

Follow-up: Additional Hours and Overtime

Final Internal Audit Report

January 2022

Public Health Wales NHS Trust



Partneriaeth
Cydwasaethau
Gwasanaethau Archwilio a Sicrwydd
Shared Services
Partnership
Audit and Assurance Services



Iechyd Cyhoeddus
Cymru
Public Health
Wales



Contents

Executive Summary	3
1. Introduction.....	4
2. Findings.....	4
Appendix A: Management Action Plan.....	6
Appendix B: Previous Matters Arising Now Closed.....	10
Appendix C: Assurance opinion and action plan risk rating.....	17

Review reference:	PHW-2122-16
Report status:	Final
Fieldwork commencement:	18 November 2021
Fieldwork completion:	16 December 2021
Draft report issued:	21 December 2021
Management response received:	13 January 2022
Final report issued:	13 January 2022
Auditors:	Lucy Jugessur, Audit Manager Liz Vincent, Principal Internal Auditor
Executive sign-off:	Neil Lewis, Director of People and Organisational Development
Distribution:	Angela Fisher, Deputy Director of Finance Karen Williams, Interim Head of People and OD Operations Karen Fitzgibbon, Interim Head of Workforce Planning and People Analytics Jenny Ansell, Interim HR Manager Lucy Day, Business and Policy Support Officer
Committee:	Audit and Corporate Governance Committee



Audit and Assurance Services conform with all Public Sector Internal Audit Standards as validated through the external quality assessment undertaken by the Institute of Internal Auditors.

Acknowledgement

NHS Wales Audit and Assurance Services would like to acknowledge the time and co-operation given by management and staff during the course of this review.

Disclaimer notice - please note

This audit report has been prepared for internal use only. Audit and Assurance Services reports are prepared, in accordance with the Service Strategy and Terms of Reference, approved by the Audit and Corporate Governance Committee.

Audit reports are prepared by the staff of the NHS Wales Audit and Assurance Services, and addressed to Independent Members or officers including those designated as Accountable Officer. They are prepared for the sole use of NHS Wales Shared Services Partnership and no responsibility is taken by the Audit and Assurance Services Internal Auditors to any director or officer in their individual capacity, or to any third party.

Executive Summary

Purpose

To assess progress in implementing the recommendations arising from the 2020/21 limited assurance internal audit report.

Overview of findings

Management have implemented the actions in respect of the four high priority prior year matters arising.


One of the three medium priority prior year matters arising has been addressed and closed. Most of the management actions for the remaining two medium priority findings have been addressed, but we identified new related matters during our follow up work.

We tested a small sample of new claim forms against the process and the pay returns and identified an error where the hours shown on the claim form did not reconcile with the pay return.









We note that the new claim form automatically adds Bank Holiday hours to the pay return section of the claim form without clear instructions explaining how this is managed.

Although the Trust have implemented processes for staff to complete the Working Time Regulations (WTR) questionnaires and 'opt out forms', no staff have completed them since our last audit.

Follow-up Report Classification

 <p>Reasonable</p>	<p>Follow up: All high priority recommendations implemented and progress on the medium and low priority recommendations.</p>	<p>Trend</p> 
---	---	--

Progress Summary

Previous Matters Arising	Previous Priority Rating	Direction of Travel	Current Priority Rating
1 Overtime Claim Form	High		Closed
2 Approval process	High		Closed
3 HR Master spreadsheet	High		Closed
4 Monitoring of additional hours	High		Closed
5 Reconciliation of claiming documentation	Medium		Closed
6 Paid at correct enhancement rate	Medium		Medium
7 Opting out of WTR	Medium		Medium
8 Additional hours and overtime requests	Low		Closed

