

**REPORT OF THE DIRECTOR OF STRATEGIC FINANCE**

**INTERNAL AUDIT REPORTS SELECTED FOR EXAMINATION**

**1. PURPOSE OF REPORT**

This report presents the Internal Audit report selected for detailed examination at the March 2012 meeting. The Audit Committee's role is to appraise the quality and scope of the Internal Audit work and determine whether the action taken by the audited service was sufficiently robust and prompt in response to the audit findings. Colleagues from Internal Audit and the reviewed service will be present at the meeting to assist this activity.

**2. RECOMMENDATIONS**

To critically appraise the Internal Audit reports at **Appendix A** (Property Management) and **Appendix B** (Recruitment) to:

- determine whether the audit work was of an appropriate quality and scope;
- determine whether the service response was sufficient, robust and prompt;
- make any further observations and/or comments considered relevant;
- determine any further action.

**3. REASONS FOR CONSIDERATION**

The critical appraisal of selected Internal Audit reports is an important aspect of the Audit Committee's governance work. This helps the Committee to fulfil its responsibility to receive reports on the work undertaken by Internal Audit and to monitor its performance. In doing this, the Committee is testing the robustness of and contributing to the organisation's audit and other governance arrangements. This also aids development of a deep understanding of the Council's internal control environment and Internal Audit working practices. Issues to consider are:

- how the audit was selected – for example the risk assessment, the potential for fraud, previous track record of the service, frequency of the audit;
- whether the audit coverage was appropriate, adequate and correctly focussed;
- the time spent on the audit against the outcomes and findings;
- the quality of the Internal Audit report;

- the actual findings and the impact on the service and the Council overall;
- the service's response to the audit recommendations;
- the speed and robustness of the actions taken to address the recommendations;
- whether there are any learning points or principles that could be applied in future audit or governance work.

This list is illustrative only and the Committee is at liberty to explore other governance issues.

#### 4. OVERVIEW OF WORK UNDERTAKEN

**Appendix A** is the final Property Management audit report issued on 4 November 2011. **Table A** outlines the audit work and summarises key issues.

<b>TABLE A – Property Management</b>	
<b>Reason for audit</b>	
Internal Audit has reviewed the operation of the Estates and Property team as part of the 2010/11 Audit Plan.	
The scope of the review was limited to the following areas:	
<ul style="list-style-type: none"> <li>○ To provide assurance that the asset disposal programme supports the capital programme.</li> <li>○ To confirm that value is obtained from disposals and how this is evidenced.</li> <li>○ To confirm that appropriately robust targets are set for properties held within the council's Property Trading Account and whether these targets are met.</li> </ul>	
<b>Assurance level:</b>	Limited
<b>Key findings</b>	
<ul style="list-style-type: none"> <li>○ The council does not currently have an Asset Management Plan (AMP); the last AMP covered the period 2006/09. The AMP is a key document and should align the council's asset base with its organisational objectives.</li> <li>○ A sample of 20 property disposals was tested to ensure that value had been obtained and that appropriate authorisation had been made. In one instance (Noel Street Leisure Centre) there was an unsigned valuation and no documentation to confirm the method of sale.</li> <li>○ As part of this audit an establishment check on a number of void properties was made. In four cases it was found that properties were being used without being recorded by the council. These were reported to the Head of Estates but no response on actions taken was received.</li> </ul>	

<b>Recommendations</b>					
<b>Total:</b>	3	<b>High Priority:</b>	1	<b>Medium Priority:</b>	1
<b>Time taken</b>					
<b>Actual days:</b>	17.2	<b>Planned days:</b>	16.7		
<b>Implementation of recommendations</b>					
The ownership of Internal Audit recommendations is the responsibility of the audit client. An update of progress has been included in the report. In summary all recommendations are complete or plans are set in place to complete them or address the underlying issue before the end of 2012.					

**Appendix B** is the final Recruitment audit report issued on 29 November 2011. **Table B** outlines the audit work and summarises key issues.

<b>TABLE B - Recruitment</b>	
<b>Reason for audit</b>	
Internal Audit had been requested to review the Recruitment system because of concerns about the length of time it is taking for each recruitment. The work involved flowcharting the process and identifying issues and potential for simplification through discussions with colleagues within and outside the HR service. This flowchart accompanies this report.	
<b>Assurance level:</b>	Limited
<b>Key findings</b>	
<ul style="list-style-type: none"> <li>○ Extended time to fill posts can lead to: <ul style="list-style-type: none"> <li>• agency cost in excess of the cost of the filled post</li> <li>• multiple agency workers filling the role due to Agency Workers Regulations</li> <li>• service failure / backlog and consequent failure demand</li> <li>• inability to achieve service objectives</li> </ul> </li> <li>○ Since the process involves many colleagues and stages it is more costly than it might be if the processes were streamlined and fewer colleagues were involved. This involves a balance between control and cost.</li> <li>○ Spreadsheets are used to record and monitor progress through processes but they do not record this information in such a way as to allow information from the processes to be drawn together and metrics to be drawn from them. There have been no reported metrics or benchmarking across recruitment processes since 2007.</li> <li>○ Various processes are not operated consistently or differ between departments.</li> </ul>	

- Documents are not captured and indexed electronically to assist workflow management and document retrieval, though some processes are carried out by email with attachments. This means that documents can be lost or mislaid and the process can be delayed.
- The service's role is mainly reactive, responding to recruitment needs rather than developing recruitment solutions.
- Some services do not contact Job Evaluation team, when specifying the job or designing the service / restructuring, which leads to delays and adversely affects consultation.

