**+MINUTES AND REPORT OF THE AUDIT & GOVERNANCE COMMITTEE HELD ON THURSDAY 29 OCTOBER 2026**

* Councillor Thomson – Chair
* Councillor Crooks – Vice Chair
* Councillor Marshall
* Councillor Steel
* Councillor Martin

* Present # Absent & No Apology Received 0 Apology for Absence L Late

342.291026
MINUTES

The Minutes of the Meeting held on Thursday 28 May 2026 were signed by the Chair as a correct record.

343.291026
APOLOGIES FOR ABSENCE

Apologies for absence were received and recorded as above.

344.291026
DISCLOSABLE PECUNIARY INTERESTS AND OTHER REGISTERABLE INTERESTS

Members made no declarations of interest in relation to any item on the agenda for this meeting, which is required to be disclosed by the Localism Act 2011 and the Godalming Members' Code of Conduct.

345.291026
PETITIONS/STATEMENTS/QUESTIONS FROM MEMBERS OF THE PUBLIC

No petitions/statements/questions had been received from members of the public in accordance with Standing Order No 5.

346.291026
QUESTIONS BY MEMBERS

No questions from Councillors were submitted in accordance with Standing Order 6.

347.291026
WORK PROGRAMME

Members considered the Committee's Work Programme and noted progress on the items therein (copy attached to record minutes).

348.291026
BANK RECONCILIATION

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

Members agreed that the Chair should sign the bank reconciliation tabled.

349.291026

INCOME CONTROLS

Members received the report on the review of income controls and noted there were no issues raised.

350.291026

PAYMENT CONTROLS

Members received the report on the review of payment controls and noted there were no issues raised.

351.291026

PAYROLL CONTROLS

Members received the report on the review of payroll controls and noted there were no issues raised.

352.291026

PROPER BOOKKEEPING

Members received the report on the review of proper bookkeeping and noted there were no issues raised.

353.291026

VAT CONTROLS

Members received the report on the review of VAT controls and noted there were no issues raised. The CEO informed notified that HMRC will be conducting a VAT check, this is a standard HMRC action with GTC being randomly selected and does not imply any negative issues relating to GTC VAT returns. Members will be informed of the outcome of the inspection.

354.291026

INTERIM INTERNAL AUDIT

**Members recommend that Full Council note the report of the Internal Auditor.**

Members considered the interim internal audit report conducted by Mulberry Local Authority Services Ltd, on 27 August 2026 for the 2026/27 financial year (report to the record minutes) and the recommendations contained therein.

Members noted Internal Auditors recommendations and observations:

- *That the Council ensures that a data audit is completed during 2026/27 to comply with GDPR regulations, as this may be an audit test for next year. The Clerk confirmed this, along with updating the Website Accessibility Statement, is due to be conducted by the council as part of their compliance audit during 2026/27.*
- *The Council is reminded of the need to conduct regular training for officers and councillors on data protection principles.*

Members noted that staff are regularly required to conduct online IT, Cyber and Data protection training provided by the Council's IT support provider and that Councillor receive information and training as part of the Councillor induction process.

Members to note that Officers are seeking a certificate of compliance for the Council's website from its provider against the requirements of Web Content Accessibility Guidelines (WCAG) WCAG 2.2 AA standard.

Members also noted that GTC has a data retention policy and it is planned to audit GTC data against that policy to be completed by end of February 2027.

Members RESOLVED to recommend the Internal Auditor report and the recommendations, along with the planned actions be NOTED by Full Council.

355.291026

POLICY REVIEW - IT, CYBER & ACCEPTABLE USE POLICY

Members reviewed the IT, Cyber & Acceptable Use Policy and RESOLVED to recommend the policy for readoption by Full Council as required to meet the expectations of Assertion 10 – Digital and Data Compliance within the Annual Governance and Accountability Return (AGAR).

Members noted that the Policy provides guidance and controls relating to:

- acceptable use of Council IT equipment and systems;
- password security and multi-factor authentication;
- email communications and phishing awareness;
- data storage, retention, backups and secure disposal;
- remote working expectations and personal device requirements; and
- incident reporting, monitoring, and enforcement.

Members further agreed this policy should be considered as a core policy and in future should be included as a policy that should be adopted yearly at Annual Council.

Additionally, Members instructed the CEO to bring forward a draft AI usage policy for consideration at the next meeting of this committee.

356.291026

BUDGETARY CONTROLS

Members received the report on the review of budgetary controls (report attached to the record minutes) and resolved to approve the budgetary control processes.

357.291026

DATE OF NEXT MEETING

The next meeting of the Audit Committee is scheduled to be held in the Oglethorpe Room on Thursday, 4 February 2027 at 6.30pm.

358.291026

ANNOUNCEMENTS

There were no announcements.

# AUDIT COMMITTEE WORK PROGRAMME

| SUBJECT | NAME OF PERSON UNDERTAKING REVIEW | PREVIOUS COMPLETION DATE | ACTIONS BROUGHT FORWARD | STATUS | ACTIONS CARRIED FORWARD |
|---|---|---|---|---|---|
| Bank Reconciliation | Cllr Thomson/RFO | 11 September 2025 | 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 – 9 July 2026 | | | | | |
| Income Controls | Cllr Thomson | 10 July 2025 (Min No 108-25) | Reviewed 10 July 2025 – no issues identified | **Item on this agenda** | |
| Payment Controls | Cllr Thomson | 10 July 2025 (Min No 109-25) | Reviewed 10 July 2025 – no issues identified | **Item on this agenda** | |
| Payroll Controls | Cllr Thomson | 11 September 2025 Min Nos 110-25 & 272-25) | Reviewed 11 Sept 2025 – amendments completed | **Item on this agenda** | |
| Proper Book-keeping | Cllr Thomson | 10 July 2025 (Min No 111-25) | Reviewed 11 Sept 2025 – no issues identified | **Item on this agenda** | |
| VAT Controls | Cllr Thomson | 10 July 2025 (Min No 112-25) | Reviewed 10 July 2025 – no issues identified | **Item on this agenda** | |
| Miscellaneous – Meeting 2 – 29 October 2026 | | | | | |
| External Auditor's Report | RFO | 8 August 2025 | To be Considered by Full Council on 17 September 2025 | Annual review to be completed by September 2026 | Accepted by Full Council 17 September |
| Asset Control | Cllr Thomson/RFO | 12 September 2024 | Revaluation Completed March 2024. | Next Full revaluation due 2030 | Valuations for insurance of any CAT properties to be undertaken prior to completion of transfers and risk liability transferring to GTC |