1. Introduction

- 1.1 We completed the follow-up review of Additional Hours and Overtime process in line with the Public Health Wales Trust (the 'Trust' or the 'organisation') agreed Internal Audit Plan for 2021/22.
- 1.2 During the Covid-19 pandemic staff had to work more flexibly and that included working additional hours over and above their contracted hours. As such, the Trust introduced a new Covid-19 staff claim form for claiming overtime and enhancements that enabled staff to be reimbursed for their additional and unsocial work, and also to allow the Trust to identify these costs separately for reporting purposes.
- 1.3 Our original report was finalised in June 2021 and made eight recommendations which resulted in an overall rating of 'Limited Assurance'.
- 1.4 A Task and Finish group was established in July 2021 to implement the agreed actions from our original audit. A detailed action plan was developed and it showed all actions had been completed and closed.
- 1.5 The relevant lead for the review is the Director of People and Organisational Development.
- 1.6 The overall risks considered in this review by a failure to implement agreed audit recommendations and therefore the continued risk that:
 - Inappropriate payments made if timesheets are not properly completed, authorised and checked.
 - Staff are working unsafe and unsustainable hours which could affect their wellbeing.

2. Findings

- 2.1 The table below provides an overview of progress in implementing the previous internal audit recommendations:

Original Priority Rating	Number of Recommendations	Implemented / Obsolete (Closed - No Further Action Required)	Action Ongoing (Further Action Required)	Not implemented (Further Action Required)
High	4	4	-	-
Medium	3	1	2	-
Low	1	1	-	-
Total	8	6	2	0

- 2.2 Full details of recommendations requiring further action are provided in the **Management Action Plan** in **Appendix A**.

- 2.3 Full details of recommendations that are deemed to be closed with no further action required are provided in **Appendix B**.

Appendix A: Management Action Plan

Previous Matter Arising 6: Paid at correct enhancement rate		
Original Recommendation		Original Priority
The guidelines will be updated with clearer instructions on how to allocate the enhancements. Any changes to the guidelines and processes will be communicated to all staff and line managers.		Medium
Management Response	Target Date	Responsible Officer
<p>Guidance has been amended and improved on an ongoing basis, but there are still some pockets of staff who require further support.</p> <p>The measures detailed above; new part-automated form with clear rules/ formulae to determine what hours are claimed as unsocial hours enhancements versus overtime, improved guidelines and communication of will assist with making improvements. People and OD colleagues will provide advice to 'hot-spot' areas to ensure ongoing improvements.</p> <p>As detailed above, a review and updating of guidelines will be undertaken as part of the work of the task and finish group. The guidelines will then be communicated to staff via the regular staff updates and to line managers via the weekly line manager channel.</p>	31 st August 2021	Director of People and OD
Current findings		Residual Risk
<p>The guidance has been updated with clearer instructions for allocating enhancements.</p> <p>The new claim form recognises the bank holiday hours, and these hours are automatically added to the pay return section of the claim form. If staff do not work the bank holiday, they are required to mark it as annual leave, however, this is not detailed within the SOP or on the claim form and staff could potentially overlook this and receive payment for hours which had not been worked.</p> <p>We tested a sample of five staff who had recently claimed overtime. We identified a slight difference between the hours shown on the claim form to the hours entered on the pay return for one staff member. This appears to be a manual inputting error. Finance will consider the possibility of locking the cells once the data has been transferred.</p>		Inappropriate payments made if timesheets are not properly completed, authorised and checked

New Recommendations		Priority	
2.2	Management should undertake sample testing of the pay return to the claim form to ensure no further errors have taken place during the transfer of data from the claim form to the pay return.	Medium	
2.3	Management should update the SOP to provide a more detailed explanation of the process for recording bank holidays onto the automated claim form.	Low	
Management Response		Target Date	Responsible Officer
2.2	Sample testing to take place commencing in February.	28 February 2022	Director of People & OD
2.3	The SOP will be updated to take account of changes which need to be made to the claim form and also feedback from users. The update will include a more detailed explanation for recording bank holidays.	24 January 2022	Director of People & OD

