

GODALMING TOWN COUNCIL

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

Municipal Buildings
Bridge Street
Godalming
Surrey GU7 1HT

15 January 2021

I HEREBY SUMMON YOU to attend the **AUDIT COMMITTEE** Meeting to be held via Zoom on THURSDAY, 21 JANUARY 2021 at 7.00pm or at the conclusion of the preceding Joint Burial Committee meeting, whichever is later.

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/82300214893?pwd=N3hhVkhyQVFta1c0V0tFWUFZSGdLQT09>

Meeting ID: 823 0021 4893

Passcode: 617715

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 10 September 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 RECONCILIATION

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

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

8. CREDIT CONTROL POLICY

Members to review the Council's Credit Policy, last reviewed 19 November 2015 (attached for the information of Members) and, if agreed, to recommend re-adoption by Full Council.

Members to note this policy is not currently published on the Council's website. Members to resolve that if re-adopted by Full Council, the Credit Control Policy to be published on the Council's website.

9. INTERNAL AUDITOR'S REPORT

Members to consider the report from the Council's Internal Auditor, Mulberry & Co, on an interim internal audit conducted on 22 September 2020 for the 2020/21 financial year (report attached for the information of Members).

10. REVIEW OF RISK ASSESSMENT – SAFEGUARDING

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

11. REVIEW OF INSURANCE

The main insurance policy for Godalming Town Council is held with Zurich Municipal Insurance. This policy was reviewed on 13 March 2020 for the 2020/21 financial year. The following amendments were made from this initial review:

- updated salary costs based on latest data
- included subsidence cover
- removed The Square building from main policy as they have a separate policy

The Square and the Museum policies insurance periods were adjusted so that their renewal dates are 1 April. This now aligns all our insurance policies so that we can review all insurance policies at the same time.

The insurance for 107-109 High Street has been removed from the Museum policy and moved to GTC's main policy so that all buildings (except The Square) are under one policy.

12. DATE OF NEXT MEETING

The next meeting of the Audit Committee is scheduled to be held on Thursday, 29 April 2021 at 7.00pm at a venue to be notified.

13. 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	10 September 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	Deferred until 2021 due to COVID-19 Community Centres not in operation so no revenue from this source.	Annual review to be completed by July 2022	
Payment Controls	Cllr Michael Steel	10 September 2020	Conducted 10 September 2020 – no issues identified	Review to be completed by 31 March 2021	To be repeated within six months Continuing lockdowns may prevent this.
Payroll Controls	Cllr Michael Steel	10 September 2020	Conducted 10 September 2020 – no issues identified	Annual review to be completed by July 2022	
Petty Cash	Cllr Michael Steel	4 July 2019	Deferred until 2021 due to COVID-19 Petty cash not able to be reimbursed during lockdown so expense claims used instead.	Annual review to be completed by July 2022	
Proper Book-keeping	Cllr Michael Steel	10 September 2020	Conducted 10 September 2020 – no issues identified	Annual review to be completed by July 2022	
VAT Controls	Cllr Michael Steel	10 September 2020	Conducted 10 September 2020 – no issues identified	Annual review to be completed by July 2022	

SUBJECT	NAME OF PERSON UNDERTAKING REVIEW	PREVIOUS COMPLETION DATE	ACTIONS BROUGHT FORWARD	STATUS	ACTIONS CARRIED FORWARD
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Miscellaneous – Meeting 2					
External Auditor's Report	RFO	10 September 2020	Annual report received 10 September 2020. Onward recommendation to Full Council on 17 September 2020	Annual review to be completed by September 2021	
Asset Control	Cllr Boyle/RFO	19 September 2019	Deferred until 2021 due to COVID-19	Annual review to be completed by September 2021	
Review of Ongoing Suppliers	RFO /Facilities Supervisor /TC	Ongoing	Telephone services – as part of move to new offices, quotes received from three suppliers. Decision to go with Phones for Business.	Ongoing task	
Financial Regulations	RFO	10 September 2020	Review of Financial Regulations completed by this Committee 10 September 2020. Onward recommendation to Full Council on 17 September 2020	Annual review to be completed by September 2021	
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	10 September 2020	Conducted 10 September 2020 – to be reviewed in 12 months	Annual review to be completed by September 2021	

