



# **Internal Audit Report**

## **Communities, Housing and Infrastructure**

### **Roads Payroll**

**Issued to:**

Pete Leonard, Director of Communities, Housing and Infrastructure  
Richard Ellis, Interim Director of Corporate Governance  
Mark Reilly, Head of Public Infrastructure and Environment  
Ewan Sutherland, Head of HR and Customer Service  
Steve Whyte, Head of Finance  
Mike Cheyne, Roads Operations Manager  
Anne MacDonald, Audit Scotland

## **EXECUTIVE SUMMARY**

The objective of this audit was to consider whether adequate controls and procedures are operating in relation to new starts and leavers, and levels of additional or overtime hours within the Roads Service.

Whilst in general the procedures are adequate, minor payment errors have been identified, and checks and authorisation controls are not always being evidenced. The Service, in conjunction with HR and Payroll has agreed a number of actions to improve assurance over these areas as outlined in the following audit report. Whilst the Service has agreed to correct underpayments to staff, it intends to seek agreement from the Heads of HR and Finance that the small number of minor overpayments identified be written off.

Overtime is currently managed at an individual team level. The Service has noted that the majority of overtime relates to winter operations and resurfacing works that, due to road occupation, are required to be carried out overnight or at weekends, however a management level review of the levels of overtime will be completed on a six monthly basis.

## **1. INTRODUCTION**

- 1.1 The Roads Teams are responsible for a range of duties including Road Patching, Drainage and Gully Cleaning, Winter Maintenance, Street Lighting, Traffic Signal and Pedestrian Crossing Maintenance and Design, Resurfacing Carriageways, Resurfacing Footways, Road Markings, Street Signs, Traffic Safety and Management. The total staffing cost for 2015/16 was just over £6 million, including just over £0.5 million relating to overtime (which includes early morning, evening and weekend operations for winter).
- 1.2 The objective of this audit was to consider whether adequate controls and procedures are operating in relation to new starts and leavers, and levels of additional or overtime hours.
- 1.3 A sample of employees was selected at random from payments made between August 2015 and April 2016 and from paperwork stored at the West Tullos Roads Depot Office. This consisted of 33 employees and where relevant the appropriate paperwork was obtained; including 5 new start forms, 5 leavers forms, 5 notifications of changes, 85 timesheets, 17 overtime forms / spreadsheets, 11 standby forms, 5 long term absences and 3 working time directive opt-outs.
- 1.4 The factual accuracy of this report and action to be taken with regard to the recommendations made have been agreed with Mark Reilly, Head of Public Infrastructure and Environment, and Ewan Sutherland, Head of HR and Customer Service.

## 2. FINDINGS AND RECOMMENDATIONS

### 2.1 HR Forms

- 2.1.1 A Notice of Appointment Form is completed by the HR Service Centre when a new employee starts with the Council. When there is a change in an employee's contract a Notification of Changes form will be completed. These forms detail the post information, salary scale, hours / days to be worked, continuous service details where relevant, as well as any annual leave entitlement. It is then passed to the Payroll Team for the first pay calculation or change in pay calculation to be done. The relevant details are entered onto the PSe Payroll System and the forms are updated to reflect completion of the Payroll part of the process.
- 2.1.2 When an employee resigns from a post, the HR Service Centre complete a Termination of Service Form which includes the total days worked in the year and any accrued holiday entitlement. This is then passed to Payroll for any final salary to be calculated and the relevant details entered onto the PSe Payroll System. The forms are updated to reflect Payroll input.
- 2.1.3 Each of the New Starts, Leavers and Notification of Changes forms reviewed had been processed and after appropriate adjustments had resulted in the employees being paid correctly.
- 2.1.4 There are 5 Notice of Appointment forms and 4 Notification of Changes forms where Payroll have only entered initials instead of their full name. Payroll consider this adequate and more efficient, and is satisfied that they could trace the initials back to the individual member of staff where necessary. Although this may be reasonable the form states that a full name is required. If it is not required the form should be changed to reflect the correct requirement.
- 2.1.5 In two cases minor input errors by the HR team were identified: On one Notification of Appointment form the sex of the employee was wrongly input on the form. This has already been rectified on the system. There was also one instance where the surname of next of kin contained a typographical error. It is important that the forms and the system are completed correctly to avoid any confusion.

