Pension Contribution and HMRC PAYE/NIC	
22. Post payroll journal	End of month

Godalming Town Council Audit Committee: Internal Review

Area of Review: **Checking Petty Cash 2018**

Test	Success Y/N	Notes
A) Is Petty Cash kept securely?	Y	Petty cash kept in locked tin in locked & alarmed strongroom (one key to tin kept by RFO; second in locked key cabinet)
B) Ensure petty cash vouchers are correctly authorised and within budget limits.	Y	Vouchers for recent claims checked – all compliant.
C) Ensure VAT and addition is correct on voucher.	Y	VAT not relevant to petty cash because not reclaimable
D) Ensure Petty Cash is reimbursed correctly.	Y	File demonstrates the correct reimbursement
E) Ensure vouchers are entered correctly in cash book.	Y	File demonstrates that vouchers have been entered correctly in cash book
F) Ensure Petty Cash is checked regularly.	Y	Checked monthly by an officer other than the Acting RFO; by the Internal Auditor twice annually and by Councillor Andrew Bolton as part of this review

Date review carried out: 20 June 2018

By: Councillor Andrew Bolton

Signed: *Andrew Bolton*

Godalming Town Council Audit Committee: Internal Review

Area of Review: Proper Book-keeping –2018

Test	Success	Notes
Is there a procedure for checking that goods and services are received as ordered.	Y	Officers certify on invoices that goods/services have been received and query invoices where this is not the case.
Ensure proper procedure for checking suppliers' invoices and identifying VAT.	Y	As above – officers check & certify suppliers' invoices. RFO checks VAT accuracy
Ensure proper procedure for recording suppliers' invoices	Y	Documented in financial procedures
Ensure proper procedure for making and checking payments.	Y	Completion of payment grid on each invoice – also payment checks carried out as part of this review – elsewhere on agenda – indicate procedure applied consistently
Ensure proper filing system for purchase-ledger paperwork.	Y	Invoices filed alphabetically
Ensure proper system for issuing sales invoices and/or receipts.	Y	Different officers have responsibility for different sales invoices – but each stamped "PAID" as income is received.
Ensure proper procedure for recording and checking sales invoices.	Y	RFO checks as each invoice is entered on to RBS. New Booking System has many automatic checks which eliminates many potential errors.
Ensure proper system for monitoring and ensuring prompt payment of sales invoices.	Y	See Credit Control process as considered by this Committee on 8 October 2015 and adopted by Full Council on 19 November 2015.
Ensure proper system for paying-in funds received.	Y	Weekly banking – items recorded on schedule (Cash banked more promptly)
Ensure proper filing system for sales-ledger paperwork.	Y	Files checked

Ensure cash book is up-to date.	Y	Sighted printed YTD Cashbook
Ensure bank reconciliations are carried out properly.	Y	Evidence in the files RFO carries out reconciliations monthly; these are signed by Chairman of the Audit Committee at each meeting of the Committee
Ensure petty cash tin balance is checked and agrees with paperwork and receipts.	Y	Checked

Date review carried out: 21 June 2018

By: Councillor Andrew Bolton

Signed: Andrew Bolton

Recommendation: There needs to be a check of JBC activities to ensure they recorded and invoiced (completeness of revenue).

Godalming Town Council Audit Committee: Internal Review

Area of Review: VAT 2018

Test	Success Y/N	Notes
A) Whether VAT records are properly maintained?	Y	RBS maintains VAT accounts
B) Whether GTC and JBC registered to submit VAT records on line?	Y	Evidence of electronic submission receipts sighted.
C) Whether VAT forms are submitted correctly?	Y	Printouts of submissions to HMRC
D) Whether VAT paid correctly and on time?	Y	GTC receives refunds

Date review carried out: 21 June 2018

By: Councillor Andrew Bolton

Signed: Andrew Bolton