

# *Kilkenny County Council*

## **Internal Audit Report ■■■ Review of Salary Recoupments Management Report 28<sup>th</sup> September 2020**

**Date:** 24<sup>th</sup> September 2018

### **Report Distribution**

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Audit Committee Members

Local Government Auditor

### **Objectives**

The objective of the audit is to provide reasonable assurance that adequate procedures and key controls are in place in relation to the recoupment of salaries from other agencies.

### **Approach**

Internal Audit spoke with staff involved in the recoupment process. Internal Audit received a list of staff from the HR Dept., whose salaries are recoupable. The salaries for 2017 were examined to ensure that the relevant agency was invoiced and payment received.

### **Scope & Limitations of scope**

Internal Audit requested and received from HR Dept. a list of staff whose salaries were recoupable. The salaries for 2017 only were examined to ensure they had been recouped in full.

### **Audit Risk**

- Potential loss of income.
- Errors in calculation of invoice.
- Insufficient backup documentation.

### **Co-operation of Management and staff**

Internal Audit received full co-operation from Council Management and staff throughout the course of this review and would like to thank them for their assistance.

# Findings & Recommendations

<i><b>Finding</b></i>	<i><b>Implication</b></i>	<i><b>Recommendation</b></i>	<i><b>Management Action Plan</b></i>
<p>Internal Audit examined the recoupment of 18 seconded staff members salary, travel and expense claims in excess of €1.16 million for the 2017 period.</p> <ul style="list-style-type: none"> <li>With the exception of 3 staff members recoupment's (Veterinary - Environment (2 employees) &amp; LGMA/WSTO - HR (1 employee) all recoupment calculations salary and T&amp;S are carried out by the Finance Department.</li> <li>Invoices relating to all claims are processed by the Finance Department. Claims are invoiced monthly / quarterly.</li> <li>3 claims relating to 2017 still remain outstanding: <ul style="list-style-type: none"> <li>Customer id: [REDACTED] - Inv no. [REDACTED] - €31,880.69 (29/06/2017)</li> <li>Customer id: [REDACTED] - Inv no. [REDACTED] - € 6,171.48 (16/01/2018)</li> <li>Customer id: [REDACTED] - Inv no. [REDACTED] - € 6,171.48 (16/01/2018)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>No segregation of duties. Same staff member in Finance dept. is calculating, invoicing and monitoring collection.</li> <li>Invoices are not checked or signed off by a manager.</li> <li>Recoupment calculations are carried out by the Finance Dept. even though payroll details required for the invoice are available in HR dept.</li> <li>Finance dept. is not aware when staff leave their post. This could result in incorrect invoicing.</li> <li>Outstanding invoices are not being adequately followed up by relevant sections. Potential for loss of income.</li> </ul>	<ul style="list-style-type: none"> <li>Responsibility for recouping salaries should be centralised. There is a danger that salary recoupments may be missed if responsibility is left with the individual sections. I recommend that all recoupment calculations should be carried out centrally by the HR dept. The HR dept should be aware of the staff whose salary is recoupable.</li> <li>Finance Dept. should continue to invoice the relevant agency based on calculations received from the HR Dept.</li> <li>The current process for collecting recoupments is not clear with no section taking ownership. The responsibility for collection should clearly fall within one section. I recommend that all salary collections should be centrally monitored by the HR Dept. If monitored regularly, the collection should be a straightforward task as the majority of debtors are other state bodies.</li> </ul>	<ul style="list-style-type: none"> <li>Since time of report a strengthened coordinated process is underway between KCCHR and Finance.</li> <li>KCCHR copy Finance Department on HR Orders regarding staff recoupment details</li> <li>Finance Department calculate and issue invoice to financing source for staff recoupments</li> <li>Amendments to recoupment details of the original KCCHR Order are communicated to Finance and also captured through Agresso. These typically relate to staff increments.</li> <li>Recently KCCHR cross check the schedule from Finance of all staff recoupments against records stored in Core</li> </ul>

<i><b>Finding</b></i>	<i><b>Implication</b></i>	<i><b>Recommendation</b></i>	<i><b>Management Action Plan</b></i>
<ul style="list-style-type: none"> <li>• A monthly Debtors Ledger report is carried out by the Finance Department and all relevant sections are notified of outstanding invoices. <ul style="list-style-type: none"> <li>- In the case of salary recoupments the section whose staff are seconded is liable to follow up the debt. Finance's role is only to identify the debtor and inform the section.</li> </ul> </li> <li>• In the case of 1 employees recoupment two credits were issued to a supplier on the 17th May 2017 for the sum of €18,633.80. Unknown to the finance dept., the employee had resigned their position on the 16th March 2017. Finance received an email from the debtor on the 9th May 2017 confirming the status of the employee after the receipt of Kilkenny County Council's invoices.</li> </ul>		<ul style="list-style-type: none"> <li>• A file should be maintained which would record all staff whose salary is recouped. Ideally, this would be recorded on the CORE system.</li> <li>• Outstanding invoices identified in this report should be followed up immediately.</li> </ul>	

