

Area of Review	Payroll
Level of Assurance	<p>Limited</p> <p>Limited assurance is given where controls in place are not always applied and objectives may not be achieved, meaning the Council is exposed to the risk of financial loss, fraud or the loss of reputation.</p>
<p>Objectives of Review:</p> <ol style="list-style-type: none"> 1. That the general control environment is adequate 2. Only bona fide employees are paid 3. That payments are accurate 4. Payments are properly accounted for 5. Employee and member expenses are correctly calculated and valid 6. That data is managed effectively 	
<p>Key Findings</p> <ul style="list-style-type: none"> ➤ Policies and procedures do not always reflect the way we are working, meaning there is a risk we are not working in a consistent way. ➤ There has been recent review of performance information being used for the 5 Councils Contract. However, the results of this review have not yet been finalised. ➤ Whilst the basis of an establishment list is in place it does not yet contain all the relevant information that would be expected. For example allowances are not included. ➤ We were unable to provide assurance on the accuracy of pay. This was because all supporting information required could not be provided by Capita. ➤ We were unable to provide assurance on the accuracy of expenses or starters and leavers processes due to the above. ➤ Quality checks carried out by Capita are not considered to be sufficient to mitigate the risk of payroll errors. This conclusion is drawn from the number of errors identified in our sample testing, and known errors that are being reported by officers to the Client Officer each month. ➤ There is insufficient evidence of an effective review of market supplements that are paid. Whilst it is accepted that there is a need for market supplements, they should be reviewed annually to ensure they are still appropriate and adequate evidence of the review retained. ➤ Risks still exist over the management of HR and Payroll data, both by Capita and the Council. Until the Council has proper visibility of data held by Capita and long standing issues over how manual files are managed, there is a risk that we do not comply with the requirements of GDPR. 	

Management Action Plan

	Recommendation	Management Response	Risk	Responsible Officer	Target Date
1	HDC Policies and Capita processes are reviewed to ensure all are up to date and reflect best practice, the structure of the council and are aligned to reflect the way we work	HDC Client has started to update policies we will liaise with 5C Client to move this piece of work forward and ensure compliance with 5C's <i>Capita Response - to support council in full review of Policies and Procedures – All policies should align to the 5C's model. If HDC change their policies and processes, then Capita should be notified through the standard Change Control process so that the Portal is fully up to date.</i>	Medium	Head of Corporate Services	August 2019
2	HDC policies should be available in the Corporate Sharepoint Site as well as Ask HR	HDC Officer will liaise with Communications team to ensure that this is done – going forward when policies are updated then both Sharepoint and Ask HR will be updated	Low	Head of Corporate Services	August 2019
3	Roles and responsibilities for Capita and Managers are clearly defined, for HR and Payroll processes to enable consistent ways of working and avoid confusion.	To be undertaken when completing Recommendation 1	Low	Head of Corporate Services	As per rec 1
4	Employees and Councillors are provided with further guidance on the use of the Ask HR Ticketing System	A Matrix has been produced to summarise which processes can be raised as self-service (Via My View) and /or ASKHR to improve understanding	Medium	Capita Payroll	August 2019

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		<i>HDC Officer – to verify that this has been provided and ensure all Officers and Members are aware of this document</i>			
5	That Capita Payroll / Advisory staff are aware fully trained in the processes and procedures for Hart.	Agreed – Capita believe they currently meeting this requirement	Medium	Capita Payroll	Closed – Follow up on next audit
6	Ensure that the system access reports are reviewed on a regular basis.	Already in progress. Reporting and regular auditing of access	Low	Head of Corporate Services	Closed – follow up on next audit
7	Ensure that the piece of work on reviewing the current KPIs and PI's is completed to ensure an appropriate set of KPI's are being used.	Agreed	Medium	Central Client	31 March 2019
8.	Gain Clarity on the process for checking ID's in the proof of right to work checks and ensure that these are fully documented and managers are aware of the process.	<p>HDC Officer to review published document as detailed above</p> <p><i>Capita - All being reviewed as part of stabilisation activity to review the end-to-end recruitment process. Updated documentation has been provided on manager's roles and responsibilities within the On-boarding process, and is available on the portal.</i></p>	Medium	Head of Corporate Services	August 2019
9.	Starters and Leavers processes need to be reviewed and controls put in place to ensure key people are notified for appropriate actions.	<i>Capita - A full review of the Starters and Leavers process has been completed as part of stabilisation activities e.g. Leavers list/liaise with IT.</i>	Medium	Head of Corporate Services	August 2019

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10	Payroll quality Checks need to be improved by Capita and evidence of these checks provided to the Hart Client	As part of stabilisation, a full review has been completed for the Payroll processing activities, including the robustness of quality checks.	High	Capita Payroll	May 2019 – Audit to review with HDC client
11	The recruitment and selection policy should be updated to give guidelines on the application and ongoing review of market supplements	Hart Officer to Liaise with Corporate Services and Joint Chief Exec <i>Capita – Capita could support HDC through SAP if required</i>	Medium	Head of Corporate Services / Joint Chief Executive	August 2019
12	Market supplements need to be reviewed on an annual basis and justification for its continued use is provided.	This item has been documented as part of the Pay Policy Statement 2019/2020 – It is recognised that the recruitment policy needs to be updated to give guidelines on the application and review of market supplements – See Recommendation 13	Medium	Joint Chief Executives	August 2019
13	A review should be made of the roles receiving an essential user allowance to ensure that these are still appropriate.	Agreed	Medium	Head of Corporate Services/ Head of Service	August 2019
14	A reminder to Managers that mileage claims can only be authorised on the presentation of a valid VAT receipt	Hart Officer to send a reminder to Managers	Medium	Head of Corporate Services	August 2019
15	A checklist of all of the statutory scheduled payments needs to be put in place as a matter of urgency to ensure that all of these payments are made in a timely manner.	Capita are working to ensure that all statutory payments are being made in a timely manner. Tis is being managed via a KPI,	High	Capita Payroll	May 2019 – Audit to follow up

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16	Capita Finance ensure that the Payroll reconciliation is carried out in a timely manner.	Capita Finance has confirmed that payroll reconciliations are now complete and have provided supporting evidence.	Medium	Capita Finance	Closed
17	Ensure the Council has full access to its data and supporting information for payroll transactions and is able to retrieve it in a timely manner.	This is part of an ongoing discussion with HDC regarding data obligations. The nature of access and the technical solution is currently being discussed with both parties.	High	Capita Payroll	May 2019 – Audit will follow up
18	Work need to continue to review the paper HR files held in HDC to ensure compliance with the data retention schedule	Documents need to be reviewed ensuring that data which need to be retained is held other items destroyed This work will be undertaken in conjunction with Item 19	High	Head of Corporate Services	May 2019
19	Work needs to be undertaken to ensure that Payroll data is sent in a controlled and secure manner and is held without unnecessary duplication	This is being addressed by the Business Improvement Officer	Medium	Head of Corporate Services	August 2019