

**AUDIT REPORT 24'023****PAYROLL- REGULARITY REVIEW****Executive Summary**

The annual audit plan for the 2023/24 year provided for a review to be undertaken of the Council's payroll system and specifically the controls in place to ensure the adequacy of the systems in place for the payment of salaries. This was undertaken by testing a random sample of starters, leavers, and continuing employees to verify the accuracy of payments and to provide assurance that supporting documentation was in place to support the payments. The sample period for the audit testing was 1 April 2023 to 31 October 2023. The Payroll system is a core financial system of the Council and is key to supporting the processing of staffing costs, which in 2022/23 were in the region of £178 million. The main objectives of the audit were to review the controls in place to ensure the correct calculation of remuneration and that statutory and voluntary deductions are processed timeously and accurately.

Since 2017, the Council has operated its Payroll function using a software application called I-Trent. It was noted that approximately 5,400 officer payslips are processed every month. The iTrent system has a dual function of meeting the requirements of two main service areas, i.e., payroll and human resources. This allows segregation of duties control to ensure a separation between the management process concerning officer appointments, terminations, grading and the processing of salary payments.

The audit was carried out in accordance with the Public Sector Internal Audit Standards (PSIAS).

It is pleasing to report that from the testing undertaken and within the scope of this review, effective arrangements are in place in the management of the Council's payroll system. However, the following areas were identified for management attention:

- From an audit check undertaken to ensure the correct last date of employment was used for the salary paid to a sample of officers recorded as leaving the employment of the Council; an example was noted where an officer had continued to be paid for 2 months after the date the officer had left the Council. This issue had already been raised separately, and action has been taken to recover the overpayment. The salary overpayment occurred due to an administrative error within the employing Service. A reminder should be issued to all budget managers of the need to ensure prompt notification to the Payroll Section as soon as it is known that an officer is leaving the employment of the Council.
- Audit testing noted an officer who had been paid a significant amount of Time Off In Lieu (TOIL). The TOIL payment had been correctly authorised. However, enquiries noted that no policy is in place to assist managers and officers in detailing agreed and consistent guidelines for the use, authorisation and if required payment of TOIL.

## Risk Ratings for Recommendations

<b>High</b>	<b>Medium</b>	<b>Low</b>
Key controls absent, not being operated as designed or could be improved. Urgent attention required.	Less critically important controls absent, not being operated as designed or could be improved.	Lower level controls absent, not being operated as designed or could be improved.
<b>1</b>	<b>2</b>	<b>0</b>

## Recommendations

Risk Ratings for Recommendations						
High	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	Medium	Less critically important controls absent, not being operated as designed or could be improved.	Low	Lower level controls absent, not being operated as designed or could be improved.	
No.	Audit Recommendation	Priority	Accepted (Yes/ No)	Comments	Responsible Officer	Timescale for Implementation
<b>Key Control:</b> Key controls and processes are operating effectively in ensuring accurate salary payments to Council employees that are accounted for correctly.						
5.01	Notification of Appointment Forms should be completed for appointments of Newly Qualified Teachers.	Medium	Yes	Will be completed as part of the induction day for NQT's held in August each year and prior to commencement of employment. Payroll process will be updated accordingly.	Business Support Team Manager	31/08/2024
5.02	All budget managers should be reminded of the importance of timely completion and submission of a "Termination of Employment" Form" as soon it is known that an officer is leaving the employment of the Council.	High	Yes	Regular reminders to be included within the HR Bulletin, Payroll newsletter and Connect.	Head of HR, ICT & Organisational Development	30/06/2024

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<b>No.</b>	<b>Audit Recommendation</b>	<b>Priority</b>	<b>Accepted (Yes/ No)</b>	<b>Comments</b>	<b>Responsible Officer</b>	<b>Timescale for Implementation</b>
<b>5.03</b>	A policy relating to Time Off In Lieu (TOIL) arrangements should be agreed.	Medium	Yes	A policy will be developed and progressed through due process.	Head of HR, ICT & Organisational Development	31/10/2024