

## EAST SUSSEX FIRE AUTHORITY

**Panel** Scrutiny & Audit Panel

**Date** 21 January 2021

**Title of Report** On Call Pay Review – Internal Audit Report

**By** Mark O'Brien, Deputy Chief Fire Officer

**Lead Officer** John Olliver, Payroll, Pensions and HR Assurance Manager

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**Background Papers** Scrutiny & Audit Panel 5 June 2019 Item 226 – On Call Pay – Internal Audit Review

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**Appendices** Internal Audit Report – Retained Duty Pay Review

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### Implications:

<b>CORPORATE RISK</b>		<b>LEGAL</b>	
<b>ENVIRONMENTAL</b>		<b>POLICY</b>	
<b>FINANCIAL</b>	✓	<b>POLITICAL</b>	
<b>HEALTH &amp; SAFETY</b>		<b>OTHER (please specify)</b>	
<b>HUMAN RESOURCES</b>		<b>CORE BRIEF</b>	

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**PURPOSE OF REPORT** To inform the Panel of the matters considered by the Senior Leadership Team (SLT) relating to the Internal Audit Follow-Up Review of Retained Pay.

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**EXECUTIVE SUMMARY** In November 2020 SLT met to agree the on-going approach to the above report:

In March 2018 the interface between the 4i and MIS computer systems stopped working which meant that pay claims for On Call staff could not be processed and paid until end of May 2018. A manual workaround using a spreadsheet template was implemented by the Payroll Team to ensure that staff were paid appropriately.

The Fire Authority requested an independent review of the manual procedures in force during the period when the interface was not working to provide assurance that the correct payments were made.

The audit reported that partial assurance could be provided and made recommendations for management actions to address the areas of weakness.

The Follow-Up Review has given an unchanged partial assurance opinion. A draft management response has been prepared which proposes that no further action or investigation is undertaken for reasons set out in this report.

The Assurance & Governance Group, chaired by the Deputy Chief Fire Officer, has instigated a review of the process by which the implementation of agreed actions from Internal Audit reviews are tracked and monitored. AGG is now receiving regular quarterly monitoring reports that will enable it to identify delays in or failure to address internal audit recommendation and ensure that appropriate action is taken.

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**RECOMMENDATION**

The Panel is asked to:

- i. note the Internal Audit Report; and
- ii. approve the proposed management decision that no further action be taken by ESFRS

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**1 INTRODUCTION**

- 1.1 On the 20 March 2018, the interface between the 4i and MIS computer systems stopped working which meant that pay claims for On Call staff could not be processed and paid.
- 1.2 In order to ensure staff were paid, a manual work around was put in place. The payroll team transferred the data from the paper claim forms to a spreadsheet that was then uploaded to SAP. However, there was a risk that this might not be ready for the April pay run.
- 1.3 Therefore, to ensure the staff received a payment in April, January's pay file was rerun to provide the basis for April's pay. This was then reversed in May 2018, once the actual claims for March had been manually loaded to payroll.
- 1.4 The length of the outage for MIS meant that the automatic controls in the system for entitlements to sick on drill nights and leave on drill nights were compromised in some cases.

1.5 Internal Audit conducted a review of the manual procedures and concluded that only partial assurance could be provided for the payment process.

## **2 AUDIT FINDINGS AND RECOMMENDED ACTIONS**

2.1 Internal Audit has provided an **unchanged opinion of Partial Assurance** in respect of the follow-up audit of **RDS Pay**. The reasons for this are as a result of the agreed actions from the previous audit either not being or only being partially implemented. Whilst it is acknowledged by Internal Audit that the values involved are potentially low, this was recognised by management when the actions were agreed as part of the original review. The report makes six recommendations four medium and two low risk.

## **3 CONCLUSIONS**

3.1 The findings of the Follow Up review are disappointing and it is clear that the original report recommendations should have been followed up at the time and the action taken documented. Further follow up of the original recommendations has been complicated by the following factors:

- Since early summer 2018 a number of the key people responsible for implementing agreed actions have since left the Service and it has been difficult to establish what action was taken due to the lack of records
- Where efforts have been made to further investigate the issues identified by Internal Audit the lack of a clear audit trail have made it difficult to establish whether overpayments actually occurred
- The evidence we have indicates that any overpayments were likely to be small
- Given the time elapsed since the problems with MIS occurred, even if overpayments were confirmed recovery would be difficult.

3.2 For these reasons it is our view that no further investigation is justified. Senior Leadership Team has therefore approved the management response to the internal audit as set out in the attached appendix.