

## GODALMING TOWN COUNCIL

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Bridge Street  
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4 September 2020

I HEREBY SUMMON YOU to attend the **AUDIT COMMITTEE** Meeting to be held via Zoom on THURSDAY, 10 SEPTEMBER 2020 at 6.00pm.

Andy Jeffery  
Town Clerk

**The meeting of the Audit Committee of the Godalming Town Council will be held under the provisions of the Coronavirus Act 2020 and The Local Authorities and Police & Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020**

### **Join Zoom Meeting**

<https://us02web.zoom.us/j/86586217410?pwd=T2hveTZkbGF5eEVpZkMzbzd3QnVLZz09>

**Meeting ID: 865 8621 7410**

**Passcode: 032209**

Committee Members:

- Councillor Boyle
- Councillor Crooks – Vice-Chair
- Councillor Heagin – Chair
- Councillor Steel
- Councillor Welland

## **AGENDA**

1. **MINUTES**

To approve as a correct record the minutes of the meeting held on the 6 February 2020, a copy of which has been circulated previously.

2. **APOLOGIES FOR ABSENCE**

3. **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.

4. **PETITIONS/STATEMENTS/QUESTIONS FROM MEMBERS OF THE PUBLIC**

The Chair to invite members of the public to make representations, ask or answer questions and give evidence in respect of the business on the agenda or other matters not on the agenda. This forum to be conducted in accordance with Standing Order 5.

5. **QUESTIONS BY MEMBERS**

To consider any questions from Councillors in accordance with Standing Order 6.

6. 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).

7. BANK RECONCILIATIONS

The Responsible Finance Officer to present the current Bank Reconciliations (attached for the information of Members).

Members to agree that the Chair should sign the bank reconciliation presented.

8. EXTERNAL AUDITOR'S REPORT

Members to note the Report from the External Auditor stating that there were no issues that came to their attention during the audit (copy of report attached for the information of Members).

9. REVIEW OF FINANCIAL REGULATIONS

NALC has not updated its model Financial Regulations since the detailed review done in 2019, so the Council's current Financial Regulations do not require any updating on this ground.

The RFO consulted with the internal auditor Mulberry & Co to confirm that the processes put into place for payment of suppliers during the COVID-19 lockdown were compliant with our Financial Regulations. He confirmed they were, and that there was therefore no need to amend our Financial Regulations.

The Financial Regulations already include authorisation to use a credit card, so the recent decision at Full Council to apply for one does not require any amendments to the Regulations.

Members to review attached Financial Regulations and agree no changes are required.

10. BUDGETARY CONTROLS

Members to consider a report on budgetary controls (attached for the information of Members).

11. PAYMENT CONTROLS

Members to note that during the COVID-19 lockdown the payment of suppliers was adapted as follows:

- invoices appropriately signed off in regards to goods/services received and amount within budget (as normal);
- email schedule of payments sent to signatories for electronic sign off (they didn't see the invoices, just totals to be paid with a brief explanation of what the payment was for);
- make payment via Godalming Town Council BACS which can be done by the Responsible Finance Officer in presence of Town Clerk.

Councillor Steel did a sample test of BACS Payments Runs made during lockdown to ensure amount signed off on schedule matched actual invoices and that the payment schedule had been signed off by the Town Clerk.

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

12. PAYROLL CONTROLS

Members to receive the report on the review of payroll controls (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. RISK MANAGEMENT STRATEGY

Members to review updated Risk Management Strategy (attached for the information of members).

16. REVIEW OF RISK ASSESSMENT – PHYSICAL & INFORMATION SECURITY

Members to consider the updated risk assessment on Physical & Information Security (attached for the information of Members).

17. REVIEW OF RISK ASSESSMENT – FINANCIAL

Members to consider the updated risk assessment on Financial (attached for the information of Members).

18. GENERAL RESERVES

Best Practice recommends that the level of General Reserves should be 40-60% of a Council's precept. Godalming Town Council's current precept is £711,154 which puts the recommended level of General Reserves between £284,462 and £426,692.

The most recent forecast done by the RFO anticipates that Godalming Town Council's General Reserve will be around £185,000 by year end due to the impact of COVID-19, which will put it well below the recommended minimum level. Accordingly, the RFO recommends that Members consider developing a plan to rebuild General Reserves to be included in the annual budget for 2021/22 and five year budget.

Members to discuss options to rebuild General Reserves to be included in the annual budget for 2021/22 and five year budget.

19. DATE OF NEXT MEETING

The next meeting of the Audit Committee to be called by the Chair of the Committee as required to manage the Committees business.

20. ANNOUNCEMENTS

Brought forward by permission of the Chair. 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 Heagin/RFO	6 February 2020	Latest Bank recs reviewed at each meeting of Audit Committee	Chair to review and sign at each meeting of the Audit Committee	Ongoing
Internal Control – Meeting 1					
Income Controls	Cllr Michael Steel	4 July 2019	Conducted 4 July 2019 – no issues identified	Deferred until 2021 due to COVID-19  Community Centres not in operation so no revenue from this source.	
Payment Controls	Cllr Michael Steel	4 July 2019	Conducted 4 July 2019 – one invoice not found, presumed misfiled. If not located, a copy invoice to be sought and placed on file for completeness	On this agenda	
Payroll Controls	Cllr Michael Steel	4 July 2019	Conducted 4 July 2019 – no issues identified	On this agenda	
Petty Cash	Cllr Michael Steel	4 July 2019	Conducted 4 July 2019 – no issues identified	Deferred until 2021 due to COVID-19  Petty cash not able to be reimbursed during Lockdown so expense claims used instead.	

SUBJECT	NAME OF PERSON UNDERTAKING REVIEW	PREVIOUS COMPLETION DATE	ACTIONS BROUGHT FORWARD	STATUS	ACTIONS CARRIED FORWARD
Proper Book-keeping	Cllr Michael Steel	4 July 2019	Conducted 4 July 2019 – no issues identified	On this agenda	
VAT Controls	Cllr Michael Steel	4 July 2019	Conducted 4 July 2019 – no issues identified	On this agenda	
Miscellaneous – Meeting 2					
External Auditor's Report	RFO	19 September 2019	Annual report received 19 September 2019. Onward Recommendation to Full Council on 26 September 2019	On this agenda	
Asset Control	Cllr Boyle/RFO	19 September 2019	Conducted 19 September 2019 – to be reviewed in 12 months	Deferred until 2021 due to COVID-19	
Review of Ongoing Suppliers	RFO /Facilities Supervisor /TC	Ongoing	Recently reviewed: <ul style="list-style-type: none"> <li>o Insurance providers reviewed March 2018 (GTC), October 2018 (Museum) &amp; March 2019 (JBC)</li> <li>o Christmas Lights provider reviewed March 2019</li> </ul>	Ongoing task	
Financial Regulations	RFO	19 September 2019	Review of Financial Regulations completed by this Committee 19 September 2019. Onward Recommendation to Full Council on 26 September 2019	On this agenda	

SUBJECT	NAME OF PERSON UNDERTAKING REVIEW	PREVIOUS COMPLETION DATE	ACTIONS BROUGHT FORWARD	STATUS	ACTIONS CARRIED FORWARD
Procedures	Cllr Welland	Ongoing	Creating a Standard Operating Procedures File for each position – aimed completion March 2020	Deferred until 2021 due to COVID-19	
Budgetary Controls	Cllr Welland	19 September 2019	Conducted 19 September 2019 – to be reviewed in 12 months	On this agenda	
<b>Risk Management – Meeting 3</b>					
Risk Assessment – Business Continuity	Cllr Heagin /RFO	6 February 2020	Needs a risk assessment performed and Scheme of Delegation incorporated	Annual review to be completed by 31 March 2021	
Risk Assessment – Environmental	Cllr Crooks/RFO	24 January 2019	An Environment Sustainability Policy needs to be developed	Annual review to be completed by 31 March 2021	An Environment Sustainability Policy needs to be developed
Risk Assessment – Legal	Cllr Boyle/RFO	24 January 2019	To be reviewed annually	Annual review to be completed by 31 March 2021	
Risk Assessment – Physical & Information Security	Cllr Welland/RFO	18 April 2019	To be reviewed annually	On this agenda	
Risk Assessment – Reputation	Cllr Heagin /RFO	24 January 2019	To be reviewed annually	Annual review to be completed by 31 March 2021	
Risk Assessment – Health & Safety	Cllr Heagin /RFO	24 January 2019	To be reviewed annually	Annual review to be completed by 31 March 2021	RFO to organise Workplace Assessments for full time staff – agreed this should be deferred until moved into new premises
Risk Assessment – Financial	Cllr Crooks /RFO	24 January 2019	To be reviewed annually	On this agenda	

<b>SUBJECT</b>	<b>NAME OF PERSON UNDERTAKING REVIEW</b>	<b>PREVIOUS COMPLETION DATE</b>	<b>ACTIONS BROUGHT FORWARD</b>	<b>STATUS</b>	<b>ACTIONS CARRIED FORWARD</b>
Insurance	Town Clerk/RFO/ Cllr Heagin	Market test of insurers completed and reported to P&M on 22 March 2018	To be reviewed annually	Annual review to be completed by January 2021	Additional coverage required for business continuity. RFO to contact Zurich to arrange.
Risk Assessment – Safeguarding	Cllr Boyle			Annual review to be completed by 31 March 2021	
Risk Assessment – Events	Cllr Heagin			Annual review to be completed by 31 March 2021	
<b>Year End – Meeting 4</b>					
Internal Auditor's Reports	RFO	6 February 2020	Interim audit report received and responses given. Onward recommendation 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	18 April 2019	To be reviewed annually	Annual review completed by March 2020.	
Review of Effectiveness of Internal Control	Cllr Heagin /RFO	18 April 2019	To be reviewed annually	Annual review to be completed as part of Annual Governance and Accountability Return process.	
Annual Governance Statement	Cllr Heagin /RFO	18 April 2019	To be reviewed annually	Annual review to be completed as part of Annual Governance and Accountability Return process.	

SUBJECT	NAME OF PERSON UNDERTAKING REVIEW	PREVIOUS COMPLETION DATE	ACTIONS BROUGHT FORWARD	STATUS	ACTIONS CARRIED FORWARD
Annual Accounting Statements	Cllr Heagin /RFO	18 April 2019	To be reviewed annually	Annual review to be completed as part of Annual Governance and Accountability Return process.	



17 AUG 2020

**Section 3 – External Auditor Report and Certificate 2019/20**

In respect of

**GODALMING TOWN COUNCIL – SU0039****1 Respective responsibilities of the body and the auditor**

This authority is responsible for ensuring that its financial management is adequate and effective and that it has a sound system of internal control. The authority prepares an Annual Governance and Accountability Return in accordance with *Proper Practices* which:

- summarises the accounting records for the year ended 31 March 2020; and
- confirms and provides assurance on those matters that are relevant to our duties and responsibilities as external auditors.

Our responsibility is to review Sections 1 and 2 of the Annual Governance and Accountability Return in accordance with guidance issued by the National Audit Office (NAO) on behalf of the Comptroller and Auditor General (see note below). Our work **does not** constitute an audit carried out in accordance with International Standards on Auditing (UK & Ireland) and **does not** provide the same level of assurance that such an audit would do.

