

Appendix 4: Payroll system Action Plan

	Original issue	Lead officer	Current status of action	Original management action and current assessment
Key control audited Amendments to the payroll system (including starters, leavers and amendments to staff records) are accurate, independently authorised and supported by appropriate evidence to confirm their validity.				
R1	<p>The HR Team Leader receives automatic alerts with accompanying amendment logs, identifying high-risk events or amendments to key data that require independent review.</p> <p>These include, but are not limited to:</p> <ul style="list-style-type: none"> • inherently high risk changes such as changes to bank details • duplicate details being entered for unique fields such as National Insurance Number • data entered, and activity outside of, expected ranges such as <ul style="list-style-type: none"> • payments made to staff after their leaving date • re-opening of previously closed records. <p><i>Implement new control (Outstanding from 2013/14 audit)</i></p>	HR Team Manager - Operational Services	<p>Partially</p> <p>Original date: 1 July 2015</p> <p>Revised date: 30 November 2015</p>	<p>The introduction of the new payroll module will automate these processes which are currently paper-based.</p> <p>The module is currently expected to be delivered by July 2015.</p> <p>As a result, the risk associated with this recommendation is going to be tolerated.</p> <p>Management Update - September 2015</p> <p>Following the implementation of Milestone 4 development work has progressed on amendment logs and further refinement to be completed. These will be completed by end of November 2015.</p> <p>However the system does show where duplicate entries are made for National Insurance numbers and if this occurred payroll would be alerted and checked.</p> <p>Once Self Service is introduced staff will have responsibility to amend their own Bank Details on the system which will be approved by payroll before being processed in the live system.</p> <p>Payments made to staff leaving can only be those due such as outstanding overtime. The systems does not allow for salaries to continue once a leaving date is entered.</p>

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R2	<p>The Payroll module in Agresso requires independent, electronic authorisation from a second member of the Payroll team when new starters, leavers and variable input (i.e. expenses) are input before the change is made “live” on the system.</p> <p><i>Implement new control</i> (Outstanding from 2013/14 audit)</p>	HR Team Manager – Operational Services	<p>Substantially Original date: 31 July 2015 Revised date: 30 November 2015</p>	<p>As per R1, the new Payroll module will address this requirement.</p> <p>The module is currently expected to be delivered by July 2015.</p> <p>Management Update - September 2015</p> <p>Checks are in place by an independent member of the payroll team. Development of on line checklist in progress which will show who checked it. To be completed by end of November 2015</p>
<p>Key control audited Reconciliations are undertaken between Payroll and the General Ledger and are complete, accurate and timely.</p>				
R3	<p>On a monthly basis, it is confirmed with Financial Planning and Control that all Payroll-specific queries relating to the reconciliation between the Payroll module and the General Ledger have been identified and resolved by Payroll staff.</p> <p><i>Implement new control</i></p>	HR Team Manager – Operational Services	<p>Partially Original date: 1 September 2015 Revised date: 30 November 2015</p>	<p>It will be confirmed that Payroll staff have resolved all Payroll-specific queries relating to the reconciliation between the Payroll module and the General Ledger prior to the end of the following month end.</p> <p>Management Update - September 2015</p> <p>Work is continuing in liaison with the Finance Team to resolve this matter. A process is being developed for monthly reconciliation and this will be on the checklist being developed (Rec 2). Plan to have this in place end of November.</p>

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R4	<p>The monthly reconciliation between the Payroll module and the General Ledger is:</p> <ul style="list-style-type: none"> • independently reviewed and authorised by the financial accountant • completed prior to the end of the following month end. <p><i>Improve current control</i></p>	Group Manager Financial Planning & Control	<p>Not implemented</p> <p>Original date: 1 December 2015 (3 month delay on R3)</p> <p>Revised date: As above</p>	<p>The monthly reconciliation will be independently reviewed by the financial accountant.</p> <p>The reconciliation will be completed prior to the end of the following month, however successful completion is also reliant on all queries / differences being explained by the Payroll Team.</p> <p>Not due for implementation until December 2015 and is dependent on completion of R3.</p>
<p>Key control audited BACS payment runs are complete, accurate and appropriately authorised.</p>				
R5	<p>The monthly pre-payment checklist is retained on file after it has been signed and dated by the Payroll Officer that completed the check.</p> <p><i>Improve current control</i></p>	HR Team Manager – Operational Services	<p>Substantially</p> <p>Original date: 1 July 2015</p> <p>Revised date: 31 October 2015</p>	<p>The monthly pre-payment checklist will be retained each month so that it can be demonstrated retrospectively that all relevant pre-payment checks have occurred every month.</p> <p>Management Update - September 2015</p> <p>Checklist being developed on line and currently in test. To be available in Live end of October 2015.</p>

