

DIRECTORATE OF AUDIT, RISK AND ASSURANCE
Internal Audit Service to the GLA

PAYROLL CONTROL FRAMEWORK

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1. Background

- 1.1 This review has been carried out as part of the Greater London Authority (GLA) 2012/13 audit plan. The objectives of the payroll system are to ensure accurate payments are made to bona fide employees in a timely manner.
- 1.2 At the outset of the review, the potential risks identified to achieving the objectives of the payroll system were:
- Ill-defined roles, responsibilities and accountabilities
 - Ineffective processing of starters and leavers
 - Inaccurate or unauthorised processing of changes to standing data
 - Failure to process transactions promptly
 - Over/under payments made
 - Ineffective reconciliation processes
 - Unauthorised access to IT systems
 - Non-compliance to the Data Protection Act
- 1.3 Failure to manage the associated risks could result in erroneous payments being made or breach of legislation resulting in financial penalty. We are looking to provide assurance that the key risks are being effectively managed.
- 1.4 The GLA has approximately 600 employees on the payroll, with an average of £3.5m being paid each month representing both the net pay and on costs. The processing of the payroll has been undertaken by the London Fire and Emergency Planning Authority (LFEPA), under a shared services arrangement since 1 October 2011.

2. Audit Assurance

Adequate

The control framework for payroll is adequate and controls to mitigate key risks are generally operating effectively, although a number of controls need to improve to ensure business objectives are met.

3. Areas of Effective Control

- 3.1 An “Instrument for Discharge of Functions, and provision of associate services” (the ‘Instrument’) governs the shared services arrangement between LFEPA and the GLA, and has been signed by both parties as appropriate.
- 3.2 Adequate controls are in place to ensure timely payments are made, and transactions are being properly authorised. A processing timetable has been

agreed between LFEPA and the GLA, and staff are provided with adequate information on the cut-off dates for payroll.

- 3.3 There is an adequate journal and reconciliation process in place to ensure that the main and supplementary payroll runs appear accurately in the GLA General Ledger. There is adequate evidence to support key financial data, and the reconciliation is appropriately authorised.
- 3.4 Data protection policies are in place for both the GLA and LFEPA. Both the GLA Finance Team and the GLA Human Resources Team ensure that documentation is held and transferred securely.
- 3.5 Performance monitoring is undertaken through quarterly meetings attended by GLA Human Resources, GLA Finance and LFEPA to discuss the operational effectiveness of the shared service arrangement. Business continuity was also adequately covered when the shared services arrangement was being scoped.
- 3.6 Our previous payroll audit report (February 2012) contained two priority 3 recommendations, and one priority 4 recommendation. Through our fieldwork we were able to evidence that each recommendation has been fully implemented. The recommendations related to the signing of the shared services contractual agreement, and evidencing dates for maternity leave and leavers.

4. Key Risk Issues for Management Action

- 4.1 There is a lack of documented accountability between LFEPA, GLA Human Resources and GLA Finance for delivery of the payroll function, which could result in ineffective service delivery and a lack of clarity around key responsibilities.
- 4.2 Although the effectiveness of the shared services arrangement is discussed at quarterly meetings between LFEPA and the GLA, no key performance indicators have been developed as this is a collaborative shared service arrangement. The GLA have no significant issues with the service that is being provided, but there is a risk that the Authority may not continue to receive the level of service that they expect.
- 4.3 The Human Resources Team in the GLA input details of starters, leavers and changes in basic pay directly into the Cyborg payroll system. However, this input is not checked by a third party. Our testing identified two errors that had occurred; one resulting in an underpayment of salary and one in an overpayment. There is a risk further errors could occur, or unauthorised changes are made if no independent review process takes place.
- 4.4 Salary overpayments are not being recovered promptly, and there is no policy governing the repayment of overpayments. This could result in financial loss to

the Authority, and un-recovered overpayments being written-off without appropriate authority.

