

FINANCIAL CODE 5

PAYMENTS TO EMPLOYEES, PENSIONERS & ELECTED MEMBERS

1. Background

1.1 The payment of Employees, Pensioners and Members represents some of the largest expenditure by the Council. It is therefore important that payments are accurate, timely, made only where they are due for services to the Council and that payments accord with individuals' conditions of employment and/or various Schemes adopted by Council.

1.2 The key principles to be applied for all payments to employees, pensioners and Elected Members are: -

- All payments must be made in accordance with relevant legislation as well as guidance provided by HM Revenues & Customs,
- All payments must be accurately and completely recorded within the Council's iTrent HR & Payroll system,
- Appointments of employees will be made in accordance with Resources Policies and the approved establishment, grades and rates of pay operated by Council,
- Changes to nationally and locally determined conditions of service determining payments to staff and Members will be controlled by the Council's Assistant Director Governance & Human Resources, and he will formally notify Chief Financial Officer in terms of changes requiring to be implemented.

2. Internal Control

2.1 The key internal controls for payments to employees, pensioners and Members are:

- (a) Proper authorisation procedures are in place.
- (b) There is adherence to payroll timetables in relation to: -
 - Starters,
 - Leavers,
 - Variations to contracts,
 - Enhancements,
 - Timesheets,
 - Overtime claims.
- (c) Reconciliation of payroll expenditure and payroll bank account takes place monthly,
- (d) All appropriate payroll documentation is retained and stored for the defined period in accordance with the Finance & Procurement document retention schedule,
- (e) Employees' details recorded on the payroll are checked by Departments at regular intervals to verify accuracy and completeness. Any errors identified must be reported to Chief Financial Officer,
- (f) That Pension Scheme regulations are complied with.

2.2 All documents which form the basis of a payment must be in a format approved by the Chief Financial Officer.

2.3 All documents, including electronically generated documents, which form the basis of a payment, must be “signed” by the person completing the form and certified by an authorised signatory(s) as required. The completing and certifying signatures can be either manual or electronic (for example LegalSign). Facsimile electronic signatures attached to documents are not acceptable.

2.4 Chief Officers must supply and update the Chief Financial Officer with the names and designations of such authorised signatories on at least an annual basis; and this must be amended on the occasion of any change.

2.5 Documents that form the basis of a payment cannot be completed and certified by the same person.

3. Responsibilities of the Chief Financial Officer

3.1 The key responsibilities of the Chief Financial Officer in relation to the payment of employees, pensioners and Elected Members are: -

- To arrange and control secure and reliable payment of salaries, wages, pensions, Members allowances, expenses and other emoluments to existing and former employees of the Council, in accordance with agreed procedures, on the due date,
- To record and make arrangements for the accurate and timely payment of pension contributions to the Council Pension Fund and Scottish Public Pensions Agency where appropriate; as well as payment of statutory payroll deductions, including Income Tax and National Insurance, to HMRC within statutory timescales,
- To make arrangements for payment of all travel and subsistence claims or financial loss allowance,
- To secure payment of salaries, wages and pensions by the most economical means,
- To maintain a procedure to be applied in cases of incorrect payment to employees.

4. Responsibilities of Chief Officers

4.1 The key responsibilities of all Chief Officers in relation to the payment of employees, pensioners and Elected Members are: -

- To conform to guidance provided by the Chief Financial Officer for the maintenance of controls, checks, submission of documents, records, procedures and timetables for computer data processing,
- To ensure that appointments are made in accordance with the policies and regulations of the Council, approved establishments, grades and scale of pay and that adequate budget provision is available,
- To notify the Chief Financial Officer in a prescribed format and in accordance with approved timetables of all matters affecting payments including: -
 - Appointments, resignations, dismissals, suspensions, secondments and transfers,
 - Absences from duty for sickness or other reasons such as annual/flexi leave via My Details/iTrent,

Changes in remuneration, other than normal increments, pay awards and agreements of general application,

- Information necessary to maintain records of service for pensions, Income Tax and National Insurance purposes,
- Any cases where an employee has been paid incorrectly.
- To ensure that authorisation and internal control procedures are properly applied within the activity of payroll and pensions and to regularly review the arrangements in place within their Services for the certification of any claim to ensure that checks are being performed appropriately,
- To provide the Chief Financial Officer with details of all authorised signatories, including specimen signatories and any amendments, at least annually for all authorised signatories, and on the occasion of any change,
- To review employees' names listed on the payroll for their service at regular intervals to verify accuracy and completeness. Any errors identified must be reported to Chief Financial Officer,
- To keep records to support claims for payment and provide information in a format agreed with the Chief Financial Officer. Each Chief Officer is responsible for the accuracy and authenticity of such information.