#### **Recommendation**

HR should ensure the content of forms, and input to the system, is complete and accurate.

HR should review the Notice of Appointment and Notification of Changes forms to ensure the stated requirements are correct.

#### **Service Response / Action**

Agreed. The form will be changed to show that initials are required. A reminder has been issued to the HR Service Centre (HRSC) to check forms are completed fully and correctly and that authorised signatories (HR Co-ordinator or Team Leader (HRSC)) will follow up if required.

#### **Implementation Date**

Implemented

#### **Responsible Officer**

Team Leader (HRSC)

#### **Grading**

Important within audited area

## **2.2 Timesheets**

- 2.2.1 All contracted hours are paid at plain time (normal hourly rate). Contracted hours are paid automatically and have been set up on the payroll system. Any additional hours and enhancements have to be claimed on a monthly overtime sheet or the appropriate standby allowance form.
- 2.2.2 Hours in excess of contract are paid an overtime rate of time plus one half, subject to a cap at the G13 grade even where an employee's contracted grade is higher.
- 2.2.3 Operational Roads staff complete timesheets. These are dual purpose – serving as a record of hours worked in order to maintain a job costing system, and a record of overtime and additional hours for payment. The Roads Administration Team at the West Tullos Office check these sheets for accuracy, collate data to input to the costing system, and prepare an overtime spreadsheet. The spreadsheet is checked and signed by a Line Manager, authorising the overtime before it is sent to the Payroll Team at Marischal College to be applied to the payroll for payment.
- 2.2.4 A sample of timesheets relating to five employees was reviewed against data on the Roads job costing system, and it was confirmed that data held on the system matched. Further timesheets, as noted at paragraph 1.3 above, were reviewed to confirm that they were complete, accurate, authorised, and that appropriate payments had been made as a result.
- 2.2.5 59 of the 85 timesheet pages reviewed had not been fully completed: omissions included the employee number, page numbers, hours and overtime totals, week numbers and week ending dates. In one case the date on the time sheet was incorrect. In 52 instances the time sheets were not scored off to avoid any further entries being added.
- 2.2.6 In 15 cases overtime hours have been claimed for vehicle maintenance without specifying when they were worked. In these cases the authorised signatory has no assurance that this work was completed outside of standard working hours, and therefore should have been paid at overtime rates. HR has stated in response to a cross-service audit of timesheets that these payments are not allowable under current terms and conditions, and should be completed within contractual hours.
- 2.2.7 In 3 instances overtime on the timesheets was not calculated correctly with reference to the hours recorded. These incorrect totals were then input into an overtime spreadsheet and passed to Payroll for payment, resulting in incorrect payments to 2 employees: 0.75 hours £13.65 overpaid; 0.75 hours £15.59 underpaid. A further timesheet had two compensating errors of 0.75 hours each, which had no net impact on pay for the employee.
- 2.2.8 It is important that the timesheets are fully completed and that these are checked by an authorised signatory before signing. These timesheets should give a clear description of who and what the forms pertain to, and when any overtime or additional hours were worked. There is a risk where the forms are not completed fully and reviewed for accuracy that a page could be missed, a page could be added, and the totals could be marked in for more or less than what they actually should be.

**Recommendation**

The Service should ensure that all timesheets are checked to ensure they are fully and accurately completed and correctly calculated before they are authorised.

The Service should ensure the errors identified are corrected.

**Service Response / Action**

Agreed. Timesheets will be checked and authorised. The underpayment will be corrected, and the Service will seek authorisation to write off the overpayment as it is considered likely to cost more to recover it than would be recovered.