**2 External auditor report 2019/20**

On the basis of our review of Sections 1 and 2 of the Annual Governance and Accountability Return (AGAR), in our opinion the information in Sections 1 and 2 of the AGAR is in accordance with Proper Practices and no other matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met.

Other matters not affecting our opinion which we draw to the attention of the authority:

The AGAR was not accurately completed before submission for review. The AGAR had to be sent back for amendment.

**3 External auditor certificate 2019/20**

We certify that we have completed our review of Sections 1 and 2 of the Annual Governance and Accountability Return, and discharged our responsibilities under the Local Audit and Accountability Act 2014, for the year ended 31 March 2020.

External Auditor Name

**PKF LITTLEJOHN LLP**

External Auditor Signature

Date

**10/08/2020**

\* Note: the NAO issued guidance applicable to external auditors' work on limited assurance reviews for 2019/20 in Auditor Guidance Note AGN/02. The AGN is available from the NAO website ([www.nao.org.uk](http://www.nao.org.uk))

## **FINANCIAL REGULATIONS**

### **1. GENERAL**

- 1.1. These financial regulations govern the conduct of financial management by the Council and may only be amended or varied by resolution of the Council. Financial regulations are one of the Council's three governing policy documents providing procedural guidance for members and officers. Financial regulations must be observed in conjunction with Godalming Town Council Standing Orders and any individual financial regulations relating to contracts.
- 1.2. The Council is responsible in law for ensuring that its financial management is adequate and effective and that the Council has a sound system of internal control which facilitates the effective exercise of the Council's functions, including arrangements for the management of risk.
- 1.3. The Council's accounting control systems must include measures:
  - for the timely production of accounts;
  - that provide for the safe and efficient safeguarding of public money;
  - to prevent and detect inaccuracy and fraud; and
  - identifying the duties of officers.
- 1.4. These financial regulations demonstrate how the Council meets these responsibilities and requirements.
- 1.5. At least once a year, prior to approving the Annual Governance Statement, the Council must review the effectiveness of its system of internal control which shall be in accordance with proper practices.
- 1.6. Deliberate or wilful breach of these regulations by an employee may give rise to disciplinary proceedings.
- 1.7. Members of Council are expected to follow the instructions within these regulations and not to entice employees to breach them. Failure to follow instructions within these regulations brings the office of Councillor into disrepute.
- 1.8. The Responsible Finance Officer (RFO) holds a statutory office to be appointed by the Council.
- 1.9. The RFO:
  - acts under the policy direction of the Council;
  - administers the Council's financial affairs in accordance with all Acts, Regulations and proper practices;

- determines on behalf of the Council its accounting records and accounting control systems;
  - ensures the accounting control systems are observed;
  - maintains the accounting records of the Council up to date in accordance with proper practices;
  - assists the Council to secure economy, efficiency and effectiveness in the use of its resources; and
  - produces financial management information as required by the Council.
- 1.10. The accounting records determined by the RFO shall be sufficient to show and explain the Council's transactions and to enable the RFO to ensure that any income and expenditure account and statement of balances, or record of receipts and payments and additional information, as the case may be, or management information prepared for the Council from time to time comply with the Accounts and Audit Regulations<sup>1</sup>.
- 1.11. The accounting records determined by the RFO shall in particular contain:
- entries from day to day of all sums of money received and expended by the Council and the matters to which the income and expenditure or receipts and payments account relate;
  - a record of the assets and liabilities of the Council; and
  - wherever relevant, a record of the Council's income and expenditure in relation to claims made, or to be made, for any contribution, grant or subsidy.
- 1.12. The accounting control systems determined by the RFO shall include:
- procedures to ensure that the financial transactions of the Council are recorded as soon as reasonably practicable and as accurately and reasonably as possible;
  - procedures to enable the prevention and detection of inaccuracies and fraud and the ability to reconstruct any lost records;
  - identification of the duties of officers dealing with financial transactions and division of responsibilities of those officers in relation to significant transactions;
  - procedures to ensure that uncollectable amounts, including any bad debts are not submitted to the Council for approval to be written off except with the approval of the RFO and that the approvals are shown in the accounting records; and
  - measures to ensure that risk is properly managed.
- 1.13. The Council is not empowered by these regulations or otherwise to delegate certain specified decisions. In particular any decision regarding:
- setting the final budget or the precept (council tax requirement);
  - approving accounting statements;
  - approving an annual governance statement;
  - borrowing;
  - writing off bad debts;
  - declaring eligibility for the General Power of Competence; and
  - addressing recommendations in any report from the internal or external auditors, shall be a matter for the Full Council only.

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<sup>1</sup> Accounts and Audit (England) Regulations 2011/817

- 1.14. In addition the Council must:
- determine and keep under regular review the bank mandate for all Council bank accounts;
  - approve any grant or a single commitment in excess of £50,000; and
  - in respect of the annual salary for any employee have regard to recommendations about annual salaries of employees made by the relevant committee in accordance with its terms of reference.
- 1.15. In these financial regulations, references to the Accounts and Audit Regulations or 'the regulations' shall mean the regulations issued under the provisions of section 27 of the Audit Commission Act 1998, or any superseding legislation, and then in force unless otherwise specified.

In these financial regulations the term 'proper practice' or 'proper practices' shall refer to guidance issued in *Governance and Accountability for Local Councils - a Practitioners' Guide (England)* issued by the Joint Practitioners Advisory Group (JPAG), available from the websites of NALC and the Society for Local Council Clerks (SLCC).

## **2. ACCOUNTING AND AUDIT (INTERNAL AND EXTERNAL)**

- 2.1. All accounting procedures and financial records of the Council shall be determined by the RFO in accordance with the Accounts and Audit Regulations, appropriate guidance and proper practices.
- 2.2. On a regular basis, at least once in each quarter, and at each financial year end, a member other than a cheque signatory shall be appointed to verify bank reconciliations (for all accounts) produced by the RFO. The member shall sign the reconciliations and the original bank statements (or similar document) as evidence of verification. This activity shall on conclusion be reported, including exceptions, to and noted by the Audit Committee.
- 2.3. The RFO shall complete the annual statement of accounts, annual report, and any related documents of the Council contained in the Annual Return (as specified in proper practices) as soon as practicable after the end of the financial year and having certified the accounts shall submit them and report thereon to the Council within the timescales set by the Accounts and Audit Regulations.
- 2.4. The Council shall ensure that there is an adequate and effective system of internal audit of its accounting records, and of its system of internal control in accordance with proper practices. Any officer or member of the Council shall make available such documents and records as appear to the Council to be necessary for the purpose of the audit and shall, as directed by the Council, supply the RFO, internal auditor, or external auditor with such information and explanation as the Council considers necessary for that purpose.
- 2.5. The internal auditor shall be appointed annually by the Council and shall carry out the work in relation to internal controls required by the Council in accordance with proper practices.

The internal auditor shall:

- be competent and independent of the financial operations of the Council;
- report to Council in writing, or in person, on a regular basis with a minimum of one annual written report during each financial year;
- to demonstrate competence, objectivity and independence, be free from any actual or perceived conflicts of interest, including those arising from family relationships; and

- have no involvement in the financial decision making, management or control of the Council.

2.6. Internal or external auditors may not under any circumstances:

- perform any operational duties for the Council;
- initiate or approve accounting transactions; or
- direct the activities of any Council employee, except to the extent that such employees have been appropriately assigned to assist the internal auditor.

2.7. For the avoidance of doubt, in relation to internal audit the terms 'independent' and 'independence' shall have the same meaning as is described in proper practices.

2.8. The RFO shall make arrangements for the exercise of electors' rights in relation to the accounts including the opportunity to inspect the accounts, books, and vouchers and display or publish any notices and statements of account required by Audit Commission Act 1998, or any superseding legislation, and the Accounts and Audit Regulations.

2.9. The RFO shall, without undue delay, bring to the attention of all councillors any correspondence or report from internal or external auditors.

### **3. ANNUAL ESTIMATES (BUDGET) AND FORWARD PLANNING**

3.1. The RFO must each year, by no later than the end of December, prepare detailed estimates of all receipts and payments including the use of reserves and all sources of funding for the following financial year in the form of a budget to be considered by the Policy & Management Committee and the Council no later than the end of January of the following year.

3.2. The Council shall consider annual budget proposals in relation to the Council's three year forecast of revenue and capital receipts and payments including recommendations for the use of reserves and sources of funding and update the forecast accordingly.

3.3. The Council shall fix the precept (council tax requirement), and relevant basic amount of council tax to be levied for the ensuing financial year not later than by the end of January each year. The RFO shall issue the precept to the billing authority and shall supply each member with a copy of the approved annual budget.

3.4. The approved annual budget shall form the basis of financial control for the ensuing year.

### **4. BUDGETARY CONTROL AND AUTHORITY TO SPEND**

4.1. Expenditure on revenue items may be authorised up to the amounts included for that class of expenditure in the approved budget.

4.2. No expenditure may be authorised that will exceed the amount provided in the revenue budget for that class of expenditure, or that is not contained within the revenue budget or within the Clerks delegated authority of £4,500, other than by resolution of the Council, or duly delegated committee. During the budget year and with the approval of Council having considered fully the implications for public services, unspent and available amounts may be moved to other budget headings or to an earmarked reserve as appropriate (virement).

Any time the Clerk exercises a delegated financial authority, the Clerk will agree expenditure with the Chair or Vice Chair of the appropriate Committee and shall report the action taken and costs incurred to the same Committee as soon as practicable thereafter.

- 4.3 Unspent provisions in the revenue or capital budgets for completed projects shall not be carried forward to a subsequent year.
- 4.4 The salary budgets are to be reviewed at least annually as part of the budget preparation process for the following financial year and such review shall be evidenced by a hard copy schedule signed by the Clerk and the Chair of Council or relevant committee. The RFO will inform committees of any changes impacting on their budget requirement for the coming year in good time.
- 4.5 The Clerk may incur expenditure on behalf of the Council which is necessary to carry out any repair, replacement, health and safety or other work which is of such extreme urgency that it must be done at once, whether or not there is any budget provision for the expenditure, subject to a limit of £4,500. Before doing so, the Clerk will agree expenditure with the Chair or Vice Chair of the appropriate Committee and shall report the action taken and costs incurred to the same Committee as soon as practicable thereafter.
- 4.6 No expenditure shall be authorised in relation to any capital project and no contract entered into or tender accepted involving capital expenditure unless the Council is satisfied that the necessary funds are available and the requisite borrowing approval has been obtained.
- 4.7 All capital works shall be administered in accordance with the Council's standing orders and financial regulations relating to contracts.
- 4.8 The RFO shall regularly provide the Council with a statement of receipts and payments to date under each head of the budgets, comparing actual and projected annual expenditure against that planned as shown in the budget. These statements are to be prepared at least at the end of each financial quarter and shall show explanations of material variances. For this purpose "material" shall be in excess of 15% of the budget or 2% of the precept.
- 4.9 Changes in earmarked reserves shall be approved by Council as part of the budgetary control process.

