

To: Executive Manager – Human Resources

For information: Chief Executive
Executive Manager, Corporate Governance
Executive Manager, Finance & Asset Strategy

1. Introduction

An audit of Personnel has been carried out as part of the 2005-06 audit plan. Detailed tests have been carried out on the systems of control and the management of risk within this area.

2. Findings and recommendations

The detailed findings and recommendations are set out in the attached report. A Management Action Plan and a satisfaction survey form have been sent to the Executive Manager concerned. Electronic versions of these documents can be emailed to you if you require copies.

3. Conclusions

We have concluded that the majority of risks associated with personnel matters are well managed. We have however made several recommendations associated with verifying applicant's eligibility for employment, carrying out appraisals, updating policies and procedures and recording possible asbestos exposure.

Simon Martin
Audit Partnership Manager
30 December 2005

Personnel 2005-06 Final Report

1.1 AREAS COVERED DURING THE AUDIT

The key areas of possible risk identified at the planning stage of the audit were as follows:

- a) Personnel policies are not defined;
- b) References for prospective new employees, or their qualifications, are not adequately taken up and checked, or people not eligible to work in the UK are employed;
- c) New starters are not adequately inducted, or existing staff are unclear about procedures or the standards expected of them;
- d) Staff do not receive periodic appraisals, or the appraisals are not applied consistently throughout the Council;
- e) Disciplinary, Retirement, Redundancy, Grievance or Flexible Working issues are not dealt with correctly;
- f) Leavers are not dealt with correctly;
- g) There is a shortage of staff with the skills needed by the Council, or future needs are identified and planned for, or insufficient funds are available for staff development / training;
- h) Office accommodation is rendered unusable;
- i) Staff rewards are not seen to be fairly and equably applied;
- j) Latest trends and changes in HR / Personnel Management practices are not identified and implemented, or the Council fails to comply with Employment legislation, or changes are made to UK and EU employment legislation;
- k) Staff vacancies are not properly advertised internally or externally, or the advertisements do not promote the Council appropriately;
- l) Sickness monitoring or the acquisition of other management information is ineffective, or staff records are not kept or do not accurately reflect employees' work, educational and training attainments;
- m) Personnel records are not kept in accordance with the Data Protection Act 1998

The methodology stated in the terms of reference document was used to establish and test the controls that management have in place for mitigating or reducing the above risks to an acceptable level.

1.2 OVERALL AUDIT OPINION

<p>We have concluded that the Personnel / Human Resource processes are mostly satisfactory. We have however identified several matters that have led to recommendations being made and these need to be addressed to minimise risk exposure.</p>

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1.3 PREVIOUS RECOMMENDATIONS

The last audit of Personnel was carried out in May 2002 and the audit report included 3 recommendations. A follow-up review carried out in April 2003 established that satisfactory progress had been made towards implementing all three. There were therefore no outstanding previous recommendations to be reviewed.

2005/06 AUDIT

1.4 VERIFYING APPLICANTS' ELIGIBILITY FOR EMPLOYMENT

The Council requires job applicants to provide two satisfactory references and to evidence any qualifications. We reviewed a sample of current Personnel files and were pleased to confirm that most contained copy references and qualifications. The exceptions could be explained by the longevity of employment of the staff concerned, although one instance where proof of qualifications had not been provided was identified.

Best practice suggests that the validity of at least a sample of qualifications and references should be checked by contacting the awarding body to confirm their authenticity. Similarly, best practice suggests that references may not be genuine, and that a sample should be checked to confirm that they are authentic. We appreciate that this adds to the Human Resources workload but nevertheless consider it appropriate to **recommend that** (a) a sample of qualifications at Certificate, Diploma and Degree level is checked by reference to the awarding academic institution or professional body, and (b) a sample of references is checked by telephoning the referee to confirm that they actually prepared the reference.

Recent legislation requires that people applying for employment can demonstrate that they are eligible to be employed in the UK. We were pleased to confirm that staff engaged since this legislation was introduced had provided satisfactory proofs of their eligibility.

1.5 THE APPRAISAL PROCESS

During our sample review of Personnel files we identified that 70% contained copies of appraisal forms and 45% contained probationary appraisal documentation. The current appraisal process requires that it is applied uniformly throughout the Council. We confirmed that HR / Personnel officers remind line managers when probationary appraisals are due, and that new staff who satisfactorily complete their probation period receive appropriate letters to confirm this.

Reviewing the HR4a (Percentage of employees appraised) Performance Indicator for 2004-05 we identified that just 53% of the staff eligible to receive an annual appraisal had been appraised. The result for the first 2 quarters of 2005-06 identified that just 95 out of a potential 254 staff eligible for annual appraisal, i.e. less than 38%, had received their appraisal.

The Executive Manager (Human Resources) and staff in the department believe it possible that some line managers are reluctant to rate people's abilities in the workplace accurately, which naturally leads to inconsistencies in the process.

