Appendix 2B: Audit Assurances and Themes

Assurance

High	Satisfactory	**Partial**	Minimal

Payroll

Objective

To assess the robustness of arrangements which ensure staff are paid the correct amount at the right time in line with Southend on Sea Borough Council's (the Council) policies and legislative requirements.

Summary

Annual uplifts of salary scales, tax codes and national insurance bands within Business World are timely, with two officers involved in each process to ensure they are accurate. Business World permissions are reviewed on an annual basis to ensure access to Payroll and HR functions are appropriately restricted.

The payroll processing guide provides direction to staff on running reports ahead of the payroll being processed. Work is underway to extend the guidance to ensure all processes are covered and to ensure expectations of the checks needed are clear.

The process for inputting pay forms (for starters, leavers and amendments), overtime outside of self-serve, allowances and additional run payments onto Business World is manual and requires:

- one officer signing the supporting evidence to confirm they have input the information onto Business World

- a second officer independently reviewing the input and signing the supporting evidence to confirm it is accurate.

A number of instances were identified where the input had not been reviewed by the second Officer. Extending the monthly spot check of pay forms currently undertaken to include a selection of the manually input overtime, allowances and additional run transactions will help to:

- ensure they are processed correctly and supported by appropriate evidence

- identify those that have not followed the correct review and authorisation process

- deter inappropriate payments being input on the system.

Once the payroll is prepared and in proposal, a deviance report is run to identify all individual payments that are +/- 30% or more compared to the previous month. Spot-checking those below the 30% threshold will help deter fraudulent payments made in a way to circumvent this check. As it is not possible to physically stop changes to the payroll while it is being processed, a second deviance report is run to identify any additional transactions during 'lockdown'. This check is being extended to confirm the value of payments is also unchanged.

Two Officers are involved in uploading the payment file for the BACS run. They check the file to ensure the value is as expected and therefore that payment is correct.

Appendix 2B: Audit Assurances and Themes

Assurance

High	Satisfactory	**Partial**	Minimal

After the payroll has been run, a 'net pay' check compares the second deviance report to actual pay to confirm no further changes were made.

A long term, wider piece of work is underway to build an 'establishment hierarchy' into Business World, enabling employees to be allocated to posts within the set organisational structure. This should:

- ensure an accurate record of staff is maintained and give greater control over staff resources and appropriateness of payments

- allow for a more automated payroll process, especially for input and review of information into Business World.

Number of actions agreed: 17

Social Care Payments to Individuals and Providers – Children (Revisited)

Objective

To assess the robustness of the arrangements identified in the previous memo issued in June 2018, in ensuring that accurate and timely social care payments are made to individuals and providers.

Summary

Work is underway to move the final payment streams being made via the Children's Payment Database onto the Liquid Logic (LCS) and ContrOCC[1] systems where segregation of duties between requests, authorisation and payment can be enforced. Interim arrangements are being introduced to ensure the ongoing accuracy of payments generated via the Children's Payment Database, including increased review of:

- proposed payments within the Department for People's Finance Team

- actual payments made compared to original requests by the social care service areas.

Increased review of payments is also being introduced by the Foster Care team to confirm the ongoing accuracy of foster care fees which are actioned directly via the finance module (ContrOCC) by the Department for People's Finance Team. Again, the longer term solution, which is also part of the wider piece of work identified above, is to have the end to end process on LCS and ContrOCC, to match the arrangements in place for paying foster care allowances and expenses. As such, the process will automate the workflow for approval and reduce manual intervention.

---

[1] Finance module that interfaces with LCS to facilitate payments

Appendix 2B: Audit Assurances and Themes

Assurance

High	Satisfactory	**Partial**	Minimal

A regular review of system permissions is to be introduced to ensure access to LCS and ContrOCC by individual officers:

- remains appropriate to current roles

- is restricted to only one system wherever possible (the exception being read only access). Where this is not possible, appropriate monitoring of permission use is to be introduced

- does not allow for one individual to perform any process end-to-end e.g. on ContrOCC, authorise payments and undertake Manual Adjustments.

The process for setting up financial approval limits on LCS and ContrOCC is well designed and aligns to the Council's Scheme of Delegation and the approach used for the Council's key financial system Business World. A report is being designed to notify all movers / leavers actioned through MyICT requests to the Department for People's Finance Team to ensure approval limits can be updated / removed as required.

Not all items requiring financial approval are automatically routed on LCS to the appropriate budget holder, instead being routed to the line manager. This is a known glitch of the LCS system and line managers are expected to identify and re-route financial approvals beyond their corporate delegated approval limits to the budget holder. A report has been developed to identify those that have not been re-routed and resulted in line managers authorising beyond their designated approval limits. Regular review of this by the Heads of Service and the Director of Children's Services will allow for any inappropriate authorisations to be identified and addressed as necessary.

Developing a central record of care contributions agreed by Health and Education partners will:

- ensure all agreed contributions are known

- allow for uplifts in placement costs to be reflected in reclaims

- give added assurance that all agreed contributions are being reclaimed.