Flexible Working Arrangements for Compressed and Variable Hours

Final Internal Audit Report

2025/26

Cardiff and Vale University Health Board

Limited Assurance

Contents

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Executive Sign Off	June 2026
Audit Committee	September 2026
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Executive Summary

Purpose

The audit of Flexible Working Arrangements for Compressed and Variable Hours was completed as an addition to the 2025/26 internal audit plan for Cardiff and Vale University Health Board (the 'Health Board'), following a request from the Chief Operating Officer. The purpose of the audit was to review the process for how flexible working arrangements relating to compressed hours were agreed, reviewed and worked and how annual leave was managed for those working compressed hours.

Overview

Flexible working benefits individuals in enabling them to balance their personal life with their working life. In addition, it benefits the Health Board as employees can be retained and therefore experienced and skilled staff are maintained.

The Health Board has formally adopted the All Wales Flexible Working Policy which reflects the NHS Wales commitment to promoting a flexible working culture. Under this policy, employees can formally request flexible working arrangements.

Requests to working flexibly should be undertaken by completing a Flexible Working Request Form or completing the request on ESR and submitting to the Line Manager. The Manager must meet with the employee to discuss the flexible working request, consider its feasibility, and confirm whether it is approved. Each department is responsible for maintaining records of all formal applications for Flexible Working including approvals and rejections.

There are many types of flexible working which employees may apply for, and as part of this audit we focussed on compressed hours, whereby employees work their full contracted hours over a shorter period than is standard. Staff working compressed hours must ensure they correctly record their actual contracted hours when requesting annual leave or bank holidays, rather than assuming a standard 7.5 hour day. In addition, we also be focussed on variable hours whereby staff work varying patterns. The audit was carried out in the Medicine Clinical Board.

We have concluded **limited** assurance on this area. Overall, there is limited awareness and inconsistent application of the Flexible Working Policy and Annual Leave Procedure. Required processes, including the completion of Flexible Working Request forms and ESR submissions, are not being consistently followed. In addition, managers are not consistently monitoring staff working patterns—partly due to limited use of HealthRoster—resulting in discrepancies where annual leave and bank holiday requests do not always align with employees' contracted hours.

The significant matters requiring management attention include:

- Limited awareness of the Flexible Working Policy was identified through our testing, as there was evidence that Flexible Working Request forms or ESR requests had not been completed for some staff working compressed or variable hours.
- Limited awareness of the Annual Leave Procedure was evident, with staff working compressed or variable hours not consistently requesting annual leave or bank holidays based on their contracted hours.
- Flexible Working Request forms were not completed in accordance with the requirements set out in the Flexible Working Policy.
- ESR requests for flexible working were also not submitted in line with the Flexible Working Policy.
- Managers were not consistently monitoring staff working days and hours, with this issue compounded by the lack of Healthroster utilisation.
- Annual leave requests did not always reflect employees' contracted hours.
- Bank holiday requests were not always aligned with employees contracted hours.

Full details of matters arising are provided within the Findings & Agreed Action Plan.

Scope & Assurance Summary

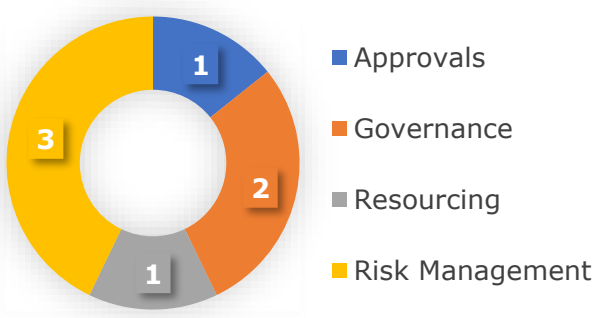
Objectives (The objectives and associated assurance ratings are not necessarily given equal weighting when formulating the overall audit opinion.)		Related Findings	Assurance
1	Appropriate and up to date policies and procedures covering flexible working arrangements are in place, including management of compressed hours and of annual leave and these are readily available to all management and staff	1,2	**Reasonable**
2	A formal documented and/ or evidenced request is recorded in ESR for all staff working compressed hours and variable working patterns	3,4	**Limited**
3	Effective processes are in place for the ongoing monitoring and review of staff working compressed hours and variable working patterns to ensure approved days and hours are being worked	5	**Reasonable**
4	Annual leave and banks holidays for staff working compressed hours and variable working patterns are being effectively managed to ensure correct hours are taken and annual entitlements are not exceeded	6,7	**Limited**

