

TEESDALE DISTRICT COUNCIL

INTERNAL AUDIT SERVICE

INTERNAL AUDIT REPORT

REPORT ON:	Payroll/HR
AGREED WITH:	Lauren Sweeting - HR & Improvement Team Leader

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Auditor: Graham Jordan
Date Issued: 12-3-2008

1.0 INTRODUCTION

- 1.1 The audit examined the system in place for payroll/HR.
- 1.2 The audit work was undertaken during January 2008.
- 1.3 It should be noted that the establishment of adequate control systems is the responsibility of management, and that an internal audit review is conducted on a test basis and cannot therefore review every transaction. Thus, while the implementation of internal audit recommendations can reduce risk, and may lead to the strengthening of these systems of control, responsibility for the management of these risks remains with the service manager.

2.0 EXECUTIVE SUMMARY

The administration of the process in-house at TDC has been passed to the Human Resources section and internal audit were involved in the hand over process and the establishment of revised systems of control and a second SLA was agreed with DCC, commencing the 1st of August 2007.

The audit has identified a small number of areas where systems can be improved but in the main the systems in place are adequate.

OPINION

The overall audit opinion of the current systems for Payroll is that they are **satisfactory**,

4.0 RISK ASSESSMENT OF WEAKNESSES

Finding Reference	Risk	Probability Score	Probability Commentary	Impact Score	Impact Commentary	Overall Score
3.1	Lack of adherence to the SLA by DCC	High	Will undoubtedly happen at some point	Low	Without knowing what DCC are supposed to do, HR cannot monitor and pass comment on performance.	8
3.2	Inaccuracies and over-budgeting due to amendments to the establishment not being actioned.	Medium	Has happened recently, HR are aware but are not being officially informed.	High	As salary costs are the main cost of the council the potential impact is high.	12
3.5, 3.17 & 3.21	Staff not being who they say they are and their references being un-satisfactory or non-existent.	Medium	We have had examples of this recently.	Very High	Adverse national publicity, capability issues	15
3.24	Fraud and inaccuracies when processing timesheets.	High	Has happened recently and due to the current manual calculations being inputted it would inevitably happen again as there is no double check carried out at either workplace.	Medium	Employee honesty is the only means of the errors coming to light under the current system with significant sums being paid in overtime.	12

5.0 ACTION PLAN

Recommendation		Ranking	See Para	Management Response	To be actioned by:	
					Name	Date
5.1	HR should obtain a copy of the SLA and familiarise themselves with the salient details.	Important	3.1	Agree	HR & Improvement Team Leader	31.03.08
5.2	Report sign off forms should be amended to include HR sign off where appropriate. A member of HR should be present at the relevant meeting so they are aware of the decision made. This information could also be formally fed back through the Assistant Chief Executive.	Important	3.2	If a report has HR implications, HR should sign off the report initially – The Assistant Chief Executive would then feed back to HR after the meeting. HR are to be added to receive all agenda and minutes so they can pick up any issues themselves by requesting relevant reports.	Assistant Chief Executive	31-3-2008
5.3	Staff personal files must contain the requisite documentation, in particular staff being verified as whom they say they are and their references exist.	Essential	3.5, 3.17 & 3.21	Added to New Starter checklist to ensure that it is obtained	HR & Improvement Team Leader	31.03.08
5.4	The sports centre should ensure that the timesheet summary is checked by another member of staff prior to submission to HR.	Important	3.24	This was put in place immediately following the review.	Leisure & Culture Manager	Complete

Recommendation		Ranking	See Para	Management Response	To be actioned by:	
					Name	Date
5.5	The expansion of the existing spreadsheet to record the weekly data at the sports centre would allow automatic summarisation of the weekly data into the monthly totals and would give additional measure of internal check.	Important	3.24	HR will amend the forms used by the Sports Centre to incorporate weekly totals	HR & Improvement Team Leader	31.03.08
5.6	The forms used in the process do not have a space for authorisers to print their names alongside indecipherable signatures. This is commonly regarded as best practice and ought to link with a standard list of signatories held by the Council for all departments.	Useful	Various included in Rec's	Forms will be update, where possible, as and when they are reviewed	HR & Improvement Team Leader	Ongoing