

HR/Payroll Audit Action Plan

| | Observation and priority | Risk | Recommendation | Management Response Officer Responsible/ Implementation Date |
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| 1 | <p>We note that when personnel files are created for new employees they are stored in a pending filing cabinet until all the documents required for the new starter are obtained. However, starters are entered onto the HR and payroll systems and paid without all information being received. At Appendix C we have broken down the missing documents into those stored in the pending file and those considered complete by the payroll team. There were 90 files in the pending cabinet at the time of our review. This compares to 125 new starters in the year to date. The Payroll Manager confirmed that new employees are set up on the payroll system on the premise that all documents will be forwarded at a later date by relevant officers. However due to a lack of resources in the payroll team to chase outstanding documentation there was a significantly high proportion of pending information. High</p> | <p>The Authority may not identified employment issues in a timely manner.</p> | <p>The Payroll Manager should carry out sample checking in respect of new starter documentation to ensure that procedures as required by the checklist are being adhered to.</p> | <p>All personnel files that have any missing documentation are segregated in order to track/identify these. Lack of resources has made it difficult to regularly track the outstanding information although we have now introduced a system, which will greatly assist the process.</p> <p>In most cases the outstanding information is one of;</p> <ul style="list-style-type: none"> a) Signed Contract b) Reference(s) c) Health clearance from Occ Health <p>The pending file is now being reviewed on a weekly basis with missing information being sought.</p> <p>ON-GOING FROM FEBRUARY 09</p> |

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| 2 | <p>Payroll Data Security We observed that throughout our time on site in the Payroll Office, access was at no point restricted. We confirmed with the Payroll Manager that the Payroll Office is never locked, including outside working hours. This leaves the office accessible to members of the public passing the Town Hall. The Payroll Manager also confirmed that last year a member of the public had accessed the Payroll Office simply by walking in from the street. We note that the majority of personnel files are locked in secure filing cabinets, but bank details and other personal information are separately filed on a shelf in the office.</p> <p>Medium</p> | <p>The Data Security arrangements at the Authority may not be sufficient to meet its obligations for Data Protection in respect of its employees.</p> | <p>Access to payroll information should be restricted through the use of physical controls, such as locked doors and locked cabinets.</p> | <p>The payroll office door has now been replaced with a lockable door. The office is kept locked when not occupied.</p> <p>The main door on the 3rd floor landing to HR/Payroll has now been replaced with a 'swipe card'. Access is therefore restricted to staff with an Oxford City Council card.</p> <p>COMPLETED MARCH 09</p> |
| 3 | <p>Payroll System Access We reviewed the access rights for the Payroll System as part of our audit. We noted that:</p> <ul style="list-style-type: none"> • There are 3 Super Users for the Payroll System. They are Sean Hoskin (Payroll Manager), Wanda Thorne (Payroll Team Leader) and Ralph Palmer (System Administrator). These users are able to perform all functions within the Payroll System. This includes setting up new employees and entering and amending salary details. • There has not been a formal review of the user access rights for the Payroll system. As part of our review it was identified that the Payroll Team Leader has 4 profiles that she could use. <p>Medium</p> | <p>There may be inadequate separation of duties on the payroll system.</p> | <p>The Payroll Manager and System Administrator should customise the profiles of the super users for the payroll system to ensure that appropriate separation of duties is created. In addition, an annual review should be carried out of user profiles to ensure that any unused profiles are deleted, access rights are appropriate, and that all users only have one profile.</p> | <p>Access rights to the payroll system have been reviewed. Staff who have left have been removed from the system.</p> <p>As part of the new HR & Payroll MIS (due for implementation during the 3rd/4th quarter of 2009 users access can be restricted to relevant areas of the system.</p> <p>COMPLETED JANUARY 09</p> |

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| 4 | <p>Amendments We sampled 20 amendments to payroll data and identified that in 13 cases, there was no documentation from the employees' line manager to support the amendment. • In 7 cases the amendment was a change in the employee's salary. • In 5 cases the amendment was a non-recurring reward payment to an employee. • In 1 case the amendment was a change in the employee's hours. In all cases an amendment form had been completed and signed by HR and Payroll, but the amendment form was not signed by the employee's manager. The Authority's policy is to attach authorisation from the employee's manger in all cases.</p> <p>Medium</p> | <p>Inappropriate and unauthorised payments may be made.</p> | <p>The amendment form should be enhanced so that it requires the signature of the employee's line manager before the amendment is processed by the payroll team. The Payroll Manager should check a sample of amendments each month to ensure all appropriate documentation is in place.</p> | <p>We have already kicked off a project looking at Business Process Improvement in a number of areas of HR. This project will tie in with the HR/Payroll MIS project and will be</p> <p>TO BE COMPLETED BY JUNE 2009</p> |

