AUDIT AND RISK MANAGEMENT

INTERNAL AUDIT REPORT

BUCKINGHAMSHIRE & MILTON KEYNES FIRE AUTHORITY

HR People Management 2014/15

April 2015

Contents

Audit Control:

Closing meeting:	19 March 2015
Draft report:	31 March 2015
Management responses:	13 April 2015
Final report:	14 April 2015

Auditors:	Maggie Gibb – Audit Manager
	Mary-Anne Stanford – Senior Auditor
Report Distribution:	
Draft Report	Head of Human Resources
	Director of People and Organisational Development
	Acting Director of Finance and Assets
Final Report as above plus:	Chief Fire Officer
	Chair, Bucks and Milton Keynes Fire Authority
	External Audit

1. Executive Summary

1.1   Overall Audit Opinion

> In our opinion **substantial** assurance can be provided that relevant risks are effectively identified, managed and controlled.

1.2   The overall audit assurance is made up of three supporting judgements:

a)   Our assurance on the adequacy of the risk management techniques employed within the auditable area is substantial. This relates to the extent to which relevant risks have been identified, monitored and managed.

b)   Our assurance on the adequacy of the existing control framework to reduce identified risks to an acceptable level is substantial.

c)   Our assurance on the adequacy of compliance with the existing control framework is substantial.

1.3   The Human Resources Team is responsible for ensuring that the suite of HR Policies and Procedures are up to date, relevant, and published on the I-Drive. The Team maintain a spreadsheet that summarises all HR policies and the progress with implementation and review. The SAP Training Events Module is used to capture employees training records, core competencies and to record completion of annual appraisals. It also records all potential courses and attendance at training courses.

1.4   In addition to the findings summarised below, we also found the following examples of good practice:
  •   The use of a central spreadsheet to record and keep track of HR policies represents good practice.
  •   The SAP Training Events Module is the primary tool to record competences, training requirements and attendance. It is being further utilised to produce management reports

1.5   Some areas for improvement were identified and these are listed in in Section 3. There were no high priority recommendations.

1.6   Recommendations summary:

In order to provide an assurance on the extent to which the risks identified are managed, our review focussed on the main business objectives within HR People Management.

Progress in implementing the management actions will be tracked and reported to the Overview & Audit Committee.

Business Objective	Risk	Findings		
		High	Medium	Low
Policies and Procedures	• The suite of HR policies and procedures is not complete or does not cover the key risk areas			
	• HR policies and procedures are not up to date		1	1
	• HR policies and procedures are not consulted on (if appropriate) or approved			
	• HR policies are not communicated effectively or are not available to all employees			
	• Compliance with the HR policies and procedures are not monitored			
SAP HR Training Module	• SAP HR training records are not up to date			
	• Management information reports are not produced from the system in a timely manner, and discrepancies are not investigated			
TOTAL		0	1	1

The detailed findings are summarised in Section 3 of this report. All findings have been discussed with the Head of Human Resources who has agreed all the findings and produced an action plan to implement them.

1.7   There were no aspects of this audit which were considered to have value for money implications for the Authority or which indicated instances of over control. Any relevant findings will have been included in the findings and recommendations section of this report.

2.   Background

2.1   The audit review of HR People Management formed part of the agreed audit programme for 2014/15. The review was carried out during February and March 2015.

2.2   The HR People Management area was categorised as high risk as part of the audit needs assessment exercise based on its relative importance to the achievement of the Authority's corporate objectives.   The Authority's objective for the area is to ensure that the suite of HR Policies and Procedures are up to date, relevant, communicated, understood and used by employees. The SAP system is used to capture employees training records, core competencies and to record completion of annual appraisals.

2.3   The objective of our audit was to evaluate the area with a view to delivering reasonable assurance as to the adequacy of the design of the internal control system and its application in practice. A detailed summary of the scope of this review can be seen in Appendix A.

3.   Recommendations and Action Plan

The control description column details the actual controls that should be established to mitigate identified risk. The Findings & Consequences column details the results of analysis and tests carried out.

The priority of the findings and recommendations are as follows:

High   immediate action is required to ensure that the objectives for the area under review are met.

Medium   action is required within six months to avoid exposure to significant risks in achieving the objectives for the area under review.

Low   action advised within 9 months to enhance control or improve operational efficiency.

