

DEPARTMENT	AUDIT REVIEW	FINAL REPORT ISSUED
Chief Executive’s and Corporate Services	Payroll	28th July 2023

BACKGROUND

The Authority currently has over 8000 employees and gross payroll payments of approximately £215m. Payroll is a centralised function, and the Authority has an integrated Payroll and HR system operated through “Resource Link”.

SCOPE

The purpose of the Audit was to assess the effectiveness of the current procedures and controls in place for the administration and management of salary and wages payments.

The scope of the Audit was to ensure that:

- Recommendations in the previous Internal Audit report have been actioned.
- There are adequate documented procedures in place which are adhered to.
- Changes to employee standing data is appropriately authorised.
- There are adequate controls in place for the administration and management of salary and wages payments.
- Exception reports are generated and reviewed, and outputs checked for overall reasonableness.
- BACS and cheque payments are authorised and dispatched in a timely manner.
- Payroll data is correctly uploaded to the ledger and accurately processed.
- The risk of fraud has been considered, and adequate mitigating controls are in place.

SUMMARY OF RECOMMENDATIONS

The audit findings and recommendations are detailed in the attached Action Plan.

A summary of these recommendations by priority is outlined below:

Priority	3*	2*	1*	Total
Number of Recommendations	0	4	2	6

ASSURANCE RATING

The post review assurance level for systems relating to Payroll is categorised as: **ACCEPTABLE.**

Internal Audit review – Payroll 2022/23

Action Plan

Ref	Summary of Issue Identified	Recommendation	Priority Level	Planned Action Responsible Officer(s) / Target Date	Updated Position
1	<p>Employee Certification Exercise</p> <p>The Employee Certification Exercise for 2022/23 had commenced in July 2022 and was undertaken in part, however had not been issued to all Departments.</p> <p>The response rate to the requests made, however, was very poor. This issue has been raised in previous reports.</p>	<p>The employee certification exercise is an important internal control; adequate resources should be made available to ensure it is completed annually. Appropriate procedures should also be put in place to ensure effective follow up of outstanding responses.</p>	**	<p>Any certifications not received on first submission will be escalated to the Head of Financial Services who will remind managers of their responsibilities regarding the Certification. Any further failures to return will be further escalated to Heads of Service.</p> <p>Team Leader – Control & Systems September 2023</p>	<p>The certifications for 2023/24 were issued to Departments between 18th August 2023 and 3rd September 2023. Returns have been requested by the end of September 2023.</p> <p>Following this date, any non-responders will be passed to the Head of Financial Services, and further escalated to individual Heads of Service where required.</p>
2	<p>Starters and Leavers</p> <p>Testing was undertaken on a sample of 20 Starters and 20 Leavers. Issues were identified as follows:</p> <ul style="list-style-type: none"> - 1 Commencement and 4 Termination Forms were not completed by an authorised signatory, nor were the authorised signatories copied in on the notification to HR. - 2 instances where the Termination Form was submitted too late which resulted in overpayments (subsequently recovered in both cases). 	<p>The commencement and termination of staff should be approved by an appropriately authorised signatory; checks should be undertaken to ensure commencement and termination forms are appropriately approved prior to being processed.</p> <p>All relevant documentation should be filed on Information@Work as soon as processed. The process should ensure complete and accurate calculation of payments.</p>	**	<p>Reminder issued to Employee Services Team.</p> <p>Reminder will be issued to managers in the next available people manager update/newsletter.</p> <p>Employee Services Manager July 2023</p>	Action complete.

