



Denbighshire Internal Audit Services
Caledfryn, Smithfield Road, Denbigh LL16 3RJ

Strategic HR

August 2014



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Background & Context

In April 2011, the Council adopted a new HR model as recommended by the external consultant Orion. We carried out an audit review of the new service delivery model, issuing a report in August 2012 with a low assurance rating and raising several issues where improvements were required.

Additionally, during 2012, we facilitated several process reviews of the functions that HR has to deliver through its core activity. This culminated in HR developing an improvement plan for 2013/14 to bring together all the actions from both pieces of work.

The Council's Corporate Governance Committee asked that we revisit the service to give assurance that the Internal Audit action plan has been fully implemented and the improvement plan achieved. Its request informed the scope of our review.

Please note that the Occupational Health service was not included in our review due to a restructure that is currently underway.

Audit Opinion





Since our last review, the HR Service has completed a significant amount of work to address the issues we raised previously and to achieve the majority of actions detailed in its ambitious improvement plan.

The Council adopted the new HR model three years ago and, with hindsight, it is our opinion that its expectations at the initial stage were set too high. The IT support systems were not in place to facilitate the core functions that HR needed to provide, and management tools, e.g. up to date policies, guidance and standard operating procedures, were not available to assist managers in understanding and adapting to a completely new HR concept.

Throughout our review, the commitment of HR staff to make the project a success was apparent and we believe the service is now at a key stage of progression and ready to move the organisation on to another level through further development and continuous improvement.

We are confident that the new model will become better embedded across the Council and, by building and maintaining better relationships between HR and the services it supports, the anticipated benefits should finally be achieved.

Based on the areas reviewed we provide the following assurance rating:

	High Assurance	Risks and controls well managed
	Medium Assurance	Risks identified but are containable at service level
	Low Assurance	Risks identified that require meeting with Corporate Director/Lead Member
	No Assurance	Significant risks identified that require member / officer case conference

Action Plan

Audit Review of: Strategic HR
Date: August 2014
Action Plan Owner: Head of Legal & Democratic Services

Corporate Risk/Issue Severity Key

	Critical - Significant CET and Cabinet intervention
	Major - intervention by SLT and/or CET with Cabinet involvement
	Moderate - Containable at service level. Senior management and SLT may need to be kept informed

Risk/Issue No.	Risk/Issue	Action	Who	When
1.	<p>Our sample testing of new starters confirms some inconsistencies within the HR process where control checks may not be done, e.g. to verify that qualifications match the job advert, or documents may not be held on the employee file as evidence.</p> <p>Following the implementation of EDRMS (electronic document record management system), it may be an appropriate time to review the overall process and develop a definitive list for all HR employees of essential checks and key documents that should be held on an employee's file. Quality assurance (QA) checks would be a useful management tool to confirm consistency of the process across the team.</p> <p>In addition, whereas some aspects of employing relief / casual staff may vary from a permanent appointment, there could be some value from aligning the overall process, where appropriate, to help ensure parity across all appointments.</p>	Develop a definitive list of control checks which the HR Assistants (HRAs) are required to undertake. This will include permanent/temporary and relief staff.	Recruitment Specialist	March 2015
		Develop a "standard employee file" that will specify exactly which documents need to be placed on EDRMS.	Recruitment Specialist	March 2015
		Develop a QA process to check consistency.	Recruitment Specialist	March 2015

