

Final Internal Audit Report

Staff Overtime Payments: Parking Services

April 2021

Distribution: Interim Executive Director Place
Director of Public Realm
General Enforcement Manager

Assurance Level	Issues Identified	
Limited Assurance	Priority 1	3
	Priority 2	3
	Priority 3	0

Confidentiality and Disclosure Clause

This report ("Report") was prepared by Mazars LLP at the request of London Borough of Croydon and terms for the preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this Report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

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Please refer to the Statement of Responsibility in Appendix 3 of this report for further information about responsibilities, limitations and confidentiality.

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1. Introduction

- 1.1. The agreed Internal Audit Plan for 2020/21 includes an audit on overtime at the Council. During the course of conducting this audit it was established that a significant proportion of overtime worked by hours and financial spend was for the Parking Service and as such we therefore split the audit into two separate reviews and reported separately.
- 1.2. Details of the total hours of overtime in Parking Services relative to the Council are as follows:

	August 2020 (Hours)	September 2020 (Hours)	October 2020 (Hours)	November 2020 (Hours)
Total Council	3903	4768	3641	4909
Parking Service	2908	3016	2610	2825
Percentage	75%	63%	72%	58%

- 1.3. The objectives, approach and scope are contained in the Audit Terms of Reference at Appendix 1.
- 1.4. The fieldwork for this review was completed during the government measures put in place in response to COVID-19. While our review and testing was performed remotely, we have been able to obtain all relevant documents required to complete the review.

2. Key Issues

Priority 1 Issues

Parking Services staff eligibility for overtime was being determined based on the number of penalty charges notices (PCNs) issued, in breach of statutory guidance. **(Issue 1)**

The Enforcement Manager had authorised 101 hours of overtime for his brother in March 2020. **(Issue 4)**

Analysis of the overtime paid forms between 1 January and 31 August 2020 identified 10 Parking Services staff who had on average worked more than 48 hours a week for the period. This is not in line with the Staff Handbook, which requires that staff only work more than 48 hours a week for a limited period of time and on an exceptional basis. **(Issue 5)**

Priority 2 Issues

It is held that the shifts / normal working hours are not optimally arranged to minimise the need for overtime. **(Issue 2)**

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Required director approval was not available for overtime claimed by the Enforcement Manager, (a grade 15 employee) in March 2020. **(Issue 3)**

Although staff working more than 48 hours a week had formally opted out of the 48-hour restriction, this record was locally retained and had not been shared centrally. **(Issue 6)**

There were no Priority 3 issues.

Legislative, Organisational and Management Requirements

Audit Area: Recording of overtime

Priority	Action Proposed by Management	Detailed Finding/Rationale - Issue 1				
1	<p>Acknowledged</p> <p>The process for overtime allocation no longer considers PCN issuance rates as a factor to determine whether a CEO is allowed additional hours.</p> <p>The revised process will be shared with the audit team.</p>	<p>The statutory 'Guidance for local authorities on enforcing parking restrictions' (as issued by the Department for Transport, updated 22 June 2020) chapter 12 'Ensuring the effectiveness of civil parking enforcement' details that, <i>'Performance and rewards/penalties should never be based on the number of PCNs [Penalty Charge Notices], immobilisations or removals.'</i></p> <p>Up to 1 July 2020 overtime was allocated to Parking Services staff in line with the 'On Street Enforcement Overtime Allocation' document (dated 9 July 2018), which allowed all staff (not undergoing disciplinary action or being on sick or holiday leave) an equal opportunity to opt to work overtime. The e-mail 'CEO Overtime' issued on the 1 July 2020 at 05:05 amended this process. The e-mail detailed that, <i>'The below tables indicate this year's appraisal objectives related to PCN issuance, officers will only be eligible for overtime if they are achieving at the Met level of issuance, as a minimum. This means that to qualify for overtime walkers must be issuing at an overall hourly rate of a minimum of 1.5 [PCNs], and bikers have to be issuing a minimum of 2.35 [PCNs]. As we have a 9 hour working day this works out to be an average daily output of 13.5 [PCNs] for walkers and 21.15 [PCNs] for bikers per day.'</i></p>				
	<table border="1"> <thead> <tr> <th>Responsible Officer</th> <th>Deadline</th> </tr> </thead> <tbody> <tr> <td>General Enforcement Officer</td> <td>End April 2021</td> </tr> </tbody> </table>	Responsible Officer	Deadline	General Enforcement Officer	End April 2021	<p>With staff only being eligible for overtime based on the number of PCNs issued, the Council is in breach of the statutory 'Guidance for local authorities on enforcing parking restrictions. Furthermore, there is a risk that this process is also in breach of the Equality Act 2010.</p>
Responsible Officer	Deadline					
General Enforcement Officer	End April 2021					

