

# KG ENTERPRISES

9 Earlesfield Lane  
Grantham  
Lincs NG31 7NT

Tel: 01476 570297  
e-mail: [mrkengoddard@gmail.com](mailto:mrkengoddard@gmail.com)

Fernwood Parish Council  
c/o Parish Clerk  
Fernwood Village Hall  
Rubys Avenue  
Fernwood  
Newark  
NG24 3RS

Dear Members:

To: Members Fernwood Parish Council.

As instructed by the Parish Clerk, I have carried out the second part of the annual internal audit review of the Council's systems of internal control. The purpose of this review was two-fold – to enable me to complete and sign-off the Annual Internal Audit Report and also to reassure Members that the Council has efficient systems of internal control and they are being followed effectively.

In addition to the areas I reviewed in November 2024, you can see from the attached Detailed Findings report, that this time I covered the following areas:

Payroll  
Payroll Deductions  
Purchase Ledger  
VAT  
Budget Management  
Assets  
Risk.

I am pleased to advise the Council that as a result of my examination and testing of selected transactions, I have successfully completed and signed-off the Annual Internal Audit Report and can assure Members that adequate systems of internal control are in existence and are being fully complied with.

I wish to put on record my appreciation for the support and help the Officers rendered me during the audit.  
Sincerely

Ken Goddard  
Internal Auditor.  
30 May 2025.

## INTERNAL AUDIT REPORT – Fernwood Parish Council

System: Payroll

Auditor: Ken Goddard

Date: May 2025

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

Ref	Expected Control	Actual Control	Findings & Recommendations	Council's Response And Date of Implementation
1.1	Payroll operations are carried out by 2 officers.	The payroll data is prepared by the Parish Clerk and is then processed by an outside agency.	The payroll for the 4 members of staff was reviewed during the audit and was seen to have been processed by the outside agency.	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	Councillors see a breakdown of the budget costs to date on a regular basis and can see whether or not the payroll costs are in keeping with the budgeted amounts.	None required
1.3	All overtime claims are approved before payment.	The Parish Clerk approves all overtime claims.	Any overtime is normally covered by TOIL. There was no overtime for the month selected for detailed testing.	None required
1.4	The Internal Auditor checks for accuracy the payroll run including any pay rise.	This was carried out during the audit	The payroll run for January 2025 was selected for testing and checking. The payroll was found to have been correctly processed.	None required

1.5	All staff leaving the Council are removed from the payroll	Staff who leave are paid through the payroll up to their day of departure and are then removed from the payroll for succeeding months.	No staff left the Council during the periods under review.	
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.	All software and data are stored in the Cloud overnight.	None required

### INTERNAL AUDIT REPORT – Fernwood Parish Council

System: Payroll

Auditor: Ken Goddard

Date May 2025

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

Ref	Expected Control	Actual Control	Findings & Recommendations	Council's Response and Date of Implementation
2.1	All Income Tax and NI contributions are deducted from gross salary	Statutory deductions are made from gross or taxable pay.	All statutory deductions were made in the January 2025 payroll run.	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 was seen that the latest tax codes for staff are being used in the payroll processes.	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.	NI (ee), NI (er) and income tax for the month tested, were correctly sent to HMRC according to the bank statements. £1,668.33 was remitted to HMRC for January 2025 on 28 January 2025 according to the bank statement.	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 £126.00 each month.	The employer contributions were correctly calculated and the return included the £126 each month.	None required
2.5	All occupational pension scheme deductions were made at the correct rate.	Employees' contributions based on a sliding scale.	The pension deductions were based on the official sliding scale.	None required
2.6	All pension deductions are forwarded to the pension provider	All deductions for pension are made to Notts County Council.	Superannuation payments were correctly forwarded to NCC according to the bank statements, for the month selected for examination. £2,155.96 was remitted to Notts CC on 13 February 2025 as per the bank statement.	None required

