



**Internal Audit Report**

FINAL

Corporate Services

**Review of Payroll**

June 2009

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## **1 INTRODUCTION**

This report has been prepared as a result of the Internal Audit review of Payroll, Corporate Services as part of the 2008/09 Internal Audit programme.

An Internal Control Questionnaire (ICQ) was issued to the Exchequer Manager, ICT & Financial Services for completion prior to the commencement of the audit. It was decided to review Community Services with the main emphasis being on the Monthly Teachers payroll.

Meetings were held with staff from Strategic HR, ICT & Financial Services (payroll) and Community Services HR (both Education and Social Work) to go over the completed ICQ to obtain more information and documentation.

## **2 AUDIT SCOPE AND OBJECTIVES**

The scope of this review is limited to the Internal Control Questionnaire (ICQ) issued to the relevant department contact for completion.

The broad objectives of the review were to ensure:

- That there were sufficient procedures in place for new starts,
- That deductions were properly taken from salaries,
- That correct deductions were paid over to the appropriate bodies on the due date,
- Any variations to pay were properly authorised,
- Reconciliations were prepared and authorised, and
- Data was held securely.

## **3 RISK ASSESSMENT**

As part of the audit process and in conjunction with our Systems Based Auditing, ICQ approach, the risk register was reviewed to identify any areas that needed to be included within the audit.

Risk reference SR1.017 – 2.014 – Financial systems no longer met requirements and SR1.018 – Failure to have a robust internal control system were the risks that applied to this review.

## **4 CORPORATE GOVERNANCE**

There are no Corporate Governance issues to be reported as a result of this audit.

**APPENDIX 2 ACTION PLAN**

<b>No.</b>	<b>FINDINGS</b>	<b>PRIORITY</b>	<b>RECOMMENDATION</b>	<b>RESPONSIBLE OFFICER</b>	<b>IMPLEMENTATION DATE</b>
1	The lists of authorised signatories have not all been countersigned by the Director or appropriate Head of Service.	High	The lists of authorised signatories should be issued to Community Services to be countersigned by the Director or appropriate Head of Service.	Exchequer Manager	31 <sup>st</sup> August 2009.
2	Paperwork for new starts does not always reach the payroll section by the due date resulting in a reworking of the payrun.	Medium	HR staff will monitor the position to ensure such instances are kept to a minimum.	Head of Planning & Performance	August 2009
3	The payroll section is not always notified of leavers in time in order to stop their pays resulting in overpayments being made. These overpayments have to be recovered and in some cases sundry debtor accounts have to be issued.	High	HR staff should inform the relevant officials that they should be informed about any leavers as soon as possible in order that they can inform the Payroll section. This should keep any overpayments to a minimum.	Head of Planning & Performance	July 2009

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4	Departmental HR staff have set up some new starts against the wrong cost centre.	Medium	HR staff should ensure that all new starts are being charged to correct cost centre prior to information being passed to the Payroll section.	Head of Planning & Performance	July 2009
5	Whilst old payroll records are kept in a locked container outside the office, the current records are held in the payroll section and are not locked away in cabinets or cupboards.	Low	All payroll records should be locked away when they were not in use by payroll staff. They should be kept in locked cabinets or cupboards with access restricted to payroll staff.	Head of ICT & Financial Services	Current payroll records are in constant use by payroll staff and need to be adjacent to the workspace. There would be substantial cost in replacing the current filing cabinets with lockable cabinets. The payroll section has security access.