

AUDIT & RISK COMMITTEE

Date 25th September 2012

AUDIT OF PAYROLL SYSTEM - UPDATE

Report of the Head of Welland Internal Audit Consortium

STRATEGIC AIM	All
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1. PURPOSE OF THE REPORT

- 1.1 To provide Members with an update on action taken to address weaknesses in controls within the Payroll System reported at the previous meeting of the Committee.

2. RECOMMENDATIONS

- 2.1 That Members note the report.

3. BACKGROUND

- 3.1 Members were informed at the last meeting of the Committee that internal audit work had identified weaknesses in controls within the Payroll System. Members were advised that necessary remedial action had been agreed with the relevant responsible managers. It was anticipated that the remedial work could be completed by the end of July and it was agreed that Members would receive a full update based upon a supplementary audit exercise commissioned by the Strategic Director of Resources.

4. SUPPLEMENTARY AUDIT FINDINGS

- 4.1** The Executive Summary of the supplementary audit is attached. The audit confirmed that all the issues raised in the initial audit had been addressed wholly or in part: where recommendations had not been implemented fully the major issues had been addressed leaving no material risk outstanding. A high level of substantive testing confirmed that no material errors had been made as a consequence of the previously identified control weaknesses.
- 4.2** Extensive testing identified further examples of human error – with non-material impact that had not been captured by the new checking arrangements. It was judged cost-ineffective to introduce more stringent testing: additional action was agreed to better focus the attention of managers certifying the data input to the Payroll System.

RISK MANAGEMENT

RISK	IMPACT	COMMENTS
Time	Low	The report does not prompt or require any time-bound response
Viability	Low	There are no resourcing issues arising
Finance	Low	There are no material financial issues arising
Profile	Low	The report should improve the effectiveness of the Committee
Equality and Diversity	Low	EIA screening indicates no issues arising therefore full Impact Assessment has not been carried out.

Background Papers

Internal Audit Report
Additional Payroll Testing
(ref R/CONS/advice2013/1)

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A Large Print or Braille Version of this Report is available upon request – Contact 01572 722577.