## **5. BANKING ARRANGEMENTS AND AUTHORISATION OF PAYMENTS**

- 5.1. The Council's banking arrangements, including the bank mandate, shall be made by the RFO and approved by the Council; banking arrangements may not be delegated to a committee. They shall be regularly reviewed for security and efficiency.
- 5.2. The RFO shall prepare a schedule of payments requiring authorisation and, together with the relevant invoices, present the schedule to the Policy & Management Committee. The Committee shall review the schedule for compliance and, having satisfied itself, shall confirm by a resolution of the Committee that the payments made were appropriate. The approved schedule shall be signed by the Chair of the Meeting. A detailed list of all payments shall be disclosed within or as an attachment to the minutes of the meeting at which payment was authorised. Personal payments (including salaries, wages, expenses and any payment made in relation to the termination of a contract of employment) may be summarised to remove public access to any personal information.
- 5.3. All invoices for payment shall be verified and certified by the officer procuring the good/services to confirm that the work, goods or services to which each invoice relates has been received or carried out. All invoices for payment shall be checked by the officer arranging payment to confirm that the invoice represents expenditure previously approved by the Council and has not previously been paid.
- 5.4. The RFO shall ensure that all invoices are examined for arithmetical accuracy and analyse them to the appropriate expenditure heading. The RFO shall take all steps to pay all properly verified and certified invoices submitted.

- 5.5. The Clerk and RFO shall have delegated authority to authorise Fund transfers within the Council's banking arrangements up to the sum of £250,000, provided that a list of such payments shall be submitted to the next appropriate meeting of the Policy & Management Committee.
- 5.6. In respect of grants a duly authorised committee shall approve expenditure within any limits set by Council and in accordance with any policy statement approved by Council. Any Revenue or Capital Grant in excess of £5,000 shall before payment, be subject to ratification by resolution of the Council.
- 5.7. Members are subject to the Code of Conduct that has been adopted by the Council and shall comply with the Code and Standing Orders when a decision to authorise or instruct payment is made in respect of a matter in which they have a disclosable pecuniary or other interest, unless a dispensation has been granted.
- 5.8. The Council will aim to rotate the duties of members in these Regulations so that onerous duties are shared out as evenly as possible over time.
- 5.9. Any changes in the recorded details of suppliers, such as bank account records, shall be approved in writing by the RFO.

## **6. INSTRUCTIONS FOR THE MAKING OF PAYMENTS**

- 6.1. The Council will make safe and efficient arrangements for the making of its payments.
- 6.2. The Clerk/RFO shall give instruction that each payment authorised in accordance with Regulation 5 above shall be made.
- 6.3. All payments shall be effected by cheque or other instructions to the Council's bankers, or otherwise, in accordance with a resolution of Council.
- 6.4. Cheques or orders for payment drawn on the bank account in accordance with the schedule as presented to Council or committee shall be signed by two members of Council. A member who is a bank signatory, having connection by virtue of family or business relationships with the beneficiary of a payment, should not, under normal circumstances, be a signatory to the payment in question.
- 6.5. To indicate agreement of the details shown on the cheque or order for payment with the counterfoil and the invoice or similar documentation, the signatories shall each also initial the cheque counterfoil or payment schedule and the invoice or other voucher.
- 6.6. If thought appropriate by the Council, payment for utility supplies (energy, telephone and water), National Non-Domestic Rates or any other regularly occurring supply may be made by variable direct debit provided that the instructions are signed by two members and any payments are reported to the Policy & Management Committee as made. The approval of the use of a variable direct debit shall be renewed by resolution of the Policy & Management Committee at least every two years.
- 6.7. If thought appropriate by the Council, payment for certain items (principally salaries) may be made by banker's standing order provided that the instructions are signed (or otherwise evidenced) by two members, are retained and any payments are reported to the Policy & Management Committee as made. The approval of the use of a banker's standing order shall be renewed by resolution of the Policy & Management Committee at least every two years.

- 6.8. If thought appropriate by the Council, payment for certain items may be made by BACS or CHAPS methods provided that the instructions for each payment are signed (or otherwise evidenced) by two authorised bank signatories, are retained and any payments are reported to Policy & Management Committee as made. The approval of the use of BACS or CHAPS shall be renewed by resolution of the Policy & Management Committee at least every two years.
- 6.9. If thought appropriate by the Council payment for certain items may be made by internet banking transfer provided evidence is retained showing which members approved the payment.
- 6.10. 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. This envelope may not be opened other than in the presence of two Councillors. After the envelope has been opened, in any circumstances, the PIN and/or passwords shall be changed as soon as practicable. The fact that the sealed envelope has been opened, in whatever circumstances, shall be reported to all members immediately and formally to the next available meeting of the Council or the Policy & Management Committee. This will not be required for a member's personal computer used only for remote authorisation of bank payments.
- 6.11. No employee or Councillor shall disclose any PIN or password, relevant to the working of the Council or its bank accounts, to any person not authorised in writing by the Council or the Policy & Management Committee.
- 6.12. Regular back-up copies of the records on any computer shall be made and shall be stored securely away from the computer in question, and at a different location from the original data.
- 6.13. The Council, and any members using computers for the Council's financial business, shall ensure that anti-virus, anti-spyware and firewall, software with automatic updates, together with a high level of security, is used.
- 6.14. Where internet banking arrangements are made with any bank, the RFO shall be appointed as the Service Administrator. The bank mandate approved by the Council shall identify a number of Councillors who will be authorised to approve transactions on those accounts. The bank mandate will state clearly the amounts of payments that can be instructed by the use of the Service Administrator alone, or by the Administrator with stated number of approvals.
- 6.15. Access to any internet banking accounts will be directly to the access page (which may be saved under "favourites"), and not through a search engine or e-mail link. Remembered or saved passwords facilities must not be used on any computer used for Council banking work. Breach of this Regulation will be treated as a very serious matter under these regulations.
- 6.16. Changes to account details for suppliers, which are used for internet banking, may only be changed on written hard copy notification by the supplier, verified by a telephone call, and supported by hard copy authority for change signed by the RFO or in their absence the Clerk. A programme of regular checks of standing data with suppliers will be followed.
- 6.17. The RFO may provide imprests to officers for the purpose of defraying operational and other expenses. Vouchers for payments made shall be forwarded to the RFO with a claim for reimbursement.
  - a) The RFO shall advance imprests up to a maximum of £500 for the purpose of defraying operational and other expenses to officers named by the Policy & Management Committee.



- b) The RFO shall maintain a petty cash float of a maximum of £250 for the purpose of defraying operational and other expenses. Vouchers for payments made from petty cash shall be kept to substantiate the payment.
  - c) Income received must not be paid into the petty cash float but must be separately banked, as provided elsewhere in these regulations.
  - d) Payments to maintain the petty cash float shall be shown separately on the schedule of payments presented to Council under 5.2 above.
- 6.18. Any corporate credit card, corporate credit account or trade account opened by the Council will be used only with the Clerk, RFO or Facilities Supervisor's authorisation. Wherever possible, delivery notes (or similar) must be obtained to enable reconciliation to invoices.
- 6.19. The Council will pay all authorised invoices in a timely manner.

## **7. PAYMENT OF SALARIES**

- 7.1. As an employer, the Council shall make arrangements to meet fully the statutory requirements placed on all employers by PAYE and National Insurance legislation. The payment of all salaries shall be made in accordance with payroll records and the rules of PAYE and National Insurance currently operating, and salary rates shall be as agreed by Council, or duly delegated committee.
- 7.2. Payment of salaries and payment of deductions from salary such as may be required to be made for tax, national insurance and pension contributions, or similar statutory or discretionary deductions must be made in accordance with the payroll records and on the appropriate dates stipulated in employment contracts, provided that each payment is reported to the next available Council meeting, as set out in these regulations above.
- 7.3. No changes shall be made to any employee's pay, emoluments, or terms and conditions of employment without the prior consent of the Policy & Management Committee (or Council if the matter affects the Clerk alone).
- 7.4. Each and every payment to employees of net salary and to the appropriate creditor of the statutory and discretionary deductions shall be recorded in a separate confidential record (confidential cash book). This confidential record is not open to inspection or review (under the Freedom of Information Act 2000 or otherwise) other than:
- a) by any Councillor who can demonstrate a need to know;
  - b) by the internal auditor;
  - c) by the external auditor; or
  - d) by any person authorised under Audit Commission Act 1998, or any superseding legislation.
- 7.5. The total of such payments in each calendar month shall be reported with all other payments as made as may be required under these Financial Regulations, to ensure that only payments due for the period have actually been paid.
- 7.6. An effective system of personal performance management should be maintained for all staff.
- 7.7. Any termination payments shall be supported by a clear business case and reported to the Council. Termination payments shall only be authorised by Council.
- 7.8. Before employing interim staff the Policy & Management Committee must consider a full business case.

## **8. LOANS AND INVESTMENTS**

- 8.1. All borrowings shall be effected in the name of the Council, after obtaining any necessary borrowing approval. Any application for borrowing approval shall be approved by Council as to terms and purpose. The application for borrowing approval, and subsequent arrangements for the loan shall only be approved by full Council.
- 8.2. Any financial arrangement which does not require formal borrowing approval from the Secretary of State (such as Hire Purchase or Leasing of tangible assets) shall be subject to approval by the Full Council. In each case a report in writing shall be provided to Council in respect of value for money for the proposed transaction.
- 8.3. All loans and investments shall be negotiated in the name of the Council and shall be for a set period in accordance with Council policy.
- 8.4. The Council shall consider the need for an Investment Strategy and Policy which, if drawn up, shall be in accordance with relevant regulations, proper practices and guidance. Any Strategy and Policy shall be reviewed by the Council at least annually.
- 8.5. All investments of money under the control of the Council shall be in the name of the Council.
- 8.6. All investment certificates and other documents relating thereto shall be retained in the custody of the RFO.
- 8.7. Payments in respect of short term or long term investments, including transfers between bank accounts held in the same bank, or branch, shall be made in accordance with Regulation 5 (Authorisation of payments) and Regulation 6 (Instructions for payments).

## **9. INCOME**

- 9.1. The collection of all sums due to the Council shall be the responsibility of and under the supervision of the RFO.
- 9.2. Particulars of all charges to be made for work done, services rendered or goods supplied shall be agreed annually by the Council, notified to the RFO and the RFO shall be responsible for the collection of all accounts due to the Council.
- 9.3. The Council will review all fees and charges at least annually, following a report of the Clerk.
- 9.4. Any sums found to be irrecoverable and any bad debts shall be reported to the Council and shall be written off in the year.
- 9.5. All sums received on behalf of the Council shall be banked intact as directed by the RFO. In all cases, all receipts shall be deposited with the Council's bankers with such frequency as the RFO considers necessary.
- 9.6. The origin of each receipt shall be entered on the paying-in slip.
- 9.7. Personal cheques shall not be cashed out of money held on behalf of the Council.
- 9.8. The RFO shall promptly complete any VAT Return that is required. Any repayment claim due in accordance with VAT Act 1994 section 33 shall be made at least annually coinciding with the financial year end.

- 9.9. Where any significant sums of cash are regularly received by the Council, the RFO shall take such steps as are agreed by the Council to ensure that more than one person is present when the cash is counted in the first instance, that there is a reconciliation to some form of control such as ticket issues, and that appropriate care is taken in the security and safety of individuals banking such cash.

