

29 September 2016		ITEM: 10
Standards and Audit Committee		
Internal Audit Report – Recruitment & Selection Process		
Wards and communities affected: All	Key Decision: Non-key	
Report of: Mykela Pratt, Improvement Manager		
Accountable Director: Jackie Hinchliffe, Director of HR, OD & Transformation		
This report is public.		

Executive Summary

An audit of Recruitment & Selection was undertaken as part of the approved 2015/16 internal audit programme. Due to the termination of the Serco contract from 1st December 2015 some work was deferred until 2016/17. The audit examined the process and data from the sample used of 124 posts recruited to between April and September 2015.

The audit reported its findings in July 2016 and identified a number of shortcomings in the overall effectiveness and design of the control framework and in the application of and compliance with the control framework. The audit was rated as red, concluding that the council could not be assured that the controls are suitably designed, consistently applied or effective.

Due to considerable concerns with the recruitment service, managed through the client/contract, the management of the service was taken over by the council in October 2015, 2 months before the termination of the Serco contract. The audit report acknowledges the considerable change and improvement of the service and the control framework since that time.

This report outlines the background and findings of the Internal Audit and sets out an action plan developed in response to the issues identified. The recommendations made through the audit have been accepted in full and the action plan records the significant progress which has already been made in implementing new systems and management arrangements as well as the changes to internal processes which will be used in future to ensure that there is no repeat of the identified failings.

The most significant and notable improvements that have already been made to mitigate the concerns highlighted from the audit include staffing changes to ensure consistency in the application of the policy and processes and the implementation of an Applicant Tracking System (ATS) that assists in ensuring a digital end-to-end

recruitment process and minimises opportunities for error or deviation from the agreed process.

A follow up audit was undertaken in August 2016 at the request of senior management to assess the impact of these improvements. 10 recruitments were reviewed that occurred between April and June 2016.

As this was a follow up report, audit do not provide an overall assurance opinion however they have confirmed that the progress being made to implement the recommendations has been good with all but one of the recommendations made following the full audit having been fully implemented. The one remaining recommendation has been put into place since August 2016 and as such had not had the positive impact on the follow up audit.

These improvements, amongst the others detailed in this report, will ensure the Council is no longer at risk in relation to the recruitment and selection process.

1. Recommendation(s)

1.1 Members are asked to note the findings of the Internal Audit report and the actions taken to respond to the issues identified and improve this critical service.

2. Introduction and Background

2.1 Recruitment and selection is a critical function for the council – effective service delivery and customer support relies upon the organisation having the right people. Appropriate processes and controls ensure the council complies with legislation and protects the council and residents.

2.2 The Chartered Institute of Personnel Development (CIPD) believes that effective recruitment is central to the successful day-to-day functioning of any organisation. Successful recruitment depends upon finding people with the right skills, expertise and qualifications to deliver organisational objectives and the ability to make a positive contribution to the values and aims of the organisation. Further CIPD believes that selection procedures should be based only on a candidate's ability to do the job, ability to make a contribution to the organisation's effectiveness and potential for development.

3. Issues, Options and Analysis of Options

3.1 As is noted above, the audit sampled practice from the 124 posts recruited to between April and September 2015.

3.2 Six specific risks were identified through the audit:

- Appropriate training and support may not be provided to hiring managers
- The creation of the post may not have been authorised by the Head of Service
- There may not be appropriate records to support a hiring decision and credential verification including proof of eligibility to work in the UK
- The Safer Recruitment protocols may not be followed
- New employees may not be given an Induction programme
- Performance may not be measured

3.3 The most common issue identified within the audit was in respect of appropriate records to support decisions.

3.4 The improvements implemented since the council took management control of the service in October 2015 include:

- Fully staffed team of permanent employees that include a Team Leader, Officers and Assistants – compared to 3 agency staff.
- Training relating to eligibility to work undertaken with the recruitment team.
- Procurement of an Applicant Tracking System (ATS) which enables online applications, shortlisting and reference checking – candidates can also track progress.
- Advertising all vacancies through Jobs Go Public through an annual unlimited arrangement – reducing costs and increasing the number and quality of applicants.
- Ongoing process and best practice improvements including the council becoming a 'disability committed' employer (replaced 'two ticks').
- New starters are automatically allocated corporate induction and diversity challenge mandatory training dates and notified of these at the point they receive their contract; compliance with mandatory training will be actively reviewed at new starters 3 month probation review meetings to ensure this is being robustly implemented.

