

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

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# **Internal Audit Follow Up**

## **Strategic Human Resources**

February 2013



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## Purpose & Scope of Review





We issued a report on Strategic Human Resources (HR) in October 2012, giving a low (amber) assurance rating.

We raised one major risk/issue and ten moderate risks/issues in our report, and have now followed up the report action plan to ensure that the agreed improvements have been made.

Some of the actions relied on the outcome of various process reviews within HR that the Head of Internal Audit (HIA) facilitated in August 2012. The HIA will follow these up separately during February 2012.

## Assurance Rating

(Based on areas reviewed)

	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

## Audit Opinion

While some action has been taken to address the issues/risks we raised in our report in October 2012, progress has been disappointingly slow. Strategic HR is reliant on managers to provide them with accurate and prompt information and to attend the necessary HR training provided but, in our opinion, Strategic HR has not supplied all the necessary tools for managers to carry out operational HR tasks, including having up-to-date policies and procedures, and having effective resources in place for any queries to be answered accurately and promptly.

The HR service model implemented in April 2011 meant devolving more operational HR processes to managers but we found that managers are not fully clear of their HR responsibilities and this new model is not fully embedded. Strategic HR has attempted to rectify this by preparing standard operating procedures and providing 'power hours' training sessions but, despite advertising, training attendance has been relatively low.

Project management scoping within Strategic HR needs to continue to ensure that all policies and procedures are updated, and that these are easily accessible through the Council's intranet. Also, by not carrying out quality assurance checks, Strategic HR cannot be certain that services are applying processes correctly and consistently. This increases the risk of inaccurate payments and non-compliance with legislation.

As there is insufficient progress on the action plan and with addressing the issues/risks that we raised in our original review, our assurance rating remains as 'low'. Also, as some of the original agreed implementation dates will be missed by more than three months, we will report this to the Corporate Governance Committee, which will require an explanation for the lack of progress.

# Action Plan Progress

**Audit Review of:** Strategic Human Resources – First Follow Up

**Date:** February 2013

**Action Plan Owner:** Head of Strategic HR

Corporate Risk/Issue Severity Key	
	<b>Critical</b> – Significant CET and Cabinet intervention
	<b>Major</b> – intervention by SLT and/or CET with Cabinet involvement
	<b>Moderate</b> – Containable at service level. Senior management and SLT may need to be kept informed

Risk/ Issue No.	Risk/Issue	Action Agreed Responsibility & Timescale	Current Status	Further Action Needed
1.	Data held on the Trent system is not always accurate, as it is not always updated promptly, e.g. vacant posts are not always closed off. Despite previous work undertaken, e.g. data quality monitoring, there is a risk of poor data quality, objectives not being met, inaccurate reporting, and ineffective decision-making.	We are currently undertaking a data cleansing exercise to ensure that all employee data is correct. This requires printing out the employee information held on Trent and asking employees to verify or change the information. <b>Management Information Officer December 2012</b>	Some work has been carried out to cleanse the data on the Trent system.	HR needs to check that all employees have received the form detailing their employee information, and that they have returned the form to HR to update the system. <b>Revised Completion Date: March 2013</b>
		Unclosed and open vacancies to be discussed as part of the workforce planning exercise being undertaken with services in October 2012. <b>Business Partners October 2012</b>	The HR Business Partner confirmed that unclosed and open vacancies are discussed with heads of services on a monthly basis, and form part of the workforce planning exercise, which was completed in October 2012. The HR Business Partners will review all vacancies in April 2013.	n/a
		Vacancy control discussions to form part of monthly reviews with services. <b>BP/Specialists On going</b>		n/a
		This will be subject to the Systems Thinking Review commencing 17/08/12. <b>HR Services Manager December 2012</b>	The HIA facilitated a process review in August 2012.	Implement the outcomes of the process review. <b>Revised Completion Date: October 2013</b>

