

DEPARTMENT	AUDIT REVIEW	AUDIT REF
<b>Corporate Services</b>	<b>Payroll</b>	<b>5119008</b>

## **BACKGROUND**

The Authority pays over 8,500 employees amounting to approximately £196m. Payroll is a centralised function and the Authority has an integrated Payroll and HR system operated through "Resource Link".

## **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;
- Timesheets, overtime claims, advance payments, SSP, etc. have been properly authorised and data entered correctly;
- Changes to employee data is appropriately authorised;
- New policies, approved by Council, are appropriately implemented;
- Appropriate BACS controls exist;
- The payroll system is regularly reconciled to the main accounting system;
- Individual departments verify the accuracy of employee standing data.

## **SUMMARY OF RESULTS**

It is pleasing to note that issues identified as a result of the previous Internal Audit report have all been addressed. It is also pleasing to report that a number of key controls are in place and are operating effectively, in relation to documented procedures, the generation and review of exception reports, the reconciliation of data and the processing of most data. Some issues were, however, identified as a result of audit testing and are summarised below:

- An annual employee verification exercise is intended to be carried out, with Heads of Service / Head Teachers required to confirm the accuracy of a schedule of employees recorded on the payroll system for their areas of responsibility. This exercise was not completed in 2018/19 and was delayed in 2019/20.
- The new process for dealing with requests to change employee standing data on Resource Link, which was introduced in July 2019, was not always being fully adhered to, with appropriate records not always maintained to ensure a full audit trail.
- Five processed commencement forms (from a sample of 10) were not appropriately authorised.
- Sample testing on overtime payments identified some issues in relation to the appropriate authorisation of the overtime, with Director approval not always having been

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sought, as appropriate. Two instances of incorrectly calculated payments were also identified; assurances have been received from Management that these overpayments have now been rectified.

<b>NUMBER OF RECOMMENDATIONS</b>		<b>OVERALL ASSURANCE</b>
Priority 1- Fundamental Weaknesses	<b>0</b>	<b>Acceptable</b>
Priority 2 – Strengthen Existing Controls	<b>4</b>	
Priority 3 – Minor Issues	<b>0</b>	