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Our Ref: MARK/GOD003

Mr A Jeffery
Godalming Joint Burial Committee
107-109 High Street
Godalming
Surrey
GU7 1AQ

20th September 2022

Dear Andy

**Re: Godalming Joint Burial Committee
Internal Audit Year Ended 31 March 2023 – Interim Audit report**

Executive Summary

Following completion of our interim internal audit on 20th September 2022 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. 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.

Interim Audit Summary

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.

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 previously issued to the council covering the 2022/23 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

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.

A. BOOKS OF ACCOUNT (INTERIM AUDIT)

Internal audit requirement

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

The records of the JBC are kept on the same systems and services as that of Godalming Town Council and are maintained by the same individuals. The audit testing also carried out on the 20th September did not highlight any weaknesses in this system.

I reviewed the bank reconciliation file and can confirm 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 saved and are also retrospectively accessible via the RBS package. 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 three showed that the referencing system can be relied upon, and that the source documents could be easily located in the council records.

I tested opening balances as at 1/4/22 and confirmed they could be agreed back to the audited accounts for 2021/22.

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

Internal audit requirement

This Joint Committee's financial regulations have been met, payments were approved and VAT was appropriately accounted for.

I confirmed from discussion with officers at Godalming Town Council (TC) that the JBC continues to follow 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
- Email Approval for the payment
- Physical payment seen on bank statement
- VAT on VAT return

C. RISK MANAGEMENT & INSURANCE (INTERIM AUDIT)

Internal audit requirement

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

The Council undertakes a full risk assessment that covers operational and financial risks, this is taken to council on an annual basis. These are very comprehensive and detailed documents.

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

Internal audit requirement

The annual taxation or levy or funding requirements resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.

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

The committee has a well-developed reserves policy. Reserves are significantly higher than the rule of thumb – which council is aware of.

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.

I was able to agree charging rates back to approved fees and charges.

I was able to prove income per the cashbook agreed to underlying documentation.

There is no evidence to suggest the JBC should be registered for VAT.

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.

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.

No payroll.

H. ASSETS AND INVESTMENTS (INTERIM & FINAL AUDIT)

Internal audit requirement

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

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 since the year end in fixed assets.

I. BANK & CASH (INTERIM & FINAL AUDIT)

Internal audit requirement

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

I have verified the April to August reconciliations and am under no doubt regulations are properly followed in respect of reconciling the bank.

The committee has three bank accounts, with total holdings of £277,361 at month 5.

J. YEAR END ACCOUNTS (FINAL AUDIT)

Internal audit requirement

Accounting statements prepared during the year were prepared on the correct accounting basis agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.

Section 1 – Annual Governance Statement

	Annual Governance Statement	'Yes' means that this authority	Suggested response based on evidence
1	We approved the accounting statements prepared in accordance with the guidance notes within this return.	<i>prepared its accounting statements in accordance with the Accounts and Audit Regulations.</i>	YES – 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>	YES – 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 generally accepted good practice that could have a significant financial effect on the ability of the body to conduct its business or on its finances and have reported our financial results to our host authority for inclusion in their accounts.	<i>has only done what it has the legal power to do and has complied with Proper Practices in doing so.</i>	YES – the Clerk is experienced and advises the committee in respect of its legal powers.
4	We carried out an assessment of the risks facing the body 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>	YES – the committee has a risk management scheme and appropriate external insurance.
5	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>	YES – the committee has appointed an independent and competent internal auditor has completed two audits during the year.
6	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>	YES – where matters are raised, action taken by committee is recorded in the minutes.
7	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>disclosed everything it should have about its business activity during the year including events taking place after the year end if relevant.</i>	YES – no matters were raised during the internal audit visits.

Section 2 – Accounting Statements

Agar Box Number		2020/21	2021/22	Auditor Notes
1	Balances brought forward	197,275	269,043	Agrees to cfwd
2	Precept or Rates and Levies	58,115	40,000	Agrees to third party evidence provided to auditor
3	Total other receipts	164,780	189,972	Agrees to underlying records – adjustments made for reallocation of income and expenditure to report gross
4	Staff costs	0	0	Agrees to underlying records

5	Loan interest/capital repayments	0	0	Agreed no loans
6	All other Payments	151,127	225,306	Agrees to underlying records – adjustments made for reallocation of income and expenditure to report gross
7	Balances carried forward	269,043	273,709	Casts correctly agrees to balance sheet

8	Total value of cash and short term investments	274,177	278,647	Agrees to reconciliation
9	Total fixed assets plus long term investments and assets	933,506	971,629	Agrees to register and additions
10	Total borrowings	0	0	Agreed no loans

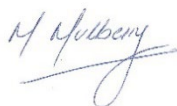
11	For Local Councils Only) Disclosure note re Trust funds (including charitable)	YES	NO	N/A	
				✓	

The year-end accounts have been correctly prepared on the income & expenditure basis with the box 7 & 8 reconciliation, properly carried out.

The AGAR correctly casts and cross casts and the comparatives have been correctly copied over from the prior year.

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

Kind regards
Yours sincerely



Mark Mulberry