



MALDON DISTRICT COUNCIL

INTERNAL AUDIT REPORT

WORKFORCE MANAGEMENT (RECRUITMENT)
MARCH 2020

LEVEL OF ASSURANCE	
Design	Operational Effectiveness
Substantial	Moderate

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DISTRIBUTION

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REPORT STATUS LIST

Auditor	Peter Nyakunengwa
Dates work performed	18 - 20 December 2019
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Final report issued	19 March 2020

EXECUTIVE SUMMARY

LEVEL OF ASSURANCE: (SEE APPENDIX I FOR DEFINITIONS)

Design	Substantial	There is a sound system of internal control designed to achieve system objectives.
Effectiveness	Moderate	Evidence of non-compliance with some controls that may put some of the system objectives at risk.

SUMMARY OF RECOMMENDATIONS: (SEE APPENDIX I)

High	0
Medium	1
Low	2

TOTAL NUMBER OF RECOMMENDATIONS: 3

BACKGROUND:

Members of Maldon District Council (the Council) have taken the decision to implement a full council transformation by delivering its Future Model by October 2019. As part of this transformation a new structure has been developed that focuses on delivering Council services through investment in the Council’s information technology, becoming more customer focussed, and maximising its commercial opportunities. This transformation was imperative to ensure that the Council would continue to provide essential services to residents and businesses for the foreseeable future and create a secure and viable stand-alone Council. The new ways of working saw a reduction in staff in the current establishment whilst looking at a range of measures to limit any compulsory redundancies where possible.

Over this time frame the Council is required to maintain sufficient effective controls over its recruitment processes to support effective management of resources. Following discussion with management this review focused on the effective recruitment of staff to vacant posts. The aim of the Council is to provide a quality service to job seekers that is effective, fair, transparent and equally accessible and to recruit the number and quality of employees required to meet the needs of the service within the available resources.

The purpose of this review was to provide assurance over the design and effectiveness of the controls in place around recruitment processes and procedures and to highlight any areas where the controls might be improved.

GOOD PRACTICE:

Good practice was evidenced in the following areas:

- Comprehensive and accessible recruitment policies and procedures or checklists are in place covering all the areas under review.
- A Workforce Development Strategy exists which reflects on corporate priorities, identifies HR priorities and sets timescale for actions.
- HR staff are experienced and qualified, and adopt a structured approach to ensure necessary procedures are followed.
- Adequate consideration has been given to the various options to fill the vacant posts with initial searches being made from within the Council.

KEY FINDINGS:

Below is a summary of key findings we noted during the review:

- It was not possible to assess compliance with training for new staff as records are deleted when a training course is amended (Finding 1 - Low)
- Evidence of qualifications were not obtained on 2 out of 15 external recruits we tested and there was no approved waiver for this (Finding 2 - Low)
- There is scope to develop more sophisticated KPIs for the HR function in line with the new Workforce Strategy. This could include, for example, staff who leave within 90 days of recruitment (Finding 3 - Medium)

CONCLUSION:

Based on our review we have raised one medium and two low level recommendations to improve the Council's recruitment processes and procedures.

The controls across the recruitment processes examined are generally well designed, with some exceptions regarding access to training compliance and records of qualifications for candidates. We have raised one medium finding relating to lack of a HR performance balanced scorecard for measuring progress towards the Workforce Strategy. Consequently, we conclude substantial assurance over the design of the controls and moderate assurance over their operational effectiveness.

DETAILED FINDINGS

RISK: FAILURE TO PROVE TRAINING COMPLIANCE ON REGULATORY ISSUES SUCH AS GDPR REQUIREMENTS.

