Human Resources

Peak District National Park Authority

Internal Audit Report

Business Unit: Human Resources
Responsible Officer: Head of People Management
Date Issued: 5th May 2023
Status: Final
Reference: P3180/002

	P1	P2	P3
Actions	0	0	3
Overall Audit Opinion	Substantial Assurance		

Summary and Overall Conclusions

Introduction

The Peak District National Park Authority (PDNPA) employs approximately 245 staff. It is important to comply with the procedures in place to ensure effective management of HR processes, particularly with regard to sickness management, appraisals and appointments.

The PDNPA uses the Civica People Live system to collate and manage employee information. The Authority operates a partially self-serve system which allows employees to keep certain aspects of their details up to date, but other processes are managed separately by HR and Payroll. The PDNPA has an umbrella agreement with Derbyshire County Council provided as part of a Service-Level Agreement (SLA) to undertake DBS checks.

Following the Covid-19 pandemic, the PDNPA has moved to use electronic processes for staff appraisals and absence management and has streamlined the appraisal process following feedback from service areas.

Objectives and Scope of the Audit

The purpose of this audit is to provide assurance to management that procedures and controls within the system will ensure that:
- There are appropriate recruitment processes in place, including correct pre-employment checks.
- Staff appraisals are undertaken in line with procedures.
- Staff sickness absence is appropriately managed and recorded.

Key Findings

Generally the processes for recruitment and the appointment of new staff were applied consistently and in line with key statutory requirements. The administration of new starters is undertaken on the WebRecruit system. The onboarding (pre-employment) checks that are carried out are listed in the Recruitment and selection guidance on the HUB intranet and available to all staff. There are no internal procedure notes for using the Webrecruit system due to the format of the system being a prescribed workflow which details each step to be taken. A high-level summary of the process and accompanying screen shots were provided by one of the HR Advisers. There is evidence that a review of DBS requirements was carried out appropriately for all cases sampled.

All application forms were available with the correct information included. Generally, there were two complete references available for all cases in the sample, with one exception where it had been noted and accepted by HR that two references from the same employer had been amalgamated at source. One reference submitted only confirmed that the person was employed by that company and what their job title was with no additional detail. Valid documentation is sought to support an individual's identification and their right to work in the United Kingdom. New starter checklists were available for all cases sampled and all first pay slips confirmed the new starters had been set up on the system promptly. During the Covid-19 pandemic, the appointment form approval process was changed from each from being

individually signed to an electronic bulk sign off being provided by the Head of People Management (PM). This is where all of the forms are placed in the Payroll folder at month end, reviewed by the Head of PM and an email issued to show the bulk sign-off. The signature and date sections are still present on the forms. The Head of People Management confirmed that the requirement for signatures and dates will be removed from the appointment form to reflect the electronic approval process.

Contracts and employment documentation provided for new part-time employees were found to detail the contracted hours and the full-time equivalent salary but not the actual salary to be paid, although they all clearly stated the salary indicated was to be pro rata per year. One contract was also not dated by the employee. The Head of People Management confirmed that contracts for part-time employees would be changed to state their actual salary.

Of the total staff employed by the PDNPA for 18 months or longer (195), only 94 staff had both objectives and annual appraisals completed in the past twelve months. This was mainly due to the Covid-19 pandemic when it was agreed to prioritise operational needs and well-being above appraisal and objective completion. This had resulted in a known position where some staff had not had an appraisal for two years. Focus has now shifted back to the need to have appraisals fully completed and expectations were re-set with staff in relation to this in November and December 2022.

The new appraisal process was implemented in January 2021. The process is split into three parts - Pioneer, Enjoy, and Care. From January 2023 the process was changed to be completely electronic, i.e. paperless. This audit focused on the Pioneer and Enjoy aspects as there is no requirement for the Care part of the process to be formally documented and completion of it will not be tracked.