Management Actions

4 High Priority

3 Medium Priority

Themes



Risk Types

Financial Loss

Findings & Agreed Action Plan

Objective 1: Appropriate and up to date policies and procedures covering flexible working arrangements are in place, including management of compressed hours and of annual leave and these are readily available to all management and staff	**Reasonable**

Overview / Summary of Observations

The People and Culture Committee formally adopted the All Wales Flexible Working Policy in January 2024. The policy is accessible to all staff via the Workforce Policies section of SharePoint. In addition, the People and Culture department provide a range of toolkits on its SharePoint pages, including one dedicated to Flexible Working. This toolkit contains a "Useful Resources" section, which includes the Flexible Working Policy alongside supporting materials such as a Flexible Working Flow Chart, Flexible Working Request Form etc. Furthermore, there are videos showing how Employees and Managers request flexible working requests on ESR.

However, despite the availability of these resources, our testing identified instances of staff working flexible or variable hours without having completed a Flexible Working Request form or submitting a request via ESR to their line manager, as required by the policy.

There is also an Annual Leave Procedure in place which is scheduled for review in September 2027. This Procedure is also available to all staff via the Workforce Policies section of SharePoint. It includes guidance on the recording of annual leave, stating that 'when any leave is taken (whether annual of Public/ Bank holiday) **the contracted hours normally worked on that day should be deducted** from the total leave entitlement. This applies in all cases, including where flexible working arrangements (e.g. compressed hours) are in place.'

As with Flexible Working, there is also an annual leave toolkit containing a range of supporting resources. This includes Guidance Notes – Recording Annual Leave which advise 'if you work anything other than 7.5 hours per shift, please do not rely upon the 'calculate duration' option, in cases such as this simply enter the required number of hours in the box manually.' In addition, there is a User Guide – Recording Annual Leave on ESR which provides a step by step process for requesting annual leave on ESR and highlights that 'if you work irregular hours you may need to update the annual leave calculation.'

	Key Findings	Risk & Impact	Agreed Management Action
1	**Awareness of the All Wales Flexible Working Policy** The All Wales Flexible Working Policy is accessible to all staff via the Workforce Policies section and the Flexible Working toolkit within the People and Culture area of SharePoint. However, our testing identified that some staff working compressed hours or variable hours had not completed a Flexible Working Request form or submitted a request via ESR for approval by their line manager, as required by the policy. This demonstrates a lack of awareness of the policy requirements.		**Agreed Action:** 1) Issue a management briefing on the Flexible Working Policy and Annual Leave Procedure, supported by targeted communications to line managers and staff. Include clear expectations for compressed hours, variable hours, annual leave recording, and bank holiday treatment. 2) Introduce a simple standard process for new and existing flexible working arrangements covering request, approval, ESR entry, personal file retention, working pattern confirmation, and leave recording checks.

			Expected Evidence of Implementation: 1) Briefing note, communication pack, attendance records for digital/ webinar training sessions, and copies of manager guidance. 2) Approved process note, checklist for managers, and inclusion within local induction / management guidance.
		Medium Priority	**Officer:** 1) People and Culture and Clinical Board management teams 2) People and Culture
	Theme: Policies & Procedures	Control Operation	**Target Implementation Date:** July 2026
2	**Annual Leave Procedure** An Annual Leave Procedure is in place which is accessible to all staff via the Workforce Policies section and the Annual Leave toolkit within the People and Culture area of SharePoint. The procedure includes guidance on the recording of annual leave, stating that 'when any leave is taken (whether annual of Public/ Bank holiday) **the contracted hours normally worked on that day should be deducted** from the total leave entitlement. This applies in all cases, including where flexible working arrangements (e.g. compressed hours) are in place.' However, our testing identified that staff were not consistently recording annual leave and bank holidays in line with their contracted working hours. Again, this demonstrates a lack of awareness of the policy.		**Agreed Action:** Issue a management briefing on the Flexible Working Policy and Annual Leave Procedure, supported by targeted communications to line managers and staff. Include clear expectations for compressed hours, variable hours, annual leave recording, and bank holiday treatment.
			Expected Evidence of Implementation: Briefing note, communication pack, attendance records for digital/ webinar training sessions, and copies of manager guidance.
		Medium Priority	**Officer:** People and Culture and Clinical Board management teams
	Theme: Policies & Procedures	Control Operation	**Target Implementation Date:** July 2026

Objective 2: A formal documented and/ or evidenced request is recorded in ESR for all staff working compressed hours and variable working patterns	**Limited**

Overview / Summary of Observations

The Flexible Working Policy states that 'where the employee wishes to apply for a form of flexible working on a permanent or a longer-term basis, they should complete a Flexible Working Request Form or complete the request on ESR and submit it to their line manager.'

