

Walsall Council
Internal Audit Service

Payroll

Audit Report 2009 / 2010
September 2010

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EXECUTIVE SUMMARY

A. Introduction

1. An audit review of payroll was undertaken as part of the 2009/10 annual audit plan.
2. The objectives of the audit were to assess the adequacy of controls governing financial and management arrangements, to assess the implementation of previously agreed audit report actions and to seek assurance that:
 - management objectives are consistent with the council's strategic objectives;
 - management information is adequate and reliable;
 - the risk of fraud and irregularity is minimised;
 - there are appropriate arrangements to promote economy, efficiency and effectiveness in the use of resources;
 - management policies and directives and statutory requirements are adhered to;
 - salaries, wages and related costs are only incurred in respect of staff currently employed in authorised posts and are charged to the correct cost centres;
 - salaries and wages are correctly calculated and recorded;
 - amendments to standing data are made completely and accurately;
 - overtime is properly authorised and paid and adequately monitored;
 - sickness and other absence from duty is correctly recorded and adequately monitored; and
 - travel and expense claims are authorised and processed in accordance with financial and contract rules.
3. The scope of the audit is as set out on the contents' page. An overall opinion, points of good practice and an improvement action plan for each of the areas audited are attached. Actions for improvement, in general, are prioritised as high (***) , medium (**) or low (*).
4. Within a short period of issuing the final audit report, the head of service will be contacted to formally confirm that the action plan has been implemented as agreed. Managers should be aware that a formal response will be required in all cases and that details of these responses will be included within the internal audit quarterly monitoring report to the Audit Committee.
5. Under the council's corporate governance arrangements, the outcomes of audits are reported routinely to the Audit Committee. This includes providing an overall report opinion and details of agreed actions successfully implemented.
6. The committee has expressed concern with a failure, in a number of instances, to implement agreed actions. The committee will seek explanation

from executive and assistant directors failing to ensure that appropriate action is taken.

7. All audit reviews undertaken include checks that previously agreed actions have been implemented. Due to the disappointing level of overall achievement in this area, executive directors have asked for regular updates on all internal audit reviews undertaken together with details of actions agreed and actually implemented. This is included as a standing item for discussion at all directorate management team meetings.

B. Overall Audit Opinion

1. Internal audit is able to give a limited assurance opinion on the system of internal control operating within payroll as described below:

Overall Audit Opinion		
	Full assurance	Full assurance that the system of internal control is designed to meet the organisation's objectives and controls are consistently applied in all the areas reviewed.
	Significant assurance	Significant assurance that there is a generally sound system of control designed to meet the organisation's objectives. However, some weakness in the design or inconsistent application of controls put the achievement of particular objectives at risk.
➔	Limited assurance	Limited assurance as weaknesses in the design or inconsistent application of controls put the achievement of the organisation's objectives at risk in the areas reviewed.
	No assurance	No assurance as weaknesses in control, or consistent non compliance with key controls, [could result / have resulted] in failure to achieve the organisation's objectives in the areas reviewed.

2. Some progress has been made in actioning previously agreed audit report actions and HRD have continued to develop and improve HRD direct, the corporate employee and manager portal. Systems for the verification of the establishment structure, including the availability of structure information via HRD Direct; segregation of duties via individual teams such as the transactional recruitment team and the transactional team; and the use of 'Intelligent', an electronic database for the management and recording of personal files remain good practice.
3. Significant areas for improvement have, however, been identified in ensuring controls and processes are fully effective, for example, in the processing of new starters, variations to pay and leavers. Controls regarding the management and rectification of overpayments; and employee expenses were noted as requiring significant strengthening this year. As a result of this, the audit opinion for payroll has moved from borderline significant to limited assurance.

4. The manager of HRD employee services has indicated to audit that findings 2.9, 2.10, 2.11 and 4.14 were beyond HRD's control. Actions have however been agreed with HRD, to limit the risk of such issues occurring in future.
5. The prompt implementation of actions contained within this audit report will further assist in enhancing procedures undertaken.
6. Detail of the individual exceptions contained within the action plan are supplied separately.
7. Most actions within the report were considered to be of a high priority.
8. 64 of the 71 agreed actions which remain applicable from the last audit were confirmed as implemented by the Manager of HRD Employee Services on 11 January 2010. During audit's review of the 71 agreed actions, 37 had been fully implemented, 14 partially implemented; 2 were no longer applicable and 18 remained outstanding at the time of this audit. The 32 unimplemented or partially implemented actions have been reiterated in this report, marked (*) in the action plan.

C. Summary of Findings

	Full Assurance	Significant Assurance	Limited Assurance	No Assurance
General		✓		
Starters			✓	
Deductions		✓		
Variations to Pay			✓	
Leavers and Transfers			✓	
Payments		✓		
Reconciliations		✓		
Security of Data		✓		

D. Acknowledgements

1. Please thank the transactional recruitment manager, transactional manager, customer and service improvement manager, payroll and pensions control manager and manager of HRD employee services for their help and co-operation during the audit, particularly for making records available and providing information.

Payroll
AUDIT OPINION & ACTION PLAN

1. GENERAL

AUDIT OPINION

Significant assurance can be given that controls are in place to meet objectives in this area

Good practice includes:

- A personal amendment form was sent to all employees in January 2009 asking for verification that their personal and employment data held was accurate.
- Directors, assistant directors and heads of service are required to verify three times a year that their establishment structure is correct.
- The safer recruitment panel meets on a monthly basis.
- A change control log tracks all system change requests.
- Staffing structures plus various staffing reports are submitted to schools each term asking for verification that their personal and employment data held is accurate.
- Structures are available on the intranet and are updated automatically from Trent.
- Structure surgeries are held with managers.
- Officers independent of the payroll processing, are responsible for maintaining the organisational structure.
- HRD procedure notes are published on Sharepoint.
- All personal files have now been scanned and are held on Intelligent, a password protected database.

ACTION PLAN

Ref	Priority	Finding	Risk Exposure	Agreed Action	Responsibility & Timescale
1.1	*	During the previous audit it was identified that a document control template has been devised for procedure notes but has not yet been included in all procedure notes. Officers are currently updating procedures to ensure that the document control template is included.	Without document control information, in the event of query, the preparing officer may not be identifiable. Officers may be unable to conclude whether procedures are current/in date.	The document control template will be included in all procedure notes. (*)	Lisa Hemus – manager of HRD employee services / Dean Sweet – customer & service improvement manager / Julie Davies – payroll & pensions control & quality manager / Di Martin – transactional recruitment manager / Kim Baker – transactional manager 31 December 2010

