

Appendix 3: Audits Revisited

Purpose of these audits

To assess whether the actions agreed in the original audit report have been implemented and are now effectively embedded into the day-to-day operation of the service.

Payroll (2019-20)

Original 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.

Results

Fully implemented	Substantially implemented	Partially implemented	Not implemented	Closed
1	1	11	4	0

Summary

During the Covid-19 pandemic, the Payroll Team have been working remotely which has resulted in changes to some of their working practices. However, the service has continued to operate and all employees have been paid on time.

Two Officers have continued to be involved in uploading the payment file for the BACS run which has been done via Microsoft Teams.

The Payroll Processing Guide is now available electronically and work is underway to extend the guide to include further detail and ensure it reflects the current ways of working. This will help to ensure all tasks are undertaken correctly, consistently and any issues can be dealt with efficiently.

Prior to Covid-19, payroll paperwork was manually signed to demonstrate that two separate people had input and then checked the information on Business World to ensure its accuracy. As Officers cannot physically sign the paperwork while they are working remotely, they are now electronically typing their initials onto documents. However, this is not a reliable control as anyone in the payroll team could enter payments into the payroll system, either incorrectly or fraudulently, and then type any initials onto the supporting paperwork to indicate that the required checks have taken place. We have made recommendations to enhance the security of the remote working arrangements that payroll confirm are being actioned.

A monthly spot check of payroll transactions is undertaken. This involves reviewing a sample of pay forms and manually input transactions to confirm that two Officers have been involved; one in inputting information to Business World and the second checking that it is correct. For spot checks undertaken prior to Covid-19 there was insufficient evidence available to demonstrate that the spot check was identifying when this input and checking process had not taken place and appropriate follow up with Payroll Officers had taken place.

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Since Covid-19, the spot check has continued but is not effective. As mentioned above, anyone in the payroll team could enter a payment on the payroll system and then type any initials onto the document, and the spot check would not be able to identify if the same person had typed both initials.

An Additional Run Net Pay Check is undertaken in addition to the monthly spot check, to confirm that two Officers have been involved in inputting and checking additional run payments. As with the main spot check, there was insufficient evidence to demonstrate this was working effectively.

There is an opportunity to implement more robust and secure working practices within the team, which would involve setting up workflows on Business World that require one person to input and another to authorise a transaction on the system itself. This would mean there is a system enforced segregation of duties and would also streamline the team's processes. This is a long-term piece of work that will require a project group to take it forward.

In the shorter term, it is recommended that the 'Keep Original User' parameter is enabled on Business World so that the system keeps the name of the original user who entered the transaction, allowing Officers to track who has made changes on the system. Payroll confirm that this change has subsequently been implemented.

Every month as part of the draft payroll preparation, deviances of 30% and over from the previous months pay for an individual are checked to confirm they are valid. These deviances are then re-run to confirm the number of transactions identified are the same. Introducing an independent review of the deviances to confirm that they have been appropriately checked to confirm they are valid will help to ensure employees are being paid correctly and help to identify payments that may be made fraudulently or in error.

Due to Business World not being able to be locked down to prevent people inputting while the payroll process is in draft, an 'Audit Net Pay Check' is also undertaken each month. This identifies any changes from the first deviance amount mentioned above, to the amount employees were actually paid, as these amounts should be the same. Every payment is checked and all differences are investigated and noted on the report, but evidence was not always available to confirm any changes in amounts were valid. Any errors found are corrected on the additional pay run or the following month's pay run.

The exercise to confirm that employees receiving the first aid payment are still eligible has not yet been undertaken, which may mean employees still receive this allowance after their certificate has expired. This check has been completed for those in receipt of mental health first aid allowance.