- 4.5 Although adequate validation of the payroll figures takes place prior to the release of pay the validations are not signed by the preparer, and reasonableness checks are not being performed.
- 4.6 The Executive Director of Resources has delegated responsibility to the Assistant Director, Finance for the approval of Pay Release Forms, who has further delegated authority to five other officers to ensure that the payroll can be signed off in a timely manner. This further delegation has not been formally approved by the Executive Director of Resources, which could result in inappropriate officers being asked to sign off the monthly payroll and third party payments.
- 4.7 Establishment reconciliations are completed on a monthly basis, however we found that not all of the queries raised were addressed, and no further action had been taken. There is a risk that incorrect or unauthorised payments may not be identified.

5. Review Objectives

5.1 Our overall objective was to review the control framework established by management to mitigate the risks relating to payments to staff through the payroll. In particular, we sought to give an assurance that:

- Roles, responsibilities and accountabilities are clearly defined and timetables for processing payroll transactions have been agreed and circulated.
- All payroll transactions are processed promptly, accurately and with appropriate authority.
- Regular reconciliations are performed, and signed off by an appropriate officer.
- The transfer of data is secure, and compliant with the requirements of the Data Protection Act.
- Access to IT systems is appropriately controlled, and payroll performance is adequately monitored.

6. Scope

6.1 We reviewed the effectiveness of the payroll control framework, to ensure that all transactions are processed accurately, promptly and with appropriate authority. We checked the flow of information and data between the GLA staff, Human Resources, Finance Team and the London Fire and Emergency Planning Authority (LFEPA) who provide payroll services under a shared service arrangement.

6.2 We also followed-up on the recommendations from our February 2012 payroll audit.

7. Roles, Responsibilities, Accountabilities and Timetables

7.1 On 1 October 2011, the Authority's payroll functions transferred to LFEPA. The arrangement is governed by the "Instrument for Discharge of Functions, and provision of associated services" (the 'Instrument'), which specifies the functions that LFEPA will carry out on behalf of the GLA. We found that the Instrument has been appropriately signed by both LFEPA and the GLA, which was a recommendation in our previous payroll audit report.

7.2 It is unclear from the 'Instrument' where accountabilities lie for the efficient and accurate processing of payroll transactions. Responsibility for processing payroll transactions within the GLA is also split between Human Resources and Finance. Human Resources input new starters, effect changes in standing data and process leavers in LFEPA's Cyborg system, while Finance send details of season ticket loans, expenses and benefits payments and student loan deductions to

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LFEPA for processing. A lack of clarity around accountability for transactions could result in the ineffective processing of payroll related transactions.

Recommendation

Accountabilities for the processing of payroll related transactions between LFEPA, GLA Human Resources and GLA Finance are agreed and documented.

7.3 At the beginning of the financial year a comprehensive timetable for the processing of both the main and supplementary payroll runs was agreed between LFEPA and the GLA. The timetable provides the dates by which:

- Input needs to be completed by
- Processing Starts
- Pay release and reports will be received from LFEPA
- Pay release to be returned to LFEPA
- BACS submission
- On-line payslips available
- General ledger report delivered by LFEPA
- Pay date
- Third party payment dates

7.4 To ensure that GLA employees are able to submit payroll information in time for transactions to be processed in the following pay run, a timetable has been published on the Authority's intranet site. The on-line payslips also include reference to the last day by which overtime and expenses claims can be submitted for inclusion.

8. Processing of Payroll Transactions

8.1 We selected a sample of starters, leavers and general payroll transactions to ensure that all transactions are supported by adequate documentation, and are being processed accurately. We found:

Starters:

- 28% of our sample had incomplete or no evidence of the authority to fill the post on file.
- In one case the incorrect salary was input resulting in an underpayment to the employee, which was identified and has been rectified.

Leavers:

- In all cases there was appropriate evidence of the final date of employment of file, and the dates were being confirmed by GLA Human Resources in accordance with the accepted recommendation from our previous audit report.

