

AUDIT REPORT 23'018

PAYROLL SYSTEM

Executive Summary

A payroll software application called iTrent is used to administer the payroll service. It was noted that approximately 5000 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 scope of the audit involved a review of the key controls in the management of the payroll service. As verification of the operational effectiveness of these controls, the audit reviewed systems and procedures and tested a random sample of salary payments and deductions. The Chartered Institute of Public Finance and Accountancy Control Matrices were used in the development of an audit programme. Further testing was also undertaken regarding access controls to the Employee Self Service System, where officers can amend their personal information, including bank details.

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

The areas identified for management attention include the following:-

- It is pleasing to note that an establishment listing exercise was undertaken in March 2022. This involved an email from the Human Resources Section to every budget manager to request confirmation or changes required to the names, grades, locations and salary details of officers recorded within their services. This exercise is an important control to confirm the accuracy of the payroll system. However, it was found where the budget manager had not replied, no further action was undertaken, or the issue escalated to a Head of Service.
- It was noted that the Human Resources Section provides an occupancy end date report to budget managers of employees due to terminate their contract of employment the following month. This report reminds budget managers of the need to complete a "Termination of Employment" Form or update the employee's employment status. Analysis undertaken of the iTrent system found 252 individuals still recorded as officers of the Council, but where records indicate a termination in their employment status. Audit testing found the issue to be an administrative requirement to update officers' employment status rather than a salary overpayment. The occupancy end date report provided to budget managers should be expanded to include employees recorded as officers of the Council but where records indicate a termination in their employment contracts.

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
Key Control: Review internal controls as detailed within the CIPFA Control Matrices to ensure effective delivery of a payroll service.						
5.01	Email requests to the Payroll Section to reset an officer's access to their Employee Self Service Account should only be accepted from a Moray Council email address or a prior registered personal email account.	High	Yes	In place	Assistant Payroll Officer	Completed
5.02	Officers should be reminded to record memorable information within their Employee Self-Service accounts. This will allow an additional level of system security to confirm identity before an officer can reset their password.	Medium	Yes	Reminders to go into staff comms. via interchange and Connect	Assistant Payroll Officer / Acting Senior Comms. Officer	28/02/2023
5.03	The Human Resources Section should undertake an annual exercise with budget managers to confirm the names, grades, locations and salary details of officers within their Service.	High	Yes	Procedure has been updated re previous schedule (3 times per year) for issue,	HR & Business Resources Team Leader	Completed

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
				process for non-responders and timeframe to action changes.		
5.04	<p>All budget managers should be reminded of the importance of confirming or advising Human Resources of any changes required to the establishment list reports of officers recorded within their services. If the budget manager does not respond, the issue should be referred to the appropriate Head of Service.</p> <p>Consideration should be given by Human Resources to allocate resource to ensure that any amendments highlighted by Budget Managers can be actioned as quickly as possibly following notification from the service.</p>	High	Yes	Covering email content updated to emphasise importance of completion, procedure updated to include indicative timescales to allow for planned allocation of resources to action any non-responses, escalation procedure for non-responses amended and escalation to Head of Service level if required.	HR & Business Resources Team Leader	31/03/23

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
5.05	Occupancy end date reports issued to budget managers of employees due to end their employment with the Council the following month should be expanded to include all officers whose records indicate their employment contract has ended. The budget manager should advise the Human Resources Section of any changes required to the employment status of officers within their services.	High	Yes	Report amended as recommended and procedures updated to escalate non responses to head of service.	HR & Business Resources Team Leader	Changes to report made. Updated procedures live from February 2023