



## MULBERRY & CO

Chartered Certified Accountants  
Registered Auditors  
& Chartered Tax Advisors

9 Pound Lane  
Godalming  
Surrey, GU7 1BX

t + 44(0)1483 423054  
e office@mulberryandco.co.uk  
w www.mulberryandco.co.uk

Our Ref: MARK/GOD003

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

12<sup>th</sup> April 2021

Dear Andy

**Re: Godalming Joint Burial Committee**  
**Internal Audit Year Ended 31<sup>st</sup> March 2021**

### Executive Summary

Following completion of our interim internal audit on the 22<sup>nd</sup> September 2020 and our final report on the 12<sup>th</sup> April 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 year to date. **Testing requirements are shown in Red** and where appropriate **recommendations for future action are shown in bold text and summarised in the tables at the end of the report.**

Our report is presented in the same order as the assertions on the internal auditor report within the published AGAR. The start of each section details the nature of the assertion to be verified, followed by recommended minimum testing requirements. Each section is then concluded with an opinion as to whether the assertion has been met or not.

Our sample testing did not uncover any errors or misstatements that require reporting to the external auditor, nor did we identify any significant weaknesses in the internal controls such that public money would be put at risk.

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. The existence of an audit committee with its own detailed scope of works, testing & reporting regimen is very much best practice and is to be applauded. I would recommend the continuance of this into the future.

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

It is therefore our opinion that the systems and internal procedures at Godalming Joint Burial Committee are well established, and followed.

### 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. The purpose of internal audit is to review and report to the authority on whether its systems of financial and other internal controls over its activities and operating procedures are effective.

Internal audit’s function is to test and report to the authority on whether its specific system of internal control is adequate and working satisfactorily.

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.

### **Independence & Competence**

Your audit was conducted by Mark Mulberry of Mulberry & Co. We confirm we are independent from the management of the financial controls and procedures of the Committee and neither the internal auditor or the firm have any conflicts of interest with the audit client, nor do they provide any management or financial assistance to the client.

Your auditor is a qualified practicing accountant with over 20 years’ experience as a registered statutory auditor.

### **Engagement Letter**

An engagement letter was issued on the 1<sup>st</sup> September 2020 covering the 2020/21 internal audit assignment. Copies of this document are available on request.

### **Planning & Inherent Risk Assessment**

The scope and plan of works including fee structure was issued to the Committee on the 1st September 2020 under separate cover. Copies of this document are available on request. In summary, our work will address each of the internal control objectives as stated on the Annual Internal Audit Report of the AGAR.

- There have been no instances of breaches of regulations in the past
- The client uses an industry approved financial reporting package
- The client regularly carries out reconciliations and documents these
- There is regular reporting to Committee
- The management team are experienced and informed
- Records are neatly maintained and referenced
- The client is aware of current regulations and practices
- There has been no instance of high staff turnover
- The client has an audit committee with detailed terms of reference and work programme

It is my opinion that the inherent risk of error or misstatement is low and the controls of the Committee can be relied upon and as such substantive testing of individual transactions is not required. Testing to be carried out will be “walk through testing” on sample data to encompass the period of the Committee year under review.

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## A. BOOKS OF ACCOUNT (INTERIM AUDIT)

### **Internal audit requirement**

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

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 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 supervisor – read write to bookings
- Support services – read write to bookings.

The system encompasses, sales ledger, purchase ledger and cashbook. It provides for reconciliation of key control accounts and regular reporting against budget.

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 RFO makes use of a control sheet to tick off the various reconciliations and financial activities that must be completed to finalise a month end. I have reviewed the June, July & August months and can confirm the tick sheet is completed and the various reconciliations are in evidence. This is a robust, clear to follow system of internal control and demonstrates good working practices.

I also reviewed the bank reconciliation file and can confirm for May, June and July there was evidence of the RFO preparing and signing off the bank reconciliations. This demonstrates internal controls are in evidence and being followed.

The cashbooks are routinely printed and are also retrospectively accessible. The system requires the population of key data fields to enable the user to record a transaction with sufficient detail to understand the nature and scope of the 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 payments to underlying documentation chosen at random from month two & three showed that the referencing system can be relied upon, and that the source documents could be easily located in the Committee records. I make no recommendation to change in this system.

I tested opening balances as at 1/4/20 and confirmed they could be agreed back to the audited accounts for 2019/20.