| SUBJECT | NAME OF PERSON UNDERTAKING REVIEW | PREVIOUS COMPLETION DATE | ACTIONS BROUGHT FORWARD | STATUS | ACTIONS CARRIED FORWARD |
|---|---|---|---|---|---|
| Review of Suppliers | RFO /TC | Ongoing<br><br>Insurance contract reviewed for 2024/25. | Review suppliers to ensure best value for money being achieved | | |
| Financial Regulations | RFO | 17 April 2025 | Financial Regulations updated by this committee 17 April 2025 | Approved by Annual Council 20 May 2026 | |
| Procedures | RFO | Ongoing<br>SOP's for Facilities function written and being updated by Operations & Compliance Officer. | Creating a Standard Operating Procedures File for each position | Ongoing, procedures are updated as required due to operational/ software changes etc. | Annual review of SOP'S |
| Budgetary Controls | Cllr Crooks | 11 September 2025 (Min No 273-25) | To be reviewed in 12 months | Next review due 29 October 2026 | Date to be agreed with Cllr Crooks for checks to be conducted by 10 October 2026 |
| Risk Management – Meeting 3 – 4 February 2027 | | | | | |
| Risk Management Strategy | RFO | 20 May 2026 | | Approved by Full Council 20 May 2026 | |
| Insurance | RFO | 18 April 2024 | To be reviewed in detail at each contract renewal | Current Insurance based on 3-year contract due for reviewed for renewal for April 2027 | . |
| Risk Assessment – Re-use of Land at Nightingale Cemetery | Cllr Steel / RFO | 1 February 2024 | | Digitisation of Nightingale Cemetery record completed | Risk assessment to be produced as part of application for Faculty. Due to Godalming Minister being interregnum it was not possible to progress Faculty. With new incumbent in post Nov 2025, work on Faculty application resumed. |

| SUBJECT | NAME OF PERSON UNDERTAKING REVIEW | PREVIOUS COMPLETION DATE | ACTIONS BROUGHT FORWARD | STATUS | ACTIONS CARRIED FORWARD |
|---|---|---|---|---|---|
| Risk | RFO | Ongoing | Identify areas to review to ensure risk is being managed appropriately within the Council | Ongoing | |
| Year End – Meeting 4 – 15 April 2027 | | | | | |
| Internal Auditor's Reports | RFO | 28 May 2026 - Interim Audit (Min No 53.280526) | To be reviewed at next interim audit | Ongoing | |
| Management of Debt (particularly Bad Debt) | RFO | 16 April 2026 (Min No 644-25) | To be reviewed annually | Annual review to be completed by April 2027 | |
| Review of Effectiveness of Internal Control | Cllr Thomson /RFO | 16 April 2026 (Min No 641-25) | To be reviewed annually | Annual review to be completed by April 2027 | |
| Annual Governance Statement | Cllr Thomson /RFO | 16 April 2026 (Min No 642-25) | To be reviewed annually | Annual review to be completed by April 2027 | |
| Annual Accounting Statements | Cllr Thomson /RFO | 16 April 2025 (Min No 643-25) | To be reviewed annually | Annual review to be completed by April 2027 | |
| Review of Credit Control Procedures | RFO | 18 April 2024 | To be reviewed at least every three years | Next review to be completed by April 2027 | |
| Review of Council Banking Arrangements | Cllr Thomson /RFO | 20 July 2023 Full Council Min 117-23 | To be reviewed each Administration | Next review to be completed after May 2027 | |
| Review of Treasury & Investment Policy | Cllr Thomson /RFO | 16 April 2026 (Min No 645-25) | To be reviewed annually | Annual review to be completed by April 2027 | |

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CEO to the Council
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27th August 2026

Dear Cllrs,

**Re: Godalming Town Council**
**Internal Audit Report for Financial Year Ended 31 March 2027 – Interim Audit Report**

**Executive summary**
Following completion of our interim internal audit on 27th of August 2026, we are pleased to enclose our report for your review and presentation to the council. The audit was conducted in accordance with current professional standards and guidelines, employing a risk-based approach to our testing. While not all transaction were examined, our sample testing, where appropriate, covered the financial year to date.

The structure of this report aligns with the assertions set out in the Annual Internal Auditor Report section of the Annual Governance and Accountability Return (AGAR). Each section begins with a summary of the assertion being assessed, followed by details of the testing undertaken, which was guided by the audit plan. A copy of the audit plan is available within our Internal Audit Guide and follows the requirements of the Smaller Authorities Proper Practices Panel (SAPPP) Practitioner's Guide.

The report concludes with our opinion on whether each assertion has been met as of the date of the interim audit. Where the standard has not been met, we have set out the required action for the council to take to meet the requirements by the year-end internal audit. **Any recommendations for action are highlighted in bold and summarised in the table at the end of this report.**

Our testing did not identify any procedural errors requiring reporting to the external auditor at this time, nor did we observe any material weaknesses in internal controls that would pose a risk to public funds. We are pleased to report that overall, the systems and procedures currently in place are appropriate and effective. While this report may include recommendations for improvement, these should not be viewed as indicators of significant deficiencies. Rather, they are intended to support the continued development of what is, **in our view, a well-managed and robust governance framework and is indeed a model of good practice.**

**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. Where we have provided other support to the council, a separate individual will be assigned as the internal auditor to maintain that independence.

The primary purpose of internal audit is to assess and report to the authority on the effectiveness of its financial systems and other internal controls, including the operational procedures that support its activities.

The internal audit function involves testing and evaluating whether the authority's internal control framework is both adequate and functioning effectively. Internal audit reports should be made available to all Members, providing a basis for informed decision making when considering the authority's approval of the Annual Governance Statement.

**Independence and competence**

Your audit was conducted by Mark Mulberry of Mulberry Local Authority Services Ltd, who has over 25 years' experience in the financial sector with the last 16 years specialising in local government.

Your auditor is independent from the management of the financial controls and procedures of the council and has no conflicts of interest with the audit client, nor do they provide any management or financial assistance to the client.

**Engagement Letter and inherent risk assessment**

An engagement letter was previously issued to the council covering the 2026/27 internal audit assignment, which includes the scope and plan of works and fee structure. Copies of this document are available on request from anna@mulberrylas.co.uk

In summary, our work will address each of the internal control objectives as stated on the Annual Internal Audit Report of the AGAR.

It is our opinion that the inherent risk of error or misstatement within the council's financial systems is low. The internal control environment is considered reliable, and as such, substantive testing of individual transactions is not deemed necessary at this stage.

Audit testing will therefore consist of walk-through testing on a selection of sample data, covering the period under review within the current council year. This approach is designed to confirm that key controls are operating effectively throughout the financial period.

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## INTRODUCTION

The council has an ongoing engagement with Mulberry Local Authority Services Ltd for the provision of internal audit services, with the most recent appointment/reappointment agreed at the meeting held on 20th May 2026 (minute ref 26.200526).

The minute reference confirms that the council considered the engagement terms which includes text regarding independence of the internal auditor at appointment. However, I remind council **that the minute should record that in accordance with 4.11 of the Practitioner's Guide *'the independence of the appointed person or firm with regard to; personal independence, financial independence, and professional independence.' was noted.***

The audit was conducted on site with the CEO, who also acts as the council's Responsible Financial Officer (RFO). The CEO had prepared the information advised in advance of the visit, and overall, I have the impression that accounting records are neatly maintained and easily accessible.

Other information was reviewed through discussion with the officers and a review of the council website Home - Godalming Town Council

## A. BOOKS OF ACCOUNT

***Internal audit requirement***

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

**Audit findings**

The council continues to use the Rialtas accounting package for recording the council's finances. This is an industry specific accounting package. The accounting package is updated regularly and used to produce management information reports for review at council meetings.