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- In one case the leaving date input for a TUPE transfer was incorrect. The date input was the date that employment commenced with TfL rather than the day before, which would have been their last day with the GLA. This resulted in an overpayment of 1 day's salary for the employee, which was not identified by the GLA.

General Payroll Transactions

- In all cases adequate evidence was available to support the individual transactions, whether this originated from GLA Human Resources or GLA Finance, and each of these had been appropriately authorised.
- In all cases the payment or deduction was accurate.
- Maternity dates are being confirmed by HR and input into Cyborg in accordance with the accepted recommendation in our previous audit report.

- 8.2 In conclusion, we found that the input of data into Cyborg by the GLA Human Resources Team had been undertaken promptly, however, errors have occurred. These errors may have been identified at the time if an independent review of data input into Cyborg by Human Resources was taking place. There is a risk further errors could occur, or that unauthorised changes will be made. Management's requirement that the input report produced by Cyborg is retained on file is also not being complied with, as a number of these had not been retained.

Recommendation

All input into Cyborg is independently verified and validated against the Cyborg report that is automatically produced. The reviewer signs and dates the Cyborg report as evidence that a check has been fully completed, and the report retained in the HR file as evidence of the input and review.

- 8.3 There is an adequate separation of duties in the calculation and approval of redundancy pay and pay-in-lieu of notice. The calculations are completed by staff within the GLA Human Resources Team, and various checks and reviews take place throughout the process. The GLA Finance Team then performs reasonableness checks on the data prior to payments being approved.
- 8.4 No policy has been developed and approved for the recovery of overpayment of salary. When overpayments have been identified GLA Human Resources notify the affected individual, in writing, and agree a repayment plan. LFEPA process the overpayment on the payroll system and a journal entry to the GLA payroll control account is made. GLA Finance match any income received to the amount outstanding, and notify GLA Human Resources if the repayments cease. We reviewed a sample of three overpayment queries that Finance raised in November 2012 and found that:
- An employee on secondment between April and June 2012 received an overpayment of £1,269. The employee was notified in June 2012 that an overpayment had been made, and the amount was being calculated.

However, this was overlooked and no recovery plan was implemented. GLA Finance notified GLA Human Resources in November 2012 that there was an outstanding debt, but no action was undertaken until the full amount was recovered from the employee's final salary in March 2013, when the employee also received redundancy and pay-in-lieu notice payments.

- GLA Human Resources received late notification of a leaver resulting in an overpayment of £551 – GLA Finance notified GLA Human Resources that the overpayment was outstanding in November 2012. Human Resources wrote to the individual in March 2013 requesting contact be made to agree a repayment plan. No monies have yet been recovered.
- A redundancy payment to an employee in 2010 was paid twice, resulting in an overpayment of £4,599. GLA Human Resources wrote to the individual in 2010 advising them of the overpayment. A payment of £3,200 was received in December 2010, but no further payments were received and Human Resources wrote to the individual again in May 2011. By July 2011, the overpayment had been reduced to £1,189, but payments again ceased. Human Resources wrote again in October 2011. By November 2012 the overpayment had been reduced to £979, but the full overpayment has not yet been recovered.

8.5 In conclusion, the current process for the monitoring and recovery of overpayments is not adequate to ensure that full recovery is made promptly, and the lack of a central record of overpayments made means that any trends could not be identified. The lack of a policy in relation to overpayments could result in overpayments not being fully recovered, or being written off without proper authority, resulting in a loss to the Authority.

Recommendation

- A policy on the recovery of overpayments is developed, approved and circulated within Human Resources.
- The Finance Team report monthly to Human Resources on the status of all outstanding overpayments, and if an expected payment is not received then action is taken immediately to recover the debt.
- A central record of all overpayments is maintained and utilised to identify any trend in the reasons for overpayments occurring.

