



Internal Audit Report  
Job Evaluation and Design  
Internal Audit Review No. 15-33  
March 2016

## Final Report

Chief Executive's Service  
Finance Division  
Perth & Kinross Council  
2 High Street  
Perth PH1 5PH

## 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.

## Background and Introduction

Individual posts are designed by managers in order to fulfill the requirements of the posts. The processes for determining the individual grading of job is through a nationally developed system. The aim of this is to ensure that there is consistency and fairness in the process for designing and evaluating jobs.

The Human Resources team within the Council is responsible, with the aid of the system, for working with Services to implement the national and any local guidance for grading of individual jobs.

## Scope and Limitations

In order to arrive at an opinion on the achievement of the control objectives, the audit included interviews with relevant Human Resource staff and staff from within services who are involved in the strategic and operational processes relating to job evaluation and design within the Council.

## Control Objectives and Opinions

This section describes the purpose of the audit and summarises the results. A ‘control objective’ is a management objective that requires the maintenance of adequate and effective internal controls to ensure that it is achieved. Each control objective has been given a rating describing, on the basis of the audit work done, the actual strength of the internal controls found to be in place. Areas of good or poor practice are described where appropriate.

Control Objective: 1. The Council has a robust policy in place for job evaluation.	
Auditor’s Comments: The Council uses the Scotland-wide council job evaluation scheme. The evaluation scheme sets out a robust framework for evaluating and managing job roles and changes to Service structures. The job implications of any changes planned by the Council are managed through this scheme. The job evaluation scheme is controlled by the Convention of Scottish Local Authorities (COSLA) and includes union involvement.	
Strength of Internal Controls:	Strong

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Control Objective: 2. All Services and individuals understand their role in the process and the responsibilities of Human Resources	
Auditor's Comments: Compliance with the job evaluation scheme is a requirement for any change in workforce structures within the Council. Managers must follow the scheme in place. Guidance on the scheme sets out the roles and individuals required to propose and assess all job evaluations. This includes not only how to apply for evaluation of a post but also on oversight, review and feedback to the individual(s) concerned.	
Strength of Internal Controls:	Strong

Control Objective: 3. The job evaluation criteria are applied consistently with independent checks in place.	
<p>Auditor's Comments: The application of, and compliance with the framework, is overseen by HR staff. Services must comply with job evaluation criteria or the assessment is not progressed.</p> <p>The provisional findings of the outcome gradings are considered and assessed by an evaluation panel. Panel members are specially trained staff within HR who have not been not involved with the initial valuation of the job. Its membership is as follows:</p> <ul style="list-style-type: none"><li>• HR Manager, Strategy</li><li>• Senior HR Officer, Strategy</li><li>• Personnel Officer, Strategy (x2).</li></ul> <p>The panel meets on a weekly basis. The panel meets virtually. Panel agreement or disagreement is based on the documentation and evidence that has been used by the job appraisal team. The panel is required to use a checklist for the post and the change which is being reviewed. This also sets out the rationale for the findings and conclusion of the panel.</p> <p>The Council is also introducing new job family roles across the Council. The job family roles seek to ensure roles and grades are consistent across services within the Council. The introduction of these job family roles will therefore be a further control to ensure consistency of the application of single status throughout the Council.</p> <p>Services interviewed as part of this audit spoke about the ease with which the system could be used and how helpful they had found the process when developing new service structures. For example, staff engagement was a key part of ensuring an effective transition to the new housing team structure. Housing had significant levels of interaction and shared job profiles on SharePoint. Housing</p>	

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staff stated this level of engagement really helped the process work and enabled the formal consultation process to be completed within 28 days.

However, a formal lessons learned exercise was not carried out by the Council following the restructure. Therefore areas of good practice and opportunities for improving the existing arrangements have not been captured.

Strength of Internal Controls:

Moderately strong

Control Objective: 4. Council roles are benchmarked on a regular basis both internally and externally.

Auditor's Comments: Benchmarking exercises are carried out on an ad-hoc basis. These are usually driven by a particular piece of work being carried out by the Council, such as restructuring Services.

