



Cairngorms
National Park Authority

Ùghdarras Pàirc Nàiseanta a'
Mhonaidh Ruaidh

Audit & Risk Committee Paper 1 Annex 1

02 October 2026

Paper 1

Annex 1



Cairngorms National Park Authority

Internal Audit 2026-27

Payroll

September 2026

Overall Conclusion

Strong

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The matters raised in this report came to our attention during the course of our audit and are not necessarily a comprehensive statement of all weaknesses that exist or all improvements that might be made.

This report has been prepared solely for Cairngorms National Park Authority's individual use and should not be quoted in whole or in part without prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any third party.

We emphasise that the responsibility for a sound system of internal control rests with management and work performed by internal audit should not be relied upon to identify all system weaknesses that may exist. Neither should internal audit be relied upon to identify all circumstances of fraud or irregularity should there be any although our audit procedures are designed so that any material irregularity has a reasonable probability of discovery. Every sound system of control may not be proof against collusive fraud. Internal audit procedures are designed to focus on areas that are considered to be of greatest risk and significance.

1 Executive summary

Overview

Purpose of review

The purpose of this assignment was to review the suitability of the payroll processes in place at the Organisation to assess whether they are operating as expected and that the appropriate controls exist. We assessed whether the payments being calculated are based on bona fide hours worked and also considered if deductions and additions to salaries are appropriately authorised.

This review formed part of the 2026/27 Annual Internal Audit Plan.

Scope of review

Our objectives for this review were to assess whether:

- | Amendments to the payroll are appropriately reviewed and authorised prior to being processed through the payroll system.
- | Wages and salaries are accurately stated in the accounting system, to avoid over and under payments.
- | The Organisation has robust processes in place for changes made to employee bank details.
- | Staff are only paid for the hours that they have worked, including part-time hours.
- | Leavers are appropriately removed from the system and final payments are accurately pro-rated.
- | New starts are accurately entered onto the payroll system and are paid appropriately.
- | The payroll is subject to checking and approval by a senior member of staff prior to being finalised.
- | Access to the payroll system is restricted. There are appropriate access rights in place for payroll staff.

1 Executive summary

Our approach to this assignment took the form of discussion with relevant staff, review of documentation and, where appropriate, sample testing.

Limitation of scope

There was no limitation of scope.

1 Executive summary

Background

Payroll Process

To start the monthly payroll process, the HR Team complete the Payroll Memo documenting a list of starters, leavers, and amendments to the payroll which require to be processed on the next payroll run. Once it is completed it is passed for approval to the Head of Service who will then send to the Finance Team to allow the payroll to be processed for the period. A month-end payroll report, including the full detail of payments to be made and supporting reconciliation, will then be produced and approved by a senior member of the Finance Team and the Director of Corporate Services and Head of Finance and Corporate Operations. Our review tested a sample of four monthly payroll runs (April 2026, May 2026, June 2026 and July 2026) and we found that they had been adequately checked, that they were consistently formatted and were approved by the Director of Corporate Services and Head of Finance and Corporate Operations.

Amendments

Amendments are encapsulated, processed and approved as part of the monthly payroll process. Our review tested a sample of 15 amendments (April 2026 - July 2026) and found that there was proof of amendments, they had been approved by a senior member of staff and had been amended in payroll.

Bank Changes

Where an employee wishes to have their bank details changed, they request this via email to the Finance Team. The Finance Team then enact the change in the payroll system, Access Payroll, and have the entry reviewed by a member of the team for accuracy. Once the change is made a member of the Finance Team will then phone the employee to verify the detail provided prior to any payment to these details. Our review tested a sample of four different bank detail change requests from four different months (5th December 2025 - 29th June 2026) and found that evidence of the change request was in place.