Previous Matter Arising 7: Opting out of Working Time Regulations (WTR)		
Original Recommendation		Original Priority
Management must ensure that staff who continue to work over and above the recommended hours in line with WTR have formally opted out and a central record of this information should be maintained.		Medium
Management Response	Target Date	Responsible Officer
As part of the work of the task and finish group, we will implement the following: <ul style="list-style-type: none"> A system will be introduced to ensure that all staff who claim overtime will be required to complete a WTR Questionnaire, and then, if appropriate, complete a WTR Opt-out Form and return to People & OD. This information will be centrally stored on electronic personal files and updated in ESR. 	31 st August 2021	Director of People and OD
Current findings		Residual Risk
Staff who claim overtime are requested to complete a WTR questionnaire, which is linked to the new claim form. Part of the new claim form flags to the line manger if the employee has not taken sufficient rest periods or breaks. The form also warns employees and line managers if the claim has breached Working Time Directive regulations. Employees can 'opt out' and choose to work more than 48 hours a week on average if they are over 18 years of age. While employees can opt out for either a limited period of time or indefinitely, it must be voluntary and in writing. We tested a sample of five claims, none of which had completed a questionnaire or an 'opt out' form, meaning that they were breaches of WTR regulations. We discussed this with management and found that no questionnaires or 'opt out' forms have been received by management. As such, while we recognise that the control system has been improved to capture the information, staff awareness needs to be raised to ensure that the new controls operate effectively.		Staff working unsafe and unsustainable hours impacting on their wellbeing and performance of the organisation
New Recommendations		Priority
2.5	Management should strengthen the SOP to emphasise the implications to the Trust should an 'opt out' form not be completed by the employees.	Medium

2.6	The line Managers should check that staff have completed a questionnaire / 'opt out' form as part of the approval process and this should be detailed within the SOP.	Medium	
Management Response		Target Date	Responsible Officer
2.5	<p>1.The SOP will be updated to include more detail around the responsibility of the employee and Line Manager to ensure the 'opt out' form is completed, and outlining the risks to the organisation if this is not done.</p> <p>2. The People & OD Team will also proactively contact all claimants to remind them of the requirements to complete the form and will keep a record of all returns.</p>	24 th January 2022	Director of People & OD
2.6	As above, the SOP will be updated to ensure Line Managers are aware of their responsibility to ensure that staff have completed an opt-out form as required.	31 st March 2022	
2.6	As above, the SOP will be updated to ensure Line Managers are aware of their responsibility to ensure that staff have completed an opt-out form as required.	24 th January 2022	Director of People & OD

Appendix B: Previous Matters Arising Now Closed

Previous Matter Arising 1: Design of Covid-19 overtime claim form		
Original Recommendation		Original Priority
<p>Management should review the claim form to ensure that:</p> <ul style="list-style-type: none"> The guidelines are updated to include the requirement to deduct unpaid breaks. Key information should be included on the shift log such as days of the week, core working hours and shift pattern plus when breaks have been taken. <p>The shift log and pay return monthly summary should be automated to assist in reducing the number of errors occurring.</p>		High
Management Response	Target Date	Responsible Officer
<p>A task and finish group has been established, comprising People & OD and Finance colleagues. The remit is to implement agreed actions that have arisen as a result of this audit. The task and finish group will:</p> <ul style="list-style-type: none"> Develop a new and improved (partly-automated) Overtime Claim Form where staff will be directed to enter days of the week, core working hours, shift pattern worked, breaks taken and any other essential information to allow the total hours and correct rates of pay to be auto-populated in the claim form. Develop a standing operating procedure for the processing of staff overtime claims. Issue updated guidelines for staff in completing overtime claims, including the requirement to deduct unpaid breaks. 	31 st August 2021	Director of People and OD
Current findings		Residual Risk
A new and partially automated overtime claim form was developed which has been in circulation since September 2021. Key issues raised at the time of our original audit, such as shift dates, core working hours, and the reason for the additional hours worked are included on the form. The new form automatically calculates the grade of pay based		n/a

on the core information that is entered by the user and distinguishes whether the hours worked will incur enhancements or be identified as overtime.

A Standing Operating Procedure and guidelines for staff claiming additional hours worked as part of Covid response have been developed. These documents have been issued to staff and are also available on the Trusts intranet.

Conclusion: Sufficient and appropriate action has been taken to address the issues previously identified. Consequently, the prior matter arising is **closed**.

