

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

9th DECEMBER 2010

REPORT OF THE ASSISTANT CHIEF EXECUTIVE – CORPORATE DEVELOPMENT & PARTNERSHIPS

PERSONNEL RECORDS

1. Purpose of Report.

To clarify the matter raised at the Audit Committee on 5 August 2010 and to provide an update on the findings of the payroll audit undertaken earlier in the year.

2. Connection to Corporate Plan / Other Corporate Priority.

2.1 None.

3. Background.

3.1 The minute of the discussion at the meeting on 5 August suggests that there was a need for greater confidence in the management of employee records and the Committee asked for clarification of the position. The report on the Payroll System Audit published in June 2010 was generally positive but made reference to a problem with incomplete records and referred to this as an issue that had also been identified by the Councils external auditors.

4. Current situation / proposal.

4.1 The findings of the work undertaken by internal audit and KPMG have been reviewed. The auditors were contacted and have provided details of the documents that they had not traced within the testing work undertaken in 2009/10. Examples of the documents referred to include:-

- HR starter and leaver check list
- Termination letters
- Contracts for new starters/Written Statements of Particulars

4.2 It is clearly important to ensure that adequate controls are in place over all employee records and the issues raised by the auditors needed investigation. The details provided have recently been subjected to a further check by HR management and the findings of this work suggest that some misunderstanding has arisen over how certain situations are managed within the HR/Payroll system. A number of the queries involved permanent (part time) staff that had undertaken additional episodes of sessional or casual employment. Other instances involve staff who had

changed posts within the service. It is also possible that some records may not have been found at the time of the audits due to a backlog with indexing and scanning of manual records as part of the Records management work that HR was piloting. This point is developed more fully below.

- 4.3 Each employment is held separately within the system and some staff have multiple 'employments'. There is a process of cleansing the live payroll records each year and this involves the deletion of employee records that have not been paid in the previous 12 months, but the historical records are intact. This process is necessary for the efficient management of the payroll system and a number of the termination records identified as missing in the audit tests are associated with the data cleansing in the system. It has become evident that within the samples tested, several of the individuals continued to work for the Council in one of their other employments and were not true terminations. A meeting is being arranged with both KPMG and Internal Audit to discuss in full the points outlined above.
- 4.4 It is hoped that these explanations help clarify the position and give some confidence that the framework of internal control over the HR and payroll records is adequate. The situation outlined in para 3.1 above has been explained and a further two audits undertaken this year also suggest the controls in place are operating effectively and draft audit reports indicate that the level of assurance gained is adequate. In view of the importance of this issue, further testing of the HR/Payroll records will be undertaken by the auditors in the current financial this year and that management carefully review the findings before the report on this work is concluded. Internal Audit have now scheduled a further review of the Payroll System in January.
- 4.5 One of the key recommendations from the previous payroll system audit is that consideration be given to scanning documents on receipt to prevent them being misplaced or lost. During 2009/10, considerable work was undertaken on 'scanning' of employee files to create an electronic record for all employees and this work has now been substantially completed. 'Workflow' is in the process of being implemented and once this is in place, appropriate documents will be scanned on receipt and this will help alleviate the issues previously identified.
- 4.6 In addition, the following internal procedures are being reviewed:-
- In order to ensure only appropriate authorising signatures are accepted a review of the list is being undertaken and will incorporate e-mail addresses for an added layer of security. A quarterly review will be conducted of these lists to ensure they are correct.
 - Access rights have also been reviewed to ensure they are appropriate, and these too will continue to be reviewed quarterly.
 - All work instructions are being reviewed and templates will be developed as appropriate.
 - As part of the rebuild and cleanse of Trent, all employees will have a definitive position reference, each of which will be unique.

5. Effect upon Policy Framework & Procedure Rules.

5.1 None.

6. Equality Impact Assessment

6.1 This is an information report and no equality issues have been identified.

7. Financial Implications.

7.1 There are no financial implications.

8. Recommendation.

8.1 That the committee consider the information provided in this report and receive a further report in 2011 once the work referred to in paragraphs 4.4 to 4.6 has been completed.

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Background documents

Internal Audit Report – Payroll 2010