

BARROW BOROUGH COUNCIL
INTERNAL AUDIT FINAL REPORT 21-13
PAYROLL

Executive Summary

Introduction

Salaries and expenses of Council Officers and Members' allowances and expenses are administered by the Financial Services Department and HR Department.

The June 2021 monthly payroll involved employee costs of approximately £540,000 with net payments of £409,000.

Audit Objectives

An audit of this system forms part of the agreed 2021/22 programme. The audit objectives were to test the operation of internal controls over the Payroll function. The scope and objectives of the audit were discussed and agreed in advance with the Financial Services Manager.

Audit work consisted of testing the operation of key controls. In addition, Internal Audit perform routine quarterly checks on payroll control account reconciliations to confirm that these are prepared appropriately by Council staff. Details of the audit methodology are provided in Appendix 1.

Key Points
Substantial Assurance
One major issue
Three important issues

Audit Conclusion – Substantial Assurance

As a result of the audit we have concluded that while there is a basically sound system, there are weaknesses, which may put some of the system objectives at risk.

We have made one Priority 1 recommendation which concerns Management Team explaining why exceptions to the Relocation Policy were created and approval sought from members for extensions of the lodging allowance for two senior officers beyond the initial 26 week period.

In addition, we have made three Priority 2 recommendations which relate to the Financial Services Manager:

- ensuring that the monthly payroll “check sheet” is properly completed and retained as evidence that all the required checks relating to the payroll processing have been completed prior to payment;
- ensuring new starters' first salaries are accurately calculated; and
- reminding managers that all claims for mileage should be properly completed before being authorised for payment.

Internal Audit also reviewed the three outstanding agreed recommendations made in Audit Report 19-13, dated September 2020. All recommendations had been implemented.

Management Response

We have received management responses from Management Team and the Financial Services Manager, accepting the recommendations.

Acknowledgement

Internal Audit would like to thank staff for their co-operation and assistance during the review.