

# Final Internal Audit Report

## People Management - Establishment List

### June 2016

**To:** Acting Chief Executive  
Strategic Lead, Programmes and Performance  
Lead HR Consultant  
HR Director, Capita CSG  
Programme Manager, Capita CSG  
Payroll Team Leader, Capita CSG

**Copied to:** External Audit

We would like to thank management and staff of the Human Resources team and Programmes and Performance for their time and co-operation during the course of the internal audit.

## Executive Summary

Assurance level	Number of recommendations by risk category				
<b>Limited</b>	Critical	High	Medium	Low	Advisory
	-	2	4	1	-
<b>Scope</b>					
<p>This report sets out the findings of our work undertaken in February 2016 to review the design and operating effectiveness of the Council's Establishment List process, in line with the agreed Terms of Reference dated 22 February 2016. The scope of the work and controls tested as part of the review are documented in Appendix 3.</p>					
<p><u>Limitations of scope</u></p>					
<p>This audit only covered the areas of scope outlined in <b>Appendix 3</b>.</p>					
<p>The complete listing of changes to the establishment could not be obtained as at the time of the audit the Core HR system could not generate such a report. The sample has therefore been selected from the control document that the HR Programme Manager responsible for the quarterly establishment list review process maintains jointly with the CSG team in Belfast. As the full listing of requests cannot be produced, timeliness of processing cannot be tracked efficiently.</p>					
<b>Summary of findings</b>					
<p>This audit has identified two high, four medium and one low rated recommendation.</p>					
<p>We identified the following issues as part of the audit:</p>					
<ul style="list-style-type: none"> <li>• <b>Changes to the establishment list</b> - It is not possible to produce a full list of changes made to the establishment list within Core (the Council's HR system). The requests from the delivery units and supporting documentation for the changes have not been logged and retained in a systematic order and therefore could not all be obtained within the timescales of the audit for the sample selected. A list of authorised submitters – roles that have authority to submit Establishment List Control Forms (“ELCFs”) and make changes for a specific part of the organisation - is not maintained and available to CSG staff to assess whether requests have been made by individuals with the prerequisite delegated authority. <b>(Finding one, high rated)</b></li> <li>• <b>Quarterly review of the establishment list</b>– Quarterly updates to the establishment list are performed via confirming with the responsible officers – officers assigned to perform sign-off of the establishment list for a specific part of the organisation – that the establishment list is up-to-date. A full list of the officers responsible for sign-off in the quarterly establishment list review process is not formally maintained or reviewed on a regular basis. The changes can be submitted using two methods: a spreadsheet summarising changes or individual ELCFs for each change. The guidance does not state the types of changes that can be submitted via spreadsheet. There are no validation checks against the list of changes submitted by the delivery units as part of the quarterly review process to confirm all of the changes requested via spreadsheet have been processed accurately. The tracker used to monitor the quarterly process was not updated for 1/2 (50%) of quarters sampled and for 1/2 (50%) quarters sampled evidence of the communication sent out as part of the July confirmation process could not be provided as it has not been retained. For 6/20 sampled departments (30%) the sign-off forms could not be obtained to demonstrate that the responsible officer had confirmed the completeness and accuracy of the establishment list as part of the quarterly process. <b>(Finding two, high rated)</b></li> <li>• <b>Guidance and procedure documents for processing Establishment List Controls Forms (ELCFs)</b> – The CSG team in Belfast can process changes on the</li> </ul>					

Core HR system which is now used to record employee changes and changes in posts. A detailed procedure document for staff is only available for six of the seven types of establishment list control forms (ELCFs) and is outdated. The induction training plan for new staff does not include a section on processing the establishment list control forms. **(Finding three, medium rated)**

- **Quality checks** - Self-checks, peer and manager quality checks of establishment list changes are performed by the CSG team in Belfast. Weekly reports are prepared showing the number of self-checks logged. The report does not include all categories of establishment list changes. It only includes statistics on self-checks for Leaver forms. We were told that team Leader checks are completed but evidence is not retained therefore this could not be verified. **(Finding four, medium rated)**
- **Access to Core** – Access to Core (HR system) is restricted. A list of people with access to Core can be produced by department or for the whole organisation. However, the list is not reviewed for completeness or accuracy on a regular basis. **(Finding five, medium rated)**
- **Completeness of the establishment list** - We performed data analysis to compare the Establishment report at the time of the audit (February 2016) to the list of people paid as part of the latest payroll run (January 2016) to check completeness of the establishment list. Although management investigated the differences and provided explanations for all differences a large number of variances related to individuals who had not been transferred into a specific part of the Core HR system which is used to populate the establishment listing and therefore the establishment list was not complete. **(Finding six, low rated)**
- **Guidance on establishment list control forms** - 1/2 (50%) of the forms tested did not state the seniority of the officer who is authorised to submit it. **(Finding seven, low rated)**

