

ARGYLL & BUTE COUNCIL

Internal Audit Section

INTERNAL AUDIT REPORT

CUSTOMER DEPARTMENT	CUSTOMER SERVICES
AUDIT DESCRIPTION	RISK BASED AUDIT
AUDIT TITLE	REVIEW OF RECRUITMENT & SELECTION 2017/18
AUDIT DATE	SEPTEMBER 2017

2017/2018



1. BACKGROUND

This report has been prepared as part of the 2017/18 risk based Internal Audit Plan. The audit was conducted in accordance with relevant auditing standards with the conclusions detailed in this report based on discussions with key personnel and the information available at the time the fieldwork was performed.

Effective recruitment and selection is vital to help ensure Argyll and Bute Council's (the Council) objectives are achieved. The Council has a documented recruitment and selection policy in place, which is available on the intranet site. The policy details the different stages of the recruitment and selection process, from the identification of a vacancy through to the appointment of the successful candidate.

The aim of the Council's recruitment and selection policy is to ensure the appointment of the most suitable person for the job on the basis of merit, and that all candidates are treated fairly.

The Council aims to achieve the objectives of the recruitment and selection policy by;

1. Ensuring that vacancies reach as wide a pool of potential applicants as practicable.
2. Ensuring that there are clear job descriptions and objective person specifications for every job.
3. Ensuring that the recruitment and selection procedures set out in this Guide are followed by every employee involved in recruitment and selection.
4. Ensuring that all employees involved in the recruitment and selection process receive training in the Council's Policy and Procedures and their responsibilities.
5. Monitoring/reviewing its policy and procedures to ensure that unlawful and unfair practices are not introduced.
6. Where identified by monitoring procedures, taking positive action which may include steps to encourage applications from under-represented groups, i.e. women, black ethnic minority groups and people with disabilities.

The Human Resources and Organisational Development team processed over 900 recruitment advert requests in 2016/17 and have processed over 550 in 2017/18 as at September 2017.

A new automated recruitment and selection process is due to go live in January 2018. This will be a 'self-service' process for managers; all managers will have access to the online vacancy management system, Talentlink. They will be able to use the system to carry out and monitor the recruitment process; from the advert authorisation process through to identifying the successful candidate following interview. Managers will still require to adhere to the Recruitment Policy.

2. AUDIT SCOPE, CONTROL OBJECTIVES AND RISKS

The scope of the audit was to:

- assess the key controls in place in relation to the recruitment and selection process
- review the adequacy of the processes and procedures in place
- confirm compliance with the relevant legislation.

The table below sets out the control objectives and associated risks identified during the planning phase of the audit.

Control Objectives		
O1	Authority	Roles and delegated responsibilities are documented in policies and procedures and are operating well in practice.
O2	Occurrence	Sufficient records exist to evidence compliance with policies, procedures and relevant employment legislation and to support recruitment decisions where appropriate.
O3	Completeness	All required milestones/stages are accurately and fully maintained as per stipulated procedures.
O4	Measurement	Policies and procedures are in line with requirements of relevant legislation /agreed practice.
O5	Timeliness	The recruitment process is undertaken on a timely basis as per stipulated timescales and policies and procedures are regularly reviewed and updated as necessary.
O6	Regularity	Information/data is stored in line with the data retention policy and access is secure and limited to appropriate personnel.
Risks		
SRR 08	Reputation	
SRR 15	Management of services and resources	
ORR IH04	Failure to deliver high quality, continually improving, efficient and responsive services	
Audit Risk	Inappropriate and inadequate resource to achieve strategic and operational objectives	
Audit Risk	Failure to comply with employment legislation	
Audit Risk	Appropriate internal and/or system controls are not in place, resulting in misappropriation, error or loss	

3. SUMMARY CONCLUSION

Our assessment against each of the identified control objectives is set out in the table below.

Control Objective	Assessment	Summary Conclusion
O1	Substantial	Officers are aware of roles and responsibilities and these are operating well in practice. Documented procedure notes are available on the Council's intranet site, however some elements of the notes would benefit from a refresh. There was a weakness identified in relation to interview panel members not having the minimum training requirements as per stipulated in the guidance. Refer to action plan point 1 & 2.
O2 & O3	Reasonable	Generally, supporting documentation was available to evidence compliance and support decisions made. Weaknesses were identified in relation to comprehensive completion and return of interview assessment forms and the approval of Education authorisation to recruit forms. Refer to action plan point 3 & 4.
O4	Substantial	Documented procedure notes are available on the Council's intranet site which refer to relevant legislation, however some elements of the notes would benefit from a refresh. Refer to action plan point 1.
O5	Substantial	Generally, the various stages of the recruitment process were carried out in a timely manner. There were slight delays identified in relation to the return of interview paperwork and when issuing contracts. Refer to action plan point 5.
O6	Substantial	Information/data relating to the recruitment & selection process is held securely with access restricted to appropriate personnel.

