Carlisle City Council
Report to Audit Committee

Report details

Meeting Date:	23 March 2022
Portfolio:	Finance, Governance and Resources
Key Decision:	Not applicable
Policy and Budget Framework	YES
Public / Private	Public
Title:	Internal Audit Report – Workforce Development
Report of:	Corporate Director Finance & Resources
Report Number:	RD82/21

Purpose / Summary:

This report supplements the report considered on Internal Audit Progress 2021/22 and considers the review of Workforce Development.

Recommendations:

The Committee is requested to

(i)   receive the final audit report outlined in paragraph 1.1;

Tracking

Executive:	Not applicable
Scrutiny:	Not applicable
Council:	Not applicable

1. **Background**
   1.1. An audit of Workforce Development was undertaken by Internal Audit in line with the agreed Internal Audit plan for 2021/22. The audit (Appendix A) provides reasonable assurances and includes 4 medium-graded recommendations.

2. **Risks**
   2.1 Findings from the individual audits will be used to update risk scores within the audit universe. All audit recommendations will be retained on the register of outstanding recommendations until Internal Audit is satisfied the risk exposure is being managed.

3. **Consultation**
   3.1 Not applicable

4. **Conclusion and reasons for recommendations**
   4.1 The Committee is requested to
       i) receive the final audit report outlined in paragraph 1.1

5. **Contribution to the Carlisle Plan Priorities**
   5.1 To support the Council in maintaining an effective framework regarding governance, risk management and internal control which underpins the delivery the Council's corporate priorities and helps to ensure efficient use of Council resources

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Appendices attached to report:

- **Internal Audit Report – Workforce Development – Appendix A**

Note: in compliance with section 100d of the Local Government Act 1972 the report has been prepared in part from the following papers:

- None

Corporate Implications:

Legal - In accordance with the terms of reference of the Audit Committee, Members must consider summaries of specific internal audit reports. This report fulfils that requirement
Property Services - None
Finance – Contained within report
Equality - None
Information Governance- None

Audit of Workforce Development and Training

Audit Report Distribution

Client Lead:	Workforce Development Manager
Chief Officer:	Deputy Chief Executive Chief Executive
Others:	Information Governance Manager
Audit Committee:	The Audit Committee, which is due to be held on 23rd March 2022 will receive a copy of this report.

Note: Audit reports should not be circulated wider than the above distribution without the consent of the Designated Head of Internal Audit.

1.0 Background

1.1. This report summarises the findings from the audit of Workforce Development and Training. This was an internal audit review included in the 2021/22 risk-based audit plan agreed by the Audit Committee on 15th March 2021.

1.2 In 2017, SMT made a formal decision to develop a workforce development plan (WDP) for the organisation and a five-year plan was agreed in 2018 under the remit of the Transformation Board (TB). The WDP aims to ensure that the 'right people with the right skills and aptitudes are in the right place at the right time, demonstrating the right behaviours and values'. The plan includes a significant number of assigned actions, grouped into five broad categories:

- developing leadership capacity
- supporting and maintaining workforce wellbeing
- develop the skills and capacity of the workforce
- resourcing the council
- employee engagement.

2.0 Audit Approach

Audit Objectives and Methodology

2.1 Compliance with the mandatory Public Sector Internal Audit Standards requires that internal audit activity evaluates the exposures to risks relating to the organisation's governance, operations and information systems.

2.2 A risk-based audit approach has been applied which aligns to the five key audit control objectives (see section 4). Detailed findings and recommendations are reported within section 5 of this report.

Audit Scope and Limitations.

