

System: Payroll

Auditor: Ken Goddard

Date: November 2024

Control Objective 1: To ensure all payroll processing since the last audit has been carried out correctly

Ref	Expected Control	Actual Control	Test Findings & Recommendations	Council's Response And Target Date
1.1	Payroll operations are carried out by 2 officers.	The payroll is prepared by the Deputy Town Clerk.	The payroll is prepared by the Deputy/Town Clerk and is approved by the Chairman of the Council.	None required
1.2	Before the credit transfer is made, figures are matched against the payroll figures.	This is included in the Bills for Payment to Full council on a monthly basis and depending on the date of the meeting can be retrospectively	This was evidenced during the audit.	None required
1.3	All overtime claims are approved before payment.	The Town Clerk approves all overtime claims.	Overtime is usually dealt with by TOIL. Overtime claims were seen in the selected months' payroll runs, and were approved by the Town Clerk.	None required
1.4	The Internal Auditor checks for accuracy the payroll run including any pay rise.	This was carried out during the audit	Checks were made on the payroll runs for the months of August and September 2024.	None required

1.5	Monthly HMRC processes are carried out as per regulations	At the end of each payroll run, an e-mail is sent to HMRC together with listings of all income tax and NI deductions for each member of staff.	Evidence of this procedure was seen during the audit.	None required
1.6	The software and data is backed up to facilitate recovery of files.	The payroll data and software together with all, other data and software is stored in the Cloud.	Yes. All payroll data and systems are stored each evening in the Cloud. An e-mail is received to confirm that the back-up process has been fully completed.	None required
1.7	New employees of the Council are approved by Members together with their grades and hours etc.	Members approved the temporary employment of two starters at the Full Council meeting on 18 September 2024 minute ref 81.1.	Minutes seen during the audit approving the temporary employment on Grounds and Facilities Maintenance. He was paid the correct amount in August payroll run; Also an approved new member of office administrative staff was engaged in September, with her starting salary paid in October.	None required
1.8	All leavers are paid up to their leaving date.	There was one leaver who left in August and was not paid on September 2024.	A check was made on the September 2024 payroll run to ensure the leaver was not still being paid.	None required

INTERNAL AUDIT REPORT – Southwell Town Council

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Control Objective 2: To ensure that all statutory and voluntary deductions are correctly deducted and paid away.

Ref	Expected Control	Actual Control	Test Findings & Recommendations	Council's Response and Target Date
2.1	All Income Tax and NI contributions are deducted from gross salary	Statutory deductions are made from gross or taxable pay.	This was seen for months of August and September 2024 selected for review.	None required
2.2	Income Tax is calculated using the latest advice from the Inland Revenue	Statutory deductions are made according to advice received from Central Government	Evidence that tax notices are received and actioned was seen during the audit	None required
2.3	Income Tax, employee NI and employer NI contributions are forwarded to the Inland Revenue by the deadline date.	Forwarded to Inland Revenue each month.	The submissions to HMRC in respect of PAYE and NI (ee) and NI (er), were seen for the August and September 2024 payroll runs. An amount of £2,483.56 was paid to HMRC on 21 August 2024; and £2,915.51 was paid on 19 September 2024.	None required

2.4	All occupational pension contributions by the employee are matched with an agreed amount from the employer.	Employer contributes 21.3% plus a fixed sum of £279.17 each month.	These calculations were seen to have been used for the payroll runs selected for testing.	None required
2.5	All occupational pension scheme deductions were made at the correct rate.	Employees' contributions based on a sliding scale.	All occupational pension contributions are being made at the correct rate – this was confirmed during the review of the selected payroll runs.	None required
2.6	All pension deductions are forwarded to the pension provider	All deductions for pension are made to Notts County Council.	<p>The staff's pension contributions plus the Council's contributions for the August and September 2024 runs were seen on the bank statements showing the correct amounts:</p> <p>£3,688.30 was paid to NCC 21 August 2024;</p> <p>£3,703.67 was paid to NCC on 19 September 2024</p>	None required

INTERNAL AUDIT REPORT – Southwell Town Council

System: Purchase Ledger

Auditor: Ken Goddard

Date: November 2024

Control Objective 3. To ensure all payments made for goods/services are authorised and legitimate.

3.1	There are guidelines to be followed when purchasing goods/services for the Council.	There is a policy statement regarding purchases.	Conversation with the Town Clerk.	None required
3.2	Invoices are stamped and their details entered onto financial records.	All invoices are stamped and initialled as being checked.	A sample of 8 from 62 invoices was selected from July 2024 payments and 6 out of 43 payments for August 2024 was selected for compliance testing. All had been endorsed with a stamp and a reference assigned. VAT was clearly shown on all invoices and correctly posted for inclusion on the appropriate VAT return.	None required
3.3	Invoices are checked for accuracy etc	All invoices are checked before being authorized for payment.	This was confirmed during the audit.	None required
3.4	Payment is authorized by Members.	All payments are submitted to the Members of the F & S Committee who authorize payment.	This was evidenced during the audit. The list of payments is approved and initialed by Members.	None required

INTERNAL AUDIT REPORT Southwell Town Council

System: VAT Returns

Auditor: Ken Goddard

Date: November 2024

Control Objective 4. To ensure that VAT is accounted for correctly on purchases invoices and VAT Returns are submitted promptly to HMRC.

