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Our Ref: MARK/GOD003

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

14th April 2020

Dear Andy

**Re: Godalming Joint Burial Committee
Internal Audit Year Ended 31st March 2020**

Following completion of our interim internal audit on the 25th November and our final audit on the 14th April 2020 we enclose our report for your kind attention and presentation to the Council. 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 year to date. Where appropriate **recommendations for future action are shown in bold text and summarised in the tables at the end of the report.**

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 members to support and inform them when they considering the authority's approval of the annual governance statement.

Interim Audit – Summary Findings

At the interim visit we reviewed and performed tests on the following areas:

- Review of the Financial Regulations & Standing Orders
- Review of the Risk Assessments
- Review of the Budgeting Process
- Proper Bookkeeping – review of the use of the accounts package.
- Review of salaries
- Review of fixed asset register

It is our opinion that the systems and internal procedures at Godalming JBC are well established, and followed. The RFO is very experienced and ensures the Committee follows best practice regulations. It is clear the Committee takes governance, policies and procedures very seriously and I am pleased to report that overall the systems and procedures you have in place are fit for purpose.

I would like to thank Rita and her team for their assistance and whilst my report may contain recommendations to change these are not indicative of any significant failings, but rather are pointers to improving upon an already well ordered system.

Final Audit – Summary Finding

At the final visit we reviewed and performed tests on the following areas:

- Review of annual accounts & AGAR
- Review of bank reconciliation
- Review of income
- Review of salaries
- Review of information for external auditor

I am of the opinion that the annual accounts and AGAR are ready to be signed off by Committee and the external auditor and that the AGAR is a true and fair reflection of the financial transaction of that of the council for the year ended 31st March 2020. Accordingly, I have signed off the AGAR.

A. BOOKS OF ACCOUNT (INTERIM AUDIT)

The JBC is administered as a company on the RBS accounting system hosted at Godalming Town Council. The Committee continues to use RBS and now uses the Rialtus suite. This an industry specific accounting package. The RBS system is used daily to report and record the financial transactions of the Committee.

There are a number of access users. The system is cloud based and access is required by secure log on to the local machine and a separate password for the cloud system.

- RFO -full access all areas
- Clerk – Read only all areas
- Facilities – read write to bookings
- Support services – read write to bookings.

Every month, a month end close down is performed by the RFO, various reports are printed and filed in hard copy, these include but are not limited to; income and expenditure against budget, bank reconciliations and other reports as fit.

The cashbooks are routinely printed and are retrospectively accessible. 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, the reports are easy to read and logically filed.

My walk through audit testing of receipts and a payments chosen at random from month six, showed that supporting documentation could be easily located from records. I make no recommendation to change in this system.

I tested opening balances as at 1/4/19 and confirmed they could be agreed back to the audited accounts for 2018/19.

The JBC is up to date with VAT returns. I confirmed that the return for period to 30 September 2019 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.

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 control assertion of “Appropriate accounting records have been properly kept throughout the financial year” has been met.

B. FINANCIAL REGULATIONS, GOVERNANCE & PAYMENTS (INTERIM & FINAL AUDIT)

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.

The Council internal audit report shows that regulations are routinely followed and that they are fit for a council of that size. As such they are entirely suitable for the JBC.

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 am of the opinion the Committee is following its own regulations and that any changes to financial regulations are to be considered minor and no indicative of errors in the system. I am therefore of the opinion that the control assertion "This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for", has been met.

Final Audit

I have reviewed the expenditure list which is broadly similar to the prior year after accounting for one of expenditure items. I also reviewed the nominal ledger for evidence of netting off and significant journal entries, the individual entries were in accordance with the heading under which they were posted and corrections/transfers where evident were bonafide. We found no evidence of breaches of financial regulations in the sample testing completed.

Trade creditors were £10,819 and this agreed to the aged report – there were no significant or aged balances. The council is up to date with supplier payments.

I am of the opinion that the control assertion "This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for", has been met.

C. RISK MANAGEMENT & INSURANCE (INTERIM)

Interim Audit

I confirmed the JBC has a valid insurance certificate.

We discussed assertion 8 of the AGAR and whether or not this had any impact on the Committee.

"We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this authority and, where appropriate, have included them in the accounting statements."

I am of the opinion that the control objective of "This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.", has been met

D. BUDGET, PRECEPT & RESERVES (INTERIM & FINAL AUDIT)

Interim Audit

I confirmed that the 2020-21 budget and precept setting process was underway at the time of the audit, the November 2019 minutes show discussion of the same.