The Council benchmarks against local neighbouring authorities. The Council believes that this ensures it gives the best comparison with what is in place at authorities which staff may leave the Council for. In addition, where there have been recruitment or retention difficulties line managers can complete a market supplement form. The line manager is required to provide information on the enhanced salaries and other benefits paid by a range of other organisations for similar duties to the post(s) within the Council. The marketing supplement approach is however driven by individual line managers and as a consequence of recruitment and retention difficulties within areas of the Council. It is not a proactive benchmarking process undertaken on a regular basis by the Council.

Benchmarking with wider national comparators would ensure that the Council's roles and pay scales were reflective of national trends as well as local geography. By widening benchmarking comparators the Council may be able to attract staff from across Scotland.

Strength of Internal Controls:

Moderately strong

## Management Action and Follow-Up

Responsibility for the maintenance of adequate and effective internal controls rests with management.

Where the audit has identified areas where a response by management is required, these are listed in Appendix 1, along with an indication of the importance of each 'action point'. Appendix 2 describes these action points in more detail, and records the action plan that has been developed by management in response to each point.

It is management's responsibility to ensure that the action plan presented in this report is achievable and appropriate to the circumstances. Where a decision is taken

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not to act in response to this report, it is the responsibility of management to assess and accept the risks arising from non-implementation.

Achievement of the action plan is monitored through Internal Audit's 'follow up' arrangements.

Management should ensure that the relevant risk profiles are reviewed and updated where necessary to take account of the contents of Internal Audit reports. The completeness of risk profiles will be examined as part of Internal Audit's normal planned work.

### Acknowledgements

Internal Audit acknowledges with thanks the co-operation of all staff who contributed during this audit.

### Feedback

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

### Distribution

B Malone, Chief Executive

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

K Donaldson, Corporate Human Resources Manager

K Ridley, HR Manager – Strategy

P Steel, HR Manager - Operations

J Symon, Head of Finance

K McNamara, Head of Strategic Commissioning and Organisational Development

G Taylor, Head of Democratic Services

P Dickson, Complaints & Governance Officer

External Audit

### Authorisation

The auditor for this assignment was James Thomson (Scott-Moncrieff). The supervising auditor was P Kelly (Scott-Moncrieff).

This report is authorised for issue:

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Jacqueline Clark  
Chief Internal Auditor  
Date: 8 March 2106

Appendix 1: Summary of Action Points

No.	Action Point	Risk/Importance
1	Lessons learned exercise	Low
2	Expanding benchmarking comparators	Medium

## Appendix 2: Action Plan

### Action Point 1 - Lessons learned exercise

Services interviewed as part of this audit spoke about the ease with which the system could be used and how helpful they had found the process when developing new service structures. For example, staff engagement was a key part of ensuring an effective transition to the new housing team structure. Housing had significant levels of interaction with shared job profiles on SharePoint. Housing and Community Care staff stated this level of engagement really helped the process work and enabled the formal consultation process to be completed within 28 days.

However, a formal lessons learned exercise was not carried out by the Council following the restructure. Therefore areas of good practice and opportunities for improving the existing arrangements have not been captured.

### Management Action Plan

A formal lessons learned exercise will be introduced with immediate effect for all future restructuring within the Council. Lessons learned exercises will be applied proportionately based on the level of activity undertaken.

Importance:	Low
Responsible Officer:	P Steel, HR Manager Operations
Lead Service:	Corporate & Democratic Services
Date for Completion (Month / Year):	May 2016
Required Evidence of Completion:	Lessons learned output report

### Auditor's Comments

Satisfactory.

## Action Point 2 - Expanding benchmarking comparators

The Council benchmarks job roles against neighbouring councils. Staff interviewed for this audit stated that this approach was based on the assumption that council staff would be assessing their roles, and options for leaving, based on the salaries of neighbouring councils. Whilst this is one aspect of benchmarking there are wider national comparators that would ensure that the Council's roles and pay scales were reflective of national trends as well as local geography. By widening benchmarking comparators the Council may be able to attract staff from across Scotland.

### Management Action Plan

HR will consider options for how to expand its existing benchmarking arrangements. This will ensure that the new arrangements put in place add value whilst not resulting in significant additional costs or time pressures for relevant staff.

Importance:	Medium
Responsible Officer:	K Ridley, HR Manager – Strategy
Lead Service:	Corporate and Democratic Services
Date for Completion (Month / Year):	April 2016
Required Evidence of Completion:	Outline of agreed approach to carry out wider benchmarking.

### Auditor's Comments

Satisfactory