

2. People Management - Payroll Audit Report Executive Summary

Audit Objective The overall objective of this audit was to review the adequacy and effectiveness of the system of internal controls designed to manage and mitigate financial and non-financial risks relating to the payroll system.

		Number of actions	
		Priority	Number
Assurance Opinion – this has been provided for the three separate elements of the process; Transaction Processing - Payroll Substantial HR Business Partners and Administration - Satisfactory Service Authorisers – Satisfactory	Substantial definition: There is a sound system of internal control designed and operating in a way that gives a reasonable likelihood that the objectives will be met.	High	0
	Satisfactory definition; Whilst there is basically a sound system of internal control there are weaknesses which put some of the objectives at risk or there is evidence that the level of non-compliance with some of the controls may put some of the objectives at risk.	Medium	14
		Low/Advisory	3
		Total	17

Audit Approach and Scope
 The scope of the audit included:

- a follow up the previous payroll audit's agreed actions.
- sample testing a selection of ad hoc monthly payments from the June 2023 salary transactions to check that they have been paid in accordance with council policies, procedures or guidance documents.
- agreeing the Establishment Report (as of 1 August 2023) on i-Trent to the records held by the respective Service Leads.

Key controls tested	Assessment	Actions Raised
Expense claims are processed in accordance with council guidance		Expense claims are being paid that do not conform to council policies. Insufficient guidance available to staff to enable them to correctly make a claim
The Establishment Report		There are a number of issues where the establishment is not accurate for example staff are in the wrong posts, redundant posts have not been removed, former casual staff are still showing as current
Reconciliations		Reconciliations are not being undertaken on a regular basis. Outstanding items are not being investigated promptly.

Summary and next steps
 In general, the payroll function is performing well and documents to support the ad hoc payments are retained accordingly.

However, the lack of clear guidance and training has resulted in a number of services processing claims that are not in accordance with council policies. A number of HR policies are in the process of being reviewed and updated, once this has been completed, it is essential that the policies are communicated across the organisation and that clear and up to date information is published on the intranet in one easy to find location. Additionally, staff should be reminded of the need to keep up to date with all policies and procedures on a regular basis.

This is a final report of the audit findings and incorporates the remedial action agreed with the Service Lead HR and the System Lead, Information & Payroll Services.

Remedial action has been agreed with management for all the findings identified.