## 2. Findings, Recommendations and Action Plan

Ref	Finding	Risk	Recommendation	Risk category	Management Response and agreed action
1.	<p><b><u>Changes to the establishment list</u></b>  <b><i>Control design and Operating effectiveness</i></b></p> <p>After a request for change in the establishment list is submitted to the CSG team in Belfast, it should be processed within three working days. Each request should be submitted by an authorised officer and supporting documentation in the form of a completed Establishment List Control form (“ELCF”) should be examined prior to processing. ELCF forms are recorded on the Customer Relationship Management (“CRM”) file storage system indefinitely.</p> <p><u>List of authorised submitters</u></p> <p>ELCFs can be submitted by line managers. A list of the roles which have authority to submit the ELCFs and make changes to the establishment list for a specific part of the organisation is not maintained and there is no documented guidance for staff on how the authorised submitter can be checked.</p> <p>We were told that the CSG team in Belfast are aware of the key members of staff as normally the same employees submit the forms. They contact the Head of Department and HR business partners to check if delegated powers for changes are appropriate when they receive a form from an officer. However, these checks are performed via telephone and are not recorded. There is no section on the ELCFs to confirm that CSG have undertaken these checks.</p>	<p>Insufficient documentation provided to support changes to the establishment list may result in inaccurate or inappropriate amendments and the Council’s systems not reflecting the correct structure.</p>	<p><u>List of authorised submitters</u></p> <p>a) A list of the roles that have authority to submit the forms and make changes to the establishment list should be created and should state which department or delivery unit the officer has authority over.</p> <p>b) The list should be reviewed on a monthly basis to ensure it is up-to-date and captures any restructure in the organisation.</p> <p>c) The updated list should be communicated to the HR team in Belfast to ensure they can perform their responsibility effectively.</p> <p>d) The procedure notes and guidance for the HR team in Belfast should be updated to state that the name of the submitter on the form should be checked within Core to confirm they are in the post as per the authorised submitters list before the form is processed.</p> <p><u>System generated list of standing data changes</u></p>	<p><b>High</b></p>	<p><b>Agreed Action:</b></p> <p><u>List of authorised submitters</u></p> <p>a-d) The authorised signatories list that the Council already requires will be used for this purpose.</p> <p><u>System generated list of standing data changes</u></p> <p>e) Agreed,.</p> <p><u>Processing of standing data changes</u></p> <p>f) Already in place.</p> <p>g) Already in place.</p> <p>h) The procedure which is currently implemented through the recommendations from Workforce Board will capture the information and ensure it is stored this in an auditable format.</p> <p><b>Responsible officer:</b></p> <p>a-h) Operations Director</p> <p><b>Target date:</b></p> <p>a-d &amp; f-h) 01/06/16</p> <p>e) 30/09/16</p>

Ref	Finding	Risk	Recommendation	Risk category	Management Response and agreed action
	<p><u>System generated list of standing data changes</u></p> <p>HR Core does not have the functionality to produce a detailed listing of changes made to standing data.</p> <p><u>Processing of standing data changes</u></p> <p>For a sample of 25 requests, we attempted to confirm that the request was passed over to the CSG team in Belfast, check the dates when the request was submitted and processed, examine the supporting evidence submitted by the DU and confirm if an email was sent to the submitter to notify them that the change has been processed.</p> <p>As noted in the limitations of scope, the complete listing of changes to the establishment list could not be obtained from HR Core and the sample has been selected from the control document that the HR Programme Manager responsible for the quarterly establishment list review process maintains jointly with the CSG team in Belfast.</p> <p>Exceptions have been noted with 25/25 (100%) of our sample:</p> <ul style="list-style-type: none"> <li>• For 3/25 (12%) items the email request from the DU or ELCF could not be obtained. The responses from the DU have not been logged and retained in systematic order and could not be obtained within the timescale of the audit.</li> <li>• For 7/25 (28%) items we were unable to trace the change to Core and unable to verify the change has been made.</li> </ul>		<p>e) The Council should investigate the feasibility of creating a new report showing the full listing of establishment list changes from Core.</p> <p><u>Processing of standing data changes</u></p> <p>f) The HR team in Belfast should keep a record of the ELCFs that they receive in a systematic manner (e.g. in a log or in an appropriately controlled shared folder to ensure ease of validation of changes after these have been made. All changes should be cross-referenced to the reference numbers of the records on Core.</p> <p>g) CSG staff should be reminded that changes to the establishment list should not be processed unless a valid ELCF or original email from the submitter is provided. Copy of the supporting evidence should be retained on file.</p> <p>h) New procedure documents should be developed for HR staff and include the list of evidence required to retain for each change made.</p>		

