

GODALMING TOWN COUNCIL

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11 April 2023

I HEREBY SUMMON YOU to attend the **AUDIT COMMITTEE** Meeting to be held in The Pepperpot, High Street, Godalming on MONDAY, 17 APRIL 2023 at 7.00pm.

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 2 February 2023, a copy of which has been circulated previously.

2. **APOLOGIES FOR ABSENCE**

3. **DISCLOSABLE PECUNIARY INTERESTS AND OTHER REGISTERABLE 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. INTERNAL AUDITOR'S REPORT

Members to consider the report of an internal audit conducted on 17 April 2023 by the Council's Internal Auditor, Mulberry & Co (copy to be tabled at the meeting).

9. REVIEW OF THE EFFECTIVENESS OF INTERNAL CONTROL

Members to consider a report from the Responsible Finance Officer (report attached for the information of Members) and to consider what recommendations they will make to Full Council.

10. ANNUAL GOVERNANCE STATEMENT

The Annual Governance Statement is attached (not yet completed) for the information of Members and Members are required to consider the answers to the questions posed by the Statement and to make recommendations to Full Council as to how it should respond to those questions.

11. ACCOUNTING STATEMENTS 2022/23

Members to consider the Town Council's Accounting Statements for the Financial Year Ended 31 March 2023 (copy of Section 2 of the Annual Return to be tabled at the meeting).

12. MANAGEMENT OF DEBT 2022/23

The Council adopted the Credit Control Policy at Full Council on 19 November 2015 (Min No. 271-15 refers). The policy was reviewed by this Committee on 21 January 2021 and changed to a procedure (Min No. 324-20 refers). The procedure allows for a staged process to recover overdue invoices. This process has been found to be very effective and has minimised the amount of irrecoverable debts incurred by the Council.

Financial Regulation 9.6 requires any sums found to be irrecoverable to be reported to the Council so that they can be written off in the current financial year.

The Responsible Finance Officer has requested £132.00 worth of write offs in the 2022-23 financial year, although only £112.00 was written off as one debtor made payment subsequent to authorisation to write off.

13. REPORTS FROM CITATION

Citation was appointed as the Council's providers of an integrated Health & Safety management system in accordance with Min No. 491-22. As part of this service, they attended each site where Council staff work and the Council's main Community Centre to review compliance with current Health & Safety best practice.

Members are asked to consider the confidential reports from each site visit (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 Mayor's Parlour on Thursday, 25 May 2023 at 8.00pm.

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	25 April 2022	Latest Bank recs reviewed at each meeting of Audit Committee	Chair to review and sign at each meeting of the Audit Committee	Ongoing
Health & Safety	Cllr Heagin/RFO	2 February 2023	Citation appointed	On this agenda	
Internal Control – Meeting 1					
Income Controls	Cllr Crooks	7 July 2022	Conducted 4 July 2022 – no issues identified	Annual review to be completed by July 2023	
Payment Controls	Cllr Crooks	7 July 2022	Conducted 4 July 2022 – no issues identified	Annual review to be completed by July 2023	
Payroll Controls	Cllr Crooks	7 July 2022	Conducted 4 July 2022 – query over NI calculation for one employee	Annual review to be completed by July 2023	
Proper Book-keeping	Cllr Crooks	7 July 2022	Conducted 4 July 2022 – no issues identified	Annual review to be completed by July 2023	
VAT Controls	Cllr Crooks	7 July 2022	Conducted 2 July 2022 – no issues identified	Annual review to be completed by July 2023	
Miscellaneous – Meeting 2					
External Auditor's Report	RFO	Taken straight to Full Council on 29 September 2022	To be reviewed when next report received	Annual review to be completed by September 2023	
Asset Control	Cllr Boyle/RFO	3 November 2022	Onward recommendation to Full Council on 23 September 2021 of new Fixed Asset Disposal Policy	Annual review to be completed by September 2023	Revaluation of buildings to be organised within next two years