9. Release of Funds and Reconciliations

9.1 Around the middle of each month the main payroll run is approved and processed, and approximately a week later a supplementary payroll is approved and processed to pick up the instructions that had been received after the cut-off date. Approvals are also given for the payment of deductions from pay that are required to be paid to third parties. Statutory third party payments include deductions for tax, national insurance and pensions, and non-statutory payments include

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voluntary contributions such as union membership and deductions from earnings orders such as for the Child Support Agency.

- 9.2 For November and December 2012 the payroll costs to the Authority were as follows:

Reason for Payment	November 2012	December 2012
Main payroll run	£ 1,922,717.78	£ 1,950,805.08
Supplementary payroll run	£ 1,410.18	£ 14,420.50
Statutory 3 rd party	£ 1,544,655.29	£ 1,557,583.46
Non-statutory 3 rd party	£ 23,484.96	£ 20,347.49
Total Payroll	£ 3,492,268.21	£ 3,543,156.53

- 9.3 Pay Release Forms are provided by LFEPA to gain authority to process the payroll. The forms are provided with supporting Cyborg reports to enable verification of figures. We reviewed verifications for the November and December 2012 payrolls and found that they had been adequately performed. The Pay Release Forms are signed as approved by a GLA authorised signatory, however as the reconciliations are not signed by the officer who performed them we cannot evidence that there is an appropriate separation of duties.

Recommendation

The Pay Release Forms are signed and dated as verified by the person completing the verification of the figures.

- 9.4 The Financial Regulations state that responsibility for making payments of salaries, wages and pension benefits is delegated to the Executive Director of Resources. We reviewed the authorised signatory list supplied to LFEPA for the approval of Pay Release Forms and found that the Executive Director of Resources is not an authorised signatory, but has approved the Assistant Director, Finance to authorise the forms. To ensure that there is adequate coverage to sign and return the Pay Release Forms promptly the Assistant Director, Finance has further approved five additional officers as authorised signatories. This further level of delegation has not been formally approved by the Executive Director of Resources.

Recommendation

The Executive Director of Resources documents who can approve Pay Release Forms, and this should be properly reflected in the authorised signatory list supplied to LFEPA and also on the Pay Release Forms.

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- 9.5 The Pay Release Forms state they “should only be signed by the Assistant Director of Finance, or in his absence the Interim Head of Strategic Finance or the Chief Accountant or a former Finance Manager (who no longer works in Finance)”. This does not correlate to the authorised signatory list supplied to LFEPA, which included an additional two officers. Our review of the Pay Release Forms for the November and December 2012 main and supplementary pay runs, and also those for the payment of statutory and non-statutory third party payments found that in all cases the forms had been signed by the Chief Accountant, and not the Assistant Director, Finance. This represents a lack of effective separation of duties, as the Chief Accountant is responsible for approving payments for season ticket loans and expenses and benefits, which are paid via the payroll.

Recommendation

There is an adequate separation of duties between the officer who approves the Pay Release Forms, and the officer who approves payments originating from the Finance Team.

- 9.6 It is good practice to conduct reasonable checks to ensure that the payroll run is within an agreed tolerance level to the previous month, with variations outside of this being investigated prior to the Pay Release Forms being authorised. However, no reasonableness checks are currently being undertaken. Failure to perform the reasonableness checks could result in errors in the payroll going undetected.

Recommendation

A reasonableness check to the previous month’s payroll is included in the pay release reconciliation process, with variations greater than a tolerance level of 5% being investigated and explained prior to the pay run being authorised.

- 9.7 Reconciliations of starters and leavers are included in a monthly establishment reconciliation performed by the GLA Finance Team. To complete the reconciliation, payees on the LFEPA payroll run are matched to an establishment list from the GLA Human Resources team. This process identifies where pay for the month differs to the expected pay for that grade, as well as differences in the headcount. Anomalies identified are passed to the GLA Human Resources Team for investigation.
- 9.8 We reviewed the establishment reconciliation completed by the GLA Finance Team for the January 2013 payroll, and found that a list of anomalies had been raised with the GLA Human Resources Team on 13 March 2013. A response was provided on 28 March 2013, however we found a number of the queries had no response against them. GLA Finance had not taken any further steps to address the outstanding queries. This reduces the effectiveness of the reconciliation process, and could result in inaccurate payments being made.