#### Recommendations

<b>Total:</b>	18	<b>High Priority:</b>	11	<b>Medium Priority:</b>	7
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#### Time taken

<b>Actual days:</b>	15.6	<b>Planned days:</b>	15.0
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#### Implementation of recommendations

The ownership of Internal Audit recommendations is the responsibility of the audit client. An update of progress has been included in the report. In summary all recommendations are complete or plans are set in place to complete them or address the underlying issue before the end of 2012. The Head of Service will be available to update the Committee on the action plan.

**5. BACKGROUND PAPERS OTHER THAN PUBLISHED WORKS OR THOSE DISCLOSING EXEMPT OR CONFIDENTIAL INFORMATION**

None

**6. PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT**

Minutes and report from the Audit Committee 2 March 2012.

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Final Internal Audit Report  
Development  
Property Disposal & Asset Management

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<b>Document title:</b>	Final Audit Report - Property	
<b>Issue Date:</b>	4 November 2011	
<b>Issued to:</b>	Geoffrey Hibbert	Director Workplace Strategy & Property
<b>Copied to:</b>	Nick Quinsey	Acting Head of Estates & Asset Management
	Jeff Abbott	Head of Strategic Finance

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Principal Auditor	John Slater	Ext 64239
Auditor	David Stillings	Ext 64237

# 1 Executive Summary

- 1.1 Internal Audit has reviewed the operation of the Estates and Property team as part of the 2010/11 Audit Plan.
- 1.2 The scope of the review was limited to the following areas;
- To provide assurance that the asset disposal programme supports the capital programme.
  - To confirm that value is obtained from disposals and how this is evidenced.
  - To confirm that appropriately robust targets are set for properties held within the council's Property Trading Account and whether these targets are met.

## Overview

- 1.3 The City Council's property portfolio supports its financial, strategic and operational plans. The portfolio includes;
- Operational property – used to provide the council's services to its citizens.
  - Investment property – properties held within the council's Property Trading Account (PTA) generated income of nearly £10m in 2010/11. In addition, capital receipts of £7.9m were generated in 2010/11 from the sale of surplus property and land.
  - Development property – property or land that will help drive regeneration and economic development through partnership or sale.
- 1.4 The following definition of asset management is set out in RICS's 2008 Public Sector Asset Management Guidelines;
- “Strategic asset management ... seeks to align the asset base with the organisation's corporate aims and objectives. It ensures that the land and buildings asset base of an organisation is optimally structured in the best corporate interest of the organisation concerned.”
- 1.5 An organisation's Asset Management Plan (AMP) should seek to optimise the utilisation of assets in terms of their service benefits and financial return. The AMP should also be aligned with the organisation's medium term financial plan and other strategies.

## Findings

- 1.6 The council does not have an AMP at present. The last AMP covered the period from 2006-09 and subsequently, as part of the Strategic Choices review, the Head of the Asset Management team left the council and the team effectively ceased to function.

- 1.7 We recognise that after 2006-09, the main focus of the council's asset management strategy has been the Workplace Strategy and the rationalisation of the council's city centre operational bases to Loxley House. As this has now been achieved successfully, a new AMP should be developed as a priority. From discussions with the Head of Estates, we understand that a new asset management team will be established under his control and is expected to be operational from late summer 2011.
- 1.8 The council's Capital Programme for 2010/11 to 2013/14 was endorsed at the Executive Board on 22 Feb 2011. Capital receipts of £33.786m were anticipated between 2011/12 and 2013/14, which includes £15.561m General Fund receipts (the anticipated capital receipt as at 30Sep11 is £32.677m.). It was found that the assumptions used to estimate the receipts from the General Fund were well-founded and informed by the Property Team's view of the market and likely interest in the properties. There was a discrepancy of £675k for unsecured capital receipts for 2013/14 between the spreadsheets used to compile the data and the figures used in the medium term financial plan (with the MTFP being higher). An explanation for this discrepancy has not been forthcoming from the Capital Accounting Team.
- 1.9 Disposals from 2010/11 were reviewed and a sample of 20 was tested. In all cases at least 92% of the valuation was achieved. In one of the cases some documentation connected with the sale was missing.
- 1.10 Income of £12.059m was expected from the PTA in 2010/11 but outturn was likely to be £10.961m, a shortfall of £1.098m. Given the current state of the commercial property market in Nottingham this shortfall is understandable.
- 1.11 An establishment check on void properties was also undertaken as part of this audit. 82 properties or pieces of land were checked and queries were raised on a number of properties. In 4 instances it was found that activity was taking place in a supposedly void property. A memo was sent to the Head of Estates but no response has been received on any action taken. Voids across the PTA varied from between 4% to 7% throughout 2010/11. No figures could be obtained to benchmark this against other councils but compared to a large private commercial property firm, which declared like-for-like voids at 4.3% for 2010/11, this appears to be acceptable performance.
- 1.12 Further details on the findings and recommendations made can be found in the Action Plan at section 2 of this report.
- 1.13 We would like to thank all the staff who have provided assistance during this audit.

