INTERNAL AUDIT REPORT

FROM:	Audit and Risk Manager	**SUBJECT:**	Recruitment & Selection, Terms & Conditions
TO:	Head of Corporate & Community Services	**DATE:**	22 November 2013
C.C.	Chief Executive Deputy Chief Executive (AJ) Head of Finance		

1.   Introduction

1.1   In accordance with the Audit Plan for 2013/14, an examination of the above subject area has been undertaken and this report presents the findings and conclusions drawn from the audit for information and action where appropriate. This topic was last audited in December 2010.

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

2.   Background

2.1   The core recruitment and selection procedures are managed by the Human Resources (HR) team and it was their work that was the focus of this audit.

2.2   The audit took place during a period of upheaval in the HR / OD team, with the HR / OD Manager having recently left and the Head of Corporate & Community Services being absent. However, the audit proceeded on the basis that the controls in place should still operate in their absence.

2.3   General recruitment processes have changed since the last audit with the introduction of the council's Fit For the Future (FFF) process. All posts available have to initially be made available to staff who are on the 'at risk' register before they can be advertised internally and then externally if the need arises.

3.   Scope and Objectives of the Audit

3.1   The audit was undertaken to test the management controls in place.

3.2   In terms of scope, the audit covered the following areas:

- Policies and procedures
- Training
- Stages of recruitment
- FFF matching process
- Statistical monitoring

3.3   The audit programme identified the expected controls. The control objectives examined were:

- Staff are given appropriate guidance on the recruitment & selection process.
- Staff involved in the selection process (short-listing & interviewing) are appropriately trained to allow them to undertake their role.
- Appointments are made to approved posts.
- Potential candidates are aware of what the job will entail.
- The best candidates are aware of the vacancies that exist within the council.
- The most suitable candidates are identified following the application stage.
- Vacancies are filled with the best candidates.
- Applicants are kept informed.
- Jobs are only offered to those who can actually fill them.
- An appropriate agreement to work is entered into.
- Staff placed at risk are appropriately matched to positions available as part of the FFF process.
- Members and management are aware of relevant recruitment statistics.

3.4   The use of Comensura for the recruitment of agency staff was not covered within the scope of this audit.

4. Findings

4.1 Policies & Procedures

4.1.1 A Recruitment & Selection Policy is in place and is available to all staff via the HR Handbook on the intranet. Similarly, a Fit for the Future employment process document is available from the same source. This references the Redeployment Policy.

4.1.2 The recruitment & selection and redeployment policies are dated 2009, with the latest version of the FFF process being dated September 2013.

4.1.3 The recruitment and selection policy on the intranet contains links to other relevant documents. However, a number of these links did not work when tested. It was also noted that reference is still made within the document to the CRB process, which has now been replaced by DBS.

Risk
Staff work to outdated policies.

Recommendation
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.

4.1.4 There is also a separate guidance document for elected members relating to the recruitment of senior managers. This has recently been updated (September 2013), with a report being presented to the Employment Committee setting out the reasons for the changes.

4.1.5 There are a number of pieces of legislation that are relevant to the recruitment and selection process (e.g. sex, race, disability legislation and internal equal opportunities policies etc.). Whilst the R&S policy does not make specific reference to them, it includes the following paragraphs:

It is the responsibility of all employees involved in recruitment and selection to ensure that statutory obligations placed on the Council by legislation are strictly adhered to.

This policy statement will be positively adhered to and all employees involved in Recruitment and Selection have a duty to take action to eliminate discrimination throughout the process.

4.2 Training

4.2.1 Recruitment and selection training is timetabled and is included in the 'On Course' learning and development document. The next course is timetabled for November.

4.2.2 The Senior HR Officer advised that checks would be made to see if newly appointed managers were scheduled to attend, with recommendations being made to their line managers.

4.2.3   Refresher training courses also used to be run, but these are no longer held. The Senior HR Officer suggested that there would be no prompting of existing staff to attend the training for refresher purposes although staff would not be stopped from attending again if they felt the need for further training and one-to-one updates could also be provided if approached.