The audit reviewed submissions made under the previous process for the Pioneer and Enjoy aspects and found that as well as low completion rates, there were also quality issues with the information provided in relation to lack of detailed evidence, limited mention of the objectives agreed and lack of clarity as to which objective evidence was related to. As part of the new process, clear and detailed guidance and templates have been provided to confirm quality expectations. This should assist with improving the quality of submissions. However, given the results of this testing, it would be prudent for the authority to consider monitoring the quality and consistency of the submissions for each aspect of the process, not just the completion rates.

The PDNPA has an annual target of less than 6 days absence per staff member. This target had not been met in two of the last five years, with last year (2021-22) having the highest rate in the five-year period at 8.9.

Sickness management and monitoring is completed using the People Live system and sickness pay is administered by Derbyshire County Council. Although there is currently a new Absence Management policy being developed, the current policy had not been reviewed since 2011 and there were no formally documented sickness triggers included within it. This means there was an inconsistent approach to supporting and monitoring staff members and periods of sickness absence. The current policy also contained a calculation for an absence (Bradford) factor which managers could use to support their concerns about an employee's absence. The calcaulation was provided by a previous HR system, but it was confirmed by a HR Adviser that this calculation had never been implemented or used in recognition of the

need to manage absence on a cases by case basis. The Absence Management policy was not updated to reflect this. The new Absence Management policy will include specific sickness triggers although these remain in draft form and are yet to go out for consultation.

A review of 10 cases of sickness absence confirmed that where Fitness to Work certificates were required, these were available and covered the correct period of absence. Self-certification forms or fit notes were completed in all of the sample cases. From the sample of ten cases, there was no information available in the files or on the system for two cases to confirm return to work meetings had taken place. Two employees sampled had significant periods of absence and a formal absence review did take place for both of those employees.

All absences were listed correctly on DCC (PM04) forms which is the information provided to Derbyshire Council in order to process the payment of sick pay. All of these forms were authorised by the Head of People Management. Sick pay was correctly paid on the wage slips provided for the sample of cases. There was evidence that two members of staff had received further support and monitoring following periods of absence as a result of HR identifying this need from sickness reports.

Overall Conclusions

A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

Veritau

1 Completion of appraisals

Issue/Control Weakness	Risk
Appraisals have not been completed consistently over the past two years or to agreed time-scales and quality standards.	Changes to the appraisal process do not increase completion rates or quality of appraisals.

Findings

A new appraisal process was implemented on 1st January 2021 and from January 2023 it is now undertaken electronically. The process is split into three parts - Pioneer (objective setting), Enjoy (review of the past 12 months performance) and Care (informal check-ins with staff and managers regarding health, well-being, workload etc). The new appraisal forms have been significantly reduced following feedback from the Investors in People delivery group.

Monitoring and reporting of completion rates of the Pioneer and Enjoy aspects of the process were monitored quarterly over the last year with updates/escalation to Heads of Service on those outstanding, although there is no formal documented process in place to support this. However, following review of the data provided, of the employees who had been employed for longer than 18 months, just over half had all or parts of the appraisal process missing. This suggests more could be done to improve completion rates. It should be ensured that any monitoring and escalation in place is followed through to ensure all aspects of the appraisal process are completed.

Although completion rates are monitored, the quality of objectives and submitted appraisals are not. When we tested the quality of 10 submissions using the previous process, issues were identified. All staff had objectives listed on the system, however six did not reference their objectives in the Enjoy part of the process. Of the four that did, the evidence provided was not explicitly linked to the objectives in two cases and one listed objectives that were different to those in the Pioneer part of the process. One appraisal was written almost entirely by the manager with little staff input evident. During testing, it was also identified that the objectives completed could have been 'SMARTER' in that they were quite vague and did not express clearly what the objective was. Measures could also be taken to enable staff to provide clear evidence to support the fulfilment of these objectives.

There is no requirement for any formal documentation of the Care stage of the process and no evidence of this happening was available for the samples chosen. Given there is no requirement for these meetings to be documented, it is not possible for HR to know or track if this is being undertaken as per the appraisal policy.