We undertook testing to confirm whether Flexible Working Requests, including compressed hours arrangements and variable working patterns, were supported by a completed Flexible Working Request Form in line with the Flexible Working Policy. While the policy requires all permanent or longer term flexible working arrangements to be formally documented and retained, testing identified that request forms were not consistently completed and/or available to evidence compliance.

Supervisor responses were received for 13 of 15 employees who were expected to have Flexible Working Request (FWR) forms in place, leaving management awareness unconfirmed in two cases. Of those 13 with responses, one supervisor was unaware of compressed hours being worked and, in two further cases, working hours could not be confirmed due to insufficient information provided. This indicates that some flexible working arrangements have been agreed informally, reducing assurance over the consistency, transparency, and governance of decision making, and limiting the organisation's ability to accurately record, monitor, and report on flexible working arrangements.

We also identified significant weaknesses in the recording, monitoring and timely management of flexible working requests on ESR. While 93 staff were recorded as having submitted a flexible working request, workforce information indicated that substantially more staff may be working flexible arrangements, suggesting that records on ESR are incomplete.

Our testing also highlighted that a number of requests had no recorded outcome or remained marked as pending within ESR, beyond the policy's required two-month decision period. In addition, key management information, including outcome details and decision letter dates, was frequently absent. These weaknesses limit oversight, reduce assurance that requests are being managed in line with policy, and increase the risk of inconsistent record keeping and non-compliance with required timescales.

	Key Findings	Risk & Impact	Agreed Management Action
3	**Flexible Working Request Forms** A review of a sample of 40 staff records was undertaken to confirm whether a completed Flexible Working Request (FWR) Form was in place, and whether the requests had been entered onto ESR. Overall, we identified 15 cases where a required FWR form was not in place, and we were unable to confirm management awareness of the arrangements for 5 of these cases. The detailed findings are as follows:	Flexible Working Request Forms are not consistently completed and retained in accordance with the policy.	**Agreed Action:** The following actions will be taken to ensure that Flexible Working Request Forms are completed and retained in all cases where flexible working arrangements, including compressed hours and variable working patterns, are agreed on a permanent or longer term basis: • Policy requirements will be reinforced with managers to ensure all flexible working requests are formally documented using the approved Flexible Working Request Form or ESR workflow. • Managers will be reminded of their responsibility to retain completed documentation on the employee's personal file and ensure ESR records are updated accordingly.

	• Across the 40 cases reviewed, only seven FWR forms were available, but it was noted that one had been completed at the time of the audit. • For 10 cases, a form was not required as the working pattern was contractual (e.g., part-time), related to retire-and-return arrangements, or driven by service requirements rather than an employee request. • A further eight staff had left the organisation or transferred departments. Two FWR forms however were retrieved from personal files. For the five cases where forms were not provided, no evidence was available to confirm that forms had been completed at the time of the change. Of the two forms obtained, one lacked manager authorisation and the other was authorised three months after completion. • The remaining 15 cases in the sample were expected to have a Flexible Working Request (FWR) form in place; however, management advised that one of these working arrangements was a longstanding legacy agreement. • Of the 15 employees who we believe should have had an FWR form in place, supervisor responses were obtained for 13; as a result, we were unable to confirm management awareness of the remaining two staff working compressed or variable hours. • Of the 13 employees for whom supervisor responses were obtained, one supervisor was unaware that compressed hours were being worked, and another provided no comment on the working hours of two staff members. For the remaining 10 employees, supervisors confirmed awareness of working patterns, despite FWR forms not being in place.		• Refresher guidance and signposting to the policy and forms to support consistent application across services. In addition, Management will undertake a retrospective review of all current staff working compressed or variable hours to confirm whether a formal request exists, whether approval is documented, and whether records are held on the personal file and ESR where required. **Expected Evidence of Implementation:** Validated register of staff on compressed or variable hours, completed gap analysis, and confirmation that missing forms have been regularised or exceptions documented.
	Theme: Information, Data Quality & Data Accuracy	**High Priority** Control Operation	**Officer:** Operational managers supported by Workforce teams **Target Implementation Date: August 2026**
4	**Recording Flexible Working onto ESR** A review of flexible working records identified weaknesses in the recording and monitoring of requests on ESR. Although 93 staff were recorded on ESR as having submitted a flexible working request, People and Culture management indicated that approximately 526 staff within the Medicine Clinical Board may currently be working a flexible pattern, suggesting that not all formal arrangements are being consistently recorded. Of the 93 requests reviewed, 14 had no outcome recorded and 32 remained recorded as "Pending Decision" despite the original request date exceeding the policy requirement for a decision	Incomplete and untimely recording of flexible working requests on ESR increases the risk of non-compliance with policy.	**Agreed Action:** Line managers will be reminded of the requirement to record all formal flexible working requests and outcomes on ESR, including the decision status, outcome details, decision letter date, and arrangement type (for example, permanent, temporary, informal, or trial). A review of all current flexible working arrangements will be undertaken to ensure ESR records are complete and up to date, and a monitoring process will be introduced to identify requests approaching the 2-month decision deadline and to escalate overdue cases where necessary.