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AUDIT OPINION & ACTION PLAN

Ref	Priority	Finding	Risk Exposure	Agreed Action	Responsibility & Timescale
1.2	**	During the previous audit it was agreed that officers would ensure that all procedure notes are updated to reflect the introduction of scanning of personal files on Intelligent. However, it was noted that certain procedures had not been amended to include this requirement, for example the procedure for completing employee services audit checklist.	Staff may not be fully aware of their duties and responsibilities.	Officers will ensure that all procedure notes are updated to reflect the introduction of scanning of personal files on Intelligent. (*)	Lisa Hemus – manager of HRD employee services / Dean Sweet – customer & service improvement manager / Julie Davies – payroll & pensions control & quality manager / Di Martin - transactional recruitment manager / Kim Baker – transactional manager 31 December 2010
1.3	**	A sample of 5 service managers, 3 transactional recruitment officers, 4 transactional officers, 1 payroll and pensions control officer and 2 customer and service improvement officers were asked to confirm their awareness of system procedures and training received. The following responses were received:	Potential for non compliance with council policies and procedures.	Management within HRD will ensure that all their staff are aware of and have access to systems procedures, financial and contract rules and have received adequate training in systems procedures. Management within HRD will ensure that all staff are made aware of and have access to:	Dean Sweet – customer & service improvement manager 30 September 2010

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AUDIT OPINION & ACTION PLAN

		1 transactional officer stated that they were not aware of / did not have access to financial and contract rules. 2 service managers and 1 transaction recruitment officer stated that they were not aware of / did not have access to system procedures and 2 transactional officers stated that this was not applicable to them. 2 service managers stated that they were not aware of / did not have access to the timetable for submission / receipt of payroll data. 4 service managers stated that they were not aware of a list of employees permitted to authorise amendments to employees' pay and 2 transactional recruitment officers did not feel that this was applicable to them. 3 service managers did not feel that they had received adequate training in payroll procedures and 1 transactional recruitment officer did not feel that this was applicable to them.		- the timetable for submission / receipt of payroll data. - the list of authorised signatories. They will also review training offered to managers in payroll procedures. (*)	
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Payroll
AUDIT OPINION & ACTION PLAN

Ref	Priority	Finding	Risk Exposure	Agreed Action	Responsibility & Timescale
1.4	***	In examining test samples for each area of the audit review, it was noted that the inputting and checking officers do not always sign and date supporting information to evidence their involvement in the process.	Responsibility for system amendments may be unclear. Difficulties in establishing whether an amendment has been input. Duplicate processing may take place. Lack of evidence of senior / independent review.	Officers will sign and date supporting information when a system amendment has been input / checked. This agreed action will be issued to relevant staff who will sign to acknowledge receipt of and confirmation of their intention to comply fully with this procedure. (*)	Dean Sweet – customer & service improvement manager 30 September 2010
1.5	***	Of the 15 joint delegation forms which were tested, it was identified that: - on 1 occasion the form had not been authorised by the manager. - on 4 occasions the manager signing the form had not crossed through the approved / not approved section of the form. - on 1 occasion the HR account manager signing the form had not crossed through the approved / not approved section of the form. - on 1 occasion financial approval had been given by an officer who received a re-grade as a result of the joint delegation. - on 1 occasion the section detailing how the post would be funded was not completed. - on 1 occasion the effective date of change had been amended but not initialised by the appropriate officer.	Unapproved amendments may be made. Potential for fraud / irregularity. Incomplete information. In the event of query / challenge, the officer enacting the amendment may not be identifiable.	The joint delegation form has now been updated and officers now ensure that only complete and authorised joint delegation forms are processed. It is now ensured that officers who may benefit from a change to the establishment do not have any involvement with the completion of the joint delegation form. All amendments to the joint delegation pro-forma are now initialised by the officer making the change. (*)	Dean Sweet – customer & service improvement manager Implemented

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AUDIT OPINION & ACTION PLAN

Ref	Priority	Finding	Risk Exposure	Agreed Action	Responsibility & Timescale
1.6	**	Of the 15 amendments to the establishment which should have been recorded in the joint delegation tracker spreadsheet it was found that: - on 1 occasion the effective date of the change had been recorded as 1/8/09 instead of 1/9/09. - on 3 occasions the post number was not included. - on 1 occasion the lead officer was not included. - In examining the school joint delegation tracker spreadsheet it was noted that ID numbers had been used twice on some occasions.	Incomplete records. Lack of audit trail. Duplicate ID numbers may lead to confusion.	The joint delegation tracker spreadsheet will be updated to include the correct information as identified in the exceptions. Officers will ensure that: - the full and correct information is recorded on the joint delegation spreadsheet in future. - ID numbers are removed from the school delegation tracker spreadsheet are they are not relevant. (*)	Dean Sweet – customer & service improvement manager 30 September 2010
1.7	***	Of the 15 amendments to the establishment it was found on 1 occasion that a temporary post had been set up on Trent as a permanent post.	Post may be filled as a permanent post.	The exception identified has been rectified. Officers now ensure that the details on the joint delegation pro-forma are correctly transferred to Trent.	Dean Sweet – customer & service improvement manager Implemented
1.8	***	From a sample of 10 people management indicators included within the directorate people management scorecards 2009/10, it was found that on 2 occasions supporting evidence was not available to verify the data included. (HRD 14.19 – number of occupied positions with a mandatory CRB requirement / HRD 14.7 – return to work interviews completed within 3 working days).	Inability to verify indicator. In the event of challenge / query supporting information is not available to justify calculation of data / targets.	Officers now ensure that supporting evidence is retained to substantiate people indicator data detailed in directorate people management scorecards.	Dean Sweet – customer & service improvement manager Implemented

Payroll
AUDIT OPINION & ACTION PLAN

2. STARTERS

AUDIT OPINION

Limited assurance can be given that controls are in place to meet objectives in this area

Good practice includes:

- A 10% sample of all starters processed on a monthly basis is checked by the transactional recruitment team.
- A list of previous audit findings with regard to starters was issued to all transactional recruitment team officers who had to sign to acknowledge receipt and confirm that they had read and understood the details.
- An audit checklist and new starter / transfer transactional checklist form is placed on each personal file.
- Starter documentation received is recorded on Trent.
- There is appropriate segregation of duties between the transactional recruitment team and transactional team.
- Quarterly statistics are produced detailing non compliance with recruitment procedures e.g. appointed without reference or CRB check and reported to the safer recruitment panel and directorate performance boards.
- A recruitment compliance bulletin regarding audit findings was issued to all directorates and schools.
- A daily recruitment process workflow report monitors recruitment documentation recorded on Trent.