There are three users with their own individual logons and individual privileges. The RFO is responsible for the maintenance of privileges on the system. Passwords are not routinely prompted to change, and each user must log onto the council system first before access to the financial reporting package.

1. CEO/RFO
2. Finance Manager
3. Finance Assistant - Limited Access

Apart from Microsoft 365, the council has no other packages. Every month, a "month end" close down is performed by the Finance Manager, various reports are printed and filed in hard & digital copy, these include but are not limited to, income and expenditure against budget, bank reconciliations and other reports as fit. The Finance manager has a checklist which is ticked off every month. I was given access to the hard copy prints and checklist, and I can confirm this process does take place.

The system requires the population of key data fields to enable the user to record a transaction. This is a clear and easy to follow system and a review of the cashbook shows that all data fields are being entered with sufficient detail to identify the source and nature of the transaction.

I conducted a walk-through test on a sample of invoices and receipts drawn at random and can confirm the underlying documentation was easy to locate, agreed to the cashbook details and relevant bank statements. I make no recommendation to change in this system.

I tested the opening balances as of 1 April 2026 by reviewing the balance brought forward and confirmed it could be agreed back to the investment reconciliation for the audited accounts for 2025/26 showing £68,538.60 as part of the total reported balance of £1,264,820. There were no errors on the brought forward balance.

I reviewed the nominal ledger entries for the year to date to ensure items were posted to the correct heading and that there were no instances of netting off and the expenditure was correctly posted to the headings to which the line item related. This has confirmed that the accounting package is being properly used.

*Check receipt of VAT refund matches last submitted VAT return*

The VAT return is submitted on a quarterly basis. I reviewed the submission for the period ending 30th June 2026 which showed a refund amount due of £31,225.75 and was fully supported by the required details. I was able to confirm receipt of this amount to the council's bank account on 14th July 2026. The council is up to date with its VAT submissions.

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 council keeps appropriate records and uses the systems for the purpose for which they are intended.

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**CONCLUSION:** I am satisfied this internal control objective has been met.

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## B. FINANCE REGULATIONS, GOVERNANCE AND PAYMENTS

***Internal audit requirement***

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

**Audit findings**

*Confirm by sample testing that councillors sign statutory office forms*

I confirmed by sample testing that councillors sign "Acceptance of Office" forms together with a formal acceptance to receive information by electronic means in the form *"As per Schedule 12 of the Local Government Act 1972, I consent to the receipt of all council meeting papers by electronic methods. I understand I may withdraw this consent at any time."*

The council website includes a councillor page where the individual Register of Members' Interests forms are published.

*Confirm that the council meets regularly throughout the year*

In addition to full council, the council has a committee structure in place. Terms of reference for each committee are published within standing orders, along with a diary of future meeting dates and historic agendas and minutes for meetings.

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

I was able to confirm that at least 3 clear days' notice is given on agendas. Whilst we have not tested every single committee and council meeting there was no evidence of non-compliance in giving three clear days' notice of the meeting.

I note the council publishes the non-confidential supporting documents accompanying agendas on the council website in accordance with the requirements of the Information Commissioner's Office (ICO).

*Check the draft minutes of the last meeting(s) are on the council's website*
Draft minutes are uploaded to the council website.

*Confirm that the Parish Council's Standing Orders have been reviewed within the last 12 months*
The Standing Orders are based on the current National Association of Local Councils (NALC) model and were most recently reviewed and adopted by council on 20th of May 2026 (minute ref 22.200526).

*Confirm that the Parish Council has adopted and recently reviewed Financial Regulations*
Financial Regulations are based on the current NALC model and were last reviewed and adopted by council on 20th of May 2026 (minute ref 22.200526). The regulations 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*
*Procurement*
The council's adopted Financial Regulations include processes relating to procurement and include the following:

*FR 6.6 For contracts estimated to exceed £60,000 including VAT, the Clerk shall seek formal tenders from at least three suppliers agreed by the council. Tenders shall be invited in accordance with Appendix 1.*

*FR 6.7 For contracts estimated to be over £30,000 including VAT, the council must comply with any requirements of the Legislation regarding the publication of invitations and notices.*

*FR 6.8 For contracts greater than £5,000 excluding VAT the Clerk or RFO shall seek at least three fixed-price quotes.*

*FR 6.9 Where the value is between £2,000 and £5,000 excluding VAT, the Clerk or RFO shall try to obtain 3 estimates which might include evidence of online prices, or recent prices from regular suppliers.*

*FR 6.10. For smaller purchases, officers shall seek to achieve value for money.*

*FR 6.20 An official order or letter may be issued for all work, goods and services unless a formal contract is to be prepared or an official order would be inappropriate. Copies of orders shall be retained, along with evidence of receipt of goods.*

I tested a sample of a procurement exercise completed by the council and was able to confirm that the requirements of Financial Regulations 6.6 to 6.10 have been followed in obtaining prices from suppliers. The council does not have purchase orders or a purchase order system.

*Authorisation*
The council's adopted Financial Regulations include thresholds at which authorisations to spend must be obtained as below:

*FR 6.15* Individual purchases within an agreed budget for that type of expenditure may be authorised by officers in accordance within the approved Scheme of Delegation. [£50,000]

*FR 6.18 In cases of serious risk to the delivery of council services or to public safety on council premises, the clerk may authorise expenditure of up to £4,500 excluding VAT on repair, replacement or other work that in their judgement is necessary, whether or not there is any budget for such expenditure. Before doing so, the Clerk will agree expenditure with the Chair or Vice Chair of the appropriate Committee and shall report the action taken and costs incurred to the same Committee as soon as practicable thereafter.*

Based on the level of financial activity of the council, and through discussion with the CEO, these authorisation thresholds appear appropriate.

I tested a sample of invoices and was able to confirm that amounts have been properly authorised in accordance with the adopted Financial Regulations.

*Payment*

The council's Financial Regulations include a section covering the making of payments via online banking and state:

*FR 7.5 All payments shall be made by online banking. Unless the council resolves to use a different payment method. In exceptional circumstances the RFO may elect to make a payment by cheque.*

*FR 7.6 The Clerk and RFO shall have delegated authority to authorise payments in accordance with the approved Scheme of Delegation and: i. any payment necessary to avoid a charge under the Late Payment of Commercial Debts (Interest) Act 1998 {or to comply with contractual terms}, where the due date for payment is before the next scheduled meeting of [the council], where the [Clerk and RFO] certify that there is no dispute or other reason to delay payment, provided that a list of such payments shall be submitted to the next appropriate meeting of council {or Management Committee}. ii. Fund transfers within the councils banking arrangements up to the sum of £250,000, provided that a list of such payments shall be submitted to the next appropriate meeting (of Council or Management Committee).*

*FR 7.7 The RFO shall present a schedule of payments requiring authorisation, forming part of the agenda for the meeting, together with the relevant invoices, to the council (Management Committee). The council (or Management Committee) shall review the schedule for compliance and shall confirm by resolution that the payments were appropriate. A detailed list of all payments shall be disclosed within or as an attachment to the minutes of that meeting. Personal payments (including salaries, wages, expenses and any payment made in relation to the termination of a contract of employment) may be summarised to remove public access to any personal information.*

I tested a sample of payments and confirmed that the council has in place a system to segregate duties in terms of the setting up and subsequent release of payments made via online banking in accordance with the council's adopted Financial Regulations, and payment lists are appended to the minutes of relevant meetings.