Agreed Action 1.1

Consider implementing a dip sampling system to monitor the quality and consistency of appraisals, not just completion rates.	**Priority**	3
	Responsible	Head of People

Explore with management an appropriate consequence for managers that do not complete the employee performance reviews (appraisals).

Amend guidance for Enjoy conversation to emphasise the need to evidence how objectives have been met.

Officer   Management

Timescale   30th April 2024

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2 Lack of absence triggers in the Absence Management policy

Issue/Control Weakness	Risk
There are no sickness triggers in the Absence Management policy.	The Authority cannot demonstrate a duty of care to its staff and its Absence Management policy is not consistently applied.

Findings

In the staff Absence Management policy, there are no formally documented triggers whereby managers would take further action to assess what support could be provided to the employee if an agreed number of sickness days had been reached. Further, the Absence Management policy in use had not been reviewed or updated since 2011. Although the Guidance on Care conversation document provides managers with guidance on two informal triggers when checking sickness history (high frequency and long term), this is a disconnect with the formal Absence Management policy as no formal or informal triggers are documented here.

The HR Advisers monitor the sickness absence levels of their designated services using these informal triggers. The manager in conjunction with their HR Adviser has discretion as to whether a pattern of absences warrants a formal review. Managers were encouraged to raise any issues for discussion with the Head of People Management if they had concerns regarding patterns of absence, however it was usually HR who raised concerns with managers about employees with high frequency following review of quarterly reports. The inclusion of sickness triggers in the Absence Management policy would provide more guidance and consistency of application of the process to managers, with monitoring and support continuing to be provided by the HR team.

The lack of formally adopted sickness triggers means that opportunities may have been missed to discuss and provide this support, and that further action was taken consistently across the authority, thereby leaving the authority at risk of being unable to demonstrate a duty of care to employees and exposed to possible challenge regarding inconsistent treatment of staff. To address these risks, a revised policy is currently being drafted and this will include specific, defined triggers.

Agreed Action 2.1		
Introduce new updated Absence Management Policy. Create and circulate to individual managers relevant quarterly report to monitor high frequency sickness absences in relation to their staff.	**Priority**	3
	Responsible Officer	Head of People Management
	Timescale	30th September 2023

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3 Return to work processes

Issue/Control Weakness	Risk
Return to work processes, particularly in relation to return to work interviews are not conducted in line with the Absence Management policy.	The authority is unable to demonstrate a duty of care to its staff.

Findings

As stated in the Absence Management policy, return to work interviews should be conducted by managers upon an employee's return for every absence 'to ensure as far as practicable that the employee is fit to return'. Following this meeting, all documentation should be forwarded to HR to be retained and to ensure absence records and sick pay are accurate.

Since August 2022, return to work processes have been recorded on the People Live system. From the sample of ten cases, there was no information available in the files or on the system in relation to return to work interviews for two cases. Of those return to work interviews which were completed, two had no comments saved on the system, although one had a manager comment on the self-certification form stating they were fit to go back to work.

Agreed Action 3.1

Create a monthly report to check that every absence has had a Return to Work interview recorded	Priority	3
	Responsible Officer	Head of People Management
	Timescale	30th September 2023

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Audit Opinions and Priorities for Actions

Audit Opinions

Our work is based on using a variety of audit techniques to test the operation of systems. This may include sampling and data analysis of wider populations. It cannot guarantee the elimination of fraud or error. Our opinion relates only to the objectives set out in the audit scope and is based on risks related to those objectives that we identify at the time of the audit.

Our overall audit opinion is based on 4 grades of opinion, as set out below.

Opinion	Assessment of internal control
Substantial Assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable Assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited Assurance	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

Priorities for Actions

Priority 1	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management.
Priority 2	A significant system weakness, whose impact or frequency presents risks to the system objectives, which needs to be addressed by management.
Priority 3	The system objectives are not exposed to significant risk, but the issue merits attention by management.

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