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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 – Year-End Audit report

Executive summary

Following completion of our year-end internal audit on 17th April 2023 we enclose our report for your kind attention and presentation to the council. This report should be considered alongside the interim audit report issued following our interim audit on 20th September 2022. The audits were 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.

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. Testing requirements follow those detailed in the audit plan previously sent to the council, a copy of this is available on request. The report concludes with an opinion as to whether each assertion has been met or not. Where appropriate **recommendations for action are shown in bold text and are summarised in the table at the end of the report.**

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

It is clear the council takes governance, policies and procedures seriously and I am pleased to report that overall, the systems and procedures you have in place are fit for purpose 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.

It is therefore our opinion that the systems and internal procedures at Godalming Joint Burial Committee are well established and followed. Finally, we tested the year end journal that was posted to GTC and can confirm this was correct and agreed to the 31/3/2023 accounts closing balances.

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 and competence

Your audit was conducted by Mark Mulberry of Mulberry & Co. 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

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 and inherent risk assessment

The scope and plan of works including fee structure was issued to the council 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. As part of the inherent risk assessment, we have concluded that:

- There have been no reported 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 council
- 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 our opinion that the inherent risk of error or misstatement is low, and the controls of the council 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 council year under review.

Table of contents

		TEST AT INTERIM	TEST AT FINAL	PAGE
	INTERIM AUDIT – POINTS CARRIED FORWARD			2
A	BOOKS OF ACCOUNT	✓	N/A	
B	FINANCIAL REGULATIONS, GOVERNANCE AND PAYMENTS	✓	✓	4
C	RISK MANAGEMENT AND INSURANCE	✓	✓	4
D	BUDGET, PRECEPT AND RESERVES	✓	✓	
E	INCOME	✓	N/A	
F	PETTY CASH	N/A	N/A	
G	PAYROLL	N/A	N/A	4
H	ASSETS AND INVESTMENTS	✓	✓	4
I	BANK AND CASH	✓	✓	4
J	YEAR END ACCOUNTS		✓	4
	ACHIEVEMENT OF CONTROL ASSERTIONS AT INTERIM AUDIT DATE			7
	INTERIM AUDIT POINTS CARRIED FORWARD			7

Interim Audit - Points Carried Forward

None at the Interim stage

B. FINANCIAL REGULATIONS, GOVERNANCE AND PAYMENTS

Internal audit requirement

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

Audit findings

Check that the council's Financial Regulations are being routinely followed.

I confirmed again 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

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.

C. RISK MANAGEMENT AND INSURANCE

Internal audit requirement

The Joint Committee assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.

Audit findings

We discussed assertion 8 on the Annual Governance Statement and whether this had any impact on the council.

"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."

The Clerk confirmed that they were not aware of any event having a financial impact that was not included in the accounting statements.

D. BUDGET, PRECEPT AND RESERVES

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.

Audit findings

The committee also holds £271,076 in the general reserve as represented by bank and cash balances.

The reserves will be taken over by GTC except for a payment of £25k to Busbridge Parish Council

H. ASSETS AND INVESTMENTS

Internal audit requirement

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

Audit findings

I confirmed the committee has an asset register. There are £971,629 of assets held at cost or proxy cost. This comprises 2 cemeteries, 2 vehicles and small amounts of equipment.

These assets will be transferred to GTC on completion of the cancellation of the JBC.

I. BANK AND CASH

Internal audit requirement

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

Audit findings

I reviewed the March 2023 bank reconciliation and was able to confirm the balances to the bank statements and found no errors.

Balances held are not within the £85,000 protection limit offered by the Financial Services Compensation Scheme (FSCS).

