

DATA PROTECTED TO BE USED TO DEMONSTRATE MCGEE ADVANCED AUDITS

McGee Advanced Audit Report

Company:

Audit Date:

Attendees: (Director)
(Managing Director)
(McGee HR Manager)
(McGee Compliance)

Introduction

An enhanced audit was carried out on ??? Construction Limited at their office in Bedfordshire; it was within an out building of a farm property. They had recently moved to these new premises following the sale of their original office and depot to ?? Construction Limited.

??? had Achilles accreditation, this had expired in 2018. They stated it was their intention to get this renewed. ??? are currently working towards renewal. This has been confirmed since the audit.

At the start of the audit all attendees introduced themselves and their role; McGee re-stated the purpose of the audit.

The following sections address each of the areas reviewed during the audit.

1. End User Transparency

McGee HR explained that McGee wanted full transparency with its supply chain in relation to pay and charge rates for all labour only suppliers. Director said he was completely happy with this and would give McGee access to whatever information they required to demonstrate this.

When asked about profit margins between pay and charge rates Kuldip said that the margins varied between workers, roles and payment status. The majority of their workforce are paid CIS, about 80% with the rest being paid PAYE.

Sample payslips were chosen by McGee HR from current workforce supplied to McGee.

2. Insurances

Insurance certificates were seen for Employer's Liability to £10million, expiry 30/03/2021 and Public Liability to £5million, expiry 30/03/2021.

3. Contract

There is no contract in place between McGee and ??? Construction, as stated by Director and McGee HR. This needs to be addressed by both parties.

4. Accreditations

The following ISO certificates were seen; 9001 (expiry 29/11/2022), 14001 (expiry 27/03/2022) and 18001 (expiry 27/03/2022)

5. Referees

??? stated they were currently working for, or had recently been working for amongst others; Toureen, Volkens, Laing O'Rourke, Osborne and Acre Landscapes. They were asked to get a couple of references.

Two referees were offered:

[?????](#)

Since the audit construction line references have been received from:

- Osbourne's
- Volker Fitzpatrick

6. Recruitment

Directorp confirmed that he recruits his workers by word of mouth, mainly through the existing workers he has and the contacts he has in the industry. There has been no need to recruit through advertising or social media channels. This has proved sufficient for the company's needs to date.

All potential new starters are interviewed initially over the phone and if the person seems suitable they will be asked to send in their details. These will be checked with CSCS and Home Office sites to ensure the information is correct. In the event of the passing the person will be interviewed face to face, and if suitable an offer made. MD is in charge of recruitment.

Through the random selection of worker records it was highlighted by ??? that eight months ago they started to use an external company called ??? UK Services to supply men. These men have subsequently been placed on McGee projects.

McGee HR raised his concern about this. If the men are been charged at the same price how are ????

- Making a profit
- How do they ensure the men are been paid correctly and reasonable rates?

- Why isn't there disparity between the men working for ??? and ??? on site?

Director responded by saying that if there were rate issues between the men they wouldn't be working alongside each other carrying out similar roles on different rates.

It was suggested by McGee HR and agreed by Director and MD that ??? should carry out a similar audit on ??? men.

McGee HR asked for the % of ??? Services men on projects.

Director confirmed the following:

- ??? 70%
- ??? Services 30%

Director said that one of the reasons this company was used was due to the difficulty in making any profit from supplying men himself.

7. Right to Work

??? use the Home Office Right to Work checklist to check a person's Right to Work and the online checker to verify their status. Copies of each person's passport and checklist were kept in each worker's file.

The file containing each worker files was available for inspection and copies were seen of ?????.

Note: there was no central recording system such as a spreadsheet or matrix to quickly check a person's status in respect to expiring visas. This or something similar, with notifications would be advisable.

8. Training & Development

All training records are captured and validated using the online CITB tickets checking service. Copies are kept within the worker's file.

Director and MD stated that training was offered by the company as and when required. The costs were borne by ??? and the worker was paid for the time away from site, there was no reduction in pay.

They did not charge the worker for training or have a training agreement, they felt this policy of offering free training would benefit both the worker and the company, and show a loyalty which they felt would be reciprocated by the worker.

There is a skills matrix with notifications when a skill card is coming up for expiry. This was seen.

Samples viewed:

????

9. Paying the Workers

??? construction process all payments internally, for both PAYE and CIS. They do not use external payroll companies. There is no fee applied to the payments.

All PAYE employees are given written contracts of employment and all workers paid CIS are issued contract for services agreements. These documents are in the individuals files in head office. Three sample workers were chosen and contract viewed. Contract seemed to hold all relevant legislative information.

There was no trigger for deciding who was PAYE / CIS, it seemed if the worker had a UTR number ??? would process in that way.

The PAYE contract of employment seemed standard and covered the main legal requirements.

Contract for Services agreement viewed for ??? confirming £20 / hour pay rate.

PAYE contract viewed for ??? £15.50 per hour pay rate viewed.