## **Opinion**

- 1.14 We are required to provide an opinion on the adequacy and effectiveness of internal controls in relation to the area under review. Our opinion is based on the work performed as set out in the agreed Audit Brief and is subject to the scope set out above. We are able to give **limited assurance** on the controls in this area.
- 1.15 Our opinion is rated as limited due to the council's lack of an Asset Management Plan.

## **Value Added**

- 1.16 In addition to the assurance provided by this audit, we have highlighted voids where additional income should be collected. We have also highlighted the need for an Asset Management Plan to ensure that the management of the Council's property portfolio is consistent with the Council's overall aims and financial plans.



### 3 Action Plan

Ref	Finding	Recommendation	Priority	Management Response	Responsibility and Target Date
01	<p>The council does not currently have an Asset Management Plan (AMP); the last AMP covered the period 2006/09. The AMP is a key document and should align the council's asset base with its organisational objectives.</p> <p><u>Risk</u></p> <p>The lack of a strategic asset plan could lead to a failure to deliver the council's objectives including savings, a failure to achieve predicted capital receipts and available land and property is not used to achieve economic development and regeneration.</p>	<p>It is recognised that workforce reductions, reorganisations and the focus on the Workplace Strategy have all contributed to the lack of an AMP; however the need to have a strategic overview of the council's assets which is aligned with the Medium Term Financial Plan and which supports the Capital Programme should be addressed as soon as possible.</p>	High	<p>The Asset Management team is now in place comprising a Team Leader and 2 Senior Asset and Performance Manager posts.</p> <p>The 2006/09 Asset Management Plan referred to in this report is not the latest AMP. A revised AMP has been prepared for the subsequent period and it is this document that is now being considered for review.</p> <p>Delivery of significant revenue savings through the continued rationalisation of the operational office stock remains one of the service's highest priorities. Current</p>	<p>Nick Quinsey - Acting Head of Estates &amp; Asset Management</p> <p>5 December 2011</p>

Ref	Finding	Recommendation	Priority	Management Response	Responsibility and Target Date
02	<p>A sample of 20 disposals was tested to ensure that value had been obtained and that appropriate authorisation had been made. In one instance (Noel Street Leisure Centre) there was an unsigned valuation and no documentation to confirm the method of sale.</p> <p><u>Risk</u> No audit trail and sale may become subject to legal challenge or dispute.</p>	<p>In all cases of a disposal of assets, complete documentation should be retained to provide an audit trail of decisions made and in case of any legal challenges or disputes.</p>	Low	<p>Current procedure provides for the completion of all supporting documentation prior to the sale being finalised. This process will continue to be maintained and managers are reminded of the need to adhere to the procedure.</p>	<p>Nick Quinsey - Acting Head of Estates &amp; Asset Management 5 May 2012</p>
03	<p>As part of this audit an</p>	<p>The Property Team should</p>	Medium	<p>The Property Terrier is set up</p>	<p>Nick Quinsey -</p>

Ref	Finding	Recommendation	Priority	Management Response	Responsibility and Target Date
	<p>establishment check on a number of void properties was made. In 4 cases it was found that properties were being used without being recorded by the council. These were reported to the Head of Estates but no response on actions taken has been received.</p> <p><u>Risk</u> Loss of income</p>	<p>review the properties reported and establish if the premises are being used appropriately. Charges should be raised where appropriate.</p>		<p>to record the details of all third party interests in the Council's commercial property. There is an established system for notifying the Terrier of any change of tenancy, including the letting of properties previously unoccupied. In isolated cases, the Terrier is updated after a change in the occupation has occurred but this can be remedied by property managers ensuring that appropriate details are presented at the earliest opportunity.</p>	<p>Acting Head of Estates &amp; Asset Management 5 February 2012</p>

Signed..... Date.....  
(3<sup>rd</sup> tier manager or above)

- Whilst a number of recommendations are included in this report, it is the responsibility of management to determine the action that will be taken in response to each recommendation. Management should assess the risks to the objectives involved and the cost-effectiveness of the control improvements suggested.

- Management is responsible for ensuring that all agreed recommendations are implemented within the agreed timescales.
- The City Council's Audit Committee review summary Internal Audit reports and the main issues arising, and seek assurance that action has been taken where necessary. As a consequence we provide details of each final audit and recommendations made. Management may be required to attend Committee or respond to it in relation to actions agreed and taken
- Management should note that any recommendations that relate to Financial Regulations must be implemented unless a satisfactory business case has been agreed justifying why the recommendation will not be implemented.

