

GODALMING TOWN COUNCIL

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Godalming
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30 June 2023

I HEREBY SUMMON YOU to attend the **AUDIT COMMITTEE** Meeting to be held in The Pepperpot, High Street, Godalming on THURSDAY, 6 JULY 2023 at 6.30pm.

Andy Jeffery

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 Crooks – Chair
Councillor Holliday
Councillor Steel
Councillor Taylor
Councillor Thomson – Vice Chair

AGENDA

1. MINUTES

To approve as a correct record the minutes of the meeting held on the 25 May 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. 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. PROPER BOOKKEEPING

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

12. VAT CONTROLS

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

13. DATE OF NEXT MEETING

The next meeting of the Audit Committee is scheduled to be held in The Pepperpot on Thursday, 14 September 2023 at 6.30pm.

14. 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	17 April 2023	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	17 April 2023	Citation appointed	Report of tasks and issues to be submitted at each meeting of the Audit Committee	
Internal Control – Meeting 1					
Income Controls	Cllr Steel	7 July 2022	Conducted 4 July 2022 – no issues identified	On this agenda	
Payment Controls	Cllr Steel	7 July 2022	Conducted 4 July 2022 – no issues identified	On this agenda	
Payroll Controls	Cllr Steel	7 July 2022	Conducted 4 July 2022 – query over NI calculation for one employee	On this agenda	
Proper Book-keeping	Cllr Steel	7 July 2022	Conducted 4 July 2022 – no issues identified	On this agenda	
VAT Controls	Cllr Steel	7 July 2022	Conducted 2 July 2022 – no issues identified	On this agenda	
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	

SUBJECT	NAME OF PERSON UNDERTAKING REVIEW	PREVIOUS COMPLETION DATE	ACTIONS BROUGHT FORWARD	STATUS	ACTIONS CARRIED FORWARD
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 – recommendation that this be closer to Year 2 to allow inflation to settle
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
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	17 April 2023	To be reviewed at next interim audit	Ongoing	
Management of Debt (particularly Bad Debt)	RFO	17 April 2023	To be reviewed annually	Next review to be completed by April 2024	
Review of Effectiveness of Internal Control	Cllr Heagin /RFO	17 April 2023	To be reviewed annually	Next review to be completed by April 2024	
Annual Governance Statement	Cllr Heagin /RFO	17 April 2023	To be reviewed annually	Next review to be completed by April 2024	
Annual Accounting Statements	Cllr Heagin /RFO	17 April 2023	To be reviewed annually	Next review to be completed by April 2024	
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	
Review of Treasury & 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 – 2023/24**

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 & received on 6 April 2023
B) Ensure that rents from Cemetery Lodges, The Square and Allotments are received regularly.	Y	Cemeteries lodge income received by Direct Debit each month (bank statement sighted for April and May 2023). Rent for Nightingale Chapel invoiced in September each year. Sighted September 2022 invoice and traced receipt to bank statement.
	N	Allotments not yet invoiced for 2023/24 but all rents received 2022/23 (Farncombe Allotment Association paid £1987.90 – traced to bank statement).
	Y	The Square – car park rent being received monthly and main rent quarterly (currently not a regular amount but always at least the minimum agreed amount).
C) Ensure bank interest is received.	Y	CCLA and HSBC accounts now both paying interest. Amount varies but correctly accounted for in financial system.
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	Due to COVID no longer deal in cash bar one market trader who pays £40 per week. Other insignificant ad hoc cash receipts noted such as Street Collections.

Date review carried out: 15 June 2023

By: Councillor Michael Steel

Invoices Checked 2023/24

Invoice No	Amount	Correct Fee	Correct VAT	Correct Addition	Posted to Ledger	Paid	Banked
PP1419	£84.40	Y	Y	Y	Y	9/6/23	Y
PP1413	£21.60	Y	Y	Y	Y	O/S	
BW4837	£84.00	Y	Y	Y	Y	O/S	
BW4833	£58.80	Y	Y	Y	Y	23/5/23	Y
GTC5426	£80.00	Y	Y	Y	Y	10/6/23	Y
GTC5405	£11.25	N/A	Y	Y	Y	3/5/23	Y
WN3287	£144.00	Y	Y	Y	Y	31/5/23	Y
WN3280	£215.25	Y	Y	Y	Y	2/6/23	Y
CEM233	£825.00	Y	Y	Y	Y	2/6/23	Y
CEM230	£1,360.00	Y	Y	Y	Y	15/5/23	Y