ACTION PLAN

Ref	Priority	Finding	Risk Exposure	Agreed Action	Responsibility & Timescale
2.1	**	From the sample of 25 new starters selected for testing, it was noted that on 1 occasion the national insurance number had not been verified.	Potential for incorrect employee data to be recorded.	The national insurance number has now been verified for the employee identified and evidence of this placed on the personal file. Where an employee does not provide their national insurance number an enquiry is made on line. It is now ensured that the response received, detailing the national insurance number, is placed on the employee's personal file. (*)	Julie Davies – payroll & pensions control & quality manager Implemented

Payroll
AUDIT OPINION & ACTION PLAN

Ref	Priority	Finding	Risk Exposure	Agreed Action	Responsibility & Timescale
2.2	**	From the sample of 25 new starters selected for testing it was noted that: - on 2 occasions an emergency contact form had not been completed. - on 4 occasions a working time regulation form had not been completed.	Incomplete information held on file. In the event of an emergency, next of kin details may not be known. Working time regulations may not be complied with.	Completed emergency contact and working time regulation forms will be obtained from the employees identified and placed on the personal files. Officers will ensure that an emergency contact form and working time regulation form are completed for all new starters. (*)	Di Martin - transactional recruitment manager 30 September 2010
2.3	***	Of the sample of 25 new starters tested it was noted that: on 2 occasions the employee had not signed to acknowledge their acceptance of the post.	In the event of query / dispute employees' acceptance of their terms and conditions may not be clear.	The documentation identified as missing from the exceptions highlighted has now been sourced and placed on file. It is now ensured that every new starter has signed the starter pack declaration. (*)	Di Martin - transactional recruitment manager Implemented
2.4	***	From a sample of 25 starters selected for examination, it was noted on 2 occasions that the appointing manager had not confirmed whether the new starters had commenced their employment.	Payments may be made to employees who were due to start but did not attend on their start date. Overpayments may be made which may be difficult to recover.	Managers have now confirmed that the employees identified as exceptions commenced their employment. Managers will be requested to promptly confirm the commencement of employment of new starters. (*)	Kim Baker – transactional manager Implemented Kim Baker – transactional manager 30 September 2010

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AUDIT OPINION & ACTION PLAN

Ref	Priority	Finding	Risk Exposure	Agreed Action	Responsibility & Timescale
2.5	***	From a sample of 25 new starters tested it was found that: - on 3 occasions the audit checklist had not been fully completed / signed off. - on 1 occasion the new starter transactional checklist had not been fully completed / signed off.	Checklist items may not have been completed / obtained.	The checklists identified in the exceptions noted are now fully and correctly completed. Officers now ensure that checklists are fully completed and are signed in evidence of this action. (*)	Kim Baker – transactional manager Implemented
2.6	***	From a sample of 25 new starters tested it was found that on 10 occasions the starter form had been signed by an officer who was not an authorised signatory. The auditor was informed by the transactional recruitment manager that managers signing starter forms must have the appropriate authority and financial limit to do so within an authorised signatory form.	Unauthorised appointments.	The exceptions will be verified. The level of manager authorised to sign starter forms will be determined in accordance with the head of people services delegations within the constitution.	Di Martin – transactional recruitment manager / Lisa Hemus – manager of HRD employee services 31 October 2010
2.7	*	From a sample of 25 new starters tested it was found that on 1 occasion the employee had started on 1.6.09 but a start date of 1.1.5.09 had been entered onto the contract of employment.	Incorrect information held regarding officers length of service.	A review of the council's employment contract is currently being undertaken which will address the issue raised.	Di Martin – transactional recruitment manager 31 March 2011

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AUDIT OPINION & ACTION PLAN

Ref	Priority	Finding	Risk Exposure	Agreed Action	Responsibility & Timescale
2.8	**	From a sample of 25 new starters tested it was found that: - on 2 occasions the spinal column point had been amended on the starter form but not initialised. - on 1 occasion the post number had been amended on the starter form but not initialised.	In the event of query / challenge, the officer enacting the amendment may not be identifiable.	All amendments to the starter form are now initialised by the officer making the change.	Di Martin – transactional recruitment manager Implemented
2.9	***	Criminal Records Bureau (CRB) checks were required for the appointment of 19 out of 25 new starters selected for testing. It was noted that: on 4 occasions, the CRB disclosure result was received after the employee's date of commencement.	Vulnerable people may be placed at risk from unsuitable new starters. Lack of adherence to current government legislation.	The transactional recruitment manager will re-issue guidance to recruiting managers to ensure that new employees are not allowed to commence work until evidence of a satisfactory CRB check has been obtained. Non compliance is reported to performance board and the safer recruitment panel. (*)	Di Martin – transactional recruitment manager 30 September 2010
2.10	**	Of the sample of 25 starters selected for examination it was noted on 1 occasion that medical clearance had not been received until after the employee had started.	New starters may not be medically fit to carry out their duties.	Officers now ensure that medical clearance is received prior to the employee starting wherever possible. This exception related to a school and was reported to performance board for non compliance.	Di Martin - transactional recruitment manager Implemented

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AUDIT OPINION & ACTION PLAN

Ref	Priority	Finding	Risk Exposure	Agreed Action	Responsibility & Timescale
2.11	**	Two satisfactory references are requested for all new starters to the authority. However, from a sample of 25 starters it was noted that on 1 occasion a reference had not been approved by the manager and on 1 occasion no references were received prior to the employee commencing work. (1 of these cases was a post within the area of working with children).	Unsuitable employees may be appointed.	The transactional recruitment manager will re-issue guidance to recruiting managers to ensure that new starters are only offered employment when two satisfactory references have been received. (*)	Di Martin – transactional recruitment manager 30 September 2010
2.12	*	On 1 occasion in 25 starters selected for examination, it was noted that the most current starter form had not been completed.	All relevant information may not be provided.	The most current standard starter form is now completed for processing of all starters. (*)	Di Martin – transactional recruitment manager Implemented
2.13	**	From a sample of 25 new starters tested it was found that on 1 occasion an employee, who was transferred to the council (TUPE) raised a concern at the possibility of not being able to continue with his position as trustee of Manor Farm CA. There is no evidence on the personal file that this concern was addressed.	Potential non compliance with code of conduct.	Investigations have been undertaken and the concern now resolved.	Harjinder Kaur – account manager Implemented

Payroll
AUDIT OPINION & ACTION PLAN

3. DEDUCTIONS

AUDIT OPINION

Significant assurance can be given that controls are in place to meet objectives in this area

Good practice includes:

- A list of previous audit findings with regard to deductions was issued to all transactional team officers who had to sign to acknowledge receipt and confirm that they had read and understood the details.
- The personal amendment form sent to employees in January 2009 requested employees to verify that the deductions being made from their pay were accurate.
- Statutory deductions, such as national insurance, income tax, etc are reconciled from Trent to the payments system on Oracle on a monthly basis.