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R6	<p>The monthly cost centre error report is retained on file after an error-free report has been successfully produced.</p> <p><i>Improve current control</i> (Outstanding from 2013/14 audit)</p>	HR Team Manager – Operational Services	<p>Fully Original date: 1 July 2015 Revised date: Completed</p>	<p>The monthly cost centre error report will be retained each month so that it can be demonstrated retrospectively that an error-free report had been successfully produced prior to making salary payments.</p> <p>Management Update - September 2015</p> <p>When payroll is run error reports are produced by the system. The errors have to be dealt with before the system will then allow the final payroll to be run. The system does not produce an error report when there are no errors.</p> <p>The error reports are available on the system so it can be seen what errors occurred and that they have been corrected.</p>
R7	<p>Amend the monthly salary variance report to ensure that it:</p> <ul style="list-style-type: none"> • correctly calculates the salary percentage variance • compares the proposed salary payment to the member of staff's expected monthly salary (rather than the previous month's pay). <p><i>Recommended action</i> (Outstanding from 2012/13 audit)</p>	Group Manager Financial Planning and Control	<p>Substantially Original date: 1 September 2015 Revised date: 30 November 2015</p>	<p>The salary variance report will be corrected in the manner described.</p> <p>A job request has already been scheduled with the Agresso Support Team to make this change. Delivery is therefore reliant on the job request being implemented before it can be confirmed that the report is correct.</p> <p>Management Update - September 2015</p> <p>A deviance report is in place that shows any variance against the previous months salary and is checked before payroll is run.</p> <p>Further work to be done with regard to a report on expected months salary between Payroll team and Agresso Support Team. Review by end of November 2015.</p>

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	<p><i>Recommendation raised in the Income Receipting and Banking report</i></p> <p>Financial Planning and Control will produce a policy to cover the criteria for making CHAPS payments and the process for emergency exceptions.</p> <p>Once the policy is produced, it will be advised to all departments of the council that have requested a CHAPS payment in the last twelve months.</p> <p><i>Recommended action</i></p>	<p>Group Manager Financial Planning and Control</p>	<p>Fully Original date: 31 July 2015 Revised date: Completed</p>	<p>The Group Manager, Financial Planning and Control will produce a new policy for the criteria for making CHAPS payments and ensure that all user departments are provided with copies of the new policy.</p> <p>Financial Planning and Control will ensure that the policy is enforced for all new requests for CHAPS payments.</p> <p>Management Update - September 2015</p> <p>A new policy for payment by CHAPS was distributed to all Heads of Service on 31st July 2015 and came into effect from 3rd August 2015.</p>

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Key control audited Changes to be made to payroll payments (e.g. salary, tax codes, national insurance) are accurately configured at the start of the financial year, and are done so in a timely manner.				
R8	<p>The annual updates to standing payroll data are signed off by an independent member of staff to confirm their completeness and accuracy before the changes are made 'live' on the system.</p> <p>Evidence of the changes made and the sign off is retained.</p> <p><i>Improve current control</i></p> <p><i>(Outstanding from 2013/14 audit)</i></p>	<p>Service Delivery Manager - Applications</p>	<p>Fully</p> <p>Original date: 1 February 2015</p> <p>Revised date:</p> <p>Completed but to be reviewed by Internal Audit</p>	<p>Three members of the Agresso Support Team were sent on the appropriate training before the 2015/16 annual update exercise to enable this to be performed in-house and to be demonstrated next year.</p> <p>Therefore this recommendation is ready for review by Internal Audit.</p> <p>Management Update - September 2015</p> <p>Completed</p>
Key control audited Overtime payments made to staff are accurate, properly authorised and supported by appropriate evidence to confirm their validity.				
R9	<p>All overtime claims are validated to confirm that they have been signed by the overtime claimant prior to processing.</p> <p><i>Improve current control</i></p>	<p>HR Team Manager – Operational Services</p>	<p>Partially</p> <p>Original date: 1 July 2015</p> <p>Revised date:</p> <p>T.B.D. in accordance with self serve project plan</p>	<p>Staff will be reminded to ensure that all overtime claims require the signature of the claimant.</p> <p>As per R1, the new Payroll module will address this requirement. The module is currently expected to be delivered by July 2015.</p> <p>Management Update - September 2015</p> <p>All overtime claims are checked for a signature before processing by the payroll team. Once self service is implemented overtime will be submitted on line by the employee and electronically authorised by the line manager</p>