SUBJECT	NAME OF PERSON UNDERTAKING REVIEW	PREVIOUS COMPLETION DATE	ACTIONS BROUGHT FORWARD	STATUS	ACTIONS CARRIED FORWARD
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Risk Management – Meeting 3					
Risk Assessment – Business Continuity	Cllr Heagin /RFO	6 February 2020	To be reviewed at least every three years	Deferred until next meeting as not in office yet.	Will need to be reviewed once Council has moved to new offices
Risk Assessment – Environmental	Cllr Crooks/RFO	6 February 2020	To be reviewed at least every three years	Next review to be completed by 31 March 2022	Cllr Crooks to discuss developing an Environment Sustainability Policy with Cllr Follows
Risk Assessment – Legal	Cllr Boyle/RFO	6 February 2020	To be reviewed at least every three years	Next review to be completed by 31 March 2022	
Risk Assessment – Physical & Information Security	Cllr Welland/RFO	10 September 2020	To be reviewed at least every three years	Next review to be completed by 31 March 2023	
Risk Assessment – Reputation	Cllr Heagin /RFO	6 February 2020	To be reviewed at least every three years	Next review to be completed by 31 March 2023	
Risk Assessment – Health & Safety	Cllr Heagin /RFO	6 February 2020	To be reviewed at least every three years	Next review to be completed by 31 March 2022	RFO to organise Workplace Assessments for full time staff – when staff have moved into new premises
Risk Assessment – Financial	Cllr Crooks /RFO	10 September 2020	To be reviewed at least every three years	Next review to be completed by 31 March 2023	
Insurance	Town Clerk/RFO/ Cllr Heagin	The Square policy end date has now been aligned with GTC main policy. Steps being taken to do the same with the Museum policy.	To be reviewed at least every three years	On this agenda	.
Risk Assessment – Safeguarding	Cllr Boyle	6 February 2020	To be reviewed at least every three years	On this agenda	
Risk Assessment – Events	Cllr Heagin	6 February 2020	To be reviewed at least every three years	Not required	Decided an overarching Risk Assessment was not required.

SUBJECT	NAME OF PERSON UNDERTAKING REVIEW	PREVIOUS COMPLETION DATE	ACTIONS BROUGHT FORWARD	STATUS	ACTIONS CARRIED FORWARD
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Year End – Meeting 4					
Internal Auditor's Reports	RFO	30 April 2020 (at Full Council due to COVID-19)	Interim audit report received and responses given. Onward recommendation to next Full Council meeting	On this agenda	
Management of Debt (particularly Bad Debt)	RFO	18 April 2019	To be reviewed annually	Annual review completed by March 2021.	
Review of Effectiveness of Internal Control	Cllr Heagin /RFO	30 April 2020 (at Full Council due to COVID-19)	To be reviewed annually	Annual review to be completed as part of Annual Governance and Accountability Return process.	
Annual Governance Statement	Cllr Heagin /RFO	30 April 2020 (at Full Council due to COVID-19)	To be reviewed annually	Annual review to be completed as part of Annual Governance and Accountability Return process.	
Annual Accounting Statements	Cllr Heagin /RFO	30 April 2020 (at Full Council due to COVID-19)	To be reviewed annually	Annual review to be completed as part of Annual Governance and Accountability Return process.	

CREDIT CONTROL POLICY

Introduction

This document sets out the policy under which commercial debt owed to the Godalming Town Council is controlled.

The Policy contains details on:-

- Methods of Payment
- Standard Terms and Conditions
- Debt Collection Procedure

This policy specifically relates to commercial debt.

The Audit Committee is responsible for authorising this policy, ~~the Town Clerk for managing and reviewing this policy and the Finance Administrator is responsible for the effective operation of the debt management procedure therein.~~ The Responsible Finance Officer (RFO) is responsible for managing and reviewing of the policy and the effective operation of the debt management procedure therein. All staff are expected to be familiar with the policy and to contribute to its effective implementation.

Purpose of Policy

The purpose of this policy is to ensure that the debt of the Council is managed effectively, minimising levels of debt and bad debt write off in order to protect the overall financial health of the Council and maximise cash funds generated through commercial activity.

Methods of Payment

All cheques should be made payable to the Godalming Town Council and sent directly to the Council at the following address:-

**Godalming Town Council
Municipal Buildings
Bridge Street
Godalming
SURREY GU7 1HT**

All payments by Bank Transfer should be made to the following account:

**Bank: HSBC
Account Name: Godalming Town Council
Sort Code: 40-22-12**

Account Number: 31377981

In order to identify payments, ~~You must~~ payees should quote ~~you're~~ the invoice number shown at the top right hand corner of ~~your~~ their invoice as the reference. ~~, as this is used to identify payments.~~

Standard Terms & Conditions

Council standard terms and conditions apply. All customers seeking to use Council facilities must complete an application form.

Casual booking customers are required to pay for their booking before the date of the event.

For regular customers for whom credit has been permitted, invoices are due for payment on or before 30 days after the invoice date. Exceptions to this are made at the discretion of the Town Clerk.

Debt Collection Procedure

Sending reminders to debtors is the sole responsibility of the ~~Finance Administrator~~ RFO. ~~this will not occur until the person who raised the invoice has been consulted with to agree action and will consist of a prescribed process dictated by the reminders intervals as set out below.~~

The following steps will be taken by the RFO ~~Finance Administrator~~ to recover debt:-

At month end	Send latest Statement of Account to all customers with an outstanding balance.
30 Days Overdue	Reminder Letter #1 is sent with another Statement of Account. It asks customer if there are any queries regarding the invoice(s) outstanding.
60 Days Overdue	Letter #2 is sent with copies of any outstanding invoices. It advises that they have not made contact regarding our first letter and we require immediate payment.
90 Days Overdue	Letter #3 is sent. It makes clear our intent to consider involving a third party agency if payment is not made immediately.