ACTION PLAN

Ref	Priority	Finding	Risk Exposure	Agreed Action	Responsibility & Timescale
3.1	**	From a sample of 10 non statutory deductions selected for testing, 5 occasions were noted where the employee authorisation could not be located at the time of the audit. For 3 of these exceptions, however, the employee had returned their personal amendment form which was issued to employees in January 2009, to confirm their deduction was accurate.	In the event of query / error, information relating to a non statutory deduction / employee authorisation may be difficult to trace / justify. Unauthorised deductions may be made.	For ease of reference, documentation relating to 'live' employee initiated deductions is now retained on Intelligent. (*)	Kim Baker – transactional manager Implemented

Payroll
AUDIT OPINION & ACTION PLAN

Ref	Priority	Finding	Risk Exposure	Agreed Action	Responsibility & Timescale
3.2	**	From a sample of 10 non statutory deductions selected for testing, 1 occasion was noted where the section for completion by HRD on the annual travel card authorisation form had not been completed.	Difficulties in establishing whether application has been correctly processed.	The exception identified has been rectified. Officers now ensure that the section for completion by HRD on the annual travel card authorisation form is completed.	Kim Baker – transactional manager Implemented
3.3	*	From a sample of 10 non statutory deductions selected for testing, 1 occasion was noted where the cycle loan application was dated 4.8.05 instead of 4.8.08.	Incorrect information maintained.	The cycle loan procedures have now been amended and all forms are completed on line and electronically dated.	Julie Davies – payroll & pensions control & quality manager Implemented

Payroll
AUDIT OPINION & ACTION PLAN

4. VARIATIONS TO PAY

AUDIT OPINION

Limited assurance can be given that controls are in place to meet objectives in this area

Good practice includes:

- In the sample of claims tested, all car mileage allowances had been paid in accordance with approved rates.
- Sickness absences can now be input by managers onto HRD direct.
- A list of previous audit findings with regard to variations to pay was issued to all transactional team officers who had to sign to acknowledge receipt and confirm that they had read and understood the details.
- A processing timetable, including submission dates for temporary input, is published on the intranet.
- System generated maternity pay is checked to manual calculations to ensure correct payments are made.

EXPENSES & CAR MILEAGE

ACTION PLAN

Ref	Priority	Finding	Risk Exposure	Agreed Action	Responsibility & Timescale
4.1	**	In searching on the intranet for the expenses and subsistence claim form, it was found that different versions were available.	Inconsistent procedures. All relevant information may not be provided leading to delays, possible errors in expenses processing.	It will be ensured that only the current expenses and subsistence claim form is available on the intranet.	Kim Baker – transactional manager 30 November 2010
4.2	***	From a sample of 25 expenses and car mileage payments tested it was found that on 2 occasions, the form had been processed even though it had been signed by an officer not authorised to do so.	Unauthorised payments made.	Officers will ensure that expenses and car mileage form are signed by officers authorised to do so.	Kim Baker – transactional manager 30 September 2010

Payroll
AUDIT OPINION & ACTION PLAN

Ref	Priority	Finding	Risk Exposure	Agreed Action	Responsibility & Timescale
4.3	**	From a sample of 25 expenses and car mileage payments tested it was found that: - on 2 occasions out of date claims had been made. - on 2 occasions VAT receipts had not been attached to car mileage claims. - on 2 occasions it was not possible to verify the amount claimed to receipts provided. - on 1 occasion VAT had been added to the amount of the receipted amount. - on 1 occasion the value of a train ticket was illegible. - on 1 occasion an employee had claimed course fees but had not provided evidence that they had already paid the fees.	Invalid / inaccurate expense claims may have been paid. Non compliance with expense policy.	Officers will ensure that: - out of date claims are not paid unless there are special circumstances and these have been documented. - VAT receipts are attached to all car mileage claims. - receipts are legible and can be easily verified to the claim. - the amount claimed agrees to the receipt provided. - evidence that the amount claimed has already been spent is provided. A revised policy for the reimbursement of personal expenses is currently being drafted which will address issues identified.	Kim Baker – transactional manager 30 November 2010
4.4	*	12 expense claims submitted and processed were completed on an old version of the expenses claim form. It states within the expenses policy that expenses will only be paid if the correct claim form is completed.	All relevant information may not be provided leading to delays, possible errors in expenses processing. Inaccurate / insufficient information held. Non compliance with expense policy.	Only the most current expenses form is now accepted for processing. (*)	Kim Baker – transactional manager Implemented

Payroll
AUDIT OPINION & ACTION PLAN

Ref	Priority	Finding	Risk Exposure	Agreed Action	Responsibility & Timescale
4.5	**	On 1 occasion it was noted that expense claim amounts had been amended by the transactional officer and they had not initialled all changes made. On a further occasion the date of the claim had been amended.	Unauthorised amendments / payments may be made unnoticed. In the event of query / challenge, the officer enacting the amendment may not be identifiable.	Inaccurate expense claims will not be amended but instead returned to the employee for amendment. (*) A revised policy for the reimbursement of personal expenses is currently being drafted which will address issues identified.	Kim Baker – transactional manager 30 November 2010
4.6	***	On 2 occasions claims had been made for hospitality by officers from the New Art Gallery. It states within the expenses policy that it should be clearly set out why it is necessary and what is the business case. It should also be authorised by an assistant director or above. This was not the case.	Non compliance with expense policy. Inappropriate payments may be made.	Officers will ensure that where claims for hospitality are received it is clearly set out why it is necessary and what is the business case. It will also be authorised by an assistant director or above. A revised policy for the reimbursement of personal expenses is currently being drafted which will address issues identified.	Kim Baker – transactional manager 30 November 2010
4.7	***	On 1 occasion a register of overseas trip form had been submitted but the section for completion by risk and insurance had not been completed.	Insufficient evidence that appropriate insurance in place.	Officers now ensure that register of overseas trip forms are fully completed.	Dean Sweet – customer & service improvement manager Implemented
4.8	**	From a total of 35 expenses and car mileage forms completed it was found on 27 occasions that the form had not been stamped paid.	Potential for duplicate payments.	All claim forms are now stamped when they have been paid.	Kim Baker – transactional manager Implemented

Payroll
AUDIT OPINION & ACTION PLAN

Ref	Priority	Finding	Risk Exposure	Agreed Action	Responsibility & Timescale
4.9	**	On 1 occasion a claim was being made for rent but it was found that the same amount was being deducted from the employee's pay on Trent. No documentation was found on the personal file regarding this. In querying this with the transactional team, they had to contact the school directly to identify the reason for the payment. No audit trail was held on file at that point to substantiate the claim.	Lack of supporting evidence. Inappropriate payments may be made.	Documentation has now been placed on the employee's file to substantiate the claim. Payments will not be made for rent, particular when the same amount is being deducted from the employee, unless supporting evidence is retained on the personal file.	Kim Baker – transactional manager Implemented
4.10	**	On 1 occasion it was noted that £90 per month was being paid to an employee, who was registered blind, for taxi fares after her office base was transferred out of the town centre. The personnel officer, in reviewing the case, stated that it was necessary to have an audit trail to account for the payments in the form of confirmation from the taxi company that a contract was in place. This evidence could not be found on the personal file.	Lack of evidence to substantiate payments made. Inappropriate payments may be made.	Confirmation from the taxi company that a contract is in place, and payments are being made has been obtained and placed on the employee's personal file.	Kim Baker – transactional manager Implemented
4.11	**	From a sample of 25 expenses and car mileage payments tested it was found on 2 occasions that payments had been made to officers for subscriptions to a professional body, generally such fees are not paid by the council. No formal agreement to support this could be provided at the time of the audit.	Inappropriate payments may be made.	Investigations will be made to determine the validity of payments made for subscriptions to a professional body. A revised policy for the reimbursement of personal expenses is currently being drafted which will address issues identified.	Kim Baker – transactional manager 30 November 2010