## Glossary of Terms

### Levels of Assurance

We use four categories to classify Internal Audit assurance over the processes examined, these are defined as follows:

<b>High Assurance</b>	High assurance that the system of internal control is designed to meet the organisation's objectives and controls are consistently applied in all the areas reviewed. Our work found some low impact control weaknesses which, if addressed, would improve overall control. These weaknesses are unlikely to impair the achievement of the objectives of the system.
<b>Significant Assurance</b>	Significant assurance that there is a generally sound system of control designed to meet the organisation's objectives and that controls are generally being applied consistently in the areas reviewed. However, some weakness in the design or inconsistent application of controls put the achievement of particular objectives at risk.
<b>Limited Assurance</b>	Limited assurance as weaknesses in the design or inconsistent application of controls put the achievement of the organisation's objectives at risk in the areas reviewed.
<b>No Assurance</b>	No assurance as weaknesses in control, or consistent non-compliance with key controls, could result in failure to achieve the organisation's objectives in the areas reviewed.

Where appropriate we may also comment on the level of assurance we can give that objectives will be met. This may apply when there are risks either partially or wholly outside of the control of management.

### Categorisation of Recommendations

The recommendations within this report have been categorised by Internal Audit as:

<b>High Priority</b>	A fundamental weakness which presents material risk to the audited body and requires urgent attention by management.
<b>Medium Priority</b>	A significant weakness whose impact or frequency presents an unacceptable risk to the audited body that should be addressed by management.

**Low Priority**      The audited body is not exposed to any significant risk, but the recommendation merits attention.

In all cases Internal Audit will follow up implementation of the recommendations by the agreed date.



# Final Internal Audit Report Recruitment Resources

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NB. Recruitment Flowchart accompanies this document electronically, as an Excel Spreadsheet. Please see guidance notes before use.

<b>Document title:</b>	recruitment final audit report - november2011	
<b>Issue Date:</b>	29/11/2011	
<b>Issued to:</b>	Angela Probert	Director Human Resources & Organisational Transformation
<b>Copied to:</b>	Heather Drummond	Head of HR Shared Service

Contact Details:		
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# 1 Executive Summary

- 1.17 Internal Audit has been asked to review the Recruitment system because of concerns about the length of time it is taking for each recruitment. The work has involved flowcharting the process and identifying issues and potential for simplification through discussions with colleagues within and outside the HR service. This flowchart accompanies this report.
- 1.18 Pre-recruitment consists of a requisition (vacancy management) stage which identifies an employee resource for which there is a priority business case and approval to hire. This is followed by recruitment activity including sourcing candidates; screening candidates; organising and holding a selection process; offering the post to the selected candidate; and bringing the prospective candidate into the organisation.
- 1.19 Within the City Council some screening processes are pre-selection and others are post selection. There are also several sourcing stages which can extend the process significantly, including redeployment.
- 1.20 The vacancy management process was revised in 2010 so that each recruitment was approved in respect of permission, duration, permanence, and source by the Corporate Leadership Team (CLT). This followed perceived departmental weaknesses in control and gave strong corporate controls during a period of significant restructures and budgetary restriction. Whilst budgetary restrictions remain relevant for the foreseeable future many of the planned restructures are now complete.
- 1.21 We found a number of cross-cutting issues which caused dissatisfaction with the service. Some of these relate to the perceived bureaucracy within the processes whilst others relate to colleagues understanding of the process and to some extent their efforts to shortcut the process.
- 1.22 Extended time to fill posts can lead to agency cost in excess of the cost of the filled post, multiple agency workers filling the role due to Agency Workers Regulations, service failure, or backlog and consequent failure demand and inability to achieve service objectives.
- 1.23 Since the process involves many colleagues and stages it is more costly than it might be if the processes were streamlined and fewer colleagues were involved. This involves a balance between control and cost. The whole cost of the recruitment and the value of the associated control benefits should be identified and broken down in order to determine which elements add value to the authority.



- 1.24 There are no reported process metrics - key metrics are:
- Time to fill (from submission of requisition to employee in post)
  - Whole cost of process per appointment
  - Applicant source return on investment (ROI)
  - Quality of Hire
  - Candidate satisfaction – we are told that a number of applicant/candidate satisfaction questionnaires are issued by the recruitment team. The data is collated on a quarterly basis. Satisfaction surveys are also sought from recruiting managers.
- 1.25 Benchmarking was last undertaken in 2007 against the Saratoga index, when Recruitment time reduced from 42 days (pre Shared Services) to 28.5 (post Shared Services) from advert to conditional offer. This represents only a portion of the whole process. However, the service has not been benchmarked since and time to fill identified posts was estimated by recruiting managers at around 6 months.
- 1.26 Various processes are either not operated consistently or differ between departments. Also a number of colleagues stated that some colleagues choose not to follow elements of the vacancy management process leading to delays when this behaviour is challenged.
- 1.27 There are indications that opportunities to coordinate interviewing and selection for posts involving similar behaviours knowledge and skills are not being taken.
- 1.28 There is no agreed establishment. We understand that this is enforced in the Oracle system which will be implemented next year.
- 1.29 The service is due to migrate to a new system (Recruitment Portal Plus) under East Midlands Shared Services (EMSS) - the opportunity should be taken to capture the improvements to processes identified here into the new system and link it to indexed documentation.
- 1.30 Documents are not captured and indexed electronically to assist workflow management and document retrieval, though some processes are carried out by email with attachments. This means that documents can be lost or mislaid and the process can be delayed.
- 1.31 The key issue for colleagues is time to fill posts. We suggest that the Director of Human Resources and Organisational Transformation (HROT) should report to CLT with a suggested strategy for reducing time to fill posts by for example:
- moving from making decisions at post level on vacancy management to making those decisions at service or profession level whilst maintaining control over budget - this may involve for example prioritising posts within structures for recruitment when they become vacant, and setting principles to guide decisions allowing them to be

taken at a lower level and reported regularly. This requires CLT and councillors to have confidence in the processes and colleagues involved.