2.3 The Client Lead for this review was Workforce Development Manager and the agreed scope was to provide independent assurance over management's arrangements for ensuring effective governance, risk management and internal controls of the following risks:

- Failure to achieve business objectives due to insufficient governance
- Failure to achieve business objectives due to inadequate embedding of risk management controls
- Loss or breach of information/ fines and sanctions/ reputational damage due to failure to securely process, retain, share and dispose of records and information
- The Workforce Development Plan does not align to organisational culture or provide for continuous learning, equality of opportunity and development of talent

- The Workforce Development action plan is not implemented effectively and fails to deliver positive outcomes

2.4 There were no instances whereby the audit work undertaken was impaired by the availability of information.

3.0 Assurance Opinion

3.1 Each audit review is given an assurance opinion intended to assist Members and Officers in their assessment of the overall governance, risk management and internal control frameworks in place. There are 4 levels of assurance opinion which may be applied (See **Appendix C** for definitions).

3.2 From the areas examined and tested as part of this audit review, we consider the current controls operating within Workforce Development and Training provide **reasonable assurance.**
Note: as audit work is restricted by the areas identified in the Audit Scope and is primarily sample based, full coverage of the system and complete assurance cannot be given to an audit area.

4.0 Summary of Recommendations, Audit Findings and Report Distribution

4.1 There are two levels of audit recommendation; the definition for each level is explained in **Appendix D**. Audit recommendations arising from this audit review are summarised below:

Control Objective	High	Medium
1. **Management** - achievement of the organisation's strategic objectives achieved see section 5.1	-	1
2. **Regulatory** - compliance with laws, regulations, policies, procedures and contracts see section 5.2	-	1
3. **Information** - reliability and integrity of financial and operational information see section 5.3		2
4. **Value** – effectiveness and efficiency of operations and programmes see section 5.5	-	-
Total Number of Recommendations	**-**	**4**

4.2 Management response to the recommendations, including agreed actions, responsible manager and date of implementation are summarised in Appendix A. Advisory comments to improve efficiency and/or effectiveness of existing controls and process are summarised in Appendix B for management information.

4.3   **Findings Summary (good practice / areas for improvement):**

A comprehensive five-year WDP under the remit of the TB is in place. The Organisational Development Team co-ordinate a significant number of positive actions helping to deliver continuous learning, development and improvement for Council employees.

The likelihood of successful outcomes will be further enhanced by documenting those positive actions using specific, measurable, assignable, realistic, time-bound (SMART) criteria.

Written direction in minutes will clarify how often the TB wishes to review the WDP. The outcome of a full, regular WDP review should be recorded in the minutes of the TB. Consistently capturing current performance of positive actions will allow informed decisions to be made by the TB on action plan progress.

Officer Learning and Development is a key component of the WDP and offered by the Council in a number of different forms including eLearning, coaching and on and off the job training. Employees without Council email addresses are invited to use their personal email address to access eLearning. Further development of the WDP will clarify the Council's position on notification and access of training, development and job notifications for all staff, including those with little or no access to ICT. To help ensure that WDP content remains relevant, regular interim review is advised.

An operational risk register is in place for Organisational Development which is regularly reviewed in line with the Risk Management Framework. Management may wish to further develop the mitigating actions, helping to ensure that a full regular WDP review is undertaken.

The records retention log may benefit from further review, update and alignment to disposal records and the Workforce Development Manager is currently liaising with the Information Governance Manager to discuss options for further improvement. Organisational Development staff have completed all relevant GDPR and Cyber-Security online training in a timely manner.

A current service plan is in place for Organisational Development with a key objective relating to the WDP. A suitable job structure is in place supported by job descriptions which have all been reviewed within the last 5 years. Team performance is reviewed and discussed during regular team meetings, one to one's and appraisals. The re-introduction of action point recording will further enhance officer accountability following the team meetings.

Management may wish to regularly consider if all documented guidance in place for the OD team remains sufficient and proportionate.

Organisational Development financial monitoring is regularly reviewed with no reported issues.

Comment from the Deputy Chief Executive:

The 'reasonable assurance' rating attached to this work area and WDP reflect well on the efforts of the Organisation Development Team. The four recommendations made will add value to the Council's work in this area and appropriate updates on these actions will be made.