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	<ul style="list-style-type: none"> <li>• For 3/25 (8%) items the name of the original submitter has not been retained in Core or in email trails and there was no evidence to confirm that the change was requested by an appropriate officer.</li> <li>• For 15/25 (60%) items the name of the submitter has been retained but the change request was submitted by HR Business Partners instead of the line managers. Management stated that this is a result of meetings taking place with managers and HR being asked to document the changes as opposed to the changes being requested by managers directly.</li> <li>• For 3/25 items (12%) we were unable to verify the date when the request was submitted.</li> <li>• For 12/25 items (48%) we were able to trace the change to Core but were unable to verify the date when the request was completed as per Core.</li> <li>• We were unable to check the timeliness of the processing as insufficient information has been provided for 21/25 items (84%). For the remaining four items we verified that the request has been processed within three working days form submission which is in line with the guidelines.</li> </ul> <p>For 25/25 items (100%), we were unable to verify that an email was sent to the DU to confirm that the change has been processed. Management stated that emails are now sent to the DU to confirm processing of changes but it was not done consistently during the</p>				

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	year.				
2.	<p><b><u>Quarterly review of the establishment list</u></b></p> <p><b><i>Control design and Operating effectiveness</i></b></p> <p>Quarterly updates to the establishment list are performed via confirming with the responsible officers that the establishment list is up-to-date. The responsible officers review the establishment list, submit the list of changes they would like to be made and sign a sign-off sheet to confirm that they have performed the review.</p> <p><u>Methods of submitting errors for correction</u></p> <p>Guidance is in place to explain the process to the responsible officer and specify where the changes and the completed sign-off sheets need to be sent.</p> <p>The guidance states that there are two alternative ways of submitting errors for correction:</p> <ol style="list-style-type: none"> <li>1) via spreadsheet with a full list of the suggested amendments; or</li> <li>2) by submitting the ELCF for each change in line with business-as-usual process. The guidance states that if it is identified that this change should have been communicated to HR via an ELCF, the Delivery Unit will be required to complete and submit this form in retrospect and method 1 should not be used.</li> </ol> <p>We found:</p>	<p>There may not be a clear and agreed process for requesting changes and updating the establishment list.</p> <p>Staff may not be aware of their responsibilities.</p> <p>Changes to the establishment list may not be supported by evidence, be subject to approval or may not be acted upon in line with requests.</p> <p>Establishment list data with sensitive employee information may be sent to an unauthorised party.</p>	<p><u>Methods of submitting errors for correction</u></p> <ol style="list-style-type: none"> <li>a) As planned, the Council should eliminate the option to submit changes to the establishment list via spreadsheet with the suggested amendments and instruct the officers to submit the establishment list control forms for all changes instead.</li> </ol> <p><u>List of the responsible officers</u></p> <ol style="list-style-type: none"> <li>b) A full list of the responsible officers for the quarterly review process should be created and reviewed quarterly prior to the start of the next quarterly review process.</li> <li>c) The list could be based on the list of authorised submitters (recommendations 1d-1g above).</li> <li>d) If establishment list is shared with employees outside of the list of the responsible officers, the Data Protection team should be informed of the potential data breach.</li> </ol>	<p><b>High</b></p>	<p><b>Agreed Action:</b></p> <p><u>Methods of submitting errors for correction</u></p> <ol style="list-style-type: none"> <li>a) Agreed.</li> </ol> <p><u>List of the responsible officers</u></p> <p>b-c) The authorised signatories list that the Council already requires will be used for this purpose.</p> <p>d) Agreed.</p> <p><u>Validation checks</u></p> <p>e) Agreed.</p> <p><u>Quarterly review process</u></p> <ol style="list-style-type: none"> <li>f) Monitoring of the process will be completed via the Operations Director and the Belfast SDM. The tracking of progress will also be monitored via Workforce Board.</li> <li>g) Agreed.</li> </ol> <p><u>Quarterly review sign-off sheets</u></p> <ol style="list-style-type: none"> <li>h) Agreed</li> <li>i) Agreed</li> </ol>

