



## **Internal Audit Report**

Operational Services Department

**Review of Cleaners, Caterers & Janitorial Wages**

February 2010

## **1 INTRODUCTION**

- 1.1 This report has been prepared as a result of the Internal Audit review of the payroll procedures operated for Catering, Cleaning and Janitorial staff within Operational Services. There is approximately 700 staff employed in 4 geographic areas, working in schools, offices, police-stations, hostels and Kilmory Canteen.
- 1.2 All pay-roll input is prepared at Argyll House, Dunoon, before being sent by post to Campbeltown for input to the Resourcelink Wages system. There are 2 weekly payrolls for Janitors and Catering staff with an additional fortnightly payroll for Cleaners. The payrolls are largely commitment payrolls, i.e. staff are automatically paid for contracted hours, with adjustments being processed for overtime hours or casual employees.

## **2 AUDIT SCOPE AND OBJECTIVES**

- 2.1 It had been highlighted to Internal Audit that difficulties were being experienced by the Central Services admin staff at Argyll House, Dunoon in meeting the processing deadlines for wages and that this was resulting in additional financial charges being imposed by ICT & Financial Services for processing adjustments.
- 2.2 The broad objectives of the review were therefore:
- to ascertain the procedures for recording, authorising and processing timesheets
  - to consider the effectiveness of controls operating over time recorded
  - to identify problem areas in the processing of timesheets
  - to consider the procedures for handling input to the Resourcelink system for the payment of wages
- 2.3 After commencing this audit a change was notified whereby new posts have to be created on the Resourcelink system for all temporary positions. Many vacancies, particularly for cleaners, currently have to be covered by existing staff members taking on extra hours. This is on a temporary basis, and may be at a different location from their regular employment. The sudden need to create new posts at short notice is causing a significant problem, particularly for the Area Managers, Catering and Cleaning and, due to administrative time lags in the authorisation and creation of new posts; there have been delays and errors in the payment of staff.
- 2.4 Due to the sensitivity of delays in paying staff this is being addressed as a separate issue. The Operations Manager, Facilities Services is meeting with the HR Adviser for Operational Services and the Exchequer Manager to try to resolve this issue as a matter of urgency.

### **3 RISK ASSESSMENT**

- 3.1 As part of the audit process the strategic risk register on the Pyramid system was reviewed to identify any areas relevant to this review, and the following risks identified:-

SR10 Inefficient use of assets.

SR11 Failure to meet capital/revenue spending targets.

SR16 Failure to have a robust internal control process and system.

These were considered in the course of this audit.

### **4 CORPORATE GOVERNANCE**

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

### **5 MAIN FINDINGS**

Our findings identified three separate problem areas as follows:

- 5.1 Timesheets for Cleaning Staff - The timesheets for Cleaning Staff are of very poor quality, and demonstrate no clear understanding that hours have to be differentiated for different posts. The authorisation process is not currently clarifying this position and it is not clear that the Area Managers can adequately control the recording of hours worked at diverse locations.
- 5.2 HR and Single Status issues - It is apparent that the additional administration tasks involved in creating new posts has created a significant problem potentially effecting the efficient service provision. A delay in paying wages can significantly impact on the ability to retain or recruit staff, and may also impact on the willingness of existing staff to take on extra hours on a temporary basis to cover vacancies.
- 5.3 Transmission and processing wages in-put - The time deadlines enforced on the Argyll House administration staff for posting forms to Campbeltown creates an additional artificial pressure on satisfactorily resolving queries on hours worked and the relevant posts. The current arrangements involve inefficient use of resources through duplication of fax and paper records, avoidable postage costs, inefficient time management and late adjustment processing charges.
- 5.4 Overall, there is an impression that simpler administrative arrangements could be set up to cope with the majority of staff, which

would enable a separate focus to be placed on the more complex situations that arise.

## **6 RECOMMENDATIONS**

Our report has been restricted to one high priority recommendation identified as a result of the audit. The recommendation is shown in the action plan below.

## **7 AUDIT OPINION**

- 7.1 Based on the findings we can conclude that there is an urgent need to improve the quality of the timesheets for cleaning staff. This is the base document used for processing wages and the sensitivity of errors in this area could impact on the efficient operation of the cleaning services.
- 7.2 There are clearly other aspects of the payroll processing which could be significantly improved with cost efficiencies likely to arise. However, these aspects cannot readily be addressed until the basic time recording system can be relied upon. We have therefore restricted our recommendations to this initial part of the processing at this time.
- 7.3 Recommendations arising from the audit work should be implemented by the nominated responsible officer within the agreed timescale. Recommendations not implemented will be reported to the Audit Committee, and this could lead to findings being reported in the Internal Control Statement produced by the Council in support of the Annual Accounts.

## **8 ACKNOWLEDGEMENTS**

- 8.1 Thanks are due to the Operations Manager, Facility Services and the Central Services Administrative staff for their co-operation and assistance during the Audit and the preparation of the report and action plan.
- 8.2 Argyll & Bute Council's Internal Audit section has prepared this report. Our work was limited to the objectives in section 2. We cannot be held responsible or liable if information material to our task was withheld or concealed from us, or misrepresented to us.
- 8.3 This report is private and confidential for the Council's information only and is solely for use in the provision of an internal audit service to the Council. The report is not to be copied, quoted or referred to, in whole or in part, without prior written consent.

**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	There is a need to reduce the administrative pressure placed on Central Services and to possibly reduce penalty fine payments.	<i>High</i>	It is proposed that in future cleaning staff timesheets should be sent to Area Offices where the information is keyed into a spreadsheet. This spreadsheet is reviewed by the Area Manager authorising its transfer to Central Services staff at Argyll House for onward processing. The Cleaning staff timesheets can be scanned at the Area Office and retained on disc. Central Services have advised that the Development and Training Officer will assist with the setting up of area spreadsheets, training and protocols.	Dilys Leckie  Operations Manager Facility Services	June 2010