The JBC is VAT registered and the last VAT return was for quarter ended 30<sup>th</sup> June 2020. This was submitted using the software package under the making tax digital rules and was submitted on time ahead of the deadline. The return was a refund return and I proved the amount shown on the return to the HMRC system. This test indicates that the Committee is up to date with its postings on the financial package and that these can be verified to third party evidence. **The refund of £9,090.49 for the quarter ended 30<sup>th</sup> June has not been received and is being actively followed up by the RFO.**

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.

**Section Conclusion**

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)

### **Internal audit requirement**

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

### **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

### **Final Audit**

All other expenditure was £151,127 (2020: £115,728) an increase of £35,399, due in the main to additional expenditure on the burial ground and tractor hire. I have reviewed the expenditure list which is broadly similar to the prior year after accounting for one off 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.

Creditors were £20,616 of which

- Trade creditors £13,081- agrees to aged creditors rpt – no aged balances.
- Accruals £7,535 – in the main grounds maintenance agrees to schedule.

### **Section Conclusion**

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 AUDIT)

### **Internal audit requirement**

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

### **Interim Audit**

The Council undertakes a full risk assessment that covers operational and financial risks, this is taken to council on an annual basis. Evidence was noted in the September Audit Committee meeting of review and adoption of the risk management policy and documentation. These are very comprehensive and detailed documents.

We discussed assertion 8 of the AGAR and whether or not this had any impact on the Committee. All appropriate transactions and events have been recorded.

*“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.”*

### **Section Conclusion**

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)

### **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.*

### **Interim Audit**

I confirmed that the 2021-22 Budget and precept setting process was underway at the time of the audit.

Councillors receive regular reports on budget against actuals via reports to the Policy and Management Committee. I reviewed the report for the period to end of September 2020 and was able to confirm that the budget is well managed and reported on. Overspends have been properly explained and approval for funding sought from Councillors.

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

### **Final Audit**

The committee has £269,043 of reserves of which £138,981 is earmarked reserves and £130,062 are general reserves. 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 £29k. I am not surprised by the higher level of reserves this year and would also expect a burial committee to hold higher reserves as income cannot be reliably forecasted. I am of the opinion that general reserves are reasonable and properly reported on.

### **Section Conclusion**

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)

### **Internal audit requirement**

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

### **Interim Audit**

I was able to agree charging rates back to approved fees and charges dated 1<sup>st</sup> January 2020.

### **Final Audit**

The precept income was tested to invoices to GTC and Busbridge Town Council together with remittance advice notes. There has been no change year on year and the amounts agreed exactly.

Other income of £164,780 and consists of burial income only. There is no evidence of netting off, nor were there significant numbers of journal corrections.

In total, other income has increased by £92,367 this is due to an increased number of burials. This has been reported on the report of significant variances. I am of the opinion that income is properly recorded.

At the year-end date the Committee has £1,845 of debtors and £13,637 of VAT outstanding. The Committee is actively chasing the refunds due.

### **Section Conclusion**

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 AUDIT)

### **Internal audit requirement**

*Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.*

Not applicable – no petty cash

## G. PAYROLL (INTERIM & FINAL AUDIT)

### **Internal audit requirement**

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

Not applicable - There are no payroll costs. Administrative costs are paid to Godalming Town Council.

## H. ASSETS AND INVESTMENTS (INTERIM & FINAL AUDIT)

### **Internal audit requirement**

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

### **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.

The Committee does not hold any long term investments i.e. over 1 year. Any addition to the asset register is normally with a cost value greater than £1,000.

There is no change year on year in fixed assets.

### **Section Conclusion**

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)

### **Internal audit requirement**

*Periodic and year-end bank account reconciliations were properly carried out.*

### **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.

### **Final Audit**

At the year-end date the committee had a reconciled bank position which has been signed in accordance with financial regulations. I have reviewed the reconciliation there was one outstanding lodgement for £1,650 which cleared on the 1<sup>st</sup> April 2021, there were no outstanding payments. I also tested the cut off and can confirm the payments and lodgements are shown in the correct year.

The committee has three bank accounts. None of the accounts are long term investments and as such do not need to be disclosed in box 9 of the AGAR.

The JBC follows the same regulations as that of GTC and as such has the same investment strategy in place.

### **Section Conclusion**

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)

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

The committee, at its meeting to sign off the year-end accounts, must discuss the Annual Governance Statement and record this activity in the minutes of the meeting. Based on the internal audit finding, I recommend using the table below as the basis for that discussion. THIS MUST BE A SEPARATE AGENDA ITEM TO THE SIGNING OF THE ANNUAL ACCOUNTS.