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	<ul style="list-style-type: none"> <li>- The guidance states that the choice of the method depends on the cause of the inaccuracy but does not give examples or specify type of errors that each of the methods should be used for; and</li> <li>- The guidance does not state the types of errors that can be submitted via spreadsheet. It does not state who is authorised to submit the spreadsheet with the changes.</li> </ul> <p>Management stated that the change in the process is in process of being implemented and the spreadsheet option will be eliminated from the next quarter. The review will be performed on a monthly basis to ensure that changes are monitored, controlled and communicated. This will be managed via the Business Partners.</p> <p><u>List of the responsible officers</u></p> <p>We found:</p> <ul style="list-style-type: none"> <li>- A full list of the officers responsible for sign-off in the quarterly establishment list review process is not formally maintained or reviewed on a regular basis; and</li> <li>- Management stated that during the July quarterly review process, the establishment list provided to some responsible officers included salary information from the employees of different departments which was flagged by the officers and rectified in the next round of the quarterly review.</li> </ul> <p><u>Validation checks</u></p> <p>There are no validation checks against the</p>		<p><u>Validation checks</u></p> <ul style="list-style-type: none"> <li>e) As part of the new monthly sign-off process, the sign-off sheet should be counter-signed by the officer who processed the changes or validated that the requested changes have been processed.</li> </ul> <p><u>Quarterly review process</u></p> <ul style="list-style-type: none"> <li>f) The tracker should be updated as planned to monitor the progress of the monthly review process for each month.</li> <li>g) Evidence of the communication with the responsible officers should be retained to support analysis of the progress made in the quarterly tracker by the Workforce Board as required.</li> </ul> <p><u>Quarterly review sign-off sheets</u></p> <ul style="list-style-type: none"> <li>h) Responses from the responsible officers during the quarterly sign-off process should be retained to ensure transparency and enable validation checks.</li> <li>i) The sign-off sheets should be held centrally to ensure a full audit trail and enable validation checks.</li> </ul>		<p>j) Agreed</p> <p><b>Responsible officer:</b> a-j) HR Director</p> <p><b>Target date:</b> a-j) 1/06/2016</p>

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	<p>list of changes submitted by the delivery units as part of the quarterly review process to confirm all of the requested changes have been processed accurately.</p> <p>Management stated that the sign-off process will be changing from quarterly to monthly hence additional validation checks will not be required as the establishment list will be reviewed by the DUs on a monthly basis in line with the monthly payroll run and no changes will be able to be requested via spread sheet.</p> <p><u>Quarterly review process</u></p> <p>Quarterly updates to the establishment list are led by HR and guidance is issued to management around requirements in relation to processing the update. A tracker called "sign off progress summary" is maintained which includes the list of the departments and the responsible officers, as well as stating if the sign off has been completed.</p> <p>We selected a sample of two quarters in 2015/16 to verify that the quarterly update process was sent with appropriate guidance and the tracker has been updated. We found:</p> <ul style="list-style-type: none"> <li>- In one case, the quarterly sign-off process for October was not logged on the tracker; and</li> <li>- In 1/2 instances (50%), evidence of the communication sent out for the July quarterly review could not be provided as it has not been retained.</li> </ul> <p><u>Quarterly review sign-off sheets</u></p> <p>For a sample of 20 departments we</p>		<p>j) A full list of changes submitted by the officer should be attached to the sign-off sheet because the sheet is signed subject to the changes being processed by HR.</p>		

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	<p>examined the completed sign-off sheet and checked if the listing of changes provided by the responsible officer agrees to the sign-off sheet. We found:</p> <ul style="list-style-type: none"> <li>- Responses from the responsible officers with the listings of changes submitted have been received in a variety of formats and are not stored in a systematic manner; and</li> <li>- For 6/20 (30%) of the sampled departments the sign-off forms could not be obtained. This was because the October quarterly review of the establishment list was still in progress at the time of the audit (Feb 2016) and not all forms have been returned and signed off.</li> </ul>				
3.	<p><b><u>Guidance and procedure documents for processing ELCFs</u></b></p> <p><b><i>Control design</i></b></p> <p><u>Guidance for staff processing the ELCFs</u></p> <p>There are seven Establishment List Control forms (“ELCFs”), one for each type of business-as-usual change such as change in post or a new starter.</p> <p>The CSG team in Belfast can process changes on the Core system which is used to record employee changes and changes in posts. We confirmed that detailed procedure documents are available to staff for six out of the seven types of forms. The detailed procedure for post deletion was not available.</p> <p>We have examined the six available procedure documents. For 6/6 sampled items</p>	<p>There may not be a clear and agreed process for requesting changes and updating the establishment list and staff may not be aware of their responsibilities. This may result in the establishment list being inaccurate or incomplete with budgeting and staffing decisions being made on incorrect information.</p>	<p><u>Guidance for staff processing the ELCFs</u></p> <ul style="list-style-type: none"> <li>a) Procedure documents for each type of ELCF should be developed to provide guidance for staff processing the establishment list control forms and making changes to the establishment list.</li> <li>b) The existing procedure documents should be reviewed to reflect the new process.</li> </ul> <p><u>Training for staff processing the</u></p>	<p><b>Medium</b></p>	<p><b>Agreed Action:</b></p> <p><u>Guidance for staff processing the ELCFs</u></p> <ul style="list-style-type: none"> <li>a) Agreed.</li> <li>b) Agreed.</li> </ul> <p><u>Training for staff processing the ELCFs</u></p> <ul style="list-style-type: none"> <li>c) Agreed.</li> </ul> <p><b>Responsible officer:</b></p> <p>a-c) Operations Director</p>

