



**Internal Audit Report**

**Chief Executives - Improvement and HR**

**Review of Resourcelink**

**March 2013**

## **1 INTRODUCTION**

This report has been prepared as a result of the Internal Audit review of Resourcelink as part of the 2012/2013 Internal Audit programme.

The specific objective of the audit was to test the robustness of new processes in place in respect of Human Resource (HR) and Payroll.

The Key System Information 2011/2012 is as follows:

<b>DATA</b>	<b>TOTAL</b>
No of ResourceLink Users	115
Total Number of Employees	5597
Total Number of FTE	4420

The Kintyre Peninsula in March 2013 experienced a severe weather event which resulted in ResourceLink server access issues at Witchburn Road, Campbeltown. As a result and in agreement with management the ResourceLink audit work was curtailed. However, key control areas were reviewed.

## **2 AUDIT SCOPE AND OBJECTIVES**

The broad objectives of the review were to ensure:

- Set up of hierarchy structures is appropriate and up to date;
- Data is input accurately and in a timely manner;
- Data is checked for accuracy and authorised; and
- There is adequate segregation of duties in relation to creating new employees and authorisation to input to payroll.

## **3 RISK ASSESSMENT**

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

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

## **4 CORPORATE GOVERNANCE**

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

## 5 MAIN FINDINGS

- The setup of hierarchy structures is currently under review to ensure that it is up to date, reflecting the changes within the Council Management structure;
- Data is input accurately and in a timely manner;
- Data is checked for accuracy and authorised; and
- There is adequate segregation of duties in relation to creating new employees and authorisation to input to Payroll.

## 6 RECOMMENDATIONS

Two recommendations were identified as a result of the audit one is of high priority and the other is of low priority. The recommendations are shown in the action plan attached at Appendix 2 and has been compiled with the co-operation and agreement of the Head of Improvement & HR.

Internal Audit considers that, in an effort to improve the quality of information, monitoring and control, the recommendations should be implemented in accordance with the agreed action plan. Management have set achievable implementation dates and will be required to provide reasons to the Audit Committee for failure to implement within the agreed timescale. Where management decides not to implement recommendations it must evaluate and accept the risks associated with that decision.

A system of grading audit findings, which have resulted in an action, has been adopted in order that the significance of the findings can be ascertained. Each finding is classified as high, medium or low. The definition for each classification is set out below:-

**High** - major observations on high level controls and other important internal controls. Significant matters relating to factors critical to the success of the objectives of the system. The weakness may therefore give rise to loss or error;

**Medium** - observations on less important internal controls, improvements to the efficiency and effectiveness of controls which will assist in meeting the objectives of the system and items which could be significant in the future. The weakness is not necessarily great, but the risk of error would be significantly reduced if it were rectified;

**Low** - minor recommendations to improve the efficiency and effectiveness of controls, one-off items subsequently corrected. The weakness does not appear to affect the ability of the system to meet its objectives in any significant way.

## **7 AUDIT OPINION**

Based on the findings we can conclude that there are appropriate processes in place in terms of ResourceLink. Further work is required to ensure that all systems and processes are compliant with Real Time Information reporting being introduced by Her Majesty Revenues and Customs (HMRC).

Recommendations arising from the audit work should be implemented by the nominated responsible officer within the agreed timescale. Recommendations not implemented will require explanation to the Audit Committee. This could lead to findings being reported in the Internal Control Statement produced by the Council in support of the Annual Accounts.

## **8 ACKNOWLEDGEMENTS**

Thanks are due to the HR staff for their co-operation and assistance during the Audit and the preparation of the report and action plan.

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.

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

No.	FINDINGS	PRIORITY	RECOMMENDATION	RESPONSIBLE OFFICER	IMPLEMENTATION DATE
2	<p>The introduction of RTI will enforce the timeous recording of contractual (New starter, Leaver, Post Change, Hours change) and timecard information (all timesheet pay data to include basic hours, overtime and Expenses) on Resourcelink.</p> <p>Critical to the accurate submission of Real Time Information to HMRC is the timeous notification of all contractual changes – ie New Starts, Leavers and Post Changes. All contractual input must now be processed onto Resourcelink within the pay period where the contractual change applies.</p>	High	<p>Managers will have a responsibility to inform HR without delay of all contractual and timecard information relating to their staff. An instruction should be issued to all Executive Directors that they must ensure that their management comply with HR guidelines in terms of any new processes introduced by HR. This will ensure that we meet our legislative requirements and will also ensure that the Council does not incur financial penalties from HMRC.</p>	Head of Improvement & HR	31 May 2013