4.2.4   As part of the general Stages of Recruitment testing (see below), a sample of recruitment exercises were reviewed. Upon examination of the sampled files and discussions with HR staff, the staff members performing the interviews were identified.

4.2.5   In three of the five cases reviewed, at least one of the interviewers had received appropriate recruitment and selection training and there was no need for formal interviews in a further case as there was only one applicant.

4.2.6   However, in the other case, neither of the staff members performing the interviews had received appropriate training, although one of them had been due to attend training but had had to pull out.

Risk
The most suitable candidate for the post is not appointed.

Recommendation
An appropriately trained member of staff should be part of each interview panel.

4.3   Stages of Recruitment

4.3.1   A sample of five recent recruitment exercises was chosen at random and testing was undertaken to ensure that all appropriate steps had been taken during the recruitment and selection processes.

4.3.2   Internal Audit were advised that a Vacancy Authorisation to Recruit form (VARF) would be required prior to posts being advertised. However, only one was found in relation to the sampled cases. HR staff advised that in three of the cases, there would not have been a need for the form as the posts had been agreed by Employment Committee. In the other case, the specific document could not be located but an email chain referencing the existence of the VARF was held.

4.3.3   CMT approval is required for a post to be advertised internally with Councillor approval being required prior to external adverts being placed. This approval also confirms that the need for recruiting to the post has received appropriate consideration. In four of the five cases, specific relevant approval was found on file (electronic files, containing copies of the relevant emails). In the other case, approval was considered to have been received as the (new) post was approved by the Employment Committee.

4.3.4   There is also a requirement for a formal job description and person specification to be drawn up prior to the adverts being placed. It was confirmed that these documents were appropriately in place for the sample selected.

4.3.5   Due to the number of applicants for the sampled posts, there was only a need for shortlisting in two cases. Documentation was provided by one manager showing why one applicant did not proceed to the interview stage. However, in the other case, there was no documentation on file and the relevant manager could not locate copies of the evidence which showed that all applicants had been appropriately considered.

4.3.6   Following the shortlisting stage, interviews were held in four of the sampled cases, with the other post only attracting one, internal, applicant. In the four relevant cases, documentation was found to be in place as appropriate, showing how the successful applicant had been chosen.

4.3.7   During the initial discussions regarding the processes that should be followed, Internal Audit were advised that the scoring documentation should be passed to HR. However, in the majority of the relevant cases noted above, the documentation remained with the managers. Whilst no formal recommendation is to be made, this issue should be clarified with managers as part of the process in future.

4.3.8   At various stages through the process, letters or emails will be sent out to the applicants to keep them informed of their status (i.e. unsuccessful at shortlisting stage, invite to interview, unsuccessful following interview, successful applicant). Copies of all relevant correspondence was found to be held.

4.3.9   Once a decision has been made, various documents have to be received to ensure that the applicant is able (both physically and legally) to be appointed to the post.

4.3.10   In two cases, all relevant documents (references, medical clearance form, birth certificate, passport and DBS disclosure) were on file or were not yet due. In the other cases, the appointments were internal, so no documentation was required.

4.3.11   The successful applicant is also required to sign either a conditional contract of employment or an acceptance letter (internal candidates). These were found to held in all sampled cases.

4.4   FFF Matching Process

4.4.1   Prior to any posts being advertised (either internally or externally), all staff on the 'at risk' register will be given the opportunity to express an interest in the post.

4.4.2   Staff will be placed on the register if either their post is being deleted as part of the current FFF restructures or if they are coming to the end of a fixed term contract.

4.4.3   A review of reports to Employment Committee during the current calendar year highlighted a number of posts to be deleted, and these were checked to the Redeployment Pool spreadsheet maintained by the Senior HR Officer.

4.4.4   In all relevant cases, the employee who was at risk had been appropriately added to the register. However, a few anomalies were noted with posts

appearing on the 'at risk' register that were not shown as being deleted on the corresponding reports to Employment Committee.

