

Report to Audit Committee

Agenda
Item:

A.7

Meeting Date: 15 March 2021
Portfolio: Finance, Governance and Resources
Key Decision: Not applicable
Within Policy and Budget Framework YES
Public / Private Public

Title: INTERNAL AUDIT REPORT SAFE RECRUITMENT
Report of: CORPORATE DIRECTOR FINANCE & RESOURCES
Report Number: RD68/20

Purpose / Summary:

This report supplements the report considered on Internal Audit Progress and considers the review of Safe Recruitment

Recommendations:

The Committee is requested to

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

Tracking

Audit Committee:	15 March 2021
Scrutiny Panel:	Not applicable
Council:	Not applicable

1. BACKGROUND INFORMATION

- 1.1 An audit of Safe Recruitment was undertaken by Internal Audit in line with the agreed Internal Audit plan for 2020/21. The report, appended as Appendix A of this report was found to provide reasonable assurances and contains 11 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

The Committee is asked to

- i) receive the final audit report as 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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Appendixes

**APPENDIX A - INTERNAL AUDIT
REPORT SAFE RECRUITMENT**

Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers:

- None

CORPORATE IMPLICATIONS/RISKS:

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.

Finance – Contained within the report

Equality – None

Information Governance – None

Audit of Safe Recruitment

Draft Report Issued: 19 October 2020
Director Draft Issued: 10 February 2021
Final Report Issued: 17 February 2021



Audit Report Distribution

Client Lead:	HR & Payroll Manager
Chief Employee:	Deputy Chief Executive Chief Executive
Others:	Payroll & iTrent Supervisor Payroll Adviser HR Assistant Workforce Development Manager Safety, Health & Environmental Manager Information Governance Manager Hr Advisor (x2)
Audit Committee:	The Audit Committee, which is due to be held on 15 March 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 Safe Recruitment. This was an internal audit review included in the 2020/21 risk-based audit plan agreed by the Audit Committee on 30th July 2020.
- 1.2 The audit focused on controls in place to ensure appropriate medical assessments have been carried out for new starters. The audit also ensured controls were in place to identify emerging medical conditions and ensure appropriate emergency contact details are recorded and are accessible if required. These controls ensure the safety and well-being of all Council employees, enabling them to deliver services safely and effectively.

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 the HR 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 scope areas:
 - Council unaware of pre-existing medical conditions for new employees (including agency staff) that may impact on an individual's ability to deliver their role, as well as increasing the risk of a harmful incident as a result of an unknown pre-existing medical condition.
 - Council fails to identify emerging medical conditions of employees during their employment with the Council, resulting in the same issues as above.
 - Council does not have adequate contact details for employees in the event of an emergency.
 - Sensitive personal information is not securely retained, resulting in loss or theft of information and potential fines.
- 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 Employees 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 B** for definitions).
- 3.2 From the areas examined and tested as part of this audit review, we consider the current controls operating within Safe Recruitment provide **Reasonable assurances**.
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 C**. 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)	-	7
3. Information - reliability and integrity of financial and operational information (see section 5.3)		3
4. Security - safeguarding of assets (N/A)	-	-
5. Value – effectiveness and efficiency of operations and programmes (N/A)	-	-
Total Number of Recommendations	-	11

- 4.2 Management response to the recommendations, including agreed actions, responsible manager and date of implementation are summarised in Appendix A.
- 4.3 It should be noted that the action plan has been agreed by the Deputy Chief Executive as the HR & Payroll Manager post was vacated during the audit. The action plan will be reviewed following appointment of a new head of service.

4.4 Findings Summary (good practice / areas for improvement):

The Council has a process for carrying out medical examinations for all new starters; however, the approach taken by the Council has been inconsistent and a number of improvements are required following the appointment of a new Occupational Health provider.

The agreed process needs to be documented and there is a need to ensure that all directly recruited employees receive a suitable check, as well as obtaining assurances that indirectly recruited employees (agency) and volunteers can safely carry out their role. The process could be improved by ensuring medical questionnaires identify all potentially relevant issues and that employees receive the right category of check in relation to their role. Line managers should contribute towards completing the element of the questionnaires relating to risk exposure within the role.

New starters should be given an additional opportunity to declare potential medical issues as part of the induction process and assurances should be sought that line managers carry out the relevant checks and training in relation to health and safety as part of the induction process.

A data protection impact assessment should be carried out to ensure the proposed changes to this process continue to comply with data protection legislation.

The Council has suitable facilities to provide support for employees with emerging medical conditions but needs to ensure employees clearly understand their responsibility to declare conditions as they arise where relevant.

A process is in place for the collation of emergency contact details; however, work is required to ensure complete and up to date details are on file for all employees, including casual, agency and volunteers. A protocol also needs developing in relating to accessing emergency contact details for Members should there be a need to do so.