Ref	Significance	Finding
1	Low	<p><u>Backups on e-learning training modules</u></p> <p>The Council has an online training platform that it uses to train new and existing staff on relevant courses. Currently it offers the following training modules for its staff, GDPR, Safeguarding, Freedom of Information P1 & P2, Core Values, Health and Wellbeing and Emotional Intelligence. Some of the training modules such as GDPR, Safeguarding and Core Values are mandatory of all new staff.</p> <p>In our review we noted that each time a system or content update is made to a mandatory intranet e-learning modules, the records of percentage completion for those whom may have already completed or part completed the altered module are cleared and zero-rated without keeping a back-up list of staff that have completed the module. Whilst the system supplier has a backup of the training records, these are not held on site by the Council.</p> <p>This may make it difficult to readily demonstrate training compliance to on regulatory issues such as GDPR.</p>

RECOMMENDATION:

A back-up of all completion status be stored locally prior to any system/module update.

MANAGEMENT RESPONSE:

A record of all staff training completions will be collated and stored centrally for each financial year. The first report will be from Nov 19 to March 20 following a system refresh in Nov. Data prior to Nov 19 is held by Connect & Learn and can be accessed via the company.

Responsible Officer: Annette Cardy

Implementation Date: Mid April 2020

RISK: UNAUTHORISED/ INADEQUATE RECRUITMENTS BEING MADE FOR THE COUNCIL.

Ref	Significance	Finding
2	Low	<p><u>Vetting process</u></p> <p>Of the 15 new-starters files reviewed 2, representing 13.33% of the sample were found not to have qualifications on record. We were informed that the qualifications held by post holders were not relevant to the advertised roles so these were not sought.</p> <p>The job descriptions for one of the two roles without verified qualifications (i.e. Horticulture Apprentice) explicitly requires that the candidate should have "<i>Attained qualifications which demonstrate good levels of numeracy and literacy.</i>" Therefore, without the copies of qualifications on file it cannot be ascertained whether the current job holder meets the set criteria above.</p> <p>The other job description (i.e. Resources Casework Co-ordinator responsible for Resources Caseworkers) requires the successful candidate to have "Level 1: Good standard of education with a minimum of 5 GCSEs or equivalent experience.)" The HR function do not hold any qualifications or waiver of qualifications on file for the person who currently holds this post.</p> <p>This poses the risk of the Council making unqualified and or unauthorised recruitments.</p>

RECOMMENDATION:

Education verification be enforced on all roles within the Council irrespective of the job rank or where an individual acquired his or her qualification.

Where equivalent years of experience are sought, a waiver of qualification should be signed and approved by the CLT.

MANAGEMENT RESPONSE:

Apprentices are tested for core skills via the NVQ Apprenticeship acceptance programme and thus evidence is not required separately by MDC.

There are robust mechanisms to test skills. We are fully aware that the policy advises to check all qualifications but if these are very old so as to not be relevant we test skills in other ways which was the circumstances in the 2nd case sampled.

We plan to review Person Specifications in new roles to only include the need to look for technical qualifications are required for specific roles and to test numeracy, literacy etc via the application process.

Responsible Officer: Annette Cardy

Implementation Date: Completed

RISK: FAILURE TO UNDERSTAND HOW EFFECTIVELY THE COUNCIL IS PERFORMING AND HOW TO IDENTIFY THE EXTENT TO WHICH IT IS MEETING KEY GOALS AND OBJECTIVES.

Ref	Significance	Finding
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3	Medium	<p><u>HR Key Performance Indicators</u></p> <p>Current KPI reporting capability has been very limited and labour intensive, the Council has not been measuring success with updated HR key performance indicators (KPIs) that would help it better understand whether it is accomplishing the HR objectives in a way that is in line with the overall Council strategy.</p> <p>These could include but are not limited to the following:</p> <ul style="list-style-type: none"> - Employee competency - Percentage of Cost of Workforce - Salary Competitiveness Ratio (SCR) - Benefits Satisfaction - Culture KPIs - Employee Satisfaction Index - New Hire 90-Day Failure Rate - Number of Diversity & Inclusion Initiatives Implemented
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RECOMMENDATION:

Over and above the traditional HR measures like sick days, absenteeism, and employee satisfaction the Council should develop HR KPI's which recognise the changing role of HR, are aligned with key business needs, and enable the function to demonstrate progress against the HR workforce development strategy.

