INTERNAL AUDIT REPORT

FROM: Audit and Risk Manager
TO: Chief Executive
Human Resources Manager
C.C. Head of Finance
Portfolio Holder – Cllr. Day

SUBJECT: Recruitment and Selection
DATE: 26 February 2020

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1 Introduction

1.1 In accordance with the Audit Plan for 2019/20, an examination of the above subject area has been completed recently and this report presents the findings and conclusions for information and action where appropriate.

1.2 Wherever possible, results obtained have been discussed with the staff involved in the various procedures examined and their views are incorporated, where appropriate, in any recommendations made. My thanks are extended to all concerned for the help and co-operation received during the audit.

2 Background

2.1 Gauged from new starters data over the three-year period since the previous audit, between 70 and 80 officers are recruited annually from outside the Council to fill established non-casual posts. This includes temporary fixed-term appointments.

2.2 Based on what financial data can be gleaned from the Total FMS, the typical annual expenditure on recruitment shows at around £15K (substantially all on vacancy advertising). This does not include costs in respect of officer time spent on recruitment, nor does it include one-off consultancy costs noted in respect of an Asset Team recruitment in 2019 and a Head of Service recruitment in 2017.

2.2 The structures and processes for recruitment and selection are essentially unchanged from the last audit (reported in March 2017), although an employer 'branding' and recruitment packaging initiative led by the Workforce Steering Group has had some impact on procedures and brought the role of the Media Team into sharper focus.

2.3 The approach to the audit this time is influenced by a guidance paper published by the Chartered Institute of Internal Auditors (CIIA) in October 2019. The paper's emphasis is on evaluation of the whole process, considering the way in which:

- policies and procedures are updated and refined to take account of lessons learnt, complaints, legislative changes and cost effective measures

- recruitment is delivering against wider initiatives, for example in relation to diversity and anti-discriminatory policies
- changes in policies and procedures are communicated and implemented across the organisation
- managers and those involved in recruitment have been given adequate training and re-training when legislative requirements change
- flexibility is built into procedures through the delegated powers and authority given to various managers across the organisation
- appropriate vetting checks are carried out to obtain proof of identity, qualifications and disclosure of convictions
- approaches to advertising and recruitment agencies are reviewed for their effectiveness
- personal data is kept complete, up-to-date and secure from unauthorised access
- standards and KPIs have been set out by HR (Service Level Agreements) and these are resourced, maintained and developed to ensure delivery
- manpower plans are successfully projecting resource requirements and are being delivered
- vacancy levels, turnover rates, staff and recruitment costs are monitored and controlled
- managers regard recruitment and selection in terms of successes, difficulties and issues.

3   **Scope and Objectives of the Audit**

3.1   The audit examination was undertaken for the purpose of reporting a level of assurance on structures and processes to secure staff recruitment and selection in accordance with legal requirements, best practice and priority objectives.

3.2   The evaluation was conducted in the form of an evidential overview with limited testing in the context of the following themes:
- strategy and policy
- roles, responsibilities and procedures
- monitoring and review.

3.3.   Testing of procedures on a sample of individual recruitments was limited to those elements of procedure represented by records that have been retained in the electronic recruitment project folders maintained by HR.

3.4   Processes in respect of agency staff and appointments under the Apprenticeship Scheme were not examined under the scope of this audit, except to note management review reports dealing with these areas.

4   **Findings**

4.1   **Recommendations from previous report**

4.1.1   The current position in respect of the recommendations from the audit reported in March 2017 is set out overleaf:

	Recommendation	Management Response	Current Status
1	Relevant policy documents should be reviewed to ensure that they are still accurate, with a review of electronic links being performed to ensure that they point to the correct documents.	Advised to be given higher priority under the HR Forward Plan. Also to review HR Intranet site to ensure robust accessibility and search.	The Recruitment and Selection Policy was significantly amended in 2017. Testing still showed issues with some hyperlinks (discussed under 4.2.3 below)
2	Recruiting managers should be instructed to provide evidence of the short-listing process and the interview scoring to HR.	To include as part of the HR support guidance. HR support team to follow up with Recruiting Manager pre-interview and post recruitment to ensure shortlisting information is filed.	Provisions have been incorporated in the Recruitment and Selection Policy along with an advisory reference to a shortlisting 'grid' available from HR. The template grid has been extracted and evaluated (see 4.3.8 below).

4.2   **Strategy and Policy**

4.2.1   The delivery of recruitment against wider initiatives is essentially driven through the corporate strategic and policy framework. At the head of this, the new corporate Business Strategy (currently in draft pending Council approval) preludes its statement of values with a prominent references the crucial role of the workforce and the need to 'recruit the right people' while affirming the Council's commitment as an Equal Opportunities employer.

4.2.2   These are echoed in the People Strategy. The Recruitment and Selection Policy is the central document in this context governing all essentials of process, mandatory procedures and training as well as guidance on good practice and links to related resources. A copy of the Policy is freely accessible internally on the Intranet HR resources.