SUBJECT	NAME OF PERSON UNDERTAKING REVIEW	PREVIOUS COMPLETION DATE	ACTIONS BROUGHT FORWARD	STATUS	ACTIONS CARRIED FORWARD
Review of Suppliers	RFO /Facilities Supervisor /TC	Ongoing	To perform a competitive quote exercise for IT Services.	Ongoing task	To perform a competitive quote exercise for IT Services.
Financial Regulations	RFO	3 November 2022	Review of Financial Regulations completed by this Committee 3 November 2022. Onward recommendation to Full Council on 15 December 2022	Annual review to be completed by September 2023	
Procedures	Cllr Welland	Ongoing	Creating a Standard Operating Procedures File for each position	Ongoing task	
Budgetary Controls	Cllr Welland	3 November 2022	Conducted 3 November 2022 – to be reviewed in 12 months	Annual review to be completed by September 2023	

Risk Management – Meeting 3					
Risk Assessment – Business Continuity	Cllr Heagin /RFO	3 February 2022	To be reviewed at least every three years	Next review to be completed by 31 March 2025	
Risk Assessment – Environmental	Cllr Crooks/RFO	3 November 2022	To be reviewed at least every three years	Next review to be completed by 31 March 2025	
Risk Assessment – Legal	Cllr Boyle/RFO	7 July 2022	To be reviewed at least every three years	Next review to be completed by 31 March 2025	Develop a procedure for actions to be taken if Councillor/Officer acts unlawfully
Risk Assessment – Physical & Information Security	Cllr Welland/RFO	2 February 2023	To be reviewed at least every three years	Next review to be completed by 31 March 2026	
Risk Assessment – Reputation	Cllr Stubbs /RFO	2 February 2023	To be reviewed at least every three years	Next review to be completed by 31 March 2026	

SUBJECT	NAME OF PERSON UNDERTAKING REVIEW	PREVIOUS COMPLETION DATE	ACTIONS BROUGHT FORWARD	STATUS	ACTIONS CARRIED FORWARD
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Risk Assessment – Health & Safety	Cllr Stubbs /RFO	3 November 2022	To be reviewed at least every three years	Next review to be completed by 31 March 2025	
Risk Assessment – Financial	Cllr Crooks /RFO	2 February 2023	To be reviewed at least every three years	Next review to be completed by 31 March 2026	
Insurance	Town Clerk/RFO/ Cllr Heagin	29 April 2021	To be reviewed in detail at each contract renewal	Next review to be completed by 31 March 2025	
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	

Year End – Meeting 4					
Internal Auditor's Reports	RFO	3 November 2022	To be reviewed at next interim audit	On this agenda	
Management of Debt (particularly Bad Debt)	RFO	25 April 2022	To be reviewed annually	On this agenda	
Review of Effectiveness of Internal Control	Cllr Heagin /RFO	25 April 2022	To be reviewed annually	On this agenda	
Annual Governance Statement	Cllr Heagin /RFO	25 April 2022	To be reviewed annually	On this agenda	
Annual Accounting Statements	Cllr Heagin /RFO	25 April 2022	To be reviewed annually	On this agenda	
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	16 September 2021 – on the 13 January 2022 Full Council agenda	To be reviewed each Administration	Next review to be completed after May 2023	

SUBJECT	NAME OF PERSON UNDERTAKING REVIEW	PREVIOUS COMPLETION DATE	ACTIONS BROUGHT FORWARD	STATUS	ACTIONS CARRIED FORWARD
Review of Treasury & Investment Policy		29 April 2021	To be reviewed at least every three years	Next review to be completed by April 2024	

9. REVIEW OF THE EFFECTIVENESS OF INTERNAL CONTROL FOR GODALMING TOWN COUNCIL AND GODALMING JOINT BURIAL COMMITTEE

Background

1. Paragraph 4 of the Accounts and Audit (England) Regulations 2011 says the following:

4. (1) The relevant body is responsible for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body's functions and which includes arrangements for the management of risk.

(2) The relevant body must conduct a review at least once in a year of the effectiveness of its system of internal control.

(3) The findings of the review referred to in paragraph (2) must be considered—

(a) in the case of a larger relevant body, by the members of the body meeting as a whole or by a committee, and

(b) in the case of a smaller relevant body, by the members of the body meeting as a whole, and

following the review, the body or committee must approve an annual governance statement, prepared in accordance with proper practices in relation to internal control.

