

## **Report to the ECTU Joint Committee: Internal Controls**

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Transitions**



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### **1.0 Introduction**

- 1.1 The Operations Board has produced this report relating to the findings of 2013/14 external audit; and that 'the Joint Committee was unable to provide documentary evidence to demonstrate that it has reviewed the effectiveness of internal control arrangements during the year.'
- 1.2 This reports sets out the steps that have been taken to ensure that sufficient internal controls are now in place since the external audit.

### **2.0 Current position**

- 2.1 Three internal audits have been undertaken by Essex County Council's Audit Team in May 2014, March 2015 and May 2015. The first two reports are embedded in this report (May 15 will be circulated when complete):



SW ECC GRT1 1      ECC FU1.10 Final  
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- 2.2 All actions from the first two audits relating to internal controls are now complete. One issue that was presented to the Operations Board is whether investment should be made into adapting the current ECC electronic ePayroll system to use the date entered to determine whether the overtime is to be paid at time and half or double pay, and whether dates of when the summer and winter rates start should be specified so that it can determine whether standby claims are to be paid at the summer or winter rate.

The current system is as follows:

1. The claimant submits a claim form to the line manager (SA) for authorisation – the claim form was introduced following recommendation from the previous audit.
2. The line manager checks the claim against the rota for standby payments to confirm it has taken place, and checks overtime claimed with the senior site manager for site managers, or the claimant to verify.
3. Following confirmation, the claims are entered on ePayroll by the line manager.
4. All staff from the ECTU call out are aware that the summer rate commences with the Easter Weekend, and run through to the end of September.

5. An explanatory email is sent by the line manager to the budget holder confirming each claim including reasons for overtime, rates, weekends covered etc. This is because the budget holder does not have sight of the original claim forms.
6. The budget holder checks the entered payments against email before authorising. The budget holder is a tier 4 authoriser.

### **3.0 Recommendations**

- 3.1 Given that as host organisation, Essex County Council's Audit Committee retains oversight of the Council's internal control and that the Audit Team undertake financial systems reviews of all the Council's key systems annually and report these to Audit Committee; this will provide evidence to the External Auditor that sufficient internal controls are now in place. It was recommended that this is reported back to the Joint Committee in June. The External Audit will be undertaken after the Joint Committee and before 30 September 2015.
- 3.2 With regards to the suggestion in 2.2; it is recommended that as there are currently sufficient controls in place, therefore it does not warrant further expenditure to adapt an existing electronic payroll system to that end. This recommendation is coming to the Joint Committee in June for ratification.