Risk/ Issue No.	Risk/Issue	Action Agreed Responsibility & Timescale	Current Status	Further Action Needed
2.	There is no robust mechanism in place to determine accurately the future number of employees required within the Council to help identify shortages and competency gaps. This is due to a lack of system integration that links a post to the budget, which results in HR having to interpret the effects of budget savings on posts.	<p>Arrangements are already in place for a Workforce Planning Exercise undertaken annually with services to facilitate services to determine the future number of employees required by their service.</p> <p><b>Business Partners October/November Annually</b></p>	<p>The HR Business Partner confirmed that, as part of the workforce planning exercise, Business Partners meet with heads of services to discuss what they expect the future number of employees to be in six months time. Business Partners will review after six months and query with the head of service where there is any difference in the number of employees forecast.</p>	<p>In light of increasing budgetary pressures, it would be beneficial for managers to forecast further in advance the future employees required.</p>
		<p>Work has been undertaken with Finance and ICT to combine financial information with HR reports.</p> <p><b>Business Partners - Completed</b></p>	<p>Finance has set up reports combining HR and financial data. Accurate budgetary reporting of posts will rely on the maintenance of the data contained within the Trent system.</p>	
3.	<p>Although the new structure sees HR in a supportive role, as opposed to a 'policing' role, there is a lack of quality assurance checking to ensure that employees and managers are complying with HR policies and procedures. This increases the risk of the Council not complying with relevant legislation and it increases further if HR employees and service managers receive inadequate training and are unclear of their responsibilities.</p>	<p>Monitoring of Employee Relation cases, settlements, and Employee Tribunal claims - part of Employee Relation Report discussed with Heads of Service on a monthly basis.</p> <p><b>Business Partners April 2012 - Complete</b></p>	<p>The HR Business Partner confirmed that monitoring of employee relation reports, settlements, and claims are carried out monthly with heads of services.</p>	<p>n/a</p>
		<p>This will be subject to the Systems Thinking Review commencing 17/08/12.</p> <p><b>HR Services Manager December 2012</b></p>	<p>The HIA facilitated a process review in August 2012.</p>	<p>Implement the outcomes of the process review</p> <p><b>Revised Completion Date: October 2013</b></p>
		<p>Explore a quality assurance framework to check processes to ensure that managers are complying with policies and procedures. It will establish where the organisation is doing well and where it is not. This will need to be scoped out as a project and agreed by SLT, as there is currently no HR resource allocated to this.</p> <p><b>HR Services Manager January 2013</b></p>	<p>The quality assurance framework has not yet been implemented.</p>	<p>Implement a quality assurance framework.</p> <p><b>Revised Completion Date: June 2013</b></p>

Risk/ Issue No.	Risk/Issue	Action Agreed Responsibility & Timescale	Current Status	Further Action Needed
4.	There is an increased risk of inaccurate payments to employees, as HR does not always submit documentation to Payroll promptly or accurately, as we identified in our previous annual reviews of the Payroll system. This creates additional pressure on the Payroll team in scrutinising and amending forms to prevent inaccurate payments while still meeting strict deadlines.	Standard Operating Procedures to set out clear deadlines for managers and schools on when information is required. <b>HR Services Manager September 2012</b>	The Standard Operating procedures have been issued to heads of services to raise awareness of the responsibilities of HR and managers.	The Standard Operating procedures should be made available on the intranet for future reference.
		There is a Business and Finance Manager forum, where SLA issues are discussed and we can raise any issues with inaccurate or late documentation at this forum. <b>HR Services Manager December 2012</b>	The HR Services Manager explained that any HR issues coming out of SLT are referred to heads of services and school representatives. Additionally, she plans to meet with finance cluster managers and head teachers to raise the importance of accurate data for payroll.	n/a
		Meetings have been set up with the team managers and Payroll to discuss any issues. <b>Team Managers - Immediate</b>	Meetings between HR and Payroll have not taken place due to staff absences, but are scheduled to start the end of January 2013 on a fortnightly basis.	Meetings between Payroll & HR Team Managers to be held on a regular basis. <b>Revised Completion Date: January 2013</b>
		Returns to be sent directly to Team Managers not HRAs. <b>Payroll - Immediate</b>	Returns are sent directly to HR Team Managers	n/a
		Monitoring system in place to monitor error rates and ensure corrective action is taken. <b>Team Managers - Immediate</b>	The Payments Manager explained that the number of errors contained on information passed to Payroll has not reduced, and these are returned to the Team Manager for amendment	Monitoring system to be put in place to improve performance. <b>Revised Completion Date: October 2013</b>
		This will be subject to the Systems Thinking Review commencing 17/08/12. <b>HR Services Manager December 2012</b>	The HIA facilitated a process review in August 2012.	Implement the outcomes of the process review. <b>Revised Completion Date: October 2013</b>
5.	Overall, from consultation throughout our review, we received negative feedback on the new HR service, particularly with HR Direct. For example: <ul style="list-style-type: none"> <li>comments on poor communication;</li> </ul>	Introduction of Civica Help Desk (CRM) <b>Management Information Officer/ Team Managers December 2012</b>	The Civica Help Desk system will be rolled out from January 2013, starting with HR Direct staff. Some testing of the system still needs to be carried out as well as training.	Introduction of Civica Help Desk (CRM) <b>Revised Completion Date: February 2013</b>
		Implementation of Standard Operating Procedures. <b>HR Services Manager November 2012</b>	The Standard Operating procedures have been issued to heads of services.	n/a