Payroll
AUDIT OPINION & ACTION PLAN

Ref	Priority	Finding	Risk Exposure	Agreed Action	Responsibility & Timescale
4.12	**	From a sample of 25 expenses and car mileage payments tested it was found on 1 occasion that a claim had been made for train tickets for 3 officers but the officers had not been named.	Non compliance with expenses policy.	In accordance with the expenses policy each individual officer will be named on the claim and will complete their own claim form. The submission of expense claims via the HRD portal will ensure that officers complete individual claims.	Kim Baker – transactional manager 30 November 2010
4.13	**	From a sample of 25 expenses and car mileage payments tested it was found that: - on 2 occasions the car mileage claimed had been totalled incorrectly. - on 1 occasion first class travel had been claimed for. - on 1 occasion an officer had been claiming mileage from / to home but did not appear to be deducting home to office mileage.	Overpayments may be made.	Officers checking car mileage claims will ensure that calculations are accurate and that home to office mileage has been deducted where necessary. Employees will not use first class travel unless there are exceptional circumstances. A revised policy for the reimbursement of personal expenses is currently being drafted which will address issues identified.	Kim Baker – transactional manager 30 November 2010

Payroll
AUDIT OPINION & ACTION PLAN

Ref	Priority	Finding	Risk Exposure	Agreed Action	Responsibility & Timescale
4.14	**	On 3 occasions claims had been made for a travel card, on 2 occasions it would have been cheaper if the travel had been purchased via the council's travel card discount scheme. Further, there was no documentation on the officer's personal file approving their entitlement to a council funded pass.	Value for money not obtained. Inappropriate payments may have been made.	It will be ensured that where officers are provided with a travel card that it is obtained via the council's travel card discount scheme wherever possible. Documentation will be obtained and placed on the personal files of the employee's identified showing approval of their entitlement to a council funded pass. A revised policy for the reimbursement of personal expenses is currently being drafted which will address issues identified.	Kim Baker – transactional manager 30 November 2010

MATERNITY

ACTION PLAN

Ref	Priority	Finding	Risk Exposure	Agreed Action	Responsibility & Timescale
4.15	**	The maternity leave and pay application form held on personnel guidance on the intranet is different to the one that is held on HRD Sharepoint. Further the form held on personnel guidance does not have to be authorised by managers.	Inconsistent documentation held / potential for unauthorised maternity leave to be taken.	It is now ensured that only the most current maternity leave and pay application form is held on personnel guidance / HRD Sharepoint which includes a section for the manager's authorisation.	Kim Baker – transactional manager Implemented

Payroll
AUDIT OPINION & ACTION PLAN

Ref	Priority	Finding	Risk Exposure	Agreed Action	Responsibility & Timescale
4.16	***	From a sample of 10 maternity absences selected for testing, it was found that: - on 3 occasions the section within the maternity leave and pay application form for completion by the transactional team had not been fully completed. - on 1 occasion the letter sent to the employee held on file acknowledging their request for maternity leave included the incorrect date. - on 4 occasions an old style maternity form had been completed by the employee. - on 3 occasions the maternity leave and pay application form had not been authorised by the manager. - on 1 occasion HRD had been notified of a change in the employees maternity start date but an updated acknowledgement letter had not been sent to the employee. - it was further identified that the return to work maternity notification form does not include the requirement for a second transactional officer check.	In the event of query / challenge, insufficient details held on form. Lack of evidence of demonstration of control i.e. that the form has been checked. Incorrect maternity payments may be made. All relevant information may not be provided. Lack of audit trail.	The exceptions identified have been rectified. Transactional team officers processing the form now complete the relevant sections. Officers now ensure that letters acknowledging employee requests for maternity leave include the correct information. It is now ensured that the most current maternity leave and pay application form is completed and that it is authorised by the appropriate manager. Officers now ensure that an updated acknowledgement letter is sent to the employee when start dates have been changed. The return to work maternity notification form has been amended to include a second transactional officer check. (*)	Kim Baker – transactional manager Implemented

Payroll
AUDIT OPINION & ACTION PLAN

Ref	Priority	Finding	Risk Exposure	Agreed Action	Responsibility & Timescale
4.17	***	From a sample of 10 maternity absences selected for testing, it was found on 1 occasion that the amounts on the spreadsheet used as an internal check to verify maternity pay calculations on Trent did not agree to the payments made on Trent.	Under / over payments of maternity pay may go unnoticed.	It has been ensured that the correct payments have been made for the exceptions identified. The spreadsheet has been reviewed and updated to ensure accuracy for checking maternity pay calculations against Trent. Officers have been reminded that a new spreadsheet should be produced following any pay awards. The previous spreadsheet is now marked as recalculated and retained.	Kim Baker – transactional manager Implemented

SICKNESS

<u>ACTION PLAN</u>					
Ref	Priority	Finding	Risk Exposure	Agreed Action	Responsibility & Timescale
4.18	***	From a sample of 15 sickness absences tested it was noted that: on 1 occasion a sick note had been recorded on Trent but not placed on the employees' file.	Potential non-compliance with the council's sickness absence policy. Inadequate medical confirmation of employees' absence.	The exception identified has been rectified. Officers now ensure that doctors' notes are placed on the relevant personal file promptly.	Kim Baker – transactional manager Implemented

Payroll
AUDIT OPINION & ACTION PLAN

Ref	Priority	Finding	Risk Exposure	Agreed Action	Responsibility & Timescale
4.19	***	Although return to work interviews were required for the 15 sickness absences, it was found that: - on 1 occasion a return to work interview had been placed on the employee's file but not recorded on Trent. - on 2 occasions a return to work interview had been recorded on Trent but had not been placed on the employees' file.	Potential non-compliance with the council's sickness absence policy.	Officers now ensure that return to work interviews are promptly placed on the relevant personal file and recorded on Trent.	Kim Baker – transactional manager Implemented
4.20	**	From a sample of 15 sickness absences tested it was found on 1 occasion that the absence record sheets detailing the sickness start and end date had not been signed by the manager.	In the event of query unable to identify officer submitting form.	Absence record sheets are now appropriately authorised.	Kim Baker – transactional manager Implemented
4.21	***	From a sample of 15 sickness absences tested it was noted that: - on 4 occasions a self certification form had not been completed by the employee or recorded on Trent. - on 1 occasion up to date sick notes were not recorded on Trent / held on the personal files.	Potential non-compliance with the council's sickness absence policy. Inadequate medical confirmation of employees' absence. Potential for inaccurate SSP.	The exceptions identified have now been rectified. Officers will ensure that self certification forms / doctors' notes are obtained for all relevant absences and recorded on Trent when received. (*)	Kim Baker – transactional manager Implemented Kim Baker – transactional manager 30 September 2010