The bank balancers will be closed and transferred to GTC

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

Audit findings

The council, at its meeting to sign off the year-end accounts, must discuss Section 1 of the AGAR (Annual Governance Statement) and record this activity in the minutes of the meeting. **COUNCIL IS REMINDED THAT THIS MUST BE A SEPARATE AGENDA ITEM PRIOR TO THE SIGNING OF SECTION 2 OF THE AGAR (ANNUAL ACCOUNTS).**

Section 1 – Annual Governance Statement

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

	Annual Governance Statement	<i>'Yes', means that this authority</i>	Suggested response based on evidence
1	We approved the accounting statements prepared in accordance with the guidance notes within this Annual Return	<i>prepared its accounting statements and approved them</i>	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.	<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 this joint committee to conduct its business or manage its finances.	<i>has only done what it has the legal power to do and has complied with generally accepted good practice.</i>	YES – the Clerk advises the committee in respect of its legal powers.
4	We provided opportunity during the year for interested persons to inspect and ask questions about the accounts.	<i>Has given all persons interested the opportunity to inspect and ask questions about these joint committee accounts.</i>	YES – the requirements and timescales for 2021/22 year-end were followed.

5	We carried out an assessment of the risks facing the joint committee 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 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 joint committee's 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 the joint committee.</i>	YES – the committee has appointed an independent and competent internal auditor.
7	We took appropriate action on all matters raised in reports from internal and external reviews.	<i>responded to matters brought to its attention by internal and external reviewers.</i>	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 the joint committee 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		2021/22	2022/23	Internal Auditor notes
1	Balances brought forward	269,043	273,709	Agrees to 2021/22 carry forward (box 7)
2	Precept or rates and levies	40,000	40,000	Figure confirmed to central records
3	Total other receipts	189,972	157,253	Agrees to underlying records
4	Staff costs	0	0	
5	Loan interest/capital repayments	0	0	
6	All other payments	225,306	195,095	Agrees to underlying records
7	Balances carried forward	273,709	275,867	Casts correctly and agrees to balance sheet

8	Total value of cash and short-term investments	278,647	271,076	Agrees to bank reconciliation
9	Total fixed assets plus long-term investments and assets	971,629	971,629	Matches asset register
10	Total borrowings	0	0	

For Local Councils Only		Yes	No	N/A	
11a	Disclosure note re Trust Funds (including charitable)		NO		<i>The Council, as a body corporate, acts as sole trustee and is responsible for managing Trust funds or assets.</i>
11b	Disclosure note re Trust Funds (including charitable)			✓	<i>The figures in the accounting statements above do not include any Trust transactions.</i>

Audit findings

The year-end accounts have been correctly prepared on an income and expenditure basis with the box 7 and 8 reconciliation explained using the accounting records. I tested the debtors, creditors and accruals with the Clerk and am satisfied that these are all legitimately posted to the accounts.

The AGAR correctly casts and cross casts and last year's comparatives match the figures submitted for 2021/22.

The variance analysis has been completed to explain the variances exceeding 15% where required.

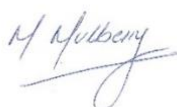
Achievement of control assertions at year-end audit date

Based on the tests conducted during the year-end audit, our conclusions on the achievement of the internal control objectives are summarised in the table below and are reflected in the completion of the Annual Internal Audit Report within the AGAR.

	INTERNAL CONTROL OBJECTIVE	YES	NO	NOT COVERED
A	Appropriate accounting records have been properly kept throughout the financial year	✓		
B	The Joint Committee's financial regulations have been met, payments were approved and VAT was appropriately accounted for.	✓		
C	The Joint Committee assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓		
D	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.	✓		
E	Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
F	Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.			✓ None
G	Salaries to employees and allowances to members were paid in accordance with the joint committee approvals, and PAYE and NI requirements were properly applied.			✓ None
H	Asset and investments registers were complete and accurate and properly maintained.	✓		
I	Periodic and year-end bank account reconciliations were properly carried out.	✓		
J	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, were supported by an adequate audit trail from underlying records, and, where appropriate, debtors and creditors were properly recorded.	✓		

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

Yours sincerely



Mark Mulberry
For Mulberry & Co

Year-End Audit - Points Carried Forward

None