Provision for Bad Debts

If after sending out the third letter the debt is still not settled, ~~it is proposed that~~ the Council shall immediately make a provision for bad debt for the full amount. ~~Additionally, it is also proposed that~~ the customer shall not be permitted to make any further bookings.

Depending on the level of the debt, the following course of action will be considered:

£0 - £199	Write off debt – the cost of staff time taken to recover debt outweighs the potential benefit of payment. All such write offs will be brought before Council for authorisation.
£200 - £5,000	Consider taking customer to Small Claims Tribunal. Decision to be made by Council and actioned by Town Clerk.
Over £5,000	Consider using Debt Collection Agency or Solicitors. Decision to be made by Council and actioned by Town Clerk.

When all avenues of recovery have been explored, the debt will need to be brought before Council for authorisation to be written off.

Queries on commercial debt should be made to the Finance Administrator on 01483 523228 or by e-mailing finance@godalming-tc.gov.uk

Town Clerk: Andy Jeffery (MSc MCGI)

Tel: 01483 523575

E-Mail: office@godalming-tc.gov.uk

Municipal Buildings
Bridge Street
Godalming
Surrey GU7 1HT

[Date]

Our Ref: [Customer Number]

[Your Customer's Name]

[Address Line 1]

[Address Line 2]

[Town/ City]

[County] [Postal Code]

Dear [Your Customer's Name]

Re: Invoice [Invoice Number] - Now Overdue

We note that payment for this invoice has not yet been received and attach a statement for your records.

Please let us know if there are any issues with the invoice(s), or if you have not yet received it so we can resolve this with you as soon as possible.

If you have paid this invoice within the last 7 days please accept our thanks, our systems will be updated soon to reflect your recent payment.

Yours sincerely,

Rita Tong

~~Finance Administrator~~

Responsible Finance Officer

Tel: 01483 523228

E-Mail: finance@godalming-tc.gov.uk

Town Clerk: Andy Jeffery (MSc MCGI)

Tel: 01483 523575

E-Mail: office@godalming-tc.gov.uk

Municipal Buildings
Bridge Street
Godalming
Surrey GU7 1HT

[Date]

Our Ref: [Customer Number]

[Your Customer's Name]

[Address Line 1]

[Address Line 2]

[Town/ City]

[County] [Postal Code]

Dear [Your Customer's Name]

Re: Invoice [Invoice Number] - Now Overdue Immediate Payment Required

We have contacted you before to request settlement of this invoice without success - payment for this invoice has not yet been received.

Please let us know if there are any issues with the invoice, or if you have not yet received it so we can resolve this with you as soon as possible. If you are having difficulty paying please contact us immediately to discuss the status of your account. Failure to contact us may leave us with no other options than to pass this case to our debt collection agents or solicitors for recovery

If you have paid this invoice within the last 7 days please accept our apologies, our systems will be updated soon to reflect your recent payment.

Yours sincerely,

Rita Tong

~~Finance Administrator~~

Responsible Finance Officer

Tel: 01483 523228

E-Mail: finance@godalming-tc.gov.uk

Town Clerk: Andy Jeffery (MSc MCGI)

Tel: 01483 523575

E-Mail: office@godalming-tc.gov.uk

Municipal Buildings
Bridge Street
Godalming
Surrey GU7 1HT

[Date]

Our Ref: [Customer Number]

[Your Customer's Name]
[Address Line 1]
[Address Line 2]
[Town/ City]
[County] [Postal Code]

Dear [Your Customer's Name]

Re: Invoice [Invoice Number] - Debt Recovery Passed to Our Solicitors

We have contacted you on a number of occasions to request settlement of this invoice without success. We have now passed this matter to our solicitors to resolve and no further bookings will be accepted from you. Costs incurred by us in pursuance of this debt will be passed on to you.

Our solicitors will be in touch with you in the next {7} days detailing the action we intend to take against you.

If you have paid this invoice within the last 7 days please contact us with details of the payment made.

Yours sincerely,

Rita Tong
~~Finance Administrator~~
Responsible Finance Officer
Tel: 01483 523228
E-Mail: finance@godalming-tc.gov.uk



MULBERRY & CO

Chartered Certified Accountants
Registered Auditors
& Chartered Tax Advisors

9 Pound Lane
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w www.mulberryandco.co.uk

Our Ref: MARK/GOD001

Ms R Tong
Godalming Town Council
Town Council Offices Municipal Buildings
Bridge Street
Godalming
Surrey
GU7 1HR

22nd September 2020

Dear Rita

**Re: Godalming Town Council
Internal Audit Year Ended 31st March 2020**

Executive Summary

Following completion of our interim internal audit on the 22nd September 2020 we enclose our report for your kind attention and presentation to the Council. The audit was conducted in accordance with current practices and guidelines and testing was risk based. Whilst we have not tested all transactions, our samples have where appropriate covered the entire year to date. Where appropriate **recommendations for future action are shown in bold text and summarised in the tables at the end of the report.**

At the interim visit we reviewed and performed tests on the following areas:

- Review of the accounting system & financial reporting package
- Review of the Financial Regulations & Standing Orders
- Review of the Risk Assessments & Insurance
- Review of the Budgeting Process
- Review of Salaries
- Review of fixed asset register
- Review of annual charges

Our sample testing did not uncover any errors or misstatements that require reporting to the external auditor, nor did we identify any significant weaknesses in the internal controls such that public money would be put at risk.