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Priority	Action Proposed by Management	Detailed Finding/Rationale - Issue 2				
2	<p>Acknowledged</p> <p>The Service, working with the Cabinet Member, needs to review the operational hours of the Borough wide Controlled Parking Zones. Their current structure, with only the Central Zone being enforced beyond 5pm means that a squad level deployment at flat rate would not give an efficient level of enforcement.</p> <p>Should other zones be extended to operate beyond 5pm then the team structure could be amended to allow for additional FTE employees, reducing the need for large amounts of overtime.</p> <p>If there is no agreement to extend the operational hours of the CPZ then the current practice will continue.</p>	<p>The Croydon Staff Handbook, Module 21 Collective agreements, Chapter 1c: EBCR Collective Agreement, paragraph 5.2.1 details that, <i>‘With effect from the implementation date, the rate at which employees at grade 11 or below are paid for additional hours will be:</i></p> <ul style="list-style-type: none"> <i>i) Plain time for overtime hours worked Monday to Saturday between 6 am and 8 pm i.e. paid at the employee’s basic hour rate</i> <i>ii) Basic hourly pay enhanced by 20% (i.e. time and a fifth) for overtime hours worked Monday to Saturday between 8 pm and 6 am</i> <i>iii) Basic hourly pay enhanced by 50% (i.e. time and half) for overtime hours worked on a Sunday. Sunday hours are those worked between midnight Saturday and midnight Sunday.’</i> <p>The ‘On Street Enforcement Overtime Allocation’ document (dated 9 July 2018), explains that, <i>‘Parking services currently operates a service with staff deployed on a shift basis between the hours of 7am and 7pm, Monday to Saturday.’</i> And that, <i>‘The current scheduled overtime is as follows:</i></p> <ul style="list-style-type: none"> <i>• Monday to Saturday – Night patrols operating from 19:00 to 23:00</i> <i>• Sundays – Patrols operating from 09:00 to 20:00</i> <i>• Bank Holidays – Patrols operating from 09:00 to 20:00.’</i> <p>It is held that the shifts / normal working hours are not optimally arranged to minimise the need for overtime. With the above shift pattern for example, all staff qualify for Sunday overtime, whereas if the shifts were configured so that ‘day 1’ for the first shift was a Monday and ‘day 1’ for another shift was a Tuesday this could be avoided.</p>				
	<table border="1"> <thead> <tr> <th>Responsible Officer</th> <th>Deadline</th> </tr> </thead> <tbody> <tr> <td>Traffic Design Manager</td> <td>31st May 2021</td> </tr> </tbody> </table>	Responsible Officer	Deadline	Traffic Design Manager	31 st May 2021	<p>Without the optimum use of shifts, there is a risk that overtime may be unduly worked and paid.</p>
Responsible Officer	Deadline					
Traffic Design Manager	31 st May 2021					

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Audit Area: Claiming and approval of overtime

Priority	Action Proposed by Management	Detailed Finding/Rationale - Issue 3				
2	<p>Acknowledged.</p> <p>Should the service experience the low levels of staffing that were experienced during the early days of the Covid epidemic then Director approval will be sought prior to any overtime being worked.</p> <p>Where approval is not given, and the additional hours are deemed as “above and beyond” then lieu time will be offered.</p>	<p>The Croydon Staff Handbook, Module 21 Collective agreements, Chapter 1c: EBCR Collective Agreement, paragraph 5.1.1 details that, ‘<i>With effect from the Implementation Date employees at or above grade 12 are required to work all reasonable hours necessary to discharge the duties of their post</i>’ and paragraph 5.1.2 details that, ‘<i>Overtime payments are not payable for additional hours worked as part of the employee’s substantive post. Employees working additional hours outside of the scope of their substantive post may be paid overtime subject to approval in advance from the relevant director.</i>’</p> <p>The Enforcement Manager, a grade 15 employee, claimed and was paid for 37 hours worked from the 23 to 29 March 2020. This overtime was authorised by the (then) Head of Parking Services and no evidence of prior director approval was available. (No further instances of overtime by employees above grade 12 were found in the overtime claims for the period 1 January to 31 August 2020.)</p> <p>Overtime has been claimed and paid without appropriate approval. This is a breach of the Staff Handbook.</p>				
	<table border="1"> <thead> <tr> <th>Responsible Officer</th> <th>Deadline</th> </tr> </thead> <tbody> <tr> <td>Director of Public Realm</td> <td>9th April 2021</td> </tr> </tbody> </table>	Responsible Officer	Deadline	Director of Public Realm	9 th April 2021	
Responsible Officer	Deadline					
Director of Public Realm	9 th April 2021					

