



Overtime 2017-18

City of York Council

Internal Audit Report

Business Unit: Economy and Place
Responsible Officer: Assistant Director – Transport, Highways and Environment
Service Manager: Head of Operations
Date Issued: 8th November 2018
Status: Draft
Reference: 10200/012

	P1	P2	P3
Actions	0	2	2
Overall Audit Opinion	Reasonable Assurance		

Summary and Overall Conclusions

Introduction

Overtime is regularly included in the internal audit plan and the focus of the audit has varied between service areas and directorates. Following discussions with the Director of Economy and Place it was agreed that Waste Services would be the focus of this audit.

The council collects waste on a weekly basis from 89,000 properties across York with a mixture of domestic, green, recyclable and commercial waste being collected each week. There are 25 collection rounds each week which collect an average of 1,600 tons of waste each week. Crews record the number of hours worked on a daily basis and claim overtime at the end of the week if the number of hours worked during the week exceeds 37 hours. The number of hours of overtime claimed during 2017/18 in Waste Services was approximately 5,800 hours.

Objectives and Scope of the Audit

The purpose of this audit was to provide assurance to management that procedures and controls within the system will ensure that overtime payments within the Waste Services are:

- made in line with the council's policies on overtime working
- only paid for work that has been carried out
- authorised by a person with suitable delegated authority.

Key Findings

A Waste Services Operational Framework was introduced in December 2016 which sets down the terms and conditions for staff in Waste Services. The policies in this document are slightly different to the council's terms and conditions in order to provide an incentive for staff to complete waste collection rounds efficiently. The terms and conditions are based on a collective task and finish principle where staff are able to go home and be paid for a full day's work if the waste collection round took less than the contracted number of hours. However, these arrangements were not working as well in reality because staff were not always providing explanations when claiming overtime for waste collection rounds that were taking longer than normal and were also claiming overtime on bank holidays for hours that hadn't been worked.

It was also found that drivers were completing waste collection rounds without a break that was required by the UK's Working Time Directive which could mean the driver or the council would be liable if there was an accident.

The process for authorising the overtime payments was found to be working well.

Overall Conclusions

The arrangements for managing risk were satisfactory with a number of weaknesses identified. An acceptable control environment is in operation but there are a number of improvements that could be made. Our overall opinion of the controls within the system at the time of the audit was that they provided Reasonable Assurance.

1. Adequate explanations are not being provided to support overtime claims

Issue/Control Weakness	Risk
The council is paying overtime for waste collection rounds that are being completed slower than expected with no explanation given as to the reason why the round took longer to complete.	The council is paying an excessive amount of overtime.

Findings

The Daily Work Sheets ask for a record to be kept of bins that were not presented for collection and any other problems on the round such as blocked access. A sample of overtime claims was taken when overtime was being claimed for reasons such as 'Finish Work' or 'Worked over 37 hours' to see if the Daily Work Sheet provide details of why the round took longer than expected. In 8 of the 10 cases there was no record of either bins not being presented for collection or other problems encountered on the round. The other two cases listed a small number of bins that had routine problems such as bulky waste that would not explain why a round took extra time to complete.

Agreed Action 1.1

The service has recognised that the auditable paper trail for overtime was not satisfactory, although they felt that management was aware of the overtime and maintained responsibility for it being sanctioned. The Waste Head of Service has subsequently introduced a high level spreadsheet which records all issues that have a financial or operational impact on the service. It records the predicted impact (such as overtime) and also the actual. The intention is to allow management to challenge any gaps between predicted and actual and relate it back to the overtime sheets. This will serve as an additional reconciliation of overtime paid but also allows management to have greater control and knowledge over overspends and their origin.

Priority	2
Responsible Officer	Waste Head of Service
Timescale	Completed

2. Driver breaks

Issue/Control Weakness	Risk
Drivers are not taking breaks required by the UK's Working Time Directive.	The driver and the council could be liable if an accident occurred due to the driver completing an excessively long shift without the required break set down by the Working Time Directive.

Findings

The Draft Framework Agreement states that: 'The Working Time Directive rules apply to all workers and there is a duty on the City of York Council to provide for the opportunity for its employees to take a break if their working day exceeds 6 hours. Therefore, as all of our Drivers are employed on a full-time contract of 7 hours 24 minutes a day, all employees should take an uninterrupted break of 20 minutes.' A sample of daily crew sheets was reviewed which showed that 64% of rounds within the sample did not record a break on their crew sheet. 17% of rounds took less than 6 hours to complete with these cases also not recording a break on the crew sheet.

Agreed Action 2.1

The council is embarking on the digital capture of driver's working hours with the use of tachographs which records the vehicle's speed and distance. This should benefit the service and users as the need for a daily form filling will cease. The driver data will be managed via a download box, which will be uploaded to a driver compliance management system called FTA Vision. This will allow for the viewing of data to ensure the council complies with the Working Time Directive. Each user department will have their own log ins to manage the analysis of the data. For example the driver hours and any infringements around these areas. The roll out date for this is the 1st November

For those not yet on the Tachograph system and during the interim period, drivers are asked to hand in their completed driver hours books to the supervisors each evening. These are checked every night by the supervisors. Supervisors will challenge any inconsistencies and advise on the correct practices.