GODALMING TOWN COUNCIL AUDIT REVIEW

INTERNAL REVIEW

AC 06.07.23
Agenda Item 9

Area of Review: Checking random payments-

Test	1	2	3	4	5	6	7	8	9	10
Payment ID	PR334	PR330	PR339	PR342	PR332	PR340	PR340	PR345	PR345	PR338
Payee	Car Credit	Defib World	Endless Floyd	S Faraday	Gigloo	Marshall Design	Mulberry & Co	QLS	Shorts	Zurich
Amount	£22,100.00	£3,888.00	£2,200.00	£202.91	£2,651.44	£342.00	£324.00	£5,702.40	£120.00	£417.64
Date	26-Apr-23	03-Apr-23	22-May-23	18-May-23	04-Apr-23	05-May-23	12-May-23	05-Jun-23	04-May-23	28-Apr-23
A) Check that there is payment authority from 2 Councillors.	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
B) Check that invoice being paid has been passed by instigator of requisition.	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
C) Check that invoice has been entered correctly on system, including VAT.	*1	Y	Y	Y	Y	Y	Y	Y	Y	Y
D) Check that payment is within reasonable time period.	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
E) Confirm payment has has gone through the bank.	26-Apr-23	12-Apr-23	15-May-23	31-May-23	18-Apr-02	24-May-23	24-May-23	13-Jun-23	13-Jun-23	11-May-23

Date review carried out: 15 June 2023

By: Councillor Michael Steel

*1 VAT charged but not claimed

Godalming Town Council Audit Committee: Internal Review

Area of Review: Payroll 2023/24

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 or RFO in locked filing cabinets. Contracts for five employees checked (James Harvey, Jane Fitzsimmons, Nosheen Rehman, Josie Weller and Washington Crawford).
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 and/or HMRC letter.
E) Whether PAYE records are being kept correctly?	Y	System generated and no queries from HMRC for April & May 2023.
F) Whether net pay paid correctly?	Y	Net pay per payroll reports agreed to bank statements for May 2023 payroll
G) Does the payment to HMRC match the FPS submission to HMRC?	Y	FPS amount for April & May 2023 checked.
H) Whether HMRC paid correctly and on time?	Y	Amounts and payment for May 2023 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 eligible are in the scheme. Several part-time employees are not required to be enrolled and have not elected to be enrolled.
K) Are contribution rates (EE & ER) applied correctly?	Y	SCC check at year end. Confirmed ER rate was correct at 17.7%. Several employees rate checked.
L) Are correct payments made to Pension Authority?	Y	Checked May 2023 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 mailbox 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. Get Town Clerk's authorisation to proceed with payment	
7. Upload final payslips to employee portals	
8. Print following reports- Payment Summary Part 1, Payment Summary Part 2, Pensions – Current, Pensions – Employee and Pensions – Employer (separate process instructions available)	
9. Process Full Payment Submission (E-submissions/Full Payment Submission)	
10. Complete and post payroll journal	
11. Update records (Select all employees/Payroll/Update Records)	
12. Create payment authorisation record	20 th of the month
13. Get two councillors' authorisation to proceed with payment	
14. Manually load payment on bank system and get Town Clerk to authorise	23 rd of the month
15. Print P32 report (separate process instructions available)	
16. Process any leavers and print P45	
17. Take final back up of payroll for the month	
18. Complete Surrey Pension Contribution Form (separate process instructions available)	
19. Make payment for Union Fees, Pension Contribution and HMRC PAYE/NIC	

Godalming Town Council Audit Committee: Internal Review

Area of Review: Proper Bookkeeping –2023/24

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 and 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. Booking System has many automatic checks which eliminates many potential errors.
Ensure proper system for monitoring and ensuring prompt payment of sales invoices.	Y	Sighted credit control spreadsheet for April 2023 and noted actions taken in line with approved process.
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 electronic 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.

Date review carried out: 15 June 2023

By: Councillor Michael Steel

Godalming Town Council Audit Committee: Internal Review

Area of Review: VAT 2023/24

Test	Success Yes/No	Notes
A) Whether VAT records are properly maintained?	Y	RBS maintains VAT accounts.
B) Whether GTC registered to submit VAT records online?	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 2022/23 refund of £14,127.95 was received on 24 April 2023.

Date review carried out: 15 June 2023

By: Councillor Michael Steel

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 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.