Payroll
AUDIT OPINION & ACTION PLAN

Ref	Priority	Finding	Risk Exposure	Agreed Action	Responsibility & Timescale
4.22	***	Although return to work interviews were required for the 15 sickness absences, it was found that: - on 1 occasion a return to work interview had not been placed on the employees' files or recorded on Trent. HRD had a sent reminder in 2 of these cases. - on 1 occasion the employee had not signed the return to work interview.	Potential non-compliance with the council's sickness absence policy.	The return to work interview form has been obtained for the employees identified and details entered onto Trent. It will be ensured that return to work interviews are completed in accordance with the council's sickness absence policy. The interview document will be approved by both parties and a copy held on the relevant personal file and recorded on Trent. (*)	Kim Baker – transactional manager Implemented Kim Baker – transactional manager 30 September 2010
4.23	**	From a sample of 15 employees, 8 occasions were noted where a return to work interview had been undertaken. It was found on 1 occasion that the incorrect sickness start date had been recorded on the form.	Inaccurate records.	Managers now ensure that the correct information is recorded on the return to work interview.	Kim Baker – transactional manager Implemented

Payroll
AUDIT OPINION & ACTION PLAN

Ref	Priority	Finding	Risk Exposure	Agreed Action	Responsibility & Timescale
4.24	***	From a sample of 15 employees, 4 cases were noted where a stage 1 notice of concern (NOC) should have been issued to the employee as they had had 3 or more periods of sickness in the last 12 months. It was found, however, that on 10 occasions a NOC had not been placed on the employees' files or recorded on Trent	Potential non-compliance with the council's sickness absence policy.	Managers will be requested to provide explanations for NOC's not being issued to the employees identified and details placed on the relevant personal files. Managers will ensure that NOC's are issued in accordance with the council's sickness absence policy. Consideration will be given to amending the return to work interview form so that managers are prompted to give detail regarding the issue of a NOC. (*)	Kim Baker – transactional manager 30 September 2010

Payroll
AUDIT OPINION & ACTION PLAN

OVERPAYMENTS

ACTION PLAN

Ref	Priority	Finding	Risk Exposure	Agreed Action	Responsibility & Timescale
4.25	***	From a sample of 10 overpayments tested it was found that: - on 1 occasion a transactional team overpayment pro-forma did not appear to have been completed. - on 2 occasions the overpayment holding letter on file had not been signed by a council officer. - on 2 occasions the overpayment letter did not appear to have been issued promptly. - on 1 occasion the debtor invoice details had not been recorded on the overpayment pro-forma. This is not required on the most recent form. - on 1 occasion the incorrect employees leaving date had been recorded on the overpayment pro-forma. - On 1 occasion the overpayment amount had been amended but a letter did not appear to have been sent to the employee regarding this.	Lack of audit trail. Insufficient evidence that employee notified of overpayment. Unauthorised letters may be issued un-noticed. Overpayment may not be promptly recovered. Incomplete / inaccurate records.	A transactional team overpayment pro-forma has been fully completed for the employee identified. Officers will ensure that: - a transactional team overpayment pro-forma is completed. - all relevant overpayment correspondence is issued to employees and signed by a relevant council officer. - overpayment letters are issued promptly. - the correct details are recorded on the overpayment pro-forma. - employees are notified of any changes to the overpayment amount. (*)	Kim Baker – transactional manager Implemented Kim Baker – transactional manager 30 September 2010

Payroll
AUDIT OPINION & ACTION PLAN

Ref	Priority	Finding	Risk Exposure	Agreed Action	Responsibility & Timescale
4.26	**	From a sample of 10 overpayments tested it was found that on 2 occasions back payment of salary had been made to former employees who already had an outstanding overpayment.	Outstanding overpayments may not be recovered.	Where former employees are paid any additional salary, consideration will be given to deducting this amount from any outstanding overpayment in future.	Kim Baker – transactional manager / Julie Davies – payroll & pensions control & quality manager 31 December 2010
4.27	***	From a sample of 10 overpayments tested it was found that on 1 occasion the overpayment was due to the late completion of a leaver form for an employee with a fixed term contract. Fixed term contracts should be monitored within HRD to ensure that the employees leaving date is entered promptly on Trent.	Potential overpayments made.	Officers now ensure that all fixed term contracts are monitored and the contract terminated on Trent promptly.	Kim Baker – transactional manager Implemented
4.28	***	From a sample of 10 overpayments tested it was found on 3 occasions that a sundry debtor had not been raised on Oracle. This was raised with the transactional team who subsequently completed external invoice request forms. 2 of the debtor invoices have subsequently been raised.	Overpayment not recovered.	A debtor invoice has now been raised for the exception noted. Officers now ensure that external invoice request forms are complete and forwarded to the Oracle team promptly.	Kim Baker – transactional manager Implemented

Payroll
AUDIT OPINION & ACTION PLAN

Ref	Priority	Finding	Risk Exposure	Agreed Action	Responsibility & Timescale
4.29	***	Once the external invoice request form is forwarded to the Oracle team no checks are made by the transactional team to ensure that debtor invoices have been raised.	Overpayment not recovered.	Officers will ensure that when the external invoice request form is forwarded to the Oracle team, confirmation is received that the debtor invoice has been raised.	Kim Baker – transactional manager / Julie Davies – payroll & pensions control & quality manager 31 December 2010
4.30	***	It was agreed in the previous audit report that: “When an overpayment occurs and is identified, the overpaid employee’s manager will be requested to consider whether action should be taken against employees who have not reported salary overpayments in accordance with section 17.3 of the code of conduct for employees”. It states within the policy on the recovery of overpayment of salary that: “If no agreement can be reached between the employee and manager, the manager may consider taking disciplinary action under the code of conduct and referring the case to audit dependent on the circumstances surrounding the overpayment”.	Non compliance with code of conduct with employees.	The overpayment policy will be updated to include “where an overpayment occurs the manager should consider disciplinary action regardless of whether an agreement has been reached between employee and manager”. (*)	Kim Baker – transactional manager / Julie Davies – payroll & pensions control & quality manager 31 December 2010

Payroll
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OTHER VARIATIONS

ACTION PLAN

Ref	Priority	Finding	Risk Exposure	Agreed Action	Responsibility & Timescale
4.31	***	Of a sample of 10 cases where the employee had completed a timesheet it was found that: - on 1 occasion the transaction officer had incorrectly calculated overtime claimed resulting in the employee being overpaid for 70.5 hours. - on 1 occasion there was no evidence on the personal file to support a bonus payment.	Potential overpayment made. Unauthorised / incorrect payments may be made.	The overpayment of 70.5 hours has now been recovered from the employee. Officers now ensure that overtime payments are calculated correctly. The bonus paid to the employee will be investigated and recovery of the amount arranged if appropriate.	Kim Baker – transactional manager Implemented Kim Baker – transactional manager 31 December 2010
4.32	***	On 1 occasion an injury allowance payment had been incorrectly calculated. A period end date of 22.2.09 had been used when the officer returned from sick leave on 25.1.09. The calculation had been based on the employee working 37 hours per week but they only worked 35 hours. The payroll and pensions manager confirmed that the employee had been overpaid £1,557.10 gross.	Potential overpayment made.	The overpayment will be recovered from the employee once the employee's liability claim has been settled. Officers now ensure that injury allowance payments are calculated correctly.	Julie Davies – payroll & pensions control & quality manager 31 March 2011 Julie Davies – payroll & pensions control & quality manager Implemented

