

System: Payroll

Auditor: Ken Goddard

Date: November 2023

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 Town Clerk.	The payroll is prepared by the Town Clerk and is approved by the Chairman of the Council. Signatures seen during the audit.	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. No overtime claims were seen in the selected month's payroll run, but I am assured that any overtime claims would be 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 April and September 2023	None required
1.5	Monthly HMRC processes are carried out as per regulations	At the end of each payroll run, a notification is sent automatically to HMRC 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	Staff costs are monitored regularly.	Members are advised of costs to date against budget for staff costs.	Staff costs were budgeted at £205,000 and at the mid-year they stood at £96,662, being 47% of the budgeted costs.	None required.

INTERNAL AUDIT REPORT – Southwell Town Council

System: Payroll

Auditor: Ken Goddard

Date November 2023

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 April and September 2023 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	Tax code notices seen during the audit and evidence that the current tax codes for staff are being used in the payroll runs.	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 April and September 2023 payroll runs.	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 £268.33 each month to cover Employer's Deficit.	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. A slight adjustment had to be made for one employee.	None required
2.6	All pension deductions are forwarded to the pension provider	All deductions for pension are made to Notts County Council.	The staff's pension contributions plus the Council's contributions for the April and September 2023 payroll runs were sent to NCC as per the bank statements as follows: April's contributions of £3,880.74 on 14 April 2023; September's contributions of £3399.16 on 29 September 2023.	None required
2.7	All leavers have their pay terminated when they leave.	All leaving staff are removed from the payroll for the month following their departure.	It was verified during the audit that the previous Deputy Town Clerk was omitted from the payroll for the month after she had left.	None required
2.8	All starters and changes to pay are endorsed by Members	All recommendations for new staff and changes to staff's pay scales etc are submitted to Members for approval.	At their meeting on 19/7/2023, Members approved new staff appointments	

INTERNAL CONTROL QUESTIONNAIRE

System: Income

Auditor: Ken Goddard

Date: November 2023/January 2024

Control Objective 3. : To ensure all income is correctly received and banked.

No	Expected Control	Actual Control	Test Findings & Recommendations	Council's Comments and Target Date
3.1	All monies collected from the stallholders is banked correctly.	Most of the stall holders' fees are paid by credit transfer.	A sample of payments was tested and traced back to the bank statements.	None required
3.2	There is a file for each permanent stallholder containing their registration certificate, current public liability certificate and any food hygiene certificates for caterers.	There exists a file for each market trader containing registration certificate and evidence of third part liability insurance	Twelve market trader files were examined during the audit and all were seen to be complete, with registration certificates, insurance and where appropriate food hygiene certification.	None required
3.3	There is a system in place to ensure all expired insurance and hygiene certificates are replaced.	At present there is no procedure for ensuring insurance policies are renewed at expiry date.	It was suggested that a table be kept in date order of all insurance policies and that a reminder be included in the monthly invoice prior to the expiry date to remind the trader to renew their policy.	
3.3	Monies received from other sources, room hire and car parks are banked promptly and correctly.	Income from all sources is banked on a timely basis.	Income from the three car-parks were reviewed during the audit for months May, June and August 2023. Payments due were checked back to the bank statements.	None required
3.4	There is a follow-up procedure to chase non-payers.	A list is maintained of all outstanding debtors and regular contact is made to encourage payment either in full or by instalments.	It was noted during the audit that there were outstanding non-payments by stall-holders amounting to nearly £7,000. Much progress has been achieved in reducing the arrears	

			but a decision needs to be reached regarding long outstanding ones.	
3.6	Members monitor income against budgeted amounts	Members receive monthly statements showing actual expenditure and income against budgeted amounts.	Evidence was this was seen during the audit.	None required

INTERNAL CONTROL QUESTIONNAIRE - Southwell Town Council

System: Budgets

Auditor: Ken Goddard

Date: November 2023

Control Objective 4. To ensure that the Council has adequate Management over its Budget.

No	Expected Control	Actual Control	Test Findings & Recommendations	Council's Response
4.1	A detailed budget is produced each year	The Budget Working Group begin to study the proposed budget for the following year near the end of the calendar year.	The Budget Working Group reviewed proposals for the year 2023-2024 at its meeting on 11 January 2023.	None required
4.2	The budget is approved by the Finance & Scrutiny Committee and the Full Town Council	When the budget for the forthcoming year has been approved by the Budget Working Group, it is approved by the Governance & Finance Committee before being forwarded to Full Council for ratification.	The budget proposals submitted by the Budget Working Group were agreed by the Governance & Finance Committee before being forwarded to the full Council for its approval. This was given at its meeting on 11 January 2023 ref 22/01/148. The precept was set at £258,374 and this was received in two tranches of £129,127 on 26 April 2023 and on 29 September 2023	

			according to the bank statements. It was decided to keep the general reserves at £40,000. RECOMMENDATION Consideration should be given to ensuring that the general reserve fund is sufficient to cover three months' operating costs ie about £80,000.	
4.3	Members are kept informed of progress throughout the financial year.	Summary financial figures are seen by the full Council plus detailed figures are seen by the G & F Committee on a bi-monthly basis.	Evidence of this was seen in the minutes of meetings.	None required
4.4	The budget is split under various operating headings	The budget was split over the various operating heads.	Evidence of this was seen during the audit.	None required

INTERNAL CONTROL QUESTIONNAIRE

System: Investments

Auditor: Ken Goddard

Date: November 2023

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 Policy was seen during the audit – Investment Funds Policy, which had been amended in April 2021. It has since been reviewed and is ready for approval later	None required.

			this year. The balance on the fund at the time of the audit stood at £305,000.	
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.	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.	Payments of dividends were checked back to the bank statements as follows: £1032,72 for April 1203.62 for May 1144.56 for June 1263.20 for July 1321.14 for August 1248.53 for September.	

INTERNAL AUDIT REPORT

Southwell Town Council

System: Bank Reconciliations

Auditor: Ken Goddard

Date: November 2023

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
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6.1.	Only bank accounts authorized by the Council are used for Council business	The Council operates a current account with NatWest together 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	Bank reconciliations are carried out for Council's bank accounts during the first half of 2023.	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 been submitted to CCLA for the Council's investment with them.	None required
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 2023 were checked during the audit and found to be correct. Bank balances in all cases agreed back to the totals in the Cash Book. There needs to be evidence that the balance on the bank statements has been agreed to the figures at the end of the Cash Book.	
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 no outstanding items on the reconciliations reviewed.	None required