

DEPARTMENT	AUDIT REVIEW	AUDIT REF
Corporate Services	Pensions Payroll	4216006
PLANNED DAYS	ACTUAL DAYS	Frequency of Audit
8	8	ANNUAL

BACKGROUND

The Pension Section within the Corporate Resources Department is responsible for the payment of pensions to members of the Dyfed Pension Fund. Carmarthenshire County Council is the statutorily appointed Administering Authority for the Dyfed Pension Fund. It administers the benefits and invests the assets of the Fund. Carmarthenshire County Council also acts as the administrator for the unfunded Police and Fire pension schemes for Dyfed Powys Police Authority, Mid & West Wales Fire and Rescue Service and North Wales Fire and Rescue Service respectively. The Fund’s LGPS membership base consists of approximately 39,000 members (as at 31st March 2015) from over 50 employing authorities. Given the number of pensioners paid through the system and the values involved, the system is considered fundamental to the Authority.

SCOPE

The review was to ascertain that procedures and internal controls for the administration of the Pensions System and associated payments comply with approved Policies and that the Pension Fund is effectively managed and that payments are made to eligible pensioners. The audit sought to ensure that procedures have been established and effective controls are in place to ensure:

- there are adequate, documented, procedures in place which are complied with;
- effective controls exist over payments made to Pensioners;
- Exception reports are generated and reviewed with queries dealt with appropriately;
- Access to standing data processing and programmes is restricted to appropriate personnel and amendments are properly authorised;
- The payroll system is regularly reconciled to the main accounting system

GENERAL OPINION

Current procedures are considered to be robust with expected key controls established and operating to a good standard. In addition, procedures were well documented and available to all support staff, and there was adequate evidence of monthly monitoring being undertaken to ensure compliance with Authority Policy. As a result it can be reported that the Pension’s Section demonstrates good control over the function. As a result the risk to the Authority remains as low.

NUMBER OF RECOMMENDATIONS		OVERALL ASSURANCE
Priority 1- Fundamental Weaknesses	None	High
Priority 2 – Strengthen Existing Controls	None	
Priority 3 – Minor Issues	None	

DEPARTMENT	AUDIT REVIEW	AUDIT REF
Corporate Services	Payroll	4216010
PLANNED DAYS	ACTUAL DAYS	Frequency of Audit
22	22	ANNUAL

BACKGROUND

The Authority pays over 8,500 employees amounting to approximately £184m. Payroll is a centralised function and the Authority has an integrated Payroll and HR system operated through “Resource Link”.

The system is classified as high risk given the value and volume of transactions.

SCOPE

The review covered the internal controls within the Payroll System for the payment of salaries and wages to ensure that:

- Recommendations from the previous audit report have been implemented;
- There are adequate documented procedures in place which are adhered to;
- Exception reports are generated and reviewed with queries dealt with appropriately;
- Access to standing data processing and programmes is restricted to appropriate personnel and amendments are properly authorised;
- Time-sheets, overtime claims, advance payments, SSP, etc. have been properly authorised and data entered correctly;
- Appropriate BACS controls exist;
- The payroll system is regularly reconciled to the main accounting system;
- Individual departments verify the accuracy of employee standing data.

GENERAL OPINION

From the testing undertaken it is apparent that many expected key controls have been established and are operating to a good standard. It is very pleasing to report that the last certification exercise carried out is complete with a 100% response rate. The sample of employee deduction, sickness and maternity forms reviewed had all been appropriately authorised and calculated correctly. Payroll control reconciliations were up to date and well maintained.

However, there was one significant weakness identified this year. The Authority’s Intranet site details that to take unpaid leave an application must be submitted ahead of the date when the leave is required in one of two ways:

- *Using the web based self-service system, ‘My View – Dashboard’*
- *Completing an ‘Application for Time Off’ form*

However, the Resource Link Self Service ‘unpaid leave’ element does not automatically feed to the back-office application of the payroll system. Payroll Officers were therefore not being made aware of the requirement to reduce pay.

As a consequence of the audit finding, action was taken immediately and reports are now produced on a pay run basis highlighting unpaid leave requests entered via Self Service. These reports are used to manually calculate the amounts owed for these periods of absences. The process is currently under review to establish a better way of identifying and adjusting employees pays for all unpaid leave within the system.

The other issues identified were in relation to processing timesheets and authorisation of overtime.

NUMBER OF RECOMMENDATIONS		OVERALL ASSURANCE
Priority 1- Fundamental Weaknesses	1	Acceptable
Priority 2 – Strengthen Existing Controls	2	
Priority 3 – Minor Issues	None	