5.0   Audit Findings & Recommendations

5.1   Management – Achievement of the organisation's strategic objectives

5.1.1 A current service plan is in place and one of the four key objectives is, 'Delivery of the Workforce Strategy', with an outcome of, 'Improved planning for the development of employees to ensure adequate availability of human resources with the right skills in the right places at the right time'.

5.1.2 The minutes of the TB in July 2018 and the report by the Workforce Development Manager to the Business and Scrutiny Transformation Panel in November 2018, detail that responsibility for regular review of the WDP is assigned to the TB. Written direction in minutes will further clarify how often the TB wishes to review the WDP. TB minutes since July 2018 reference workforce development updates provided to the board. For example, there have been several updates on development of the staff competencies framework. A WDP action plan update was included on the agenda to the TB in December 2019 (meeting was subsequently cancelled) and for the June 2021 meeting, although minutes do not record that a full review took place. It is acknowledged that the opportunity to review actions has been impacted by the reduced number of TB meetings following the pandemic outbreak.

Recommendation 1 – Transformation Board minutes to clarify 'regular' reviews and record full, regular review of workforce development plan actions.

5.1.3 An operational risk register is in place for Organisational Development which is regularly reviewed in line with the Risk Management Framework. The register was also considered by the Risk Management sub-group on 4th September 2019. Three of the seven risks include a control/ mitigation 'Workforce Development Plan'. The existence of a WDP is good practice although annual review, verification and documentation (in minutes) of SMART action plan delivery will mitigate the risk that the WDP may not be delivered.

5.1.4 Operational risk ID 318 entitled, 'Grow your own talent' requires update to include likelihood, likelihood description, risk score and target risk date.

5.1.5 All operational risks are assigned to and managed by the Workforce Development Manager. Involvement of the wider team is advised when reviewing existing and emerging operational service risks.

5.1.6 Organisational Development financial monitoring is regularly reviewed with no reported issues.

5.2   Regulatory – compliance with laws, regulations, policies, procedures and contracts

5.2.1 All Organisational Development staff have completed all relevant GDPR and Cyber-Security online training in a timely manner.

5.2.2 The Corporate Records Management Policy requires that a retention schedule and disposal log should be maintained for each service area, in line with GDPR. A retention log is in place, although it may benefit from regular review and update. Organisational Development staff maintain individual disposal logs which were found to be recently updated. Further alignment of the disposal logs to the retention schedule is advised, helping to verify that relevant records are consistently removed when their retention period has expired. The Workforce Development Manager is currently liaising with the Information Governance Manager to discuss options for further improvement.

Recommendation 2 – Regularly review, update and align service retention and disposal records.

5.2.3 Organisational Development has contracts in place with learning partners which involves some sharing of personal staff information. Liaison with the Information Governance Manager is advised to fully determine if contract arrangements specify the necessary terms to meet GDPR requirements.

5.2.4 Both formal appraisals and inclusion of mandatory e-learning modules for all officers are key controls in place to support delivery of the WDP. Application of these controls has been audited separately in a review of Corporate Internal Controls (A2103). Both were found to be suitably embedded, although 3 recommendations were made for improvement. These controls will be reviewed annually as part of a regular corporate review.

5.3   Information – reliability and integrity of financial and operational information

5.3.1 The WDP aspires to deliver a significant number of actions, although It is not always possible to determine if a positive desired outcome is being achieved for all actions. For example, there is an action for, 'Leaders (to) maintain the culture for a learning and supporting Council' with a review comment in June 2021 detailing that the action is 'ongoing'. Without further information, it is not straightforward to determine what a culture for a learning and supporting Council looks like, and how maintenance of that culture will be reviewed and assessed. The likelihood of successful outcomes will be enhanced by documenting all actions using specific, measurable, assignable, realistic, time-bound (SMART) criteria. Management may wish to further develop actions to include:

- Further detail on what constitutes a measurable, desired positive outcome for the action, enabling the TB to make an informed decision on progress towards that measurable, desired positive outcome.
- Detailing the specific planned date or period that the desired positive outcome should be realised, avoiding use of the term 'ongoing' for clarity.
- Enhancing accountability for delivery through assignment of actions to individuals, rather than departments or governance groups.