It is clear the council takes governance, policies and procedures very seriously and I am pleased to report that overall the systems and procedures you have in place are fit for purpose. The existence of an audit committee with its own detailed scope of works, testing & reporting regimen is very much best practice and is to be applauded. I would recommend the continuance of this into the future.

I would like to thank Rita for her assistance and whilst my report contains recommendations to change these are not indicative of any significant failings, but rather are pointers to improving upon an already well ordered system.

It is therefore our opinion that the systems and internal procedures at Godalming Town Council are well established, and followed.

Regulation

The Accounts and Audit Regulations 2015 require smaller authorities, each financial year, to conduct a review of the effectiveness of the system of internal control and prepare an annual governance statement in accordance with proper practices in relation to accounts. In addition to this, a smaller authority is required by Regulation 5(1) of the Accounts and Audit Regulations 2015 to “undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.”

Internal auditing is an independent, objective assurance activity designed to improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. The purpose of internal audit is to review and report to the authority on whether its systems of financial and other internal controls over its activities and operating procedures are effective.

Internal audit’s function is to test and report to the authority on whether its specific system of internal control is adequate and working satisfactorily.

The internal audit reports should therefore be made available to all members to support and inform them when they considering the authority’s approval of the annual governance statement.

Independence & Competence

Your audit was conducted by Mark Mulberry of Mulberry & Co. We confirm we are independent from the management of the financial controls and procedures of the council and neither the internal auditor or the firm have any conflicts of interest with the audit client, nor do they provide any management or financial assistance to the client.

Your auditor is a qualified practicing accountant with over 20 years’ experience as a registered statutory auditor.

Engagement Letter

An engagement letter was issued on the 1st September 2020 covering the 2020/21 internal audit assignment. Copies of this document are available on request.

Planning & Inherent Risk Assessment

The scope and plan of works including fee structure was issued to the council on the 1st September 2020 under separate cover. Copies of this document are available on request. In summary, our work will address each of the internal control objectives as stated on the Annual Internal Audit Report of the AGAR.

- There have been no instances of breaches of regulations in the past
- The client uses an industry approved financial reporting package
- The client regularly carries out reconciliations and documents these
- There is regular reporting to council
- The management team are experienced and informed
- Records are neatly maintained and referenced
- The client is aware of current regulations and practices
- There has been no instance of high staff turnover
- The client has an audit committee with detailed terms of reference and work programme

It is my opinion that the inherent risk of error or misstatement is low and the controls of the council can be relied upon and as such substantive testing of individual transactions is not required. Testing to be carried out will be “walk through testing” on sample data to encompass the period of the council year under review.

A. BOOKS OF ACCOUNT (INTERIM AUDIT)

Internal audit requirement

Appropriate accounting records have been properly kept throughout the financial year.

The Council continues to use RBS Rialtus suite. This an industry specific accounting package. The RBS system is used daily to report and record the financial transactions of the council.

There are a number of access users. The system is cloud based and access is by secure log on to the local machine and a separate password for the cloud system.

- RFO -full access all areas
- Clerk – Read only all areas
- Facilities supervisor – read write to bookings
- Support services – read write to bookings.

The system encompasses, sales ledger, purchase ledger and cashbook. It provides for reconciliation of key control accounts and regular reporting against budget.

Every month, a month end close down is performed by the RFO, various reports are printed and filed in hard copy, these include but are not limited to; income and expenditure against budget, bank reconciliations and other reports as fit.

The RFO makes use of a control sheet to tick off the various reconciliations and financial activities that must be completed to finalise a month end. I have reviewed the June, July & August months and can confirm the tick sheet is completed and the various reconciliations are in evidence. This is a robust, clear to follow system of internal control and demonstrates good working practices.

I also reviewed the bank reconciliation file and can confirm for May, June and July there was evidence of the RFO preparing and signing off the bank reconciliations. This demonstrates internal controls are in evidence and being followed.

The cashbooks are routinely printed and are also retrospectively accessible. The system requires the population of key data fields to enable the user to record a transaction with sufficient detail to understand the nature and scope of the transaction. This is a clear and easy to follow system and a review of the cashbook shows that all data fields are being entered, the reports are easy to read and logically filed.

