

## **SOUTH SWINDON PARISH COUNCIL**

### **Payroll**

**Finance & Staffing Committee – 21 May 2019**

#### **1. Introduction**

This report is to consider introducing internal controls and the outsourcing of the payroll provision.

#### **2. Report Details**

- 2.1** The Internal Audit report for the 4<sup>th</sup> Quarter 2018/19 to 31<sup>st</sup> March contains the following observation from the Internal Auditor-

The internal controls to complete the payroll process should be reviewed as the Responsible Finance Officer (RFO) alone completes the process and sends the information to the bank for payment to all staff at the Parish Council. The details of the payroll are included on the payment listing provided in an appendix to the Finance Committee. These payments are not certified for payment by the Parish Clerk or approved by the Finance Committee.

- 2.2** The resulting recommendation from the Internal Auditor is-

We recommend that the Parish Clerk should ensure that the payroll information is certified for sending to the bank each month and that the list of salary payments is approved by the Finance Committee to complete the authorisation process.

We recommend that the Council considers outsourcing the payroll to an independent provider.

- 2.3** The current cost to the Council of running the payroll 'in-house' is half a day's work by the RFO and a monthly subscription for the payroll software of £64.50.

- 2.4** Quotes to outsource the software have been received from local accountancy firms as detailed below:

	Monthly	Additional Quarterly	Total
Company 1 -	£71.50	£126.50	£1,078
Company 2 -	£84.50	£149.50	£1,274
Company 3 -	£150.00	£n/a	£1,800

The monthly cost is for processing the standard 13 employees. The additional quarterly cost is to process Councillor allowances (assuming all Councillors receive this). Company 3 quoted a flat fee across all months.

- 2.5** The RFO would still have overall responsibility for the payroll process.

#### **3. Recommendations**

- 3.1** To establish internal control of the payroll process - That the RFO collate the information required for the payroll processing and have this checked by the Clerk or Chair/Vice-Chair to ensure accuracy and balancing.
- 3.2** To establish internal control of the payment of salaries - That the list of payments raised at the bank are cross-checked by the Clerk or Chair/Vice-Chair. It is not recommended that individual salary payments are disclosed at Finance Committee meetings to protect disclosing sensitive personal information.
- 3.2** To outsource the processing of the payroll and submissions to HMRC to establish a secondary layer of control and to use Company 1 for that process.