Comment from the Deputy Chief Executive

The 11 recommendations contained within this report are clear and helpful. The HR and Payroll team will address these within the agreed timescales and seek to improve our recruitment processes.

5.0 Audit Findings & Recommendations

5.1 Management – Achievement of the organisation's strategic objectives

- 5.1.1** Procedures and template forms are in place for the appointment and induction of new starters. The administration of pre-employment medical examinations and collation of emergency contact information is not currently documented in these procedures.

Recommendation 1 – The process for administering pre-employment medical examinations and collation of emergency contact information should be documented.

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

- 5.2.1** Historically the Council performed (via an occupational health provider) pre-employment medical examinations for all contracted employees, although none were obtained for casual staff. In 2019/20 a decision was made to stop medical checks for desk-based employees, as it was felt these weren't effective in capturing relevant information. Consideration was given to replacing these checks with medical questionnaires; however, no process was implemented to replace these checks.
- 5.2.2** Following the onset of the Covid-19 global pandemic a decision was made to re-introduce examinations for all employees (including casuals). Following a change in Occupational Health provider in April 2020 the Council has introduced two categories of checks, depending on whether a candidate is entering a desk-based or physical role. Candidates are provided with a questionnaire and receive a follow-up appointment based on their responses. The Occupation Health provider will then inform the Council as to whether the candidate is medically fit to carry out the role and makes recommendations to mitigate any risk areas if considered appropriate.
- 5.2.3** The process for choosing the category of check is currently discretionary. The City Council has several roles which include a combination of desk and site-based work. Without suitable definitions in place there is a risk the Council takes an inconsistent approach and candidates do not receive a style of check suitable to their role.

Recommendation 2 - An exercise should be undertaken to define the category of medical check received for individual posts, which should be agreed with Service Managers.

- 5.2.4** The questionnaires do not specifically ask about minor medical conditions that may not impact an individual's ability to work, but could require special arrangements to be put in place (such as allergies). However, assurances have been provided by the Occupational Health provider that these would be identified within the questions asked. Providing employees also have an opportunity to declare conditions as part of their induction (see recommendation 7) then this risk should be adequately controlled. However, it is advised further assurances are obtained to identify potential musco-skeletal issues are also identified for desk-based employees as part of the process.
- 5.2.5** The questionnaires currently include a section asking candidates to specify certain risk factors they may be exposed to as part of their role, such as lone working, working at height and biological hazards. The candidate may not fully understand the level of exposure faced in the role and the employing manager would be able to provide more accurate information in relation to this section.

Recommendation 3 – Employing managers should provide the information in the pre-employment medical questionnaire relating to risk exposures relevant to the role.

- 5.2.6** A sample review of new starters confirmed medical examinations are being delivered in line with the Council's agreed approach, including a number of employees who were converted from casual to contracted staff as part of a recent exercise by HR to reduce the number of casual employees. Testing also indicated line managers had implemented suitable mitigating controls where recommended by the Occupational Health provider.
- 5.2.7** Casual employees did not previously receive medical examinations. There is also no central process to ensure checks are carried out in relation to agency staff or volunteers. The audit identified examples of localised checks being put in place, particularly when found to be high risk (for example agency drivers are subject to license checks before they are allowed to drive Council vehicles and the Green Spaces team obtains medical information from volunteers before they carry out work in the Council's parks and green spaces). However, further audit testing identified an inconsistent approach and generally a lack of formal collation of such information - without a central check and with limited guidance in place there are no assurances that all individuals performing work on behalf of the Council have had a suitable level of checks.
- 5.2.8** A 2018 audit of Casual, Agency and Temporary staff recommended that ***"A process should be developed to ensure HR are aware of all new agency, casual and intermediary staff to ensure relevant employment checks and processes can be performed."*** Implementation of this recommendation is still outstanding, although a subgroup has been established to review this.

5.2.9 The Council has a dedicated intranet page in relation to volunteers, which states that the first point of contact is with HR, who will carry out necessary checks. However, this is not currently the case and volunteers are recruited directly by departments. The Council is able to record volunteer details within iTrent, but there are currently only two volunteers listed (the audit confirmed the Council has more volunteers).

Recommendation 4 – The previous recommendation to implement a process to ensure agency and casual staff are subject to appropriate checks should a) incorporate collation of medical clearance and emergency contact details and b) be expanded to ensure the same checks are carried out for volunteers.

Recommendation 5 – An exercise should be undertaken to identify and record all existing volunteers within iTrent.

5.2.10 Line managers are provided with induction check-lists, including one relating to Health and Safety, as part of the corporate induction process for all new starters. However, no control is in place to ensure these forms are completed and are usually not provided to HR to store on an employee's personnel folder.