Recommendation

All queries arising from the establishment reconciliation are investigated and responded to in a timely fashion, and the reconciliation is then signed off by an independent third party.

- 9.9 The Pay Release Forms approved by the Finance Team authorise LFEPA to make the payments to staff and third parties. LFEPA email reimbursement requests to the GLA Treasury Team, who process the payments as requested. We checked the reimbursement requests for the November and December 2012 payrolls and found that they agreed to the amounts on the Pay Release Forms. Once the payment is made by Treasury it appears in SAP as unallocated payments, the Finance Team then check this against the pay release records initially approved by them.
- 9.10 Following the payroll runs a journal is prepared by GLA Finance to upload the payroll information into the SAP general ledger. We reviewed the journals for the January 2013 main and supplementary payrolls and found clear evidence of where the figures had been taken from and that the reconciliation had been signed by the preparer and countersigned by a third party as appropriate.

10. Data Protection

- 10.1 The 'Instrument' states that both parties shall comply with their respective obligations under the Data Protection Act 1998, and that the LFEPA will take appropriate technical and organisational measures against unauthorised or unlawful processing of the personal information and its accidental loss, destruction or damage.
- 10.2 We found that both the GLA and LFEPA have data protection policies in place, and adequate information is available to staff via their respective intranet sites.
- 10.3 Staff within the GLA Human Resources Team and Finance Team have access to LFEPA's Cyborg payroll system. To control access within both LFEPA and the GLA details of Cyborg accesses and permissions are reviewed by LFEPA's Cyborg Governance Group, which includes representation from the GLA. Profiles are monitored and amended as appropriate.
- 10.4 Payroll transactions such as starters, leavers and changes to grade are processed by the GLA Human Resources Team directly through LFEPA's Cyborg payroll system. All documentation relating to the input is locked away overnight to avoid unauthorised access to data, and the filing cabinets containing the personnel files are also locked.
- 10.5 Transactions for expenses and benefits claims, season ticket loans, overtime and student loan deductions are emailed by the GLA Finance Team for input by LFEPA. We found that the emails are sent to a dedicated email address for GLA payroll and that the controls in place were adequate to ensure that only authorised

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claims were paid. Documentation to support the payments are retained by the Finance Team in files, at night the filing cabinets where the files are stored are locked to avoid unauthorised access to the data.

- 10.6 There is no requirement for the processing and issue of hard copy payslips, as e-payslips are available to all staff on-line via the Authority's intranet site. The annual P60s are also made available through this medium. The GLA Human Resources Team provides new starters with access to the system when they join the Authority, and also deal with password and pin code re-sets.

11. Performance Monitoring

- 11.1 The 'Instrument' does not contain any key performance indicators or performance measures. However, the document states "the parties recognise that this is a collaborative arrangement and, subject to any express provisions to the contrary in the Arrangements for Discharge Functions, the Fire Authority shall have discretion to make decisions relating to the day to day management of the Specified Functions".
- 11.2 To monitor performance quarterly "Payroll and HR System Monitoring" meetings are held, and representatives attend from LFEPA, GLA Human Resources and GLA Finance. Our review of the last four meetings identified that no performance problems had been identified. The main discussion centred around improvements to ways of working to improve efficiency, and upcoming legislative changes such as operating PAYE in real time (Real Time Information). However, the absence of performance measures could result in the Authority not receiving the service it expected.

Recommendation

The Authority review, at least annually, the effectiveness of the shared service arrangement for payroll against defined performance indicators.