**Implementation Date**

September 2016

**Responsible Officer**

Team Leader (Roads Operations)

**Grading**

Significant within audited area

- 2.2.9 4 timesheets had not been signed by the Supervisor and 3 had not been signed by the employee. These timesheets had been processed for inclusion in the spreadsheet which is passed to Payroll, and therefore the employees had been paid for the hours and overtime declared. Without signatures there is no evidence to demonstrate that these hours have been agreed as worked.

**Recommendation**

The Service should ensure only authorised timesheets are passed for payment.

**Service Response / Action**

Agreed. All timesheets will be signed by employee and Superintendent, those not signed will be sent back and this could mean a delay in payment of overtime worked. Timesheets for sickness absence will only be signed by the Superintendent.

**Implementation Date**

September 2016

**Responsible Officer**

Team Leader (Roads Operations)

**Grading**

Significant within audited area

- 2.2.10 Although all of the overtime spreadsheets processed by Payroll had evidence of authorisation, in one instance there was no signature from the person completing the spreadsheet to evidence segregation of duties.

**Recommendation**

The Service should ensure that the overtime spreadsheets are signed by two separate officers.

**Service Response / Action**

Agreed. The spreadsheet will be signed by the person completing the spreadsheet and by a Team leader or above for approval.

**Implementation Date**

September 2016

**Responsible Officer**

Team Leader (Roads Operations)

**Grading**

Significant within audited area

- 2.2.11 Employees working on a flexi time system print off and sign a four weekly summary of their hours worked and flexi time balance, in addition to overtime & additional hours request or standby forms as appropriate. Although there is a section for signature by their line manager, in one instance this was not signed as checked. Although no errors were identified, without this signature it is not clear that the manager has agreed the times

worked, or used the information from the flexi time report to ensure there is no overlap of flexi time and overtime claims.

**Recommendation**

The Service should ensure flexi time records are checked and signed.

**Service Response / Action**

Agreed. Flexitime records will be checked and signed.

**Implementation Date**

September 2016

**Responsible Officer**

Team Leader (Roads Operations)

**Grading**

Important within audited area

- 2.2.12 Supervisors and Superintendents are regularly claiming overtime for administration and supervisory duties at the start and end of each day. These employees will have additional responsibilities, including work planning and administration, and this will be reflected in their pay grade. However, each job should have been sized appropriately so that regular activities can be completed within contracted hours.
- 2.2.13 There are similar arguments for vehicle checks, which as noted above at paragraph 2.2.6 are regularly being claimed for as overtime (Road Workers), or as additional hours (Craftworkers).

**Recommendation**

The Service should review options to ensure all relevant duties (including supervision, administration and vehicle checks) can be completed within contractual hours.

**Service Response / Action**

Agreed. Where the work can be carried out under the contracted hours no payment will be made for the operation, there will be instances where this work will be required to be carried out outwith the contract period and will need to be paid for.

The relevant HR Business Partner will work with the Service to identify necessary changes to working patterns to meet the above recommendation.

**Implementation Date**

February 2017

**Responsible Officer**

Team Leader (Roads Operations)  
HR Business Partner

**Grading**

Important within audited area

- 2.2.14 In one case an employee promoted part way through a month has been paid overtime for the whole month at the higher grade. Work should be paid for at the relevant rate applying for the employee on the date it was carried out. This resulted in £8.21 being overpaid. Payroll has advised that this overpayment will be recovered.
- 2.2.15 Overtime and allowances are claimed at the end of each calendar month / four weekly period, and therefore are paid the following month in arrears. For example overtime hours or standby for work carried out in March 2016 will be paid in April 2016.
- 2.2.16 Hourly rates and allowances were subject to a cost of living increase in April 2016. It was identified that in one instance overtime worked in March 2016 was paid at the April 2016 rate. In five cases Standby Allowance has been paid at the April 2016 rate for Standby completed in March 2016.

