

Griffin

Chartered Accountants

Internal Audit Report

Learning Academy Partnership (South West)

Payroll, Recruitment and Selection

Visit date: 5 December 2023

Issued by: Jared Mills



Learning Academy Partnership (South West)

1. Basis of the report

The Academy Trust Handbook requires that all Trusts have a process in place for checking its financial systems, controls, transactions and risks. One of the options laid out for fulfilling this requirement is for the Trust to appoint an internal auditor and it is in this capacity that we are making this report.

Timetable of work

Griffin will carry out three visits to the Trust in order to fulfil these obligations, one in the Autumn Term, one in the Spring and one during the Summer term.

Over the course of the year our work will cover the following key areas:

- Internal control framework
- Governance and regularity
- Anti-fraud framework
- Payroll, recruitment and selection
- Financial budgeting and monitoring
- Income and cash receipts
- Risk management


Our work will establish the existing systems that the Trust has in place, test whether these systems are being followed and make suggested improvements.

Work completed 5th December 2023

Payroll, Recruitment and Selection

- Starter procedures reviewed and checked that they are being followed in line with the Trust's recruitment & selection policy
- Leaver procedures reviewed
- Procedures in place for termination payments reviewed
- Procedures in place for salary changes reviewed
- Statutory and non-statutory deductions checked

2. Update on previous findings

	Finding	Recommendation	Priority	Management Response
Anti-Fraud Framework				
1.	<p>Staff Expense Claims</p> <p>The Trust paid for the upgrade of a staff members' personal car insurance to include business use.</p> <p>The 45p per mile paid to staff to cover business miles travelled is intended to take into account the additional costs associated with business use. Therefore, this is not an appropriate use of public funds.</p>	<p>We recommend that going forward the Trust ensures all staff expense claims are an appropriate use of public funds. They should specifically ensure they do not reimburse any staff members for adding business insurance to their policy, as such additional costs are wrapped up in the 45p per mile they receive when travelling anyway.</p> <p>Update December 2023: We will provide an update on this point at a future visit when covering 'Anti-fraud framework'.</p>		<p>Management Response June 2023: Agreed. The total paid for upgrading staff members insurances to cover business use was £61.06, for two members of staff. We are in the process of recouping these amounts from both staff members.</p> <p>Going forwards the Trust will not offer to cover the upgraded cost, in any circumstances.</p>

3. Work completed

	Work completed	Result	Conclusion
Payroll, Recruitment and Selection			
1.	<p>New starters</p> <p>For a sample of new starters between September and November, the following was confirmed:</p> <ul style="list-style-type: none"> - Salary confirmed to offer letter/contract and HR system. - Ensure new staff members have been authorised by SLT as appropriate. - Ensure new starters were added to payroll in their first month and that their pay was pro-rated if they joined part way through the month. - Compared the new joiner's salary to the employee being replaced (where not a new role). Where the salary is higher or a new role, we checked that the additional spend has been authorised. - Checked that all new starters have DBS checks in place. - Ensured that the Trust has followed their recruitment and selection policy for all appointments. 	<p>For all new starters tested, their salary agreed to the offer documentation and the Trust's HR system.</p> <p>All new staff were authorised in line with the Trust's finance policy.</p> <p>Two members of staff tested joined in the middle of the month. Their pay was pro-rated correctly to reflect this.</p> <p>One member of staff tested was appointed in a new role, rather than replacing an existing employee. This appointment was authorised by the Trusts' recruitment panel, which consists of the CEO, Deputy CEO, CFO and Trust People Lead.</p> <p>The Trust has made all appointments in line with their recruitment and selection policy.</p>	<p>No issues to note.</p>





2.	<p>Payroll leavers</p> <p>For a sample of departing staff, the following was confirmed:</p> <ul style="list-style-type: none"> - Ensured they had been removed from the payroll the month after they had left. - Ensured that the final month of pay was pro-rated if they had left part way through a month. - Ensured that any holiday pay etc. has been correctly calculated. <p>If any additional payments were made to departing staff, confirmed whether these were contractual and whether the additional payment had been appropriately authorised.</p>	<p>All leavers tested were paid the correct amount in the month of departure and were then removed from the payroll.</p> <p>None of the leavers tested had any additional payments made to them.</p> <p>All members of staff tested left part-way through the month. Their pay was pro-rated correctly in line with the number of days worked.</p>	No issues to note.
3.	<p>Termination payments</p> <p>For all termination payments made between September and November, the following checks were completed:</p> <ul style="list-style-type: none"> - Agreed to supporting agreements. - Ensured payments have been appropriately authorised in line with the Trust's scheme of delegation. - Checked any non-contractual payments were compliant with the Academy Trust Handbook. - Checked that the rationale behind the termination payment is not a reward for poor performance. 	The Trust has not made any termination payments during the period, therefore no testing has been carried out.	No issues to note.

4.	<p>Salary changes</p> <p>For a sample of staff who have had salary changes between September and November, the following was confirmed:</p> <ul style="list-style-type: none"> - Agreed salary change to supporting contract variation documentation. - Agreed updated salary to the Trust's HR system. - Checked that updated salary was correctly processed through payroll. 	<p>Salary variation contracts have been issued for all members of staff tested which clearly state the reason for the change and the staff members' new and old terms.</p> <p>The updated salaries for all members of staff tested were agreed to the Trust's HR system.</p> <p>Following the commencement date of all salary changes, payroll has been correctly updated and all staff members have been correctly paid.</p>	No issues to note.
5.	<p>Statutory and non-statutory deductions</p> <p>For a sample of staff members, the following was checked:</p> <ul style="list-style-type: none"> - Confirmed statutory deductions have been correctly calculated and deducted where necessary. - Agreed non-statutory deductions to supporting documentation and checked they are for an appropriate purpose. 	<p>All statutory deductions for the members of staff selected have been calculated correctly in line with expectations.</p> <p>Non-statutory deductions for all members of staff selected have been agreed to supporting documentation.</p> <p>All non-statutory deductions tested relate to either the Cycle Scheme or Tech Scheme. Both schemes are supported by the Trust and are for an appropriate purpose.</p>	No issues to note.

4. Recommendations

From our testing of the systems and controls around the response to payroll, recruitment and selection, we have not identified any recommendations. This is testament to the Trust Operational Finance Lead and his team, and in particular the Trust Payroll Lead.

Report Priority rating

	Fundamental findings that need the immediate attention of management
	Important findings that require management attention, but are not fundamental in nature
	Minor issues that can be improved or administrative errors that require correcting
	The issue has been resolved