4. AUDIT OPINION

The overall level of assurance given for this report is Substantial.

Level of Assurance	Definition
High	Internal Control, Governance and the Management of Risk are at a high standard with only marginal

	elements of residual risk, which are either being accepted or dealt with. A sound system of control is in place designed to achieve the system objectives and the controls are being consistently applied.
Substantial	Internal Control, Governance and management of risk is sound, however, there are minor areas of weakness which put some system objectives at risk and where specific elements of residual risk that are slightly above an acceptable level and need to be addressed within a reasonable timescale.
Reasonable	Internal Control, Governance and management of risk are broadly reliable, however although not displaying a general trend there are a number of areas of concern which have been identified where elements of residual risk or weakness with some of the controls may put some of the system objectives at risk.
Limited	Internal Control, Governance and the management of risk are displaying a general trend of unacceptable residual risk above an acceptable level and system objectives are at risk. Weakness must be addressed with a reasonable timescale with management allocating appropriate resources to the issues raised.
No Assurance	Internal Control, Governance and management of risk is poor, significant residual risk exists and/ or significant non-compliance with basic controls leaves the system open to error, loss or abuse. Residual risk must be addressed immediately with management allocating appropriate resources to the issues.

This framework for internal audit ratings has been developed and agreed with Council management for prioritising internal audit findings according to their relative significance depending on their impact to the process. The individual internal audit findings contained in this report have been discussed and rated with management.

A system of grading audit findings, which have resulted in an action, has been adopted in order that the significance of the findings can be ascertained. Each finding is classified as High, Medium or Low. The definitions of each classification are set out below:

Grading	Definition
High	Major observations on high level controls and other important internal controls. Significant matters relating to factors critical to the success of the objectives of the system. The weakness may therefore give rise to loss or error.
Medium	Observations on less important internal controls, improvements to the efficiency and effectiveness of controls which will assist in meeting the objectives of the system and items which could be significant in the future. The weakness is not necessarily great, but the risk of error would be significantly reduced if it were rectified
Low	Minor recommendations to improve the efficiency and effectiveness of controls, one-off items subsequently corrected. The weakness does not appear to affect the ability of the system to meet its objectives in any significant way

5. DETAILED FINDINGS

The following findings were generated by the audit.

Policies & Procedures

There is a suite of guidance notes and other information available on the Council's intranet that covers the various stages of the recruitment and selection process. The recruitment and selection procedure states that it "is a "live" document / procedure and will be regularly reviewed by Improvement and HR". There is no evidence of review since 2012. The document references legislation that was 'due' to be updated in 2012 and also a number of changes of process that are 'due' to be implemented in 2012.

It was noted that a review of recruitment & selection policies and procedures is currently ongoing in conjunction with the implementation of the new automated Talentlink system.

Recruitment Process

Authorisation to recruit

A sample of 13 recruitment exercises were reviewed which included seven which went to advert, three ring fenced posts and three agency worker posts. This highlighted:

- there was an authorisation to recruit form for all 13 exercises
- one authorisation to recruit form was not signed by all appropriate signatories
- the Council's guidance requires that authorisation to recruit forms should be authorised by a 3rd Tier Manager, Principal Accountant, Head of Service and Executive Director. However our testing confirmed Education authorisation to recruit forms are being authorised by an Admin Officer.

Leeting process

During the leeting process panel members assess candidates against the criteria in the person specification section of the job description and determine which candidates should be short-listed for interview. For all leeting processes reviewed leeting analysis forms were available and were completed in full and signed by the lead recruiter. We have noted that the time taken for line

managers to complete the leeting exercise and return documents to the recruitment team ranged from one to seven working days with an average of three working days.

Interview

A review of a sample of eight interview exercises identified four where the panel did not include a member that had attended the recruitment & selection training course. This is contrary to the guidance which states that that at least one member of the panel should have up to date training in recruitment and selection.

For one of the eight interview exercises sampled only one individual was documented as being on the interview panel. The guidance notes state that there should be two people (at a minimum) on the panel. Based on the remainder of the sample selected, it is our view that this is an isolated incident and is not reflective of regular practice.

Interview assessment forms were available for each of the interview exercises; however the completion of the supporting evidence section was not consistent across the sample reviewed. For one of the eight exercises sampled, interview assessment forms were only returned from the lead recruiter, the remaining panel members' forms were not returned. The guidance states that forms should be completed and returned by all panel members.

The time taken for line managers to return completed interview paperwork to the recruitment team following interview ranged from the same day to 17 working days with an average of six working days.

Successful candidates

Following interview, managers are required to complete a successful candidate form (SCF) and return this to the recruitment team to allow them to progress to the next stage of the process. Our sample testing confirmed that SCFs were available for all successful candidates within the sample reviewed with each one completed in full, reflecting the interview summary sheet and authorised appropriately.

The time taken for line managers to return the completed SCF ranged from the same day to 10 working days following interview with an average of four working days.

