

GODALMING TOWN COUNCIL

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107-109 High Street
Godalming
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25 June 2021

I HEREBY SUMMON YOU to attend the **AUDIT COMMITTEE** Meeting to be held in The Pepperpot, High Street, Godalming on THURSDAY, 1 JULY 2021 at 7.15pm or at the conclusion of the preceding Staffing Committee, whichever is later.

Andy Jeffery
Town Clerk

If you wish to speak at this meeting please contact Godalming Town Council on 01483 523575 or email office@godalming-tc.gov.uk

Where possible proceedings will be live streamed via the Town Council's Facebook page. If you wish to watch the council meeting's proceedings, please go to Godalming Town Council's [Facebook](#) page.

Committee Members: Councillor Boyle
Councillor Crooks – Vice-Chair
Councillor Heagin – Chair
Councillor Stubbs
Councillor Welland

AGENDA

1. **MINUTES**

To approve as a correct record the minutes of the meeting held on the 20 May 2021, 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. INCOME CONTROLS

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

9. PAYMENT CONTROLS

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

10. PAYROLL CONTROLS

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

11. PETTY CASH

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

12. PROPER BOOKKEEPING

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

13. VAT CONTROLS

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

14. DATE OF NEXT MEETING

The next meeting of the Audit Committee is scheduled to be held in The Pepperpot on Thursday, 16 September 2021 at 7.00pm.

15. 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 Heagin	4 July 2019	Deferred until 2021 due to COVID-19 Community Centres not in operation so no revenue from this source.	On this Agenda	
Payment Controls	Cllr Heagin	10 September 2020	Conducted 10 September 2020 – no issues identified	On this Agenda	
Payroll Controls	Cllr Heagin	10 September 2020	Conducted 10 September 2020 – no issues identified	On this Agenda	
Petty Cash	Cllr Heagin	4 July 2019	Deferred until 2022 due to COVID-19 Petty cash not able to be reimbursed during lockdown so expense claims used instead.	On this Agenda	
Proper Book-keeping	Cllr Heagin	10 September 2020	Conducted 10 September 2020 – no issues identified	On this Agenda	
VAT Controls	Cllr Heagin	10 September 2020	Conducted 10 September 2020 – no issues identified	On this Agenda	

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	29 April 2021	To be reviewed annually	Next review to be completed by 31 March 2022	.
Risk Assessment – Safeguarding	Cllr Boyle	21 January 2021	To be reviewed at least every three years	Next review to be completed by 31 March 2024	

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	29 April 2021	Interim audit report received and responses given. Onward recommendation to next Full Council meeting	Ongoing	
Management of Debt (particularly Bad Debt)	RFO	29 April 2021	To be reviewed annually	Annual review completed by March 2022	
Review of Effectiveness of Internal Control	Cllr Heagin /RFO	22 April 2021 (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	22 April 2021 (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	22 April 2021 (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.	
Review of Credit Control Procedures	RFO	21 January 2021	To be reviewed at least every three years	Next review to be completed by 31 January 2024	
Review of Council Banking Arrangements	Cllr Heagin /RFO	29 April 2021		Report back by July 2021	
Review of Treasury and Investment Policy		29 April 2021	To be reviewed at least every three years	Next review to be completed by April 2024	

Godalming Town Council Audit Committee: Internal Review

Area of Review: **Income Controls - 2021**

Test	Success Yes/No	Notes
A) Ensure that precept is received on time and is the amount agreed in the budget.	Y	Remittance advice from WBC seen & checked. Includes 50% of precept as per budget & due on 1 April 2021 but also £3,530 Council Tax Support Grant (not separately identified by WBC).
B) Ensure that rents from Cemetery Lodges, The Square and Allotments are received regularly.	Y	JBC lodge income received. Rent for Nightingale Chapel waived in 2020/21.
	N	Allotments not yet invoiced for 2021/22 but all rents received 2020/21.
	Y	The Square – rent being received monthly.
C) Ensure bank interest is received.	Y	CCLA paying circa £3 per month per account.
D) Ensure sales invoices are correctly made out and VAT accounted for where applicable.	Y	See table of invoices checked
E) Ensure monies received meet invoices raised and are banked properly.	Y	ditto
F) Ensure receipts are properly recorded in the cash book.	Y	ditto
G) Ensure that more than one person is present when significant amounts of cash are received and counted.	N/a	No large cash events in 2020/21 or current year.

