

Appendix B

Response to Payroll and Pension Audits

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Agenda:

- 1) Background and Overview
- 2) Progress since Audit Reports Received
- 3) Project Plan
- 4) Improvements
- 5) Next Steps
- 6) Council Summary

Background:

- Payroll has been one of the most problematic systems with ongoing system design issues and high error rates following 'go-live'.
- The audit fieldwork was completed in May 2016
- PwC were also appointed by SERCO as consultants in quarter 4 to carry out a review of payroll
- Through a combination of reviews by Serco, LCC Internal Audit and PwC we have identified a number of key issues relating to the payroll since the Serco contract commenced in April 2015
- Actions to urgently resolve these issues have been consolidated into one project plan, with all the high priority actions from the audits to be implemented by the end of October 2016.

Progress since draft reports received in June:

- Serco has already implemented a number of actions which have led to improvements since this audit was completed. These include:
 - Investment in two experienced and skilled payroll managers.
 - Robust check list for running payroll along with improved errors and warning reports
 - The first training session with the Chartered Institute for Payroll Professionals has taken place, and the feedback was very positive on the skills level of the team.
 - Reference sheets to capture all the local pay and conditions.
 - A redesigned starters form to increase the mandatory fields and reduce free text to reduce the margin for error.
 - Investing in Payroll Software (QTAC) to improve the accuracy of manual calculations.

	Completed	Partially Completed	Monitor	Not implemented	Green	Amber	Red
Initial Payroll Audit	5	4	3		5	7	
Payroll Audit	12	22	3	12	12	27	6
Pensions Audit	9	26	13	5	9	38	5
Total	26	52	16	17	27	67	11*

- All actions assigned due for 30th September are either complete or partially complete (because further work was identified during the completing the action)

Next Steps:

- Implement all actions
- There is a weekly meeting to monitor all actions
- Evidence is also being collected to demonstrate that the actions are being implemented
- Complete PwC review and implement any further actions identified through this process
- Serco internally monitor improvements through KPIs and SLAs, but also through spot checks and reviews
- LCC monitor that actions are being implemented in a timely and effective manner

Council Summary:

- The Client Team is satisfied that good progress is being made against all actions to ensure improvements in the Agresso system and associated administrative processes to improve the performance of payroll
- The Client Team continues to be directly involved in many of the projects and has strategic oversight of the review of the end to end payroll and pensions processes.
- There are immediate improvements in Serco's governance arrangements for performance, risk management and controls
- The Client Team has also implemented increased governance arrangements as planned

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