

**Review of Organisational Effectiveness
& HR Strategy 2015/16**

Issued 15 January 2016

Opinion: Control Framework - Satisfactory (Previous review - N/A)
Compliance with Framework - Good (Previous review - N/A)

The purpose of this review was to provide an assurance in regard to the Council's overall organisational effectiveness and human resources strategy.

To this effect, the following key risks and controls were examined:

- 1) Risk that arrangement in place for knowledge management may not be optimised
- 2) Risk that the organisational culture may not be vibrant or congruent with council vision and ambition
- 3) Risk that there is insufficient organisational resilience and capacity in place
- 4) Risk that there is insufficient succession planning in place
- 5) Risk that effective and robust strategic budgeting may not be in place
- 6) Risk that operational and strategic risk assessments may not be undertaken and risks not adequately managed

Audit testing results indicated that controls were fully met in five of the aspects examined, whilst one aspect was not met in relation to the framework (Risk 1).

The opinion of the auditor was that the framework of controls for the system was "satisfactory". Compliance with the framework was found to be "good". This means controls exist to enable the achievement of strategic and operational objectives, obtain good corporate governance and mitigate against significant foreseeable risks and control requirements are substantially being met and that controls are substantially being complied with and risk management process is considered to be good. Only minor errors or omissions have been identified.

The following six recommendations were agreed with Management to address the areas where controls were not met. These relate to risks 1, 2, 3 & 4.

- The Council's Human resources strategy is documented, fully revisited and updated to reflect current requirements
- The Council's Workforce Development Plan and other key HR policy documents are fully revisited and updated in a risk basis for their fitness for current council requirements and an HR policy review plan or schedule, signed off by the Chief Officer - Corporate Support, covering all HR policies to be updated and incorporating expected times scales for this, is also produced

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- An agreed and time-scaled organisational action plan is formulated arising from the results of the staff survey
- Consideration should be given as to how awareness can be raised regarding cross-section resourcing and particularly the encouragement of further usage
- The Council considers the desirability of putting in place a training model which is based on what it considers to be required and universal core training for all staff. This should be made available upon request to all staff or by the request of line management
- Consideration is given to making succession planning an agenda item at joint SMT and SMG meetings with a view to considering whether the arrangements for succession planning need to be more explicit

Members will be advised of the progress in implementing these recommendations in due course.

Review of Payroll 2015/16

Issued 15 January 2016

Opinion: Control Framework - Good (Previous review - N/A)
Compliance with Framework - Good (Previous review - N/A)

The purpose of this review was to provide an assurance on payroll arrangements as a fundamental and material system of the Council following implementation of the new integrated payroll and human resources system I-Trent in April 2015 and to ensure that these arrangements are fit-for-purpose to deliver service objectives and comply with council procedures.

To this effect, the following key risks and controls were examined:

- 1) Risk that the new I-Trent system may not have been subject to sufficient post-implementation audit and review (including data migration and parallel runs)
- 2) Risk that the Council may not comply with relevant legislation, policies or good practice, such as the proper PAYE collection of tax and national insurance
- 3) Risk that payroll payments are not made on a due and timely basis
- 4) Risk that fraud and corruption may be undetected, for example in regard to allowances claimed or “ghost employees” or other inaccurate, unauthorised or fraudulent payroll payments being made and starters and leavers may not be correctly set up or removed

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- 5) Risk that changes to individual pay scales may not be correctly set-up and authorised
- 6) Risk that the payroll system may not correctly reconcile to the main accounting system resulting in potential misstatements in the accounts
- 7) Risk that overtime payments may not be appropriate, correctly applied and authorised
- 8) Risk that opportunities to achieve or demonstrate efficiency or value for money may not be maximised, for example greater use of on-line transactions and access
- 9) Risk that operational and strategic risk assessments may not be undertaken and risks not adequately managed

Audit testing results indicated that controls were fully met in all of the aspects examined.

The opinion of the auditor was that the framework of controls for the Payroll system was “good”. Additionally, compliance with the framework was also found to be “good”. This means a high level of control framework is in place to ensure the achievement of service objectives, good corporate governance and to protect the Council against foreseeable risks and that controls are substantially being complied with and risk management process is considered to be good. Only minor errors or omissions have been identified.

The following recommendation was agreed with Management to enhance controls. This related to risk 6.

- The Salaries Reconciliation of Control Account is signed off by the appropriate officers as “prepared by” and “certified by” and duly dated.

Members will be advised of the progress in implementing these recommendations in due course.