1 Executive summary

Time Owed in Lieu (TOIL)

Employees can claim TOIL only on an exceptional basis as agreed with the Director of Corporate Services, with the normal approach being to take the time back via the flexible working arrangements. Any TOIL agreed to be paid would be listed on the payroll memo and is then processed and approved as part of the month-end payroll process. Our review tested a sample of five TOIL requests (26th September 2025 - 28th November 2025) and found that a request was completed and that this was approved as part of the month-end payroll.

On-call allowances

The Organisation's Senior Managers are unable to claim TOIL as their hours are managed via flexi time. There is, however, a set monthly allowance of £91.70 for Senior Reporting Officer on-call duties. Other members of staff with on-call responsibilities (e.g. Head of Information Systems) are also paid this allowance. Our review tested a sample of 10 allowance payments (January 2026) and found that a request was in place, and the change was approved as part of the month-end payroll process.

Leavers

Following the receipt of an employee's notice, the HR Team calculates their leave balance and flexi time balance which is processed alongside their final salary. The final salary figure is pro-rated based on the last working day as agreed with the employee.. They are then removed from the PeopleHR System on their final date of employment. A Leavers Checklist is used to document the process of leaving and progress through the required checks. Our review tested a sample of six leavers (20 October 2025 - 31 May 2026) and found that final payments to leavers were appropriately pro-rated and correctly removed from the access system and that all their equipment had been returned.

1 Executive summary

Starters

Following an employee being offered a post they are set up as a new employee in PeopleHR by the HR Team. The HR Team payroll memo then includes all new starters for that month including their: name, start date, salary etc. Furthermore, they are also added to the Access Payroll System by the Finance Team, which is then checked by a senior member of staff. Our review tested a sample of 15 starters (20 April 2026- 22 June 2026) and found that the new starts pay had been correctly calculated, their new start forms were correctly completed, and were all approved by a senior member of staff.

System Access

To manage its payroll processes the Organisation uses two financial systems: Access Payroll and PeopleHR. Access to both systems is restricted to those who require it. Due to the small number of users on both systems (Access Payroll with two users and PeopleHR with three users), there is no annual review of access rights, with the access rights only being updated when roles change.

1 Executive summary

Work Undertaken

In line with our objectives, we undertook the following:

Objective 1: Amendments to the payroll are appropriately reviewed and authorised prior to being processed through the payroll system.

- | We reviewed a sample of 15 amendments (April 2026 – July 2026), made to the payroll throughout the year to assess whether they have been authorised properly before being input into the system.

Objective 2: Wages and salaries are accurately stated in the accounting system, to avoid over and under payments.

- | We reviewed a sample of four monthly payroll runs (April 2026, May 2026, June 2026 and July 2026), to assess whether these were appropriately reviewed and processed.

Objective 3: The Organisation has robust processes in place for changes made to employee bank details.

- | We reviewed the bank detail change requests (5th December 2025 - 29th June 2026), to assess whether there was evidence that the employee requested the change.

Objective 4: Staff are only paid for the hours that they have worked, including part-time hours.

- | We reviewed with the Finance Manager whether staff could claim overtime and the process of staff claiming overtime payment for additional hours.
- | We tested a sample of five TOIL requests (26th September 2025 - 28th November 2025), to assess whether a request f was provided and that this was approved as part of the month end payroll.

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- | We tested a sample of 10 stipend payments (January 2026), to assess whether a request was in place and the change was approved as part of the month end payroll process.

Objective 5: Leavers are appropriately removed from the system, and final payments are accurately pro-rated.

- | We reviewed a sample of six leavers (20 October 2025 - 31 May 2026), to assess whether they were appropriately removed from the payroll.

Objective 6: New starts are accurately entered onto the payroll system and are paid appropriately.

- | We reviewed a sample of 15 starters (20 April 2026- 22 June 2026), to assess whether that their details had been accurately entered into the payroll system.

Objective 7: The payroll is subject to checking and approval by a senior member of staff prior to being finalised.

- | We tested a sample of four monthly payroll runs (April 2026, May 2026, June 2026 and July 2026), to assess whether they had been adequately checked, that they were consistently formatted and were approved by the Director of Corporate Services and the Head of Finance and Corporate Operations.