- reducing time to fill posts whilst making best use of internal talent and avoiding unnecessary redundancy costs for example by allowing redeployment list, apprentice and PATRA colleagues to express interest in posts prior to recruitment being authorised. This should not however be used to justify any delay in the authorisation process, but should mean that if authorised, the recruiting managers can consider appropriately qualified and interested colleagues from the redeployment list, apprentices and PATRA immediately.
- recording progress through processes together with outcomes, and drawing the information recorded into metrics including time to fill.
- forcing interview date to be set on job adverts in all cases (it is established best practice – but not yet mandatory)
- enforcing timescales for deciding on appointable and preferred candidates post-interview.
- risk assessing pre-employment checks and considering allowing some checks to be received after the candidate is in post, with safeguards operating on the duties undertaken, and with probation dependent on clearance.
- a post-implementation review of these changes after six months of operation to examine their effectiveness and reinforce confidence in the new processes using the metrics collected.

The service should also look to moving from a reactive role by taking opportunities to develop and market HR's role in succession planning, including identifying internal talent and other cost effective sources of good quality candidates for recruitment. This would require a change in recruitment policy and endorsement by the Executive.

## Opinion

- 1.32 We are required to provide an opinion on the adequacy and effectiveness of internal controls in relation to the area under review. Our opinion is based on the work performed as set out in the agreed Audit Brief. The controls and processes in place in respect of budgetary control for the recruitment process are considered to be robust and in the main effective. However, the purpose of recruitment is to place suitable candidates in approved posts in a timely fashion, the whole process itself takes too long and does not support the Council's businesses as well as it should. On this basis we are able to give **limited assurance** overall on the operation of controls in this area.

## **Added Value**

- 1.33 In addition to the limited assurance opinion provided, this audit adds value by highlighting opportunities for shortening and improving recruitment processes, and suggests opportunities for developing the service. It also highlights the opportunities to capture processes within the new HR system and thereby improve processes and outcomes.

## 2 Action Plan

Ref	Finding	Recommendation	Priority	Management Response & progress to date	Responsibility and Target Date
1	<p>Extended time to fill posts can lead to</p> <ul style="list-style-type: none"> <li>agency cost in excess of the cost of the filled post</li> <li>multiple agency workers filling the role due to Agency Workers Regs</li> <li>service failure / backlog and consequent failure demand</li> <li>inability to achieve service objectives.</li> </ul>	<p>The Director of HROT should report to CLT with a suggested strategy for reducing time to fill posts by for example</p>	High	<p>The new HRT structure will support managers to succession plan, effectively plan ahead and reduce reactive recruitment activity.</p> <p>Update May 2012 A new approach was agreed at CLT to speed up the process</p>	<p>Heather Drummond 30Dec2011</p> <p>Updated responsibility Rebecca Baxendale</p>
1a		<p>1a - moving from making decisions at post level on vacancy management to making those decisions at service or profession level whilst maintaining control over budget - this may involve for example prioritising posts within structures for recruitment when they become vacant, and setting principles to guide decisions allowing them to be taken at a lower level and reported regularly.</p>		<p>Principles are already in place in relation to vacancy management, however the process is currently being reviewed.</p> <p>Update May 2012 The vacancy management process has been reviewed and wholly delegated to DLT's; this has reduced the number of people involved in the process the levels of approval required and time taken to approve recruitment to vacancies.</p>	<p>Heather Drummond 30Dec2011</p> <p>Updated responsibility Rebecca Baxendale</p>

Ref	Finding	Recommendation	Priority	Management Response & progress to date	Responsibility and Target Date
1b		<p>1b - reducing time to fill posts whilst making best use of internal talent and avoiding unnecessary redundancy costs for example by allowing redeployment list, apprentice and PATRA colleagues to express interest in posts prior to recruitment being authorised. this should not however be used to justify any delay in the authorisation process, but should mean that if authorised, the recruiting managers can consider appropriately qualified and interested colleagues from the redeployment list, apprentices and PATRA immediately.</p>		<p>Once approval to recruit has been given, redeployees are always given priority to them. We have a legal obligation to try and identify suitable alternative employment.</p> <p>Posts cannot be made available to potential internal talent, unless approval to fill has been given.</p> <p>Update May 2012</p> <p>Resourcing and Reward continue to play a key role in relation to redeployment (legal obligation) and potentially ring fencing opportunities for internal talent utilising trainees and apprentices using robust and timely processes.</p> <p>The implementation of IJM will utilise internal talent and reduce compulsory redundancy costs. This approach has been agreed by ACOS and will go live in April 2013.</p>	<p>Heather Drummond 30Dec2011</p> <p>Updated responsibility Rebecca Baxendale</p>