(4) The relevant body must ensure that the statement referred to in paragraph (3) accompanies—

(a) any statement of accounts it is obliged to prepare in accordance with regulation 7, or

(b) any accounting statement it is obliged to prepare in accordance with regulation 12.

(Members to note that for the purposes of the Accounts and Audit Regulations Godalming Town Council and the Godalming Joint Burial Committee are both smaller relevant bodies.)

2. It is part of the role of the Audit Committee to undertake a rolling programme of work that goes to inform the Council's review of the effectiveness of its system of internal control and the work programme forms part of the Council's evidence base. The Audit Committee also undertakes that work on behalf of the Godalming Joint Burial Committee, although as previously discussed in that case the relationship is different – the Audit Committee is not a committee of the Joint Burial Committee but Councillor Stubbs represents the JBC on the Audit Committee.

3. It is the normal practice of Godalming Town Council and of the Godalming Joint Burial Committee to undertake reviews of the effectiveness of internal control covering the financial year end to 31 March. In addition to its ongoing reviews this Committee will undertake two formal reviews, which together make up the "review of the effectiveness of systems of internal control". The first of these is this report and will inform the reviews to be undertaken by Full Council on 27 April 2023. The second is on this agenda when

this Committee reviews the annual governance statement alongside the statement of accounts.

Effectiveness of Systems of Internal Control

4. Members are asked to consider whether the Audit Committee's work programme deals adequately with the internal systems of control?
5. Members are further asked to address specifically the question of the effectiveness of audit and to do that by considering the questions and suggested responses shown below:
 - **Scope of Audit**

Has the scope of the internal audit been discussed with the Internal Auditor to ensure that all the relevant risks are covered?

 - The scope of the internal audit had been discussed with the Internal Auditor in order to ensure that all the relevant risks were covered. Each year the Internal Auditor reviews the accounting statements and then focuses on a different element of the Governance Statement, with all elements being covered in a four-year rolling programme.
 - **Independence**

Is the Internal Auditor sufficiently independent, objective and unbiased?

 - The Internal Auditor is sufficiently independent, objective and unbiased evidenced by the fact that Mulberry & Co is an external accountancy firm trading independently. Mulberry & Co has a particular specialism in Town and Parish Councils. Members to note that it is good practice to change the Internal Auditor and Godalming Town Council performed a market test in the 2017/18 financial year which resulted in Mulberry & Co being reappointed. However, in order to ensure familiarity does not become an issue, the person performing the audit is changed periodically (person one performed the financial years 2016/17, 2017/18 and 2018/19, person two performed the financial years 2019/20 and 2020/21, a third person in the 2021/22 financial year before returning to the first person in 2022/23).
 - **Competence**

Does the Internal Auditor have sufficient knowledge to be able to carry out the audit?

 - The Internal Auditor has sufficient knowledge to be able to carry out the audit as demonstrated by the fact that Mark Mulberry (the Internal Auditor) is a Chartered Certified Accountant and Registered Auditor.
 - **Relationships**

Are the relevant responsibilities of Members, Clerk and RFO clearly defined?

 - The relevant responsibilities of Members, Clerk and RFO are clearly defined in the job description for the Clerk and RFO and the terms of reference of the Audit Committee. There are also clear definitions of responsibility in Financial Regulations which are reviewed at least annually.

- **Audit Planning & Reporting**
Is the body aware of a timetable of when the internal and external audits will take place and when the reports from these will be expected?
- The Committee is made aware of the timetable of when the internal and external audits will take place and when the reports from these would be expected. The last interim internal audit was conducted on the 20 September 2022 and reported at the Audit Committee meeting on the 3 November 2022. The Committee's observations then accompanied the Internal Audit Report to the Full Council on the 19 December 2022. The final Internal Audit was completed on 17 April 2023 and will be reported at the Audit Committee meeting also on 17 April 2023. At its meeting on the 27 April 2023 Full Council should formally agree the annual return including the statement of accounts and the annual governance statement. The annual return is to be sent to the External Auditor thereafter and the expectation is that it should be received back by 30 September 2023. The annual return will be considered at the next scheduled meeting following its receipt from the External Auditor.

Internal Audit Process

6. The Committee is further asked to consider the following questions and suggested responses with regard to internal audit arrangements.

Is the work of the Internal Audit reviewed regularly?