Objective 8: Access to the payroll system is restricted. There are appropriate access rights in place for payroll staff.

- | We reviewed the Organisation's security arrangements regarding the payroll system by speaking to the Finance Manager and HR Manager and we made a conclusion on their adequacy and suitability.

1 Executive summary

Conclusion

Overall conclusion

Overall Conclusion: Strong

We can provide a strong level of assurance to the Organisation that appropriate payroll processes are in place and working effectively. We have not raised any recommendations for consideration.

Summary of recommendations

Grading of recommendations

	High	Medium	Low	Total
Payroll	0	0	0	0

As can be seen from the above table there were no recommendations made which we have given a grading of high.

1 Executive summary

Areas of good practice

The following is a list of areas where the Organisation is operating effectively and following good practice.

1.	Access rights are managed and assigned to those with suitable roles for the two systems required to manage payroll: Access Payroll and PeopleHR. Due to the small number of users for both systems (two and three respectively) the Organisation opts to change access rights when a relevant member of staff changes their role, rather than an annual review of access rights.
2.	Our review tested a sample of four monthly payroll runs (April 2026, May 2026, June 2026, and July 2026) and we found that they had been adequately checked, that they were consistently formatted and were approved by the Director of Corporate Services and Head of Finance and Corporate Operations.
3.	Our review tested a sample of 15 starters (20 April 2026- 22 June 2026) and found that the new starts pay had been correctly calculated, their new start forms were correctly completed, that they have been added accurately to Access and the next month's payroll and that all of these were approved by a senior member of staff.
4.	Our review tested a sample of six leavers (20 October 2025 - 31 May 2026) and found that final payments to leavers were appropriately pro-rated and correctly removed from the Access system and that all their equipment had been returned.
5.	Our review tested a sample of four monthly payroll runs (April 2026, May 2026, June 2026, and July 2026) and we found that they had been adequately checked, that they were consistently formatted, were correctly reconciled and were approved by the Director of Corporate Services and Head of Finance and Corporate Operations.
6.	Our review tested a sample of four different bank detail change requests from four different months (5th December 2025 - 29th June 2026) and found that evidence of the change request was in place.
7.	Our review tested a sample of five TOIL requests (26th September 2025 - 28th November 2025) and found that a request was made and that this was approved as part of the month end payroll.

1 Executive summary

The following is a list of areas where the Organisation is operating effectively and following good practice.

8.	Our review tested a sample of 10 on-call allowance payments (January 2026) and found that a request was in place, and the change was approved as part of the month end payroll process.
9.	Our review tested a sample of 15 amendments (April 2026 - July 2026) and found that there was proof of amendments, they had been approved by a senior member of staff and had been amended in payroll.

2 Benchmarking

We include for your reference comparative benchmarking data of the number and ranking of recommendations made for audits of a similar nature in the most recently finished internal audit year.

Payroll

Benchmarking				
	High	Medium	Low	Total
Average number of recommendations in similar audits	0	1	1	2
Number of recommendations at Cairngorms National Park Authority	0	0	0	0

From the table above it can be seen that the Organisation has a lower number of recommendations compared to those organisations it has been benchmarked against.

3 Audit arrangements

The table below details the actual dates for our fieldwork and the reporting on the audit area under review. The timescales set out below will enable us to present our final report at the next Audit & Risk Committee meeting.

Audit stage	Date
Fieldwork start	17 August 2026
Closing meeting	2 September 2026
Draft report issued	9 September 2026
Receipt of management responses	15 September 2026
Final report issued	15 September 2026
Audit & Risk Committee	2 October 2026
Number of audit days	8

5 Key personnel

We detail below our staff who undertook the review together with the Organisation staff we spoke to during our review.

