

AGENDA MANAGEMENT SHEET

Name of Committee	Resources, Performance & Development Overview & Scrutiny Committee	
Date of Committee	27th February 2007	
Report Title	Audit of Recruitment Practice	
Summary	This report summarises the findings of an internal audit undertaken into compliance with the Council's mandatory recruitment standards, and outlines the remedial measures that are proposed as a result of the audit findings.	
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Would the recommended decision be contrary to the Budget and Policy Framework?	No.	
Background papers	None	

CONSULTATION ALREADY UNDERTAKEN:-

Details to be specified

Other Committees	<input type="checkbox"/>	
Local Member(s)	<input type="checkbox"/>	
Other Elected Members	<input checked="" type="checkbox"/>	Cllr Booth, Cllr Atkinson, Cllr Hicks – for information
Cabinet Member	<input checked="" type="checkbox"/>	Peter Fowler, Cabinet portfolio holder
Chief Executive	<input type="checkbox"/>	
Legal	<input checked="" type="checkbox"/>	Sarah Duxbury
Finance	<input type="checkbox"/>	
Strategic Directors	<input checked="" type="checkbox"/>	David Carter
District Councils	<input type="checkbox"/>	
Health Authority	<input type="checkbox"/>	
Police	<input type="checkbox"/>	
Other Bodies/Individuals	<input type="checkbox"/>	

FINAL DECISION

SUGGESTED NEXT STEPS:

Details to be specified

Further consideration by
this Committee

Suggested further report on progress in implementing
the remedial measures described in six months' time

To Council

To Cabinet

To an O & S Committee

To an Area Committee

Further Consultation

Executive Summary

- 1.1 The report summarises the results of the internal audit of recruitment practices relating to the requirement that all appointments are made subject to the receipt of two satisfactory references and for those appointed new to local government a six month probationary period.
- 1.2 The audit revealed the following shortcomings. Out of 105 appointments examined, 54 were supported by two satisfactory references as required and out of 79 appointments made subject to six-month probationary period, 32 were supported by evidence that the process had been followed properly.
- 1.3 Until the new HR Service Centre is operational in September, the following remedial actions will be undertaken:
 - a checklist of mandatory HR procedures to be followed by all line managers, making clear managers' personal responsibility in these areas
 - a 'basic competencies' programme will be introduced to re-enforce competency in carrying out those mandatory procedures.
 - in cases where references had not been taken up, where appropriate, these will now be pursued.
 - the audit process would be extended to include school-based appointments, and a repeat audit to be undertaken in three months' time.
 - advice is to be issued to line managers on obtaining references by telephone or e-mail .
 - procedures to be established in respect of agency staff and those working on 'outsourced' contracts
- 1.4 It is recommended that the Committee note the findings of the internal audit and the remedial measures that have been taken in response and that a further report on progress as a result of those measures is sought in six months' time.

Agenda No

Resources, Performance & Development Overview & Scrutiny Committee - 27th February 2007.

Audit of Recruitment Practice

Report of the Strategic Director, Performance & Development

Recommendation

That the Committee notes the findings of an internal audit undertaken into standards of recruitment practice and the remedial measures that have been taken in response, and that a further report on progress as a result of those measures is sought in six months' time.

Background

2. The Council's policies and procedures specify a number of standards that must be followed in the recruitment process. These include,
 - A requirement that all appointments are made subject to the receipt of two satisfactory references, one of which must be from the person's current or most recent employer
 - all new appointments to the County Council, except where the employee's immediate previous service was with another local authority, should be subject to a six-month probationary period
3. In October of last year, concerns were raised as a result of the appointment process followed in the case of an employee whose performance had proved to be unsatisfactory and who was subsequently dismissed. In this particular case neither of the above requirements had been met. Subsequent enquiries revealed that had references been taken up the person would not have been appointed, and that had the probationary process been followed their employment would almost certainly have ended within a six - month period.
4. As a result of these concerns an audit was undertaken by Human Resources and Internal Audit of a 10% sample of appointments made during the last twelve months, specifically looking at the standards referred to above. The results are summarised below, together with measures that Strategic Directors have taken to address the findings of the audit.