	Control description	Issues & Consequences	Priority H/M/L	Management Action Plan	Task owner and target date for implementation
Key Area		**Policies and Procedures**			
1	The HR policies are up to date and reviewed according to relevant time scales.	At Buckinghamshire and Milton Keynes Fire Authority there is a suite of HR policies that are based on the employee lifecycle. A spreadsheet is maintained that provides an overview of these HR Policies and Procedures. As part of the audit the spreadsheet was used to ascertain whether relevant policies and procedures were up to date. It was found that there were seven key procedures that were not up to date. These were all in the process if being drafted, out for consultation or waiting to be approved. These policies are:	Medium	The out of date policies will continue to be taken through the process to ensure they are consulted on and approved in a timely manner.	Who to be actioned by: Human Resources Development Manager When to be actioned by: 31 August 2015

	Control description	Issues & Consequences	Priority H/M/L	Management Action Plan	Task owner and target date for implementation
		1. Code of Conduct. This has been drafted and is with the Director of People and Organisational Development for feedback. Then it will go to Legal for comments, then to wider consultation inc. unions.			
		2. Probation. This is in draft form. Final amendments are being made to document prior to issue by the end of March 2015.			
		3. DBS Vetting & Barring. This procedure is currently being worked on and will be re-issued by April 2015.			
		4. Communications & Consultation. This has been drafted and will then go for consultation.			
		5. Managing Change/Redundancy. This procedure is going to the Business Transformation Board on 2 April 2015 for sign off and will then be published.			
		6. Safeguarding. This is in draft form. The revised version will reflect the introduction of the Care Act 2014 which comes into force 1 April 2015. It will then be published April 2015.			

	Control description	Issues & Consequences	Priority H/M/L	Management Action Plan	Task owner and target date for implementation
		7. BA Health Monitoring. This has been drafted. It will then go to the Health, Safety and Welfare committee. If policies and procedures are not up to date then there is a risk that staff are not aware of correct practices and current requirements are not being applied.			
2	The HR policies are up to date and reviewed according to relevant time scales.	The HR Policies and Procedures overview spreadsheet is maintained by each Lead Officer for the policy/procedure. These officers have access to the spreadsheet and are responsible for keeping it up to date with the policies they are responsible for. The Policies and Procedures overview spreadsheet was checked to establish whether policies were up to date. However it was found that several policies had been reviewed and updated but this had not been recorded on the spreadsheet. If the spreadsheet is not kept up to date then there is a risk that the document cannot be relied on to provide the most up to date information.	Low	The HR Policies and Procedures overview spreadsheet will be held on a central drive. Staff that are responsible for policies and procedures will be reminded to keep the Policies and Procedures Overview spreadsheet up to date. There will be a quarterly review of the spreadsheet to ensure it has been kept up to date.	Who to be actioned by: Human Resources Development Manager When to be actioned by: 31 May 2015

Appendix A

AUDIT SCOPE AND FRAMEWORK

4. **Specific Audit Scope**

4.1 We have evaluated the area against the following identified risks which we agreed with management:

• Policies and Procedures • SAP HR Training Module

4.2 Following preliminary risk assessments, the following processes were not included within the scope of this review and will be considered for inclusion within future audits of the area:

• None

5. **Staff Interviewed**

- Kerry McCafferty, Head of Human Resources;
- Faye Mansfield, Human Resources Development Manager;
- Paul Holland, Head of Operational Training;
- Richard Priest, Operational Training Manager;
- Emma Wren, Administrator POD

5. Audit Methodology and Opinions

a. The audit was undertaken using a risk-based methodology in a manner compliant with the CIPFA Code of Practice. The audit approach was developed with reference to the Internal Audit Manual and by an assessment of risks and management controls operating within each area of the scope. Where we consider that a risk is not being adequately managed, we have made recommendations that, when implemented, should help to ensure that the system objective is achieved in future and risks are reduced to an acceptable level.

b. The matters raised in this report are only those, which came to our attention during the course of our audit and are not necessarily a comprehensive statement of all the risks that exist or all improvements that might be made.

c. Each audit will result in an overall 'audit assurance'. A detailed summary will be provided to the Overview and Audit Committee for all 'limited' assurance opinion reports. The range of audit opinions is outlined below:

ASSURANCE	SUBSTANTIAL	REASONABLE	LIMITED
Adequacy of risk management techniques employed within the area.	Thorough processes have been used to identify risks. Action being taken will result in risks being mitigated to acceptable levels. No more monitoring is necessary than is currently undertaken.	The action being taken will result key risks being mitigated to acceptable levels. Some additional monitoring is required.	No action is being taken, OR insufficient action is being taken to mitigate risks. Major improvements are required to the monitoring of risks and controls.
Adequacy of the existing control framework to reduce identified risks to an acceptable level.	Controls are in place to give assurance that the system's risks will be mitigated.	Most controls are in place to give assurance that the system's key risks will be managed but there are some weaknesses.	The control framework does not mitigate risk effectively. Key risks are not identified or addressed.
Adequacy of compliance with the existing control framework.	The control framework is generally complied with. Emerging risks are identified and addressed in a timely manner.	Compliance with the control framework mitigates risk to acceptable levels, except for the risks noted.	Compliance is poor so risks are not being mitigated to acceptable levels and it is probable that some objectives will not be, OR are not being achieved.

d. The responsibility for a sound system of internal control rests with management. Internal audit procedures are designed to focus on areas identified by management as being of greatest risk and significance. Effective implementation of our recommendations by management is important for the maintenance of a reliable internal control system.