	within 2 months. In addition, ESR records were incomplete in respect of key outcome information: 64 requests had no outcome details entered and 67 did not record the date the decision letter was sent. This is not fully in line with the policy requirement that requests are formally considered and decided within 2 months, and that agreed arrangements and relevant correspondence are recorded on ESR for monitoring purposes.		In addition, Management will Cleanse ESR records to ensure all requests have a decision status, outcome details, decision date, and arrangement type recorded. Introduce a routine report to identify pending requests approaching or exceeding the required decision timescale. **Expected Evidence of Implementation:** ESR exception report, evidence of backlog clearance, and monthly compliance dashboard.
		High Priority	**Officer:** People and Culture ESR lead with service managers **Target Implementation Date:** August 2026, then monthly monitoring
	Theme: Information, Data Quality & Data Accuracy	Control Operation	

Objective 3: Effective processes are in place for the ongoing monitoring and review of staff working compressed hours and variable working patterns to ensure approved days and hours are being worked	**Reasonable**

Overview / Summary of Observations

The Flexible Working Policy states that 'it is recommended that that the flexible working arrangement is discussed annually (e.g. at appraisal).'

As outlined in Objective 2, emails were sent to the Managers of the sampled 40 staff working compressed hours and variable working patterns. The responses indicated that Managers were not always aware of the specific days and hours their staff were working.

Managers are able to monitor agreed working patterns for those staff that are using Healthroster, which was supported by the responses received. However, for staff whose hours are not recorded on a rostering system, it is significantly more difficult for managers to effectively monitor the days and hours worked.

	Key Findings	Risk & Impact	Agreed Management Action
5	**Healthroster** Healthroster captures the number of hours and days worked by staff, however, it was identified that a number of departments are not using the system. As a result, it is difficult for managers to verify the actual days and hours employees are working. This was further supported by our testing, which involved emailing Managers to confirm how they monitor and review the staff working compressed hours and variable patterns. The findings were as follows: • 14 Managers confirmed that they monitor employees working patterns to ensure they adhere to their approved days and hours. • Four Managers advised that they were in the process of reviewing the employees' working hours. • Six of the selected employees had left the Health Board, and therefore monitoring was no longer applicable. However, all six employees had not been recorded on Healthroster, with three of these working within the same department. • Ten Managers did not respond to confirm how they monitor staff compliance with approved days and hours. Of these, three employees were not recorded on Healthroster. • Six employees were not applicable, as the staff were already contracted to work part time, were on retire and return arrangements, or had agreed fixed shift patterns.	Records are not maintained of employees working hours and therefore approved days and hours are not being worked.	**Agreed Action:** Require managers to review approved working patterns at least annually and at times of service change, role change, or line management change. Where HealthRoster is in use, it should be the primary source for checking actual patterns; where it is not in use, a local roster or signed working pattern record should be maintained. **Expected Evidence of Implementation:** Annual review records, local working pattern logs, and evidence of management sign-off. **Officer:** Service Managers and Heads of Department
		Medium Priority	

	Theme: Resourcing	Control Operation	**Target Implementation Date:** September 2026

Objective 4: Annual leave and banks holidays for staff working compressed hours and variable working patterns are being effectively managed to ensure correct hours are taken and annual entitlements are not exceeded	**Limited**

Overview / Summary of Observations

In line with the Annual Leave Procedure, staff are required to take leave equivalent to their contracted hours when taking any annual leave or bank holidays. Annual leave and bank holiday requests are submitted via either Healthroster or ESR.

Audit testing was undertaken to confirm whether annual leave and bank holiday requests were recorded in line with the employees contracted hours. Our testing identified that annual leave and bank holidays were not always taken in accordance with contracted hours. In addition, some employees were not using Healthroster and, while annual leave and bank holidays should therefore have been recorded on ESR, we found instances where ESR was not being used to record this leave either.

