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1 Background

- 1.1 This audit has been undertaken as part of the Internal Audit annual plan for 2018/19 to provide assurance that the flexi time scheme and overtime arrangements are operating in-line with Council policy.

Flex time is a benefit for staff whereby working times can be flexible to suit the employee. Contracted hours can be fulfilled in a pattern to suit the individual but this must also meet the business requirements. Employees can work more or less hours in an accounting period and settle the balance in the next period although, there are limits to the credit and deficit permitted. Working time must also be within the bandwidth of 7am and 7pm and officers must be present during the hours of 10am to 4pm (excluding lunchbreak) Not all staff are entitled to flex time working, generally it is available to office based staff only. The scheme is also beneficial to the Council as employees have increased moral and can help to improve retention. The scheme does require more careful management and monitoring in contrast to fixed working hours. Flexi time testing has been carried out on a period of six months from the year 2018/19.

Overtime is usually paid at plain time where an employee has not worked 37 hours in the week. After 37 hours overtime is then paid at enhanced rates of time and a quarter or time and a half. Sundays and bank holidays are paid at either double, double and a half or triple time. Over time testing has been carried out over an eleven month period in 2018/19. The services with the highest overtime expenditure are Environmental Services and Leisure Services. The third and fourth highest overtime use in the period tested was for specific projects and at much lower levels (£21k and £6k). The remaining areas of the council have very little use of overtime.

The total salary and overtime expenditure in the period is shown in the table below:

Detail	£
Salaries (all depts.)	4,856,667
Overtime incl. flex allowance (all depts.)	354,949
Environmental Services salaries	841,424
Environmental Services overtime incl. flex allowance	186,034
Leisure Services salaries	398,377
Leisure Services overtime	127,703

- 1.2 It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

We endeavour to plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we shall carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.

Accordingly, our examinations as internal auditors should not be relied upon solely to disclose fraud, defalcations or other irregularities which may exist.

- 1.3 Internal Auditing is an independent, objective assurance and consulting activity to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

2 Audit Scope

2.1 Audit Objectives

The obtaining, examination and evaluation of information surrounding the function, in order to give an independent opinion on whether the internal control procedures identified are operating effectively.

Key Controls

- Policies provide guidelines to staff and managers
- Authorisation of overtime claims and flex time-sheets

Scope of Audit Work

Review of processes and controls in relation to overtime and flex time including the review of overtime claims and flex records.

3 Audit Opinion

3.1 A summary of Internal Audit's opinion levels and their definitions is provided below:

Level	Definition
Significant Level of Assurance	The system of internal control is designed to support the Council's corporate and service objectives and controls are consistently applied in all the areas reviewed.
Good Level of Assurance	There is generally a sound system of control designed to support the Council's corporate and service objectives. However, some improvements to the design or application of controls is required.
Partial Level of Assurance	Weaknesses are identified in the design or inconsistent application of controls which put the achievement of some of the Council's corporate and service objectives at risk in the areas reviewed.
No Level of Assurance	There are weaknesses in control, or consistent non-compliance which places corporate and service objectives at risk in the areas reviewed.

3.2 This audit has been awarded a Good Level of Assurance. Based on the testing carried out, Audit Services can confirm that 3 out of 3 control objectives were partially met. Further details can be found in section 4 of this report.

4 Detailed Findings & Action Plan

The audit findings are detailed in this section on an exception basis only for the attention of management, therefore KCO's with adequate controls based on the samples examined are not included.

Recommendations are prioritised as follows:

Priority 1 – These relate to significant gaps in the Internal Control Framework

Priority 2 – These relate to minor gaps in the Internal Control Framework or significant issues of non-compliance with key controls

Priority 3 – These relate to minor issues of non-compliance with controls

Ref	Findings	Recommendation	Risk	Management Response	Officer responsible and implementation date
Flexi time is controlled					
332	4 out of the 10 samples had errors in entering the carry forward figure into the new weeks' timesheet. This was due to either an incorrect figure being entered or the incorrect option being applied in the accrued/ deficit field. However analysis of the data suggest that these were not deliberate and no fraud is suspected.	<p>Priority 3</p> <p>Use a formula to carry forward the timesheet balance to the new sheet. Consider using a monthly timesheet rather than weekly ones to reduce the carry forward action</p>	Flexi time is inaccurately accounted for and staff accrue time they haven't worked, resulting in financial loss to the Council and reputational damage.	Agreed	HR Manager 10/02/2020
Overtime is controlled					
333	Testing highlighted that regular contractual overtime of 4.5 hours per week is being paid to refuse drivers for vehicle tipping, cleaning and inspection. Overtime rates are being used to carry out the normal weekly duties of the role. The agreement for this arrangement has been in place for possibly more than 10 years. The drivers daily schedules	<p>Priority 2</p> <p>Best value for money should be achieved in the service, the normal operations should be completed within normal working hours at unenhanced rates.</p>	Wages costs are higher than necessary	<p>Management comments</p> <p>This is the responsibility of the Environmental and Housing Manager in the first instance then the HR manager once this is to be implemented</p>	HR Manager Environmental and Housing Manager 10/02/2020

Ref	Findings	Recommendation	Risk	Management Response	Officer responsible and implementation date
	have recently been redrafted but without the knowledge of this arrangement.				
Policies and procedures are in place.					
334	There is no corporate policy on managing overtime. The rules of the scheme specific to the location of work are specified on the statement of particulars. The statement of particulars are not found on the intranet where they would be easily accessible to all.	<p>Priority 2</p> <p>Management should consider having a corporate policy for overtime that is easily accessible by all staff, and one that sets out the circumstances of when overtime is appropriate.</p>	There is no overtime policy in place	<p>Management comments</p> <p>We have a flexi policy in place which I have attached and the overtime is also mentioned in all of the Statement of Particulars which employees sign when they either start employment with CDC or they change their jobs internally.</p>	<p>HR Manager</p> <p>22/11/2019</p>

Any queries or requests for further information regarding this report should be directed to Audit Services on 01423 500600 (ext) 58584. Audit Services would like to thank the officers involved for their assistance during this audit.