***Audit procedures:** I used the Rialtas system to identify any individual purchase ledger payments over £60,000 in the period 1st April to 27th August 2026 – there were none. I reduced the same size to the next threshold of £30,000 – there were six of which four related to the renovation of the Pepper Pot, which is an ongoing project that has been back to council may times and now exceeds £450k in value. I verified the existence of the project via the minutes and photographic evidence. The remaining two were for grants, which were agreed to the grant request and council minutes of the same. It was noted that the face of the corresponding supplier invoice was annotated with the minute reference of council approval.*

***Local Process:*** *Budget holder/manager will identify purchase. The budget is verified and using the scheme of delegation the threshold for ordering is verified.*

*When the supplier invoice arrives, this is stamped and populated with relevant financial information and approvals.*

*The Finance assistant will post invoice to purchase ledger and produce from the system a purchase daybook and will then populate an Excel payments list. This is emailed to councillors and councillors' email by return with approval to pay.*

*The finance manager then populates the on-line banking screen with the bank and prints this in hard copy. This is checked and signed by CEO and Finance Manager and they will sign the payment list. Attached will be the email approval and bank screen print.*

*I have verified the payment list to the email approvals to the bank report and the Rialtas cashbook – there were no errors.*

*Confirm the council has adopted the General Power of Competence (GPC) and met the eligibility criteria at the time of adoption, or if GPC not adopted, confirm all section 137 expenditure meets the guidelines and does not exceed the annual per elector limit of £11.60 per elector*
The council confirmed its eligibility and adopted the GPC and the section 137 threshold does not apply.

*Confirm that checks of the accounts are made by a councillor*
The system noted above details internal review takes place and I am under no doubt that council properly approves expenditure.

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**CONCLUSION:** I am satisfied this internal control objective has been met.

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## C. RISK MANAGEMENT AND INSURANCE

***Internal audit requirement***

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

**Audit findings**

The council's adopted Financial Regulations include a section covering Risk Management and state:

2.1. The council must ensure that it has a sound system of internal control, which delivers effective financial, operational and risk management. 2.2. The Clerk shall prepare, for approval by [the council], a risk management policy covering all activities of the council. This policy and consequential risk management arrangements shall be reviewed by the council at least annually. 2.3. When considering any new activity, the Clerk shall prepare a draft risk assessment including risk management proposals for consideration by the council. 2.4. At least once a year, the council must review the effectiveness of its system of internal control, before approving the Annual Governance Statement.

The council has a risk assessment process in place, which was last reviewed and approved by council on 20th of May 2026 (minute ref minute ref 22.200526). I reviewed the risk assessment record, which includes a risk matrix to assess the overall risk based on likelihood and consequences of an event occurring and then assesses the risks within each sector of the council's business operations.

Each potential risk is identified, assessed using the risk matrix, prior to any mitigation measures, existing internal controls are listed and any further mitigation action which may be needed, and then a further assessment of the risk is included after the mitigation measures have been put in place. The assessment also includes details of who is responsible for any actions and when these are to be completed by.

This is a comprehensive approach and includes analysis of all risks typically associated with a council of this size with its range of services and facilities.

The council has no responsibility for playgrounds.

In accordance with FR 2.4, I was able to confirm that the council carries out a review of the effectiveness of its internal controls via its quarterly audit committee. This includes receipt and review of internal and external audit reports, and details the additional internal control measures the council has put in place.

I note the council also has an adopted internal work programme for the audit committee, and I have no doubt that the council takes its risk management responsibilities seriously.

I confirmed that the council has a valid insurance policy in place with Zurich which covers the year under review. Insurance cover for land, buildings and key assets of the council is consistent with the council's asset register.

The insurance policy includes Public Liability cover of £10 million, Employers Liability cover of £10 million and a Fraud & Dishonesty (Fidelity Guarantee) level of £2 million which is sufficient for a council of this size, although the council is advised to keep this figure under review to ensure it covers the maximum balance held. The policy also includes cover for business interruption and cyber security.

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**CONCLUSION:** I am satisfied this internal control objective has been met.

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## D. BUDGET, PRECEPT AND RESERVES

***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.*

**Audit findings**

*Budget*

There is evidence within the minutes of meetings that councillors regularly receive budget reports for review, providing them with sufficient financial information to make informed decisions.

*Precept*

The council set a precept of £1,357,554 for 2026/27 on the 11th of December 2025 [minute ref 42125]. This equates to a band D equivalent of £132.09 (compared to the average in England of £99.79). I was able to confirm receipt of the first half of the precept to the council's bank account on 10th of April 2026.

The CEO confirmed that the 2027/28 budget setting process is scheduled to commence in October 2026, with the final budget and precept due to be agreed by the council meeting scheduled for the 10th of December 2026.

*Reserves*

The Smaller Authorities Proper Practices Panel (SAPPP) Practitioner's guide provides updated guidance on the appropriate level of general reserves that councils should retain as below:

*5.33 The general reserve of an authority comprises its cash flow and contingency funds to cover unexpected inflation, unforeseen events and unusual circumstances.*

*5.34 The generally accepted recommendation with regard to the appropriate minimum level of a smaller authority's general reserve is that this should be maintained at between three and twelve months of net revenue expenditure.*

*5.35 The reason for the wide range is to cater for the large variation in activity level between individual authorities. The smaller the authority, the closer the figure may be to 12 months expenditure, the larger the authority, the nearer to 3 months. In practice, any authority with income and expenditure in excess of £200,000 should plan towards 3 months equivalent general reserve.*

*5.36 In all of this it is important that each authority adopt, as a general reserve policy, the level appropriate to their size, situation, risks and plan their budget so as to ensure that the adopted level is maintained. Consideration of the minimum level of reserves requires not only consideration of level of income and expenditure but also the risks to that income.*

*5.37 Authorities with significant self-generated income (other than the precept or levy) should take into account situations that may lead to a loss in revenue as well as increased costs and adapt their general reserve accordingly.*

At the date of the interim audit, the council held circa £1,292,613 in reserves, split between categories as below:

- Capital EMR £-
- CIL EMR £182,367
- Other EMR £362,776
- General reserves £747,469

I checked the purpose of the earmarked reserves and am satisfied they are all for legitimate future planned projects of the council. I verified with the CEO that no amounts need to be re-categorised as capital from the general reserve.

The general reserve balance is within the recommended range as detailed in the Practitioner's Guide.

---

**CONCLUSION:** I am satisfied this internal control objective has been met.

---

## E. INCOME

***Internal audit requirement***

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

**Audit findings**

Apart from the precept, the council receives income from a range of sources including allotments, burial, ground, hire of rooms, and event income.

FR 14.2 states *'The council will review all fees and charges for work done, services provided, or goods sold at least annually as part of the budget-setting process, following a report of the Clerk. The RFO shall be responsible for the collection of all amounts due to the council.'*

Fees are reviewed as part of the budget setting process, and confirmation of the agreed fees is recorded in the minutes.

