



Internal Audit Report
Corporate and Democratic Services
Establishment Approval Process
Consultancy Assignment No. 15-02
March 2016

Final Report

Finance Division
Corporate and Democratic Services
Perth & Kinross Council
Blackfriars Development Centre
North Port
Perth PH1 5LU

Internal Audit

“Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes”. Public Sector Internal Auditing Standards (PSIAS)

On 27th March 2013, the Council’s Audit Committee approved the PSIAS as the relevant standard for its Internal Audit activity.

Consultancy work aims to support management in building in controls at the outset for the implementation of systems, processes and procedures and also provides specific assurance for particular projects or issues at the request of management. This approach is consistent with the PSIAS.

Background and Introduction

This consultancy assignment was carried out as part of the audit plan for 2015/16, which was approved by the Audit Committee on 1 April 2015.

This report aims to provide assurance over the controls in place within the approval process for recruitment and changes in circumstances.

Scope and Limitations

The indicative scope of the consultation assignment, agreed by the Committee, was to provide advice and assurance over the controls in place within the approval process for recruitment and changes in circumstances.

Work Undertaken

The Establishment Approval Process (EAP) is part of the procedure for the identification of changes to the workforce. This can be utilised to authorise changes of circumstances for individual employees, to approve temporary higher duty payments, approve back-fill of posts where the substantive post holder is undertaking other duties and for the recruitment of new staff. The EAP provides a consistent approach across all Services to reviewing and challenging requests from Service Managers regarding recruitment activity.

Procedures are available on the Council’s intranet, Eric, which detail steps to be taken along with a Recruitment Process Map which guides managers through the process. Some information on Eric is in need of refreshing to take account of approval levels which have been in place since October 2015. A timetable for submitting requests through the EAP is also published on Eric.

Prior to Services’ Senior Management Teams approval being sought, the Finance teams within the relevant Service provide assurance that there are adequate budgetary resources to be able to afford the recruitment activity requested. Simultaneously, there are processes in place within Human Resources (HR) to check whether each vacancy can be filled by an employee who is in an 'at risk' post or recruited from a pool of employees whose area of activity is subject to review where the staff are not yet formally identified as 'at risk'.

A revised framework is being developed for approval by the Executive Officer Team regarding the presumption to recruit internally rather than externally with a view to protecting the current workforce. This is in line with the Workforce Governance

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Principles which were approved by the Finance and Resources Group in February 2016. Services are involved in developing this framework by identifying protected posts, where external advertising may routinely continue (such as teachers) and HR will be verifying requests to recruit externally against these criteria. In addition, HR have prepared a spreadsheet which contains a summary of the decisions made for each Service in relation to Voluntary Severance. Whilst Services have a responsibility to manage these decisions, HR will use this information when carrying out their checks in relation to the EAP. These arrangements are in the process of formalisation but are currently being implemented.

Opinion

The implementation of the Establishment Approval Process demonstrates that there are consistent scrutiny arrangements in place over recruitment to vacant posts and to changes in circumstances throughout the Council. Whilst this process is complicated, and is perceived by some Services as adding time to the recruitment process, in reality the process adds a maximum of 12 days to the time taken to recruit which can be in excess of 100 days due to the time required for selection and employment checks, including references.

The further work being undertaken by HR and Services for the identification of protected posts may streamline the process of recruitment for those posts. As such, with the remainder of vacant posts being subject to the EAP, the SMTs will be able to provide an appropriate scrutiny over recruitment activity and will be able to demonstrate that jobs are being protected, which is consistent with the Council's transformation programme approved by Council in July 2015 (Report 15/292 refers).

Acknowledgements

Internal Audit acknowledges with thanks the co-operation of staff in Corporate and Democratic Service's Finance and Human Resources divisions during this audit.

Feedback

Internal Audit welcomes feedback from management, in connection with this audit or with the Internal Audit service in general.

Distribution

This report has been distributed to:

B Malone, Chief Executive

J Walker, Depute Chief Executive (Corporate and Community Development Services) and Chief Operating Officer

J Symon, Head of Finance

K Donaldson, Corporate Human Resources Manager

E Sturgeon, Chief Exchequer Officer

P Steel, HR Manager – Operations

K McNamara, Head of Strategic Commissioning & Organisational Development

G Taylor, Head of Democratic Services

P Dickson, Complaints & Governance Officer

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Authorisation

The auditor for this assignment J Clark

This report is authorised for issue:

Jacqueline Clark
Chief Internal Auditor
Date: 24 March 2016