Key Findings		Risk & Impact	Agreed Management Action
6	**Annual Leave** We reviewed a sample of 40 employees to establish if annual leave for 2025/26 had been requested correctly, and identified the following findings: • Five employees working compressed hours, and therefore longer days than the standard 7.5 hours a day, were requesting only 7.5 hours of annual leave. As a result, they would exceed their annual leave entitlements by requesting fewer hours than they actually work. • One employee contracted to work 18 hours over two 9 hours days, recorded four instances where only 16.5 hours of annual leave was requested instead of the full 18. • Four employees were not recorded on Healthroster, and no annual leave was documented on ESR. Therefore, it was not possible to determine where their annual leave was being recorded or whether the amounts requested were correct. • One employee had recorded only 240 hours of annual leave on ESR for the full year. Issues were identified in the annual leave recorded for five out of seven staff within one specific department included in our sample.	Staff may take more annual leave than entitled.	**Agreed Action:** 1) Complete a focused review of staff on compressed hours to identify cases where annual leave or bank holidays have been recorded incorrectly. Correct records prospectively and, where appropriate, agree a fair approach to historical adjustments in line with People and Culture advice. 2) Establish quarterly audit checks on a sample of staff working compressed or variable hours, reporting compliance levels and exceptions through the relevant management forum. **Expected Evidence of Implementation:** 1) Sample check results, corrected leave records and documented decisions on any remedial action required. 2) Quarterly compliance report, exception log, and action tracker.

		High Priority	**Officer:** 1) Clinical Board management with People and Culture 2) Clinical Board governance lead **Target Implementation Date:** July 2026 / Quarterly
	Theme: Approvals	Control Operation	
7	**Bank Holidays** We reviewed the same sample of 40 employees to establish if annual leave for bank holidays had been requested correctly, and identified the following findings: • Seven employees working compressed hours, and therefore longer days than the standard 7.5 hours a day, were requesting only 7.5 hours for bank holidays. As a result, they would exceed their annual leave entitlements by requesting fewer hours than they actually work. • Four employees had not requested all the bank holidays that they had worked. • Four employees were not recorded on Healthroster, and no leave for bank holidays was documented on ESR. Therefore, it was not possible to determine where their bank holidays was being recorded or whether the amounts requested were correct. As per the annual leave key finding, issues were identified in the bank holidays recorded for four out of seven staff within one specific department included in our sample.	Staff may take more annual leave than entitled.	**Agreed Action:** 1) Complete a focused review of staff on compressed hours to identify cases where annual leave or bank holidays have been recorded incorrectly. Correct records prospectively and, where appropriate, agree a fair approach to historical adjustments in line with People and Culture advice. 2) Establish quarterly audit checks on a sample of staff working compressed or variable hours, reporting compliance levels and exceptions through the relevant management forum.
			Expected Evidence of Implementation: 1) Sample check results, corrected leave records and documented decisions on any remedial action required. 2) Quarterly compliance report, exception log, and action tracker.
		High Priority	**Officer:** 1) Clinical Board management with People and Culture 2) Quarterly compliance report, exception log, and action tracker. **Target Implementation Date:** July 2026 / Quarterly
	Theme: Approvals	Control Operation	

Appendix A

Assurance Opinion

 **Substantial**	Few matters require attention and are compliance or advisory in nature. **Low impact** on residual risk exposure.
 **Reasonable**	Some matters require management attention in control design or compliance. **Low to moderate impact** on residual risk exposure until resolved.
 **Limited**	More significant matters require management attention. **Moderate impact** on residual risk exposure until resolved.
 **Unsatisfactory**	Action is required to address the whole control framework in this area. **High impact** on residual risk exposure until resolved.
 **Advisory**	Given to reviews and support provided to management which form part of the internal audit plan, to which the assurance definitions are not appropriate. These reviews are still relevant to the evidence base upon which the overall opinion is formed.

Prioritisation of Findings

Priority	Explanation
High	Significant risk to achievement of a system objective OR evidence present of material loss, error, or misstatement. Poor system design OR widespread non-compliance.
Medium	Some risk to achievement of a system objective. Minor weakness in system design OR limited non-compliance.

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The report is based on the review work undertaken and is not necessarily a complete statement of all weaknesses that exist or potential improvements. Whilst every care has been taken to ensure that the information provided in this report is as accurate as possible, no complete guarantee or warranty can be given with regard to the advice and information contained.

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Public Sector Internal Audit Standards

Audit work undertaken by NHS Wales Audit and Assurance Services conforms with the International Standards for the Professional Practice of Internal Auditing and associated Public Sector Internal Audit Standards as validated through the external quality assessment undertaken by the Chartered Institute of Public Finance & Accountancy in April 2023.

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

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