Risk/ Issue No.	Risk/Issue	Action	Who	When
2.	<p>The current survey process for customer feedback may not be fully effective in providing information that is both useful and of value in helping to shape the service in the future.</p> <p>Areas for considering improvement include the following:</p> <ul style="list-style-type: none"> • The current e-mail option may be ineffective in encouraging feedback, as returns are few in number. • It may be beneficial to explore alternative options for seeking feedback. • There is a need to follow up with customers who are dissatisfied, to identify any repeat areas of concern that need addressing. • Challenge whether the best time to request feedback is always at the end of a task, e.g. in the event of a restructure, feedback may be of more value at an interim stage. <p>Linked to the above, the HR service is currently unable to monitor against its Customer Standards. This prompts the question of whether the Standards are appropriate or whether there is a risk that they serve little value in their current format and need revision.</p>	<p>Review the current feedback mechanism with a view to increasing the number of returns. Also, look at developing robust reports that show the % returns against the total number of returns possible.</p> <p>Develop QA checks to ensure that feedback forms are being circulated where appropriate.</p> <p>Undertake ad hoc follow up calls for an agreed % of cases.</p>	<p>HR Services Manager/Management Information Assistant</p> <p>HR Services Manager/HR & OD Manager</p> <p>HR Services Manager/HR & OD Manager</p>	<p>December 2014</p> <p>December 2014</p> <p>December 2014</p>
3.	<p>Retention periods have not been agreed for HR documents held on EDRMS, e.g., how long they need to be kept after an employee leaves, to ensure compliance with the requirements of the Data Protection Act and ensure efficient use of IT storage.</p>	<p>Agree retention period with the EDRMS/Data Protection team</p>	<p>Management Information Officer</p>	<p>September 2014</p>

Risk/ Issue No.	Risk/Issue	Action	Who	When
4.	<p>A critical success factor of the new HR model included a review of the accommodation layout to bring together all previous directorate HR personnel into one unit. Although recommendations were made and have been discussed, to date they have not materialised.</p> <p>Indications are that the current arrangements are ineffective, as HRAs are isolated from the rest of the team and the service remains somewhat disjointed through its cellular offices.</p> <p>There is limited scope for learning and development from peers and more effort has to be made to share knowledge and remove inconsistencies, which means that the service is not operating as efficiently as possible.</p> <p>Additionally, the current office layouts conflict with the corporate Modernisation Programme i.e. every officer still has his or her own desk.</p>	<p>Submit report to Modernisation Board</p> <p>Plan of the room to be drawn up for HR</p> <p>If appropriate, arrangements to made for HR relocate to new office</p> <p>If not appropriate, review of County Hall offices to identify a suitable space for HR and report to Modernisation Board</p>	<p>Asset Manager, Finance & Assets</p> <p>Asset Manager, Finance & Assets</p> <p>HR Services Manager/HR & Organisational Development Manager</p> <p>Asset Manager, Finance & Assets / HR & Organisational Development Manager</p>	<p>July 2014 (completed)</p> <p>September 2014</p> <p>December 2014 (provisional date)</p> <p>(to be agreed)</p>

Risk/ Issue No.	Risk/Issue	Action	Who	When
5.	<p>We found that HR Direct does not log all calls that it receives on the CRM (Call Records Management) system. Whereas there are benefits to this, i.e. where a query is classed as a 'quick win' that is immediately resolvable, it does not provide a complete record of enquiries and audit trail for follow up calls, should they arise. In addition, it does not account for HR resources being deployed in responding to a high number of queries.</p> <p>Additionally, if explored, there may be other ways of responding to high volume enquiries to reduce the demand on HR Direct.</p>	<p>Review of the types of calls logged on to CRM with a view to logging all calls that come into the HRA Team. The review needs to take into account the benefit of having all calls logged in one area against the time and effort it takes to do it.</p> <p>The outcome of the review will be to have a definite list of the types of calls that need to be logged and may be a phased approach around building up to all calls being logged on CRM.</p>	HR Services Manager/Management Information Officer	December 2014
6.	<p>When a new policy is implemented or an existing policy revised, it is essential that this be brought to the attention of those who need to know. Currently, HR does not have a protocol to support this activity that considers criteria, such as whether it is a key policy, to what extent all members of staff need to know about it and the best time and way to launch it.</p>	<p>Develop a protocol for the launch of policies and procedures within the Council. This should define the minimum expected when launching a new or revised policy/procedure, but also various options depending on the subject area.</p>	To be confirmed	December 2014