My walk through audit testing of receipts and payments to underlying documentation chosen at random from month two & three showed that the referencing system can be relied upon, and that the source documents could be easily located in the council records. I make no recommendation to change in this system.

I tested opening balances as at 1/4/20 and confirmed they could be agreed back to the audited accounts for 2019/20.

The Council is VAT registered and the last VAT return was for quarter ended 30th June 2020. This was submitted using the software package under the making tax digital rules and was submitted on time ahead of the deadline. The return was a refund return and I proved the amount shown on the return to the HMRC system and to the physical bank statements. This test indicates that the council is up to date with its postings on the financial package and that these can be verified to third party evidence.

Overall, I have the impression that the accounting systems are well ordered and routinely maintained and as such I make no recommendation to change.

I am of the opinion that the control assertion of “Appropriate accounting records have been properly kept throughout the financial year” has been met.

B. FINANCIAL REGULATIONS, GOVERNANCE & PAYMENTS (INTERIM & FINAL AUDIT)

Internal audit requirement

This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.

Check the publication & minuting of the prior year audited AGAR and notice of conclusion of audit.

The external auditors report was not qualified in 2019/20, although the external auditor made a comment regarding the comparative 2019 column of the AGAR.

The notice of conclusion of audit is dated 26/08/20 and is posted to the council website in accordance with regulations.

Both the auditor’s report and the notice were properly reported to the audit committee in September 2020. Evidence was also noted in the minutes of the internal auditor’s report being reviewed and accepted in April 2020.

Confirm by sample testing that councillors sign statutory office forms

I confirmed by sample testing that Councillors sign “Acceptance of Office” forms and “Register of members Interests” and “Acceptance to receive information by Electronic Means”, all in line with regulations.

Each councillor is listed on the website, has a mini biography and link to their register of interests. **If I had one comment, – the council may want to consider redacting personal signatures in future.**

Confirm that the Council is compliant with the relevant transparency code.

The Council is required by law to follow the 2015 Transparency Code, a review of the web site has shown that the council is routinely and properly following this. **However, the link to Grants was misdirected to pay multiple and will need fixing.**

A review of the website indicates that in general information is clear, easily accessible and readable. The council is aware of the accessibility regulations which come into effect in September 2020 and there is a programme and schedule of works in place to improve the accessibility of the website.

Confirm that the Council is compliant with the GDPR.

The council is aware of GDPR, it was noted the Council has common email addresses internally which gives a natural segregation so it is clear beyond doubt in what capacity a councillor is acting, gives control to the council, adds a degree of professionalism and in the event of a FOI request limits access to personal computers.

Confirm that the Council meets regularly throughout the year

The council has the following committees:

- Full Council; meets circa 6 times per annum
- Audit; quarterly
- Staffing; Quarterly
- Mayoralty – annual
- P&M – 6 weekly

- Environment & Planning – new
- JBC - quarterly

There are also a number of working parties and groups which meets as and when necessary to cover specific tasks, not committee have spending powers.

Check that agendas for meetings are published giving 3 clear days' notice.

I reviewed the agendas for meetings held in June, July & August and can confirm that at least 3 clear days' notice is given.

Check the draft minutes of the last meeting(s) are on the council's website

Minutes are uploaded to the council website and these agree to signed hard copies.

Confirm that the Parish Council's Standing Orders have been reviewed within the last 12 months.

The standing orders are based on the NALC model and are dated July 2020. These were adopted by full council the July 2020 meeting.

Confirm that the Parish Council has adopted and recently reviewed Financial Regulations.

Financial regulations are based on the NALC model. Financial Regulation were reviewed by the Audit Committee on 10 Sept 2020 and taken to Full Council on 17 September 2020 (no changes made). The regulations being based on the NALC model contain provisions for the approval of spending, setting of budgets, reconciliation of the bank and reporting to council.

Check that the council's Financial Regulations are being routinely followed.

Financial regulation 2.2 deals with bank reconciliations, the council is performing a monthly bank reconciliation for all accounts and this is signed & minuted in accordance with regulations. However, due to covid restrictions there has only been one audit committee meeting in the last 6 months. **It was noted the chair MUST attend site to counter sign the bank reconciliations & face of the bank statements for April to August 2020.**

Financial regulation 3 deals with Annual estimates (Budget) and Forward planning. Budget monitoring reports are presented to the Policy and Management Committee at each meeting.

Financial regulation 4 deals with budgetary control and authority to spend. The office has the power to spend within a budget heading and the clerk has emergency powers up to £4,500. The internal processes of the council are sufficiently robust to ensure before an order is placed the budgets are checked. On occasion it is necessary to get retrospective approval from council. A point to note, the Staffing Committee has the authority to spend up to £5000 pa from the Professional Fees budget (Standing Order 99)

Financial Regulation 5 deals with authorisation of payments. The minutes show authorisation of payments lists in accordance with regulations. The bank mandate is up to date.

Financial regulation 6 deals with making payments. The council makes payments by cheque, direct debit, debit card and bacs. The system in place is routinely followed and a review of the payments file showed all summaries are signed and invoices verified. There is no doubt payments are properly reported to council, approved and the physical payment authorised.