Recommendation 3 – All Workforce Development Plan actions to be documented with SMART criteria.

5.3.2 When action plan progress is reported to the TB, narrative is provided on current performance for most actions, although not all. It is recommended that for all actions, the 'review' column consistently captures current measured performance against desired positive outcomes (see rec 4). It is advised that use of the term, 'ongoing' to describe current performance is avoided for clarity. To further assist TB review, management may wish to consider assigning red, amber, green (RAG) ratings to individual actions, providing a snapshot of overall performance and focusing attention where needed most.

Recommendation 4 – Progress reports to consistently capture performance against desired positive outcomes, for all actions.

5.3.3 The WDP covers a significant time period (2018 -2023) and historic reference to past reports and training records may no longer be relevant. To help ensure that the content remains relevant, regular interim review is advised.

5.3.4 Management indicated that there is documented staff guidance in place for operating systems, although there may be other areas that require assessment. It is advised that management regularly consider if there is sufficient, proportionate, documented guidance in place for the OD team to follow.

5.4   Value – effectiveness and efficiency of operations and programmes

5.4.1 A suitable job structure is in place supported by job descriptions which have all been reviewed within the last 5 years. Three of roles were last reviewed in 2017 and may require review in 2022, helping to ensure the content remains current.

5.4.2 One to one meetings are regularly held between management and staff. A standard agenda is used for the weekly team meeting, although action points are no longer recorded.

Management may wish to consider reintroducing the recording of time-bound action points which are reviewed and concluded at subsequent meetings.

5.4.3 A regular team appraisal is held and the last one took place on 22nd October 2020. Following recent changes to the corporate appraisal process moving forward, all team members will have individual annual appraisals held between October and the end of January.

5.4.4 Officer Learning and Development is a key component to the WDP and offered by The Council in a number of different forms including eLearning, coaching and on and off the job training. The WDP also provides for development of talent including the aspiring leadership programme, everyday leaders programme and identification of appropriate career paths and grade structures. With reference to recommendation 4, further development of WDP actions with SMART criteria will help to quantify the success of all programmes offered.

5.4.5 Employees without Council email addresses are invited to use their personal email address to access eLearning. As the WDP is further developed it is advised that the WDP considers the Council's position on notification and access of training, development and job notifications for all staff, including those with little or no access to ICT at work.

Appendix A – Management Action Plan

Summary of Recommendations and agreed actions					
Recommendations	**Priority**	**Risk Exposure**	**Agreed Action**	**Responsible Manager**	**Implementation Date**
Recommendation 1 – Transformation Board minutes to clarify 'regular' reviews and record full, regular review of workforce development plan actions.	M	Full review of WDP actions is not carried out on a regular basis.	The TB is back up and running on a regular basis and the minutes will record: • How often the Workforce Development plan will be reviewed • That a full review of the Workforce Development action plan has taken place The WFD plan has supported delivery of several the actions included within and a full review will take place in January with the intention of making appropriate changes to capture recommendations and support LGR.	Chief Executive Workforce Development Manager	January 2022 January 2022
Recommendation 2 – Regularly review, update and align service retention and disposal records.	M	Non-compliance with UK GDPR leading to loss of reputation and possible sanctions.	Workforce Development Management is currently liaising with Information Governance Manager to consider further improvements ensuring GDPR requirements are met.	Workforce Development Manager	February 2022