4.4.5   In some cases, the posts appeared as new posts on the reports when they already existed. In others there were discrepancies regarding the posts that were actually being deleted (e.g. one report highlighted that the post of Business Enterprise Development Manager was being deleted. However, this actually covered two distinct posts of the Enterprise Development Manager and the Business Enterprise Manager, both of which appeared on the 'at risk' register).

Risk
Employment Committee are not being provided with accurate information in order to make appropriately informed decisions.

Recommendation
Relevant staff should be reminded of the need to ensure that accurate information is presented in reports to Members, with HR being added as a consultee as appropriate to ensure that the post details accurately reflect what is shown on the establishment.

4.4.6   In order for a member of staff on the register to be matched to a post they must met a specific grading criteria. Their old post must be within a range of one grade either above or below the grade for the new post.

4.4.7   Staff members that fit these criteria will then be scored against the specific requirements of the post, as per the job description. The individual will score themselves, as will their line manager and these will then be assessed.

4.4.8   If more than one 'at risk' individual meets the grading criteria for the post, the post is generally awarded to the highest score. However, any gaps between the available scores and those awarded for each question will be reviewed, as some requirements may be essential, so a lower score that meets an essential requirement may get the post ahead of a higher scoring individual who has a gap in this area.

4.4.9   Sample testing was performed to ensure that the process is being appropriately applied, with the most suitable individuals being placed in the posts available. This test proved satisfactory.

4.5   Statistical Monitoring

4.5.1   The Senior HR Officer advised that, whilst some quarterly and annual statistics are produced and are reported relating to HR in general, they are not specifically linked to recruitment and selection.

4.5.2   Some figures regarding numbers of new starters etc. are produced, but they do not really reflect the performance of the process, just bare statistics. The statistics are only measures, and there are no targets set.

5.   Summary & Conclusion

5.1   Following our review, we are able to give a SUBSTANTIAL degree of assurance that the systems and controls in place for the management of Recruitment and Selection are appropriate and are working effectively.

5.2   Minor issues were identified relating to the policy documents in place, training for members of interview panels and the need for accurate information in reports to the Employment Committee.

6.   Management Action

6.1   The recommendations arising above are reproduced in the attached Action Plan (Appendix A) for management attention.

Richard Barr
Audit and Risk Manager

Action Plan

Internal Audit of Recruitment & Selection, Terms & Conditions – November 2013

Report Ref.	Recommendation	Risk	Risk Rating*	Responsible Officer	Management Response	Target Date
4.1.3	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.	Staff work to outdated policies.	Low	Senior HR Officer(s)	Agreed. However, this is a low priority for HR at the moment, pending the recruitment of a new HR/OD Manager.	Following HR/OD Manager appointment
4.2.6	An appropriately trained member of staff should be part of each interview panel.	The most suitable candidate for the post is not appointed.	Low	Senior HR Officer(s)	Agreed. A log is maintained of staff that have received recruitment training. This will be double-checked to ensure that staff have attended the training before being allowed to undertake interviews.	Immediate effect

Report Ref.	Recommendation	Risk	Risk Rating*	Responsible Officer	Management Response	Target Date
4.4.5	Relevant staff should be reminded of the need to ensure that accurate information is presented in reports to Members, with HR being added as a consultee as appropriate to ensure that the post details accurately reflect what is shown on the establishment.	Employment Committee are not being provided with accurate information in order to make appropriately informed decisions.	Low	Senior HR Officer(s)	Agreed. HR staff will aim to ensure that they see all relevant draft Employment Committee reports before they are finalised so that post numbers are titles can be checked.	Immediate effect

* Risk Ratings are defined as follows:

Low   -   Minimal adverse impact on achievement of the Authority's objectives if not adequately addressed.
Medium -   Moderate adverse impact on achievement of the Authority's objectives if not adequately addressed.
High   -   Requires urgent attention with major adverse impact on achievement of Authority's objectives if not adequately addressed.