4.2.3   The Policy has undergone two revisions since the last audit. On review of the latest version, the only issue to emerge related to the settings for a small number of hyperlinks and this has been raised with the HR Manager directly.

4.3 **Roles, Responsibilities and Procedures**

4.3.1 At the time of the audit, decision powers for recruitment under the Constitution showed no change within recent memory with these effectively resting with the applicable Head of Service for the established post in each case, subject to obtaining advance clearance to recruit from Corporate Management Team (CMT). It has been advised that changes pending Council approval at the time of this report will empower the Chief Executive to approve changes to the official staff establishment that up to now required endorsement by the Employment Committee.

4.3.2 The sole exception is where the recruitment is to a 'Chief Officer' post as defined in the Constitution, in which a panel of Members would be required and is subject to separate guidance (there has only been one such officer recruited externally since the last audit).

4.3.3 In terms of roles within the HR Team, the Recruitment and Selection Policy and audit testing show discrete roles in the two main areas of input – professional and administrative.

4.3.4 On the professional side, the role comes across as purely advisory with provision for direct involvement if requested by the lead recruiting officer. On the administrative side, it is clear that the HR Support function is actively involved throughout the process with an individual officer assigned for each project.

4.3.5 Training resources to fulfil mandatory requirements under the Recruitment and Selection Policy and discretionary skill enhancement are seen as appropriate. Testing on the profile sample of recruitments showed in all cases that at least one member of the interviewing panel was either an HR professional or had received the requisite training.

4.3.6 Vacancy advertising is subject to a protocol based on an options guidance document that combines web-based and social media resources, most of them used as standard and others optional. It was noticed that the Fit for the Future provisions for staff at risk are still applied with e-mails sent directly to those staff on the 'At Risk' register. Tests on the profile sample confirmed this.

4.3.7 As previously stated, CMT approval is normally required before proceeding to advertise a vacancy. This takes the form of submission from the applicable service manager of a Vacancy Authorisation to Recruit Form (VARF). Testing on the profile sample confirmed this was the case for all except one recruitment where the details do not appear to have been retained in the applicable project folder.

4.3.8 Provisions in respect of shortlisting pick up on the second recommendation from the previous report (see 4.1.1 above). The template 'grid' is held in the secure recruitment electronic folders, implying that a copy would have to be requested from HR for each project.

4.3.9 Testing of this in the profile sample was inhibited by the short retention period allowed for shortlist evaluations under the GDPR policies. Only in one case from the profile sample was a completed 'grid' located, and this was clearly the purpose designed for the recruitment in question. Put in perspective, a significant proportion of the sample relates to recruitments with few applicants (in some cases all of them shortlisted) or filled by agency placement. Therefore, the need for the use of such an elaborate tool will be a matter of management judgement in many cases.

4.3.10 Interview recording and post-selection formalities were not subject to individual testing within the scope of this audit. The key provisions in relation to pre-employment were found to be detailed the Human Resources Information Security Policy (a sub-policy of the corporate Information Security and Conduct Policy) accessible on the Intranet via the ICT Services Team resource.

4.3.11 The employee vetting provisions contained in this Policy apply the central government's Baseline Personnel Security Standard.

4.4 **Monitoring and Review**

4.4.1 It was observed in the previous audit that the scope for any performance measurement specifically on recruitment is limited for the level of activity that takes place. Occasional reference to recruitment is evidenced in the People Strategy updates to Senior Management Team (SMT) and Employment Committee (it was not possible within the scope of the audit to review relevant background data processing and monitoring).

4.4.2 It was noted from the above update reports that workforce data has been omitted from recent management information submissions reviewed by SMT. The most recent manifestation had been an 'infographic' presentation of the management information in August 2019, which included a statistical summary on recruitment activity over the first quarter. It has been advised that a review of the presentation of workforce management information is in progress at the time of this report.

4.4.3 Something of a landmark was reached in September 2017 with the completion of a major review of recruitment and retention, in accordance with the People Strategy Acton Plan, and the aforementioned employer branding and recruitment packaging initiative being reported to Employment Committee. Again, background data processing to measure the success of this initiative has not been examined within the scope of the audit. Subsequent update reports on agency staff levels and the apprenticeship scheme are noted.

5 **Conclusions**

5.1 Following our review, in overall terms we are able to give a SUBSTANTIAL degree of assurance that the systems and controls in place in respect of recruitment and selection are appropriate and are working effectively.

5.2 The assurance bands are shown overleaf:

Level of Assurance	Definition
Substantial Assurance	There is a sound system of control in place and compliance with the key controls.
Moderate Assurance	Whilst the system of control is broadly satisfactory, some controls are weak or non-existent and there is non-compliance with several controls.
Limited Assurance	The system of control is generally weak and there is non-compliance with the controls that do exist.

5.3   There are no formal recommendations arising from this review.

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