From a review of the accounting records, income appears to be recorded with sufficient narrative detail to identify the source and allocated to the most appropriate nominal code. I tested a sample of invoices issued for each aspect of the council's operations and was able to confirm rates charged were consistent with the council's published charging schedule.

I tested a sample of allotment documentation and was able to confirm that a register of tenants is maintained and that signed tenancy agreements exist.

I reviewed the Rialtas digital burial register together with hard document system and confirmed that this is maintained and up to date, and that interment and memorial documents are appropriately filed.

I was able to confirm that an effective diary system is in place for venue hires, which includes details of the hirer and can be matched to invoices raised for the booking.

I reviewed the outstanding debtors with the CEO/RFO. The council has procedures in place to chase outstanding debtors, and there are no amounts currently at risk of non-payment.

---

**CONCLUSION:** I am satisfied this internal control objective has been met.

---

## F. CASH

***Internal audit requirement***

*Cash payments were properly supported by receipts; all cash expenditure was approved and VAT appropriately accounted for.*

**Audit findings**

The council has no petty cash

The council has only one instance of a client paying cash for a market stall this is £45 per week. Otherwise, the council has no cash. The cash receipts have been verified to the paying in book and matching against the invoice.

---

**CONCLUSION:** I am satisfied this internal control objective has been met.

---

## G. PAYROLL

***Internal audit requirement***

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

**Audit findings**

All staff members have a signed contract of employment, based on the NALC template, and the council is a member of the Local Government Pension Scheme (LGPS). Performance reviews for staff members are completed annually by the CEO, with their review conducted by a panel of councillors.

Payroll is processed is outsourced to a third party (Mulberry & Co), who complete all the PAYE calculations and provide the information to the council each month. The auditor has no involvement with the processing of the monthly payroll. I reviewed the payroll summary and a sample of payslips for two different pay periods. The payroll deductions appear correct, and I was able to confirm the net salary payments.

I was able to verify the amounts per the payroll agreed to the submission data on the Government gateway, that HMRC and pensions payments are up to date and that the council is correctly not claiming the employment allowance for national insurance contributions.

There are no councillor allowances, although the CEO is aware that if paid to eligible (elected) members, these must be processed through payroll and assessed for tax and national insurance.

---

**CONCLUSION:** I am satisfied this internal control objective has been met.

---

## H. ASSETS AND INVESTMENTS

***Internal audit requirement***

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

**Audit findings**

The SAPPP Practitioner's guide provides updated guidance on assets and asset registers as below:

5.58 *The asset register should contain in its most simple form the date of acquisition, cost of acquisition, useful life estimate and location along with value held for investments; however, it is desirable for the register to contain other such supplementary information to enable the user to better understand the nature and scope of the use of the fixed asset. It is therefore recommended to show insurance value, replacement value, custodian, date last physically vouched.*

5.59 *Each authority may choose an appropriate minimum value for deciding between fixed assets and general consumables. The limit chosen will relate to expected useful life, whether the item would be included on an insurance claim and whether it is included in the risk assessment of the authority in any way. This minimum level is to be minuted and reviewed at least annually. The rationale and methodology should be recorded in the minutes.*

*5.60 One item or group of similar items shall be regarded for inclusion in the fixed asset register.*

*5.61 Assets should be first recorded in the asset register at their actual purchase cost.*

*5.62 Assets that are either under construction or have not been brought into use should be included on the asset register only once complete and they benefit the community.*

*5.63 Obsolete assets that are no longer in use or are awaiting disposal should be clearly recorded as such.*

*5.64 Where an authority receives an asset as a gift at zero cost, for example by community asset transfer, it should be included with a nominal one pound (£1) value as a proxy for the zero cost.*

*5.65 Assets that do not have a functional purpose or any intrinsic resale value (for example, a village pond or war memorial) are often referred to as 'community assets.' Authorities should record community assets in the asset register in the same way as gifted assets.*

*5.66 The particular method of asset valuation is not specified in proper practices so authorities may use any reasonable approach to be applied consistently from year to year. The method of asset valuation adopted should be set out in a policy approved by the authority and recorded in the authority's minutes and in the asset register.*

*5.67 For authorities covered by this guide, the most appropriate and commonly used method of fixed asset valuation for first registration on the asset register is at acquisition cost. This means that the recorded value of the asset will not change from year to year, unless it is materially enhanced.*

*5.68 Commercial concepts of depreciation, impairment adjustments, and revaluation are not required nor appropriate for this method of asset valuation.*

*5.69 The total value of an authority's assets recorded on the asset register as at 31 March each year is reported at Line 9 on the authority's AGAR. Authorities should be able to track and explain fully any changes in the asset register from year to year.*

The council has a fixed asset register in place, maintained in an Excel format, which includes details of asset location, date of acquisition, original purchase price, replacement value and insurance value. Assets are correctly listed at cost/proxy cost, or where gifted/donated, given a nominal £1 value for the purpose of the asset register.

I confirmed by sample testing of the invoices that items added during the year have been accurately recorded at the original net purchase price.

The SAPPP Practitioner's guide provides updated guidance on investments, and includes the following:

*2.23 Short-term investments, which mainly include deposit and savings accounts typically provided by banks, are those that display the following characteristics:*
*a. are denominated in pounds Sterling;*
*b. be realisable at full value on demand or have a maturity end date of* ***not more than 12 months****;*
*c. the whole of the original sum invested can, from the time that the investment is made, be accessed for use by the authority without any reduction; and*

*d. the authority has assessed the counterparty and is satisfied that the original sum invested is not subject to unreasonable risk.*

*2.26 A long-term investment arises where the authority invests money in anything other than a short-term investment.*

*5.30. In deciding whether it is appropriate to make long-term investments, the authority should follow the Ministry Guidance on local government investments.*

*5.189 Long-term investments should be recorded in the asset and investments register at original cost at acquisition (the purchase price) which for accounting purposes will remain unchanged until disposal. It is recognised that the market value of long-term investments may change over time; therefore, at each year end, the RFO should make a note in the asset register of the notional market value of each investment as at 31 March to inform readers.*

The council has no long-term investments.

The council has borrowing through the Public Works Loan Board (PWLB) and confirmation of the figures for in year payments (box 5) and year-end balance (box 10) will be completed at the final internal audit against the PWLB statement and remittance advices.

---

**CONCLUSION:** I am satisfied this internal control objective has been met.

---

## I. BANK AND CASH

***Internal audit requirement***

*Periodic bank account reconciliations were properly carried out during the year.*

**Audit findings**

Financial Regulation 2.6 states *'At least once in each quarter, and at each financial year end, a member other than a cheque signatory shall be appointed to verify bank reconciliations (for all accounts) produced by the RFO. The member shall sign and date the reconciliations and the original bank statements (or similar document) as evidence of this. This activity, including any exceptions, shall be reported to and noted by the Audit Committee.'*

Bank reconciliations are completed monthly. I reviewed the bank reconciliation for April, May & June and was able to confirm the balances to the bank statements and found no errors.

I was able to confirm that the bank reconciliations have been verified in accordance with Financial Regulations, and evidence of this activity taking place is recorded within the minutes of meetings.

As the council's annual budget exceeds the €500,000 (£430,950 as of 3 July comparative date) threshold, it is not protected by the Financial Services Compensation Scheme (FSCS).