Recommendation 6 – A process is required to ensure health and safety induction forms are completed by line managers and retained on file.

5.2.11 While it is more important to capture medical conditions during the earlier stage of the appointment process wherever possible, in order to allow opportunity to implement suitable mitigating actions, it would also be beneficial to give new starters the opportunity to declare any relevant conditions (including allergies) as part of the induction process.

Recommendation 7 - New starters should be given the opportunity to declare any special requirements required in relation to medical conditions as part of the new starter/induction process.

5.2.12 All employees are registered to attend face-to-face health and safety induction courses and desk-based staff are also required to complete online health and safety training using the Council's e-learning system. Registration is automatic, though there has been some delays in attending the face-to-face training due to the Covid-19 pandemic.

5.2.13 While the Council has various policies (Health and Safety / Codes of Conduct) that place emphasis on employee's responsibility for their own health and safety, there is currently no emphasis for employees to declare relevant emerging medical conditions that may impact their ability to perform their role. It is recognised that individuals are not obliged to declare protected personal sensitive information such as medical information; however, the Council should offer opportunities for employees to do so in order to minimise health and safety risks. The Council should also provide assurances that such information is handled discreetly and confidentially, with only relevant employees accessing the information.

5.2.14 Some mitigation is in place for higher risk areas (for example, drivers are legally obliged to report emerging conditions to the DVLA, which would then be identified by regular license checks performed by the Council's Fleet office).

Recommendation 8 – Council policies should be updated to encourage employees to inform the Council of any relevant emerging medical condition that impact on their ability to perform their role. Assurances should be provided to employees that information will be handled confidentially.

5.2.15 Where emerging medical conditions are identified through declaration the Council can refer employees to the Occupational Health provider, who will assess the individual and make recommendations on mitigating actions needed to be taken by the Council.

5.3 Information – reliability and integrity of financial and operational informatio

5.3.1 Sensitive personal information retained in relation to safe recruitment such as medical questionnaires and personal contact details falls under the same category of information reviewed in the 2019 audit of Absence Management. Implementation of a number of recommendations made in that review will ensure this information is appropriately and securely retained by the Council.

5.3.2 However, given the changes already in place to the pre-employment medical checks, coupled with the further proposed changes suggested in this audit, the Council's Information Manager advised that given the sensitivity of the information being processed that a Data Protection Impact Assessment should be considered.

Recommendation 9 – A Data Protection Impact Assessment should be carried out to ensure changes to the pre-employment medical checking process continues to comply with data protection legislation.

- 5.3.3** The Council records emergency contact details within iTrent, the Council's payroll and personnel application. A process is in place through completion of forms for new starters to collect this information for contracted staff and Members.
- 5.3.4** A review of information held in iTrent found no emergency contact details were recorded for 64/493 (13%) contracted employees.
- 5.3.5** A number of records have not been updated in several years; however, sample checks indicated information was still up to date (i.e. that long-serving employees generally have the same emergency contact details). As a result of the Covid-19 pandemic employees were recently asked to check contact details – it is advised that regular reminders are issued to help ensure information is kept up to date.
- 5.3.6** It was found that emergency contact details retained for Members are generally out of date, as information provided on the most recent forms (which are completed after every election) had not been uploaded into iTrent.

Recommendation 10 – An exercise should be taken to ensure emergency contact information is retained in iTrent for all employees and members.

- 5.3.7** Emergency contact details are not currently requested for casual employees. While casual employees are provided access to iTrent and have the facility to add emergency contact details themselves, a review of records confirmed no information has been recorded for any casual employee. Emergency contact details should also be collated for agency and volunteers (**see recommendation 5**)

Recommendation 11 – the form for recruiting casual employees should be amended to request emergency contact details.

- 5.3.8** All managers have access in iTrent to the emergency contact records for those staff they are responsible for. However, as they do not have line managers, there is currently no access to Members' emergency contact details (beyond HR who have full access to all records). Democratic Services retain a paper copy of the forms, so hold emergency contact details. There is no protocol in place to access Member's contact details should access be required in an emergency. It is advised a protocol should be put into place to ensure members' emergency contact details can be accessed in an emergency.

