

DEPARTMENT <b>Chief Executives</b>	AUDIT REVIEW <b>Payroll</b>	AUDIT REF <b>4117013</b>
PLANNED DAYS <b>8</b>	ACTUAL DAYS <b>8</b>	Frequency of Audit

### Background

The Authority pays over 8,500 employees amounting to approximately £184m. Payroll is a centralised function and the Authority has an integrated Payroll and HR system operated through "Resource Link". The system is classified as high risk given the value and volume of transactions.

### Scope

The review covered the internal controls within the Payroll System for the payment of salaries and wages to ensure that:

- Recommendations from the previous audit report have been implemented;
- There are adequate documented procedures in place which are adhered to;
- Exception reports are generated and reviewed with queries dealt with appropriately;
- Access to standing data processing and programmes is restricted to appropriate personnel and amendments are properly authorised;
- Time-sheets, overtime claims, advance payments, SSP, etc. have been properly authorised and data entered correctly;
- Appropriate BACS controls exist;
- The payroll system is regularly reconciled to the main accounting system;
- Individual departments verify the accuracy of employee standing data.

### General Opinion

From the testing undertaken it is apparent that many expected key controls have been established and are operating to a good standard. Audit testing did, however, highlight issues which need addressing at the appropriate level. In particular,

- No overtime should be sanctioned unless prior approval from the Chief Executive and relevant Director is attained.
- It should be ensured unpaid leave is correctly calculated. From the sample of 20 deductions tested, it appeared 6 had been incorrectly calculated resulting in the 6 employees having to repay the shortfall in their deduction.

RECOMMENDATIONS		OVERALL ASSURANCE
Priority 1- Fundamental Weaknesses	<b>None</b>	Acceptable
Priority 2 – Strengthen Existing Controls	<b>3</b>	
Priority 3 – Minor Issues	<b>2</b>	

DEPARTMENT <b>Corporate Services</b>	AUDIT REVIEW <b>Teachers' Salaries</b>	AUDIT REF <b>4117021</b>
PLANNED DAYS <b>8</b>	ACTUAL DAYS <b>8</b>	Frequency of Audit <b>ANNUAL</b>

### BACKGROUND

An Internal Audit of Teachers – Starters & Leavers was carried out as part of the Authority's Annual Internal Audit Plan. The Authority pays out approximately £70 million per annum on Teachers Payroll Costs which includes Supply Teacher payments (excluding agency supply).

### SCOPE

To ensure that:

- Recommendations made in the previous Internal Audit report have been addressed
- Appropriate procedures have been established and effectively communicated;
- Input documentation is adequately completed and certified;
- Payments made are accurate.

### SUMMARY OF RESULTS

The current review has identified that procedures and expected key controls in operation in respect of Teachers' Salaries are currently being undertaken to an acceptable level and therefore the review has reduced to being of Medium risk to the Authority.

The areas which require improvement include developing Standard Operating Procedures for all functions, ensuring an adequate separation in duties exists, ensuring all HR forms are completed accurately and in full and all HR forms are properly authorised. In addition, as schools rely heavily on admin officers and business managers for budget monitoring, it is imperative that such documentation is completed accurately and in full, and is appropriately authorised.

NUMBER OF RECOMMENDATIONS		OVERALL ASSURANCE
Priority 1- Fundamental Weaknesses	<b>None</b>	<b>Acceptable</b>
Priority 2 – Strengthen Existing Controls	<b>2</b>	
Priority 3 – Minor Issues	<b>1</b>	

DEPARTMENT <b>Corporate Services</b>	AUDIT REVIEW <b>Banking</b>	AUDIT REF <b>4117017</b>
PLANNED DAYS <b>5</b>	ACTUAL DAYS <b>5</b>	Frequency of Audit <b>ANNUAL</b>

**BACKGROUND**

This Audit reviewed four main sections:

- The Administration Section - the administration of cheques such as cheque ordering, receipt of new stock, reconciliation of cheques and receipt of returned cheques;
- The Accountancy Section - the reconciliation of the Authority's Bank;
- The Creditor Payments Section - the administration and reconciliation of Standing Orders and Direct Debits;
- The Treasury and Investments Section - bank mandates.

**SCOPE**

To ensure that there were:

- adequate, documented, procedures are in place and are complied with;
- effective controls over banking arrangements which are formally documented;
- effective controls over cheque stocks, cheques raised and returned cheques;
- reconciliation of standing orders and direct debit payments are undertaken to ensure validity of all payments made;
- effective, regular reconciliations of all bank accounts are undertaken.

**SUMMARY OF RESULTS**

It was pleasing to report that procedures adopted continue to be undertaken to a high standard demonstrating a good control over banking arrangements including the security of cheques. As a result the risk to the Authority will remain as low.

Some minor issues were identified during the Internal Audit review that have been discussed with the relevant party and an assurance has been provided that these issues will be addressed.

<b>NUMBER OF RECOMMENDATIONS</b>	<b>OVERALL ASSURANCE</b>	
Priority 1- Fundamental Weaknesses	<b>None</b>	<b>High</b>
Priority 2 – Strengthen Existing Controls	<b>None</b>	
Priority 3 – Minor Issues	<b>2</b>	