The contract contained working time opt out, statutory holidays and payment of statutory sick pay.

On review of the contract and payslips it was also visible that ??? Construction auto enrolled PAYE employees in pension scheme. This pension was administered by “nest”.

Workers are only paid into their own named bank accounts only; nothing is paid into other named accounts.

??? confirmed that all employees were paid in excess to the Living Wage. Sample payslips viewed also confirmed this. They said the minimum pay rate is around £10.50 per hour.

Sample payslips also demonstrated that overtime payments were paid to the workers. This is done by enhancing the total hours paid to the individual.

All employees are paid 28 days holidays in a calendar year which is the statutory amount.

The company does not provide basic “Accident & Life Cover” to its workers. They said it was something they would look at in the future – now that they had set up the pension with the B&CE.

10. Health & Safety

The Health & Safety policy was seen, it is prepared by an outside consultant Mr ???, who held CMIOSH, (Chartered Member of the Institution of Occupational Safety and Health (UK)). The policy was comprehensive and covered site activities.

Since the audit a check sheet has been sent to McGee to demonstrate that the workers have read and understood the Health & Safety Policy.

A sample RAMs sheet has also been sent to McGee.

PPE was offered free of charge, some projects required ??? badged PPE which was provided. When working for a large contractor this would be provided by them as ??? would be working under their umbrella.

??? were asked how they dealt with Health and Safety concerns being raised on any of the projects his men worked on. He said that if it happened he would rely on his supervisors to deal with them. He said this had not been an issue to date.

11. Fatigue

There was no fatigue management plan in place. They worked in line with the requested client working hours.

Workers are paid for 9.50 hours which means they work a 10 hour day with two breaks which complies. Hours are monitored on timesheets and workers tend to work for only one contractor so it's easy to be highlighted to breaches.

Workers are paid for one of their half hours breaks and this was validated by viewing sample payslips. Hours submitted on timesheet by contract are exactly what's paid to workers

All workers have opted out of the working time directive.

12. Anti-Bullying & Harassment

On the day of the audit there was no policy for anti-bullying.

13. Modern Slavery

On the day of the audit there was is no Modern Slavery policy or statement in place. Since the audit a policy has been sent to McGee.

14. Occupational Health

Director confirmed that they do not have access to an Occupational Health practitioner and has not required one to date. He said they would be open to using one if required.

15. D&A Screening

There is no drug and alcohol screening carried out by ???, if required by the client all their workers are expected to take a test.

16. Transport

??? provide minibus transportation from the ??? area to sites, many of their workers lived within the ??? area, and offering transport was seen as a good perk for the workers and enabled the company to get people to work on time. There was no charge for transport. The minibus would be driven either by a Supervisor or nominated person, they would be paid for the driving time.

Insurance documents were seen for the minibuses, these were in date.

17. Accommodation

??? confirmed that they do not provide accommodation for any of their workers.

Observations and Recommendations

- Through the random selection of files during the audit ??? disclosed that they use the services of ??? Services Ltd to supply men. The relationship between ??? Services Ltd and ??? Construction Ltd needs to be clarified further. There was no transparency available at the audit to demonstrate how their men were paid, how their records were checked etc. McGee need to make a serious decision on whether to allow this arrangement to exist on our sites.
- Some key policies were not available at time of audit. ??? need to resolve this and demonstrate how these policies are communicated to workers.
- Basic Accident and Life cover is recommended for all workers. This is available via the B&CE for £1.49 per week. Director and MD both agreed this was something to look into.
- McGee would like to also receive copies of trainings certificates and right to work documents in advance of all placements.
- More transparency is required between charge and pay rates moving forward. The audit did not make this clear. There was no clear calculation making it difficult for McGee to work pay rates back from charge rates. This will be required by McGee moving forward. McGee HR to request pay / charge schedule for existing resources supplied.
- A contract or “terms of business” between ??? construction and McGee would be beneficial.
- As a minimum ??? should be made aware of McGee’s lack of confidence in the records they hold and a further audit be scheduled in three / six Months.
- Is there potential exposure to McGee due to ??? not applying the correct revenue guidelines to assessing people’s employment status for payment purposes? i.e. for those ??? pay CIS
- ???’s record keeping was a mix of physical and electronic. It seemed disjointed. Some records were also not available to view. This was explained by the fact a lot of documents were in trailer storage as they had moved premises recently.

Conclusion

??? Construction were very open during the audit and provided open access to whatever documents we wanted to view or inspect. They also were very hospitable.

The audit on the whole showed a business that treats its workers well and pays them in a fair, transparent and consistent manner on the whole.

However the engagement of a third party to supply workers should concern McGee and this needs further discussion and clarity.

??? explained away a lot of the issues around documents not being available down to the fact they had recently moved office and records were in storage. A further audit in the future is strongly recommended to address these concerns.

McGee have dealt with ??? for many years and would like to continue to do so but a stronger compliance led background and more transparency is required moving forward.