Risk/ Issue No.	Risk/Issue	Action Agreed Responsibility & Timescale	Current Status	Further Action Needed
	<ul style="list-style-type: none"> <li>• a lack of continuity and inconsistent responses; and</li> <li>• important HR documentation, such as job application forms, going missing</li> </ul> <p>Additionally, HR Direct does not have a robust mechanism for ensuring that it logs all queries, refers them to the most appropriate person for answering, and ensuring that HR deals with issues promptly. There is also no prompt for HR Assistants to pursue outstanding essential documentation, such as appointment references.</p> <p>Without addressing these fundamental issues, several risks are emerging of services becoming less efficient; ineffective; inconsistent treatment of employees; poor decision-making, and non-compliance with legislation, which could lead to financial penalties, tribunal costs, and reputation damage for the Council.</p>	<p>Introduction of Customer Service Standards. <b>Head of HR November 2012</b></p>	<p>Work on preparing the customer service standards and charter has started but has not yet been completed.</p>	<p>Introduction of Customer Service Standards. <b>Revised Completion Date: February 2013</b></p>
		<p>Introduction of HR Competencies for all levels <b>Head of HR November 2012</b></p>	<p>Work has not started on the HR competencies.</p>	<p>Introduction of HR Competencies for all levels <b>Revised Completion Date: April 2013</b></p>
		<p>Implementation of Web recruitment application, which will negate the need for paper copies. <b>Management Information Officer - Completed July 2012</b></p>	<p>Implementation of the web recruitment application has reduced the number of paper copies of job application forms.</p>	<p>n/a</p>
		<p>Project management scoping will be carried out to re launch new HR processes and procedures, and we will revise the HR content of the intranet. <b>HR Services Manager December 2012</b></p>	<p>Some progress has been made on the project management scoping exercise, with some potential projects having action plans in place for new HR processes.</p>	<p>Complete project management scoping exercise and revise HR content on intranet. <b>Revised Completion Date: September 2013</b></p>
		<p>HR team managers' are quality assurance checking a sample of calls to HR Direct. <b>HR Direct Team Managers - In place</b></p>	<p>Quality assurance checking of calls received by HR Direct is carried out by the Team Manager and weekly by either the HR Services Manager or the HR Organisational &amp; Development Manager. Any continuing errors are discussed with the HR Assistant (HRA).</p>	<p>n/a</p>
		<p>We will prepare checklists, and scripts for HRAs to follow for the top ten queries. <b>HR Services Manager December 2012</b></p>	<p>Some checklists and scripts have been prepared for HRAs to ensure that they cover key stages in the process, and can accurately answer key queries.</p>	<p>Checklists and scripts need to be developed further. Letters issued by HR will also be reviewed, with the aim to reduce the number of mistakes made by HRAs. <b>Revised Completion Date: September 2013</b></p>