Further meetings have been arranged with the Union and driver and user training are planned.

Priority	2
Responsible Officer	Waste Head of Service
Timescale	30 th November 2018

3. Overtime payments made to staff who are working on bank holidays

Issue/Control Weakness	Risk
Staff are being paid for working 7.4 hours on bank holidays when the waste collection round actually took less time to complete.	Overtime is being claimed for hours where work hasn't been done.

Findings

The Draft Framework Agreement states that 'All employees will work Bank Holidays as any other normal working day'. Appropriate rates of pay, and lieu days, will continue to be paid in accordance with the Collective Agreement on Pay and Grading.' However, a sample of cases was taken where staff were claiming overtime for working on a bank holiday. There were seven cases where the person claimed 7.4 hours overtime even though the waste collection round actually took less than the 7.4 hours that were claimed meaning that they were claiming overtime for hours that were not actually worked. In the three cases where the waste collection round took longer than 7.4 hours the actual number of hours worked was claimed rather than 7.4 hours.

Management Response

Staff are paid a minimum 7.4 hours a day regardless of the length of the shift, Under the Waste Framework Agreement Bank Holidays are treated the same. The reason behind this is to provide incentives to work on bank holidays and to maintain the integrity of the task and finish principle. Trying to differentiate between the number of hours worked on a bank holiday compared to those in the rest of the week would also create an administrative burden without saving much money in return.

4. Claiming overtime on a weekly basis.

Issue/Control Weakness	Risk
Overtime is being claimed in one week that could be offset against the following week when less than 37 hours are being worked.	An excessive amount of overtime is being paid to staff.

Findings

The Draft Framework Agreement states that staff in Waste Collection Services are contracted to work 37 hours per week with overtime being paid if the number of hours exceeds this number. Waste is currently being collected on a fortnightly basis so staff could be paid overtime for the week where waste collection rounds took longer even though they completed rounds in less than 37 hours the following week. A sample of cases was reviewed which showed instances where staff had claimed overtime in one week even though they worked less than 74 hours across two consecutive weeks.

Agreed Action 4.1

Overtime is claimed under the current agreed and recognised procedures and any changes to this will be considered as part of the Frontline Workforce Review over the next 12 months. This review will include whether it would be better to operate on a fortnightly basis for claiming overtime because waste is collected on a fortnightly basis. This may result in an updated collective agreement that would then require agreement from both management and the unions.

Priority	3
Responsible Officer	Waste Head of Service
Timescale	31 st August 2019

5. Waste Services Operational Framework

Issue/Control Weakness	Risk
The Waste Services Operational Framework was not available at the time of the audit and there was no written evidence to confirm that it has been agreed by the directorate management team and the trade unions	Disputes occur between the service management team and the trade unions because there is no written agreement on terms and conditions for staff in Waste Services.

Findings

The Waste Services Operational Framework sets down the workforce strategy and the terms and conditions for staff in Waste Services. The terms and conditions are different from the council's in that they are based on a collective task and complete basis in order to encourage staff to complete waste collection rounds efficiently. Staff are able to go home and be paid for a full day's work if the waste collection round took less than the contracted number of hours.

A draft version of the Operational Framework was provided when the report was being finalised in July 2018 although this document was not available when the audit was undertaken in April 2018, although it was subsequently provided following the issue of the initial draft report. The Operational Framework document was entitled 'Draft' and was dated December 2016. There was no written evidence produced to confirm that the Framework has been agreed by the directorate management team and the trade unions. The Operational Framework was also meant to be reviewed annually but there was no written evidence to confirm that this review has been carried out since December 2016.

Agreed Action 5.1

Overtime is claimed under the current agreed and recognised procedures and any changes to this will be considered as part of the Frontline Workforce Review over the next 12 months. This may result in an updated collective agreement that would then require agreement from both management and the unions. A new Operational Framework will then be produced and be available to staff.

Priority	3
Responsible Officer	Waste Head of Service
Timescale	31 st August 2019

All LGV vehicles are being fitted with tachographs which will accurately record drivers hours and remove the need for paper records for drivers.

Audit Opinions and Priorities for Actions

Audit Opinions

Audit work is based on sampling transactions to test the operation of systems. It cannot guarantee the elimination of fraud or error. Our opinion is based on the risks we identify at the time of the audit.

Our overall audit opinion is based on 5 grades of opinion, as set out below.

Opinion	Assessment of internal control
High Assurance	Overall, very good management of risk. An effective control environment appears to be in operation.
Substantial Assurance	Overall, good management of risk with few weaknesses identified. An effective control environment is in operation but there is scope for further improvement in the areas identified.
Reasonable Assurance	Overall, satisfactory management of risk with a number of weaknesses identified. An acceptable control environment is in operation but there are a number of improvements that could be made.
Limited Assurance	Overall, poor management of risk with significant control weaknesses in key areas and major improvements required before an effective control environment will be in operation.
No Assurance	Overall, there is a fundamental failure in control and risks are not being effectively managed. A number of key areas require substantial improvement to protect the system from error and abuse.

Priorities for Actions

Priority 1	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management.
Priority 2	A significant system weakness, whose impact or frequency presents risks to the system objectives, which needs to be addressed by management.
Priority 3	The system objectives are not exposed to significant risk, but the issue merits attention by management.

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