Ref	Finding	Recommendation	Priority	Management Response & progress to date	Responsibility and Target Date
1c		<p>1c - risk assessing pre-employment checks and considering allowing some checks to be received after the candidate is in post, with safeguards operating on the duties undertaken, and with probation dependent on clearance.</p>		<p>This is not an approach that is encouraged, as our principle duty of care is to our vulnerable citizens, however in extreme circumstances, Directors can undertake a formal risk assessment and approve a commencement date, prior to the pre employment recruitment stage being completed.</p> <p>Update May 2012</p> <p>This process continues to be managed when absolutely necessary (subject to a risk assessment being completed by a Director), but is not an approach that is generally encouraged. Whilst wanting to expedite pre employment checks, the key priority is to protect vulnerable service users.</p>	<p>Heather Drummond 30Dec2011</p> <p>Updated responsibility Rebecca Baxendale</p>

Ref	Finding	Recommendation	Priority	Management Response & progress to date	Responsibility and Target Date
1d		1d - recording progress through processes together with outcomes, and drawing the information recorded into metrics including time to fill.		<p>The implementation of EMSS and the recruitment portal will support this approach.</p> <p>Update May 2012</p> <p>Progress is currently tracked end to end and this tends to be via a mixture of manual and electronic systems. However the implementation of EMSS and the Recruitment Portal will support this approach. One of the standard portal reports is Time to Hire.</p>	<p>Heather Drummond 30Dec2011</p> <p>Updated responsibility Rebecca Baxendale</p>
1e		1e - forcing interview date to be set on job adverts.		<p>This is encouraged and happens in the majority of cases.</p> <p>Update May 2012</p> <p>The standard approach is for interview dates to be included on job adverts and where dates are not identified in advert drafts, recruiting managers are reminded of this</p>	<p>Heather Drummond 30Dec2011</p> <p>Updated responsibility Rebecca Baxendale</p>

Ref	Finding	Recommendation	Priority	Management Response & progress to date	Responsibility and Target Date
1f		1f - enforcing timescales for deciding on appointable and preferred candidates post-interview.		<p>Agreed</p> <p>Update May 2012</p> <p>Managers are encouraged to complete recruitment processes as quickly as possible and are aware of agreed timescales., However occasionally this does not happen for various reasons, i.e. sickness, availability etc Where and if, a consistent disregard for adhering to timescales is apparent, discussions take place with identified managers.. The implementation of the Recruitment Portal will allow standard process timescales to be set and alerts sent to hiring managers to enforce and manage process times effectively.</p>	<p>Heather Drummond 30Dec2011</p> <p>Updated responsibility Rebecca Baxendale</p>



Ref	Finding	Recommendation	Priority	Management Response & progress to date	Responsibility and Target Date
2	<p>Since the process involves many colleagues and stages it is more costly than it might be if the processes were streamlined and fewer colleagues were involved. This involves a balance between control and cost.</p>	<p>The whole cost of the recruitment and the value of the associated control benefits should be identified and broken down in order to determine which elements add value to the authority.</p>	High	<p>Key resourcing processes are currently being reviewed; the vacancy management process, recruitment on merit and the redeployment process. The introduction of the recruitment portal will ensure a consistent application and streamlined approach to day to day recruitment activity.</p> <p>Update May 2012</p> <p>Average costs to recruit have been determined and utilised to build the business case for IJM, the monetary costs of recruitment were considered in order to evidence the potential savings.</p> <p>The most cost effective way of advertising is always encouraged and the use Of external consultants to recruit senior colleagues has vastly reduced and is now delivered in the main in house.</p>	<p>Heather Drummond 30Dec2011</p> <p>Updated responsibility Rebecca Baxendale</p>

Ref	Finding	Recommendation	Priority	Management Response & progress to date	Responsibility and Target Date
3	Spreadsheets are used to record and monitor progress through processes but they do not record this information in such a way as to allow information from the processes to be drawn together and metrics to be drawn from them.	<p>The service is due to migrate to a new system under EMSS - the opportunity should be taken to capture the improvements to processes identified here into the new system and link it to indexed documentation which could</p> <ul style="list-style-type: none"> <li>•speed up the processes</li> <li>•reduce the bureaucratic burden</li> <li>•improve tracking and communication between recruitment, hiring managers and candidates</li> <li>•enable metrics to be obtained, evaluated and acted upon</li> <li>•maintain and improve control, approval processes and evidence over the whole recruitment process</li> <li>•reduce the recruitment process lifecycle costs</li> </ul>	High	<p>Agreed – the recruitment portal will support this approach.</p> <p>Update May 2012</p> <p>The Recruitment Portal will support all of these recommendations, enabling clearer tracking for managers and longer term a self serve approach.</p> <p>The system will also provide a better platform for more robust reports to be created and delivered.</p> <p>Piloting of the Recruitment Portal has commenced with a proposed full implementation date of August 2012.</p>	<p>Heather Drummond 30Dec2011</p> <p>Updated responsibility Rebecca Baxendale</p>