## **10. ORDERS FOR WORK, GOODS AND SERVICES**

- 10.1. An official order or letter may be issued for work, goods and services unless a formal contract is to be prepared or an official order would be inappropriate. Copies of orders shall be retained.
- 10.2. Order books shall be controlled by the RFO.
- 10.3. All members and officers are responsible for obtaining value for money at all times. An officer issuing an official order shall ensure as far as reasonable and practicable that the best available terms are obtained in respect of each transaction, usually by obtaining three or more quotations or estimates from appropriate suppliers, subject to any *de minimis* provisions in Regulation 11.1 below.
- 10.4. A member may not issue an official order or make any contract on behalf of the Council.
- 10.5. The RFO shall verify the lawful nature of any proposed purchase before the issue of any order and is satisfied best available terms have been achieved.

## **11. CONTRACTS**

- 11.1. Procedures as to contracts are laid down as follows:
- a. Every contract shall comply with these financial regulations, and no exceptions shall be made otherwise than in an emergency provided that this regulation need not apply to contracts which relate to items (i) to (vi) below:
    - i. for the supply of gas, electricity, water, sewerage and telephone services;
    - ii. for specialist services such as are provided by legal professionals acting in disputes;
    - iii. for work to be executed or goods or materials to be supplied which consist of repairs to or parts for existing machinery or equipment or plant;
    - iv. for work to be executed or goods or materials to be supplied which constitute an extension of an existing contract by the Council;
    - v. for additional audit work of the external auditor up to an estimated value of £500 (in excess of this sum the Clerk and RFO shall act after consultation with the Chair and Vice Chair the Policy & Management Committee); and
    - vi. for goods or materials proposed to be purchased which are proprietary articles and / or are only sold at a fixed price.
  - b. Where the Council intends to procure or award a public supply contract, public service contract or public works contract as defined by The Public Contracts Regulations 2015 ("the Regulations") which is valued at £25,000 or more, the Council shall comply with the relevant requirements of the Regulations.
  - c. The full requirements of the Regulations, as applicable, shall be followed in respect of the tendering and award of a public supply contract, public service contract or public works contract which exceed thresholds in the Regulations set by the Public Contracts Director 2014/24/EU (which may change from time to time).

- d. When applications are made to waive financial regulations relating to contracts to enable a price to be negotiated without competition the reason shall be embodied in a recommendation to the Council.
- e. Such invitation to tender shall state the general nature of the intended contract and the Clerk shall obtain the necessary technical assistance to prepare a specification in appropriate cases. The invitation shall in addition state that tenders must be addressed to the Clerk in the ordinary course of post. Each tendering firm shall be supplied with a specifically marked envelope in which the tender is to be sealed and remain sealed until the prescribed date for opening tenders for that contract.
- f. All sealed tenders shall be opened at the same time on the prescribed date by the Clerk in the presence of at least one member of the Council.
- g. If fewer than three tenders are received for contracts above £25,000 or if all the tenders are identical the Council may make such arrangements as it thinks fit for procuring the goods or materials or executing the works.
- h. Any invitation to tender issued under this regulation shall be subject to Standing Order 142 and shall refer to the terms of the Bribery Act 2010.
- i. When it is to enter into a contract of less than £25,000 in value for the supply of goods or materials or for the execution of works or specialist services other than such goods, materials, works or specialist services as are excepted as set out in paragraph (a) the Clerk or RFO shall obtain 3 quotations (priced descriptions of the proposed supply); where the value is below £5,000 and above £1,000 the Clerk or RFO shall obtain 2 estimates. Otherwise, Regulation 10(3) above shall apply.
- j. The Council shall not be obliged to accept the lowest or any tender, quote or estimate.
- k. Should it occur that the Council, or duly delegated committee, does not accept any tender, quote or estimate, the work is not allocated and the Council requires further pricing, provided that the specification does not change, no person shall be permitted to submit a later tender, estimate or quote who was present when the original decision making process was being undertaken.
- l. The European Union Procurement Directive shall apply and the terms of the Public Contracts Regulations 2006 and the Utilities Contracts Regulations 2006 including thresholds shall be followed.

## **12. STORES AND EQUIPMENT**

- 12.1. The officer in charge of each section shall be responsible for the care and custody of stores and equipment in that section.
- 12.2. Delivery notes shall be obtained in respect of all goods received into the store or otherwise delivered and goods must be checked as to order and quality at the time of delivery.
- 12.3. Stocks shall be kept at the minimum levels consistent with operational requirements.
- 12.4. The RFO shall be responsible for periodic checks of stocks and stores at least annually.

### **13. PAYMENTS UNDER CONTRACTS FOR BUILDING OR OTHER CONSTRUCTION WORKS**

- 13.1. Payments on account of the contract sum shall be made within the time specified in the contract by the RFO upon authorised certificates of the architect or other consultants engaged to supervise the contract (subject to any percentage withholding as may be agreed in the particular contract).
- 13.2. Where contracts provide for payment by instalments the RFO shall maintain a record of all such payments. In any case where it is estimated that the total cost of work carried out under a contract, excluding agreed variations, will exceed the contract sum of 5% or more a report shall be submitted to the Council.
- 13.3. Any variation to a contract or addition to or omission from a contract must be approved by the Council and Clerk to the contractor in writing, the Council being informed where the final cost is likely to exceed the financial provision.

### **14. ASSETS, PROPERTIES AND ESTATES**

- 14.1. The Clerk shall make appropriate arrangements for the custody of all title deeds and Land Registry Certificates of properties held by the Council. The RFO shall ensure a record is maintained of all properties held by the Council, recording the location, extent, plan, reference, purchase details, nature of the interest, tenancies granted, rents payable and purpose for which held in accordance with Accounts and Audit Regulations.
- 14.2. No tangible moveable property shall be purchased or otherwise acquired, sold, leased or otherwise disposed of, without the authority of the Council, together with any other consents required by law, save where the estimated value of any one item of tangible movable property does not exceed £2,000.
- 14.3. No real property (interests in land) shall be sold, leased or otherwise disposed of without the authority of the Council, together with any other consents required by law, In each case a report in writing shall be provided to Council in respect of valuation and surveyed condition of the property (including matters such as planning permissions and covenants) together with a proper business case (including an adequate level of consultation with the electorate).
- 14.4. No real property (interests in land) shall be purchased or acquired without the authority of the Full Council. In each case a report in writing shall be provided to Council in respect of valuation and surveyed condition of the property (including matters such as planning permissions and covenants) together with a proper business case (including an adequate level of consultation with the electorate).
- 14.5. Subject only to the limit set in Reg. 14.2 above, no tangible moveable property shall be purchased or acquired without the authority of the full Council. In each case a report in writing shall be provided to Council with a full business case.
- 14.6. The RFO shall ensure that an appropriate and accurate Register of Assets and Investments is kept up to date. The continued existence of tangible assets shown in the Register shall be verified at least annually, possibly in conjunction with a health and safety inspection of assets.

## **15. INSURANCE**

- 15.1. Following the annual risk assessment (per Financial Regulation 16), the RFO shall effect all insurances and negotiate all claims on the Council's insurers.
- 15.2. The Clerk shall give prompt notification to the RFO of all new risks, properties or vehicles which require to be insured or any alterations affecting existing insurances.
- 15.3. The RFO shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it.
- 15.4. The RFO shall be notified of any loss liability or damage or of any event likely to lead to a claim, and shall report these to Council at the next available meeting.
- 15.5. All appropriate members and employees of the Council shall be included in a suitable form of security or fidelity guarantee insurance which shall cover the maximum risk exposure as determined annually by the Council, or duly delegated committee.

## **16. RISK MANAGEMENT**

- 16.1. The Council is responsible for putting in place arrangements for the management of risk. The Clerk shall prepare, for approval by the Council, risk management policy statements in respect of all activities of the Council. Risk policy statements and consequential risk management arrangements shall be reviewed by the Council at least annually.
- 16.2. When considering any new activity, the Clerk shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the Council.

## **17. SUSPENSION AND REVISION OF FINANCIAL REGULATIONS**

- 17.1. It shall be the duty of the Council to review the Financial Regulations of the Council from time to time. The Clerk shall make arrangements to monitor changes in legislation or proper practices and shall advise the Council of any requirement for a consequential amendment to these financial regulations.
- 17.2. The Council may, by resolution of the Council duly notified prior to the relevant meeting of Council, suspend any part of these Financial Regulations provided that reasons for the suspension are recorded and that an assessment of the risks arising has been drawn up and presented in advance to all members of Council.

## 10. BUDGETARY CONTROLS

### **Budget Setting Process**

The current process for setting the budget is:

- the Town Clerk gains visibility of potential new initiatives from Members through the Leaders of Political Groups Meeting. Officers may also raise initiatives in this forum which are usually derived from either best practice seen at other Councils, known legislative changes that need to be adhered to or technological changes that could improve efficiencies;
- RFO seeks advice from the Town Clerk on what, if any, new initiatives are likely to be undertaken in the new budget year;
- financial implications of new initiatives are developed and incorporated into base budget;
- base budget is reviewed and amended for known inflationary and other adjustments;
- draft budget is presented to the Policy & Management Committee for review and comment; and
- once agreed, budget is taken to Full Council to be approved and for the Precept to be set.

### **Ongoing Oversight**

Once the budget has been agreed, it is loaded into Omega (the financial system operated by the Town Council) which enables budget monitoring to be performed. Budget monitoring is done at every Policy & Management Committee meeting.

At each Policy & Management Committee actual expenditure to date (by line item and by cost centre) is compared to the profiled budget and significant variances explained. Where any potential issues are identified, they are discussed and a course of action agreed (and reflected in the minutes of the meeting).

Officers are able to spend against the approved budget, within Financial Regulations and Standing Orders. If during a financial year a spending requirement is identified that has not been budgeted for, the item is taken to the Policy & Management Committee for authorisation.

Quotes are required for any significant expenditure not covered by existing contracts.

The Internal Auditor reviews our compliance with our own Financial Regulations. The External Auditor reviews whether budget monitoring is done.

### **Published Data**

The Council is required to publish its approved budget on its website. Godalming Town Council publishes it on the following page:

<https://godalming-tc.gov.uk/financial-information/>

The Council must also demonstrate that performance against budget is monitored at least quarterly. Godalming Town Council performs its budget monitoring within the Policy & Management Committee, whose agendas can be found online within the Town Council Agendas & Minutes section.