Date review carried out: 22 June 2021

By: Councillor Joan Heagin

Invoices Checked 2021/22

Invoice No	Amount	Correct Fee	Correct VAT	Correct Addition	Posted to Ledger	Paid	Banked
JBC8109	£875.00	Y	Y	Y	Y	10/5/21	BACS
JBC5671	£350.00	Y	Y	Y	Y	14/4/21	BACS
BW4706	£163.20	Y	Y	Y	Y	4/5/21	BACS
BW4705	£3360.00	Y	Y	Y	Y	CN	
WN2839	£144.00	Y	Y	Y	Y	4/5/21	BACS
GTC4731	£200.00	Y	Y	Y	Y	Various	Y
GTC4730	£23,865.00	Y	Y	Y	Y	10/5/21	BACS
GTC4740	£7,500.00	Y	Y	Y	Y	CN	
BW4707	£7,080.00	Y	Y	Y	Y	O/s	

GODALMING TOWN COUNCIL AUDIT REVIEW

INTERNAL REVIEW

AC 01.07.21
Agenda Item 9

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

Test	1	2	3	4	5	6	7	8	9
Payment ID	PR223	PR217	PR227	DD	DD	PR223	PR218	PR223	PR218
Payee	Phones for Business	Thrower Signs	WBC	O2	Engie	Patrick Andre Gaube	KCS	Kew Electrical	Blue Dot Display
Amount	£155.40	£936.00	£40.86	£76.97	£458.70	£306.56	£223.19	£500.75	£172.80
Date	19-May-21	12-Apr-21	10-Jun-21	15-Jun-21	24-Jun-21	07-May-21	23-Apr-21	19-May-21	23-Apr-21
A) Check that payment authority carries intelligible initials of 2 Councillors.	#1	#1	#1	N/a	N/a	#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	#3	Y	Y	Y	Y	Y	Y	Y
F) Confirm payment has has gone through the bank.	Y	Y	Y	o/s	o/s	Y	Y	Y	Y
G) If not in current month, is it allowed for in bank reconciliation	N/a		N/a			N/a	N/a	N/a	N/a

Date review carried out: 15 June 2021

By: Councillor Joan Heagin

#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.

#3 Invoice dated 15/2/21 but not received until 1/4/21

Godalming Town Council Audit Committee: Internal Review

Area of Review: Payroll 2021/22

Test	Success yes/ no	Notes
A) Whether all employees are in payroll system? Whether there are any ghost employees?	Y	All employees, including casual employees (but not self-employed contractors) are on payroll. No unidentified people found on the payroll.
B) Whether all employees have contracts of employment?	Y	Contracts of employment exist for all staff and are kept by TC in a locked filing cabinet. Contracts for new employees checked.
C) How wages are prepared?	Y	See attached written process.
D) Whether correct PAYE codes are being used?	Y	PAYE codes picked up annually from HMRC notifications online. In year changes prompted by employee (with HMRC letter), Sample of six verified.
E) Whether PAYE records are being kept correctly?	Y	System generated and no queries from HMRC for April & May 2021.
F) Whether net pay paid correctly?	Y	Net pay per payroll reports agreed to bank statements – matched 15/6/21
G) Does the payment to HMRC match the FPS submission to HMRC?	Y	FPS amount for April & May 2021 checked.
H) Whether HMRC paid correctly and on time?	Y	Amounts and payment for May 2021 checked.
I) Whether P45's, where applicable, are filed correctly?	N/A	No leavers year to date.
J) Are all employees in the Local Government Pension Scheme? And if not is there written evidence of their opting out	Y	All staff are in the scheme.
K) Are contribution rates (EE & ER) applied correctly	Y	SCC check at year end. Confirmed ER rate was correct at 18.4%. Two individual rates also checked.
L) Are correct payments made to Pension Authority	Y	Checked April 2021 payment.

