

Audit Committee

30 September 2013

Authorised Signatories



Report of Nick Orton, Payroll and Pensions Manager

Purpose of the Report

- 1 The purpose of this report is to provide further information to the Committee on the approach being taken in response to the recommendation made by the External Auditor regarding the risk of fraudulent timesheets, as requested by the Committee by the Committee at its meeting on 29 July 2013.

Background

- 2 As part of the 2011/12 final account audit process the External Auditor had made a recommendation in the interim annual governance report that: "Either the Payroll section or the Service Departments should introduce an authorised signatories list, to help reduce the risk of submission of fraudulent time sheets".
- 3 The management response to this recommendation highlighted concerns with how practical and effective this approach would be and considered an alternative approach. The target date for the implementation of this alternative approach was initially agreed as September 2014.

Authorised signatories approach

- 4 In July 2013 there were 4,376 Council employees who were paid for additional hours worked in the previous month. All of these employees will have submitted a timesheet. Some timesheets are collected within Services by managers or administrators and the details are entered into spreadsheets which are passed to Payroll to be uploaded onto the payroll system. The majority of timesheets (2,824 in July) were sent to Payroll to be input onto the payroll system.
- 5 In addition, Payroll provides a service to a number of third party customers (such as academy schools and town and parish councils) some of whose staff are paid on a timesheet basis. This results in around a further 500 timesheets a month, taking the total timesheets received in Payroll each month to over 3,300.

- 6 Currently payroll operators check that the timesheets have been signed and are on the correct stationery. If they were also required to check over 3,300 signatures against a list of signatories this would be a very labour-intensive process. It would not be possible to carry out this additional task without requiring additional resource. There are currently around 1,500 timesheets that are received in Services. There would be an additional resource requirement for setting up and maintaining authorised signatories lists in Services as well.
- 7 If an authorised signatories list was set up it would need to be kept up to date. At present payroll deals with over 300 different locations and many of these would have multiple potential authorised signatories. It is inevitable that some changes would not be notified to payroll on time, meaning some payments could not be made on time. This in turn would either mean the individual employee having to wait another month for their payment or the Payroll team would have to arrange an advance payment (at additional administrative cost). There would also need to be a process in place to deal with periods when the authorised signatory was on leave or off sick.

Existing controls

- 8 In practice, timesheets for different groups of staff arrive in the Payroll office in the same way each month, and any deviation from this would be grounds for suspicion. For example, the schools have all been provided with specific envelopes which they use to supply timesheets to Payroll. Other timesheets are delivered to the Payroll office in recognised batches or in specific packs. This makes it difficult for a 'fraudulent' timesheet to be presented without the complicity of other specific individuals within the Council / school / other employer.
- 9 Managers are also provided with information on expenditure within their area. This includes details of overtime expenditure. This should allow managers to identify any suspicious expenditure within their budgets.

Proposed way forward

- 10 The same approach that has been successfully applied to mileage and expenses claims could also be applied to timesheet submission.
- 11 At present, those staff with access to a computer at work make mileage and expenses claims by using MyView which is the Council's online payroll facility. Once they have made a claim it is authorised (online) by their manager before payment.

- 12 A similar system could be adopted for timesheet claims, although for those without access to a computer at work the claims would need to be entered by an administrator (and then authorised by a manager).
- 13 MyView is a feature of ResourceLink the Council's HR Payroll system. There is project currently working on the further development of ResourceLink and this is one of the areas that will be considered over the coming months.

Recommendations

- 14 The Committee note the current controls in place to prevent and detect potential fraudulent claims and the approach being developed to improve controls in the future.

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