## INTERNAL AUDIT REPORT – Fernwood Parish Council

System: Purchase Ledger

Auditor: Ken Goddard

Date: May 2025

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 or services for the Council.	There is a policy statement regarding purchases.	There is a policy statement in existence in Financial Regulations, 9. Orders for work, goods and services	None required
3.2	Invoices are stamped and their details entered onto financial records.	All invoices are stamped and initialled as being checked.	A selection of 18 purchase invoices was made from September 2024 and 12 from January 2025 for testing. All had a stamp on with the initials of the officers and Members who checked and approved payment.	None required
3.3	Payment is authorized by Members.	All payments are submitted to the Full Council or Members.	Two Members authorize all payments, seen during the audit.	None required
3.4.	Incoming invoices are accurately paid in a timely manner.	Once Members have approved payment, the suppliers are paid.	All 30 purchase invoices selected for testing were traced back to the bank statements to ensure payment had been made correctly.	None required

System: VAT Returns

Auditor: Ken Goddard

Date: May 2025

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

Ref	Expected Control	Actual Control	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 Council's spreadsheet is updated.	The Council is not registered for VAT.	None required
4.2	VAT is correctly identified on all sales and purchase transactions	On all sales and purchase transactions the gross amount is entered for each good/service and the computer automatically calculates the VAT using the appropriate rate indicated by the operator. The invoice will show the split between the net and VAT amounts.	VAT was paid on all of the purchase invoices selected for testing. All were traced to the VAT return and were found to have been correctly included in the VAT claim.	None required
4.3	Any VAT refunds are received by the Council.	HMRC refund any monies owed to the Council in respect of Vat.	Only one claim for VAT was submitted to HMRC for the tax year 2024-2025, the amount being £28,857.49. This was reviewed during the audit and the money was paid into the Council's bank account on 12 March 2025.	None required

### INTERNAL CONTROL QUESTIONNAIRE - Fernwood Parish Council

System: Budgets

Auditor: Ken Goddard

Date: May 2025

Control Objective 5. To ensure that the Council has adequate Management over its Budget.

No	Expected Control	Actual Control	Test Findings & Recommendations	Council's Response
5.1	A detailed budget is produced each year	The Clerk prepares a proposed budget for the following year near the end of the calendar year and after informal discussions with members, the full Council considers and approves the budget and the precept.	Initial discussions on the budget for 2024-2025 were held on 18 December 2023 followed by a Council meeting held on 19 February 2024 to agree the budget and the precept, which was set at £97,645.	None required
5.2	Members are kept informed of progress throughout the financial year.	Summary financial figures are seen by the full Council.	Members are kept fully informed as to progress of actuals against budgets with an explanation of any excesses. Members have constant on-line access to budget information as well as quarterly reports.	None required
5.3	The budget is split under various operating headings	The budget was split over the various operating heads.	The budget was seen during the audit and the split over the various budget heads was confirmed.	None required

## INTERNAL CONTROL QUESTIONNAIRE

System: Asset Management

Auditor: Ken Goddard

Date: May 2025

Control Objective 6: To ensure registers of assets are adequately maintained.

<b>N o</b>	<b>Expected Control</b>	<b>Actual Control</b>	<b>Test Findings &amp; Recommendations</b>	<b>Council's Response and date for Implementation</b>
6.1	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	Section 14. Assets, properties and estates of the Financial Regulations was seen during the audit.	None required
6.2	All assets are purchased with proper budget approval	All purchases for capital assets are approved in advance by the Members.	All capital purchases are approved under the annual budget processes.	None required
6.4	A register is maintained of all assets	A financial asset register is maintained.	A comprehensive register is held of all the Council's assets with initial costs and expected usage time.	None required.
6.5	All assets are included in the Council's insurance policies	Regular valuations are carried out for insurance purposes.	These are carried out and the insurance policy kept in line with present valuations. The current policy with Zurich cost £893.05.	None required.



## INTERNAL CONTROL QUESTIONNAIRE

System: Risk Management

Auditor: Ken Goddard

Date: May 2025

Control Objective 7: 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
7.1	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 Register was reviewed and adopted by the Council on 18 January 2022, and was reviewed in January 2023.	None required
7.2	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.	All key areas were included and a matrix prepared to show for each risk the Impact, Likelihood, Overall Rating and frequency of Review.	None required
7.3	All risk areas are included in the risk management strategy document.	There is an area that could be considered for inclusion to the document.	It was noted that the Council now has a Business Continuity Plan to be implemented in the event of an emergency.	None required