

**Internal Audit Report
Executive Summary****CONFIDENTIAL**

To: Head of Finance
Subject: Payroll
Report reference: GBC 38
Date: June 2005

1 Introduction

- 1.1 The attached report sets out the findings and recommendations arising from the recent review of the Gedling Borough Council payroll system.
- 1.2 Estimated payroll expenditure for 2004/05, excluding officer and member expenses, is £13 million.

2 Objectives and scope of the audit

- 2.1 The objectives of the audit were:-
- to document the systems and evaluate the controls in operation to determine their adequacy and effectiveness; and
 - to test a sample of transactions for compliance with documented procedures and controls.
- 2.2 The following control objectives were reviewed and tested:-
- Satisfactory approval is obtained before updating the establishment structure ;
 - Starters, leavers and transfers are processed promptly;
 - Payments and amendments to pay are properly authorised;
 - The recommendations from the previous audit report – Payroll (April 2004) have been implemented satisfactorily.

3 Main Findings

- 3.1 When comparing one Department's establishment records with a payroll listing, a number of discrepancies were identified.
- 3.2 Reconciliation of establishment and payroll details is no longer being carried out by the Personnel Section. This weakness was identified in the previous report but has not yet been corrected.
- 3.3 Although there have been a small number of emergency payments made to new starters, on the whole starter forms are now being completed and processed promptly.
- 3.4 At two leisure centres visited during the audit, staff were not completing the signing-in and out book as required by Health and Safety regulations. This should be a complete record of staff on site at anytime.
- 3.5 Only four of the eight recommendations made in the previous payroll audit report have been fully implemented - see 3.2 above.

4 Audit opinion

- 4.1 In our opinion, the arrangements for control over payroll processing are unsatisfactory because of the lack of periodic verification of payroll data by Heads of Departments and the Personnel Section. Where we have identified control weaknesses, we have made recommendations to bring the financial controls up to the standards required by Financial Regulations.

**Audit conducted by:
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