

## SUMMARY OF AUDIT TESTING OF CONTROL FRAMEWORK

Control Tested	Nature of Testing	Reason for Testing	Results
01.01.01	<b>IT Controls</b> Review of access to available Agresso Payroll and HR User Templates allowed to employees in the Exchequer and HR Teams and associated line managers	IT driven separation of duties is a central element of the new control framework  To confirm that access controls support appropriate separation of duties	Testing identified no instances where access granted compromised separation of duties
01.01.01 01.01.02 01.01.03	<b>Starters</b> A sample of 15 employees recruited in 2013/13 was tested for evidence of <ul style="list-style-type: none"> <li>• compliance with new processes developed as part of the new control framework;</li> <li>• contracts showing terms and conditions agreed;</li> <li>• payroll accounts accurately reflect terms of conditions specified in contract</li> </ul>	To provide assurance that new procedures are operating as intended and all specified checks are being carried out so that Agresso records accurately the contractual entitlement of each starter	Testing identified no errors in Agresso input or contract preparation.  Testing demonstrated compliance with relevant processes.
01.01.04	<b>Changes to Contracts</b> A sample of 10 employees whose contracts were subject to temporary modification to reflect honoraria; acting up; or payment protection was tested for evidence of: <ul style="list-style-type: none"> <li>• proper authorisation;</li> <li>• correct payment; and</li> <li>• payment for correct period</li> </ul>	To provide assurance that an effective framework of controls operates as intended and all specified checks are being carried out so that any changes to an employee's contract is properly authorised and accurately recorded on Agresso.	Testing confirmed that: <ul style="list-style-type: none"> <li>• Honoraria were properly authorised; correctly calculated; and have not been paid for longer than specified;</li> <li>• Payment protection was properly documented; correctly calculated; and has not extended beyond the period authorised;</li> <li>• Acting up payments were properly authorised; correctly calculated and have not extended beyond the period authorised.</li> </ul>
01.01.02 01.01.03 01.01.04 03.01.01 03.01.03	<b>Overtime payments above Scale Point 28</b> Review of all employees paid above scp 28 who received overtime payments during 2013/14 to confirm that all such payments were contractually valid.	To provide assurance that an issue identified in the Assistant Director's review has been addressed fully and effectively.  To provide assurance that new procedures are operating as intended and all specified checks are being carried out	Since the Assistant Director's review, only employees with specific contract entitlement have been paid for additional hours. Two categories of employee have such an entitlement: <ul style="list-style-type: none"> <li>• Registrars; and</li> <li>• Youth Support Workers</li> </ul>

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<p>01.01.02 01.01.03 01.01.04 02.01.02 03.01.01 03.01.02 03.01.03 03.01.08</p>	<p><b>Salary Payments</b></p> <p>A sample of 30 employees receiving payment in October 2013, and in receipt of payments for additional hours, was tested for evidence that:</p> <ul style="list-style-type: none"> <li>• specified checks for accuracy and legitimacy were undertaken;</li> <li>• salary was paid at the correct scale point;</li> <li>• there was contractual entitlement to payments for additional hours;</li> <li>• rates paid were consistent with contracts;</li> <li>• payments were accurately calculated</li> <li>• payments were properly authorised.</li> </ul>	<p>To provide assurance that an effective framework of controls is operating and all specified checks are being carried out to ensure that employees are paid at the correct scale point and that claims made in respect of additional hours are contractually valid and correctly calculated.</p> <p>To provide an additional check on the effectiveness of starter controls</p>	<p>Testing confirmed that:</p> <ul style="list-style-type: none"> <li>• all employees were paid at the correct scale point;</li> <li>• all payments for additional hours were contractually valid and calculated on the correct contractual basis;</li> <li>• all payments were correctly calculated; and</li> <li>• all payments were appropriately authorised*.</li> </ul> <p>Specified accuracy checks were undertaken and evidenced by the Exchequer Team.</p> <p>Note * one relevant Claim form could not be produced by Exchequer Team</p>
<p>01.01.05 03.01.06</p>	<p><b>Leavers</b></p> <p>A sample of 10 leavers was tested for evidence that:</p> <ul style="list-style-type: none"> <li>• prescribed processes were followed and relevant documentary evidence was retained;</li> <li>• all leaver processing was completed on a timely basis;</li> <li>• final salary was accurately calculated; and</li> <li>• any liabilities in respect of training or relocation expenses were identified.</li> </ul>	<p>To provide assurance that an effective framework of controls is operating and all specified checks are being carried out to ensure that former employees do not receive payments to which they are not entitled; that final salaries are accurately calculated.</p> <p>To provide assurance that the Council identifies all monies that it is entitled to recover.</p>	<p>Testing identified one instance in which a significant prescribed process was not completed within the prescribed timescale.</p> <p>A leaver's payroll account was not closed. Account closure makes it impossible to generate a manual payment – should authorisation controls fail to operate to prevent the submission of such a payment request.</p>
<p>03.01.05</p>	<p><b>Sick Pay</b></p> <p>A sample of 30 employees subject to sick pay adjustments in the current year was tested for evidence that:</p> <ul style="list-style-type: none"> <li>• salary adjustments were applied in line with local terms and conditions;</li> <li>• salary adjustments were accurately calculated</li> </ul>	<p>To provide assurance that an effective framework of controls is operating and all specified checks are being carried out to ensure that the local scheme for sick pay is being applied consistently and accurately.</p>	<p>All sick pay adjustments were consistent with local terms and conditions and accurately reflected periods of sickness reported</p> <p>.</p>

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03.01.07	<p><b>Back Pay</b></p> <p>A sample of 20 payments of back pay (including 10 arising from the implementation of the 2013 Pay Award) was tested for evidence that payments were:</p> <ul style="list-style-type: none"> <li>• calculated accurately</li> <li>• justified</li> </ul>	<p>To provide assurance that an effective framework of controls is operating and all specified checks are being carried out to ensure that employees receive correct payments in respect of legitimate entitlements.</p>	<p>Testing identified one unexplained error resulting in an underpayment of &lt;£40 relating to the annual pay award.</p>
02.01.01	<p><b>Pay Award 2013</b></p> <p>Checks were undertaken to confirm the accuracy of the calculated increases for scale points 50-60 and the accurate input of the new values to Agresso</p>	<p>To provide assurance about the accuracy of salary payments.</p>	<p>Testing confirmed that all manual calculations were accurate. All scale points were subject to the appropriate 1% uplift.</p>