Wbg			
Partner	Graham Gillespie	Partner & Head of Internal Audit	gg@wbg.co.uk
Senior Manager	Scott McCready	Senior Internal Audit Manager	smc@wbg.co.uk
Senior	Colin McNeill	Internal Audit Senior	cmn@wbg.co.uk
Auditor	Matthew McGinn	Internal Auditor	mm@wbg.co.uk

Cairngorms National Park Authority			
Key Contact	Louise Allen	Head of Finance and Corporate Operations & Corporate Affairs	louiseallen@cairngorms.co.uk
Wbg appreciates the time provided by all the individuals involved in this review and would like to thank them for their assistance and co-operation.			

A Grading structure

For each area of review, we assign a level of assurance in accordance with the following classification:

Assurance Classification	
Strong	Controls satisfactory, no major weaknesses found, no or only minor recommendations identified.
Substantial	Controls largely satisfactory although some weaknesses identified, recommendations for improvement made.
Weak	Controls unsatisfactory and major systems weaknesses identified that require to be addressed immediately.
No	No or very limited controls in place leaving the system open to significant error or abuse, recommendations made require to be implemented immediately.

A Grading structure

For each recommendation, we assign a grading either as High, Medium, or Low priority depending on the degree of risk assessed as outlined below:

Grading	Classification
High	Major weakness that we consider needs to be brought to the attention of the Audit & Risk Committee and addressed by Senior Management of the Organisation as a matter of urgency.
Medium	Significant issue or weakness which should be addressed by the Organisation as soon as possible.
Low	Minor issue or weakness reported where management may wish to consider our recommendation.

Purpose of review

The purpose of this assignment is to review the suitability of the payroll processes in place at the Organisation to assess whether they are operating as expected and that the appropriate controls exist. We will assess whether the payments being calculated are based on bona fide hours worked and will also consider if deductions and additions to salaries are appropriately authorised.

This review forms part of the 2026/27 Annual Internal Audit Plan.

Scope of review

Our objectives for this review are to assess if:

- | Amendments to the payroll are appropriately reviewed and authorised prior to being processed through the payroll system.
- | Wages and salaries are accurately stated in the accounting system, to avoid over and under payments.
- | The Organisation has robust processes in place for changes made to employee bank details.
- | Staff are only paid for the hours that they have worked, including part-time hours.
- | Leavers are appropriately removed from the system and final payments are accurately pro-rated.
- | New starts are accurately entered onto the payroll system and are paid appropriately.
- | The payroll is subject to checking and approval by a senior member of staff prior to being finalised.
- | Access to the payroll system is restricted. There are appropriate access rights in place for payroll staff.

Our approach to this assignment took the form of discussion with relevant staff, review of documentation and where appropriate sample testing.

Limitation of scope

There is no limitation of scope.

Audit approach

Our approach to the review will be:

- | Discussion with key personnel to establish the current arrangements for payroll.
- | Evaluating these arrangements to confirm their adequacy.
- | Review of documentation to confirm that policies and procedures are in place, up to date and comply with relevant legislation and good practice.
- | Testing to confirm that procedures are being adhered to by relevant staff.
- | Testing to confirm that payroll is being correctly calculated, authorised and recorded.

Potential key risks

The potential key risks associated with the area under review are:

- | Unauthorised amendments may be processed, leading to unauthorised payments being made to employees or unauthorised deductions being made.
- | The Organisation does not have robust processes in place for changes made to employee bank details.

- | Staff are paid for hours that they have not worked.
- | Final salaries are not adjusted to reflect the employee's leaving date. Leavers continue to be paid after their last date of employment.
- | Staff loans/equipment provided to employees are not recovered when the employee leaves the Organisation.
- | New starts salaries are not adjusted to reflect their start date.
- | In the absence of approval at an appropriate level, the payroll may be manipulated with incorrect payments being made to certain employees.
- | Unauthorised users gain access to payroll system and sensitive employee data.
- | Payroll costs are not accurately recorded in the accounting system resulting in inaccurate management and year end statutory accounts nor do they reconcile.