Ref	Finding	Recommendation	Priority	Management Response & progress to date	Responsibility and Target Date
4	The service has not been benchmarked.	The recruitment process should be benchmarked against other core cities and similar sized businesses.	Medium	Benchmarking was undertaken in 2007 against the Saratoga index. However any further benchmarking would need to be undertaken once EMSS has been fully implemented and embedded  Update May 2012 CIPFA benchmarking is currently undertaken and ongoing benchmarking and continuous improvement activity has been built into the EMSS structure and will be managed via Service Level Agreements with NCC	Heather Drummond 29Feb2012  Updated responsibility Rebecca Baxendale
5	There are no reported process metrics - key metrics are: • Time to fill (from submission of requisition to employee in post) -with breakdown by process This can be used to improve process and manage those at risk of falling outside planned timescales.  • Whole cost of process per appointment -broken down by source (e.g. redeployment, internal advert, external advert) and profession -broken down by process	Recruitment metrics including those suggested should be developed to support improvement of the service and its contribution to corporate goals	Medium	In relation to cost per hire, HRT does not hold a corporate recruitment budget. Managers are individually responsible for this, although HRT will always recommend the most cost effective options.  Revised response May 2012  In line with CIPFA benchmarking we report on both cost of recruitment per post filled and average time	Heather Drummond 29Feb2012  Updated responsibility Rebecca Baxendale

Ref	Finding	Recommendation	Priority	Management Response & progress to date	Responsibility and Target Date
	<p>This can be used to determine the value of processes and recruitment sources.</p> <ul style="list-style-type: none"> <li>• Applicant source return on investment (ROI)</li> <li>- Hires by source (advertiser and previous employer)</li> <li>- Cost per hire by source</li> </ul> <p>This can be used to make savings or improve process.</p> <ul style="list-style-type: none"> <li>• Quality of Hire</li> <li>- Hiring manager satisfaction (survey) by source</li> <li>- New hire retention after 1 year by source segmented by profession</li> <li>- New hire performance review after 1-2 years by source segmented by profession</li> </ul> <p>This can be used to improve retention and focus on productive sources of candidates.</p> <ul style="list-style-type: none"> <li>• Candidate satisfaction (survey)</li> </ul> <p>This can be used to identify issues within the process and improve marketing to candidates.</p>			<p>elapsed from a vacancy occurring to the acceptance of an offer for the same post.</p> <p>The latest reported figures demonstrated we are significantly under the average (£1843) and lower quartile costs to recruit (£458) at £340 and below the average time elapsed (45 days) at 32 days.</p> <p>Candidate surveys are used and the data is collated on a quarterly basis. In addition to this surveys are completed by appointing managers.</p>	

Ref	Finding	Recommendation	Priority	Management Response & progress to date	Responsibility and Target Date
6	Various processes are not operated consistently or differ between departments.	The opportunities afforded by migration to Oracle should be used to enforce consistent application of necessary controls (see 2 above).	High	Agreed. Consistent corporate training is provided to appointing managers and HRT provide standardised tools to support the recruitment process, however application of these tools varies.  Update May 2012  This is underway and safeguards will be built into the appropriate systems, i.e. Oracle and Recruitment Portal.	Heather Drummond 30Dec2011  Updated responsibility Rebecca Baxendale
7	Documents are not captured and indexed electronically to assist workflow management and document retrieval, though some processes are carried out by email with attachments. This means that documents can be lost or mislaid and the process can be delayed	Documents required should be electronically captured and indexed and linked to the relevant system information.	High	The recruitment portal will support this approach.  Update May 2012  This is underway and the Recruitment Portal will deliver identified recommendation	Heather Drummond 30Dec2011  Updated responsibility Rebecca Baxendale
8	The decision making process for vacancy management includes several periodic rather than continuous processes, including weekly CLT decisions.	The opportunity to set principles for decisions on Vacancy Management to be taken at a lower level and report weekly should be considered.	Medium	It is acknowledged that the current process needs reviewing and this is currently underway.  Update May 2012  As per ref 1a	Heather Drummond 29Feb2012  Updated responsibility Rebecca Baxendale

Ref	Finding	Recommendation	Priority	Management Response & progress to date	Responsibility and Target Date
9	Redeployment and other internal talent retention processes operate in sequence and can significantly delay recruitment.	The opportunity to reduce time to fill posts by allowing redeployment list, apprentice and PATRA colleagues to express interest in posts prior to recruitment being authorised should be considered.	Medium	<p>Once approval has been given to fill a post, redeployment and other potential resourcing options are considered concurrently, however redeployees take priority and costly recruitment processes can be avoided if suitable internal talent is identified.</p> <p>Update May 2012</p> <p>This process continues to be run concurrently. Additional capacity has been put into the recruitment team to ensure the redeployment of colleagues is as proactive and timely as possible. The IJM approach will give earlier access to potential opportunities.</p>	<p>Heather Drummond 29Feb2012</p> <p>Updated responsibility Rebecca Baxendale</p>

Ref	Finding	Recommendation	Priority	Management Response & progress to date	Responsibility and Target Date
10	Redeployment is sometimes duplicated and can significantly delay recruitment.	Redeployment should operate once only on each post.	Medium	<p>This can occasionally happen if delays have occurred for whatever reason i.e. approval has been given to recruit, but the recruiting manager is on leave or off sick. It is important to remember that new entrants join the register on a weekly basis and in order to mitigate risk to the Council, we have to ensure there are no suitable matches before proceeding to advert.</p> <p>Embracing redeployees requires a one council approach and there is sometimes resistance to this.</p> <p>Update May 2012</p> <p>Following a standard recruitment exercise the redeployment process is now only deployed once. Some exceptions continue to be managed (as per the explanation above) but working with managers to ensure the process is actioned in a timely manner has helped to reduce these exceptions.</p>	<p>Heather Drummond 29Feb2012</p> <p>Updated responsibility Rebecca Baxendale</p>