Internal Audit Update: Report B

Ref	Summary of Issue Identified	Recommendation	Priority Level	Planned Action Responsible Officer(s) / Target Date	Updated Position
	<ul style="list-style-type: none"> - 1 Commencement and 1 Termination Form were not filed on Information@Work. - 4 processing errors were identified relating to Leavers, resulting in incorrect calculation of payments, 3 of which were identified and corrected pre-audit. 	<p>Authorising managers should be reminded of the importance of timely submission of forms.</p>			
3	<p>Overtime Approval</p> <p>Overtime Working Guidance on the Intranet states <i>“There will be no regular or contractual overtime. You are required to explore all other avenues before granting overtime and only subject to agreed approval processes.”</i> The guidance does not explain the agreed approval process.</p> <p>A sample of 20 overtime claims was reviewed to assess compliance with available guidance. Evidence of Director approval was not available in 3 instances.</p>	<p>Clarification of what constitutes overtime and which overtime pay rates Directors need to approve is required, and should be communicated to all relevant officers.</p> <p>Authorising officers should be reminded that evidence of Director approval of overtime should be obtained prior to the time being worked and appropriate documentation retained.</p>	**	<p>Each department may have their own agreed procedures for authorising overtime depending on the service, which may or may not also require approval from the HOS/Director in advance. Departments to inform all relevant officers of the correct approval process.</p> <p>I have referred these matters to the Assistant Chief Executive to take to the next available CMT for discussion and feedback.</p> <p>Reminder to be issued to authorising officers.</p> <p>Employee Services Manager September 2023</p>	<p>A reminder is due to be issued to all Managers via the Managers Newsletter next week.</p> <p>The matter is due to be taken to CMT for discussion.</p>

Internal Audit Update: Report B

Ref	Summary of Issue Identified	Recommendation	Priority Level	Planned Action Responsible Officer(s) / Target Date	Updated Position
4	<p>Overtime Recording</p> <p>Considering the sample of 20 overtime claims, testing identified the following recording issues:</p> <ul style="list-style-type: none"> - 1 instance where 75.5 excess hours on flexitime over a 4-month period was recorded as one entry (resulting in some hours being paid at a higher than applicable rate) and all at time and a half although the contracted hours were less than 37. - 1 instance where the Head of Service agreed a rate of double time to cover an emergency situation, but no evidence of Director approval. - 1 instance of hours being claimed at double time although the recorded date was not a bank holiday. Both employee and line manager have since left the Authority and no documentation has been provided to explain or evidence Director approval for this rate being paid. - 1 instance of an incorrect pay element selected by the employee when completing the claim on MyView, resulting in an overpayment (subsequently recovered). - 1 instance of the hours worked being overstated on ResourceLink due to a clerical error, resulting in 	<p>Line managers should be reminded of the guidance on managing the flexitime system and ensure accuracy of the recording on reconciliation sheets and claims for overtime payments.</p> <p>Supporting documentation should be filed centrally and accessibly.</p> <p>Managers should review accuracy of claims before authorisation.</p>	**	<p>Reminder to be issued to Managers.</p> <p>Employee Services Manager September 2023</p>	<p>A reminder is due to be issued to all Managers via the Managers Newsletter next week.</p>

Internal Audit Update: Report B

Ref	Summary of Issue Identified	Recommendation	Priority Level	Planned Action Responsible Officer(s) / Target Date	Updated Position
	overpayment (subsequently recovered).				
5	<p>Maternity Pay</p> <p>A random sample of 10 maternity and 10 paternity transactions were reviewed and the payment calculations were reperformed. The following was identified:</p> <ul style="list-style-type: none"> - 1 manual calculation error in the maternity sample was identified, resulting in an overpayment (this was then recovered in May 2023). 	Manual calculations should be checked by a second officer to ensure accuracy.	*	<p>Unfortunately, we do not have sufficient staff to undertake this recommendation.</p> <p>Employee Services Manager</p>	Not applicable.
6	<p>Unpaid Leave</p> <p>A random sample of 20 unpaid leave applications was reviewed; testing identified the following:</p> <ul style="list-style-type: none"> - In 1 instance the leave request was incorrectly applied to two posts, not only the one requested. This resulted in an underpayment in one month (was subsequently corrected). 	Staff should be reminded of the need to ensure accuracy when processing requests.	*	<p>Reminder issued to staff.</p> <p>Employee Services Manager July 2023</p>	Action complete.