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Priority	Action Proposed by Management	Detailed Finding/Rationale - Issue 4				
1	<p>Acknowledged</p> <p>Declarations of interest have now been submitted by both parties, copies of the council code of conduct have been circulated throughout the team.</p> <p>The declaration of interest form will be included as a part of any future recruitment across the Highways and Parking Service.</p>	<p>The Croydon Council staff code of conduct sets out the standards of conduct expected of Council staff and contains strict guidelines for staff to declare any interests. All staff, interims and consultants have a responsibility to declare any actual or perceived conflicts of interest. Guidance on the Council intranet further explains that, '<i>Any significant family or other relationships with members, clients, contractors or other staff working at or with the council or its partners</i>' must be declared. The guidance also explains that perceived conflicts can be as important as actual conflicts and should be declared.</p> <p>Examination of Parking Services overtime claims for March 2020 established that the Enforcement Manager had authorised 101 hours of overtime for their brother, a Dispatcher in Parking Services. It should be noted that all Parking Service's overtime was being approved by the Enforcement Manager, they being one of the few staff with the required delegated authority. Furthermore, no declaration of this relationship had been provided to the Governance Team as required.</p>				
	<table border="1"> <thead> <tr> <th>Responsible Officer</th> <th>Deadline</th> </tr> </thead> <tbody> <tr> <td>Director of Public Realm</td> <td>9th April 2021</td> </tr> </tbody> </table>	Responsible Officer	Deadline	Director of Public Realm	9 th April 2021	<p>Due to the lack of declaration, the staff code of conduct may have been breached. With the Enforcement Manager approving their brother's overtime there is also a risk of bias/collusion or of perceived bias/collusion.</p>
Responsible Officer	Deadline					
Director of Public Realm	9 th April 2021					

Audit Area: Monitoring of overtime

Priority	Action Proposed by Management	Detailed Finding/Rationale – Issue 5
1	<p>The Croydon Staff Handbook, Module 15 Health and Safety, Chapter 2: Working Time Regulations, paragraph 3.4 details that, ‘you can seek an agreement with each affected individual to agree to work beyond the 48-hour week. (There is a standard format for this). However, people can choose not to work more than 48 hours and work patterns will need to be accommodated accordingly. There should never be any element of coercion or pressure on staff to work more than 48 hours.</p> <p>While the intention of the staff handbook is to ensure staff are not regularly required and forced to work over 48 hours per week, it does also as the above states provide the flexibility for staff to choose to work in excess of 48 hours if they wish and document their consent via an opt out.</p>	<p>The Croydon Staff Handbook, Module 15 Health and Safety, Chapter 2: Working Time Regulations, paragraph 2.4 details that, ‘In implementing the Working Time Regulations, the Council is seeking in particular, to reduce the working hours of staff who are working in excess of 48 hours per week regularly. There is some flexibility to obtain individual agreements for employees to work more than 48 hours but these would only apply only for a limited period of time and would be on an exceptional basis.’</p> <p>Analysis of the overtime paid forms between 1 January and 31 August 2020 identified 10 Parking Services staff who had on average worked more than 48 hours a week for the period. Each staff member was on a standard 36-hour contract and had been paid overtime for an average of 12 or more hours per week. These staff would also have worked overtime prior to 1 January 2020.</p> <p>Where staff work more than 48 hours a week on a regular basis it is not in line with the intention of the Staff Handbook. There is an increased risk of staff not being able to effectively perform their duties to the required standards and/or leading to staff wellbeing issues. There are also value for money considerations as regularity and volume of overtime may point to the need to deploy additional resources which may represent a lower cost than overtime payments made.</p>

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This is further supported on the Government website, linked below.

<https://www.gov.uk/maximum-weekly-working-hours/weekly-maximum-working-hours-and-opting-out>

Linking to the following recommendation staff who choose to do so will be allowed to sign an individual opt out.

Service managers will however be directed to monitor and manage all officers working hours with a view to ensuring where possible based on service provision and demands, weekly working hours are kept at an average maximum of 56 hours per week, unless expressly agreed in advance by the General Manager this agreement will only be on exceptional basis and for defined limited period such as a special event.

Weekly totals will include for any paid time (leave/ sick) etc.