Summary of Recommendations and agreed actions					
Recommendations	**Priority**	**Risk Exposure**	**Agreed Action**	**Responsible Manager**	**Implementation Date**
Recommendation 3 – All Workforce Development Plan actions to be documented with SMART criteria.	M	Lack of clarity on what planned positive outcomes for actions look like.	Plan currently identifies what, who and when, SMART actions to be considered during complete a review in January.	Workforce Development Manager	January -March 2022
Recommendation 4 – Progress reports to consistently capture performance against desired positive outcomes, for all actions.	M	Lack of clarity on whether planned positive outcomes are being achieved.	Positive outcomes are captured and shared with Transformation and SMT on an adhoc basis this will be formalised for all actions. The pulse surveys and employee opinion survey provide some good evidence relating to the WFD plan, this will be considered as a tool to enhance feedback.	Workforce Development Manager	January 2022

Appendix B – Advisory Comments

Ref	Advisory Comment
5.1.3	Update the control/ mitigation currently stated as 'Workforce Development Plan' to 'annual review, verification and documentation in TB minutes of SMART action plan delivery'.
5.1.4	Operational risk ID 318 entitled, 'Grow your own talent' requires update to include likelihood, likelihood description, risk score and target risk date.
5.1.5	Involvement of the wider team is advised when reviewing existing and emerging operational service risks.
5.2.3	Determine if contract arrangements with learning partners are required to specify terms, ensuring both parties understand their responsibilities with regard to GDPR.
5.3.1/ 5.3.2	Replace the term 'ongoing' to in the WDP action plan to be more specific.
5.3.2	Consider assigning red, amber, green (RAG) ratings to individual actions, providing a snapshot of overall performance and focus attention where it is needed most.
5.3.3	WDP narrative to be regularly reviewed, helping to ensure it remains current.
5.3.4	Regularly consider if there is sufficient, proportionate, documented guidance in place for OD officers to follow.
5.4.1	Some team job descriptions were last reviewed in 2017 and may require review in 2022 to help ensure they remain accurate.
5.4.2	Reintroduce the recording of time-bound action points which are reviewed and concluded at subsequent meetings.
5.4.5	WDP to consider the Council's position on notification and access of training, development and job notifications for all staff, including those with little or no access to ICT at work.

Appendix C - Audit Assurance Opinions

There are four levels of assurance used; these are defined as follows:

	Definition:	Rating Reason
Substantial	There is a sound system of internal control designed to achieve the system objectives and this minimises risk.	The control framework tested are suitable and complete are being consistently applied. Recommendations made relate to minor improvements or tightening of embedded control frameworks.
Reasonable	There is a reasonable system of internal control in place which should ensure system objectives are generally achieved. Some issues have been raised that may result in a degree of unacceptable risk exposure.	Generally good systems of internal control are found to be in place but there are some areas where controls are not effectively applied and/or not sufficiently embedded. Any high graded recommendations would only relate to a limited aspect of the control framework.
Partial	The system of internal control designed to achieve the system objectives is not sufficient. Some areas are satisfactory but there are an unacceptable number of weaknesses that have been identified. The level of non-compliance and / or weaknesses in the system of internal control puts achievement of system objectives at risk.	There is an unsatisfactory level of internal control in place. Controls are not being operated effectively and consistently; this is likely to be evidenced by a significant level of error being identified. High graded recommendations have been made that cover wide ranging aspects of the control environment.
Limited/None	Fundamental weaknesses have been identified in the system of internal control resulting in the control environment being unacceptably weak and this exposes the system objectives to an unacceptable level of risk.	Significant non-existence or non-compliance with basic controls which leaves the system open to error and/or abuse. Control is generally weak/does not exist.

Appendix D

Grading of Audit Recommendations

Audit recommendations are graded in terms of their priority and risk exposure if the issue identified was to remain unaddressed. There are two levels of audit recommendations; high and medium, the definitions of which are explained below.

	Definition:
High	Significant risk exposure identified arising from a fundamental weakness in the system of internal control
Medium	Some risk exposure identified from a weakness in the system of internal control

The implementation of agreed actions to Audit recommendations will be followed up at a later date (usually 6 months after the issue of the report).