# GODALMING TOWN COUNCIL AUDIT REVIEW

## INTERNAL REVIEW

AC 10.09.20  
Agenda Item 11

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

Test	1	2	3	4	5	6	7	8	9
Payment ID	PR187.2	PR187.8	PR186.4	PR186.10	PR185.14	PR182.14	PR176.5	PR170.6	PR170.11
Payee	Blue Dot	Acorn restaurant	CTS	M Leggett	Zoonou	Siemens	G Price	Flint & Dean	N Lucas
Amount	£1,357.20	£145.33	£2,167.20	£372.00	£660.00	£1,393.46	£3,528.00	£3,990.00	£2,200.00
Date	31-Aug-20	31-Aug-20	24-Aug-20	24-Aug-20	10-Aug-20	17-Jul-20	26-May-20	16-Apr-20	16-Apr-20
A) Check that payment authority carries intelligible initials of 2 Councillors.	#1	#1	#1	#1	#1	#1	#1	#1	#1
B) Check that invoice being paid bears initials of 2 Councillors.	#2	#2	#2	#2	#2	#2	#2	#2	#2
C) Check that invoice being paid has been passed by instigator of requisition.	Y	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	Y	Y	Y
E) Check that payment is within reasonable time period.	Y	Y	Y	Y	Y	Y	Y	Y	Y
F) Confirm payment has has gone through the bank.			24-Aug-20	24-Aug-20	17-Aug-20	17-Jul-20	02-Jun-20	16-Apr-20	16-Apr-20
G) If not in current month, is it allowed for in bank reconciliation	Y	Y	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Date review carried out: 3 September 2020

By: Councillor Michael Steel

#1 Councillors emailed their authorisation for payment. This authorisation was attached to the Payment Schedule.

#2 Due to Lockdown, Councillors were unable to come into the office, so invoices have not been initialled.



GTC SUPPLIER PAYMENT RUN

PR187

31/08/2020

Supplier	Amount	Sort Number	Account Number	Detail	Authoriser 1	Authoriser 2
1 A & J Jeffery	£ 281.75	20-35-35	10542938	GTC Expenses		
2 Blue Dot Display Ltd	£ 1,357.20	20-35-35	43196801	Inv 21824/21841		
3 Combined Tactical Solutions Group Ltd	£ 924.00	60-83-71	18779047	Inv 1029		
4 GK Foster & Son Roofing Ltd	£ 336.00	60-09-40	79638422	Inv 1095		
5 HMRC	£6,998.33	08-32-10	12001039	581PD000094022105		
6 Howdens Joinery Ltd	£ 87.41	30-15-99	00098549	Inv 31427/31426		
7 J M Hunter	£ 54.71	20-71-74	00326976	GTC Expenses		
8 Nubo Drago Foods UK Ltd	£ 145.33	20-11-43	43835596	Community Store		
9 Screwfix	£ 79.98	40-02-50	41392506	A/c 6331640021514682		
10 SSALC Ltd	£ 36.00	60-13-09	42329833	Inv 14244		
11 Supplystore	£ 31.32	09-01-52	46278684	Inv 184860		
12 The Surrey Pension Fund	£ 5,861.86	40-11-60	80163864	M05 2020/21		
13 Townhouse Investments	£ 42.50	30-96-07	00431773	Community Store		
14 Unison	£ 42.80	60-83-01	70450185	M05 2020/21		
15 Waverley Borough Council	£ 2,395.00	40-22-12	21369121	Inv 90007042		
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Total Payment £ 18,674.19

*[Handwritten signature]* 27/8/2020

GTC SUPPLIER PAYMENT RUN

PR186

21/10/2020

Supplier	Amount	Sort Number	Account Number	Detail	Authoriser 1	Authoriser 2
1 A & J Jeffery	£ 251.08	20-35-35	10542938	GTC Expenses		
2 Be Safe Security	£ 176.62	30-93-49	00882552	Inv 880629		
3 Chambers Waste Management	£ 166.61	30-93-74	58333460	Inv P422323/422322		
4 Combined Tactical Solutions Group Ltd	£ 2,167.20	60-83-71	18779047	Inv 1027/1028		
5 Commeter Ltd	£ 210.19	20-35-35	60915661	Inv 110677		
6 Eagle Radio	£ 474.00	56-00-49	32493975	Inv 586637		
7 JM Hunter	£ 201.24	20-71-74	00326976	GTC Expenses		
8 Jewsons	£ 989.57	20-62-61	00618691	Inv 183579/183771		
9 JM & RC Tong	£ 28.66	40-05-18	22682303	GTC Expenses		
10 M R Leggett Limited	£ 372.00	60-09-40	79006515	Inv 9993		
11 PKF Littlejohn LLP	£ 2,400.00	40-02-31	11070797	Inv SU0039		
12 Pyrotec Fire Protection	£ 719.94	30-95-01	02078073	Inv 4059661		
13 Smith of Derby	£ 378.00	40-19-15	02216418	Inv 115002		
14 SSAIC Ltd	£ 72.00	60-13-09	42329833	Inv 14205/14228		
15 Vantage Publishing	£ 744.00	09-01-27	25696282	Inv 20452		
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Total Payment £ 9,351.11

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21/10/2020

GTC SUPPLIER PAYMENT RUN

PR185

10/08/2020

Supplier	Amount	Sort Number	Account Number	Detail	Authoriser 1	Authoriser 2
1 A & J Jeffery	£ 353.72	20-35-35	10542938	GTC Expenses		
2 AquAid	£ 38.94	40-43-26	01624599	Inv 280300		
3 Combined Tactical Solutions Group Ltd	£ 1,209.60	60-83-71	18779047	Inv 1026		
4 Interactive Systems Solutions	£ 1,041.60	40-18-50	91310798	Inv 39308		
5 Invisible Ink	£ 54.00	40-02-12	71389254	Inv 1861		
6 Jewsons	£ 38.20	20-62-61	00618691	Inv 182682		
7 Job Board Direct	£ 118.80	30-93-49	24736760	Inv JBD2280		
8 L Phillips & Co	£ 28.80	08-92-99	70639278	Inv L979		
9 Lektron	£ 190.08	40-46-48	01150715	Inv 15572/15583		
10 Marshall Design	£ 2,556.00	40-22-26	21793209	Inv 20/3185 & 20/3184		
11 Pyrotec Fire Protection	£ 719.94	30-95-01	02078073	Inv 4059333		
12 Supplystore	£ 84.25	09-01-52	46278684	Inv 183789		
13 Surrey Groundwork Contractors	£ 1,074.60	23-05-80	33177402	Inv 86		
14 Zoonou Ltd	£ 660.00	52-41-00	40158470	Inv 718		
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Total Payment £ 8,168.53

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10/08/2020

23

GTC SUPPLIER PAYMENT RUN

PR182

17/10/2020

Supplier	Amount	Sort Number	Account Number	Detail	Authoriser 1	Authoriser 2
1 1254 (Godalming) Squadron ATC	£ 2,970.00	40-22-12	21162500	Grant Aid		
2 A & J Jeffery	£ 258.54	20-35-35	10542938	GTC Expenses		
3 AVS Fencing Supplies	£ 100.91	53-50-39	10710205	Inv 797231/802446		
4 Blue Dot Display Ltd	£ 194.40	20-35-35	43196801	Inv 21726		
5 CCP Supplies	£ 520.63	40-22-26	73893782	Inv 63405/63406/63553		
6 Chambers Waste Management	£ 143.64	30-93-74	58333460	P416467/416466		
7 City Plumbing	£ 22.82	54-41-19	53392264	A/c HR1191		
8 Combined Tactical Solutions Group Ltd	£ 3,628.80	60-83-71	18779047	Inv 1020		
9 Kent County Council	£ 614.18	60-60-08	00042382	Inv KPS167308/168112		
10 L Phillips & Co	£ 30.00	08-92-99	70639278	Inv L952		
11 Nubo Drago Foods UK Ltd	£ 350.00	20-11-43	43835596	Freezer		
12 Pyrotec Fire Protection	£ 282.79	30-95-01	02078073	Inv 4058575		
13 Screwfix	£ 23.98	40-02-50	41392506	A/c 6331640021514682		
14 Siemens Financial Services	£ 1,393.46	20-71-14	70707074	Agreement A8684218		
15 Society of Local Council Clerks	£ 356.00	60-83-01	20314459	Inv MEM224045		
16 St Marks Community Centre	£ 450.00	40-22-12	91277766	Grant Aid		
17 St Peters & St Paul Scout Group	£ 1,850.00	40-22-12	81118897	Grant Aid		
18 Supplystore	£ 72.58	09-01-52	46278684	Inv 183690		
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Final Invoice Resoman  
Final Approval  
Final Approval  
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15/11/20  
[Signature]

Total Payment £ 13,262.73

GTC SUPPLIER PAYMENT RUN

PR176

2/6/2020

Supplier	Amount	Sort Number	Account Number	Detail	Authoriser 1	Authoriser 2
1 A & J Jeffery	£ 226.57	20-35-35	10542938	GTC Expenses		
2 ATC Services	£ 418.00	09-01-27	78474985	Inv GTC04/05		
3 CCP Supplies	£ 337.78	40-22-26	73893782	Inv 62547/62522		
4 Chubb Fire & Security Ltd	£ 950.58	40-02-50	41329995	Inv 8183652		
5 GH Price Plastering Ltd	£ 3,528.00	60-09-21	74500244	Inv 1818		
6 Howdens Joinery	£ 265.59	30-15-99	00098549	Inv 28900		
7 J M Hunter	£ 23.80	20-71-74	00326976	GTC Expenses		
8 Jewsons	£ 116.35	20-62-61	00618691	Inv 177948		
9 Screwfix	£ 233.65	40-02-50	41392506	A/c 6331640021514682		
10 Shorts Plant Hire	£ 346.91	30-63-54	36979660	Inv 5221961		
11 Supplystore	£ 117.38	09-01-52	46278684	Inv 182196/182421		
12 Waverley Borough Council	£ 70.00	40-22-12	21369121	Inv 90003870		
13 Zurich Municipal Insurance	£ 1,249.18	20-65-82	23110249	Policy YLL-2720854283		
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20/5/2020

Total Payment £ 7,863.79

GTC SUPPLIER PAYMENT RUN

PR170

16/04/2020

Supplier	Amount	Sort Number	Account Number	Detail	Authoriser 1	Authoriser 2
1 Broadwater School	£ 500.00	40-22-12	61000586	GTC Grant		
2 CCP Supplies	£ 280.25	40-22-26	73893782	Inv 61947		
3 Chambers Waste Management	£ 252.19	30-93-74	58333460	P402334/402336/402335		
4 Chirag Sidhpura	£ 900.00	40-03-01	11307517	Toilet Lock Up		
5 Cormmeter Ltd	£ 315.78	20-35-35	60915661	Inv 110574		
6 Flint & Dean Ltd	£ 3,990.00	30-93-94	36215268	Inv 222		
7 Jackson & Gocher	£ 144.00	20-35-35	30538353	Inv G392833		
8 KA Dean Painting & Decorating	£ 2,285.00	30-93-49	10677060	BWP		
9 L Phillips & Co	£ 58.80	08-92-99	70639278	Inv L865/876		
10 Lektron	£ 905.62	40-46-48	01150715	Inv 15187		
11 Nathan Lucas	£ 2,200.00	40-20-30	92538059	Inv 1315		
12 Satswana Limited	£ 960.00	40-47-08	22384175	Inv 2035		
13 Siemens Financial Services Ltd	£ 516.00	20-71-14	70707074	Inv 212/20/0137082		
14 Surrey ALC Limited	£ 2,951.03	60-13-09	42329795	Inv 2256		
15 Surrey Groundswork	£ 462.72	23-05-80	33177402	Inv 0067		
16 Zurich Insurance	£ 8,891.40	20-65-82	23110249	A/c 3701541		
17						
18						
19						
20						
21						
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24						
25						

