

# Glasgow City Council Internal Audit Section Committee Summary Financial Services – Payroll Verification

Item 3(f)

20th May 2026

## 1 Introduction

- 1.1 As part of the agreed Internal Audit plan, we have carried out a payroll verification review within Financial Services (FS).
- 1.2 In order to achieve this, a responsible officer within FS was required to verify that all staff named on a download of data from June 2025 were current employees being paid at the correct level for the correct number of hours worked. The payroll extract dated 26th June 2025 showed FS had a payroll of 4,907 employees (FTE 2,860) with a total gross salary of £78.9m.
- 1.3 In addition to this we selected and reviewed responses from the line managers of a sample of 25 FS employees to corroborate the verification responses.
- 1.4 We conduct this exercise on a biennial basis and it is an essential component of the payroll leavers control environment.
- 1.5 The purpose of the audit was to verify:
  - That only current Council employees were being paid.
  - The accuracy of employee's core pay and hours.
  - That appropriate steps had been taken to correct payroll records and recover overpayments as necessary.
- 1.6 The audit focused on core salary and did not include a review of additional salary payments or overtime.

## 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 payroll verification exercise undertaken by FS management verified all current employees. However, for three employees, overpayments totalling £3,943 were identified, recovery arrangements have been put in place for all three cases. Additionally, management identified 12 further employees where their payroll information was not fully accurate (nine of these related to incorrect working hours/weeks, one leaver, one employee who had moved between Council Services, and one employee who was due to be paid as a supervisor for part of their contract). These are currently being further investigated to determine the financial impact of these errors and to action as appropriate.
- 3.2 In addition, four Audit Scotland staff, the former external auditor to the Council and five agency staff who no longer work for the Service were found to still be recorded on the Financial Services payroll extract. However, it should be noted that these individuals did not receive payroll payments through SAP therefore this did not result in any overpayments.
- 3.3 In the financial year 2024/25 overpayments to FS leavers totalling £45,827 have been made and recovery of this amount sought via 53 invoices raised. £25,071 of this amount was still outstanding as at 31st March 2026. For the financial year 2025/26 there have been £21,958 of overpayments to staff who have left, the recovery process has started with 48 invoices raised and £16,631 of this outstanding as at 31st March 2026.
- 3.4 From a review of the overpayments reports there were three employees who were verified in the Service return for which overpayment recovery was subsequently raised covering the period of our extract. These totalled £1,548 and related to incorrect information or a delayed notification to CBS by the Service.
- 3.5 Internal Audit also conducted sample checking of 25 FS employees to corroborate the Service's verification. We were able to confirm with the line managers of the 25 staff sampled that the employees were current members of staff at the time of the payroll report, the correct remuneration was being paid to those employees and their hours of work were also correct.

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

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

- 3.7 The audit has been undertaken in accordance with the Global Internal Audit Standards in the UK public sector.
- 3.8 We would like to thank officers involved in this audit for their cooperation and assistance.
- 3.9 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
<b>Key Control:</b> Employee records are accurately maintained.				
1	<p>FS identified three employees on the payroll who had been overpaid a total amount of £3,943. One of these related to the employee being paid at the wrong grade due to an incorrect amendment, one related to incorrect hours, and one related to a leaver where there was a late notification to CBS. Recovery action has been put in place for these overpayments. Additionally, management identified 12 further employees where their payroll information was not fully accurate (nine of these related to incorrect working hours/weeks, one was a leaver, one moved between Council Services, and one employee who was due to be paid as a supervisor for part of their contract). These are currently being further investigated to determine the financial impact of these errors and to action as appropriate.</p> <p>Four Audit Scotland staff, the former external auditor to the Council were found to still be recorded on the Financial Services payroll extract. Additionally five agency staff were still recorded on SAP, despite no longer working for the Service.</p>	<p>Financial Services management should remind managers:</p> <ul style="list-style-type: none"> <li>To submit details of leavers and changes to employee's details, including grades, working patterns and hours, to CBS in a timeous manner in order that these can be processed.</li> <li>That any overpayments should be actioned immediately to assist in the recovery process.</li> <li>SAP records for non-employees (e.g. agency staff and audit access) are closed when no longer required.</li> </ul> <p>Financial Services management should ensure any issues remaining that were identified during the verification exercise are corrected once fully investigated and consider whether additional training is required to ensure that managers are fully equipped to deal with payroll related matters.</p>	<b>Medium</b>	<p><b>Response:</b> Accepted</p> <p>Financial Services governance management will remind managers of their responsibilities for timely payroll updates, prompt recovery of overpayments and closure of SAP access when no longer required. Any outstanding issues identified to be investigated, corrected where necessary, and additional training considered as appropriate.</p> <p><b>Officer Responsible for Implementation:</b></p> <p>Head of FS Governance &amp; Change</p> <p><b>Timescales for Implementation:</b></p> <p>30 June 2026</p>

No.	Observation and Risk	Recommendation	Priority	Management Response
	<p>However, it should be noted that these individuals did not receive payroll payments through SAP therefore this did not result in any overpayments.</p> <p>From a review of the overpayment reports three employees who were verified in the Service return subsequently had an overpayment raised for recovery covering the period of our extract totalling £1,548. One of these related to the Service advising CBS of incorrect term time hours, one related to the Service advising CBS of an incorrect spinal column point, and one related to late notification of a change to term time hours.</p> <p>If changes to employment are not recorded correctly 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.</p>			