- 11.3 Section 16 of the 'Instrument' covers continuity of performance, and states that "The parties acknowledge that events outside of their control may affect the ability of a party to comply with all or a material part of its obligations under these Arrangements". If an event occurs that will result in either party being unable to comply with all or a material part of its obligations they are required to notify the other party in writing and take reasonable steps to make alternative arrangements. To date no event has occurred that has required this process to be invoked.
- 11.4 LFEPA's business continuity arrangements were fully considered as part of the transfer of services process. Data is replicated synchronously between two sites, and in the 'Instrument' LFEPA state that they completed a full business continuity test in December 2009, during which all critical infrastructure was restored in under 4 hours. Further business continuity tests have been successfully performed by LFEPA.

RISK AND AUDIT ASSURANCE STATEMENT – DEFINITIONS

Overall Rating	Criteria	Impact
Substantial	There is a sound framework of control operating effectively to mitigate key risks, which is contributing to the achievement of business objectives.	There is particularly effective management of key risks contributing to the achievement of business objectives.
Adequate	The control framework is adequate and controls to mitigate key risks are generally operating effectively, although a number of controls need to improve to ensure business objectives are met.	Key risks are being managed effectively, however, a number of controls need to be improved to ensure business objectives are met.
Limited	The control framework is not operating effectively to mitigate key risks. A number of key controls are absent or are not being applied to meet business objectives.	Some improvement is required to address key risks before business objectives can be met.
No Assurance	A control framework is not in place to mitigate key risks. The business area is open to abuse, significant error or loss and/or misappropriation.	Significant improvement is required to address key risks before business objectives can be achieved.

RISK RATINGS

Priority	Categories recommendations according to their level of priority.
1	Critical risk issues for the attention of senior management to address control weakness that could have significant impact upon not only the system, function or process objectives, but also the achievement of the organisation’s objectives in relation to: <ul style="list-style-type: none"> • The efficient and effective use of resources • The safeguarding of assets • The preparation of reliable financial and operational information • Compliance with laws and regulations.
2	Major risk issues for the attention of senior management to address control weaknesses that has or is likely to have a significant impact upon the achievement of key system, function or process objectives. This weakness, whilst high impact for the system, function or process does not have a significant impact on the achievement of the overall organisational objectives.
3	Other recommendations for local management action to address risk and control weakness that has a low impact on the achievement of the key system, function or process objectives ; or this weakness has exposed the system, function or process to a key risk, however the likelihood is this risk occurring is low.
4	Minor matters need to address risk and control weakness that does not impact upon the achievement of key system, function or process or process objectives; however implementation of the recommendation would improve overall control.

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Ref.	Findings and Risk	Priority	Recommendations	Accepted	Management Response and Responsibility	Target Date
7.2	<p>It is unclear where accountabilities lie for payroll processes between GLA Human Resources, GLA Finance and LFEPA.</p> <p>This lack of clarity could result in the ineffective processing of payroll related transactions.</p>	3	Accountabilities for the processing of payroll related transactions between LFEPA, GLA Human Resources and GLA Finance are agreed and documented.	Yes	The GLA Human Resources manager will conduct a review of the specification and the working arrangements and create a list of activity specifying the responsible team, i.e. GLA Human Resources, GL Finance or LFEPA Payroll.	September 2013
8.2	<p>The lack of independent review of input into Cyborg by Human Resources officers has resulted in errors occurring. There is a risk further errors will occur, or that unauthorised changes will be made.</p> <p>Management's requirement that the input report produced by Cyborg is retained on file is not being followed, as a number of these had not been retained.</p>	3	All input into Cyborg is independently verified and validated against the Cyborg report that is automatically produced. The reviewer signs and dates the Cyborg report as evidence that a check has been fully completed, and the report retained in the HR file as evidence of the input and review.	Yes	The Senior Human Resources Manager will establish a process for the periodic review of transactions checking back to source documentation to ensure that input is accurate and timely. Monthly random sampling will be undertaken with errors recorded and action taken.	August 2013
8.5	The current process for the monitoring and recovery of overpayments is not adequate to ensure that full recovery is made at the earliest opportunity. The lack of a policy in relation to overpayments could result in overpayments that are not fully recovered being written off without proper authority.	3	<ul style="list-style-type: none"> A policy on the recovery of overpayments is developed, approved and circulated within Human Resources. The Finance Team report monthly to Human Resources on the status of all outstanding overpayments, and if an expected payment is not received then action is taken immediately to recover the debt. A central record of all overpayments is maintained and utilised to identify any trend in the reasons for overpayments occurring. 	Yes	The GLA Financial Services Team will review and develop a policy to manage the recovery of overpayments setting out clear roles and responsibilities of GLA Human Resources, GLA Finance or LFEPA Payroll.	December 2013