Councillors receive regular reports on budget against actuals via reports to the Policy and Management Committee.

The Committee has well developed reserves, which are properly recorded.

I am of the opinion that the control objective of “The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.”, has been met.

Final Audit

The committee has £197,275 of total reserves of which £133,981 are earmarked. In respect of general reserves, rule of thumb calculations would suggest that 50% of precept as adjusted for local conditions would be reasonable being circa £30k. I was pleased to see the detailed working and council verification of the reserves working. I am of the opinion that general reserves are reasonable and properly reported on.

I am of the opinion that the control objective of “The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.”, has been met.

E. INCOME (INTERIM & FINAL AUDIT)

Interim Audit

Fees and charges are reviewed annually by the JBC.

Final Audit

The precept income was tested to invoices and bank statements

Other income and other debtors were tested to remittance advice notes, and after date payment, together with a nominal ledger analysis. There is no evidence of netting off, nor were there significant numbers of journal corrections.

At the year-end date the committee has £12,448 of debtors. The debtors are further broken down into:

- Sales Ledger £1,940 – agrees to aged debtors rpt.
- Prepayments £6,328 – in the main insurance - verified to schedule
- VAT £4,180 – verified to Vat return.

I am of the opinion that the control objective of “Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.”, has been met.

F. PETTY CASH (INTERIM & FINAL AUDIT)

No petty cash

G. PAYROLL (INTERIM & FINAL AUDIT)

There are no payroll costs, administrative costs are paid to Godalming Town Council.

H. ASSETS AND INVESTMENTS (INTERIM & FINAL AUDIT)

Interim Audit

The fixed asset register is maintained on excel, additions and disposals have been agreed to a schedule prepared by the RFO and have been correctly added at cost, or written off the asset register as obsolete. There has been no change year on year.

I am of the opinion that the control objective of “Asset and investments registers were complete and accurate and properly maintained.”, has been met.

I. BANK & CASH (INTERIM & FINAL AUDIT)

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. There were no errors, and I confirmed that the reconciliation and bank statements had been signed by the reviewing member of the committee.

I am of the opinion that bank and cash balances are properly shown on the AGAR and that the control objective of “Periodic and year-end bank account reconciliations were properly carried out.”, has been met.

Final Audit

At the year-end date the JBC had a reconciled bank position. I have reviewed the reconciliation there were no errors.

I am of the opinion that bank and cash balances are properly shown on the AGAR and that the control objective of “Periodic and year-end bank account reconciliations were properly carried out.”, has been met.

J. YEAR END ACCOUNTS (FINAL AUDIT)

The year-end accounts have been prepared on the income & expenditure basis with the box 7 & 8 reconciliation properly completed. The AGAR correctly casts and cross casts and the comparatives have been correctly copied over from the 2018-19 AGAR.

Agar Box Number		2018/19	2019/20	Auditor Notes
1	Balances brought forward	164,638	182,475	Agrees to 2019 carry forward
2	Precept or Rates and Levies	64,572	58,115	Agrees to invoices and receipts
3	Total other receipts	86,433	72,413	Non typical burial in 2019 for £9k – & fewer burials
4	Staff costs	73	-	Agreed – no payroll
5	Loan interest/capital repayments	-	-	Agreed no loans
6	All other Payments	133,095	115,728	As above non typical burial in 2019
7	Balances carried forward	182,475	197,275	Casts correctly
8	Total value of cash and short term investments	178,067	195,647	Agrees to bank reconciliation
9	Total fixed assets plus long term	933,506	933,506	No change year on year – agrees to register

	investments and assets			
10	Total borrowings	-	-	Agreed no loans

The JBC has made provision within its schedule of meetings to sign off the annual governance statement and accounts in time to display the notice of electors rights.

I am of the opinion the AGAR will be ready for submission to the external auditor within statutory time scales and that the control objective of "Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.", has been met.

K. TRUSTESHIP (INTERIM AUDIT)

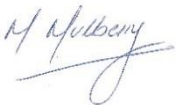
No trusts.

L: EXERCISE OF PUBLIC RIGHTS - INSPECTION OF ACCOUNTS (FINAL AUDIT)

N/A

Should you have any queries please do not hesitate to contact me, attention.

Kind regards
Yours sincerely



Mark Mulberry