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Our Ref: MARK/GOD003

Mr A Jeffery
Godalming Joint Burial Committee
Municipal Buildings
Bridge Street
Godalming
Surrey
GU7 1HT

21 May 2019

Dear Andy

Re: Godalming Joint Burial Committee (JBC)
Internal Audit Year Ended 31st March 2019

Following completion of our final internal audit on 15 April 2019 we enclose our report for your kind attention and presentation to the Committee. The audit was conducted in accordance with current practices and guidelines and testing was risk based. Whilst we have not tested all transactions, our samples have where appropriate covered the entire financial year. Recommendations for future action are shown in the table at Appendix A.

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

I have set out the results of my testing against each of the control objectives set out in the internal audit section of the annual return below.

It is my opinion that the systems and internal procedures at Godalming JBC are very well established, regulated and followed.

I am of the opinion that the annual accounts and annual return are ready to be signed off by the JBC and the external auditor. Accordingly, I have signed off the Annual Internal Audit Report.

It is clear the JBC takes governance, policies and procedures very seriously and I am pleased to report that overall the systems and procedures you have in place are entirely fit for purpose and indeed are a model of good practice. I would like to thank Rita for her assistance and hard work.

A. Books of Account

Interim Audit

The JBC is administered as a company on the RBS accounting system hosted at Godalming Town Council. This is an industry specific accounting package, and the separate company structure provides discrete accounting records for JBC. I have tested the brought forward balances by checking the 1 April 2018 balance sheet on RBS against the prior year annual return and can confirm these have been brought forward correctly.

The RBS system is used daily to report and record the financial transactions of the JBC and a review of the cashbook shows that all data fields are being entered, the hard copy reports are easy to read and logically filed. JBC specific reconciliations are completed on a regular basis. My testing demonstrated that supporting records such as invoices could be readily located from references on the accounting system. I therefore make no recommendation to change this system.

The JBC is up to date with VAT returns. I confirmed that the return for period to 30 September 2018 has been submitted to HMRC, and I was able to prove that figures in the return could be agreed to reports derived directly from the RBS system, and that the VAT return reconciled to the VAT control account.

I have confirmed that the external audit certificate was considered at the JBC meeting of in November 2018. Internal Audit report was considered at the June meeting of the JBC. I checked that audited accounts have been loaded to the JBC website. All obligations with respect to the 2017-18 annual return have been met.

I have no recommendations in this area

Final Audit

I agreed the statement of accounts back to annual return reports produced by the Council's accounting system, RBS. I therefore conclude that all figures on the annual return have been correctly derived from the Council's accounting system. Arithmetic has been checked and the accounts cast.

I checked comparative figures for the previous financial year disclosed on this year's annual return back to last year's signed accounts, and can confirm that opening reserves balances, and comparative figures are accurately recorded in this year's annual return.

I also confirmed that VAT is up to date, with the return completed and submitted to HMRC for the period to 31.3.19.

I am satisfied that the JBC has met this control objective

B. Financial Regulations & Payments

Interim Audit

I confirmed from discussion with officers at Godalming Town Council (TC) that the JBC follows the standing orders and financial regulations of the Town Council. I note that this has now formally been recorded in JBC minutes, in response to a recommendation I raised last year.

The JBC grants authority to spend via the annual budget process, payments are made so long as there is available budget. It is clear there are robust systems, policies and regulations in place and the JBC takes seriously its responsibility in this regard. I reviewed a sample of expenditure transactions and was able to confirm the following:

- Cashbook entry could be agreed back to an invoice from the supplier
- Approval for the payment was recorded in a minute of a meeting of the JBC
- Signature of two committee members was viewed on each invoice tested
- Signature of 2 councillors seen on cheque stub

I therefore conclude that payments are authorised in accordance with financial regulations and a dual signatory system is in place for all payments. I note that the payment made to Godalming TC for administrative services included VAT this year, this is in response to a recommendation raised at last audit.

Final Audit

Expenditure per box 6 to the accounts is £133,095 (2017-18 £97,276)

I tested a sample of expenditure transactions amounting to 30% of expenditure from the second half of the financial year. In all cases I was able to confirm that expenditure had been incurred in line with financial regulations.

I note that the JBC is compliant with transparency good practice. Regular information on payments above £500 is loaded to the JBC website, along with information on budgets, councillor registers of interests, and fees and charges. I confirmed that data was up to date at the time of my audit, with payment information loaded to 31 March 2019.

I am satisfied that the JBC has met this control objective

C. Risk Management & Insurance

Interim Audit

The JBC is insured with WPS Insurance. I confirmed the policy is in date, with an expiry date of March 2019. Asset cover appeared consistent with asset register. There appeared to be minimal money cover on the JBC policy. I therefore recommend that this is reviewed and taken up with the insurer. Money cover should be in excess of the maximum holding of cash at bank held by the JBC at any point in the financial year.

The JBC has not yet formally reviewed its risk assessment. I have reminded the RFO that this needs to be considered at a JBC meeting before the end of the financial year and a minute recorded. I will review the risk assessment at my year end visit.

I am satisfied that the JBC has met this control objective.

Final Audit

I confirmed that a detailed risk assessment was reviewed at the Committee meeting in February 2019, and minuted appropriately. I also confirmed that the interim internal audit report was considered at the same meeting of JBC. Audit recommendations have been addressed; responses are set out below.