- The work of the Internal Auditor is reviewed regularly; initially by Officers, then in detail by the Audit Committee. Findings and recommendations of the Audit Committee are reported to Full Council.

Are the reports on the work of the Internal Auditor presented to the Committee?

- The reports on the work of the Internal Auditor are presented to the Audit Committee; the most recent included on Audit Committee meeting dated the 3 November 2022.

Are the reviews and risk assessments undertaken from the Work Programme by the Audit Committee on behalf of the Joint Burial Committee reported to the Committee?

- The Godalming Joint Burial Committee performed its own risk assessments at its meeting on the 9 June 2022.

Does the Audit Committee provide regular reports relating to its recommendations and the agreed Work Programme to the Full Council?

- The Audit Committee reported to Full Council on the 29 September 2022 (Min No. 278-22 refers) and 15 December 2022 (Min Nos. 406-22, 409-22 and 410-22 refer).

Are the annual reports from the Internal Auditor presented to the Committee?

- The Annual Reports from the Internal Auditor are usually presented to the Audit Committee and then received by Full Council (see above for dates).

During the 2018-19 financial year, the Council went out to market to appoint their Internal Audit function for the 2018/19 financial year onwards. As a result of this exercise, Mulberry & Co was reappointed.

External Audit Process

7. The Committee is further asked to consider the following questions and suggested responses with regard to external audit arrangements.

Are the annual reports from the External Auditor presented to the Committee?

- The Annual Reports from the External Auditor relating to Godalming Town Council are presented to the Audit Committee, the most recent being brought to Full Council on the 29 September 2022.

Does the Committee ensure that recommendations from the External Auditor are implemented?

- If there are recommendations from the External Auditor then Members ensure that they are implemented. There were no recommendations for the 2021/22 financial year.

PK Littlejohn LLP will be the External Auditor for Godalming Town Council for the 2022/23 financial year.

Characteristics of the Review

8. Finally, the Council is asked to consider the following questions and suggested responses about the overall characteristics of this review.

Can it be seen as a Catalyst for Change?

- Yes, the evidence being the Work Programme and the reviews undertaken to assess risk and the areas that are developed from these reviews.

Does it Add Value?

- Yes, value is provided by the follow-up actions that are taken from the work programme to make improvements to enhance our services and reduce risk.

Is it Forward Looking?

- Yes, the review identifies risks and incorporates them into the Audit Committee's Work Programme, which is reviewed and updated at each meeting of the Committee to ensure it is forward looking and meeting events.

Is it Challenging?

- Yes, the Audit Committee has created its own Work Programme identifying areas and risks over and above the norm that are considered and are reviewed on a regular basis to ensure compliance and to allow Members to take ownership of the risks and how they are managed to meet best practice.

Are the right resources available for the Internal Auditor to complete its work?

- Sufficient budget exists to meet internal audit fees (and additional professional fees budget and/or reserves should unexpected circumstances demand more internal audit input is available if required). Good communication lines exist between the Internal Auditor and the Council's Officers and contracted staff.

Annual Governance and Accountability Return 2022/23 Form 3

To be completed by Local Councils, Internal Drainage Boards and other Smaller Authorities*:

- where the higher of gross income or gross expenditure exceeded £25,000 but did not exceed £6.5 million; or
- where the higher of gross income or gross expenditure was £25,000 or less but that:
 - are unable to certify themselves as exempt (fee payable); or
 - have requested a limited assurance review (fee payable)

Guidance notes on completing Form 3 of the Annual Governance and Accountability Return 2022/23

1. Every smaller authority in England that either received gross income or incurred gross expenditure exceeding £25,000 **must** complete Form 3 of the Annual Governance and Accountability Return at the end of each financial year in accordance with *Proper Practices*.
2. **The Annual Governance and Accountability Return is made up of three parts, pages 3 to 6:**
 - The **Annual Internal Audit Report must** be completed by the authority's internal auditor.
 - **Sections 1 and 2 must** be completed and approved by the authority.
 - **Section 3** is completed by the external auditor and will be returned to the authority.
3. The authority **must** approve Section 1, Annual Governance Statement, before approving Section 2, Accounting Statements, and both **must** be approved and published on the authority website/webpage **before 1 July 2023**.
4. An authority with either gross income or gross expenditure exceeding £25,000 or an authority with neither income nor expenditure exceeding £25,000, but which is unable to certify itself as exempt, or is requesting a limited assurance review, **must** return to the external auditor by email or post (not both) **no later than 30 June 2023**. Reminder letters will incur a charge of £40 +VAT:
 - the Annual Governance and Accountability Return Sections 1 and 2, together with
 - a bank reconciliation as at 31 March 2023
 - an explanation of any significant year on year variances in the accounting statements
 - notification of the commencement date of the period for the exercise of public rights
 - Annual Internal Audit Report 2022/23