Risk/ Issue No.	Risk/Issue	Action	Who	When
7.	<p>The HR Direct Intranet page has been developed at a rapid pace to the extent that so much information is available that it could be confusing to the reader.</p> <p>Suggested improvements are as follows:</p> <ul style="list-style-type: none"> • Review the structure of the pages to ensure that documents and information are available in the most logical place. • Better links between a range of documents to ensure that all are available through one search without having to explore other fields – an example of this is interlinking the Guidance for Line Managers and the Manager checklists. • Document titles are not always obvious to the reader, i.e. in plain English, and may cause frustration when searching for documents, ultimately leading to increased contact with HR Direct to seek out an answer. <p>It may be an opportune time to review the functionality of the page in an effort to introduce automated monitoring, e.g. mandatory reading for managers, and promoting self-help tasks.</p>	<p>Review of the HR Document Store with a view to streamlining the page and improving accessibility of documents.</p> <p>Develop an action plan from the review for improvements that are required.</p> <p>Implement actions during last quarter of 2014/15</p>	<p>HR Services Manager/Management Information Assistant</p> <p>HR Services Manager/Management Information Assistant</p> <p>HR Services Manager/Management Information Assistant</p>	<p>October 2014</p> <p>December 2014</p> <p>March 2015</p>

Outcomes of our review and the risks arising

Internal Audit Action Plan (initial report dated August 2012)

Opinion

From the 11 issues raised in our previous action plan (with 45 agreed actions to address these), the majority of actions are now completed and, where this is not the case, work is in progress and continuing. We suggest that HR revisits the recruitment process following the introduction of EDRMS, as some changes may be required and an evaluation of the customer feedback process may lead to alternative ways of gathering information that will provide value in shaping the HR service in the future.

We previously raised an issue in respect of the accuracy of data held on the HR Trent system. A key development has begun by way of integrating the Payroll and HR system data, which has superseded this issue. A project is underway with a target date for completion of December 2014, to move towards one shared data repository between both services, which will eliminate the risk of data errors and reduce the need for duplicate data entry, resulting in processes that are more efficient.

System developments, such as CRM, have brought added automated controls to some of the fundamental HR processes, and the introduction of EDRMS to the service has changed the whole concept of holding and accessing employee information, i.e. this can now be achieved from any location via the Council's IT network.

In conjunction with this review, we carried out an audit of Cessation of Employment and, although overpayments to leavers via Payroll still occur, they have reduced significantly in number. HR has introduced a 'zero tolerance' approach whereby, if errors are caused by some action within the service, they are investigated to help eliminate the risk of recurrence. We also suggested some changes to documents used in the leavers' process to assist managers in this task. Our work in this area highlighted that schools caused the most common errors or delays and we are dealing with this issue separately.

A new Recruitment Policy has been introduced and, based on feedback provided to HR, has been well received by managers. However, our sample testing of new starters identified that there are still some inconsistencies within the process followed by HR in respect of checks and documents held on file. It may be an appropriate time to revisit the process to reaffirm the essential checks for consistency and reconsider the key documents that need to be retained on the EDRMS system. Some consideration of the process followed for relief staff would also be beneficial to ensure that, where appropriate, it is as robust as the process for permanent appointments. (See Risk / Issue 1)

There is an added control where HR issues monthly safeguarding reports to heads of service to identify any gaps in reference or DBS (Disclosure and Barring) checks. Through their regular meetings, the HR Business Partners

also discuss any failings in this area and undertake proactive work where necessary.

The service has done a lot of work to improve the customer experience and all HR employees have a role to promote this through their area of work, as they are all 'customer' facing, albeit internally. It is our opinion that this could be taken to the next stage by considering the value of feedback that the service receives through its returned survey forms (which are few in number) and considering whether there are other options available that will prove more beneficial in shaping the service in the future. (See Risk / Issue 2)

Alongside this, although the service has established customer standards, they are currently unable to measure against these for effectiveness using the data available. It may be an option to consider the value of the standards and how the service can measure them in the future. Both of the above will help HR to embed a more customer-focused approach throughout all tiers of its work.

HR Improvement Plan

Opinion

HR developed an ambitious improvement plan for completion during 2013/14 to take into account all of the changes emerging from the process reviews. It has achieved most of this work but, in recognition of the need for continuous improvement, HR is developing a Phase 2 Plan in a similar way that it will manage via the Corporate Project Management System (Verto). We have raised issues where we feel that HR can enhance its processes even further.