The council holds accounts with HSBC & CCLA. At the date of the internal audit, the balances held exceed the £120,000 protection limit per financial institution offered by the FSCS and the council should consider transferring funds to maximise the protection available to it.

---

**CONCLUSION:** I am satisfied this internal control objective has been met.

---

## J. YEAR END ACCOUNTS

***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 cashbook, supported by an adequate audit trail from underlying records and, where appropriate, debtors and creditors were properly recorded.*

**Audit findings**

This was tested at the 2025/26 year end, the findings are replicated below for completeness. There were no errors in the production of the year end accounts.

**Section 1 – Annual Governance Statement**

Based on the internal audit findings, I recommend using the table below as the basis for that discussion.

| | **Annual Governance Statement** | *'Yes', means that this authority* | Suggested response based on evidence |
|---|---|---|---|
| 1 | We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements. | *prepared its accounting statements in accordance with the Accounts and Audit Regulations.* | **YES** – accounts follow latest Accounts and Audit Regulations and practitioners guide recommendations. |
| 2 | We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness. | *made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.* | **YES** – there is regular reporting of financial transactions and accounting summaries, offering the opportunity for scrutiny. |
| 3 | We have assured 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. | *has only done what it has the legal power to do and has complied with Proper Practices in doing so.* | **YES** – the Clerk advises the council in respect of its legal powers. |
| 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. | *during the year gave all persons interested the opportunity to inspect and ask questions about this authority's accounts.* | **YES** – the requirements and timescales for 202/25 year-end were followed. |
| 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. | *considered and documented the financial and other risks it faces and dealt with them properly.* | **YES** – the council has a risk management scheme and appropriate external insurance. |

| | | | |
|---|---|---|---|
| 6 | We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems. | *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.* | **YES** – the council has appointed an independent and competent internal auditor. |
| 7 | We took appropriate action on all matters raised in reports from internal and external audit. | *responded to matters brought to its attention by internal and external audit.* | **YES** – matters raised in internal and external audit reports have been addressed. |
| 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. | *disclosed everything it should have about its business activity during the year including events taking place after the year end if relevant.* | **YES** – no matters were raised during the internal audit visits. |
| 9 | Trust funds including charitable – In our capacity as the sole managing trustee we discharged our accountability responsibilities for the fund(s)/asset(s), including financial reporting and, if required, independent examination or audit. | *has met all its responsibilities where, as a body corporate, it is a sole managing trustee of a local trust or trusts.* | **N/A** – the council has no trusts |
| 10 | We have put in place arrangements for the effective IT and data management in accordance with proper practices during the year under review. | *has made suitable arrangements for its IT and data management and has complied with proper practices in doing so* | **YES** – the council has met the requirements of Governance Assertion 10 |

## Section 2 – Accounting Statements

| AGAR box number | | 2024/25 | 2025/26 | Internal Auditor notes |
|---|---|---|---|---|
| 1 | Balances brought forward | 1,282,810 | 1,805,845 | Agrees to 2024/25 carry forward (box 7) |
| 2 | Precept or rates and levies | 1,147,744 | 1,236,391 | Figure confirmed to central precept record |
| 3 | Total other receipts | 1,235,284 | 499,433 | Agrees to underlying accounting records |
| 4 | Staff costs | 703,206 | 855,617 | Agrees to underlying accounting records. Includes only expenditure allowed as staff costs (see section G) |
| 5 | Loan interest/capital repayments | 77,703 | 77,703 | Agrees to PWLB remittance advices |
| 6 | All other payments | 1,079,084 | 1,340,479 | Agrees to underlying accounting records |
| 7 | Balances carried forward | 1,805,845 | 1,267,870 | Casts correctly and agrees to balance sheet |
| | | | | |

| | | | | |
|---|---|---|---|---|
| 8 | Total value of cash and short- term investments | 1,783,175 | 1,264,820 | Agrees to bank reconciliation for all accounts |
| 9 | Total fixed assets plus long- term investments and assets | 3,031,153 | 3,248,960 | Matches asset register total and changes from previous year have been traced |
| 10 | Total borrowings | 1,314,761 | 1,279,153 | Agrees to PWLB statement |
| | | | | |
| 11 | Do the figures in the accounting statements above exclude any trust transactions | Yes | Yes | Yes – trust transactions are excluded from the stated figures |

**Audit findings**

The year-end accounts have been correctly prepared on an income and expenditure basis with the box 7 and 8 reconciliation completed. This shows total year-end debtors of £84,220 and total year-end creditors of £81,170, with a full breakdown of the debtors and creditors recorded within the accounting software.

The AGAR correctly casts and cross casts and last year's comparatives match the figures submitted for 2024/25 and published on the council website.

The variance analysis has been completed and, in my opinion, provides sufficient financial and narrative information to explain the variances to the External Auditor.

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**CONCLUSION:** I am satisfied this internal control objective has been met.

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## K. LIMITED ASSURANCE REVIEW

***Internal audit requirement***

*If the authority certified itself exempt from a limited assurance review in the prior year, it met the exemption criteria and correctly declared itself exempt.*

**Audit findings**

The council exceeded the threshold for exemption for the prior year.

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**CONCLUSION:** The council did not certify itself exempt from a limited assurance review in the previous year and the testing for this internal control objective is not applicable.

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## L: PUBLICATION OF INFORMATION

***Internal audit requirement***

*The authority publishes information on a free to access website/webpage, up to date at the time of the internal audit in accordance with relevant legislation*

For councils with a turnover above £250,000, it is a statutory requirement to follow the Transparency Code, which can be found here Local government transparency code 2015 - GOV.UK.

I was able to locate the required information on the council's website which was up to date at the time of the audit. https://godalming-tc.gov.uk/transparency/

All councils are required to follow The Accounts and Audit Regulations which include the following requirements:

**13(1)** An authority must publish (which must include publication on that authority's website)

a. the Statement of Accounts together with any certificate or opinion entered by the local auditor in accordance with section 20(2) of the Act; and
b. the Annual Governance Statement approved in accordance with regulation 6(3)

**13(2)** Where documents are published under paragraph (1), the authority must

a. keep copies of those documents for purchase by any person on payment of a reasonable sum; and
b. ensure that those documents remain available for public access for a period of not less than five years beginning with the date on which those documents were first published in accordance with that paragraph.

I was able to confirm that pages 4 (Annual Governance Statement) and 5 (Accounting Statements) of the AGARs are available for review on the council website.

The council has robust procedures to ensure deadlines are met and the required information is published. I make no recommendation to change in these processes.

---

**CONCLUSION:** I am satisfied this internal control objective has been met.

---

## M: EXERCISE OF PUBLIC RIGHTS - INSPECTION OF ACCOUNTS

***Internal audit requirement***

*The authority, during the previous year, correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations.*

**Audit findings**

| Inspection – key dates | 2025/26 Actual |
|---|---|
| **Date AGAR signed by council** | 4 June 2026 |
| **Date inspection notice issued** | 5 June 2026 |
| **Inspection period begins** | 8 June 2026 |
| **Inspection period ends** | 17 July 2026 |
| **Correct length (30 working days)** | Yes |
| **Common period included (first 10 working days of July)** | Yes |

I am satisfied the requirements of this control objective were met for the previous year.