Ref	Finding	Recommendation	Priority	Management Response & progress to date	Responsibility and Target Date
11	Some services do not contact Job Evaluation team, when specifying the job or designing the service / restructuring, which leads to delays and adversely affects consultation.	The Director of HROT should contact Directors and Heads of Service reminding them to consult with Job Evaluation team when specifying the job or designing the service / restructuring to improve the process outcomes and prevent later delays.	High	The mandatory fields being created on the Recruitment Portal should safeguard against this.  Update May 2012  The Recruitment Portal is due to be fully implemented by August 2012  HRSP's have a key role to remind DMT's of the correct process. If this process is not adhered to, significant delays will occur.	Heather Drummond 30Dec2011  Updated responsibility Rebecca Baxendale
12	Colleagues report extended time of post in redeployment as redeployment candidates have multiple interviews and then several may turn down an offer.	Where posts demand similar behaviours, skills and knowledge and are to be recruited within similar timeframes recruitment should coordinate a single interview process with appointable candidates then asked to express preference before a coordinating an efficient offer process. A good example of where this may apply is admin posts.	Medium	This is less likely to happen, given the change in the skills sets of redeployees. The vast majority of redeployees are technical specialists.  Update May 2012  The profile of redeployees continues to reflect technical speciality but where possible this approach is being taken.	Heather Drummond 29Feb2012  Updated responsibility Rebecca Baxendale



Ref	Finding	Recommendation	Priority	Management Response & progress to date	Responsibility and Target Date
13	The service's role is mainly reactive, responding to recruitment needs rather than developing recruitment solutions.	The service should look to moving from a reactive role by taking opportunities to develop and market HR's role in succession planning, including identifying internal talent and other cost effective sources of good quality candidates for recruitment. Councillors should be asked to endorse changes to the associated recruitment policies	Medium	<p>The new HRT structure allows for this. The Resourcing and Reward Team will actively design and implement recruitment solutions. They are responsible for supporting bespoke resourcing campaigns and encouraging pragmatic resourcing solutions.</p> <p>Day to day recruitment activity will transfer to EMSS</p> <p>Update May 2012</p> <p>The resourcing offer within the retained (Talent &amp; Skills service) continues to support and continuously improve bespoke recruitment campaigns e.g Homecare worker recruitment, including supporting senior managers with workforce planning. This drives a more proactive approach to resource management.</p>	<p>Heather Drummond 29Feb2012</p> <p>Updated responsibility Rebecca Baxendale</p>

Signed..... Date.....  
(3<sup>rd</sup> tier manager or above)

Whilst a number of recommendations are included in this report, it is the responsibility of management to determine the action that will be taken in response to each recommendation. Management should assess the risks to the objectives involved and the cost-effectiveness of the control improvements suggested.

Management is responsible for ensuring that all agreed recommendations are implemented within the agreed timescales.

The City Council's Audit Committee review summary Internal Audit reports and the main issues arising, and seek assurance that action has been taken where necessary. As a consequence we provide details of each final audit and recommendations made. Management may be required to attend Committee or respond to it in relation to actions agreed and taken

Management should note that any recommendations that relate to Financial Regulations must be implemented unless a satisfactory business case has been agreed justifying why the recommendation will not be implemented.

## Glossary of Terms

### Levels of Assurance

We use four categories to classify Internal Audit assurance over the processes examined, these are defined as follows:

<b>High Assurance</b>	High assurance that the system of internal control is designed to meet the organisation's objectives and controls are consistently applied in all the areas reviewed. Our work found some low impact control weaknesses which, if addressed, would improve overall control. These weaknesses are unlikely to impair the achievement of the objectives of the system.
<b>Significant Assurance</b>	Significant assurance that there is a generally sound system of control designed to meet the organisation's objectives and that controls are generally being applied consistently in the areas reviewed. However, some weakness in the design or inconsistent application of controls put the achievement of particular objectives at risk.
<b>Limited Assurance</b>	Limited assurance as weaknesses in the design or inconsistent application of controls put the achievement of the organisation's objectives at risk in the areas reviewed.
<b>No Assurance</b>	No assurance as weaknesses in control, or consistent non-compliance with key controls, could result in failure to achieve the organisation's objectives in the areas reviewed.

Where appropriate we may also comment on the level of assurance we can give that objectives will be met. This may apply when there are risks either partially or wholly outside of the control of management.

### Categorisation of Recommendations

The recommendations within this report have been categorised by Internal Audit as:

<b>High Priority</b>	A fundamental weakness which presents material risk to the audited body and requires urgent attention by management.
<b>Medium Priority</b>	A significant weakness whose impact or frequency presents an unacceptable risk to the audited body that should be addressed by management.
<b>Low Priority</b>	The audited body is not exposed to any significant risk, but the recommendation merits attention.

In all cases Internal Audit will follow up implementation of the recommendations by the agreed date.