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| 5 | <p>Leavers – Annual Leave Payments The Authority's leavers procedure requires a leaver's annual leave entitlement to be calculated at the estimated leave date. The annual leave entitlement should then be included within the leaver's final pay packet. We sampled 20 leavers and identified that in 12 cases there was no confirmation of annual leave from line managers on file. In 1 instance it was identified that an overpayment had been made to an employee that had left the authority following the completion of student placement. This had not been chased. In 2 instances we could not agree the final payment made to the notification forms received by Payroll from individual Business Units. It was further noted that for both employees the leaver forms were authorised after the employee had left the Authority. It was identified through discussion with the Payroll Manager that annual leave confirmation is rarely received in a timely manner prior to an employee being closed on the payroll system upon their leave date. When it is subsequently received, a second notification is processed and a cheque is issued to make payment. This does not appear to be efficient use of payroll staff time. Medium</p> | <p>Officer final salary payments may be miscalculated. Overpayments may be made due to information not being received in a timely manner.</p> | <p>Line Managers should be reminded of the importance of fully completing leaver detail forms (including annual leave data) and submitting them to the Payroll team on a timely basis. The Payroll Manager should check a sample of leavers calculations each month to ensure that payments made are accurate. Where overpayments have been made the Authority should implement procedures to recovery the overpayment.</p> | <p>The HR support team are re-iterating the importance of receiving all information regarding a leaver, including any annual leave entitlement, and prompting managers when no annual leave information is forthcoming on the notification.</p> <p>We have already kicked off a project looking at Business Process Improvement in a number of areas of HR. This project will tie in with the HR/Payroll MIS project and will be</p> <p>TO BE COMPLETED BY JUNE 2009</p> |

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| 6 | <p>Leaver Documentation The Authority's leaver's procedure requires that adequate documentation be kept on file during the leaver process. As a consequence a central file for all leavers documentation is maintained. This should include notification of termination of employment, employer acceptance of the termination, and employee acceptance of the termination, for example in the form of a resignation letter and employer acceptance of that letter. We sampled 20 leavers in the 2008/09 year and found that in 10 cases there was no notification of termination of employment or evidence of employer / employee acceptance of the termination. Medium</p> | <p>Procedures designed to ensure that key processes are followed are not operating on a consistent basis, which could lead to errors.</p> | <p>All documentation relevant to an employee leaving the Authority should be documented on the personnel file. HR should ensure that all necessary notifications are received and filed appropriately. The Payroll Manager should check a sample of leavers each month to ensure all appropriate documentation is in place.</p> | <p>Please see above</p> <p>TO BE COMPLETED BY JUNE 2009</p> |
| 7 | <p>Mileage Expenditure We tested 10 mileage claims presented to Payroll to ensure that they were supported by evidence and paid correctly. We noted that the Authority has implemented a new spreadsheet for employees to submit mileage claims, which has reduced the need for manual calculations by payroll staff. However, the automated spreadsheet has no capability to monitor the 8,500 mile threshold at which rates claimed significantly reduce. We note that very few employees generate mileage in excess of 8,500 miles each year. Low</p> | <p>Employees could be overpaid for any mileage they claim after they have driven more than 8,500 miles on behalf of the Authority.</p> | <p>The Authority should develop a report to track the number of miles claimed per employee during the year in order to prevent any overpayments.</p> | <p>This will be implemented as part of the new HR/Payroll MIS.</p> <p>COMPLETION DUE 3/4TH QUARTER 2009</p> |

HR/Payroll Audit Action Plan – Follow up of previous recommendations

| Recommendation/Priority | Management Response | Position at December 2008 |
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| <p>5. Payroll cheque authorisation The Payroll Manager should consider developing the process for request and authorisation of payroll cheque payments, to include: - Documentation of why a payroll cheque has been raised; -Segregation of duty within Payroll between raising and authorisation of the payroll cheque request - The signature and date of the officer raising and authorising the payroll cheque. The above could be in the format of a payroll cheque request form. All payroll cheque requests should be retained by Payroll and a copy passed to Finance, prior to the payroll cheques being raised. Low</p> | <p>Implemented Back-up of paperwork is now attached to request form.</p> | <p>Not Implemented We noted that the volume and value of payroll cheques is consistent with the previous year. However, there is no formal documentation retained in respect of cheques raised. We selected a sample of 10 cheque payments raised in 2008/09 and found that in the absence of a clear audit trail, explanations had to be sought on a case-by-case basis from the Payroll Team Leader. Reasonable explanations were received for all cases.</p> <p>Updated Management response MARCH 09: No new staff set up on payroll without bank details. All existing staff (6) written to in order to get bank details.</p> |
| <p>6. Payroll manual The Authority should review and update its procedure manual to reflect the current Payroll system and the officers involved within the process. The developed document should be circulated to all members of the Payroll & HR Administration team to support their procedures knowledge and a process of regular review implemented. A formal training programme for all new starters in the department be devised covering the key areas that would be needed in a team members role. Low</p> | <p>Not Implemented We are looking to implement a new HR/Payroll solution in early 2009 so this will be fully addressed at this time.</p> | <p>Not Implemented A Payroll manual has not been produced to reflect the new procedures that were implemented when the Payroll and HR teams merged in early 2008/09. Additionally, no training programme has been developed for new starters in the department.</p> <p>Updated Management response MARCH 09: Will be implemented with new HR/Payroll MIS quarter 3 / 4 2009 with on-line help procedure functionality.</p> |