Glasgow City Council Internal Audit Section
Committee Summary
Neighbourhoods, Regeneration and Sustainability – Payroll Verification

Item 4(b)

24th January 2024

1 Introduction

1.1 As part of the agreed Internal Audit plan we have carried out an employee verification exercise in order to confirm that only current employees are recorded on the payroll and that they are being paid at the correct rate and hours. This exercise included all employees across Neighbourhoods, Regeneration and Sustainability (NRS).

1.2 NRS management, via a central co-ordinator, were asked to review all staff named on a SAP payroll extract provided by the Business Intelligence team. Management were required to identify any names on this report who were not current employees of their service or who did not have the correct core pay.

1.3 Internal Audit also conducted sample checking of 20 employees to confirm that back up documentation was available to support the Service's verification. The auditor was supplied with copies of the back up that had been submitted by line managers to the NRS co-ordinator to confirm that the employees recorded were current members of staff at the time of the payroll report and the correct remuneration was being paid to those employees.

1.4 The scope of the audit was to ensure that the Council has effective arrangements and procedures in place to manage its payroll. We conduct this exercise on a biennial basis and it is an essential component of the payroll leavers control environment.

1.5 In conducting the exercise we carried out checks to verify:

- That only current Council employees were being paid.
- The accuracy of core pay and the number of hours paid.
- That appropriate steps are taken to correct payroll records and recover overpayments as necessary.

1.6 Additionally, data analytics testing is being undertaken to identify potential payroll inconsistencies across the whole Council employee population. This testing is ongoing and findings will be reviewed with any significant outputs being reported to Committee at a future date.

.

2 Audit Opinion

2.1 Based on the audit work carried out a reasonable level of assurance can be placed upon the control environment. The audit has identified some scope for improvement in the existing arrangements and one recommendation which management should address.

3 Main Findings

3.1 The verification exercise undertaken by NRS identified that of 3,356 employees on the payroll list, two overpayments totalling £3,494 had been made. One of these totalled £1,722 and was made to a staff member who recently left NRS but continued to be paid due to the late submission of their leaver form. The other overpayment for £1,772 was to a staff member who had moved to a promoted post within their existing team, continued to work 30 hours per week but was paid for working 35. This error was as a result of incorrect paperwork being submitted to payroll. Appropriate steps were found to have been taken to correct these errors following the verification exercise and recovery action is also being taken. The Service also identified several housekeeping errors including incorrect locations, line managers and job titles in conjunction with this audit exercise

3.2 For the 20 employees whose payroll details were sampled, we obtained evidence from the Service that checks had taken place, which confirmed that all individuals had been verified and were found to be current employees at the time of the selected pay run.

3.3 An action plan is provided at section four outlining our observations, risks and recommendations. We have made one recommendation for improvement. The priority of this recommendation is:

Priority	Definition	Total
High	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	0
Medium	Less critically important controls absent, not being operated as designed or could be improved.	1
Low	Lower level controls absent, not being operated as designed or could be improved.	0
Service Improvement	Opportunities for business improvement and/or efficiencies have been identified.	0

3.4 The audit has been undertaken in accordance with the Public Sector Internal Audit Standards.

3.5 We would like to thank officers involved in this audit for their cooperation and assistance.

3.6 It is recommended that the Head of Audit and Inspection submits a further report to Committee on the implementation of the actions contained in the attached Action Plan.

4 Action Plan

No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: Employee records are accurately maintained.				
1	NRS identified two over paid employees on their payroll which total an overall amount recoverable of £3,494. One of these errors was an overpayment to a leaver totalling £1,722. The other error, totalling £1,772, was a result of the payroll team not being informed by the service of changes to the work pattern of the employee in question. The errors identified did not impact materially on the accuracy of the overall payroll. They have now been corrected and recovery action is being taken. The Service also identified several housekeeping errors including incorrect locations, line managers and job titles in conjunction with this audit exercise. If changes to employment are not recorded and submitted in a timely manner there is an increased risk that under/overpayments may occur and may persist, undetected, for a prolonged period of time.	NRS should remind managers to discuss details of changes to employee's details, including working patterns and hours with NRS HR prior to submitting to Customer and Business Services (CBS) in a timeous manner NRS management should review the data quality errors identified by the Service as part the payroll verification exercise and ensure these are corrected.	**Medium**	**Response:** Accepted **Officer Responsible for Implementation:** Assistant HR Manager **Timescales for Implementation:** 29 February 2024.