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	<p>the date of latest review of the guidance was in 2014. The guidance notes have not been updated following the change in the establishment list process in 2015 and does not refer to the new forms. The guidance includes a version history section which is deemed to be good practice.</p> <p>Management stated that staff training is used to provide instructions to staff for form completion.</p> <p><u>Training for staff processing the ELCFs</u></p> <p>New CSG staff receive training on the processing of establishment list forms. The new staff training is delivered in line with a new staff induction checklist.</p> <p>We have examined the template induction training plan to ensure that it includes training on the establishment list control forms.</p> <p>The training plan does not include a section on processing the establishment list control forms. There are sections on "CRM Systems Training" and "Core Systems Training" which, as management stated, will include training on the use of the establishment list control forms however this is not explicitly stated in the guidance</p>		<p><u>ELCFs</u></p> <p>c) The training plan should include a section on processing each type of the establishment list control forms.</p>		<p><b>Target date:</b></p> <p>a-c) 01/06/2016</p>

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4.	<p><b><u>Monitoring of changes to the establishment list</u></b></p> <p><b>Control design</b></p> <p>Self-checks, peer and manager quality checks are performed by the CSG team in Belfast checking the supporting documentation for the processed changes.</p> <p>Weekly reports are also run by the CSG Business Analysis team showing self-checks logged, i.e. instances where a staff member logged an additional review of the change made to the supporting documentation. The reports are communicated to team leaders and managers with movement in figures week-on-week.</p> <p>The report is broken down by type of activity such as processing of leaver forms, travel expenses or DBS checks. The payroll includes sections on HR activities and changes to payroll with a list of individual activities and weekly figures of self-checks performed by staff.</p> <p>The report only includes statistics on self-checks for one of the seven categories of establishment list changes - Leaver forms.</p> <p>We were told that Team Leaders perform checks of records on Core to the supporting documentation to verify that the changes have been processed appropriately but evidence of these checks is not retained by CSG. Under the current configuration, adding authorisation of the change in Core is possible only for an amendment of salary.</p> <p>The Establishment List Control forms</p>	<p>Action may not be taken to correct errors identified via the establishment list review process and on-going changes to the establishment list may not be processed in a timely manner.</p>	<p>a) Processing of all types of establishment list control forms should be included on the list of quality checks performed by management to ensure self-checks are performed and monitored.</p> <p>b) A minimal threshold for percentage self-review, peer review and team leader review for processing of establishment list forms should be defined and monitored on a monthly basis.</p> <p>c) Team Leaders checks are completed but a system controlled change to Core to require authorisation of the change is only possible for salary changes under the current configuration. The Council should consider if the settings should be changed to enable or require authorisation of other types of changes to ensure peer checks and team leader checks can be monitored.</p> <p>d) Timeliness of the processing of changes should be monitored on a regular basis (weekly) to ensure that the target of</p>	<p><b>Medium</b></p>	<p><b>Agreed Action:</b></p> <p>a) Agreed.</p> <p>b) Targets and monitoring are set out in the new procedures agreed through Workforce Board. Associated papers state the monitoring through the board and the SLA agreed.</p> <p>c) The procedures will manage the authorisation of a requested data change.</p> <p>d) New report has been proposed and agreed by Workforce Board. The report is now in place.</p> <p>e) Changes will be monitored through the CRM report which will track receipt of the data change request and report against the timeliness of completion. The associated CRM case will hold the details of the change and the date that the change is completed.</p> <p><b>Responsible officer:</b></p> <p>Belfast SDM</p> <p><b>Target date:</b></p> <p>01/06/16</p>