Total Payment £ 25,612.79

*Handwritten signatures and initials:*  
 [Signature]  
 [Signature]  
 [Signature]

## Godalming Town Council Audit Committee: Internal Review

Area of Review: Payroll 2020/21

<b>Test</b>	<b>Success yes/ no</b>	<b>Notes</b>
A) Whether all employees are in payroll system? Whether there are any ghost employees?	<b>Y</b>	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?	<b>Y</b>	Contracts of employment exist for all staff and are kept by TC in a locked filing cabinet.
C) How wages are prepared?	<b>Y</b>	See attached written process.
D) Whether correct PAYE codes are being used?	<b>Y</b>	PAYE codes picked up annually from HMRC notifications online. 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?	<b>Y</b>	System generated and no queries from HMRC.
F) Whether net pay paid correctly?	<b>Y</b>	Net pay per payroll reports agreed to bank statements – matched 22/7/20
G) Does the payment to HMRC match the FPS submission to HMRC?	<b>Y</b>	FPS amount for July 2020 checked.
H) Whether HMRC paid correctly and on time?	<b>Y</b>	Amounts and payment for July 2020 checked.
I) Whether PAYE cheques are seen going through the bank?	<b>Y</b>	PAYE now paid via BACS. Checked July 2020.
J) Whether P45's, where applicable, are filed correctly?	<b>N/A</b>	No leavers year to date.
K) Are all employees in the Local Government Pension Scheme? And if not is there written evidence of their opting out	<b>Y</b>	All full time staff are in the scheme. The part time staff do not meet the criteria for compulsory registration and have not elected to join voluntarily as at staging date.
L) Are contribution rates (EE & ER) applied correctly	<b>Y</b>	SCC check at year end. Confirmed ER rate was correct at 18.4%.





## 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 <sup>th</sup> 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 (separate process instructions available)	
5. Process payroll data and check payments online	
6. Print draft payslips report ~2015_Laser (2 per A4 Sheet) (separate process instructions available)	
7. Get Town Clerk's authorisation to proceed with payment	
8. Print final payslips (separate process instructions available)	
9. Print following reports- Payment Summary Part 1, Payment Summary Part 2, Pensions – Current, Pensions – Employee and Pensions – Employer (separate process instructions available)	
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 <sup>th</sup> of the month
14. Get two councillors' authorisation to proceed with payment	
15. Upload e-banking file for payment	22 <sup>nd</sup> of the month
16. Print P32 report (separate process instructions available)	
17. Process any leavers and print P45	
18. Process Full Payment Submission (E-submissions/Full Payment Submission)	25 <sup>th</sup> of the month
19. Take final back up of payroll for the month	
20. Complete Surrey Pension contribution Form (separate process instructions available)	
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: Proper Book-keeping –2020

<b>Test</b>	<b>Success</b>	<b>Notes</b>
Is there a procedure for checking that goods and services are received as ordered?	<b>Y</b>	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.	<b>Y</b>	As above – officers check & certify suppliers' invoices. RFO checks VAT accuracy.
Ensure proper procedure for recording suppliers' invoices.	<b>Y</b>	Documented in financial procedures.
Ensure proper procedure for making and checking payments.	<b>Y</b>	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.	<b>Y</b>	Invoices filed alphabetically.
Ensure proper system for issuing sales invoices and/or receipts.	<b>Y</b>	RFO does all invoicing through RBS system – each invoice is stamped "PAID" as income is received.
Ensure proper procedure for recording and checking sales invoices.	<b>Y</b>	RFO checks each invoice when printed for obvious errors. New Booking System has many automatic checks which eliminates many potential errors.
Ensure proper system for monitoring and ensuring prompt payment of sales invoices.	<b>Y</b>	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.	<b>Y</b>	Weekly banking – items recorded on schedule (cash banked more promptly).
Ensure proper filing system for sales-ledger paperwork.	<b>Y</b>	Files checked.
Ensure cash book is up-to date.	<b>Y</b>	Sighted printed YTD Cashbook.

Ensure bank reconciliations are carried out properly.	<b>Y</b>	Evidence in the files; RFO carries out reconciliations monthly; these are signed by Chairman of the Audit Committee at each meeting of the Committee.
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Date review carried out: 3 September 2020

By: Councillor Michael Steel

## Godalming Town Council Audit Committee: Internal Review

### Area of Review: VAT 2020

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

Date review carried out: 3 September 2020

By: Councillor Michael Steel

## **RISK MANAGEMENT STRATEGY**

### **1 Introduction**

1.1 This document forms the Council's Risk Management Strategy. It sets out:

- What is risk management?
- Why does the Council need a risk management strategy?
- What is the Council's philosophy on risk management?
- What is the risk management process Roles and Responsibilities?
- Future monitoring.

1.2 The objectives of this strategy are to:

- Further develop risk management and raise its profile across the Council
- Integrate risk management into the culture of the organisation
- Embed risk management through the ownership and management of risk as part of all decision making processes and
- Manage risk in accordance with best practice

### **2 What is Risk Management?**

2.1 'Risk is the threat that an event or action will adversely affect an organisation's ability to achieve its objectives and to successfully execute its strategies. Risk management is the process by which risks are identified, evaluated and controlled. It is a key element of the framework of governance together with community focus, structures and processes, standards of conduct and service delivery arrangements.'<sup>1</sup>

2.2 Risk management is an essential feature of good governance. An organisation that manages risk well is more likely to achieve its objectives. It is vital to recognise that risk management is not simply about health and safety, but applies to all aspects of the Council's work.

2.3 Risks can be classified into various types but it is important to recognise that for all categories the direct financial losses may have less impact than the indirect costs such as disruption of normal working. The examples below are not exhaustive:

**Strategic Risk** – long-term adverse impacts from poor decision-making or poor implementation. Risks damage to the reputation of the Council, loss of public confidence, in a worst case scenario Government intervention.

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<sup>1</sup> Audit Commission, Worth the Risk: Improving Risk Management in Local Government, (2001: 5)

**Compliance Risk** - failure to comply with legislation, laid down procedures or the lack of documentation to prove compliance. Risks exposure to prosecution, judicial review, employment tribunals and the inability to enforce contracts.

**Financial Risk** - fraud and corruption, waste, excess demand for services, bad debts. Risk of additional audit investigation, objection to accounts, reduced service delivery, dramatically increased Council Tax levels/impact on Council reserves.

**Operating Risk** - failure to deliver services effectively, malfunctioning equipment, hazards to service users, the general public or staff, damage to property. Risk of insurance claims, higher insurance premiums, lengthy recovery processes.

- 2.4 Not all these risks are insurable and for some the premiums may not be cost effective. Even where insurance is available, a monetary consideration might not be an adequate recompense. The emphasis should always be on eliminating or reducing risk before costly steps to transfer risk to another party are considered.
- 2.5 Risk is not restricted to potential threats but can be connected with missed opportunities. Good risk management can facilitate proactive, rather than merely defensive responses. Measures to manage adverse risks are likely to help with managing positive ones.

### **3 Why does the Council need a Risk Management Strategy?**

- 3.1 Risk management will strengthen the ability of the Council to achieve its objectives and enhance the value of services provided.
- 3.2 The Risk Management Strategy will help to ensure that all committees/service areas have an understanding of risk and that the Council adopts a uniform approach to identifying and prioritising risks. This should in turn lead to conscious choices as to the most appropriate method of dealing with each risk, be it elimination, reduction, transfer or acceptance.
- 3.3 Strategic risk management is also an important element in demonstrating continuous service improvement.
- 3.4 There is a requirement under the Accounts and Audit Regulations 2015<sup>2</sup> to establish and maintain a systematic strategy, framework and process for managing risk.

### **4 Risk Management Policy Statement**

Godalming Town Council recognises that it has a responsibility to manage risks effectively in order to protect its employees, assets, liabilities and community against potential losses, to minimise uncertainty in achieving its goals and objectives and to maximise the opportunities to achieve its vision.

The Council is aware that some risks can never be eliminated fully and it has in place a strategy that provides a structured, systematic and focussed approach to managing risk. Risk management is an integral part of the Council's management processes.

### **5 Implementing the Strategy**

#### **5.1 Risk Control**

Risk control is the process of taking action to minimise the likelihood of the risk event occurring and/or reducing the severity of the consequences should it occur. Typically, risk control requires the identification and implementation of revised operating procedures, but in

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<sup>2</sup> Accounts and Audit Regulations 2015 (SI 2015/234 Pt 2)

exceptional cases more drastic action will be required to reduce the risk to an acceptable level.

Options for control include:

**Elimination** – the circumstances from which the risk arises are removed so that the risk no longer exists;

**Reduction** – loss control measures are implemented to reduce the impact/ likelihood of the risk occurring;

**Transfer** – the financial impact is passed to others e.g. by revising contractual terms;

**Sharing** – the risk is shared with another party;

**Insuring** – insure against some or all of the risk to mitigate financial impact; and

**Acceptance** – documenting a conscious decision after assessment of areas where the Council accepts or tolerates risk.

## 5.2 Risk Monitoring

The risk management process does not finish with putting any risk control procedures in place. Their effectiveness in controlling risk must be monitored and reviewed. It is also important to assess whether the nature of any risk has changed over time. The information generated from applying the risk management process will help to ensure that risks can be avoided or minimised in the future. It will also inform judgements on the nature and extent of insurance cover and the balance to be reached between self-insurance and external protection.