---

**CONCLUSION:** I am satisfied this internal control objective has been met.

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## N: PUBLICATION REQUIREMENTS

***Internal audit requirement***

*The authority complied with the publication requirements for the prior year AGAR.*

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

*Before 1 July 2026 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 2025/26, approved and signed, page 4*
*• Section 2 - Accounting Statements 2025/26, approved and signed, page 5*

*Not later than 30 September 2026 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.*

**Audit findings**

I was able to confirm that the Notice of the Period of Public Rights and Section 1 (Annual Governance Statement) and Section 2 (Accounting Statement) were published on the council's website before 1 July 2026.

The External Auditor's Report for 2025/26 was not qualified, has been published on the council website along with the Notice of Conclusion of Audit ahead of the 30th September deadline.

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**CONCLUSION:** I am satisfied this internal control objective has been met.

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## O. DIGITAL AND DATA COMPLIANCE

***Internal audit requirement***

*The authority complied with laws, regulations and proper practices relating to digital and data compliance.*

**Audit findings**

*Website*

I was able to confirm that the council website contains a Privacy Notice and a Website Accessibility Statement. **The Website Accessibility Statement correctly references partial compliance with the Web Content Accessibility Guidelines (WCAG) 2.1 AA and should be updated to the current WCAG 2.2 AA standard.**

The council has an IT Policy in place which was last reviewed and approved by the council at the meeting held on 19 February 2026 (minute ref 529).

*Email management and GDPR*

It was noted the council has a generic email address on a domain owned by the council and has established common email addresses for all councillors. This is recommended because it gives a natural segregation between work and personal lives, making it clear beyond doubt in what capacity a councillor is acting. In addition to this it gives control to the council, adds a degree of professionalism and in the event of a FOI request limits access to personal computers.

*Data Protection*

The SAPPP Practitioner's Guide contains the following regarding data protection:

*5.124 To ensure compliance with data protection regulations, smaller authorities should:*

- *Conduct regular data audits to identify what personal data is held, how it is used and make sure it is processed lawfully.*
- *Implement a Data Protection policy on data handling, storage and sharing.*
- *Provide regular training to ensure all staff and members are trained on data protection principles and practices.*
- *Secure data using appropriate technical and organisational measures to protect personal data from breaches.*

**I recommend the council ensures that a data audit is completed during 2026/27 to comply with GDPR regulations, as this may be an audit test for next year. The Clerk confirmed this, along with updating the Website Accessibility Statement, is due to be conducted by the council as part of their compliance audit during 2026/27.**

**The council is reminded of the need to conduct regular training for officers and councillors on data protection principles.**

---

**CONCLUSION:** I am satisfied this internal control objective has been met.

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## P. TRUSTEESHIP

***Internal audit requirement***

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

**Audit findings**

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**CONCLUSION:** The council has no trusts and the testing for this internal control objective is not applicable.

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**Achievement of control assertions at final internal audit date**

Based on the tests conducted during the interim audit, our conclusions on the achievement of the internal control objectives to date are summarised in the table below. Where any are marked 'no', guidance is provided as to the corrective action required by the council before the year-end internal audit to achieve a positive response.

| | INTERNAL CONTROL OBJECTIVE | YES | NO | NOT COVERED |
|---|---|---|---|---|
| A | Appropriate accounting records have been properly kept throughout the year | ✓ | | |
| B | This authority complied with its Finance Regulations, payments were supported by invoices, all expenditure was approved, and VAT was appropriately accounted for | ✓ | | |
| C | This authority assesses 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 | Cash payments were properly supported by receipts, all cash expenditure was approved, and VAT appropriately accounted for | ✓ | | |
| G | Salaries to employees and allowances to members were paid in accordance with the authority's approvals, and PAYE and NI requirements were properly applied. | ✓ | | |
| H | Asset and investments registers were complete and accurate and properly maintained. | Yes & to be tested again at final internal audit | | |
| I | Periodic bank account reconciliations were properly carried out during the year. | Yes & to be tested again at final internal audit | | |
| J | Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cashbook, supported by an adequate audit trail from underlying records and, where appropriate, debtors and creditors were properly recorded. | Yes & to be tested again at final internal audit | | |
| K | If the authority certified itself as exempt from a limited assurance review in the prior year, it met the exemption criteria and correctly declared itself exempt. | | | ✓ |
| L | The authority publishes information on a free to access website/webpage up to date at the time of the internal audit in accordance with the relevant legislation. | Yes & to be tested again at final internal audit | | |
| M | The authority, during the previous year correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations. | ✓ | | |
| N | The authority complied with the publication requirements for prior year AGAR. | ✓ | | |
| O | The authority has complied with laws, regulations and proper practices relating to digital and data compliance. | Yes & to be tested again at final internal audit | | |
| P | Trust funds (including charitable) – The council met its responsibilities as a trustee. | | | ✓ |

Should you have any queries please contact me directly on mark@mulberrylas.co.uk

Yours sincerely



**Mark Mulberry**
**On behalf of Mulberry Local Authority Services Ltd**

**Internal Audit – Summary of recommendations**

| Audit Point | Internal Audit Findings | Council comments |
|---|---|---|
| **Engagement (introduction)** | I remind council that the minute should record that in accordance with 4.11 of the Practitioner's Guide *'the independence of the appointed person or firm with regard to; personal independence, financial independence, and professional independence.' was noted*. | |
| **O. DIGITAL AND DATA COMPLIANCE** | The Website Accessibility Statement correctly references partial compliance with the Web Content Accessibility Guidelines (WCAG) 2.1 AA and should be updated to the current WCAG 2.2 AA standard.<br><br>I recommend the council ensures that a data audit is completed during 2026/27 to comply with GDPR regulations, as this may be an audit test for next year. The Clerk confirmed this, along with updating the Website Accessibility Statement, is due to be conducted by the council as part of their compliance audit during 2026/27.<br><br>The council is reminded of the need to conduct regular training for officers and councillors on data protection principles. | |

Godalming
Town Council
Supporting Our Community

# IT, CYBER SECURITY & ACCEPTABLE USE POLICY

**This policy should be read in conjunction with the linked policies listed below:**

- Code of Conduct
- Disciplinary Procedure & Rules
- Equality & Diversity Policy
- Data Protection Policy
- Social Media Policy

## 1. PURPOSE

The purpose of this policy is to ensure that the Council's information, systems and digital services are used securely, lawfully and sensibly, while supporting efficient day-to-day working.

The Council uses both remote server and cloud-based systems to store and manage information. These systems are critical to service delivery and must be protected from loss, misuse and unauthorised access.

## 2. SCOPE

This policy applies to:

- all employees, councillors, volunteers and contractors;
- anyone using Council information, systems or equipment; and
- all locations, including remote and home working.

It applies regardless of whether Council systems are accessed using Council-owned or approved personal devices.

## 3. SYSTEMS COVERED BY THIS POLICY

This policy covers all Council digital systems, including but not limited to:

- Microsoft 365 (Outlook, SharePoint, OneDrive, Teams);
- any remote or hosted servers used by the Council;
- email, internet access and cloud services;
- Council-owned computers, laptops, tablets and mobile phones; and
- approved personal devices used to access Council systems.