Appendix A – Management Action Plan

Summary of Recommendations and agreed actions					
Recommendations	Priority	Risk Exposure	Agreed Action	Responsible Manager	Implementation Date
Recommendation 1 – The process for administering pre-employment medical examinations and collation of emergency contact information should be documented.	M	Inconsistent approach / lack of clarity on appropriate process.	Procedures to be updated to include pre-employment and emergency contact processes.	HR Advisers	30 April 2021
Recommendation 2 - An exercise should be undertaken to define the category of medical check received for individual posts, which should be agreed with Service Managers	M	Relevant medical conditions not identified due to irrelevant examination.	Propose HR develop a risk assessment form that managers can send on to OH. AC/SN to query current new starter process with OH and determine actions following this.	HR Team	30 April 2021
Recommendation 3– Employing managers should provide the information in the pre-employment medical questionnaire relating to risk exposures relevant to the role.	M	Fail to identify relevant risk exposure faced by the role.	Risk assessment for role to be attached to Post-Interview checklist (which manager completes). This can then be shared with OH when commencing new starter medical checks.	HR Team	30 April 2021

Summary of Recommendations and agreed actions					
Recommendations	Priority	Risk Exposure	Agreed Action	Responsible Manager	Implementation Date
Recommendation 4 – The previous recommendation to implement a process to ensure agency and casual staff are subject to appropriate checks should a) incorporate collation of medical clearance and emergency contact details and b) be expanded to ensure the same checks are carried out for volunteers.	M	Fail to identify medical information or emergency contact details for individuals delivering services on behalf of the Council.	<p>As of September 2020, casual staff now have a pre-employment medical assessment.</p> <p>Casual onboarding documents to be updated with emergency contact details and details of medical clearance. Risk assessment will need attached as it does for all new employees (for the purpose of medical clearance).</p> <p>Volunteers – need to look at current process and get a steer from DC re medical checks as previous managers have raised concerns about this deterring volunteers.</p>	HR Team	31 July 2021
Recommendation 5 – An exercise should be undertaken to identify and record all existing volunteers within iTrent.	M	Fail to identify medical information or emergency contact details for individuals delivering services on behalf of the Council.	Initial collation exercise to be undertaken to identify and record all volunteers in iTrent. Detailed review of volunteer process due to be undertaken later in the year.	HR Adviser	30 April 2021

Summary of Recommendations and agreed actions					
Recommendations	Priority	Risk Exposure	Agreed Action	Responsible Manager	Implementation Date
Recommendation 6 – A process is required to ensure health and safety induction forms are completed by line managers and retained on file.	M	Appropriate training and guidance not provided to new starters.	Seek to identify electronic process to replace current format, allowing for more controlled monitoring of the completion process.	Safety Health & Environmental Manager	30 June 2021
Recommendation 7 - New starters should be given the opportunity to declare any special requirements required in relation to medical conditions as part of the new starter/induction process.	M	Fail to identify/mitigate against any pre-existing medical conditions.	This should be covered in the pre-employment medical checks that all new starters are now going through. A note to remind new employees of the opportunity to raise any pre-existing medical conditions will also be added to the Manager's induction checklist.	HR team / OD team	30 April 2021
Recommendation 8 – Council policies should be updated to encourage employees to inform the Council of any relevant emerging medical condition that impact on their ability to perform their role. Assurances should be provided to employees that information will be handled confidentially.	M	Fail to identify/mitigate against any emerging medical conditions.	Wording included in the draft Improving Attendance Policy, Employee responsibility section, to request they inform their manager if they develop a medical condition that could potentially impact their ability to carry out their role, or one that may require additional support within the workplace. The policy is covered by a confidentiality clause. Policy to be approved by SMT.	HR Advisers	28 February 2021

Summary of Recommendations and agreed actions					
Recommendations	Priority	Risk Exposure	Agreed Action	Responsible Manager	Implementation Date
Recommendation 9 – A Data Protection Impact Assessment should be carried out to ensure changes to the pre-employment medical checking process continues to comply with data protection legislation.	M	Failure to comply with data protection legislation.	HR to work with Information Governance Manager to complete DPIA.	HR Adviser / Information Governance Manager	31 May 2021
Recommendation 10 – An exercise should be taken to ensure emergency contact information is retained in iTrent for all employees and members.	M	Unable to contact emergency contacts.	Reminder emails go out to all staff to remind them to update their personal information and emergency contact details. Also suggest a skill gate declaration that they have updated their own and emergency contact details in i-Trent (which all staff can do via self-service).	HR Advisers & OD team	30 April 2021
Recommendation 11 – the form for recruiting casual employees should be amended to request emergency contact details.	M	Unable to contact emergency contacts.	Update casual new starter form with section on emergency contact details.	HR team	31 March 2021

Appendix B - 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.	<p>The control framework tested are suitable and complete are being consistently applied.</p> <p>Recommendations made relate to minor improvements or tightening of embedded control frameworks.</p>
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.	<p>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.</p> <p>Any high graded recommendations would only relate to a limited aspect of the control framework.</p>
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.	<p>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.</p> <p>High graded recommendations have been made that cover wide ranging aspects of the control environment.</p>
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.	<p>Significant non-existence or non-compliance with basic controls which leaves the system open to error and/or abuse.</p> <p>Control is generally weak/does not exist.</p>

Appendix C

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).