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Key control audited Office holders are correctly identified and paid through the payroll system.				
R10	<p>Make guidance available on the intranet for recruiting managers on how to identify an 'Office Holder'.</p> <p>Define in the guidance that it is the responsibility of recruiting managers to identify Officer Holders.</p> <p><i>Recommended action</i></p>	HR Team Manager – Operational Services	<p>Partially</p> <p>Original date: 1 September 2015</p> <p>Revised date: 31 December 2015</p>	<p>Reminders will be issued to managers on an annual basis to remind them of their responsibility to identify and record Officer Holders within their teams, to ensure proper HMRC returns are made.</p> <p>Management Update - September 2015</p> <p>Guidance being produced and Available by end of December on the intranet</p>
Key control audited Payments made to HMRC (with respect to PAYE income tax and national insurance) are accurate, complete and supported by appropriate evidence to confirm their validity.				
R11	<p>The monthly submission made to HMRC is regularly reconciled to payroll deductions made to ensure PAYE income tax and national insurance have been paid correctly.</p> <p>The submission is then independently reviewed and retained on file, to demonstrate that the correct deductions have been made.</p> <p><i>Improve current control</i></p>	HR Team Manager – Operational Services	<p>Not Implemented</p> <p>Original date: 30 September 2015</p> <p>Revised date: TBA</p>	<p>The current unreconciled difference will be resolved as soon as possible, allowing for the delays in HMRC's responses to the Council.</p> <p>From this point onward, the monthly submission made to HMRC will be regularly reconciled to payroll deductions. It will also be independently reviewed and retained on file.</p> <p>Management Update - September 2015</p> <p>Not implemented – this report is not currently working and is with AST to resolve</p>

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Key control audited Staff access to the Payroll system is restricted to Payroll staff only.				
R12	Review all staff with permissions to view the Payroll module and remove those that no longer have a business reason for access to the module. <i>Recommended action</i>	HR Team Manager – Operational Services	Fully Original date: 1 July 2015 Revised date: Completed	This list has been reviewed and the request has been made to the Agresso Support Team to remove members of staff who no longer require permissions. Management Update - September 2015 Completed
R13	A regular review of staff with permissions to view the Payroll module is performed to identify staff that no longer require them. <i>Implement new control</i>	HR Team Manager – Operational Services	Fully Original date: 1 September 2015 Revised date: Completed	This list will be reproduced on an annual basis and reviewed to identify staff that no longer require permissions. Management Update - September 2015 Completed Next annual review will be undertaken in June 2016
Key control audited Previous audit recommendations have been implemented properly, in a timely manner.				
R14	Expense claims are checked against an electronic list of authorised signatories to confirm that they have been authorised by an appropriate line manager / senior member of staff. <i>Implement new control</i>	HR Team Manager – Operational Services	Partially Original date: 1 July 2015 Revised date: TBD in accordance with self serve project plan	The ability to 'self-serve' with regards to making and authorising expense claims on Agresso is to be introduced which will remove the risk of expense claims being authorised by inappropriate members of staff. The module that delivers this functionality is currently expected to be delivered by July 2015. In the interim period, Payroll staff challenge expense claims that appear incomplete or inappropriately authorised using their experience in processing these forms on a monthly basis.

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				<p>The risk is to be tolerated until the self-serve process is introduced.</p> <p>Management Update - September 2015</p> <p>This will happen automatically when self service is implemented and individuals' expenses will have to be authorised electronically by the authorised officer</p>
R15	<p>Periodic exercises are undertaken to physically check that staff are genuine.</p> <p><i>Implement new control</i></p>	<p>Group Manager Counter Fraud and Investigation</p>	<p>Fully</p> <p>Original date: 1 October 2015</p> <p>Revised date:</p> <p>Completed</p>	<p>This has been included in the 2015/16 work programme for the Counter Fraud & Investigation Directorate.</p> <p>Management assessment as at September 2015</p> <p>Completed</p>