



## AUDIT COMMITTEE REPORT

<b>Report Title</b>	<b>Payroll Audit Report 2007/08 and 2008/09</b>
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**AGENDA STATUS: PUBLIC**

<b>Meeting Date:</b>	<b>2<sup>nd</sup> June 2009</b>
<b>Directorate:</b>	Finance and Support
<b>Accountable Cabinet Member:</b>	<b>Cllr Mildren</b>
<b>Ward(s)</b>	<b>N/A</b>

### 1. Purpose

- 1.1 To provide an update on progress with audit recommendations made in the 2007/08 and 2008/09 Internal Audit Reports.

### 2. Recommendations

- 2.1 To note recent progress on recommendations made.

### 3. Issues and Choices

#### 3.1 Report Background

- 3.1.1 At the Committee meeting on 17<sup>th</sup> February 2009, the Audit Committee requested that a report come back to the next meeting updating on the overdue action points from the 2007/08 Audit Report.

#### 3.2 Issues

- 3.2.1 There were 19 recommendations from the 2007/08 report, of which 5 were High Risk recommendations. 10 recommendations have now been implemented, 3 of which are High Risk.
- 3.2.2 Of the remaining 2 High Risk recommendations: 1 is related to segregation of duties and the risk of fictitious employees being created and paid without interception. Access controls on Agresso 5.5 are currently under review following the recruitment of a technical specialist within Human Resources and this will be completed by end of June. However, there are manual controls/procedures in place to mitigate the risk of this happening as an

interim measure. The 2<sup>nd</sup> high risk recommendation is related to approval for BACS payments being independent from approval for invoice payments, and updating of the authorised signatory list. This responsibility lies within Finance who will review the process to ensure it is more closely controlled.

- 3.2.3 Of the remaining 7 recommendations, 2 are with Systems, 2 relate to HR and the implementation of access controls and a review of the salary advance process and the remaining 3 are with Finance following the recent move of payroll into Finance. Action is being taken to address these.
- 3.2.4 The 2008/09 Audit Report is draft, but updates on the current position of Payroll and recommendations. From the 11 new recommendations made, 5 have been implemented and actions have been taken to mitigate the remaining 1 high risk recommendation. This relates to the risk of new starters being created on the system undetected and the lack of control in the process to avoid this happening. This is with Systems to resolve, however, to mitigate the risk of this happening, a process has been implemented that makes it not possible for this to happen.
- 3.2.5 Of the remaining 5 recommendations to be implemented, 1 is with Finance and 4 are with Systems. Action is being taken to address these weaknesses.
- 3.2.6 Payroll moved from HR to Finance in April this year. This will help to alleviate some of the resource issues amongst the team, as there will be more capacity, following training, within Finance to support payroll during peak periods.

### **3.3 Choices (Options)**

- 3.3.1 None

## **4. Implications (including financial implications)**

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### **4.1 Policy**

- 4.1.1 None.

### **4.2 Resources and Risk**

- 4.2.1 One member of the Payroll Team is on long-term sickness absence, which has impacted on the capacity of the two remaining team members. Following the necessary training, additional support will be provided by the newly created Exchequer Team within Finance.

### **4.3 Legal**

- 4.3.1 None.

### **4.4 Equality**

- 4.4.1 There are no specific equalities implications arising from this report.

### **4.5 Consultees (Internal and External)**

- 4.5.1 The Head of Finance & Assets has been asked to comment on this report.

### **4.6 How the Proposals deliver Priority Outcomes**

- 4.6.1 Not applicable.

## **4.7 Other Implications**

4.7.1 Not applicable

## **5. Background Papers**

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5.1 Copy of the 2007/08 updated Audit Report.

**Catherine Wilson, Head of Human Resources  
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