Previous Matter Arising 2: Approval Process		
Original Recommendation		Original Priority
Management must determine the correct approval process to be followed, and instructions for this should be included in the updated guidelines. This review should include a consideration of the need for line managers to approve each line, and the need for Executive Director approval.		High
Management Response	Target Date	Responsible Officer
<p>A task and finish group has been established, comprising P&OD and Finance colleagues. Their remit is to implement agreed actions that have arisen as a result of this audit. The task and finish group will:</p> <ul style="list-style-type: none"> • Ensure that the approval process - that line managers must sign/initial to indicate they have approved each line - is clearly set out in the standard operating procedure and staff guidelines. • Ensure that claims are not processed without such approval. <p>In the interim, measures have been put in place (pending the above) to ensure that those staff responsible for processing claims do not process any claim unless there is clear evidence of line manager approval.</p>	31 st August 2021	Director of People and OD
Current findings		Residual Risk
<p>The new Standing Operating Procedure for claiming additional hours worked describes the process for authorisation of timesheets for line Managers. This, together with the revised guidance and the new claim form, ensures managers carry out the appropriate checks before submitting any claims.</p> <p>Conclusion: Sufficient and appropriate action has been taken to address the issues previously identified. Consequently, the prior matter arising is closed.</p>		n/a

Previous Matter Arising 3: HR master spreadsheet		
Original Recommendation		Original Priority
<p>A review of the HR master spreadsheet needs to be undertaken to ensure that the manual transfer of data is minimised, and consideration must be given to the information that needs to be included each month. For example, should the spreadsheet include names of employees who are not making a claim that month. This will reduce the number of errors and enable the spreadsheet to be more efficient and manageable to use.</p> <p>Management should request that Payroll share the final supplementary pay return with the HR team and Finance. This will reduce the number of queries for the HR Team and prevent potential duplicate payments. For Finance this will ensure that the data used to produce reports, such as the WTR report is accurate and up to date.</p>		High
Management Response	Target Date	Responsible Officer
<p>The spreadsheet used is one supplied to Public Health Wales by NWSSP Payroll colleagues.</p> <p>The task and finish group will explore the potential for developing an alternative mechanism that will reduce the need for manual transfer of data and assist in the reduction of errors e.g. creation of a workflow in Alteryx to auto-populate the master spreadsheet.</p> <p>Payroll will share the completed monthly pay return and supplementary pay return with the People & OD/ Finance team so that we have a record of what has been paid.</p>	31 st August 2021	Director of People and OD
Current findings		Residual Risk
<p>Macros are now used in the process for transferring the approved overtime claims for the month onto the pay return. A member of the Covid Overtime Team selects the correct folder, and the relevant data is extracted from the files stored in the folder and transferred onto the pay return. This has removed the need to manually transfer data onto the pay returns.</p> <p>Payroll no longer enter claims onto the supplementary pay return, this process is now carried out by the Covid Overtime Team. Therefore, the need to share the supplementary pay return is no required as they have the information readily available.</p> <p>Conclusion: Sufficient and appropriate action has been taken to address the issues previously identified. Consequently, the prior matter arising is closed.</p>		n/a

Previous Matter Arising 4: Monitoring and scrutiny of additional hours		
Original Recommendation		Original Priority
Management should ensure that appropriate, accurate and timely reports on additional hours and overtime are produced and distributed to appropriate staff and groups / committees within the Trust, and that the reports are subject to effective scrutiny with actions taken as required.		High
Management Response	Target Date	Responsible Officer
Overtime information, such as hours and cost, is now being reported on a bi-monthly basis to the Business Executive Team. Development work is underway for these data to be included within the Performance and Assurance Dashboard. In the meantime, the COVID-19 Overtime Oversight/ Scrutiny group will continue to monitor individual levels of overtime. This group reports through the Director of People & OD to the Business Executive Team.	31 st August 2021	Director of People and OD
Current findings		Residual Risk
<p>The total additional hours worked and cost for the period February 2020 to August 2021 was reported to BET in October 2021. The data was broken down by directorate, by Agenda for Change (AfC), and Medical and Dental spend in month. We were advised that the data will continue to be reported to BET on a monthly basis. In addition, development work is still underway to include the relevant data to the Performance and Assurance Dashboard which should be implemented in early 2022.</p> <p>The COVID-19 Overtime Oversight/ Scrutiny group have continued to monitor individual levels of overtime.</p> <p>Conclusion: Sufficient and appropriate action has been taken to address the issues previously identified. Consequently, the prior matter arising is closed.</p>		n/a