3.5 The full action plan including the audit recommendations and management action taken is detailed in appendix 1.

4. Reasons for Recommendation

4.1 Under the Council's internal audit process, members of the Standards and Audit Committee are required to review any 'red rated' audit findings and consider the effectiveness of the measures identified to respond to the recommendations made as a result of the issues identified.

5. Consultation (including Overview and Scrutiny, if applicable)

5.1 N/A

6. Impact on corporate policies, priorities, performance and community impact

6.1 The issues highlighted in this audit report have informed a review of the Council's Recruitment and Selection policy and practice following the return of the service to the council.

7. Implications

7.1 Financial

Implications verified by: **Laura Last**
Senior Finance Officer – Management Accounts

There are no financial implications to consider in relation to this report.

7.2 Legal

Implications verified by: **David Lawson**
Deputy Head of Legal and Monitoring Officer

There were risks in the way the recruitment service was run previously that could have left the Council open to challenge by applicants. The mitigating actions taken since the transfer of the service have minimised these and there are no legal implications that need to be considered.

7.3 Diversity and Equality

Implications verified by: **Natalie Warren**
Community Development and Equalities Manager

There were risks in the way the recruitment service was run previously that could have left the Council open to challenge by applicants. The mitigating actions taken since the transfer of the service have minimised these and the ongoing considerations to be made are to ensure the Council remains compliant in ensuring the application process does not disadvantage or discriminate any potential applicants, for example ensuring that the best practice guidance in relation to being a 'disability committed' employer is adhered to.

8. Background papers used in preparing the report (including their location on the Council's website or identification whether any are exempt or protected by copyright):

- Follow Up Internal Audit Action Plan Report 2016/17 – Recruitment & Selection

9. Appendices to the report

- Appendix 1 – Action Plan

Report Author:

Mykela Pratt

Improvement Manager

HR, OD & Transformation

Appendix 1 – Action Plan

The priority of the recommendations made is as follows:

Priority	Description
High	Recommendations are prioritised to reflect our assessment of risk associated with the control weaknesses.
Medium	
Low	

Ref	Recommendation	Risk Rating	Agreed (Y/N)	Management Action to address recommendations	Completion Date	Follow Up
1.1	At least 1 panel member who takes part in a recruitment panel should have received recruitment training or appropriate refresher training to ensure they are aware of the latest legislation around recruitment, the process is transparent, decisions are properly documented and the best candidates are employed.	Medium	Y	Recruitment will liaise with POD team in order to ensure relevant training is scheduled and an up to date list of managers who have attended is available for the team to cross check once interview panel members have been identified. Recruitment team to also advise managers at earliest stage that they need to have at least 1 member of the panel that has been through the Thurrock training.	Complete	The latest Recruitment and Selection training took place in March 2016 and was attended by 15 staff members. It was also noticed that a further two training days have been arranged for September and December.
2.1	It is recommended that staff are reminded of the need to ensure that probation periods are accurately recorded on the Oracle system and are in line	Medium	Y	The Recruitment Team are already aware of the different probation periods that can be applicable in certain cases and every contract is double checked	Complete and on-going	Details of probation period in Contract of Employment for 10 new employees were able to be reconciled to those recorded on the computer

Ref	Recommendation	Risk Rating	Agreed (Y/N)	Management Action to address recommendations	Completion Date	Follow Up
	with employees contract of employment. Whilst it is acknowledged that this is generally 6 months, it can vary dependent on the specific role. Failure to correctly record the probation date can result in increments being paid when a staff member is not entitled to them.			by the team which should ensure these errors do not occur.		system.
3.1	Where a professional qualification is an essential requirement of the role, a photocopy of the original certificate must be obtained, annotated as being a copy of the original, filed in their personal file and recorded on Oracle. They should not be allowed to start without this confirmation that they meet the essential criteria of the job.	High	Y	The Recruitment Team are already aware of this requirement and are ensuring this is adhered to. Every file is signed off by the Improvement Manager who also checks that this criterion has been satisfied.	Complete and on-going	Copies of Educational Qualifications and/or proof of membership were on file if they were an essential or desirable criteria of the person specification
3.2	Photocopies of original ID documents should be signed and dated to confirm the document is a true and accurate copy of the original, which has been provided as part of the eligibility checks.	Medium	Y	The Recruitment Team are already aware of this requirement and are ensuring this is adhered to. Every file is signed off by the Improvement Manager who also checks that this criterion has been	Complete and on-going	Copies of original IDs were found to have been signed and dated to confirm they were a true and accurate copy of the original.