Governance areas have improved, and communication with senior management of the Council via the Corporate Executive Team and Senior Leadership Team is being maintained. HR makes regular presentations to these teams to allow them to input to strategic decisions affecting both the service and Council in the future. The HR Business Partners have a pivotal role to play through their work in building and maintaining good working relationships with service and team managers.

The EDRMS system has changed the way that the HR service operates. All job descriptions, employee records and supporting documents are held electronically and are easily accessible. Through discussions held during our review, HR employees are enthused by the way that the service has been modernised through EDRMS and are now reaping the benefits of a lot of hard work to get to this stage. Retention periods for documents and records held on the system have yet to be considered and agreed. (See Risk / Issue 3)

In line with the Council's modernisation agenda, HR adopts flexible working practices where appropriate, with relevant equipment provided to facilitate this; however, accommodation remains a problem for the service. The initial business case for the new HR model recommended that the office location be moved or adapted to create an open plan arrangement where all HR employees would feel inclusive and could function more cohesively as a team. Despite being under scrutiny over the last three years, this weakness has not been addressed to date. The 'team' continues to operate in a somewhat disjointed environment, i.e. cellular offices, where there is limited scope for learning and development from peers. Additionally, more effort has to be made to share knowledge and remove inconsistencies, which means that the service is not operating as efficiently as possible. (See Risk / Issue 4)

System improvements have been made regularly and will continue as part of the Phase 2 plan. Introduction of the CRM system has enabled the HR Direct function to progress through guidance and advice that the HRAs provide. Key dates for several processes over and above the more regular tasks, e.g. disciplinary cases, are all logged on the system to enable monitoring and to help ensure that there is no slippage in meeting statutory deadlines. Recently, HR has been able to generate telephony data to monitor the volume of enquiries being processed via CRM, which helps to identify customer demand.

However, through discussion, we found that HR Direct does not log all calls that it receives on the CRM system. Whereas we can see the benefit of this,

i.e. where a query is immediately resolved, not logging calls does not provide a complete record of enquiries and audit trail for follow up calls and does not account for HR resources being deployed in responding to a high number of queries. Additionally, there may be other ways of responding to high volume enquiries to reduce the demand on HR Direct. (See Risk Issue 5)

In terms of the work to review and reformat policies as part of the Improvement Plan, with hindsight, the target was found to be unrealistic, i.e. based on the extensive number of policies available and the time required for other aspects of the process, such as consultation and approval. Despite this, 11 key policies were reviewed over the last 12 months and are now shown on the Intranet in a common format that is far more user friendly. The HR Manager has developed a planned timetable to continue work on a similar number of policies this year.

Linked to the above, it would be beneficial to develop a protocol so there is a consistent approach to launching new or revised policies and to raising awareness of the members of staff who need to know about them. (See Risk / Issue 6)

The HR Direct page on the Intranet has been extensively developed to promote self-guidance for managers and services through the range of information available. It has reached a point now where the structure, location and access to information would benefit from a review. Tasks, such as using plain English for naming documents, creating interlinks between common areas, e.g. Guidance for Line Managers and Manager Checklists and locating documents in the most logical place would assist end users and is likely to encourage more self-help activity. (See Risk / Issue 7)

Multiple process changes were captured as part of the Improvement Plan and the majority of these have been implemented. Sample testing of the redeployment process produced positive results in terms of documents held and opportunities being offered to redeployees to eliminate the risk of redundancy wherever possible, and for the Council to be better placed in the event of challenge.

Business Partners' Role

Opinion

The Business Partners have a pivotal role to play in developing and maintaining relationships between the HR core functions and service areas. The four Business Partners adopt a flexible approach and tailor their work to meet the need of the services they support.

As part of our review, we met with the HR Business Partners and discussed their role, as our previous review focused primarily on the transactional functions of HR.

We found that their role is critical in the new HR model as they provide the face of HR to the business, acting as a focal point for delivery of the whole HR service. The role is founded on a strong understanding of the Council's priorities, with the aim of providing value-added activities. The HR Organisational and Development Manager is working closely with the Business Partners to shape their service delivery through measuring where service demands lie and tailoring their work patterns to meet this demand. In the current climate, the demand is constantly changing and it is essential that this work takes place.