We understand that changes to the appraisal process are being proposed, so that the abilities in the workplace section will be replaced by a review of competencies and the new Snowdrop system will provide reports identifying missing appraisals. Provided that there is strong support from Executive Managers, this should improve the position in the future. So as to complement these changes and improve accountability, **we recommend that** the existing

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local Performance Indicator HR4a is supplemented in such a way that the departmental groups managed by individual Executive Managers can be identified.

1.6 POLICIES and PROCEDURES

The Council's policies and procedures are made available to staff via Personnel Policy Notes (PPNs) published on the Intranet. This permits all staff to access the most recently available versions. We reviewed the PPNs and identified that some do not appear to have been reviewed since they were first published, in some cases as long ago as 1996 whereas others include a review date which has passed. Because the headers used in the PPNs do not follow a standard format, it is sometimes difficult to be sure whether the 'review' reflects the last date the PPN was reviewed or the date by which it should have been reviewed. So as to ensure that all the PPNs are up to date, and to remove any doubt, **we recommend that** (a) a review is carried out, and (b) a standard format is developed for the headers.

1.7 LEGISLATIVE CHANGES AFFECTING HUMAN RESOURCES

We have already commented on the need to review PPNs. However, we identified one where changes to legislation make it necessary to address one PPN with some urgency. This is PPN 19, 'Maternity Leave' which although adequately defining the legal processes and the Council's Terms & Conditions regarding maternity leave, it does so only for female members of staff. In April 2003 new legislation was introduced to give rights for paternity leave and pay, and also to adoptive parents. A second PPN, no. 17 "Leave Entitlement" incorporates this. **We recommend that** the two PPNs be reviewed and possibly combined to address this.

1.8 DISASTER RECOVERY / BUSINESS CONTINUITY ARRANGEMENTS

We were pleased to establish that HR / Personnel have made arrangements to maintain an up-to-date list of all employees and their contact information off-site in an easily retrieved form. In the event of an emergency this would assist in contacting staff, either to ask them to come to the offices to help deal with the emergency, or alternatively asking them to stay away so as not to impede the work of the emergency services. We also identified that the officer currently responsible for maintaining this list has proposed enhancements to it, in order to improve its usefulness. However, this officer will shortly be taking up another appointment within the Council. Although she has trained another officer, no-one has been formally appointed to take over responsibility for it. So as not to reduce the efficiency of the arrangement, **we would recommend that** another officer is identified as soon as practicable.

1.9 DUE DILIGENCE

From discussions with the Health and Safety Officer we identified that vehicle maintenance staff at Dunmow had reported possible exposure to asbestos when working on older vehicles. Although she has asked that they formally record this in writing, supported by the line manager, we understand that no correspondence has been received.

The Council has a duty of care to anyone exposed to asbestos. We identified that procedures are in place in case any contact is made in the future, but it is a matter of concern that no action has been taken over the Dunmow staff. **We recommend that** HR / Personnel take appropriate steps to document this at the earliest opportunity.

Jonathan C. Smith
November 2005

Management Action Plan For: - Personnel 2005-06

Appendix / Para	Recommendation	Significance * Low ** Med *** High	Agreed / Not agreed	Officer Responsible	Officer Comments	Implementation date
1.4	We recommend that (a) a sample of qualifications at the Certificate, Diploma and Degree level is checked by reference to the awarding academic institution or professional body, and (b) a sample of references is checked by telephoning the referee to confirm that they actually prepared the reference.	**	Partly agreed	Claire Baeza & Linda Cass will undertake a dip sample approach		Began 02/06
1.5	We recommend that the existing local Performance Indicator HR4a is supplemented in such a way that the departmental groups managed by individual Executive Managers can be identified.	**	Agreed		EMT have agreed a monitoring programme	Begins one month, (March) after first appraisals date
1.6	We recommend that (a) a review is carried out, and (b) a standard format is developed for PPN headers.	*	Agreed	John Redhead		Rolling review beginning 03/06
1.7	PPN 19, 'Maternity Leave', adequately defines the legal processes and the Council's Terms & Conditions regarding maternity leave, it does so only for female members of staff. More recent legislation confers rights of paternity leave and pay, and also the concept of adoptive parents. A second PPN, no. 17 "Leave Entitlement" incorporates this. We recommend that the two PPNs be reviewed and possibly combined to address this.	**	Part of review above			
1.8	As part of Personnel / HR's business continuity arrangements, a list of staff names and contact details is maintained off site so that staff can be contacted in	**			BS is with the team one day a week, her admin assistant is	

	an emergency. The officer currently responsible for maintaining this list will shortly be taking up another appointment within the Council, and although she has trained another officer, no-one has been formally appointed to take on the responsibility. So as not to reduce the efficiency of the arrangement, we would recommend that another officer is identified as soon as practicable.				able to undertake it at request of BS	
1.9	The Council has a duty of care to any staff possibly exposed to asbestos. Procedures are in place in case any staff come into contact with it in the future, but it is a matter of concern that no action has been taken over one particular staff group who may have been exposed in the past. We recommend that HR / Personnel take appropriate steps to document this potential exposure at the earliest opportunity.	***	Agreed	Jim Shaw		31 May 2006

Signed _____ (Executive Manager) Date _____