Results of the audit exercise

5. The results of the audit have revealed serious levels of concern about non-compliance with these standards.
6. In summary, out of 105 appointments examined, 54 were supported by two satisfactory references as required and 40 appointments were not supported by any evidence of satisfactory references. The findings of the audit suggest that these

shortcomings are probably widespread across the Council rather than being confined to particular directorates.

7. Of 79 appointments made subject to six-month probationary period, 32 were supported by evidence that this process had been properly followed.
8. The reasons given for the failure to obtain satisfactory references were,
 - that references are difficult to obtain for applicants for low paid jobs such as catering and cleaning where, in any case, we have few suitable applicants.
 - that employees are often initially employed on a temporary basis and their satisfactory performance during this period has, in effect, been used as a substitute for obtaining a reference
 - where employees have previously worked for us through a 'temp agency' and are then appointed on a permanent basis it has not been felt necessary to take up references.
9. While it is easy to appreciate the difficulties that may sometimes arise in obtaining references, the risks of not taking up references for the reasons set out above are clear. In that small number of cases where applicants have a history that they wish to conceal, entry to employment with the Council through an agency or as a 'temp' is an obvious means of avoiding detection.
10. In relation to low paid jobs, anecdotal evidence of other employers, such as the retail sector, suggests that standards can be enforced on references.
11. The main reason given for the failure to follow satisfactory probationary processes was the lack of HR resources to enforce this standard, in effect meaning that it was left to individual line managers to be conscientious on this issue.
12. Finally, in both areas concerns were expressed about functions where HR processes are carried out mainly by line managers rather than the HR function itself. Over time, this devolution of responsibility has resulted in both inconsistency and variable standards in applying HR procedures.

Remedial measures to address the findings of the audit

13. Strategic Directors Management Team has considered the findings of this audit as a matter of urgency, both in terms of the broader issues of how HR processes are managed across the Council and, in the short-term, how the specific shortcomings identified can best be addressed.
14. The long-term solution to the underlying issues of inconsistency and variable standards is seen as the establishment of a single HR Services unit to undertake transactional processes (as described in my report to this Committee on 14th November 2006). This will bring into a single location the processes of recruiting employees and putting them on the payroll. Processes to be handled by the unit will include obtaining references and ensuring that probationary reviews are monitored.
15. The key objective of the unit will be to ensure that all transactional processes are carried out to consistently high standards, and as efficiently as possible. One such standard will be to ensure that no one is put on the payroll until two satisfactory references have been obtained, similarly applying this requirement to the receipt of criminal records checks and other mandatory requirements. Moreover, the replacement of paper systems with electronic processes will make it far easier to monitor compliance with these standards.

16. However, although its implementation is running to schedule, the unit will not be fully operational until September this year, when those responsible for this work are co-located. In the meantime, a series of remedial measures have been agreed by Strategic Directors to address the findings of the audit. These can be summarised as follows,

- a simple checklist of mandatory HR procedures to be followed by all line managers, making clear managers' personal responsibility in these areas
- a 'basic competencies' programme will be introduced to re-inforce competency in carrying out those mandatory procedures. An e-learning package is being explored as the most effective means of measuring these competencies for a large number of managers as quickly as possible
- in cases where the audit revealed that references had not been taken up, where appropriate, these will now be pursued (it would not be considered appropriate to do so, for example, where the person has since left or is due to do so shortly)
- the audit process to be extended to include school-based appointments, and a repeat audit to be undertaken in three months' time
- advice is to be issued to line managers on obtaining references by telephone or e-mail (thus addressing concerns that obtaining references slows down the recruitment process)
- procedures to be established in respect of agency staff and those working on 'outsourced' contracts

17. It is suggested that the Committee seek a progress report on these issues in six months time.

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& Development
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