Unless requested, do not send any additional documents to your external auditor. Your external auditor will ask for any additional documents needed.

Once the external auditor has completed the limited assurance review and is able to give an opinion, the Annual Governance and Accountability **Section 1, Section 2 and Section 3 – External Auditor Report and Certificate** will be returned to the authority by email or post.

Publication Requirements

Under the Accounts and Audit Regulations 2015, authorities must publish the following information on the authority website/webpage:

Before 1 July 2023 authorities **must** publish:

- Notice of the period for the exercise of public rights and a declaration that the accounting statements are as yet unaudited;
- **Section 1 - Annual Governance Statement 2022/23**, approved and signed, page 4
- **Section 2 - Accounting Statements 2022/23**, approved and signed, page 5

Not later than 30 September 2023 authorities **must** publish:

- Notice of conclusion of audit
- **Section 3 - External Auditor Report and Certificate**
- **Sections 1 and 2 of AGAR** including any amendments as a result of the limited assurance review.

It is recommended as best practice, to avoid any potential confusion by local electors and interested parties, that you also publish the Annual Internal Audit Report, page 3.

The Annual Governance and Accountability Return constitutes the annual return referred to in the Accounts and Audit Regulations 2015. Throughout, the words 'external auditor' have the same meaning as the words 'local auditor' in the Accounts and Audit Regulations 2015.

*for a complete list of bodies that may be smaller authorities refer to schedule 2 to the Local Audit and Accountability Act 2014.

Guidance notes on completing Form 3 of the Annual Governance and Accountability Return (AGAR) 2022/23

- The authority **must** comply with *Proper Practices* in completing Sections 1 and 2 of this AGAR. *Proper Practices* are found in the *Practitioners' Guide** which is updated from time to time and contains everything needed to prepare successfully for the financial year-end and the subsequent work by the external auditor.
- Make sure that the AGAR is complete (no highlighted boxes left empty) and is properly signed and dated. Any amendments must be approved by the authority and properly initialled.
- The authority **should** receive and note the Annual Internal Audit Report before approving the Annual Governance Statement and the accounts.
- Use the checklist provided below to review the AGAR for completeness before returning it to the external auditor by email or post (not both) no later than 30 June 2023.
- The Annual Governance Statement (Section 1) must be approved on the same day or before the Accounting Statements (Section 2) and evidenced by the agenda or minute references.
- The Responsible Financial Officer (RFO) must certify the accounts (Section 2) before they are presented to the authority for approval. The authority must in this order; consider, approve and sign the accounts.
- The RFO is required to commence the public rights period as soon as practical after the date of the AGAR approval.
- **You must inform your external auditor about any change of Clerk, Responsible Financial Officer or Chairman, and provide relevant authority owned generic email addresses and telephone numbers.**
- Make sure that the copy of the bank reconciliation to be sent to your external auditor with the AGAR covers all the bank accounts. If the authority holds any short-term investments, note their value on the bank reconciliation. The external auditor must be able to agree the bank reconciliation to Box 8 on the accounting statements (**Section 2, page 5**). An explanation **must** be provided of any difference between Box 7 and Box 8. More help on bank reconciliation is available in the *Practitioners' Guide**.
- Explain fully significant variances in the accounting statements on **page 5**. Do not just send a copy of the detailed accounting records instead of this explanation. The external auditor wants to know that you understand the reasons for all variances. Include complete numerical and narrative analysis to support the full variance.
- If the bank reconciliation is incomplete or variances not **fully** explained then additional costs may be incurred.
- Make sure that the accounting statements add up and that the balance carried forward from the previous year (Box 7 of 2022) equals the balance brought forward in the current year (Box 1 of 2023).
- The Responsible Financial Officer (RFO), on behalf of the authority, **must** set the commencement date for the exercise of public rights of 30 consecutive working days which **must** include the first ten working days of July.
- The authority **must** publish on the authority website/webpage the information required by Regulation 15 (2), Accounts and Audit Regulations 2015, including the period for the exercise of public rights and the name and address of the external auditor **before 1 July 2023**.

