

INTERNAL AUDIT REPORT: EARLY RETIREMENT AND VOLUNTARY REDUNDANCY

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1. **Purpose**

1.1 This report provides a summary of Internal Audit Reports to Committee, in accordance with a resolution of the Contracts Committee.

2. **Summary**

2.1 The Internal Audit Report for the Human Resources Division on Early Retirement and Voluntary Redundancy has been received within the last quarter and is summarised in this paper.

3. **Recommendations**

3.1 To note this report.

4. **Background**

4.1 At a meeting of the Contracts Committee of the Policy Committee on Thursday 20 November 1997, it was resolved that the following approach be adopted for dealing with the Internal Audit Reports to Members:

- (a) executive summaries will be circulated to relevant Chairs of Committees and Group Spokesperson;
- (b) the Treasurer be given direct access to the Policy or Reports Committee at any time, to report on areas of concern; and
- (c) summary reports be made on a quarterly basis to the relevant Strategic Committee.

5. **Issues Arising**

5.1 An internal audit review was carried out in January 1999 to identify and evaluate the controls over the granting of early retirement and voluntary redundancy for salaried staff. The audit sought to test controls which ensure that the following objectives were being achieved:

- (a) the Council has a policy on early retirement and redundancy;
- (b) the policy is consistently applied and accords with the statutory requirements and national agreements;
- (c) all voluntary early retirements or redundancy are approved by Committee;
- (d) any retirement/redundancy payments made are correctly calculated and authorised;
- (e) there is effective monitoring of the cost of early retirement and redundancy and that anticipated gains are realised;
- (f) statutory requirements are fulfilled for all redundancies; and
- (g) the long term cost implications of “added years” pension contributions have been evaluated.

5.2 The audit concluded that the systems and procedures were found to be clear and well documented with satisfactory controls in place. The audit revealed that early retirement and voluntary redundancy was satisfactorily controlled and executed. However, a number of weakness were found and the recommendations made in the Audit report were designed to address these areas for future early retirement and voluntary redundancy exercises. Both recommendations have been incorporated in to the revised policy on Early Retirement, currently under consideration by this Committee.

6. **Implications**

6.1 Environmental

None.

6.2 Equalities

The audit found that the planning and control of early retirement has been applied consistently across the Council.

6.3 Financial

Full information on all early retirements must be provided to Committee in order for a decision to be made. As a factor in that decision it is incumbent upon officers to ensure that the information is accurate or where time has moved on and invalidated the information to a significant degree to appraise members of this. Each case of a change in cost of early retirement or redundancy should be reported to Committee.

6.4 Legal

None.

6.5 Staff and Accommodation

None.

7. **Conclusions**

7.1 One Internal Audit Report for the Human Resources Division was received in the last quarter. Where weaknesses were identified, recommendations to improve systems are being implemented. No major problems have been identified.

Background Papers: Internal Audit Reports