## 5.3 Risk Management System

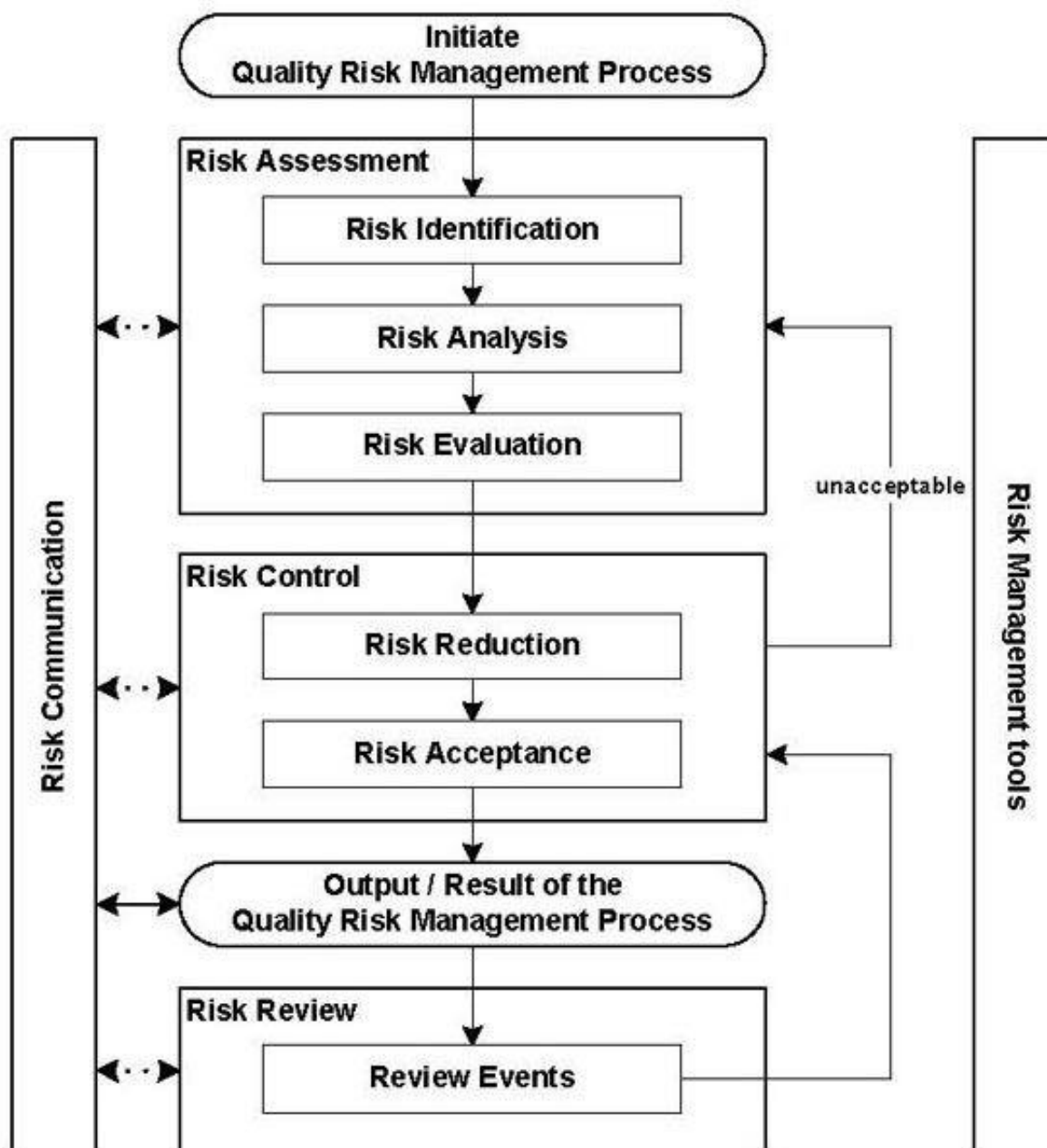
**Risk Identification** – Identifying and understanding the hazards and risks facing the Council is crucial if informed decisions are to be made about policies or service delivery methods. The risks associated with these decisions can then be effectively managed.

**Assessment of Risk** - Once a risk is identified the next step is to assess the potential consequences of the risk occurring (impact) and its likelihood. The assessment should list the control measures that are relied upon to minimise impact, likelihood or both, and these controls should be assumed to be effective when considering if further action is needed to protect the Council.

Impact and likelihood can then be scored using a matrix approach, whereby separate scores are assigned to both aspects and a ranking is generated by multiplication.

Alternative forms of assessment can include additional levels of scoring. Assessment can be directed at individual aspects of risk, or the risk in its entirety. The key requirement is to demonstrate that the risk is understood and suitable priority is directed to its management. Consideration should be given to whether additional control measures are warranted.

Assessment of risk is a dynamic process whereby there should be a continuous *process* of identifying hazards, assessing *risk*, taking action to eliminate or reduce *risk*, monitoring and reviewing, given the rapidly changing circumstances of an operational incident.



## 6 Roles and Responsibilities

6.1 It is important that risk management becomes embedded into the everyday culture and performance management process of the Council. The roles and responsibilities set out below, are designed to ensure that risk is managed effectively right across the Council and its operations, and responsibility for risk is located in the right place. The process must be driven from the top but must also involve staff throughout the organisation.

6.2 **Elected Members** – risk management is seen as a key part of the elected Member’s governance role and there is an expectation that elected members will lead and monitor the approach adopted, including

- a) Approval of the Risk Management Strategy;
- b) Ensure there is consideration of key risks in reports on major projects, so that all future projects and services undertaken are adequately risk managed;
- c) Consideration, and if appropriate, endorsement of the Annual Governance Statement; and



d) Assessment of risks whilst setting the budget, including any bids for resources to tackle specific issues.

6.3 **Employees** – will undertake their job within risk management guidelines. All employees will maintain an awareness of the impact and costs of risks and how to feed data into the formal process. They will work to control risks or threats within their jobs, monitor progress and report on job related risks to the Town Clerk.

6.4 **Town Clerk** – will act as the Lead Officer on Risk Management, and be responsible for overseeing the implementation of the Risk Management Strategy. The Town Clerk will:

- a) provide advice as to the legality of policy and service delivery choices;
- b) provide advice on the implications for service areas of the Council's corporate aims and objectives;
- c) update the Council on the implications of new or revised legislation;
- d) assist in handling any litigation claims;
- e) provide advice on any human resource issues relating to strategic policy options or the risks associated with operational decisions and assist in handling cases of work related illness or injury;
- f) advise on any health and safety implications of the chosen or proposed arrangements for service delivery.

6.5 **Responsible Finance Officer** – as the Council's Section 151 will:

- a) assess and implement the Council's insurance requirements;
- b) assess the financial implications of strategic policy options;
- c) provide assistance and advice on budgetary planning and control;
- d) ensure that the Financial Information System allows effective budgetary control;
- e) maintain the Council's Risk Register;
- f) effectively manage the Council's investment and loan portfolio.

6.6 **Role of Internal Audit** – Internal Audit provides an important scrutiny role by carrying out audits to provide independent assurance to the Council that the necessary risk management systems are in place and all significant business risks are being managed effectively.

Internal Audit assists the Council in identifying both its financial and operational risks and seeks to assist the Council in developing and implementing proper arrangements to manage them, including adequate and effective systems of internal control to reduce or eliminate the likelihood of errors or fraud.

Internal Audit reports, and any recommendations contained within, will help to shape the Annual Governance Statement.

6.7 **Audit Committee** – Review the Risk Management Policy evaluate the effectiveness of the risk assessment process.

6.8 **Training** – Audit Committee to assess risk management training needs and make recommendations thereof.

6.9 In addition to the roles and responsibilities set out above, the Council is keen to promote an environment within which individuals/groups are encouraged to report adverse incidents promptly and openly.

## 7 **Future Monitoring**

7.1 **Review of Risk Management Strategy** - This strategy will be reviewed annually.

## **8 Conclusion**

The adoption of a sound risk management approach should achieve many benefits for the Council. It will assist in demonstrating that the Council is committed to continuous service improvement and effective corporate governance.

## Major Risk Area: Physical and Information Security

### Overview:

Physical and Information Security refers to measures that are designed to protect physical locations and the assets, information and personnel contained within. The threats to these assets are usually natural disaster, vandalism, theft, sabotage, violence, catastrophes caused by human failure, accidental damage, terrorism and other non-traditional threats.

Physical Security requires appropriate 'layering' of physical and technical security such as appropriate building construction, suitable emergency preparedness, reliable power supplies, adequate climate control, alarm systems and CCTV.

In general terms, physical security means the positioning of physical and procedural obstacles to prevent unauthorised access to buildings and other physical assets.

The buildings that the Council owns represent a significant investment by the Council and contribute income that allows the Council to engage in a wide range of activities.

It is recognised that there are a core set of control measures that are applicable to most aspects of Physical and Information Security risk, and these are set out in the next section.

This is followed by an assessment of the other potential causes of Physical and Information Security damage and additional control measures relevant to these.

### Core Risk Controls

Existing Controls	Responsibility	Comments
Good quality locks on all external doors and internal doors where required. Alarms and CCTV cameras installed where appropriate.	Facilities Supervisor	
Computers require passwords to access. These passwords are changed on a regular basis.	Town Clerk - contracted to supplier	
Data is backed up daily and held at multiple locations.	Town Clerk - contracted to supplier	

## Additional Risks

Source of Risk	Persons Affected	Existing Controls	Responsibility	Comments
Failures relating to provision of cemetery facilities	Bereaved families and friends			
Failures relating to provision of community facilities	Customers of community facilities	<ul style="list-style-type: none"> <li>• Comprehensive booking system</li> <li>• Clarity of staff roles and responsibilities within Council office</li> </ul>	<p>Facilities Manager</p> <p>Support Services Officer</p>	
Inaccurate information or actions of others perceived to be Council responsibility eg. contractors or community groups such as Go Godalming or Chamber of Commerce		<ul style="list-style-type: none"> <li>• Monitoring of social media</li> </ul>		Existing Reputation Risk document refers to clarity of relationships and partnership working but not clear the extent to which these exist or whether the notion was discussed and rejected in favour of risk acceptance
Inaccurate information or impressions created by others regarding the Council; may be accidental or malicious				
Perception that the Council does not provide good value for money		<ul style="list-style-type: none"> <li>• Financial Regulations</li> <li>• Communications Policy</li> </ul>		

# Risk Assessment



Area: **FINANCE**

Date of Assessment: 06/02/2020

Date of Last Assessment: 24/01/2019

Responsible Persons Name: Town Clerk – Andy Jeffery

Name of Assessor: Bob Crooks

Date of Next Assessment: January 2021

Signature: \_\_\_\_\_

<u>Hazards</u>	<u>Persons at Risk</u>	<u>Existing Precautions</u>	<u>Severity</u>	<u>Likelihood</u>	<u>Numerical Risk</u>	<u>Risk Rating</u>	<u>Additional Controls</u>	<u>Task Frequency</u>
<b>Income</b> May not receive the Precept on the due date.	The community and GTC	Ensure reserves are adequate to cover 6 months or 50% of the Precept to allow the organisation to continue trading.	4	3	12	Medium		RFO – ongoing.
Rent not received on properties or no hire fees received from community centres.	The community and GTC	Have adequate insurance cover for loss of rent and loss of gross revenue.	3	3	9	Medium		RFO/TC arranges insurance annually and reviews levels of cover to ensure adequate.
Insufficient revenue is generated to fund operations.	The community and GTC	Ensure a medium to long term budget is performed to anticipate future revenue requirements and enable strategies to be developed to address potential shortfalls.	4	2	8	Medium		RFO develops a rolling three year high level budget for Council consideration.

**High risks 12-25**  
Immediate action required to either eliminate or adequately control the risk. If the risk remains high the acceptance of risk needs to be documented.

**Medium risks 5-10**  
Review existing control measures to determine effectiveness. Where necessary implement further risk reducing measures.

**Low risks <5**  
Adequately controlled. No actions required but keep assessment under review. Additional controls will further reduce risk.