Completion checklist – 'No' answers mean you may not have met requirements		Yes	No
All sections	Have all highlighted boxes have been completed?		
	Has all additional information requested, including the dates set for the period for the exercise of public rights , been provided for the external auditor?		
Internal Audit Report	Have all highlighted boxes been completed by the internal auditor and explanations provided?		
Section 1	For any statement to which the response is 'no', has an explanation been published?		
Section 2	Has the Responsible Financial Officer signed the accounting statements before presentation to the authority for approval?		
	Has the authority's approval of the accounting statements been confirmed by the signature of the Chairman of the approval meeting?		
	Has an explanation of significant variations been published where required?		
	Has the bank reconciliation as at 31 March 2023 been reconciled to Box 8?		
	Has an explanation of any difference between Box 7 and Box 8 been provided?		
Sections 1 and 2	Trust funds – have all disclosures been made if the authority as a body corporate is a sole managing trustee? NB: do not send trust accounting statements unless requested.		

**Governance and Accountability for Smaller Authorities in England – a Practitioners' Guide to Proper Practices*, can be downloaded from www.nalc.gov.uk or from www.ada.org.uk

Annual Internal Audit Report 2022/23

ENTER NAME OF AUTHORITY

ENTER PUBLICLY AVAILABLE WEBSITE/WEBPAGE ADDRESS

During the financial year ended 31 March 2023, this authority's internal auditor acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with the relevant procedures and controls in operation and obtained appropriate evidence from the authority.

The internal audit for 2022/23 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

Internal control objective	Yes	No*	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.			
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.			
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.			
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.			
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.			
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.			
G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.			
H. Asset and investments registers were complete and accurate and properly maintained.			
I. Periodic bank account reconciliations were properly carried out during the year.			
J. 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.			
K. If the authority certified itself as exempt from a limited assurance review in 2021/22, it met the exemption criteria and correctly declared itself exempt. <i>(If the authority had a limited assurance review of its 2021/22 AGAR tick "not covered")</i>			
L. The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation.			
M. In the year covered by this AGAR, the authority correctly provided for a period for the exercise of public rights as required by the Accounts and Audit Regulations <i>(during the 2022-23 AGAR period, were public rights in relation to the 2021-22 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set)</i> .			
N. The authority has complied with the publication requirements for 2021/22 AGAR <i>(see AGAR Page 1 Guidance Notes)</i> .			

O. (For local councils only)	Yes	No	Not applicable
Trust funds (including charitable) – The council met its responsibilities as a trustee.			

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

Date(s) internal audit undertaken

Name of person who carried out the internal audit

DD/MM/YYYY DD/MM/YYYY DD/MM/YYYY

ENTER NAME OF INTERNAL AUDITOR

Signature of person who carried out the internal audit

SIGNATURE REQUIRED

Date

DD/MM/YYYY

***If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).**

****Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned; or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).**

Section 1 – Annual Governance Statement 2022/23

We acknowledge as the members of:

ENTER NAME OF AUTHORITY

our responsibility for ensuring that there is a sound system of internal control, including arrangements for the preparation of the Accounting Statements. We confirm, to the best of our knowledge and belief, with respect to the Accounting Statements for the year ended 31 March 2023, that:

	Agreed		'Yes' means that this authority:
	Yes	No*	
1. We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.			<i>prepared its accounting statements in accordance with the Accounts and Audit Regulations.</i>
2. We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.			<i>made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.</i>
3. We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and Proper Practices that could have a significant financial effect on the ability of this authority to conduct its business or manage its finances.			<i>has only done what it has the legal power to do and has complied with Proper Practices in doing so.</i>
4. We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.			<i>during the year gave all persons interested the opportunity to inspect and ask questions about this authority's accounts.</i>
5. We carried out an assessment of the risks facing this authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.			<i>considered and documented the financial and other risks it faces and dealt with them properly.</i>
6. We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.			<i>arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of this smaller authority.</i>
7. We took appropriate action on all matters raised in reports from internal and external audit.			<i>responded to matters brought to its attention by internal and external audit.</i>
8. 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>disclosed everything it should have about its business activity during the year including events taking place after the year end if relevant.</i>
9. (For local councils only) Trust funds including charitable. In our capacity as the sole managing trustee we discharged our accountability responsibilities for the fund(s)/assets, including financial reporting and, if required, independent examination or audit.	Yes	No	N/A <i>has met all of its responsibilities where, as a body corporate, it is a sole managing trustee of a local trust or trusts.</i>

***Please provide explanations to the external auditor on a separate sheet for each 'No' response and describe how the authority will address the weaknesses identified. These sheets must be published with the Annual Governance Statement.**

This Annual Governance Statement was approved at a meeting of the authority on:

DD/MM/YYYY

and recorded as minute reference:

MINUTE REFERENCE

Signed by the Chairman and Clerk of the meeting where approval was given:

Chairman

SIGNATURE REQUIRED

Clerk

SIGNATURE REQUIRED

ENTER PUBLICLY AVAILABLE WEBSITE/WEBPAGE ADDRESS

Section 2 – Accounting Statements 2022/23 for

ENTER NAME OF AUTHORITY

	Year ending		Notes and guidance
	31 March 2022 £	31 March 2023 £	
			<i>Please round all figures to nearest £1. Do not leave any boxes blank and report £0 or Nil balances. All figures must agree to underlying financial records.</i>
1. Balances brought forward			<i>Total balances and reserves at the beginning of the year as recorded in the financial records. Value must agree to Box 7 of previous year.</i>
2. (+) Precept or Rates and Levies			<i>Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.</i>
3. (+) Total other receipts			<i>Total income or receipts as recorded in the cashbook less the precept or rates/levies received (line 2). Include any grants received.</i>
4. (-) Staff costs			<i>Total expenditure or payments made to and on behalf of all employees. Include gross salaries and wages, employers NI contributions, employers pension contributions, gratuities and severance payments.</i>
5. (-) Loan interest/capital repayments			<i>Total expenditure or payments of capital and interest made during the year on the authority's borrowings (if any).</i>
6. (-) All other payments			<i>Total expenditure or payments as recorded in the cashbook less staff costs (line 4) and loan interest/capital repayments (line 5).</i>
7. (=) Balances carried forward			<i>Total balances and reserves at the end of the year. Must equal (1+2+3) - (4+5+6).</i>
8. Total value of cash and short term investments			<i>The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March – To agree with bank reconciliation.</i>
9. Total fixed assets plus long term investments and assets			<i>The value of all the property the authority owns – it is made up of all its fixed assets and long term investments as at 31 March.</i>
10. Total borrowings			<i>The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).</i>

For Local Councils Only	Yes	No	N/A	
11a. Disclosure note re Trust funds (including charitable)				<i>The Council, as a body corporate, acts as sole trustee and is responsible for managing Trust funds or assets.</i>
11b. Disclosure note re Trust funds (including charitable)				<i>The figures in the accounting statements above do not include any Trust transactions.</i>

I certify that for the year ended 31 March 2023 the Accounting Statements in this Annual Governance and Accountability Return have been prepared on either a receipts and payments or income and expenditure basis following the guidance in Governance and Accountability for Smaller Authorities – a Practitioners' Guide to Proper Practices and present fairly the financial position of this authority.

Signed by Responsible Financial Officer before being presented to the authority for approval

SIGNATURE REQUIRED

Date

DD/MM/YYYY

I confirm that these Accounting Statements were approved by this authority on this date:

DD/MM/YYYY

as recorded in minute reference:

MINUTE REFERENCE

Signed by Chairman of the meeting where the Accounting Statements were approved

SIGNATURE REQUIRED

Section 3 – External Auditor’s Report and Certificate 2022/23

In respect of

ENTER NAME OF AUTHORITY

1 Respective responsibilities of the auditor and the authority

Our responsibility as auditors to complete a **limited assurance review** is set out by the National Audit Office (NAO). A limited assurance review is **not a full statutory audit**, it does not constitute an audit carried out in accordance with International Standards on Auditing (UK & Ireland) and hence it **does not** provide the same level of assurance that such an audit would. The UK Government has determined that a lower level of assurance than that provided by a full statutory audit is appropriate for those local public bodies with the lowest levels of spending.