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Ref	Priority	Finding	Risk Exposure	Agreed Action	Responsibility & Timescale
4.33	***	On 1 occasion an employee had been awarded a golden hello. However, at the time of audit there was no evidence on file that the payment had been authorised by the manager.	Unauthorised payments may be made.	Evidence that the payment had been authorised had now been placed on file. Golden hello payments are now authorised by the manager.	Kim Baker – transactional manager Implemented
4.34	**	On 1 occasion an employee had claimed for internet usage at home providing a copy of the telephone bill as evidence, however, the bill did not show the name of the account holder.	Insufficient evidence of costs incurred.	Officers will ensure that copies of telephone bills which are provided as evidence of costs incurred show the account holders name.	Kim Baker – transactional manager 30 November 2010
4.35	***	On 1 occasion a payment had been made for an equal pay claim to the next of kin of a deceased employee. There was insufficient evidence on the personal file to substantiate the payment or documentation to support the payment being made to the next of kin.	Unauthorised payments may be made. Payments may be made to the wrong person.	Evidence is now held on file in relation to equal pay claims. Where payments are made to the next of kin documentation is now retained on the personal file supporting this.	Julie Davies – payroll & pensions control & quality manager Implemented

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AUDIT OPINION & ACTION PLAN

Ref	Priority	Finding	Risk Exposure	Agreed Action	Responsibility & Timescale
4.36	***	From a sample of 10 cases where permanent / non permanent contractual elements had been paid to the employee, it was found that: - on 1 occasion an employee had been awarded performance related pay. It was noted the incorrect basic salary year had been included (1/4/08 instead of 1/4/09). There is no section on the PRP form for the employee / authorising manager to sign / date the form. - on 1 occasion a payment of £222.54 per month was being made to an executive director for car allowance. This payment is made to all executive directors instead of them claiming for journeys undertaken on council business and covers all claims of the first 60 miles of any journey after which time they can claim the lower mileage rate. There is no written policy or approval for this scheme.	Overpayments may have been made. Unauthorised payments may be made. Inaccurate records maintained.	The PRP form will be amended to include the signature and date of the employee and authorising manager. The payments to executive directors have now been reviewed and a written policy has been produced and appropriately approved.	Julie Davies – payroll & pensions control & quality manager 31 March 2011 Julie Davies – payroll & pensions control & quality manager Implemented

Payroll
AUDIT OPINION & ACTION PLAN

Ref	Priority	Finding	Risk Exposure	Agreed Action	Responsibility & Timescale
4.37	***	From a sample of 10 cases BACS payments made in January 2010, it was found that: - on 1 occasion a payment had been made for backdated essential car allowance. This was due the payment of essential car allowance ceasing in error when a change of vehicle request had been processed within the transactional team. - on 1 occasion regular payments were being made to a head teacher for additional work as a primary director for school leadership in the black country. A letter is issued by the chair of governors to request each payment, it was found that the letter to make a payment in December was not signed and letters received for other payments had been signed by the chair who is not an authorised signatory.	Unauthorised payments made.	Controls are now in place to ensure that essential car allowance payments are continued when an employee changes their vehicle. Officers now ensure that payments are not made until authority has been received from the appropriate officer who is an authorised signatory.	Kim Baker – transactional manager Implemented

Payroll
AUDIT OPINION & ACTION PLAN

Ref	Priority	Finding	Risk Exposure	Agreed Action	Responsibility & Timescale
4.38	***	It was agreed in the previous audit report that: The scheme for performance related pay will be reviewed and revised by the head of corporate finance and the head of HRD. The exceptions identified will be investigated and resolved / recovered where necessary. Steps will be taken to determine whether similar overpayments have been made to other assistant directors and if this is the case the overpayments will be recovered. The payroll and pensions manager confirmed that no action had been taken on this.	Overpayments may have been made	The scheme for performance related pay is being reviewed within the ongoing pay and grading review. The exceptions identified have been investigated and resolved where necessary. All performance related pay to assistant directors has been reviewed and rectified where appropriate. (*)	Julie Davies – payroll & pensions control & quality manager 1 April 2011 Julie Davies – payroll & pensions control & quality manager Implemented

Payroll
AUDIT OPINION & ACTION PLAN

5. LEAVERS AND TRANSFERS

AUDIT OPINION

Limited assurance can be given that controls are in place to meet objectives in this area

Good practice includes:

- A list of previous audit findings with regard to leavers was issued to all transactional team officers who had to sign to acknowledge receipt and confirm that they had read and understood the details.
- Transactional officers undertake a monthly percentage sample check of leavers.

ACTION PLAN

Ref	Priority	Finding	Risk Exposure	Agreed Action	Responsibility & Timescale
5.1	***	From a sample of 20 leavers it was found that: • on 1 occasion a leaver form was not placed on the personal file. • on 2 occasions, the leavers form had been completed after the officer had left. • on 1 occasion the post number had been changed on the leavers form but not initialled. • on 1 occasion the leave date had been changed on the leavers form but not initialled. • on 3 occasions a letter of resignation was not placed on the personal file. • on 2 occasions the letter of resignation had not been dated or stamped with the date it was received. • on 1 occasions the letter sent to	Potential risk of overpayments. Incomplete records. Incorrect leaving date may lead to incorrect final payments and deductions being made. Unable to determine if correct resignation notice given. Employees may experience financial hardship if unable to present P45 details to a new employer. Responsibility for system amendments may be unclear.	The exceptions identified will be investigated and rectified where possible. Officers will ensure that wherever possible: • Managers promptly notify HRD when an employee is leaving the council's employment. The notification will be signed and dated by the authorising manager • The letter sent to the employee acknowledging their resignation is sent out prior to the employee leaving. • The payroll and pension control box is no longer necessary and will be removed from the leavers form. • All relevant documentation is placed on the personal file. • Employee verification of leaving is held on personal files. • The leavers form is fully and accurately completed.	Kim Baker – transactional manager / Julie Davies – payroll & pensions control & quality manager 30 September 2010