MONTHLY PAYROLL PROCESS

Process	Do By
1. Email all staff asking for any information regarding payroll for the month e.g. Farmers Market, new deductions, payroll adjustments	15 th of the month
2. Log onto Sage 50 Payroll and set processing date to the 25th	
3. Check HMRC secure mail box for any tax code changes and apply	
4. Process any new employees (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 th of the month
14. Get two councillors' authorisation to proceed with payment	
15. Upload e-banking file for payment	22 nd of the month
16. Print P32 report (separate process instructions available)	
17. Process any leavers and print P45	
18. Process Full Payment Submission (E-submissions/Full Payment Submission)	25 th of the month
19. Take final back up of payroll for the month	
20. Complete Surrey Pension contribution Form (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: **Checking Petty Cash 2021**

Test	Success Y/N	Notes
A) Is Petty Cash kept securely?	Y	Petty cash kept in locked tin in locked cupboard (one key to tin kept by RFO; second in locked key cabinet). Petty cash is greatly reduced.
B) Ensure petty cash vouchers are correctly authorised and within budget limits.	N/a	Since COVID cheques have not been used which is the only way to top up petty cash. Instead, staff are paying for items that used to be paid for by petty cash and being reimbursed, or the corporate credit card is being used.
C) Ensure VAT and addition is correct on voucher.	N/a	See above
D) Ensure Petty Cash is reimbursed correctly.	N/a	See above
E) Ensure vouchers are entered correctly in cash book.	N/a	See above
F) Ensure Petty Cash is checked regularly.	Y	£2.17 verified by Cllr Heagin.

Date review carried out: 22 June 2021

By: Councillor Joan Heagin

Godalming Town Council Audit Committee: Internal Review

Area of Review: Proper Book-keeping –2021

Test	Success	Notes
Is there a procedure for checking that goods and services are received as ordered?	Y	Officers certify on invoices that goods/services have been received and query invoices where this is not the case.
Ensure proper procedure for checking suppliers' invoices and identifying VAT.	Y	As above – officers check & certify suppliers' invoices. RFO checks VAT accuracy.
Ensure proper procedure for recording suppliers' invoices.	Y	Documented in financial procedures.
Ensure proper procedure for making and checking payments.	Y	Completion of payment grid on each invoice – also payment checks carried out as part of this review – elsewhere on agenda – indicate procedure applied consistently.
Ensure proper filing system for purchase-ledger paperwork.	Y	Invoices filed alphabetically.
Ensure proper system for issuing sales invoices and/or receipts.	Y	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.	Y	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.	Y	See Credit Control process as considered by this Committee on 21 January 2021.
Ensure proper system for paying-in funds received.	Y	Banking as required– items recorded on schedule.
Ensure proper filing system for sales-ledger paperwork.	Y	Files checked.
Ensure cash book is up-to date.	Y	Sighted printed YTD Cashbook.

Ensure bank reconciliations are carried out properly.	Y	Evidence in the files; RFO carries out reconciliations monthly; these are signed by Chairman of the Audit Committee at each meeting of the Committee.
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Date review carried out: 22 June 2021

By: Councillor Joan Heagin

Godalming Town Council Audit Committee: Internal Review

Area of Review: VAT 2021

Test	Success Y/N	Notes
A) Whether VAT records are properly maintained?	Y	RBS maintains VAT accounts.
B) Whether GTC and JBC registered to submit VAT records on line?	Y	Evidence of electronic submission sighted.
C) Whether VAT forms are submitted correctly?	Y	Evidence of electronic submission sighted
D) Whether VAT paid correctly and on time?	Y	GTC receives refunds. Q4 2020/21 refund was received on 15 April 2021.

Date review carried out: 22 June 2021

By: Councillor Joan Heagin

The process for VAT submissions has changed since October 2020. Making Tax Digital requires that accounting packages digitally submit VAT returns directly to HMRC. Unlike PAYE digital submissions, the Council does not get any email verification of a VAT submission. However, the HMRC portal does record each submission.

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.