- 2.2.17 Payroll advised that the calculations were done like this in order to calculate additional holiday pay and therefore 'overpayments' would not be recovered. Payroll has stated that within Roads this only affected 4 employees' overtime claims with a total overpayment of £24.70, plus £40.94 of Standby Allowance over 38 staff, and £2.05 additional holiday pay.
- 2.2.18 Although the amounts are small, Financial Regulations state that The Head of Human Resources and Organisational Development shall ensure that all reasonable steps are taken to recover any identified overpayments. In the event that it is not considered appropriate to do so, the Head of Finance will need to be asked to approve these being written off.
- 2.2.19 There is a risk that further overpayments may not have been identified, across all Council Services, and as a result of Payroll's calculations further overpayments will be made in the future.

**Recommendation**

1) Payroll should ensure all payments, including those made in arrears, are at the rate applicable on the date the work was carried out.

2) Payroll should review all instances where this has not been the case and either recover the overpayments or seek approval from the Heads of HR and Finance to write them off.

**Service Response / Action**

1a) For all Overtime that will go through YourHR, this issue will be resolved as the value will be converted to hours for payment, and applied at the appropriate 'earn date'. This covers the majority of overtime payments once it has been fully rolled out through YourHR anywhere. This is an ongoing process and the date could change.

1b) Other Elements – We will go back to our current Payroll provider and ask if there is anything that can now be done.

1c) The procurement of a new HR/Payroll system will commence when practical and with this new system we would look for this to be resolved.

2) Payroll has reviewed all cases and approval given from Heads of HR & Finance to write off.

**Implementation Date**

**Responsible Officer**

**Grading**

1a) March 2017

Digital HR Project  
Manager

Significant within audited  
area

1b) November 2016

Payroll Manager

1c) March 2019

Head of HR

2) Implemented

Payroll Manager

- 2.2.20 The Service does not routinely reconcile the Roads job costing system (Consilium) with the Payroll system to confirm that the hours passed across have been applied correctly. Completing such a reconciliation would provide more assurance that records on both systems were accurate.



**Recommendation**

The Service should consider reconciling job costing and payroll system records of employee hours.

**Service Response / Action**

Agreed. This will be carried out annually to check hours. There are several reasons why this does not match exactly, especially long term sickness.

**Implementation Date**

April 2017

**Responsible Officer**

Roads Admin Team  
Leader

**Grading**

Significant within audited  
area

- 2.2.21 Payroll provided figures showing that over 29,000 hours of overtime and additional hours were worked in the Service in 2015/16 at a cost of over £528,000. However, there is no regular management review of overtime and additional hours worked. Periodic review of payroll data could highlight areas where higher levels of overtime are being worked, and identify where resources need to be prioritised.

**Recommendation**

The Service should periodically review overtime and additional hours worked across the Service.

**Service Response / Action**

Agreed. Monthly overtime analysis sheets used to be produced and analysed. An analysis of last year's overtime spend will be carried out, although the majority of the spend relates to winter operations and resurfacing works that, due to road occupation, are required to be carried out overnight or at weekends. A review of the first 6 months of this year will be carried out in October.

**Implementation Date**

October 2016

**Responsible Officer**

Roads Operations  
Manager

**Grading**

Significant within audited  
area

## 2.3 Allowances

- 2.3.1 Employees may be entitled to claim allowances for various activities in the course of their employment. Some are paid automatically along with salary, whilst others must be claimed on a designated form.
- 2.3.2 The Local Terms and Conditions for Local Government Employees document held on the Zone contained out of date allowance rates. Following notification by Internal Audit HR rectified this by adding a note to contact HR for current rates of allowances. Unless details of allowances are up to date and easily accessible for all staff there is a risk of incorrect allowance rates being claimed and paid, and errors not being identified and corrected.

**Recommendation**

HR should ensure that pay and allowance rates are publicised and maintained up to date.

**Service Response / Action**

Agreed. HR will update the schedule of rates in the EP&M Local Conditions of Service document on the Council's intranet and will also put in place an arrangement whereby a periodic check is done on the document to help ensure that the correct rates are detailed.

