

INTERNAL AUDIT REPORT – Southwell Town Council

System: Payroll

Auditor: Ken Goddard

Date: May 2026

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 an Officer.	<p>The payroll is prepared by the Financial Assistant and is approved by the Chairman of the Council.</p> <p>I understand that the Council is starting to outsource the payroll to an outside organization beginning in May 2026 – a step I would highly recommend.</p>	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 or other Officer approves all overtime claims.	Overtime is usually dealt with by TOIL.	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 month of February 2026.	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.	All staff adjustments are authorized by the	At the full Council meeting on 17 th September 2025, Ref 25/09/073 the council resolved to appoint Belina Boyer as the Locum Clerk from 11st September. 26/01/184 At its meeting on 21 st January 2026, the Council discussed Clerk recruitment – Selection Meeting took place on Friday 16 January 2026 , and interviews were held 5 and 6 February and decision made of 6 February.	None required

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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 month of January and February 2026.	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 January and February 2026 payroll runs. Amounts to HMRC were correctly paid as follows: £3,014.83 on 21 st January 2026 for the January payroll; £2,695.02 on 18 th February 2026 for that month's deductions.	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 £290 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.	The staff's pension contributions plus the Council's contributions for the January and February 2026 runs were seen on the bank statements showing the correct amounts: £3,677.93 was paid to NCC on 18 th February 2026 for the February 2026; £3,316.75 was paid to NCC on 21 st January 2026 for that month's contributions.	None required
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INTERNAL AUDIT REPORT – Southwell Town Council

System: Purchase Ledger

Auditor: Ken Goddard

Date: May 2026

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 previous 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 32 invoices from those paid in February 2026 was selected for compliance testing. All had been endorsed with a stamp and a reference assigned and all agreed to the bank statements. 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
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INTERNAL AUDIT REPORT **Southwell Town Council**

System: VAT Returns

Auditor: Ken Goddard

Date: May 2026

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 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.	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: The following quarterly claims were made and received according to bank statements; 1 st Quarter - £1,535.40 received on 23 July 2025; 2 nd quarter - £1,229.37 received 13 th October 2025 3 rd quarter - £1,311.20 received on 21 January 2026	None required
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INTERNAL CONTROL QUESTIONNAIRE

System: Asset Management

Auditor: Ken Goddard

Date: May 2026

Control Objective 5: To ensure registers of assets are adequately maintained.

No	Expected Control	Actual Control	Test Findings & Recommendations	Council's Response and Target Date
5.1	A statement exists explaining the Council's Policy regarding the management of assets	Section 14 of Financial Regulations explains the policies regarding management of assets	A statement regarding assets as included in the Council's Financial Regulations section 14 was seen during the audit.	None required
5.2	All assets are purchased with proper budget approval	All assets are approved by Members after quotes are received for larger-cost items and in accordance with budgets.	No significant assets were purchased during this financial year.	None required
5.3	A register is maintained of all assets	A financial asset register is maintained office equipment.	The asset register has been reviewed and a correct valuation figure arrived at of £2,675.910.	None required
5.4	All assets are included in the Council's insurance policies	Regular valuations are carried out for insurance purposes.	The current long-term insurance policy with Zurich Municipal ending 1 June 2026 was reviewed during the audit. The premium was £4,080.34 for the current year. The overall coverage is adequate with the insurance cover exceeding the book value of property etc to cover replacement values.	

INTERNAL CONTROL QUESTIONNAIRE

System: Risk Management

Auditor: Ken Goddard

Date: May 2026

Control Objective 6: To ensure that the Council has identified and assessed the impact of all risks that might prevent the achievements of its objectives

No	Expected Control	Actual Control	Test Findings & Recommendations	Council's Comments and Target Date
6.1	The Council has a formal written risk management strategy document.	The Council has an existing Risk Assessment Policy which has just been updated, reviewed and approved on 13 February 2020.	The current Risk Assessment Policy was approved by Members in June 2021 and was seen during the audit.	None required
6.2	The Risk document addresses all likely risks to the Council's provision of public services.	All key areas of the Council's services are listed.	The following areas were covered: Ground staff Operations Admin Staff Operations Building and recreational areas Miscellaneous.	None required

6.3	All risk areas are included in the risk management strategy document.	There is an area that could be considered for inclusion to the document.	A matrix is included in the Policy showing for each risk the likelihood of its occurring and the consequences. A score of Low, Moderate and High has been affixed to each risk. The Risk Management Strategy now includes a Business Continuity Plan, as recommended in the last Internal Audit Report.	
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