Ref	Expected Control	Actual Control	Test Findings & Recommendations	Council's Response and Target Date
4.1	The Accounting System holds all the current VAT rates.	When there is VAT rate change, the file in the Omega system is up-dated.	Yes, current rates were in use by the system during the audit.	None required
4.2	VAT is identified on all purchase transactions	Incoming invoices from suppliers show the VAT amount.	The two samples of purchase invoices were examined during the audit to ensure they were included in the VAT amount and recorded correctly.	None required
4.4	VAT is correctly accounted for when making the VAT returns to HMRC.	The Accounts system includes all VAT elements from purchase ledgers when producing the VAT returns.	The VAT returns for the 2 nd quarter (June – September 2024) was re-calculated during the audit and found to be correct. All VAT on purchase invoices sampled were included in the appropriate VAT return.	None required
4.5	Any VAT refunds are received by the Council.	HMRC refund any monies owed to the Council in respect of Vat.	I checked the receipt of VAT refunds to the bank statements as follows: £4,034.80 was received on 10 July for the first quarters VAT claim; £1,856.65 was received on xxxxxxxx in respect of the second quarter's VAT claim.	None required

System: Investments

Auditor: Ken Goddard

Date: November 2024

Control Objective 5: To ensure that the Council has effective management controls over its investments

No	Expected Control	Actual Control	Test Findings & Recommendations	Council's Response and Target Date
5.1	The Council has an investment policy document detailing the Council's strategy regarding the investment of funds.	The Council has a policy that determines the procedures to be followed in investing surplus monies for the Council.	The Investment of Funds Policy was seen during the audit. Current accounts are held at NatWest Bank Ltd, and investments are with the CCLA Investment Management Limited. The initial investment with CCLA was £305,000 but has been reduced to £180,000 as at 31 March 2024.	None required.
5.2	Regular reports on investments, and their returns are submitted to a managing body	Interest earned on investments with CCLA are reported periodically to the G & F Committee.	Seen in the minutes.	None required.
5.3	When funds are moved into and out of interest bearing accounts, they should be approved by those authorised so to do.	Movements into and out of the CCLA saving account are approved in advance by Members and then acted upon by the Town Clerk.	Evidence see during the audit. £50,000 was deposited on 30 May 2024 bringing the total to £230,000. £50,000 was deposited on 11 July 2024, = £280,000. Plus another 2 deposits of £50,000 in October 2024, bringing the balance to £380,000 as at 31 October 2024.	None required.
5.4	All interest/dividends received from investments are correctly banked in a timely manner.	The main investment income comes from the CCLA which are paid each month.	Interest from the investment was received by the Council as follows: £771.75 for April received 2 nd May £611.05 for May received 4 June;	

			<p>£983.56 for June received 3rd July; £1,160.62 for July received 2nd August; £1,159.28 for August received 3rd September; £1,149.58 for September received 2nd October.</p> <p>All receipts were checked back to the bank statements.</p>	
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INTERNAL AUDIT REPORT

Southwell Town Council

System: Bank Reconciliations

Auditor: Ken Goddard

Date: November 2024

Control Objective 6: To ensure regular control over bank accounts is achieved through bank reconciliations

Ref	Expected Control	Actual Control	Test Findings & Recommendations	Council's Response & Target date
6.1.	Only bank accounts authorized by the Council are used for Council business	<p>The Council operates a current account with NatWest together</p> <p>A Nat West Business Reserve A/c – and Nat West Current Car Park Account – this account receives the cashless payments and also the monies for the car park machines which we empty; and the new CCLA Deposit Account</p>	Bank reconciliations are carried out for Council's bank accounts during the first half of 2024.	None required
6.2	Specimen signatures are held by the bank.	All authorised signatories have submitted specimen signatures to the bank.	Evidence that authorized signatures had been sent electronically to NatWest Bank was seen during the audit. Specimen signatures have also	None required

			been submitted to CCLA for the Council's investment with them.	
6.3	Reconciliations are carried out of bank accounts by someone independent of officers who are responsible for deposits into and withdrawals out of these bank accounts	Bank reconciliations are carried out by the Town Clerk using the Omega computer system.	Monthly bank reconciliations are carried out on all four bank accounts. Those relating to April-September 2024 were checked during the audit and found to be correct. Bank balances in all cases agreed back to the totals in the Cash Book. All four banks accounts are reconciled and are initialed by a Member.	
6.4	All unreconciled items from previous months are investigated.	All outstanding items from one month's reconciliation are resolved during the next reconciliation.	There were a number of outstanding items on the reconciliations but are being well controlled.	None required