This is to ensure that: -

- Payments are only authorised to *bona fide* employees,
- Payments are only made where there is a valid entitlement,
- Conditions and contracts of employment are correctly applied.

4.2 Chief Officers must also give careful consideration to the employment status of individuals employed on a self-employed or sub-contract basis. HMRC applies a tight definition for employee status, and in cases of doubt, advice should be sought from Human Resources/Chief Financial Officer.

5. Expenses, Allowances, and Overtime

5.1 The Chief Financial Officer is responsible for making arrangements for the administration, regulation and payment of claims for expenses, allowances and overtime to employees of the Council, including Members travel & allowances. All claims by employees for expenses and allowances must be submitted electronically online using either the MyDetails system or the MITTS system (where staff do not have direct access to a Council networked device).

5.2 All claims for payment of car allowances, subsistence allowances, travelling & incidental expenses, and overtime must be submitted no later than 2 months after the end of the month during which expenses are incurred. Anything beyond this will require specific authorisation by the appropriate Executive Director.

5.3 Claims for travel, subsistence and expenses must be submitted with appropriate receipts. The person submitting the claim must ensure all receipts are scanned and e-mailed to the **Travel & Expenses Receipts** mailbox.

5.4 Authorisation of any travel, expense or overtime claim will be taken to mean that the certifying officer is satisfied that: -

- The expenses have been properly and necessarily incurred and not excessive or irregular,
- Allowances are properly payable by the Council; and,
- For overtime the member of staff had approval in advance to work the additional hours, and the claimed hours were actually worked, forms and claims have been completed fully, accurately, and in line with all relevant guidance, evidence of expenditure, such as petrol VAT receipts, is provided where appropriate.

5.5 Authorising officers may only certify claims for appropriate officers junior to themselves. All claims by Assistant Directors and Heads of Service must be certified by an Executive Director, and those of Executive Directors by the Chief Executive. Arrangements will be made for a senior officer to certify the Chief Executive's claim.

5.6 Each Executive Director must ensure that employees' claims applicable to a financial year are submitted by 30 April of the following financial year.

5.7 All expenses, allowances, and overtime will be paid via the payroll system. Such payments may not be made out of imprest accounts or through urgent payments due tax requirements having to be met.

6. Overpayment and Recovery of Salary or Pension

6.1 Section 14 of the Employment Rights Act 1996 permits deductions where there has been an overpayment of salary. This enables an employer to correct any overpayment made to an employee through the payroll process. Dumfries & Galloway Council's approach is to recover any overpayment made to an employee unless there are exceptional circumstances or where the overpayment is £30.00 or less, in which case recovery will not be sought.

6.2 Notification of Overpayment - Where an overpayment (greater than £30.00) is identified, both the employee and their manager will be notified within 14 working days and informed of the resultant course of action. As part of the notification, employees will be informed of the repayment terms for any recovery and be given details of a contact in Pay & Employment Services to discuss these terms. Where the overpayment is significant, consideration is given to spreading the recovery over a period of time to help to avoid hardship.

6.3 Where a former employee in receipt of an overpayment has already left the Council, and recovery is to be sought under the criteria above, recovery will be sought through Sundry Debtors in line with the terms of *Financial Code 4 Income Collection*.

6.4 Overpayment Disputes - There may be circumstances whereby an employee and/or their manager feel that the overpayment should not be recovered, either partially or in full. Overpayment disputes must be put in writing by the employee and signed by their Assistant Director or Head of Service using an *Overpayment Dispute Form*. This form must be submitted to the Pay & Employment Services Manager's within 14 working days of the overpayment being notified. It will be passed to the Chief Financial Officer for consideration and response, within 14 working days of receipt.

7. Payments to Elected Members of the Council

7.1 Payment of Members' salaries and expenses will be in accordance with the *Scheme for Administration of Member Remuneration, Expenses and Travelling* adopted by the Council. Payment of salaries and expenses will be made on a monthly basis by the Chief Financial Officer.

7.2 The Assistant Director Governance & Human Resources is responsible for advising the Chief Financial Officer of all changes to Allowances payable to Elected Members including: -

- Election to and resignation from the Council,
- Appointment to and resignation from posts carrying additional and/or special responsibilities.

7.3 Members are entitled to payment of travel and subsistence expenses relating to approved duties. All claims by Members for expenses must be submitted electronically online using the MyDetails system. Claims for travel, subsistence and expenses must be submitted with appropriate receipts. These will be provided by the Member to agreed Area Management Staff who will scan the receipts and mailed to the ***Travel & Expenses Receipts*** mailbox.

7.4 The overriding principle is that there should be complete openness and transparency in this process in order that all payments are available for inspection by the Council and are therefore in the public domain.