Risk/ Issue No.	Risk/Issue	Action Agreed Responsibility & Timescale	Current Status	Further Action Needed
6.	The Council's recruitment and selection procedure is out-of-date and some employees have not received the necessary recruitment training prior to being a member of a recruitment panel. Insufficient guidance, monitoring and a lack of clarity of responsibilities could lead to non-compliance with legislation, and may lead to financial costs from re-appointment or tribunals if applicants consider that they are being unfairly treated	Power hours training on Recruitment. <b>OD Manager October 2012</b>	Power hours training on recruitment has been carried out but attendance was low.	n/a
		New Recruitment Framework developed and under consultation. This policy stipulates that at least one member of a recruitment panel has to have received recruitment training. <b>HR Services Manager January 2013</b>	The new recruitment framework is waiting for SLT approval in February 2013. The HR Services Manager advised us that they are looking to make certain courses mandatory, including recruitment.	Further power hours training will be provided once the revised recruitment policy has been implemented. HR Business Partners could make the heads of services aware of the need for recruitment training during their monthly meetings. <b>Revised Completion Date: April 2013</b>
		This will be subject to the Systems Thinking Review commencing 17/08/12 <b>HR Services Manager December 2012</b>	The HIA facilitated a process review in August 2012.	Implement the outcomes of the process review. <b>Revised Completion Date: October 2013</b>
7.	There is a lack of evidence to support the justification and authorisation for filling a post. We identified instances where there was a lack of documentation held on new starters' HR files, including vacancy control forms and interview notes. This may be linked to our concerns over managers' training and awareness of their responsibilities mentioned above and increases the risk of the Council being unable to challenge any accusation of unfair treatment in the recruitment process, incurring tribunal costs.	A new vacancy control form will be introduced and we will ensure that all vacancy control forms are on file. <b>HR Team Manager - Immediate</b>	A new vacancy control form has been introduced and, from our sample testing of new starters, it is clear that the new form is being used.	n/a
		Covered in power hours on recruitment. <b>OD Manager October 2012</b>	Managers were advised of the requirement to send completed vacancy control forms to HR during the power hours training.	n/a
		Managers to send through interview notes as requested. <b>All Managers - Immediate</b>	Our sample testing identified that there is still an issue with gathering probationary notes and interview notes from recruitment panels for the successful candidates.	Managers to send through interview notes as requested. <b>Revised Completion Date: September 2013</b>
		This will be subject to the Systems Thinking Review commencing 17/08/12. <b>HR Services Manager December 2012</b>	The HIA facilitated a process review in August 2012.	Implement the outcomes of the process review. <b>Revised Completion Date: October 2013</b>

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8.	There is insufficient vetting of new starters to verify the authenticity of qualifications specific to the post applied for and references are not always received prior to the employee starting work with the Council. This increases the risk of inappropriate appointments and the resulting reputational damage and financial impact of terminating the contract or the cost of re-appointment.	Power hours training on Recruitment. <b>OD Manager October 2012</b>	The requirement to verify qualifications is discussed in the power hours training on recruitment but attendance has been low.	n/a
		New Recruitment Framework developed and under consultation. <b>HR Services Manager January 2013</b>	The new recruitment framework is waiting for SLT approval in February 2013.	The new recruitment framework should provide clear guidance to managers on their responsibilities for obtaining qualifications, references, and proof of identity. <b>Revised Completion Date: April 2013</b>
		Dedicated HRA for references to address backlog <b>HR Team Manager - Immediate</b>	A HRA was given the responsibility for checking that all employees' files had two references where appropriate. The references backlog has now been addressed.	n/a
		Review of references procedure and input of workflows in Civica. Team managers will carry out quality assurance checking to ensure that the procedure is followed. <b>HR Team Manager January 2013</b>	The HR Services Manager explained that further work is needed on reviewing the references procedures and workflow, but was not due for review at the time of our follow up.	Review of references procedure and input of workflows in Civica. Team managers will carry out quality assurance checking to ensure that the procedure is followed. <b>Revised Completion Date: April 2013</b>
		All new starters to sign consent form for us to verify qualifications if needed. <b>Completed</b>	During our sample testing of new starters there was no evidence of applicants consenting to verification of their qualifications. The HR Services Manager confirmed that this consent should have been included in the contract of employment and this has now been rectified.	Posts should be assessed to identify those needing further checks to verify the authenticity of the qualifications with an external body, i.e. the education establishment or professional organisation. <b>Revised Completion Date: April 2013</b>
		This will be subject to the Systems Thinking Review commencing 17/08/12. <b>HR Services Manager December 2012</b>	The HIA facilitated a process review in August 2012.	Implement the outcomes of the process review. <b>Revised Completion Date: October 2013</b>