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	<p>("ELCFs") should be processed within three working days of submission by an officer in line with the documented procedure. Timeliness of the processing of changes is not monitored on a regular basis by either CSG or the Council. Management stated that reports to enable this kind of monitoring of HR activity in Core are currently being developed but are not live yet.</p>		<p>processing within 3 working days is met.</p> <p>e) The development of appropriate reporting capability within Core should be completed to enable proper scrutiny of the HR service. For example, a listing of all changes with processing date and target date should be available for monitoring purposes.</p>		
5.	<p><b><u>Access to Core</u></b></p> <p><b><i>Control design</i></b></p> <p>The Council use the Core system to record details of the employees, vacancies and record actual or budgeted salary changes. Access to Core is restricted and only a limited number of individuals have access rights for making changes to employee details. A list of Council officers with access to Core can be produced by department or for the whole organisation.</p> <p>We confirmed that the access list is not reviewed for completeness or accuracy on a regular basis.</p>	<p>Insufficient monitoring of Core access levels may result in unauthorised amendments being made to the establishment list by officers with inappropriate access.</p>	<p>a) The listing of employees with access to Core should be reviewed for completeness and accuracy on a regular basis (e.g. monthly) and where necessary access to the system removed.</p>	<p><b>Medium</b></p>	<p><b>Agreed Action:</b></p> <p>a) Agreed - Administration access to Core is managed and controlled via the SDM in Belfast to ensure that only relevant access is granted. Leavers are also removed in accordance with the leaver process. In addition to the above user access shall also be reviewed on a six monthly basis for accuracy.</p> <p><b>Responsible officer:</b> Belfast SDM</p> <p><b>Target date:</b></p>

Ref	Finding	Risk	Recommendation	Risk category	Management Response and agreed action
					30/09/16
6.	<p><b><u>Completeness of the establishment list</u></b> <b><i>Operating effectiveness</i></b></p> <p>We performed data analysis to compare the Establishment report from Core at the time of the audit (February 2016) with the list of officers paid as part of the latest payroll run (January 2016) to establish that:</p> <ol style="list-style-type: none"> <li>1. All staff in the establishment list were also in the listing of employees paid.</li> <li>2. There were no staff on the listing of the employees paid that are not on the establishment list.</li> </ol> <p>The aim of the test was to aid management with checking completeness of the establishment list.</p> <p><u>Test 1</u></p> <p>We identified that 231/2221 (10%) employees paid as part of the January payroll were not on the establishment list.</p> <p>Management provided the following explanations as part of the audit process:</p> <ul style="list-style-type: none"> <li>• 84/231 (36%) exceptions were Councillors or co-opted Members who are not included on the establishment list but are paid for their duties.</li> <li>• 50/231 (21%) exceptions are leavers who have left either towards the end of December or throughout January.</li> <li>• 97/231 (42%) employees are not on the establishment list because the</li> </ul>	<p>Data used to produce the establishment list may not be complete and accurate resulting in incorrect or fraudulent payments being processed and reputational damage to the Council.</p>	<p>a) All employees should be moved into “(NEW)” part of Core.</p>	<p><b>Low</b></p>	<p><b>Agreed Action:</b></p> <p>a) Agreed</p> <p><b>Responsible officer:</b></p> <p>Operations Director</p> <p><b>Target date:</b></p> <p>01/06/16</p>

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	<p>establishment list report is only produced for a specific part of the organisational structure within Core ((NEW) part) and their data has not yet been moved into it. Management stated that Business Partners have been made aware of these people through including them on specific establishment listings for each of their areas and they are working with the business to ensure that they are moved onto the list as quickly as possible.</p> <p><u>Test 2</u></p> <p>58/4932 (1%) filled posts per the establishment list were not in the list of the employees paid as part of the January payroll.</p> <p>Management provided the following explanations as part of the audit process:</p> <ul style="list-style-type: none"> <li>• 49/58 (84%) exceptions were agency workers or contractors which are not paid from Core HR system. These employees are recorded on Core to show that they are filling established posts or because in these positions, they have line management responsibilities for other staff for whom they need to be able to process annual leave, sick recording, overtime payments, expenses claims or record appraisals.</li> <li>• 1/58 (2%) exceptions related to an NHS manager. The employee is recorded on Core due to the joint working practices of Adults Social Care and Commissioning Group. The NHS Managers may manage the Council staff and therefore require access to Core to approve expenses, overtime, annual leave and record</li> </ul>				