Previous Matter Arising 5: Reconciliation of claiming documentation		
Original Recommendation		Original Priority
Management should ensure that the hours recorded on the HR master spreadsheet and shift log and pay return monthly summary agree to the hours that have been processed for payment.		Medium
Management Response	Target Date	Responsible Officer
As detailed above, improvements are underway to automate the claim form where possible and for the creation of a workflow to populate the master spreadsheet. This will reduce risks arising from the manual reconciliation of claims and transfer of information from individual claim forms into a master pay return spreadsheet.	31 st August 2021	Director of People and OD
Current findings		Residual Risk
Reconciliations between the documents are no longer required due to the improvements that have been made to the claim form and the automated process of transferring the data onto the pay returns. Conclusion: Sufficient and appropriate action has been taken to address the issues previously identified. Consequently, the prior matter arising is closed .		n/a

Previous Matter Arising 8: Additional hours and overtime requests		
Original Recommendation		Original Priority
<p>The guidance should be updated to confirm that reasons for working additional hours should be included on the claim form documentation.</p> <p>Consideration should be given to record the justification for required additional hours to the shift log or claim form. This may enable the Trust to understand where the current pressures are and the reasoning behind them, particularly as there should be a reduction in the demand on the services over the coming months.</p>		Low
Management Response	Target Date	Responsible Officer
<p>The guidance should be updated to confirm that reasons for working additional hours should be included on the claim form documentation.</p> <p>Consideration should be given to record the justification for required additional hours to the shift log or claim form. This may enable the Trust to understand where the current pressures are and the reasoning behind them, particularly as there should be a reduction in the demand on the services over the coming months.</p>	31 st August 2021	Director of People and OD
Current findings		Residual Risk
<p>A drop-down list for recording the reasons for overtime has been included on the new claim forms. The Trust plans to collate this information to report to the Business Executive Team. We note that currently, forms that do not identify the reasons for overtime are returned to the claimant.</p> <p>We reviewed a sample of five claim forms and each one had a reason for working the additional hours.</p> <p>Conclusion: Sufficient and appropriate action has been taken to address the issues previously identified. Consequently, the prior matter arising is closed.</p>		n/a

Appendix C: Assurance opinion and action plan risk rating

Audit Assurance Ratings

We define the following levels of assurance that governance, risk management and internal control within the area under review are suitable designed and applied effectively:

	<p>Substantial assurance</p>	<p>Few matters require attention and are compliance or advisory in nature. Low impact on residual risk exposure. Follow up: All recommendations implemented and operating as expected</p>
	<p>Reasonable assurance</p>	<p>Some matters require management attention in control design or compliance. Low to moderate impact on residual risk exposure until resolved. Follow up: All high priority recommendations implemented and progress on the medium and low priority recommendations.</p>
	<p>Limited assurance</p>	<p>More significant matters require management attention. Moderate impact on residual risk exposure until resolved. Follow up: No high priority recommendations implemented but progress on most of the medium and low priority recommendations.</p>
	<p>No assurance</p>	<p>Action is required to address the whole control framework in this area. High impact on residual risk exposure until resolved. Follow up: No action taken to implement recommendations</p>

Prioritisation of Recommendations

We categorise our recommendations according to their level of priority as follows:

Priority level	Explanation	Management action
High	Poor system design OR widespread non-compliance. Significant risk to achievement of a system objective OR evidence present of material loss, error or misstatement.	Immediate*
Medium	Minor weakness in system design OR limited non-compliance. Some risk to achievement of a system objective.	Within one month*
Low	Potential to enhance system design to improve efficiency or effectiveness of controls. Generally issues of good practice for management consideration.	Within three months*

* Unless a more appropriate timescale is identified/agreed at the assignment.



NHS Wales Shared Services Partnership
4-5 Charnwood Court
Heol Billingsley
Parc Nantgarw
Cardiff
CF15 7QZ

Website: [Audit & Assurance Services - NHS Wales Shared Services Partnership](#)