Risk/ Issue No.	Risk/Issue	Action Agreed Responsibility & Timescale	Current Status	Further Action Needed
9.	There is inadequate decision-making, business continuity and succession planning arrangements within the Council. In some cases, this has resulted in the employment of ex-employees temporarily to provide cover. There is a risk that such arrangements are not cost effective, are insufficiently authorised and used inconsistently. This could result in reputational damage for the Council, particularly if the arrangement is not open and transparent.	Engagement of ex-employees included in Pay Policy which goes to Full Council in September: <b>Head of HR September 2012 - Complete</b>	Full Council approved the Pay Policy in September 2012.	From discussion with the Human Resources Business Partner, there are still cases where ex-employees are re-employed in the same post. HR is not always made aware of the re-employment until after the employee has been re-appointed. HR plan to utilise the Trent system to run reports on employees who have been re-employed. <b>Completion Date: April 2013</b>
		Succession Planning part of Workforce Planning principles <b>Business Partners October/November 2012</b>	No progress to date and Council services do not have effective succession planning in place for key roles and posts	Services need to identify key roles and posts and ensure that adequate succession planning is in place.  HR Business Partners should make sure succession planning is in place within services as part of their on-going role and as part of workforce planning. <b>Revised Completion Date: October 2013</b>
		Business Partners involved in review and expected to challenge decisions made. <b>Business Partners On going</b>		
		Reviewing key roles within the Council and ensure that there are sufficient business continuity and succession plans in place. <b>Heads of Service supported by HR Business Partners March 2013</b>		

Risk/ Issue No.	Risk/Issue	Action Agreed Responsibility & Timescale	Current Status	Further Action Needed
10.	Business Partners provide support to line managers for grievances and disciplinary cases but, while they maintain their own records, there is no computerised central record to show progress with each case. This would assist with business continuity in the event of another Business Partner becoming involved. There is also no robust mechanism for ensuring that all grievances and disciplinary cases are recorded and dealt with promptly by the most appropriate person. This could lead to grievance cases not being handled effectively, leading to disputes and employment tribunals.	All cases to be logged on current CRM helpdesk. <b>Business Partners - Immediate</b>	HR is awaiting implementation of the CRM system, so no action has been taken with addressing this issue.  The HR Services Manager confirmed that the HR Business Partners would be trained on the system and would use it to record the grievances and disciplinary cases.	All cases to be logged on current CRM helpdesk. <b>Revised Completion Date: February 2013</b>
		New system will provide a simpler system to capture information although case logs are held in a shared drive. We need to promote to HR staff its location. <b>HR Services Manager November 2012</b>	The HIA facilitated a process review in August 2012.	Implement the outcomes of the process review <b>Revised Completion Date: October 2013</b>
		This will be subject to the Systems Thinking Review commencing 17/08/12. <b>HR Services Manager December 2012</b>		

Risk/ Issue No.	Risk/Issue	Action Agreed Responsibility & Timescale	Current Status	Further Action Needed
11.	<p>There is a risk of non-compliance with legislation and inconsistent treatment of employees leading to financial loss from tribunal costs and reputational damage as:</p> <ul style="list-style-type: none"> <li>there is a lack of documentation held on redeployees' files and no robust system to record the actions taken to prevent redundancy payments and ensure that each redeployee has had equal opportunity to be considered for vacant posts; and</li> <li>the redeployment files are kept in a lockable cabinet, but this is not locked, increasing the risk of unauthorised access to personal details and data protection breach.</li> </ul>	<p>Cabinets to be locked.  <b>HR Specialist - Immediate</b></p>	<p>Cabinets containing the redeployee files are now locked at the end of each day. Redeployee information is now recorded on a database that all the HR Specialists have access to.</p>	<p>n/a</p>
		<p>This will be subject to the Systems Thinking Review commencing 17/08/12.  <b>HR Services Manager  December 2012</b></p>	<p>The HIA facilitated a process review in August 2012.</p>	<p>Implement the outcomes of the process review  <b>Revised Completion Date:  October 2013</b></p>

## Report Recipients

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- Head of Strategic Human Resources – Linda Atkin
- HR Services Manager – Catrin Roberts
- Human Resources Business Partner – Joanne Moore
- HR & Organisational Development Manager – George Humphreys
- Corporate Director: Economic & Community Ambition – Rebecca Maxwell (Final report)
- Corporate Director: Modernisation & Wellbeing – Sally Ellis (Final report)
- Head of Finance & Assets – Paul McGrady (Final Report)
- Lead Member for Modernising & Performance – Cllr Barbara Smith (Final report)
- Chair – Performance Scrutiny Committee – Cllr Colin Hughes (Final Report)
- Performance Scrutiny Member – Cllr Huw Hilditch-Roberts (Final Report)
- Corporate Governance Committee (Final Report)

## Key Dates

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Review commenced	December 2012
Review completed	January 2013
Reported to Corporate Governance Committee	27 February 2013
Proposed date for next follow up review	To be agreed by Corporate Governance Committee