



## **AUDIT COMMITTEE REPORT**

<b>Report Title</b>	<b>Payroll Audit Report Feedback</b>
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**AGENDA STATUS: PUBLIC**

<b>Audit Committee Meeting Date:</b>	<b>11<sup>th</sup> January 2010</b>
<b>Policy Document:</b>	<b>No</b>
<b>Directorate:</b>	<b>Finance and Support</b>
<b>Accountable Cabinet Member:</b>	<b>Cllr Perkins</b>

### **1. Purpose**

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1.1 Following on from the Audit Committee meeting on Monday 16<sup>th</sup> November 2009, an update report in relation to the outstanding items on the Payroll audit report was requested. This report highlights outstanding audit recommendations and also highlights when items were implemented. The particular emphasis of the request was on the three high-risk actions outstanding.

### **2. Recommendations**

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2.1 To note this report and progress made.

2.2 To note that the three high risk recommendations have all been implemented.

### **3. Issues and Choices**

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#### **3.1 Report Background**

3.1.1 The payroll section was moved into the Exchequers Services team within finance in April 2009, the team was previously part of the Human Resources Section. A new Exchequers Services Team Leader was appointed from 1<sup>st</sup> April 2009, some of the outstanding items for the previous audit reports were outstanding on TEAM Central for previous responsible officers.

3.1.2 The current audit report was finalised in September 2009 by internal audit.

## 3.2 Issues

3.2.1 Issues were raised at the audit committee on 16<sup>th</sup> November 2009 about the outstanding audit issues on the final payroll audit report. There were 22 items on the original report and since April 2009 fifteen items from the Payroll Audit Report have been implemented

3.2.2 This report highlights:

- Implemented Items: **Appendix One**
- Outstanding Items Time elapsed 3.2.3
- Outstanding Items deadline not elapsed **Appendix Two**
- Items highlighted as high outstanding risks at last audit committee meeting which were implemented 3.2.4
- Items removed from recommendations 3.2.5

### 3.2.3 Outstanding Items Elapsed

Item	Description	Due Date	Risk	Action / Issue	New Date
2	The authorised signatory list is in need of updating. Responsible Section: Finance Systems Team.	30 <sup>th</sup> November 2009	Medium	The accountable officer is currently implementing an upgrade of the Agresso system. The risk needs updating to reflect current structure, although new Team Leaders and Managers have been added through authorised signatory lists enabling them to sign timesheets, there are former managers on list that need removing.	31 <sup>st</sup> January 2010
7	Performance reports are being investigated and appropriate ones will be implemented. Responsible Section: Exchequers Services	30 <sup>th</sup> November 2009	Medium	New performance indicators are being developed. The risk is the team is not performance managed against indicators. These are currently being developed in conjunction with the Agresso system management reporting tools.	28 <sup>th</sup> Feb 2010
8	Detailed procedure notes	30 <sup>th</sup> September 2009	Medium	Payroll processes will change 1 <sup>st</sup> March 2010 when all weekly paid employees will be moved onto monthly pay. As the present arrangements will cease from March 2010, new formal procedures for internal managers will be given once all employees are paid monthly. The risk is some processes may not be fully detailed on the intranet.	1 <sup>st</sup> March 2010

### 3.2.4 Items which have been removed from the recommendations

Item 15, Backdated pay awards. It was agreed by internal audit that no further action was required by Payroll/Exchequers services in relation to this matter.

### 3.2.5 Items highlighted as high outstanding risks at last audit committee meeting now implemented

At the time of the Audit Committee in November, TEAM Central had not been updated for the high risk items as they were assigned to officers outside of Exchequers Services.

Item	Description	Risk	Date Implemented
5	Segregation of duties (Part Two).	High	30 <sup>th</sup> November 2009
12	Review data input quality checks	High	1 <sup>st</sup> August 2009
14	Processing of new starters in relation to start dates and input dates	High	1 <sup>st</sup> September 2009

### 3.3 Choices (Options)

3.3.1 No choices identified.

## 4. Implications (including financial implications)

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### 4.1 Policy

4.1.1 Policy in regards to the corporate policy regarding welfare loans to employees. This relates to items

### 4.2 Resources and Risk

4.2.1 Some of the issues outstanding have resource implications due to system functionality, or may require lengthy processes to administer the recommendations. A decision is required to establish what is practical in terms of time. This relates to items 3, 5 and 13 of the Payroll Audit report.

### 4.3 Legal

No legal issues identified.

### 4.4 Equality

4.4.1 No equality issues identified.

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

4.5.1 None identified.

#### **4.6 Other Implications**

4.6.1 No other implications identified.

#### **5. Background Papers**

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5.1 None

**Report Author: Matthew Lee  
Exchequers Services Team Leader**

## APPENDIX ONE

### Implemented Items

The following items have been implemented on the final payroll absence report:

Item	Description	Date Implemented
1	Segregation of duties (Part One)	1 <sup>st</sup> April 2009
4	Changes to standing data	
5	Segregation of duties (Part Two). There is an agreement between HR and payroll, that HR set up new users and payroll access the payroll element. There is a report produced which details the changes to standing data and all amendments and changes to data can be viewed as well as the set up of new data. Compliance is checked from using the standing data amendments report	30 <sup>th</sup> November 2009.
9.	Checking payroll suspense accounts.	1 <sup>st</sup> August 2009
10.	Training issues within payroll in regards to processes	1 <sup>st</sup> August 2009
11.	Monitoring Reports of payroll activity	39 <sup>th</sup> June 2009
12.	Reviewing data input quality checks	1 <sup>st</sup> August 2009
14	Processing of new starters in relation to start dates and input dates.	1 <sup>st</sup> September 2009
16.	Directly submitting Statutory Returns to HMRC	1 <sup>st</sup> August 2009
17.	Authorisation for processing new starters	1 <sup>st</sup> April 2009
18.	Welfare loan agreements	1 <sup>st</sup> April 2009
19.	Overtime payment errors	1 <sup>st</sup> April 2009
20.	Obtaining receipt of car purchases for employees which are granted car loans	1 <sup>st</sup> August 2009
21.	Monthly pension documentation	1 <sup>st</sup> August 2009
22.	Information regarding temporary contracts	30 <sup>th</sup> November 2009

## APPENDIX TWO

### Outstanding Items deadline not elapsed

Item	Description	Issues	Due Date
3.	Duplicate payments may go undetected.	This is dependant on a system upgrade which is scheduled for early January 2010.	31 <sup>st</sup> January 2010
6	Granting of welfare loans in relation to policy and procedure. Responsible Section	There has currently been no progress on whether to continue with salary advances. The issue is the impact this would have on staff if this facility is removed as the borough has provided this service for a long period of time. Currently the Senior Payroll Officer makes the decision about whether to grant or not, this does need reviewing at a corporate level.	31 <sup>st</sup> January 2010
13.	Recouping of expenditure from overpayments	Where overpayments occur, these overpayments are recouped through the sundry debtors system. There is a recovery cycle to recoup overpayments made to employees. There are reports available on the debtors system which detail the overpayments and it is possible to identify the type of overpayment. Progress is being made to reduce the number of overpayments, but it is not always possible to prevent overpayments particularly regarding maternity pay and when staff leave the authority, as this is dependant on when in the year they leave and the amount of holiday they have already taken. HR have been instructed to ensure they inform payroll as soon as they are aware of a leaver to prevent overpayments.	31 <sup>st</sup> January 2010