



Core financial systems review of payroll payments administration

Date of meeting 24 November 2023

Date of report 1 November 2023

Report by Chief Executive

1. Object of report

To advise the committee on the findings of a core financial systems review of payroll payments administration. This engagement was included in the annual Internal Audit plan 2023/2024.

2. Background to report

Employer responsibilities in relation to payroll include operation of Pay as You Earn (PAYE). PAYE is a HM Revenue and Customs (HMRC) system to collect Income Tax and National Insurance (NI) from employment. This includes:

- making deductions for PAYE (Income Tax and NI);
- reporting deductions to HMRC on or before each payday (including other changes such as new starts and leavers); and
- payment of wages, allowances, and sick pay to employees.

The Financial Regulations contained within the governance manual provide procedural guidance on payroll administration arrangements. This is supported by a payroll manual.

The objective of this engagement was to assess and evaluate the payroll system and test internal controls by undertaking an end to end review incorporating data analytics.

This engagement tested elements of the internal controls and mitigation against SPT 22: Governance arrangements as identified in the Corporate Risk register.

3. Outline of findings

All payroll transactions are processed internally using a digital HR system and the HMRC portal. Employees and members (allowances/expenses) are paid on a 4-weekly pay cycle.

Engagement sample testing on payroll administration processes including starters, leavers, variations, payments, deductions and reconciliation arrangements were found to be satisfactory.

Engagement testing identified a minor requirement to review and enhance the authorised signatory list to reflect recent organisational change. Management action was taken to update the signatory list.

Key controls exist and are applied consistently and effectively in most areas included in this engagement. Sound assurance in most areas can be taken from this engagement.

4. Committee action

The Committee is asked to note the contents of this report.

5. Consequences

Policy consequences	<i>None.</i>
Legal consequences	<i>None.</i>
Financial consequences	<i>None.</i>
Personnel consequences	<i>None.</i>
Equalities consequences	<i>None.</i>
Risk consequences	<i>As detailed in the report.</i>
Climate Change, Adaptation & Carbon consequences	<i>None.</i>

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