Through our discussions, all Business Partners demonstrate that they are flexible in terms of meeting the needs of the services they support. They have regular meetings with heads of service and team managers, the format of which they agree with managers in advance. Standard employee relations matters are discussed with others, factored in as and when required, e.g. where a potential restructure is being planned. They provide a support role and point of contact within HR to help ensure the success of the task in hand.

Since a decision was taken approximately 12 months ago, the Business Partners have been realigned with the services they now support. This has enabled them to develop knowledge and expertise of the environment in which the services function. Although the HR Specialists are not aligned in the same way with services, there is a strong working relationship between both roles and, to an extent, casework is allocated in services where their strengths naturally lie.

Training & Support through the Change Process

Opinion

There has been a clear focus on keeping HR employees informed and trained, particularly throughout the changes and system developments over the last 12 months. The introduction of a comprehensive Change Management Guidance document is an example of offering information to services for the challenges they are facing now and in the future, and other management tools are being developed.

Linked to all the new and revised processes, there is clearly a need for all members of staff within HR and other services to be informed of the changes, particularly where a change in responsibility has resulted. During our review, we considered how well the change had been managed in respect of this.

A range of process chains has been developed within the CRM system to help enforce a consistent approach when the HRAs are dealing with enquiries and processing transactions. A pilot scheme is currently being implemented to introduce and test the use of scripts for the HRAs when using the CRM system. We reviewed the scripts and found some varying standards, so advised on getting a balance right to ensure that the information being provided is both useful and easy to understand, leading to a more efficient service.

Regular training sessions for HRAs and other members of staff have been taking place since July 2013 and are continuing. The focus of training can vary from an everyday task to changes in legislation, with presentations made by other services as required. The introduction of a competency framework will also assist HR employees to develop via a professional route (as it is based on the Chartered Institute of Personnel & Development framework). Power Hour sessions continue to be made available to other services and, in line with the revised Attendance Management Policy, these are currently running.

Several Manager Checklists have been devised to act as a prompt as and when either regular or infrequent tasks are needed. In addition, a comprehensive Change Management Guidance document is available. This captures a range of change situations, with guidance offered for each situation. All of the Business Partners have received training on its content to be able to support services as they face more changes and challenges in the future.

Roles and responsibilities of managers and HR alike are documented in the Standard Operating Procedures to help ensure clarity as to who is required to undertake a task or function under normal circumstances. Other management tools are being introduced to reduce the demand on managers' time to carry out regular tasks. A recent addition here is the automatic calculator for annual leave, which is available on the Intranet.

Business Planning & Performance

Opinion

The Service Business Plan is more robust for 2014/15 and captures a new outcome to reflect the demand on the service in its support role for the rest of the Council during challenging times ahead. Improvement actions are in place and being monitored in the usual way.

We provide assurance here on the advice offered by the Corporate Improvement Officer who supports Strategic HR. She confirmed that the Service Business Plan for 2014 -15 is far more robust than the previous year, with an outcome added to reflect the demand on the HR Service to support the rest of the Council in dealing with all the challenges it faces. Some improvement actions require changes in respect of the recent retirement of the Head of Strategic HR and others are yet to be allocated to an owner. Delivery of the actions to achieve the outcomes is being monitored through the normal performance monitoring process and reported quarterly.

Several of the challenges raised through the lines of enquiry for the Service Challenge (January 2014) were either captured within the HR Improvement Plan Phase 1 or have been carried forward to Phase 2, so are being dealt with appropriately.

Report Recipients

- Head of Legal & Democratic Services
 - HR Services Manager
 - HR & Organisational Development Manager
 - Chief Executive
 - Corporate Director – Economic & Community Ambition
 - Head of Finance & Assets
 - Scrutiny Coordinator
-
- Chair – Performance Scrutiny Committee
 - Performance Scrutiny Member
 - Lead Member – Business Improvement & Modernisation
 - Lead Member – Finance & Assets
 - Corporate Governance Committee

Key Dates

Review commenced	May 2014
Review completed	July 2014
Reported to Corporate Governance Committee	3 September 2014
Proposed date for 1st follow up review	January 2015