MANAGEMENT RESPONSE:

Agreed that internal PI's are measured and have targets to drive continuous performance. New PI's will be set up for the new financial year 2020.21 and monitored regularly.

Responsible Officer: Annette Cardy

Implementation Date: May 2020

STAFF INTERVIEWED

BDO LLP APPRECIATES THE TIME PROVIDED BY ALL THE INDIVIDUALS INVOLVED IN THIS REVIEW AND WOULD LIKE TO THANK THEM FOR THEIR ASSISTANCE AND COOPERATION.

Sam Mott	Senior Specialist HR Resource Directorate
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Rhiannon Saffell	Resources Caseworker (Level 2)
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Lisa Ashford	Resources Caseworker (Level 2)
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APPENDIX I - DEFINITIONS				
LEVEL OF ASSURANCE	DESIGN OF INTERNAL CONTROL FRAMEWORK		OPERATIONAL EFFECTIVENESS OF CONTROLS	
	FINDINGS FROM REVIEW	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION
Substantial	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
Moderate	In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non-compliance with some controls, that may put some of the system objectives at risk.
Limited	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
No	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non-compliance and/or compliance with inadequate controls.

RECOMMENDATION SIGNIFICANCE	
High	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
Medium	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
Low	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

APPENDIX II - TERMS OF REFERENCE

PURPOSE OF REVIEW

The purpose of this review is to consider the design and effectiveness of the controls in place around recruitment and to highlight any areas where the controls might be improved.

KEY RISKS

- There is not an agreed and effective Recruitment or Workforce Strategy
- Ineffective policies and procedures to support the recruitment process
- Staff involved in the recruitment process have insufficient capacity, experience, training or knowledge to fulfil the duties expected
- Inadequate consideration has been given to the various options to fill the vacant post i.e. secondment, job-sharing etc.
- Stages along the recruitment process are subject to inadequate approval
- Recruitment campaigns are not robust or sufficient to attract suitable candidates
- Recruitment information publicised is not up-to-date and is not in plain language and accessible
- Use of agencies to recruit is ineffective and/or inconsistent
- Vetting process applied to preferred candidates is inadequate to allow effective recruitment
- Key performance indicators are not set and/or adequately reported regarding the recruitment process
- Departing staff knowledge is not captured to support the future recruitment to vacant posts
- Proactive recruitment campaigns are not performed e.g. apprentice days, school fairs etc.
- Inadequate high level procedures are in place regarding the safe recruitment of staff.

SCOPE OF REVIEW

The following areas will be covered as part of this review:

- Check that there are adequate policies and procedures in place to cover all stages of the recruitment process.
- Review of whether management has considered different options for filling vacancies, such as by secondments, job-sharing arrangements and whether advertising is used as an effective means of publicising vacancies.
- Review of the assessment, interview and shortlisting process; the capacity, experience and training of those carrying out the interviews; and the adequacy of documentation on Firmstep to help identify the most suitable applicant/s for a given role
- Review of approvals in place, from initiation of recruitment activity to final appointment of a new employee, including the signing of contracts by both parties before commencement of employment
- Review of induction process in place to familiarise new joiners with the Council, including mandatory training in areas such as GDPR.
- Review of arrangements in place to ensure that those acting up in more senior roles are adequately assessed and equipped for the role and undergo expected evaluations.
- Review of vetting process and pre-employment checks conducted prior to an employee commencing work at the Council.

However, Internal Audit will bring to the attention of management any points relating to other areas that come to their attention during the course of the audit. We assume for the purposes of estimating the number of days of audit work that there is one control environment, and that we will be providing assurance over controls in this environment. If this is not the case, our estimate of audit days may not be accurate.

FOR MORE INFORMATION:

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The matters raised in this report are only those which came to our attention during the course of our audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. The report has been prepared solely for the management of the organisation and should not be quoted in whole or in part without our prior written consent. BDO LLP neither owes nor accepts any duty to any third party whether in contract or in tort and shall not be liable, in respect of any loss, damage or expense which is caused by their reliance on this report.

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