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AUDIT OPINION & ACTION PLAN**

		the employee acknowledging their resignation had not been sent out until after the officer had left. - on 1 occasion a letter acknowledging the employee's resignation had not been placed on the personal file. - on 10 occasions the payroll & pension control box had not been fully completed and on 11 occasions the date that the P45 had been issued / superannuation fund notified had not been recorded on the leavers form. - on 3 occasions the details regarding annual leave entitlement had not been fully recorded on the leavers forms. - on 1 occasion the bottom part of the leavers form had not been scanned	Difficulties in establishing whether an amendment has been input. Duplicate processing may take place.	A full copy of the leavers form is scanned onto Intelligent. (*)	
5.2	**	From examination of 25 leaver forms it was found that on 1 occasion the redundancy payment had increased but a revised joint delegation form for voluntary early retirement and early redundancy had not been completed and authorised to reflect this change.	Unauthorised payments may be made.	The revised joint delegation form for voluntary early retirement will be updated to ensure that the appropriate authorisations are included.	Julie Davies – payroll & pensions control & quality manager 30 September 2010

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Ref	Priority	Finding	Risk Exposure	Agreed Action	Responsibility & Timescale
5.3	***	From a sample of 5 officers who had moved to different positions within the council, it was found that: - on 1 occasion the employee had not signed to acknowledge their acceptance of the post. - on 1 occasion the employee had submitted a letter terminating their original post after they had started in their new position. - on 1 occasion a joint delegation form had been completed making the employees position permanent but a letter had not been sent to the employee notifying them of this.	In the event of query / dispute employees' acceptance of their terms and conditions may not be clear. Lack of audit trail. Employees may not be aware of changes to their employment status.	The exceptions identified will be investigated and rectified. Officers will ensure that: - every new starter has signed the starter pack declaration to acknowledge their acceptance of the post. - employee's submit resignation letters on a timely basis. - employee's are notified of any changes to their employment status. (*)	Kim Baker – transactional manager / Di Martin – transactional recruitment manager 30 September 2010
5.4	***	During the previous audit it was agreed that officers would ensure that 3 overpayments identified in the previous audit would be recovered from the former employees and the relevant documentation placed on the personal file. No evidence of this recovery was identified. It was confirmed by the payroll and pensions manager that evidence of overpayments going back to 2007/08 could not be found.	Overpayments not recovered.	Officers now ensure that evidence of all overpayments is retained on the employee's personal file in accordance with the council's retention schedule for corporate documents. (*)	Julie Davies – payroll & pensions control & quality manager Implemented

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AUDIT OPINION & ACTION PLAN

Ref	Priority	Finding	Risk Exposure	Agreed Action	Responsibility & Timescale
5.5	***	From examination of 25 leaver's forms it was found that on 1 occasion the late submission of the leaver form by the service area had resulted in an overpayment of £1,810.29.	Overpayment of salary.	Managers will be requested to submit leaver forms on a timely basis to prevent salary overpayments.	Kim Baker – transactional manager 30 November 2010

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6. PAYMENTS

AUDIT OPINION

Significant assurance can be given that controls are in place to meet objectives in this area

Good practice includes:

- A sample of employee BACS credits was successfully traced to their source payroll records.
- A final errors and warning report is produced and checked prior to the final payroll run being instigated.
- Rejected BACS credits are logged and prompt action taken to recredit or re-bank the funds as appropriate.

ACTION PLAN

Ref	Priority	Finding	Risk Exposure	Agreed Action	Responsibility & Timescale
6.1	**	From a sample of 5 emergency payments it was found on 1 occasion that the BACSTEL-IP officer had not signed section 4 of the BACS transmission form.	Incomplete records. Inability to identify BACSTEL-IP officer in the event of query / challenge.	Training has been provided to all relevant officers who now ensure that the BACS transmission form is fully completed.	Julie Davies – payroll & pensions control & quality manager Implemented
6.2	*	From a sample of 5 emergency occasions that the BACS transmission form did not have the time of the transaction included in section 8.	Incomplete records. Unauthorised transactions may be made.	The BACS form has now been amended as it is not necessary for the time of the transaction to be included within section 8. (*)	Julie Davies – payroll & pensions control & quality manager Implemented
6.3	***	The council's fidelity guarantee insurance has a £10 million limit. The council's monthly BACS file value is approximately £12 million.	Insufficient insurance cover in place.	The corporate risk and project manager will refer this to the council's insurance brokers. (*)	Ann Johnson – corporate risk & project manager 31 December 2010

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7. RECONCILIATIONS

AUDIT OPINION

Significant assurance can be given that controls are in place to meet objectives in this area

Good practice includes:

- Monthly payroll output values are reconciled to the payroll costing file and a reconciliation statement provided for use by the financial systems accountant.

ACTION PLAN

Ref	Priority	Finding	Risk Exposure	Agreed Action	Responsibility & Timescale
7.1	***	In examining the suspense account for the period ending 31 March 2010, it was noted that of the total value of transactions of £1,851.83, a total of £928.70 had not yet been investigated which related to previous financial years dating back to 5 April 2006. It is acknowledged that a significant number of older items have been cleared since the last audit.	Accounting information may be incorrect. A backlog of processing build up, which may be difficult to clear the longer it remains.	All items of suspense will be investigated and cleared without further delay. Officers will ensure that the suspense accounts are reviewed and cleared on a regular basis. (*)	Julie Davies – payroll & pensions control & quality manager 31 October 2010

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8. SECURITY OF DATA

AUDIT OPINION

Significant assurance can be given that controls are in place to meet objectives in this area

Good practice includes:

- A business continuity plan has been compiled.
 - Data held on the Trent system is currently registered in accordance with the Data Protection Act.
 - A sample check of scanned personal files is undertaken.
- All officers selected in the sample were aware of the Data Protection Act.
 - Personal files have been scanned and are now held on Intelligent, a password protected system.

ACTION PLAN

Ref	Priority	Finding	Risk Exposure	Agreed Action	Responsibility & Timescale
8.1	**	During the course of the audit it was noted that documents are not being scanned on a timely basis, for example, in examining a sample of expense / car mileage claims it was found that claims for May 2009 onwards had not been scanned on Intelligent.	Intelligent not up to date. Documents may be lost.	Officers now ensure that all documents are scanned and indexed onto Intelligent within 7 working days.	Dean Sweet – customer & service improvement manager Implemented
8.2	***	During the previous report it was agreed that the council's retention schedule for corporate documents would be amended to reflect that scanned personal files are destroyed five months after they have been scanned. The customer & service improvement manager confirmed that this document had not yet been amended.	Non compliance with council's retention schedule for corporate documents.	The council's retention schedule for corporate documents will be amended to reflect that personal files are destroyed five months after they have been scanned. (*)	Dean Sweet – customer & service improvement manager 30 September 2010

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Ref	Priority	Finding	Risk Exposure	Agreed Action	Responsibility & Timescale
8.3	***	From examination of files that had been scanned onto Intelligent it was found that: • on 4 occasions documentation regarding the incorrect employee was held on the file. • on 1 occasion the employees' bank account details were held on the scanned file; these should be held separately. • on 1 occasion the employees' CRB disclosure details were held on the scanned file; these should be held separately.	Documentation held on wrong employee's file. Employee's bank details may be viewed by their manager. Non compliance with CRB procedures.	Officers have now removed the documents from the employees' personal files. (*)	Dean Sweet – customer & service improvement manager Implemented