Ref	Finding	Risk	Recommendation	Risk category	Management Response and agreed action
	<p>appraisals and also need to show on the system as the Council line managers.</p> <ul style="list-style-type: none"> <li>4/58 (7%) exceptions were casual workers who are on zero hours contracts and who would not receive payment unless timesheets had been submitted. No timesheets were received for January for these employees.</li> <li>4/58 (7%) exceptions related to instances where the HR have not been informed about the actual start dates until after the January payroll cut-off. Actual start dates were before the payroll submission date cut-off and interim payments were made.</li> </ul>				
7.	<p><b><u>Guidance on establishment list control forms</u></b></p> <p><b><i>Operating effectiveness</i></b></p> <p>There are seven establishment list control forms (“ELCFs”), one for each type of business-as-usual change such as a change in post or a new starter. The forms include guidance for the officers at the top of the form, including instructions for staff about how the form needs to be completed, who is authorised to submit it and where the form needs to be submitted.</p> <p>We have examined a sample of two forms, testing to ensure that the guidance is included on the form. We confirmed that the forms are available on the staff intranet.</p> <p>In 1/2 cases (50%), the form did not state the seniority of the officer who is authorised to submit it. The form was for deletion of a post from the establishment list. However the form does specify that it needs to be accompanied by a Delegated Powers Request (“DPR”)</p>	<p>Insufficient guidance available to staff on the completion of ELCFs may result in changes to the establishment list not being made in line with the agreed protocol.</p>	<p>a) Guidance on establishment list forms should be reviewed to ensure that it states the seniority of the officers who are authorised to submit each type of form.</p> <p>b) The updated forms should be made available on the intranet.</p>	<p><b>Low</b></p>	<p><b>Agreed Action:</b></p> <p>a-b) The forms are available on the intranet. Business Partners and Belfast are responsible for ensuring that the requested change is being made by an authorised manager. This is included in the BAU process.</p> <p><b>Responsible officer:</b></p> <p>HR Business Partner Belfast SDM</p> <p><b>Target date:</b></p> <p>01/06/16</p>

Ref	Finding	Risk	Recommendation	Risk category	Management Response and agreed action
	from the appropriate Head of Service.				

## Appendix 1 – Definition of assurance categories and recommendation priorities

### Individual finding ratings

Finding rating	Assessment rationale
<b>No assurance</b>	<p>A finding that could have a:</p> <ul style="list-style-type: none"> <li>• <b>Critical</b> impact on operational performance; or</li> <li>• <b>Critical</b> monetary or financial statement impact; or</li> <li>• <b>Critical</b> breach in laws and regulations that could result in material fines or consequences; or</li> <li>• <b>Critical</b> impact on the reputation or brand of the Council which could threaten its future viability.</li> </ul>
<b>Limited assurance</b>	<p>A finding that could have a:</p> <ul style="list-style-type: none"> <li>• <b>Significant</b> impact on operational performance; or</li> <li>• <b>Significant</b> monetary or financial statement impact; or</li> <li>• <b>Significant</b> breach in laws and regulations resulting in significant fines and consequences; or</li> <li>• <b>Significant</b> impact on the reputation or brand of the Council.</li> </ul>
<b>Satisfactory assurance</b>	<p>A finding that could have a:</p> <ul style="list-style-type: none"> <li>• <b>Moderate</b> impact on operational performance; or</li> <li>• <b>Moderate</b> monetary or financial statement impact; or</li> <li>• <b>Moderate</b> breach in laws and regulations resulting in fines and consequences; or</li> <li>• <b>Moderate</b> impact on the reputation or brand of the Council.</li> </ul>
<b>Substantial assurance</b>	<p>A finding that could have a:</p> <ul style="list-style-type: none"> <li>• <b>Minor</b> impact on the Council's operational performance; or</li> <li>• <b>Minor</b> monetary or financial statement impact; or</li> <li>• <b>Minor</b> breach in laws and regulations with limited consequences; or</li> <li>• <b>Minor</b> impact on the reputation of the Council.</li> </ul>
<b>Advisory</b>	<p>A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.</p>

## Appendix 2 – Analysis of findings

Area	Critical		High		Medium		Low		Total
	D	OE	D	OE	D	OE	D	OE	
Roles and responsibilities	-	-	1*	-	1	-	-	1	3
Establishment list	-	-	1*	-	1	1	-	1	4
<b>Total</b>	-	-	2	-	2	1	-	2	7

\* Includes one finding relating to control design and operating effectiveness

### Key:

- Control Design Issue (D) – There is no control in place or the design of the control in place is not sufficient to mitigate the potential risks in this area.
- Operating Effectiveness Issue (OE) – Control design is adequate, however the control is not operating as intended resulting in potential risks arising in this area.