<b><u>Implementation Date</u></b>	<b><u>Responsible Officer</u></b>	<b><u>Grading</u></b>
October 2016	HR Team Leader, Policy and Performance	Important within audited area

2.3.3 *Non Standard Working Week Allowance*

2.3.4 The standard working week is Monday to Friday, 7am to 8pm. Hours worked outside of this are eligible for a non-standard working week (NSWW) allowance. Where this is contracted it is calculated at commencement of employment and included in employees' monthly pay:

Monday - Friday - 2000 hours to 0700 hours	33% of salary	(NSWW33)
Midnight - Friday - Midnight Sunday	40% of salary	(NSWW40)

2.3.5 As employees in receipt of these allowances must work fixed shift rotas, so long as they remain on those rotas the allowance should be correct and there is no requirement for separate claims for non-standard hours.

2.3.6 *Standby*

2.3.7 Where employees undertake standby duties they receive a standby allowance. As from April 2016 the rates are:

Monday – Friday per night	£8.41
Saturday & Sunday per night	£11.01
Standby Saturday & Sunday (24 hours)	£17.91
Standby (whole week)	£84.47
Public Holidays	£48.82

2.3.8 There are several forms on which standby allowance may be claimed. There is a corporate Standby / Disturbance Claim Form, a Roads Allowances Claim Form, and it may also be claimed on a Craftworkers Claim Form. Similarly, Craftworkers and Engineers complete slightly different forms for claiming additional hours and overtime. Having more than one form risks confusion or duplication.

**Recommendation**

The Service in conjunction with HR should streamline the number of different forms for collecting and processing the same data.

**Service Response / Action**

Agreed. The Service and Payroll Team will review the various forms used by the Service to administer payments.

<b><u>Implementation Date</u></b>	<b><u>Responsible Officer</u></b>	<b><u>Grading</u></b>
January 2017	Roads Admin Team Leader	Important within audited area

2.3.9 3 Roads Allowances Claim Forms had been signed by a Supervisor alone, and not by the employee claiming the allowance. There is no set place for the employee to sign. In another case a Roads Allowances Claim Form had been authorised by a Superintendent for his own standby duty. Without appropriate segregation of duties and management authorisation, there is an increased risk of incorrect claims being paid.

- 2.3.10 8 Standby / Disturbance Claim Forms had been signed by Roads Administration Staff instead of by the employee at the declaration "I confirm that the above were worked by me and that prior approval by the appropriate officer was obtained". Without an employee signature there is limited assurance that the employee has agreed they were on duty on the date noted, or that they take responsibility for the accuracy of their claim.

**Recommendation**

The Service should ensure that standby allowance claim forms are signed by the employee making the claim, and are reviewed and authorised by appropriate officers.

**Service Response / Action**

Agreed. Additional columns have been added to the timesheet which should assist in managing this.

**Implementation Date**

September 2016

**Responsible Officer**

Roads Admin Team  
Leader

**Grading**

Significant within audited  
area

- 2.3.11 *Tool Allowance*

- 2.3.12 Where designated Craft Workers are expected to provide their own tools, rather than the Council providing them, they are entitled to a tool allowance. This is paid as an enhancement to the employee's standard hourly rate, in line with rates agreed by CoSLA.

- 2.3.13 In one case reviewed a tools allowance should have ceased on 1 December 2014 when the employee was promoted. This was still in payment in May 2016. HR has stated that this has resulted in £169.92 being overpaid. HR does not intend to recover this overpayment immediately, as it plans to review all such payments to ensure entitlement to and payment of tool allowance across the Council is correct before taking action to resolve individual errors. Until this is complete further overpayments will be made. A recommendation is made here to track progress.

- 2.3.14 It is not clear that a tool allowance should be payable at all given that the Service provides the relevant equipment and training for employees to do the jobs assigned to them. This may be an unnecessary additional cost.

**Recommendation**

HR should review payment of Tool Allowance and ensure all identified overpayments are recovered.

**Service Response / Action**

Agreed. There is now no one in the Roads Service who is in receipt of a Tool Allowance, with this practice now ended. It is not intended to seek recovery of the overpayment, it being a relatively small amount which accrued over approximately a 2 year period. Approval for the write off will be sought from the Heads of HR and Finance.