I am satisfied that the JBC has met this control objective.

D: Budget, Precept & Reserves

Interim Audit

The 2019-20 budget for the JBC was approved at the November meeting of the Committee, subject to finalisation of band D equivalent council tax base by Waverley BC. A balanced budget was approved. Reserves of £155K are projected for 31.3.20, with a general fund balance of £36K. Earmarked reserves are significant and have been set aside to cover maintenance responsibilities. Reserves seem appropriate and well managed.

Budget monitoring reports are taken regularly to meetings of the JBC and provide comprehensive information to Committee members. I confirmed the Committee has seen budget monitoring reports for the period to 31.10.18, this was reported at November meeting, overspends and virements noted appropriately.

I consider this control objective to have been met.

Final Audit

I confirmed that budget monitoring reports continue to be reviewed at meeting of the JBC, the last minuted review being completed in February 28th, with the outturn report being prepared for the next meeting of the Committee.

Reserves at year end per box 7 to the accounts were £182,475 (2017-18 £164,438).

Earmarked reserves were £132K leaving general reserves of £50K. The JBC has general reserves which are around 35% of 2018-19 turnover, and very well managed earmarked reserves. The financial position of the JBC is therefore sound.

I consider this control objective to have been met.

E: Income

Interim Audit

Fees and charges are reviewed annually by the JBC. They were last reviewed at the meeting of 1 September 2017, and are due to reviewed before the end of the financial year. I tested a sample of income transactions and for all transactions tested I was able to confirm that:

- Entry in cashbook could be agreed to JBC invoice
- Fee charged could be agreed to fees and charges schedule.

I consider this control objective to have been met.

Final Audit

Local taxation income box 2 to the accounts is £64,572 (2017-18 £64,572)

Other receipts box 3 to the accounts is £86,433 (2017-18 £66,544)

Fees and charges were reviewed and approved at the September 2018 meeting of the committee. I note that the Council has now introduced non-resident cemetery fees. I confirmed the £61,064 precept from Godalming TC to 3rd party approval in Godalming TC budget for 2018-19.

I have identified no errors in my testing of income recorded in box 2 and 3 to the accounts.

F. Petty cash

No petty cash

G. Payroll

There are no material payroll costs, administrative costs are paid to Godalming Town Council. As part of my review, I noted that contractor costs were recorded as payroll in the ledger, this was rectified by the RFO prior to production of the accounts.

H. Assets and investments

Interim Audit

The asset registers appeared up to date and properly maintained. Detailed testing of fixed assets will be carried out at year end.

Final Audit

Fixed Assets per the box 9 to the accounts are £933,506 (2016-17 £933,5061)

I reviewed the fixed asset register with a schedule of assets with a balance sheet value of £933,506. There is no change to the asset register in this financial year. I confirmed by enquiry that no fixed asset disposals have occurred in 2017-18 or that any are necessary. I have identified no capital expenditure in my expenditure testing.

I have identified no errors in my testing of fixed assets recorded in box 9 to the accounts

I. Bank reconciliations

Interim Audit

The JBC has two bank accounts. The bank reconciliations for both accounts are properly prepared and presented to committee for verification and approval on a regular basis. I confirmed that reconciliations are completed promptly at the end of each month. The October 2018 reconciliation was reperformed. There were no errors, and I confirmed that the reconciliation and bank statements had been signed by the reviewing member of the committee. The system of reconciliation is working correctly.

I note that the JBC still pays suppliers by cheque, I would recommend that the JBC moves to electronic payments in the next 12 months. There is a risk of cheques being lost, and payments by electronic banking are more secure and provide a better audit trail. In addition, recent bank closures make it more difficult for suppliers to bank cheques.

Final Audit

Cash and bank – box 8 to the accounts £178,067 (£158,503 2017-18) I have re-performed the year end bank reconciliation and I was able to agree the bank reconciliation back to bank statements and the RBS cashbook. The reconciliation had not been reviewed by Councillors at the time of my audit, but was due to be presented at the next meeting.

The JBC has no loans.

Box 8 to the accounts is fairly stated

J. Year-end accounts

The accounts have been prepared on the income and expenditure basis. This is appropriate for this organisation, where expenditure occasionally exceeds the £200K threshold where accruals accounting becomes obligatory.

A reconciliation between box 7 to 8 in the accounts has been prepared and is supported by schedules of debtors and creditors. The Council has also prepared a year on year variance analysis review by the external auditors.

K. Trusteeship

Not applicable

L: Exercise of Public Rights - Inspection of Accounts

Not applicable to the Burial Committee

Should you have any queries please do not hesitate to contact me, finally I enclose a fee note for your kind attention.

Kind regards

Yours sincerely



Mark Mulberry

Points Forward – Action Plan - Interim Audit

Matter Arising	Recommendation	Council Response
There appeared to be minimal money cover on the JBC insurance policy	I therefore recommend that this is reviewed and taken up with the insurer. Money cover should be in excess of the maximum holding of cash at bank held by the JBC at any point in the financial year.	Insurers contacted not possible to increase.
I note that the JBC still pays suppliers by cheque.	I would recommend that the JBC moves to electronic payments in the next 12 months	Agreed to be implemented post elections

Points Forward – Action Plan - Final Audit

Matter Arising	Recommendation	Council Response
No further recommendations		