The de-minimis limit recorded in the Financial Regulations for the competitive purchase of items and services is as listed below.

- £25,000 + Tender Process

- £5,000 - £25,000 3 quotations are required.
- £1,000 - £5,000 – strive to get 2 estimates
- 0 - £1,000 – power to spend

I discussed the purchasing system with the RFO vis-à-vis financial regulations 4, 5 & 6 and ascertained that the regulations are being followed at a local level as described below:

1. Regular and recurring expenditure (rent, rates, wages, light & heat, contractual spend etc.) is known and authorised in advance (budget setting or tender process). These are, in the main, paid via direct debit, standing order or on-line banking. Evidence was noted in the minutes of advance variable direct debits being properly authorised.
2. An ad hoc expenditure requirement is identified and noted to the clerk/RFO – this can be from a number of sources and depending on the financial amount will be discussed in advance with council, committee or chair. If required, this is approved in advance by council committee before the expenditure incurred. My audit testing showed via the minutes that there is where appropriate discussion of expenditure before the orders are placed.
3. The order is made via the office – councillors are not allowed or permitted to place amend or vary orders.
4. The supplier invoice, when received, is reviewed by the RFO and box stamped and passed to budget holder for authorisation and review. My audit testing showed that supplier invoices do all have a box stamp.
5. The authorised invoices are then returned to the RFO and are input into the financial reporting package.
6. On a weekly basis a payments list is prepared by the RFO and councillors are invited to sign off the payment sheet and invoice. The RFO sets the payments up on the on-line banking screens and the councillors authorise the payments. Dual access is not required to access bank. The RFO accesses bank account and inputs payment and Town Clerk reviews input against schedule and signs that it is correct.
7. The payments list is taken to committee for approval in accordance with regulations.

Financial regulation 7 deals with approval and authorisation of salaries, the minutes and files show evidence of authorisation of changes and of wages generally.

Confirm all section 137 expenditure meets the guidelines & does not exceed the annual per elector limit of £8.32 per elector.

The council has no S.137 expenditure because they have GPC.

Confirm that checks of the accounts are made by a councillor.

The client has an internal audit committee. In September 2020 a body of review work was presented and documented. No errors or omissions were noted. I am under no doubt the council has robust internal controls in place.

I am therefore of the opinion that the control assertion “This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for”, has been met.

C. RISK MANAGEMENT & INSURANCE (INTERIM & FINAL AUDIT)**Internal audit requirement**

This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.

The Council undertakes a full risk assessment that covers operational and financial risks, this is taken to council on an annual basis. Evidence was noted in the September Audit Committee meeting of review and adoption of the risk management policy and documentation. These are very comprehensive and detailed documents.

Godalming TC is insured with Zurich. Asset cover seems consistent with the asset register, and money cover is adequate for a council of this size. The certificate is in date.

We discussed assertion 8 of the AGAR and whether or not this had any impact on the council. All appropriate transactions and events have been recorded.

“We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this authority and, where appropriate, have included them in the accounting statements.”

I am of the opinion that the control objective of “This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.”, has been met

D. BUDGET, PRECEPT & RESERVES (INTERIM & FINAL AUDIT)**Internal audit requirement**

The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.

I confirmed that the 2021-22 Budget and precept setting process was underway at the time of the audit.

Councillors receive regular reports on budget against actuals via reports to the Policy and Management Committee. I reviewed the report for the period to end of September 2020 and was able to confirm that the budget is well managed and reported on. Overspends have been properly explained and approval for funding sought from Councillors.

The Council has well developed reserves, which are properly recorded. The RFO is aware that by the end of the council year the general reserve will be below the 50% of precept rule of thumb. This has been discussed with council so that a strategy can be put in place to bring the reserves level up over time.

I am of the opinion that the control objective of “The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.”, has been met.

E. INCOME (INTERIM & FINAL AUDIT)**Internal audit requirement**

Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.

The Council uses the RBS booking module to invoice and record the collection of income for hires. I was able to agree charging rates back to approved fees and charges dated 1st April 2020. These charges were properly agreed by council in December 2019.

I was pleased to note that the RFO regularly checks and chases aged debtors.

VAT has been properly charged at the prevailing rate.

I am of the opinion that the control objective of “Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.”, has been met.

F. PETTY CASH (INTERIM AUDIT)

Internal audit requirement

Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.

The council has a float of £200. This was reviewed at the audit date, it is clear this is used for small sundries and is not significant or material.

Petty cash expenditure is signed off by the RFO and another officer.

I am of the opinion the control objective of “Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.”, has been met.

G. PAYROLL (INTERIM & FINAL AUDIT)

Internal audit requirement

Salaries to employees and allowances to members were paid in accordance with this authority’s approvals, and PAYE and NI requirements were properly applied.

The payroll is processed using Sage 50 payroll and is processed in house by the RFO. Payroll is then reviewed by the Clerk and signed off by two councillors prior to payment to staff.