### **Section 1 – Annual Governance Statement**

	<b>Annual Governance Statement</b>	<i>'Yes' means that this authority</i>	<b>Suggested response based on evidence</b>
1	We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.	<i>prepared its accounting statements in accordance with the Accounts and Audit Regulations.</i>	<b>YES</b> – income & expenditure 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.	<i>made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.</i>	<b>YES</b> – there is regular reporting of financial transactions and accounting summaries, offering the opportunity for scrutiny.
3	We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and Proper Practices that could have a significant financial effect on the ability of this authority to conduct its business or manage its finances.	<i>has only done what it has the legal power to do and has complied with Proper Practices in doing so.</i>	<b>YES</b> – the Clerk is experienced and 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.	<i>during the year gave all persons interested the opportunity to inspect and ask questions about this authority's accounts.</i>	<b>YES</b> – the requirements and timescales for 2018/19 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.	<i>considered and documented the financial and other risks it faces and dealt with them properly.</i>	<b>YES</b> – 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.	<i>arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of this smaller authority.</i>	<b>YES</b> – the council has appointed an independent and competent internal auditor has completed two audits during the year.
7	We took appropriate action on all matters raised in reports from internal and external audit.	<i>responded to matters brought to its attention by internal and external audit.</i>	<b>YES</b> – where matters are raised, action taken by council is recorded in the minutes.
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	<i>disclosed everything it should have about its business activity during the year including events taking place after the year end if relevant.</i>	<b>YES</b> – no matters were raised during the internal audit visits.

	authority and. Where appropriate, have included them in the accounting statements.		
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.	<i>has met all of its responsibilities where, as a body corporate, it is a sole managing trustee of a local trust or trusts.</i>	<b>N/A</b> – the council has no trusts.

## Section 2 – Accounting Statements

Agar Box Number		2019/20	2020/21	Auditor Notes
1	Balances brought forward	182,475	197,275	Agrees to 2019 cfwd
2	Precept or Rates and Levies	58,115	58,115	Agrees to bank statements & invoices
3	Total other receipts	72,413	164,780	Agrees to Nominal ledger
4	Staff costs	0	0	-
5	Loan interest/capital repayments	0	0	-
6	All other Payments	115,728	151,127	Agrees to underlying records
7	Balances carried forward	197,275	269,043	Cast correctly
8	Total value of cash and short term investments	195,647	274,177	Agrees to reconciliation
9	Total fixed assets plus long term investments and assets	933,506	933,506	Agrees to register
10	Total borrowings	0	0	Agreed no loans
11	For Local Councils Only) Disclosure note re Trust funds (including charitable)	YES	NO ✓	No trusts

The year-end accounts have been correctly 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 2019-20 AGAR.

The variance analysis was required because there were variances greater than 15% and £500. This was properly prepared on a summary table basis showing the financial elements and explanatory narrative.

The Committee had made provision within its schedule of meetings to sign off the annual governance statement.

### Section Conclusion

I am of the opinion 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. LIMITED ASSURANCE REVIEW (INTERIM & FINAL AUDIT)

**Internal audit requirement**

*IF the authority certified itself as exempt from a limited assurance review in 2019/20, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2019/20 AGAR tick "not covered")*

Not applicable

#### L: TRANSPARENCY (INTERIM & FINAL AUDIT)

**Internal audit requirement**

*If the authority has an annual turnover not exceeding £25,000, it publishes information on a website/ webpage up to date at the time of the internal audit in accordance with the Transparency code for smaller authorities.*

Not applicable

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

**Internal audit requirement**

*The authority, during the previous year (2019-20) correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations (evidenced by the notice published on the website and/or authority approved minutes confirming the dates set).*

Not applicable

#### N. PUBLICATION REQUIREMENTS (INTERIM & FINAL AUDIT)

**Internal audit requirement**

*The authority has complied with the publication requirements for 2019/20 AGAR. Under the Accounts and Audit Regulations 2015, authorities must publish the following information on the authority website/webpage:*

Not applicable

#### O. TRUSTEESHIP (INTERIM AUDIT)

**Internal audit requirement**

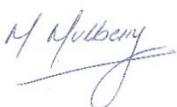
*Trust funds (including charitable) – The council met its responsibilities as a trustee.*

Not applicable - No trusts.

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

Kind regards

Yours sincerely



**Mark Mulberry**