Likelihood	Severity				
	Negligible	Minor	Moderate	Major	Catastrophic
Rare	1	2	3	4	5
Unlikely	2	4	6	8	10
Possible	3	6	9	12	15
Likely	4	8	12	16	20
Almost certain	5	10	15	20	25

# Risk Assessment

<u>Hazards</u>	<u>Persons at Risk</u>	<u>Existing Precautions</u>	<u>Severity</u>	<u>Likelihood</u>	<u>Numerical Risk</u>	<u>Risk Rating</u>	<u>Additional Controls</u>	<u>Task Frequency</u>
<p><b>Money Laundering</b> Money received could be illegally acquired and therefore as a consequence the Council may suffer a financial loss.</p>	GTC	<p>All signatories to be approved by the bank and provide the required level of identification. Two Member signatories to sign all withdrawals. Ensure as far as possible that all dealings with customers are legally binding.</p> <p>Only approved Officers and Members named on nominated bank mandate to liaise with any financial institution in relation to the finances of the organisation.</p> <p>RFO arranges bank mandate and liaises between bank and Members to fulfil identification requirements.</p> <p>RFO is main liaison with bank.</p>	4	3	12	High		As and when required
<p><b>Banking Facilities Provision</b> Banks could make a loss or become insolvent.</p>		<p>Ensure monies are placed with approved and recognised institutions. Follow CIPFA Treasury Management Guidelines.</p> <p>RFO to monitor banking institutions' credit rating at least annually.</p>	4	2	8	Medium		As and when required  Annually

**High risks 12-25**  
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# Risk Assessment

<u>Hazards</u>	<u>Persons at Risk</u>	<u>Existing Precautions</u>	<u>Severity</u>	<u>Likelihood</u>	<u>Numerical Risk</u>	<u>Risk Rating</u>	<u>Additional Controls</u>	<u>Task Frequency</u>
		RFO to keep abreast of CIPFA Treasury Management Guidelines and ensure adherence.						As and when required
<p><b>Investments</b> Investments may be lost through market forces.</p> <p>Investments may be misused/ fraud/corruption.</p>		<p>RFO to ensure compliance with approved Investment Strategy Policy.</p> <p>Insurance cover for Fidelity Guarantee (which covers the misappropriation of funds by Officers and Members) to cover total reserves.</p> <p>Review both Investment Strategy Policy and insurance cover annually</p>	4	2	8	Medium		<p>As and when investments change</p> <p>Annually</p> <p>Annually</p>
<p><b>Assets</b> Assets may be damaged/ stolen.</p>		Facilities Supervisor and Town Clerk ensure all assets are appropriately maintained through regular inspections identifying unplanned maintenance and have a programme for scheduled maintenance.	4	3	12	High		In line with Maintenance Programme

<p><b>High risks 12-25</b> Immediate action required to either eliminate or adequately control the risk. If the risk remains high the acceptance of risk needs to be documented.</p>	<p><b>Medium risks 5-10</b> Review existing control measures to determine effectiveness. Where necessary implement further risk reducing measures.</p>	<p><b>Low risks &lt;5</b> Adequately controlled. No actions required but keep assessment under review. Additional controls will further reduce risk.</p>	<table border="1"> <thead> <tr> <th rowspan="2">Likelihood</th> <th colspan="5">Severity</th> </tr> <tr> <th>Negligible</th> <th>Minor</th> <th>Moderate</th> <th>Major</th> <th>Catastrophic</th> </tr> </thead> <tbody> <tr> <td>Rare</td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> <tr> <td>Unlikely</td> <td>2</td> <td>4</td> <td>6</td> <td>8</td> <td>10</td> </tr> <tr> <td>Possible</td> <td>3</td> <td>6</td> <td>9</td> <td>12</td> <td>15</td> </tr> <tr> <td>Likely</td> <td>4</td> <td>8</td> <td>12</td> <td>16</td> <td>20</td> </tr> <tr> <td>Almost certain</td> <td>5</td> <td>10</td> <td>15</td> <td>20</td> <td>25</td> </tr> </tbody> </table>	Likelihood	Severity					Negligible	Minor	Moderate	Major	Catastrophic	Rare	1	2	3	4	5	Unlikely	2	4	6	8	10	Possible	3	6	9	12	15	Likely	4	8	12	16	20	Almost certain	5	10	15	20	25
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# Risk Assessment

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Inability to replace assets that are damaged, lost or stolen.		<p>RFO ensures the Asset Register is updated regularly. The Register is reviewed by the Internal Auditor each year.</p> <p>Have adequate insurance to cover loss or damage.</p> <p>Ensure all assets are retained in a safe and secure environment (e.g. civic regalia is kept in alarmed strong room).</p> <p>Annual budget includes a maintenance line item for regular scheduled maintenance and unplanned maintenance. Reserves are built up over time to ensure ability to replace or repair major capital assets.</p>						<p>As and when assets change and annual audit</p> <p>Annual</p> <p>Annual</p>
<p><b>Liquidity</b> Insufficient funds available when required to make payments when due.</p>		Cash flow not a significant issue as Council receives the Precept (its main income) in two instalments in advance and holds healthy levels of cash reserves in the bank.	3	3	9	Medium		RFO monitors cash flow regularly.

**High risks 12-25**  
Immediate action required to either eliminate or adequately control the risk. If the risk remains high the acceptance of risk needs to be documented.

**Medium risks 5-10**  
Review existing control measures to determine effectiveness. Where necessary implement further risk reducing measures.

**Low risks <5**  
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Likelihood	Severity				
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# Risk Assessment

<u>Hazards</u>	<u>Persons at Risk</u>	<u>Existing Precautions</u>	<u>Severity</u>	<u>Likelihood</u>	<u>Numerical Risk</u>	<u>Risk Rating</u>	<u>Additional Controls</u>	<u>Task Frequency</u>
<p>Unable to recover debtors' amount.</p> <p>Long term inability to repay loans.</p>		<p>Cash flow is a required element of consideration per the Councils' Investment Strategy Policy.</p> <p>Casual users of community centres are required to pay their account before the service is provided. Regular users and ad hoc debtors are subject to the Council's credit control procedures.</p> <p>Repayments are fixed interest (not variable) and have been built into the base budget.</p>	4	2	8	Medium		<p>Policy to be reviewed annually</p> <p>RFO performs credit control each month.</p> <p>Annual provision</p>
<p><b>Insurance</b> Cover is inadequate or incomplete for organisational needs.</p>		<p>Insurance cover reviewed with insurance agent annually to revise levels, ensure new areas of risk are included and remove no longer required areas of coverage.</p> <p>Fixed Asset Policy requires major assets (e.g. buildings and civic regalia) to be reviewed every 5-7 years to ensure values insured are appropriate.</p>	4	2	8	Medium		<p>Annual</p> <p>As and when risks change</p>

<p><b>High risks 12-25</b> Immediate action required to either eliminate or adequately control the risk. If the risk remains high the acceptance of risk needs to be documented.</p>	<p><b>Medium risks 5-10</b> Review existing control measures to determine effectiveness. Where necessary implement further risk reducing measures.</p>	<p><b>Low risks &lt;5</b> Adequately controlled. No actions required but keep assessment under review. Additional controls will further reduce risk.</p>	<table border="1"> <thead> <tr> <th></th> <th colspan="5">Severity</th> </tr> <tr> <th>Likelihood</th> <th>Negligible</th> <th>Minor</th> <th>Moderate</th> <th>Major</th> <th>Catastrophic</th> </tr> </thead> <tbody> <tr> <td>Rare</td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> <tr> <td>Unlikely</td> <td>2</td> <td>4</td> <td>6</td> <td>8</td> <td>10</td> </tr> <tr> <td>Possible</td> <td>3</td> <td>6</td> <td>9</td> <td>12</td> <td>15</td> </tr> <tr> <td>Likely</td> <td>4</td> <td>8</td> <td>12</td> <td>16</td> <td>20</td> </tr> <tr> <td>Almost certain</td> <td>5</td> <td>10</td> <td>15</td> <td>20</td> <td>25</td> </tr> </tbody> </table>		Severity					Likelihood	Negligible	Minor	Moderate	Major	Catastrophic	Rare	1	2	3	4	5	Unlikely	2	4	6	8	10	Possible	3	6	9	12	15	Likely	4	8	12	16	20	Almost certain	5	10	15	20	25
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<p><b>Activities Outside Legal Powers</b> Budget spent without a legal power to do so and therefore <i>ultra vires</i>.</p>		<p>Council has achieved General Power of Competence and currently has two CiLCA qualified Officers. TC to ensure Council continues to meet the eligibility criteria for General Power of Competence every four years.</p> <p>Officers to advise Members where potential plans may not fall within existing powers.</p>	3	3	9	Medium		<p>Every 4 Years</p> <p>Ongoing</p>
<p><b>Internal Controls</b> The Council does not have an adequate system of internal controls to prevent and/or detect fraud and errors.</p> <p>Council fails to adhere to internal controls and opens itself up to qualified audit, fraud and damage to its reputation.</p>		<p>Included on the Audit Committee programme is an annual review of key internal controls for major areas.</p> <p>Internal Auditor includes within its programme a review of the Council's adherence to its own Standing Orders, Financial Regulations and internal controls.</p>	4	3	12	High		<p>Annual</p> <p>Annual</p>

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Immediate action required to either eliminate or adequately control the risk. If the risk remains high the acceptance of risk needs to be documented.

**Medium risks 5-10**  
Review existing control measures to determine effectiveness. Where necessary implement further risk reducing measures.

**Low risks <5**  
Adequately controlled. No actions required but keep assessment under review. Additional controls will further reduce risk.

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<p><b>Audit</b> Audit not performed</p>		<p>External auditor is appointed by Smaller Authorities Audit Appointments for all Town and Parish Councils. External Auditor then informs Council of significant dates and follows up if information requested not provided. RFO liaises with Auditors to ensure audits are conducted and information requested is provided.</p>	4	2	8	Medium		Annual
<p>Audit performed and identifies areas of concern that result in a qualified audit opinion.</p>		<p>See Internal Controls, Legal Powers. Council appoints suitably qualified Officers.</p>						Ongoing
<p>Auditor does not have necessary expertise to conduct audit.</p>		<p>RFO appropriately qualified and attends appropriate training courses to keep skills up to date.</p>	2	2	4	Low		At least once every seven years
		<p>Audit Committee sets appointment criteria for the Internal Auditor which includes evidence of necessary skills, experience and qualifications.</p>						

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Auditor recommendations not addressed by Council.		Internal Auditor checks that all of their recommendations (and External Auditor's recommendations) have been considered.	4	2	8	Medium		As and when required

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## GODALMING TOWN COUNCIL

Disclosure by a Member<sup>1</sup> of a disclosable pecuniary interest or a non-pecuniary interest in a matter under consideration at a meeting (S.31 (4) Localism Act 2011 and the adopted Godalming Members' Code of Conduct).

As required by the Localism Act 2011 and the adopted Godalming Members' Code of Conduct, **I HEREBY DISCLOSE**, for the information of the authority that I have [a disclosable pecuniary interest]<sup>2</sup> [a non-pecuniary interest]<sup>3</sup> in the following matter:-

**COMMITTEE:**

**DATE:**

**NAME OF COUNCILLOR:** \_\_\_\_\_

Please use the form below to state in which agenda items you have an interest.

Agenda No.	Subject	Disclosable Pecuniary Interest	Non-Pecuniary Interest	Reason

**Signed** \_\_\_\_\_

**Dated** \_\_\_\_\_

<sup>1</sup> "Member" includes co-opted member, member of a committee, joint committee or sub-committee

<sup>2</sup> A disclosable pecuniary interest is defined by the Relevant Authorities (Disclosable Pecuniary Interests) regulations 2012/1464 and relate to employment, office, trade, profession or vocation, sponsorship, contracts, beneficial interests in land, licences to occupy land, corporate tenancies and securities

<sup>3</sup> A non-pecuniary interest is defined by Section 5 (4) of the Godalming Members' Code of Conduct.