## 4. ROLES AND RESPONSIBILITIES

### 4.1 The Council

The Council owns all data created, received or stored in connection with Council business.

### 4.2 Chief Executive Officer

The CEO has overall responsibility for:

- information security and acceptable use;
- ensuring this policy is implemented and reviewed; and
- liaison with the Council's external IT support provider.

**4.3 External IT support provider**
The Council's appointed IT provider is responsible for:

- technical management of systems;
- security monitoring and updates; and
- supporting incident response and recovery.

**4.4 Users**
All users are responsible for:

- using Council systems appropriately;
- protecting access credentials and devices; and
- reporting security concerns or incidents immediately.

## 5. ACCEPTABLE USE

Council IT systems are provided primarily for Council business. Limited personal use is permitted provided that it:

- is reasonable and occasional;
- does not interfere with work;
- is lawful and appropriate; and
- does not risk the security or reputation of the Council.

All use of Council systems must comply with this policy and the Council's other policies, including the Code of Conduct and Data Protection Policy.

Users must not misuse IT facilities in any way that brings the Council into disrepute, causes offence, disrupts operations or jeopardises security.

## 6. MICROSOFT 365, SHAREPOINT AND RECORDS

As the Council transitions to SharePoint it will become the Council's primary document and records store.

- Council documents must not be stored permanently on local drives or personal devices.
- OneDrive may be used for working files but is not a long-term records store.
- Teams messages and files relating to Council business are Council records.
- Access to files is controlled by permissions, not by copying or downloading unnecessarily.

Users must not create unofficial systems or workarounds that bypass these controls.

## 7. DATA MANAGEMENT, BACKUPS AND SECURE DISPOSAL

All sensitive or confidential Council information must be stored and transmitted securely using approved systems and methods.

The Council's systems are backed up regularly through approved arrangements with its IT provider.

Where information is no longer required, secure disposal or deletion methods must be followed in line with the Council's Retention and Data Protection Policies.

## 8. EMAIL COMMUNICATIONS

Council email accounts are for official communication and must be used professionally and respectfully.

Users must:
- avoid sending sensitive or confidential information by email unless it is encrypted;
- exercise caution with attachments and links to prevent phishing or malware;
- verify unusual requests for payment, passwords or information before responding.

Emails should be treated as permanent records and may be subject to disclosure under GDPR or Freedom of Information legislation.

## 9. SECURITY AND ACCESS

- Each user must have a unique account.
- Passwords must not be shared.
- Multi-factor authentication must be used where available.
- Devices must be locked when unattended.
- Software may only be installed or approved by the Council's IT provider.

Deliberate unauthorised access to systems or data may be a criminal offence.

## 10. REMOTE WORKING AND PERSONAL DEVICES

Remote access is permitted where approved by the Council.

Where personal devices are used:
- devices must be password protected;
- automatic locking must be enabled;
- Council data must only be accessed via approved applications; and
- Council data must not be stored locally unless authorised.

Lost, stolen or compromised devices must be reported immediately.

## 11. NETWORK AND INTERNET USE

Council internet access must be used responsibly for official purposes.

Users must not:
- download unauthorised or copyrighted material;
- attempt to bypass security controls;
- introduce malware or unapproved software.

## 12. MONITORING AND PRIVACY

Council IT systems are monitored to:

- maintain security;
- ensure compliance with policies; and
- support business continuity.

Users should have no expectation of privacy when using Council systems. Monitoring will be lawful, proportionate and for legitimate purposes only.

## 13. RETENTION AND ARCHIVING

Council emails and electronic records must be retained and archived in accordance with:
- the Council's Retention Policy;
- GDPR requirements; and
- Freedom of Information obligations.

Users should not keep unnecessary emails or duplicate records.

## 14. INCIDENT REPORTING

All users must report any actual or suspected security incidents without delay, including:

- lost or stolen devices;
- suspected phishing or suspicious emails;
- accidental disclosure of information; and
- unauthorised access to systems.

Incidents should be reported to the Chief Executive Officer, who will coordinate action with the IT provider and follow data breach procedures where required.

## 15. TRAINING AND AWARENESS

The Council will provide periodic training and guidance to employees and councillors on:
- cyber security best practice;
- phishing awareness;
- safe use of Council systems; and
- data protection responsibilities.

All users are expected to engage with training provided.

## 16. MISUSE, BREACHES AND ENFORCEMENT

Misuse includes, but is not limited to:

- accessing or distributing illegal or offensive material;
- circumventing security controls;
- introducing malware or unauthorised software;
- excessive personal use; and
- using systems in a way that brings the Council into disrepute.

Failure to comply with this policy may result in:
- withdrawal of system access;
- disciplinary action; and
- referral to external authorities where required.

## 17. CONTACTS

For IT-related enquiries, assistance or incident reporting, users should contact:
- the Chief Executive Officer; or
- the Council's appointed external IT support provider.

## 13. REVIEW

This policy will be reviewed annually, or sooner if required by changes in technology, legislation or working practices.

# Godalming Town Council Audit Committee: Internal Review

Area of Review - Budget Setting Process

**Budget Setting Process**

The current process for setting the budget is:

- the CEO/RFO gains visibility of potential new initiatives from Members through meetings with the Leader and Deputy Leaders of the Council. Officers may also raise initiatives in this forum which are usually derived from either best practice seen at other councils, known legislative changes that need to be adhered to or technological changes that could improve efficiencies;
- financial implications of new initiatives are developed and incorporated into base budget;
- base budget is reviewed and amended for known inflationary and other adjustments;
- draft budget is presented to each of the Service Committees for consideration before being considered as a whole by the Management Committee for review and comment; and
- once agreed, budget is taken to Full Council to be approved and for the Precept to be set.

**Timeframes**

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

In practice a lot of work takes place on preparing the budget over the months of October and November. The Council shall fix the precept (council tax requirement), and relevant basic amount of council tax to be levied for the ensuing financial year not later than by the end of January each year.

**Ongoing Oversight**

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

At each of the meetings of a Service Committees with budget responsibility actual expenditure to date (by line item and by cost centre) is compared to the profiled budget and significant variances explained. Where any potential issues are identified, they are discussed and a course of action agreed (and reflected in the minutes of the meeting). The CEO/RFO attends Management Committee where a combined monitoring report of all Service areas is considered. The CEO/RFO is able to answer most questions at the meeting, however if necessary written answers will be provided post meeting after further checks have been made. The written answer would also be presented at the next scheduled meeting to be recorded on the minutes.

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

In accordance with Financial Regulations quotes are required for any significant expenditure not covered by existing contracts. A formal tendering exercise is required for procurement above a threshold of £60,000 (excluding VAT). Further information on procurement is set out in the Financial Regulations.

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

**Published Data**

The Council is required to publish its approved budget on its website; this information can be found on the Financial Information page.

Information about payments made is published quarterly on the Council's website.

Summary information about payment is retained with the Management Committee minutes.

The Council must also demonstrate that performance against budget is monitored at least quarterly. Godalming Town Council performs its budget monitoring at each meeting of a Survive Committee with budgetary responsibility and at each Management Committee, the agendas for which can be found online within the Town Council Agendas & Minutes section.