**Implementation Date**

September 2016

**Responsible Officer**

HR Business Partner

**Grading**

Significant within audited  
area

- 2.3.15 The process for moving employees between roles, or changing their post / job role may be insufficiently controlled if payment of allowances can continue after the employee leaves an eligible role.

**Recommendation**

HR should ensure processes are in place to amend or suspend all relevant allowances following notification of changes to employees / posts.

**Service Response / Action**

Agreed. Following the cleaning payroll audit, HRSC Team was advised to complete both columns on a Notice of Appointment or Notification of Change. This would either have a value or 0 as appropriate signifying the change to be made.

**Implementation Date**

Implemented

**Responsible Officer**

Team Leader (HR Service Centre)

**Grading**

Significant within audited area

2.3.16 *First Aid Allowance*

2.3.17 Where a first aid needs assessment and the relevant Directorate Health and Safety Coordinator have indicated that a First Aid at Work certificate holder is required, Services may approve the payment of a monthly First Aid Allowance to suitably certificated employees. Employees sign an undertaking to ensure valid certification whilst in receipt of the allowance, and certificates must be renewed by attending training every 3 years.

2.3.18 In one case reviewed an employee was receiving a First Aid Allowance, however their first aid certificate had been out of date for 5 months before this was renewed. Payroll advised that this resulted in £136.75 being overpaid, however HR has stated that due to difficulties obtaining and retaining First Aiders these payments will not be recovered.

2.3.19 There is no routine reconciliation between First Aid Allowances on the Payroll system and records of valid First Aid Certificates. There is therefore a risk of further allowances being paid after Certificates have expired. There is also a risk that First Aiders may not have sufficiently up to date training to deal with incidents as they arise and, therefore, the Council may fail in its duty of care to employees.

2.3.20 The HR Health Safety and Wellbeing Team has stated that bi-monthly reports are run from the payroll system to identify employees requiring training and re-certification, and this information is passed to Services to remind them to book courses. This only covers First Aid training organised and delivered corporately via the Health and Safety Development Programme. It will not cover any training that has been sourced and delivered independently by Services and also if the information has not been kept up to date.

**Recommendation**

HR should ensure procedures are put in place to ensure First Aid training records are up to date, and First Aid Allowances are being correctly paid.

**Service Response / Action**

Agreed. Services have a responsibility to ensure this is done, but there needs to be a joined up approach. Every six months Payroll will produce a list of first aiders per service. This list will be scrutinised by the Health and Safety Team to ensure that provision continues to match policy and guidance; either directly from Payroll or via the HR Business Partners the list will be shared with the services and verified as accurate or amended as appropriate. The expectation is that changes will be made on an ongoing basis but this verification will ensure that there are no long standing anomalies in the system. A similar approach will be taken in relation to other payments e.g. Floor Warden payments, and Payroll will determine if there are any other payments outwith the health and safety area which require to be reviewed routinely and verified as accurate.

<b><u>Implementation Date</u></b>	<b><u>Responsible Officer</u></b>	<b><u>Grading</u></b>
September 2016	Payroll Manager	Significant within audited area

- 2.3.21 The First Aid Provision procedure had the wrong allowance rates noted on them. HR Health Safety and Well Being Team will amend the procedure and the Zone so that staff can find the current rate of the First Aid Allowance. The recommendation at 2.3.2 above applies.

## **2.4 Absences and Sick Pay**

- 2.4.1 Where an employee is absent due to sickness their pay depends on their entitlement to sick leave. This varies from nil pay where the employee has worked for the Council for less than 26 weeks; up to 26 weeks full pay and then 26 weeks half pay where they have worked for over 5 years.
- 2.4.2 From 1 May 2016 Roads has been recording absences on the Your HR system, which replaced a number of manual paper based processes.
- 2.4.3 In one case the date from the self-certificate of sickness has been input incorrectly by the Service. This resulted in £224.34 being overpaid.

### **Recommendation**

The Service should ensure that all absence self-certificates are input to the HR system correctly.