The council has fulfilled its obligations in respect of auto-enrolment and uses LGPS.

I tested the tax deduction and pay scales for a full time & part time employee – there were no errors. I am of the opinion salaries are correctly calculated and paid.

The PAYE and NI liabilities are paid on time.

All Council employees are paid through the payroll for all Council work undertaken. No employees are paid separately for any other Council work undertaken. Casual labour payments are correctly recorded via the payroll.

Councillors are not paid allowances.

I am of the opinion that salaries are correctly stated on the AGAR and that the control object of “Salaries to employees and allowances to members were paid in accordance with this authority’s approvals, and PAYE and NI requirements were properly applied.”, has been met.

H. ASSETS AND INVESTMENTS (INTERIM & FINAL AUDIT)

Internal audit requirement

Asset and investments registers were complete and accurate and properly maintained.

The fixed asset register is maintained on excel, additions and disposals have been agreed to a schedule prepared by the RFO and have been correctly added at cost, or written off the asset register as obsolete.

I am of the opinion that the control objective of "Asset and investments registers were complete and accurate and properly maintained.", has been met.

I. BANK & CASH (INTERIM & FINAL AUDIT)

Internal audit requirement

Periodic and year-end bank account reconciliations were properly carried out.

The Town Council has four bank accounts. The bank reconciliations for all accounts are properly prepared and presented to committee for verification and approval on a regular basis.

I am of the opinion that bank and cash balances are properly shown on the AGAR and that the control objective of "Periodic and year-end bank account reconciliations were properly carried out.", has been met.

J. YEAR END ACCOUNTS (FINAL AUDIT)

Internal audit requirement

Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.

The 2020 year-end accounts were correctly prepared on the income & expenditure basis with the box 7 & 8 reconciliation properly completed.

The AGAR correctly cast and cross cast and the comparatives had been correctly copied over from the 2018-19 AGAR.

Agar Box Number		2018/19	2019/20	Auditor Notes
1	Balances brought forward	412,484	466,245	Agrees to 2019 carry forward
2	Precept or Rates and Levies	622,205	643,778	Agrees to district council remittance advice
3	Total other receipts	382,603	701,518	Includes £430,000 PWLB loan in turn agreed to PWLB statement
4	Staff costs	311,248	332,670	Reconcilable to the payroll
5	Loan interest/capital repayments	59,753	59,753	Agrees to PWLB interim statements
6	All other Payments	580,045	916,741	Agrees to list and variance analysis
7	Balances carried forward	466,245	502,377	Casting agrees
8	Total value of cash and short term investments	484,275	492,368	Agrees to combined bank reconciliation
9	Total fixed assets plus long term investments and	1,562,282	1,977,504	Agrees to register – purchase of 999 lease and new vehicle – verified to completion statement and purchase invoices

	assets			
10	Total borrowings	1,073,018	1,476,881	Agrees to PWLB statement

The variance analysis was required because there were variances greater than 15% and £500. This was properly prepared on a summary table basis showing the financial elements and explanatory narrative.

The council had made provision within its schedule of meetings to sign off the annual governance statement.

I am of the opinion the control objective of "Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.", has been met.

K. LIMITED ASSURANCE REVIEW (FINAL AUDIT)

Internal audit requirement

IF the authority certified itself as exempt from a limited assurance review in 2018/19, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2018/19 AGAR tick "not covered")

Not applicable

L: EXERCISE OF PUBLIC RIGHTS - INSPECTION OF ACCOUNTS (FINAL AUDIT)

Internal audit requirement

The authority has demonstrated that during summer 2020 it correctly provided for the exercise of public rights as required by the Accounts and Audit Regulations.

Due to the Covid 19 outbreak, the statutory deadlines have been changed as follows:

The publication date for final, audited, accounts was moved from the 30 September to 30 November 2020 for all local authority bodies. To give local authorities more flexibility, the requirement for the public inspection period to include the first 10 working days of July was removed. Instead, local authorities must commence the public inspection period on or before the first working day of September 2020.

This means that draft accounts must be approved by 31 August 2020 at the latest. However, they may be approved earlier, and we would encourage councils to do so wherever possible, to help manage overall pressure on audit firms towards the end of the year.

Authorities must publish the dates of their public inspection period, and given the removal of the common inspection period and extension of the overall deadlines for this year, it is recommended that all authorities provide public notice on their websites when the public inspection period would usually commence, explaining why they are departing from normal practice for 2019/20 accounts.

The regulations implementing these measures were laid on 7 April and are due to come into force on 30 April 2020.

I confirmed with the RFO that arrangements are in place at this Council to ensure proper exercise of public rights. Relevant dates are set out in the table below.

