



Derby City Council

**AUDIT & ACCOUNTS COMMITTEE**  
**25 February 2015**

**ITEM 13**

Report of the Director of Legal & Democratic  
Services

**Payroll 2013-2014 Audit Report Progress Update**

**SUMMARY**

- 1.1 The purpose of this report is to provide Member's with an update on the payroll service' procedures and quality controls, implemented as a direct result of the 2013-2014 internal audit recommendations.

**RECOMMENDATION**

- 2.1 To note the improvements in procedures, quality monitoring and overall service delivery within the payroll service following implementation of the management actions in response to the 2013-2014 audit report.
- 2.2 To note the 2014-2015 interim audit findings as a benchmark on the progress made since the previous audit, especially around retrieval of the audit sample.

**REASONS FOR RECOMMENDATION**

- 3.1 To appraise members on the progress made as a direct result of the 2013-2014 audit inspection outcomes and the 2014-2015 audit currently underway.

**SUPPORTING INFORMATION**

- 4.1 Two of the four recommendations in the 2013-2014 audit (and both significant risks) were around the failure to provide the sample/information requested within a reasonable timeframe which was addressed with changes to the storage and retrieval of payroll related documents.

The 2014-2015 audit has seen an increase from 33% to 97% successful retrieval of sample data, demonstrating the improvement in this area. We are now reviewing the queries raised by the internal auditor prior to the full report being prepared.

4.2 The implementation of a sample Supervisor check is showing continued positive progress in the areas of: -

- Compliance (currently running at 100%\*)
- Accuracy (currently running at 100%\*)
- Data Retrieval (currently running at 99%\*)

\* This data is based on December audit results where a sample of 144 documents was checked out of 2,880 manual transactions representing a 5% sample check. This will continue to be used as a performance indicator for HR Operations around process compliance and accuracy.

4.3 The number of emergency payments made to employees is currently running at 1% of amendments with 33 payments made during the January 2015 cycle. This will continue to reduce with the self service roll-out and has already reduced by 50% since April 2014. This will also continue to be used as a way of monitoring on-going team performance.

4.4 The overpayment process and outstanding debt has been subject to continual review with Accounts Receivable and all audit recommendations and subsequent management actions have been implemented. A decision is required around debt write-off once debt recovery agencies have failed to recover outstanding overpayments. This process is also subject to review during the 2014-2015 internal audit.

4.5 We have an external payroll walkthrough scheduled for 24<sup>th</sup> February 2015 by Grant Thornton to further test our operating procedures. Any audit reports will be available to members once available.

<b>OTHER OPTIONS CONSIDERED</b>
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5.1 No other options have been considered at this stage as the Council promotes an effective in-house payroll system.

**This report has been approved by the following officers:**

<b>Legal officer</b> <b>Financial officer</b> <b>Human Resources officer</b> <b>Estates/Property officer</b> <b>Service Director(s)</b> <b>Other(s)</b>	Janie Berry, Director of Legal & Democratic Services Martyn Marples, Director of Finance & Procurement Zoe Bird, HR Operations Manager N/A N/A Richard Boneham, Head of Governance and Assurance
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<b>For more information contact:</b> <b>Background papers:</b> <b>List of appendices:</b>	Zoe Bird 01332 643981 zoe.bird@derby.gov.uk None Appendix 1 – Implications
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<b>IMPLICATIONS</b>
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**Financial and Value for Money**

1.1 None

**Legal**

2.1 None

**Personnel**

3.1 None

**IT**

5.1 None

**Equalities Impact**

4.1 None

**Health and Safety**

6.1 None

**Environmental Sustainability**

7.1 None

**Property and Asset Management**

8.1 None

**Risk Management**

9.1 Previous concerns around paying people correctly and the handling of data to support internal/external audits.

**Corporate objectives and priorities for change**

10.1 The desire to become more commercial in our approach to generate income, develop lean processes and maintain effective processes through the on-going audit programmes, outcomes and management responses.