Pre-employment checks

For all sampled recruitment exercises pre-employment checks were undertaken prior to the successful candidates start date.

Issue of contract

The time taken for the contract to be issued ranged from one to 20 working days following receipt of SCF, with an average of six working days.

Ring-fenced posts

In addition to the normal recruitment process noted above, managers have the option to 'ring fence' posts, i.e. recruit without advertising. The guidance states that this recruitment option can only be used in "exceptional occasions where there may be a requirement to fill a post from internal resources without advertising". This may be as a result of a reduction in posts arising from service reviews or where an employee or group of employees has been filling a post(s) on a temporary basis for an extended period and approval is sought to "ring fence" the vacancy to a small group of individuals."

The recruitment team have no involvement in the ring fence process however managers are expected to follow good practice and ensure the basic principles of the recruitment procedures are adhered to.

From the sample of three selected an 'authorisation to recruit form' was submitted which included appropriate justification for ring-fencing the post. Two of the authorisation to recruit forms were signed by all appropriate parties however the other was not signed by the Head of Service or Executive Director.

There was no additional paperwork (e.g expressions of interest or evidence of interview) available for two of the ring fenced exercises as the successful candidates were employees that were already in post on a temporary/casual basis. For the third exercise sample notification of opportunity to relevant staff, submitted expression of interests, interview schedule and interview questions were available for review however there were no interview notes available to support the final decision made.

Agency workers

An agency worker may be engaged, with the appropriate authorisation, in circumstances where a service has been unsuccessful at filling a vacant post via the Council's normal recruitment procedures or in exceptional circumstances where there is a requirement for a specific skill set.

There is separate guidance available in relation to the employment of agency workers; however it was noted that this guidance is outdated and does not reflect current practice.

Three agency worker authorisation forms were reviewed. All three forms were completed with justification for recruitment of an agency worker, however one of the three forms was only signed by the Head of Service which does not comply with Council guidelines which requires authorisation by a 3rd tier manager, strategic finance contact and the relevant director.

Observations

We have also highlighted to management the following observations which have been identified during the audit. Although not included within the audit scope the matter was brought to our attention and either indicates a potential risk exposure and /or could be considered as a matter of good practice and therefore noted for information and completeness:

- Current guidance states that the line manager (lead recruiter) should sign the leeting analysis form to confirm that all panel members agree with the outcomes. There is no requirement for the individual panel members to sign to evidence their involvement or agreement in the leeting process.

6. CONCLUSION

This audit has provided a substantial level of assurance as internal control, governance and the management of risk is sound. There were five findings identified as part of the audit and these, together with agreed management actions, are set out in the action plan included at appendix 1. These will be reported to the Audit & Scrutiny Committee and progress implementing the actions will be monitored by Internal Audit and reported to management and the Audit & Scrutiny Committee.

Thanks are due to staff and management for their co-operation and assistance during the audit and the preparation of the report and action plan.

APPENDIX 1 ACTION PLAN

Findings	Risk Impact	Rating	Agreed Action	Responsible person agreed implementation date
1. Policies & Procedures		High/ Medium		
Current guidance notes contain outdated information in relation to legislation and do not reflect current practice. It was noted that there is a review currently ongoing.	Failure to regularly review procedures may lead to inefficient and ineffective operations resulting in non-compliance with current agreed practice/legislation.	Medium	Manager led recruitment on Talentlink will be rolled out in January 2018. All guidance has been updated to reflect the new process and is available in word document format on the Hub.	HROD Manager 31 January 2018
2. Recruitment & Selection Training				
Only 50% of the interview panels reviewed included a member of staff that had received training in recruitment & selection.	Recruitment and selection activity may not comply with agreed practice and relevant legislation and the Council might not appoint the most appropriate candidate for the post.	Medium	A link to the training module on the Talentlink page on the Hub will be arranged and will include the requirement that managers must undertake relevant training. HROs will highlight this audit outcome at DMTs and advise senior management that the	HROD Manager 31 December 2017 HR Departmental Representatives

			training requirement must be highlighted to all potential recruiters within their sections.	31 December 2017
3. Recruitment & Selection paperwork				
There are inconsistencies in the completion and return of interview assessment forms and the approval of authorisation to recruit forms.	Failure to complete and return paperwork as per guidelines results in inconsistent practice and may lead to difficulty supporting recruitment decisions.	Medium	From January 2018 recruitment will become a manager led process. The short leeting and interview forms for each candidate are held on the candidate's record on Talentlink. Managers are required to complete certain fields with data in order to complete the forms. This will remove scope for inconsistencies.	HROD Manager 31 January 2018
4. Authorisation to recruit forms - Education				
Education authorisation to recruit forms are being approved by an admin officer. This is contrary to council guidance.	Failure to ensure appropriate approval is in place results in non-compliance with agreed practice.	Medium	Head of Education to advise HROD of preferred authorisation arrangements in Education. This will be built in Talentlink.	Head of Education 31 January 2018



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