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Ref.	Findings and Risk	Priority	Recommendations	Accepted	Management Response and Responsibility	Target Date
9.3	<p>Pay Release Forms are validated to Cyborg reports prior to them being signed as approved by an authorised signatory, however they are not signed by the officer who performed the validation.</p> <p>The separation of duties between the officer completing the reconciliations, and the officer signing the Pay Release Forms cannot therefore be evidenced.</p>	3	The Pay Release Forms are signed and dated as verified by the person completing the validation of the figures.	Yes	Evidence of this validation will be recorded.	July 2013
9.4	<p>The Executive Director of Resources is responsible, under the Financial Regulations, for payroll payments. To ensure the effective authorisation of the payroll delegated authority has been given to other officers through including them on the authorised signatory list provided to LFEPA. However, the level of delegation has not been formally approved by the Executive Director of Resources.</p> <p>There is a risk that an inexperienced officer will sign the Pay Release Forms, and that there will be inaccuracies in the supporting reconciliation that they are not aware of.</p>	3	The Executive Director of Resources documents who can approve Pay Release Forms, and this should be properly reflected in the authorised signatory list supplied to LFEPA and also on the Pay Release Forms.	Yes	The delegation will be formally documented. No inexperienced officers are included in the list provided to LFEPA.	July 2013

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Ref.	Findings and Risk	Priority	Recommendations	Accepted	Management Response and Responsibility	Target Date
9.5	Authorisation of the Pay Release Forms is being undertaken regularly by the Chief Accountant, who should only sign in the absence of the Assistant Director, Finance. This also represents a lack of separation of duties as the Chief Accountant approves payroll transactions for season ticket loans and expenses and benefits.	3	There is an adequate separation of duties between the officer who approves the Pay Release Forms, and the officer who approves payments originating from the Finance Team.	Yes	Following the recent Finance reorganisation, authorisation will, in future, be carried out by the Head of Financial Services and, in his absence, will be delegated to the Principal Revenue Accountant.	July 2013
9.6	No reasonableness checks are performed prior to the Pay Release Forms being signed to ensure that the payroll run is not more than 5% different to the previous month's. Failure to perform a reasonableness check means that this control is not being applied and could result in an error in the payroll going undetected.	3	A reasonableness check to the previous month's payroll is included in the pay release reconciliation process, with variations greater than a tolerance level of 5% being investigated and explained prior to the pay run being authorised.	Yes	This will be introduced.	July 2013
9.8	Queries raised following the monthly establishment reconciliation are not being fully addressed. Failure to ensure that all queries are responded to means that the reconciliation process is ineffective, and could result in inaccurate payments being made.	3	All queries arising from the establishment reconciliation are investigated and responded to in a timely fashion, and the reconciliation is then signed off by an independent third party.	Yes	The GLA Human Resources Team will undertake to respond to reconciliation queries within two working weeks of them being raised.	June 2013

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Ref.	Findings and Risk	Priority	Recommendations	Accepted	Management Response and Responsibility	Target Date
11.2	<p>The shared service arrangement with LFEPA is a collaborative arrangement, and as such does not contain any performance measures.</p> <p>The Authority may not receive the service that it is expecting.</p>	3	The Authority review, at least annually, the effectiveness of the shared service arrangement for payroll against defined performance indicators.	Yes	The GLA Human Resources Team and Financial Services Team will jointly undertake this annual review.	May 2014