Timetable					
<b>Terms of reference agreed:</b> 22/02/2016	<b>Fieldwork commenced:</b> 22/02/2016	<b>Fieldwork completed:</b> 14/03/2016	<b>Draft report issued:</b> 23/03/2016	<b>Management comments received:</b> 09/06/2016	<b>Final report issued:</b> 13/06/2016

## Appendix 3 – Identified controls

Area	Objectives	Risks	Identified Controls
<p><b>Roles and responsibilities</b></p>	<ul style="list-style-type: none"> <li>The roles and responsibilities of officers in the maintenance of the Establishment List are clearly defined, documented and communicated to the relevant staff to ensure that appropriate action is taken when required to maximise the effectiveness of the management report.</li> </ul>	<ul style="list-style-type: none"> <li>There may not be a clear and agreed process for requesting changes and updating the establishment list.</li> <li>Staff may not be aware of their responsibilities.</li> <li>Changes in the process may not be communicated to staff.</li> </ul>	<ul style="list-style-type: none"> <li>There are a set number of establishment list control forms (ELCFs), one for each type of business-as-usual change: change in post, starter, leavers, etc. The forms include guidance for the LBB officers. These forms include a checklist of information to complete, instructions for staff on who needs to complete the form the email address where the forms need to be sent. <b>See finding #3.</b></li> <li>The forms are available on the staff intranet.</li> <li>The new process for making changes to the establishment list includes completion of new forms by the line managers. The new process has been communicated to staff via staff communications sent by email.</li> <li>Quarterly updates to the establishment list are performed via confirming with line managers that the establishment list is up-to-date. Guidance is in place to explain the process and specify where the forms need to be sent. <b>See finding #2.</b></li> <li>The CSG team in Belfast can process changes on the Core system which is used to record employee changes as well as changes in posts. Detailed procedure documents in place for processing changes are available to staff. <b>See finding #3.</b></li> <li>New CSG staff receive training on the processing of establishment list forms. The new staff training is delivered in line with a new staff induction checklist. <b>See finding #3.</b></li> </ul>
<p><b>Establishment list</b></p>	<ul style="list-style-type: none"> <li>The information recorded on the establishment list is accurate, complete and up-to-date to ensure that filled posts and vacancies</li> </ul>	<ul style="list-style-type: none"> <li>Data used to produce the establishment list may not be complete and accurate.</li> <li>Changes to the establishment list</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly updates to the establishment list are performed via confirming with line managers that the establishment list is up-to-date. Each line manager signs a form to</li> </ul>

	<p>within the Council are recorded correctly and management are able to make informed and valid decisions in relation to budgeting and resourcing.</p>	<p>may not be supported by evidence or be subject to approval.</p> <ul style="list-style-type: none"> <li>• Errors on the establishment list may not be identified and resolved promptly.</li> <li>• Action may not be taken to correct errors identified via the establishment list review process.</li> <li>• Action may not be taken to alleviate weaknesses of establishment list review process and ensure organisational learning.</li> </ul>	<p>confirm they are happy with the establishment list subject to changes they submitted. The sign-off forms are issued with the pre-filled list of officers who need to sign them. <b>See finding #2.</b></p> <ul style="list-style-type: none"> <li>• Quarterly updates to the establishment list are led by HR. A tracker called "sign off progress summary" is maintained which includes the list of the departments and the responsible officers, as well as state if the sign off has been completed. <b>See finding #2.</b></li> <li>• Access to Core is restricted. <b>See finding #5.</b></li> <li>• Control forms are submitted to CSG for processing. In order to ensure completeness of information, the ELCF requires a range of data to be provided to CSG before they can make any changes. <b>See finding #1.</b></li> <li>• An email is sent to the DU to confirm that the change has been processed <b>See finding #2 and finding #1.</b></li> <li>• The requested changes are processed within 3 working days. <b>See finding #1.</b></li> <li>• Self-checks, peer and manager quality checks are done by the CSG team. Weekly reports are run showing checks logged in CRM and communicated to managers with movement in figures week-on-week. The report includes a tab on HR and payroll with a breakdown per process. <b>See finding #4.</b></li> <li>• Weaknesses of the establishment list review process are identified and reported to the Workforce Board to ensure organisational learning. Action points are recorded as a result of the meetings of the Board and are followed up subsequently.</li> </ul>
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## **Appendix 4 – Internal Audit roles and responsibilities**

### ***Limitations inherent to the internal auditor's work***

We have undertaken the review of *People Management Establishment list*, subject to the limitations outlined below.

#### *Internal control*

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

#### *Future periods*

Our assessment of controls is for the period specified only. Historic evaluation of effectiveness is not relevant to future periods due to the risk that:

- the design of controls may become inadequate because of changes in operating environment, law, regulation or other; or
- the degree of compliance with policies and procedures may deteriorate.

### ***Responsibilities of management and internal auditors***

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

We endeavour to plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we shall carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.

Accordingly, our examinations as internal auditors should not be relied upon solely to disclose fraud, defalcations or other irregularities which may exist.