A spreadsheet tracker will be used to monitor and manage working hours

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	The service will be implementing the new regime from 1 st June 2021	
Responsible Officer	Deadline	
General Enforcement Officer	1 st June 2021	

Parking Services – Overtime Payments 2020-21

Priority	Action Proposed by Management	Detailed Finding/Rationale - Issue 6				
2	<p>Acknowledged.</p> <p>All CEO will be asked to sign the appropriate declaration to “opt out” on a yearly basis as a part of their annual appraisal. The process for CEO will be amended accordingly.</p> <p>Such declarations to extend to CEO Supervisory staff too.</p> <p>Hours worked will be recorded and monitored over a 17 week rolling period.</p> <p>Links to recommendation 1 above</p>	<p>The Working Time Regulations 1998 regulation 4 (1) details that, ‘<i>Subject to regulation 5, a worker’s working time, including overtime, in any reference period which is applicable in his case shall not exceed an average of 48 hours for each seven days.</i>’ Regulation 5 (1) further details that, ‘<i>The limit specified in regulation 4(1) shall not apply in relation to a worker who has agreed with his employer in writing that it should not apply in his case, provided that the employer complies with the requirements of paragraph (4).</i>’ The requirements of paragraph 4 include that up-to-date records are maintained of the staff that have agreed to opt out and the conditions, if any, of these as well the number of hours worked by each such employee for each reference period. These records must be made available for inspection should it be required.</p> <p>Analysis of the overtime paid forms between 1 January and 31 August 2020 identified 10 Parking Services staff who had on average worked more than 48 hours a week for the period. While it was confirmed that each staff member had formally opted out of the 48-hour restriction, this record was locally retained and had not been shared centrally and placed on the respective HR personal files.</p> <p>Where appropriate records of staff working more than 48 hours a week are not held centrally, there is a risk that these will not be readily available for inspection should these be required.</p>				
	<table border="1"> <thead> <tr> <th>Responsible Officer</th> <th>Deadline</th> </tr> </thead> <tbody> <tr> <td>General Enforcement Officer</td> <td>1st May 2021</td> </tr> </tbody> </table>	Responsible Officer	Deadline	General Enforcement Officer	1 st May 2021	
Responsible Officer	Deadline					
General Enforcement Officer	1 st May 2021					

AUDIT TERMS OF REFERENCE

Overtime Payments: Parking

1. INTRODUCTION

1.1 The agreed Internal Audit Plan for 2020/21 includes an audit on overtime. During the course of conducting this audit it was established that over half of the total overtime worked for the entire Council for the last four months was for the Parking Service, as follows:

	August 2020 (Hours)	September 2020 (Hours)	October 2020 (Hours)	November 2020 (Hours)
Total Council	3903	4768	3641	4909
Parking Service	2908	3016	2610	2825
Percentage	75%	63%	71%	58%

1.2 Due to the above, a separate audit specifically focussing on the overtime in the Parking Service will be conducted.

2. OBJECTIVES AND METHOD

2.1 The overall audit objective is to provide an objective independent opinion on the adequacy and effectiveness of controls / processes.

2.2 The audit will for each controls / process being considered:

- Walkthrough the processes to consider the key controls;
- Conduct sample testing of the identified key controls, and
- Report on these accordingly.

3. SCOPE





3.1 This audit included the following areas (and issues raised):

Control Areas/Risks	Issues Raised		
	Priority 1 (High)	Priority 2 (Medium)	Priority 3 (Low)
Recording of overtime	1	1	0
Claiming and approval of overtime	1	1	0
Monitoring of overtime	1	1	0
Total	3	3	0

Definitions for Audit Opinions and Issues Raised

In order to assist management in using our reports:

We categorise our **audit assurance opinion** according to our overall assessment of the risk management system, effectiveness of the controls in place and the level of compliance with these controls and the action being taken to remedy significant findings or weaknesses.

	Full Assurance	There is a sound system of control designed to achieve the system objectives and the controls are constantly applied.
	Substantial Assurance	While there is basically a sound system of control to achieve the system objectives, there are weaknesses in the design or level of non-compliance of the controls which may put this achievement at risk.
	Limited Assurance	There are significant weaknesses in key areas of system controls and non-compliance that puts achieving the system objectives at risk.
	No Assurance	Controls are non-existent or extremely weak, leaving the system open to the high risk of error, abuse and reputational damage.

Priorities assigned to issues raised are based on the following criteria:

Priority 1 (High)	Fundamental control weaknesses that require immediate attention by management to action and mitigate significant exposure to risk.
Priority 2 (Medium)	Control weakness that still represent an exposure to risk and need to be addressed within a reasonable period.
Priority 3 (Low)	Although control weaknesses are considered to be relatively minor and low risk still provides an opportunity for improvement. May also apply to areas considered to be of best practice that can improve for example the value for money of the review area.

Statement of Responsibility

We take responsibility to the London Borough of Croydon for this report which is prepared on the basis of the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices.

This report is confidential and must not be disclosed to any third party or reproduced in whole or in part without our prior written consent. To the fullest extent permitted by law Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation amendment and/or modification by any third party is entirely at their own risk.

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