HIGHLAND AND WESTERN ISLES VALUATION JOINT BOARD	Agenda Item 4.
DATE: 26th November 2015	Report No VAL/26/15

Internal Audit Report – Assessor's Payroll

Report by Head of Audit & Risk Management, Highland Council

Summary
This report provides details of an audit of the Assessor's Payroll which has been completed since the last report to the Board on 17th September 2015.

1.   Internal Audit Report – Assessor's Payroll

1.1   There has been one report issued in respect of an audit of the Assessor's Payroll. This report has the audit opinion of Full Assurance (see 1.2 below) as four out of the five audit objectives were fully achieved. Whilst one audit recommendation was made, it was subsequently established that this cannot be actioned at this time and so this has not been accepted. However, this does not impact upon the audit opinion as responsibility for this action would fall upon Council officers rather than the Assessor and this does not affect the overall reliability of the payroll.

1.2   Each Internal Audit report contains an audit opinion based upon the work performed in respect of the subject under review. There are five audit opinions which can be provided:

(i)   **Full Assurance**: There is a sound system of control designed to achieve the system objectives and the controls are being consistently applied.

(ii)   **Substantial Assurance**: While there is a generally a sound system, there are minor areas of weakness which put some of the system objectives at risk, and/ or there is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.

(iii) **Reasonable Assurance**: Whilst the system is broadly reliable, areas of weakness have been identified which put some of the system objectives at risk, and/ or there is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk

(iv)   **Limited Assurance**: Weaknesses in the system of controls are such as to put the system objectives at risk, and/ or the level of non-compliance puts the system objectives at risk.

(v)   **No Assurance:** Control is generally weak, leaving the system open to significant error or abuse, and/ or significant non-compliance with basic controls leaves the system open to error or abuse.

Recommendation

Members are invited to consider the content of the attached report and the audit opinion provided, and to raise any relevant points with the Head of Audit & Risk Management.

Designation: Head of Audit & Risk Management

Date: 26th October 2015

Ref:

Background Papers

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**INTERNAL AUDIT
FINAL REPORT**

ASSESSOR'S DEPARTMENT

ASSESSOR'S PAYROLL

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REF: AT17/002.bf

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1. **INTRODUCTION**

   This audit of the Assessor's Payroll was undertaken as part of the 2014/15 Audit Plan. This is processed by the Highland Council's payroll section on behalf of the Assessor using the Resourcelink system.

   The payroll budget for 2014/15 was £1.824m and the actual cost was £1.718m. The full time equivalent number of staff at 31/03/15 was 56.

2. **REVIEW OBJECTIVES**

   The objectives of the review were to ensure that:

   (i)   There is an adequate control framework in place governing the operation of the payroll system.

   (ii)   Payments are made only to valid employees.

   (iii)   Access to the payroll system is restricted to appropriate staff and unauthorised access is prevented.

   (iv)   All changes to the payroll system, permanent and temporary, are properly authorised and are accurate and complete.

   (v)   Payroll payments are correctly calculated and paid over on a timely basis.

3. **SCOPE, METHOD AND COVERAGE**

   The audit reviewed the key controls in operation for the processing of the Assessor's Payroll. The audit examined transactions during the financial year 2014/15 and Audit Scotland intend to place reliance on this audit work.

4. **MAIN FINDINGS**

   The main findings of the review, referenced to the above review objectives, are as follows:

4.1   This objective was fully achieved. There is an adequate control framework in place governing the operation of the payroll system in that there is the necessary separation of duties between the Assessor's Department and the Council's Payroll section.

4.2   This objective has been achieved. From a sample of New Starters and Leavers, all payments were correctly made to valid employees. The Council started to use Sharepoint online payroll forms (New Starts, Leavers and Changes) from July 2014, however the Assessor's Department has not been provided access to this new system.

4.3   This objective was fully achieved. Access to Resourcelink is restricted to appropriate staff and unauthorised access is prevented. There are a small number of Council financial systems and systems development staff with full systems access, which allows them to resolve technical issues that arise with Resourcelink. It is necessary for these officers to have full system access in order to fulfill this role. However, to provide a further control, to prevent unauthorised processing of employee details and pay posting, a reporting process has been confirmed with the Council's computing supplier, Fujitsu, and this is being taken forward by the Council's Payroll section through an action plan.

4.4   This objective was fully achieved. All changes to the payroll system, permanent and temporary, are properly authorised and are accurate and complete.

4.5   This objective was fully achieved. Payroll payments are correctly calculated and paid over on a timely basis. Exception reports are used to highlight errors and pay levels that breach set parameters. These reports are reviewed and actioned where necessary. Control totals are also used to ensure tax amounts are correctly paid to the authorities.

5. CONCLUSION

The Assessor's payroll is being processed accurately and in a timely manner. The Council has moved to an electronic Sharepoint system for the submission of payroll forms. The Assessor's Department has not been given access to this system; however following discussions with the relevant Council Officers it will not be possible to provide this access and this is explained in the Action Plan at section 7. Therefore, while there was one recommendation, it has been agreed that no further action can be taken.

6. AUDIT OPINION

The opinion is based upon, and limited to, the work performed in respect of the subject under review. Internal Audit cannot provide total assurance that control weaknesses or irregularities do not exist. It is the opinion that **Full Assurance** can be given in that there is a sound system of control designed to achieve the system objectives and the controls are being consistently applied.

7. ACTION PLAN

The Action Plan contains **1** recommendation as follows:

Description	Priority	Number
Major issues that managers need to address as a matter of urgency.	High	0
Important issues that managers should address and will benefit the Organisation if implemented.	Medium	1
Minor issues that are not critical but managers should address.	Low	0
Total recommendations		**1**

REPORT REF.	GRADE	FINDING	RECOMMENDATION	MANAGEMENT AGREED ACTION	IMPLEMENTATION RESPONSIBLE OFFICER	TARGET DATE
4.1	Medium	In July 2014 the Council started to use the electronic Sharepoint system for submitting payroll forms (for new starts, change of circumstances and leavers) and details of establishment changes. The Assessors has not been provided with access to the Sharepoint forms, and therefore is using the older payroll forms which is a less efficient process.	A review of the viability of giving the Assessors department access to the Sharepoint forms should be carried out. Following this review, access will be provided where it is financially sensible to do so and will improve the efficiency when submitting payroll information.	The Senior Information & Security Officer (Corporate Development, Highland Council) has stated that advanced use of Sharepoint (which would include payroll forms) must deliver cashable savings for the Council. It is unlikely that savings for the Assessors would be included in this, therefore developing the necessary Sharepoint payroll forms would not be an option.	-	-