### **Service Response / Action**

Agreed. Filling in of the electronic form is now taking place and this should assist in managing this system, especially with the team becoming more familiar with the system.

### **Implementation Date**

September 2016

### **Responsible Officer**

Roads Admin Team  
Leader and Team Leader  
(Roads Operations)

### **Grading**

Significant within audited area

- 2.4.4 The Non Standard Working Week Allowance is manually calculated by Payroll for staff absences. In one instance this had been incorrectly calculated, resulting in the employee being underpaid £166.00. Payroll confirmed that this will be corrected in the next payroll run. It is important that the correct calculations are done to avoid these errors.

### **Recommendation**

Payroll should ensure all manual calculations are checked for accuracy prior to passing them for payment.

### **Service Response / Action**

Payroll staff have been trained in all manual calculations to keep mistakes to a minimum. Whilst occasional human errors happen, this should be seen in the context of the scale of the exercise undertaken each month. It is hoped future technological developments will automate the process in time and reduce the impact of human error. We will introduce a system of random checks until we can implement future technology that will help.

### **Implementation Date**

Implemented

### **Responsible Officer**

Payroll Manager

### **Grading**

Significant within audited area

- 2.4.5 In another case an employee has stated on their absence paperwork that the absence was due to industrial injury. Industrial injury is subject to separate rules and allowances, however the normal absence rules, including reduction to half and nil pay, have been applied in this case.

**Recommendation**

The Service should confirm whether this absence was as a result of industrial injury sustained during Council employment, then ensure records and payments are correct.

**Service Response / Action**

Agreed. The need to separate industrial injury and sickness absence has been highlighted, along with the need to change the description in the reason for absence if an employee says it was industrial injury and their line manager agrees.

**Implementation Date**

September 2016

**Responsible Officer**

Team Leader (Roads Operations)

**Grading**

Significant within audited area

**2.5 Working Time Directive**

- 2.5.1 Under the Working Time Regulations, employees must not be compelled to work in excess of an average of more than 48 hours per week over an annual period.
- 2.5.2 There are currently no payroll reports specifically for the purpose of identifying employees working above 48 hours per week or to highlight those at risk of doing so. It was however possible to extract information on basic hours and overtime for a period, and a sample of 3 employees was selected to determine whether they had chosen to 'opt-out' of the regulations. In these instances opt out forms had been completed.
- 2.5.3 However, as this is not routinely monitored there is a risk of employees who have not opted out of working in excess of 48 hours. In the absence of opt out forms and monitoring it would be difficult to demonstrate compliance with the Regulations.

**Recommendation**

The Service should review options with HR for monitoring Working Time Regulations compliance.

**Service Response / Action**

Agreed. The HR Service will analyse relevant additional payments data on a regular basis and then liaise with the appropriate Service Managers to identify employees / groups of employees who may require to sign an opt-out form in relation to the Working Time Regulations.

**Implementation Date**

February 2017

**Responsible Officer**

HR Business Partners and relevant Service Managers

**Grading**

Significant within audited area

**AUDITORS:** D Hughes  
C Harvey  
J Galloway

## Appendix 1 – Grading of Recommendations

GRADE	DEFINITION
<b>Major at a Corporate Level</b>	The absence of, or failure to comply with, an appropriate internal control which could result in, for example, a material financial loss, or loss of reputation, to the Council.
<b>Major at a Service Level</b>	<p>The absence of, or failure to comply with, an appropriate internal control which could result in, for example, a material financial loss to the Service/area audited.</p> <p>Financial Regulations have been consistently breached.</p>
<b>Significant within audited area</b>	<p>Addressing this issue will enhance internal controls.</p> <p>An element of control is missing or only partial in nature.</p> <p>The existence of the weakness identified has an impact on a system's adequacy and effectiveness.</p> <p>Financial Regulations have been breached.</p>
<b>Important within audited area</b>	Although the element of internal control is satisfactory, a control weakness was identified, the existence of the weakness, taken independently or with other findings does not impair the overall system of internal control.