Item 2(k)

28th September 2022

GLASGOW CITY COUNCIL INTERNAL AUDIT SECTION

COMMITTEE SUMMARY

Title of the Audit: Corporate Review – Use of Non-Contractual Overtime

1. Introduction

1.1 As As part of the agreed Internal Audit plan we have carried out a corporate review of non-contractual overtime arrangements. Overtime payments to staff can be contractual or non-contractual and represent a significant financial cost to the Council. In 2020/21 non-contractual overtime accounted for expenditure of over £16m.

1.2 It is essential that appropriate controls and authorisation processes for the payment of overtime are in place and being followed to ensure these are used fairly and appropriately.

1.3 The scope of the audit included a review of the five core Council Services, Chief Executives Department (CEX), Education Services (EDS), Financial Services (FS), Social Work Services (SWS) and Neighbourhoods, Regeneration and Sustainability (NRS), including:

- Identifying all services where overtime is utilised and confirming that there is an approved budget for non-contractual overtime;
- Obtaining and reviewing copies of procedures which have been documented for administering overtime and ensuring that these are being complied with;
- Ascertaining the arrangements for the payment and monitoring of non-contractual overtime expenditure and confirming that these are being followed in practice.

2. Audit Opinion

2.1 Based on the work carried out a reasonable level of assurance can be placed upon the control environment. The audit has identified some scope for improvement in the existing arrangements and one recommendation which management should address.

3. Main Findings

3.1 We are pleased to report that the key controls are in place for the payment of non-contractual overtime and are generally operating effectively.

3.2 We sampled 20 high level, regular non-contractual overtime claimants and found each claim had been authorised effectively.

3.3 We liaised with Service contacts and verified that high-level budget monitoring takes place on a periodic basis and this included looking at overtime expenditure. The Service with the highest level of overtime was SWS, and we confirmed that the Service monitors overtime across client groups and localities as well as on an individual basis for employees who work high levels of overtime.

3.4 Further details of the levels of non-contractual overtime over the past 3 years can be found in the table below.

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	Total Non-Contractual OT		
Service	**2019/20 (£k)**	**2020/21 (£k)**	**2021/22 (£k)**
CEX	38	65	118
EDS	210	117	275
FS	4,423	3,224	4,166
SWS	9,653	8,975	12,573
NRS	3,734	3,635	4,810
Total	**18,058**	**16,016**	**21,942**

3.5 We confirmed that there are sufficient and appropriate documented procedures in place covering use of overtime across the services sampled and appropriate authorisation of overtime claims by management.

3.6 However we did identify one area where controls required to be strengthened. Where staff work a significant number of overtime hours, it is a requirement that they sign a waiver stating that they opt out of the working time directive. There was evidence of uncertainty throughout the SWS managers sampled in terms of what should be done with these forms. We were therefore unable to evidence whether waiver forms had been completed by the 20 employees sampled.

3.7 An action plan is provided at section four outlining our observations, risks and recommendations. We have made 1 recommendation for improvement. The priority of this recommendation is:

Priority	Definition	Total
High	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	0
Medium	Less critically important controls absent, not being operated as designed or could be improved.	1
Low	Lower-level controls absent, not being operated as designed or could be improved.	0
Service Improvement	Opportunities for business improvement and/or efficiencies have been identified.	0

3.8 The audit has been undertaken in accordance with the Public Sector Internal Audit Standards.

3.9 We would like to thank officers involved in this audit for their cooperation and assistance.

3.10 It is recommended that the Head of Audit and Inspection submits a further report to Committee on the implementation of the action contained in the attached Action Plan.

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No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: Working time directive opt out waivers have been signed and accepted by affected personnel.				
1	There was evidence of uncertainty in SWS managers sampled in relation to the usage and retention of employee working time opt out forms. Although it was acknowledged by HR that waivers are required for staff working more that the allowed number of hours, we were unable to view any of these waivers for the sample of 20 individuals selected from SWS. There is therefore an increased risk that the Council cannot evidence that it complies with the relevant employment law legislation.	In order to ensure that employment law is complied with and a record of employee working time is maintained, SWS management should put in place an adequate process for the collection and retention of employee working time opt out forms.	**Medium**	**Response:** Accepted **Officer Responsible for Implementation:** Assistant Chief Officer HR **Timescale for Implementation:** 30th September 2022.