Inspection - Key date	2018/19 Actual	2019-20 Proposed
Accounts approved at full council	April 2018 Full Council	30 th April 2020
Date Inspection Notice Issued and how published	1 June	1 st May 2020
Inspection period begins	4 June	4 th May
Inspection period ends	13 July	16 th June
Correct length	Yes	yes
Common period included?	Yes	yes
Summary of rights document on website?	Attached to inspection announcement	Attached to inspection announcement

SI 2020/404 The Accounts and Audit (Coronavirus) (Amendment) Regulations 2020. This SI amends the deadline by which the Annual Governance Statement and Statement of Accounts of the Annual Governance and Accountability Return (AGAR) together with any certificate or opinion issued by the local auditor must be published from 30 September 2020 to 30 November 2020. Previously there was a requirement for all smaller authorities to have a common period for the exercise of public rights, being the first 10 working days of July.

Under the new regulations there is no requirement for a common period for the exercise of public rights. Smaller authorities are still required to set a period for this purpose, but the only requirement is that the 30 working day period for the exercise of public rights should start on or before the first working day of September, i.e. on or before 1 September 2020. This SI was issued on 7 April and is effective from 30 April 2020.

M. TRUSTEESHIP (INTERIM AUDIT)

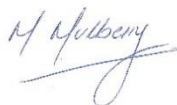
Internal audit requirement

Trust funds (including charitable) – The council met its responsibilities as a trustee.

No trusts.

Should you have any queries please do not hesitate to contact me, attention.

Kind regards
Yours sincerely



Mark Mulberry

Interim Audit - Points Forward

Audit Point	Audit Findings	Council comments
Transparency	Misdirected link on Grants	
GDPR	May want to consider redacting personal signatures on registers of interests (on public view) in future	
Bank Reconciliations	Chair MUST attend site and sign reconciliations and face of bank statements	

Risk Assessment



Area:

Safeguarding

Date of Assessment: 06/02/2020

Date of Last Assessment: 06/02/2020

Responsible Persons Name: Town Clerk – Andy Jeffery

Name of Assessor: Gerry Boyle

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>
An inadequate safeguarding structure contributes to harm to children and/or vulnerable adults	Children, vulnerable adults	Safeguarding policy adopted by the Council in July 2017 and last reviewed on 26 September 2019. Safeguarding regime for events held by the Council and/or on Council premises Safeguarding training for nominated Council staff.	5	3	15	HIGH	Report any concerns per defined processes	Review policy every two years
An inadequate safeguarding structure leads to public concern and loss of credibility of the Council (even if no harm occurs)	Council employees; Council officers; Councillors	Safeguarding policy adopted by the Council in July 2017 and last reviewed on 26 September 2019. Safeguarding regime for events held by the Council and/or on Council premises Safeguarding training for nominated Council staff.	4	3	12	HIGH		Review policy every two years

High risks 12-25

Immediate action required to either eliminate or adequately control the risk before further activity takes place.

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.

	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

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>
Terms and conditions for hirers organising activities do not include adequate requirements for hirers to have a safeguarding policy	Children, vulnerable adults	Council Safeguarding Policy Council Terms and Conditions for hirers	4	2	8	Medium	Terms and Conditions to be reviewed by independent professionals with experience in safeguarding issues	Annual review of Terms and Conditions
The Council does not appoint a named Safeguarding Officer or appoint a Safeguarding Officer who lacks time, expertise or commitment	Children, vulnerable adults [There are risks to the Council and its Officers and Members in terms of reputation and credibility but these seem entirely secondary to the risk to children and vulnerable adults]	Nomination of a Safeguarding Officer Training of Safeguarding Officer Performance Monitoring of Safeguarding Officer Quarterly reporting to Members	4	2	8	Medium	Review of Safeguarding process at least every two years	Appointment of Safeguarding Officer as required Annual performance appraisal of Safeguarding Officer Quarterly reporting to Members

High risks 12-25

Immediate action required to either eliminate or adequately control the risk before further activity takes place.

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.

	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
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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>
One or more incidents or concerns related to safeguarding which are reported to the GTC Safeguarding Officer is not treated seriously and/or is not managed in accordance with Surrey County Council MASH safeguarding policies.	Children, vulnerable adults [There are risks to the Council and its Officers and Members in terms of reputation and credibility but these seem entirely secondary to the risk to children and vulnerable adults]	Safeguarding policy adopted by the Council July 2017. Safeguarding regime for events held by the Council and/or on Council premises Safeguarding training for Council staff Performance Monitoring of Safeguarding Officer Quarterly reporting to Members	4	2	8	Medium	Review of Safeguarding process at least every two years	Annual performance appraisal of Safeguarding Officer Quarterly reporting to Members

High risks 12-25

Immediate action required to either eliminate or adequately control the risk before further activity takes place.

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.

	Severity				
Likelihood	Negligible	Minor	Moderate	Major	Catastrophic
Rare	1	2	3	4	5
Unlikely	2	4	6	8	10
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GODALMING TOWN COUNCIL

Disclosure by a Member¹ 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]² [a non-pecuniary interest]³ 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 _____

¹ "Member" includes co-opted member, member of a committee, joint committee or sub-committee

² 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

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