

# GLASGOW CITY COUNCIL INTERNAL AUDIT SECTION

## COMMITTEE SUMMARY

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**Title of the Audit:** Corporate Review – Payroll Verification - DRS

### 1. Introduction

- 1.1 We have carried out an employee verification exercise as part of our Internal Audit Plan in order to ensure that Services have effective arrangements and procedures in place to manage their payroll. We previously reported the findings of the verification exercises in Financial Services, Neighbourhoods and Sustainability and the Chief Executive's Department. This report includes detail on all employees across Development and Regeneration Services (DRS).
- 1.2 The verification of the remaining two Services (Education Services and Social Work Services) is currently ongoing due to significant delays in those services returning full results. We will report the findings of these separately when they are complete.
- 1.3 The two objectives of this audit were:
- To confirm that staff being paid are current DRS employees.
  - To obtain assurance regarding the accuracy and management of DRS payroll.
- 1.4 In order to achieve this, DRS management were required to verify that all staff named on a download of data provided by Customer and Business Services (CBS) were current employees, being paid at the correct rate, for the correct number of hours.
- 1.5 In addition, Internal Audit selected a sample of 30 employees within the Service. Testing was undertaken to confirm that the correct remuneration was being made to those employees in order to verify the accuracy of the management review.

### 2. Audit opinion

- 2.1 Based on the audit work carried out, assurance can be taken that the control environment is satisfactory. The audit has identified some scope for improvement in the existing arrangements and two recommendations which management should address.

### 3. Main Findings

- 3.1 The hours worked and gross pay amounts received were found to be correct for the sample of 30 employees checked by the auditor.
- 3.2 The verification exercise undertaken by DRS confirmed that the list of 4,709 employees reflected on the CBS download required refining as some were showing as current employees even although they had not worked for GCC for several years. The staff referred to here are former Cordia staff who were employed on a casual basis and thereby did not result in overpayments.
- 3.3 DRS identified one discrepancy which affected one employee. This had a financial implication, resulting in small overpayment being made. A repayment plan has been put in place with the employee concerned.
- 3.4 An action plan is provided at section four outlining our observations, risks and recommendations. We have made two recommendations for improvement. The priority of these are:

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<b>Priority</b>	<b>Definition</b>	<b>Total</b>
<b>High</b>	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	0
<b>Medium</b>	Less critically important controls absent, not being operated as designed or could be improved.	0
<b>Low</b>	Lower level controls absent, not being operated as designed or could be improved.	2
<b>Service Improvement</b>	Opportunities for business improvement and / or efficiencies have been identified.	0

- 3.5 The audit has been undertaken in accordance with the Public Sector Internal Audit Standards.
- 3.6 We would like to thank officers involved in this audit for their cooperation and assistance.
- 3.7 It is recommended that the Head of Audit and Inspection submits a further report to Committee on the implementation of the actions contained in the attached Action Plan.

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No.	Observation and Risk	Recommendation	Priority	Management Response
<b>Key Control:</b> Employee records are accurately maintained				
1	<p>As part of the Service's own payroll validation, DRS identified one employee who had been overpaid by £560 since switching to a term time contract in February 2019.</p> <p>This error did not impact materially on the accuracy of the payroll and a repayment plan has been put in place with the employee concerned.</p> <p>If managers do not follow the requirement for arranging that SAP is updated when an employee's details or circumstances change, this could lead to incorrect salaries being paid.</p>	DRS should consider implementing accuracy checks on non-standard payroll changes (such as shift pattern changes) to ensure that all affected emoluments have been dealt with correctly.	<b>Low</b>	<p><b>Response:</b> Accepted</p> <p><b>Officer Responsible for Implementation:</b> Head of Core Operations, CBS.</p> <p><b>Timescale for Implementation:</b> 28<sup>th</sup> February 2020</p>

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No.	Observation and Risk	Recommendation	Priority	Management Response
2	<p>Forty three staff (&lt;1%) were found to have been registered as current employees on the DRS payroll when in fact they had not completed a paid shift for some time. For example there were staff included in this number who were last paid in 2016.</p> <p>These staff were all transferred in from Cordia and had previously been employed as casual staff on a short term basis. All have now been marked as leavers following this payroll exercise.</p> <p>If managers do not follow the requirement for arranging for SAP to be updated when an employee's details or circumstances change, this could lead to incorrect salaries being paid.</p>	DRS should consider implementing regular accuracy checks on casual staff on the payroll in order to ensure that employees do not stay active for longer than necessary leading to excess payments.	Low	<p><b>Response:</b> Accepted</p> <p><b>Officer Responsible for Implementation:</b> Head of Core Operations, CBS.</p> <p><b>Timescale for Implementation:</b> 28<sup>th</sup> February 2020</p>