Ref	Recommendation	Risk Rating	Agreed (Y/N)	Management Action to address recommendations	Completion Date	Follow Up
	Their passport and visa information should be recorded on Oracle.			satisfied.		
3.3	Confirmation of Appointment letters should be sent and signed by the successful candidate prior to their effective start date to confirm their formal acceptance of the offer.	Medium	Y	The Recruitment Team are already aware of this requirement and are ensuring this is adhered to. Every file is signed off by the Improvement Manager who also checks that this criterion has been satisfied.	Complete and on-going	Confirmation of Appointment letters were signed by the successful candidate prior to the effective start date.
3.4	HR should ensure that all relevant documentation is provided to them from service areas so they can get assurance that the correct processes were followed. Failure to do so could result in the Council being accused of being unfair, discriminatory or subjected to other complaints and is also not compliant with the Recruitment Policy.	Medium	Y	The Recruitment Team are already aware of this requirement and are ensuring this is adhered to. No recruitment will be progressed without a recruitment authorisation form signed off at Head of Service level. Every file is signed off by the Improvement Manager who also checks that this criterion has been satisfied.	Complete and on-going	Interview notes/score sheets and copy of tests where appropriate were on file. It was noted, however, that in 3 out of 10 cases reviewed the interview notes/score sheets were not signed and dated by the interviewers.
4.1	Whilst acknowledging that risk assessments were carried out for 2 staff where the DBS checks were not received prior to them starting, a procedure must be put in place to track	Medium	Y	Risk assessments do take place where applicable. The Council is proposing a move to online DBS checks from July 2016 where the process will be more robust in terms of following up DBS checks.	July 2016	Where there was a requirement for DBS checks, these were obtained prior to the employee starting work.

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	the DBS and follow up with the employee to ensure they provide details when the disclosure is received by them. Failure to do so is a breach of their conditions of employment.			The recruitment team have been briefed on ensuring DBS checks are actively followed up where risk assessments are put in place.		
4.2	Medical clearance should be carried out for all new staff and wherever possible, the results received back prior to them starting their employment. A fit note should certainly be received before their period of probation has ended to ensure they are fit for the role prior to them being offered it on a permanent basis.	Low	Y	A new starter will not be allowed to start work until a fit note has been received from OH. This process has been strengthened and streamlined with the introduction of additional business support directly linked to the OH service. Every file is signed off by the Improvement Manager prior to an employee's start date, who also checks that this criterion has been satisfied.	Complete and on-going	In all cases, medical screening was carried out prior to the employee starting work.
4.3	Successful candidates should not be allowed to start in post until two satisfactory references have been received. Therefore, it is important that requests for references are followed up promptly to ensure they are received in advance of the successful candidates starting	Medium	Y	A new starter will not be allowed to start work until two references have been received. Every file is signed off by the Improvement Manager prior to an employee start date who also checks that this criterion has been satisfied.	Complete and on-going	References had been received prior to new employees starting work.

Ref	Recommendation	Risk Rating	Agreed (Y/N)	Management Action to address recommendations	Completion Date	Follow Up
	in post.					
5.1	The mandatory corporate induction and diversity training should be provided to new staff within 6 months i.e. in most cases, before their probation period is signed off. This ensures they are aware of all the Council's main policies and procedures.	Medium	Y	Recruitment to liaise with POD team in order to ensure relevant training is scheduled to ensure this is met.	End April 2016	None of the 10 employees in our sample who had started work between April and June had been booked to undertake the corporate induction programme. It is understood this is because there was a backlog which the section are trying to clear.
6.1	The old performance targets need to be reviewed with a view to reintroducing them for monitoring purposes. In addition, it needs to be considered whether these provide the best information available or do new targets need to be introduced e.g. time taken from initial contact to awarding of the post. If targets are not used, it is difficult to measure whether the service is improving.	Low	Y	This recommendation is already underway with new KPI's being developed for the recruitment service that will be signed off by the Director of HR, OD & Transformation by the end of April 2016.	End April 2016	The Improvement Manager confirmed that the following KPI target has been agreed and some additional ones may be developed by January 2017:- "Average number of days from receipt of authorisation to recruit to successful candidate paperwork received".