



Payroll

Peak District National Park Authority

Internal Audit Report 2020/21

Business Unit: Finance/HR
Responsible Officer: Director of Corporate Services
Service Manager: Head of Finance/Head of HR
Date Issued: 26/02/2021
Status: Final
Reference: 69135/003

	P1	P2	P3
Actions	0	0	0
Overall Audit Opinion	Substantial Assurance		



Summary and Overall Conclusions

Introduction

The Peak District National Park Authority (PDNPA) currently employs a total of 338 staff, which includes contracted and casual workers. The HR and Payroll function for the Peak District National Park Authority is currently provided as part of an SLA with Derbyshire County Council.

In response to the Covid-19 outbreak in Spring 2020, there has also been a significant increase in home working. This has resulted in some HR and Payroll procedures being adapted to accommodate this new way of working. Processes that previously involved authorisation of paper documents, such as management authorisation of changes to the establishment, are now being carried out electronically.

PDNPA has utilised the Coronavirus Job Retention Scheme to furlough a number of employees, particularly those whose positions are funded by income. Employers are able to apply for grants that cover the majority of their wages and the furlough scheme was due to end in October 2020. The majority of these employees have now returned to work. HR and Finance staff have carried out management of the furlough scheme.

Objectives and Scope of the Audit

The purpose of this audit was to provide assurance to management that procedures and controls within the system ensure that:

- Revised, electronic processes are fit for purpose and are working effectively.
- Appropriate processes are in place to manage use of the furlough scheme.
- Relevant documentation for furloughed employees has been retained.

Key Findings

New starters, leavers and payroll adjustments are authorised electronically via email and relevant documents are saved to the employees file. A sample of 10 starters, leavers and adjustments processed in 2020/21 were reviewed. In all instances, changes were authorised by the relevant Service Manager and the Head of HR. Checklists are in place for use by HR staff to ensure all required steps are taken when processing changes. HR confirmed these checklists had been completed, however these were held in paper copies and could not be provided due to home working arrangements.

Appropriate processes for selecting and approving staff for the furlough scheme were found to be implemented when the scheme began in March 2020. The authority confirmed eligibility for employees paid via income generation that would be effected by the outbreak. Analysis to identify eligible roles and teams funded by income was carried out by the Head of Finance. A report recommending use of the furlough scheme was communicated to and approved by the Senior Leadership Team in March 2020.

A sample of 10 furloughed employees, 5 casual and 5 contracted, were reviewed. In all cases, the employee was informed of their furlough status and the corresponding terms and conditions within a suitable timescale. HR maintained a spreadsheet to track issuing of these letters, and employees' agreement to the terms. Evidence of agreement was provided for 7 employees in our sample. For the remaining 3, responses were recorded on the spreadsheet, but could not be provided due to remote working arrangements.

Effective processes for calculating pay for furloughed staff were found to be in place for both contracted and casual staff. Finance and HR Officers carried out calculations via spreadsheets to determine total amounts to be claimed for and paid to each employee. This included Pension and NI calculations which were included in the total amount claims. For casual staff, pay was based on either the previous year's pay for that month or average daily pay for the previous year. Advice was sought from HMRC and Tax specialists to confirm accuracy of these calculations.

Spreadsheets for May, July and September claims were reviewed. Formulas are in place to calculate total amount paid to staff for each month and the total amount to be claimed from HMRC. For all 10 employees in our sample, pay across these months and calculations were found to have been done accurately. Changes in pay were approved by the Head of HR and communicated to Derbyshire County Council for processing when required.

Appropriate processes related to the end of the furlough scheme were also found to be in place. A decision tree outlining the approach to returning to the workplace and template for informing employees of this return was reviewed and approved by the Senior Leadership Team in May 2020. For the 10 furloughed employees in our sample, all had received a consistent letter informing them of the end of or change to their furlough status within an appropriate timescale. Our review of calculation spreadsheets found employees have been removed appropriately once their furlough status had ended. Where employees remained on the claim spreadsheets, this was due to redundancy or retaining them on a 'flexible' furlough status.

Grant claims are made via the government's portal for each individual employee in each period by a Finance Officer. The total value of the claim is inputted then details of each individual employee had to be entered including their payroll number and NI number. Each individual's claim was verified before proceeding and a declaration agreed to before final submission of the claim. Once inputted, the portal showed a checking screen for verification. Each case had to be verified before the next person could be processed.

Claims submitted for May, July and September 2020 were reviewed and amounts claimed were found to match those calculated via the spreadsheets. At the time of the audit, claims were complete up to December 2020. There is now a monthly deadline for claims to be submitted by no later than the 14th of the following month.

Overall Conclusions

A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited. Our overall opinion of the controls within the system at the time of the audit was that they provided Substantial Assurance.

Audit Opinions and Priorities for Actions

Audit Opinions

Our work is based on using a variety of audit techniques to test the operation of systems. This may include sampling and data analysis of wider populations. It cannot guarantee the elimination of fraud or error. Our opinion relates only to the objectives set out in the audit scope and is based on risks related to those objectives that we identify at the time of the audit.

Our overall audit opinion is based on 4 grades of opinion, as set out below.

Opinion	Assessment of internal control
Substantial Assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable Assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited Assurance	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

Priorities for Actions

Priority 1	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management.
Priority 2	A significant system weakness, whose impact or frequency presents risks to the system objectives, which needs to be addressed by management.
Priority 3	The system objectives are not exposed to significant risk, but the issue merits attention by management.

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