Under a limited assurance review, the auditor is responsible for reviewing Sections 1 and 2 of the Annual Governance and Accountability Return in accordance with NAO Auditor Guidance Note 02 (AGN 02) as issued by the NAO on behalf of the Comptroller and Auditor General. AGN 02 is available from the NAO website – <https://www.nao.org.uk/code-audit-practice/guidance-and-information-for-auditors/> .

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 2023; and
- confirms and provides assurance on those matters that are relevant to our duties and responsibilities as external auditors.

2 External auditor’s limited assurance opinion 2022/23

(Except for the matters reported below)* on the basis of our review of Sections 1 and 2 of the Annual Governance and Accountability Return, in our opinion the information in Sections 1 and 2 of the Annual Governance and Accountability Return 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. (*delete as appropriate).

(continue on a separate sheet if required)

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

(continue on a separate sheet if required)

3 External auditor certificate 2022/23

We certify/do not 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 2023.

*We do not certify completion because:

External Auditor Name

ENTER NAME OF EXTERNAL AUDITOR

External Auditor Signature

SIGNATURE REQUIRED

Date

DD/MM/YYYY

10. ANNUAL GOVERNANCE STATEMENT

The Audit Committee to consider the Town Council's Annual Governance Statement for the Financial Year ended 31 March 2023 specifically considering the answers to the questions posed by the Annual Governance Statement. The proposed answers are shown below and are recommended to the Audit Committee.

	Statement <i>Godalming Town Council</i>	Recommended Answer	Evidence
1	We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.	YES	Use RBS accounting software – Officers have received training on the use of it. The budget is monitored at each ordinary meeting of the Policy & Management Committee.
2	We maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.	YES	Adequate systems of internal control maintained as evidenced by the Audit Committee's Work Programme and item on this agenda. By the introduction of new systems and controls whenever required. Assurances of Internal Audit reports Performed a separate review of the effectiveness of the Council's systems of internal control as recorded in the minutes.
3	We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and proper practices that could have a significant financial effect on the ability of this smaller authority to conduct its business or manage its finances.	YES	We employ competent staff and maintain an adequate budget for external professional advice augmented as required for specific additional advice. Staff attend sector specific conferences to ensure they are kept abreast of changes in the law.
4	We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.	YES	Relevant notices displayed outside the Town Council offices as per the Accounts & Audit Regulations. The notices are also displayed on our website. In addition, ad hoc queries during the year are addressed fully.
5	We carried out an assessment of the risks facing this smaller authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	YES	Risk Assessments are all available for inspection in the Council's offices and on-going programme of risk analysis as part of the Audit Committee's Work Programme. Insurance schedule updated each year to reflect changes. The Council have engaged the services of an independent organisation to assist in the management of the ongoing risks around Health & Safety compliance.

6	We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.	YES	Report of the Internal Auditor was received by the Audit Committee on 3 November 2022. Report of the External Auditor went directly to Full Council on the 29 September 2022. A further report from the Internal Auditor is on the agenda for this meeting.
7	We took appropriate action on all matters raised in reports from internal and external audit.	YES	Minutes Audit Committee 349-22, Full Council 278—22 and Min 409-22 and on agenda for 27 April 2023.
8	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 smaller authority and, where appropriate have included them in the accounting statements.	YES	Annual provision made in reserves for election expenses; ear marked reserves are used to provide for other potential commitments.
9	(For local council only) Trust funds including charitable. In our capacity as the sole managing trustee we discharged our accountability responsibilities for the fund(s)/assets, including financial reporting and, if required, independent examination or audit.	N/A	This Council manages no trust funds.

GODALMING TOWN COUNCIL

Disclosure by a Member¹ of a disclosable pecuniary interest or other registerable interest (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 registerable interest (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 Interests	Other Registerable Interests (Non-Pecuniary Interests)	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 registerable interest (non-pecuniary interest) is defined by Section 9 of the Godalming Members' Code of Conduct.