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internal audit report - draft

Insert(GetProperty("Audit.Title"))<i>Audit 10. Retention</i>

Insert(Format({0:MMMM yyyy}, GetDate()))<i>December 2018</i>

|  |  |
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| LEVEL OF ASSURANCE | |
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[EXECUTIVE SUMMARY 2](#_Toc532376388)

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| **<T\_1>**Distribution | |
| Name | Job Title |
| Helen Bishop | Head of Business Improvement |
| Paul Adams | HR Manager |
| Chris Harvey | Organisational Development Manager |
|  |  |

|  |  |
| --- | --- |
|  | |
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| Auditors: | Mona He, AuditorInsert(Var(“Get”,”Auditors”))<i></i> |
| Dates work performed: | Insert(Format(“{0:dd MMMM}“, Date(Var(“Get”,”MS1”))))<i>15 October</i> - Insert(Format(“{0:dd MMMM yyyy}“, Date(Var(“Get”,”MS2”))))<i>21 November 2018</i> |
| Draft report issued: | 12 December 2018 |
| Final report issued: | December 2018 |

|  |  |  |
| --- | --- | --- |
| EXECUTIVE SUMMARY | | |
| LEVEL OF ASSURANCE: (SEE APPENDIX III FOR DEFINITIONS) | | |
| Design | **Moderate** | Generally a sound system of internal control designed to achieve system objectives with some exceptions. |
| Effectiveness | **Limited** | Non-compliance with key procedures and controls places the system objectives at risk |
| SUMMARY OF RECOMMENDATIONS: (SEE APPENDIX III) | | |

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|  |
| CRR ReFERENCE: |
| CRR-034-18-19 Recruitment and Retention of the workforce - the challenge of recruitment and retention in some service areas, and ensuring succession planning exists for critical hard to fill roles. |
| BACKGROUND: |

The Council’s employment decisions including those on recruitment, selection, promotion, training and career development, are based solely on objective criteria. The Council have a behavioural framework which supports the values and clarifies the expected behaviours for employees and managers. The behavioural framework is directly linked to the principle of moving from Good to Great and includes taking personal responsibility, putting communities and customers first, valuing diversity and embracing innovation.

Many Councils have implemented strategies to help them retain staff and reduce turnover rates. The Council’s turnover rate in 2017/18 was c. 11%.

A review in 2017/18 identified that no Retention Strategy has been established in the Council, and no effective method is employed to learn from the reason for leavers.

|  |
| --- |
| GOOD PRACTICE: |
| We have identified the following areas of good practice from the review:   * The Council has had a fairly consistent level of turnover over the past 3 years, averaging between 10-12% each year. This level is usually considered ‘healthy’ for an organisation, providing a balance between retaining knowledge and bringing in fresh talent and new ideas * In April 2018, the HR Team produced a ‘Recruitment and Retention Strategy’ based on data collected in 2017/18. This Strategy provided information on current Council practice and a detailed analysis of key aspects of staff recruitment, retention and development, together with proposed recommendations for improvement in key areas with the aim of enhancing the Council’s ‘employee offer’ and its position in the local, regional and national labour market. This document is dynamic and continues to be developed * The Council has launched an Organisational Development (OD) Strategy 2017 – 2020 with a series of comprehensive action plans proposed, seeking to provide an innovative and collaborative working environment in which its employees feel engaged and supported * Issues and weaknesses were identified by the Council in relation to staff development and retention. Currently the Council does not have a robust talent management framework, although a new Talent Management Framework is in the final stages of agreement as part of the OD Strategy delivery. The Council needs to encourage and support succession planning for staff and the work is already underway as part of the Recruitment and Retention strategy * The HR Team produces a monthly Portfolio Report to monitor the staff turnover rate, sickness absence rate and on-going disciplinary/grievance actions in each service area. The result and key issues from the Portfolio Report form part of the Corporate Dashboard Report which is presented to the Executive Board * The Council has a successful apprenticeship scheme, which has been running for a number of years, which has allowed the Council to ‘grow our own’ and retain some good talent. For the 2018 – 2020 apprentice programme the Council has recruited 10 apprentices against 12 vacancies with the two others expected to be filled in 2018/19. This is a mixed focus between entry level schemes and higher level qualifications such as Planning and Fraud Investigation. * A Mental Health Programme has been presented and agreed at the People Health and Safety Committee on 24 July 2018, and subsequently at CMT. This programme will enable the Council to produce, implement and communicate a ‘mental health at work’ plan; develop mental health awareness among employees; and promote effective people management through line managers and team leads * The Communication team is in the process of updating the Council's intranet and building an internal communication framework, aiming to improve the information disseminating process, staff engagement and communication routes, and visibility of executive leads to all Council staff. The proposed communication pathways are still at trial stage, including: * daily updates on Intranet * weekly team meetings * monthly leadership conversations * monthly online Q&A sessions between the chief executive leads and staff * quarterly insight moment, and * annual conference * All staff interviewed were happy with the culture of openness in the team, flexible working arrangements, benefit packages and pension scheme in the Council. Most staff interviewed welcomed the training and development opportunities offered by the Council, which play a key role in retaining staff. |
| KEY FINDINGS: |
| However we also identified the following areas where controls could be strengthened:   * There is a communication gap between the Corporate Management Team (CMT) and the staff. Staff feel disconnected with the Council’s future financial and non-financial strategies. The Council’s values need to be reviewed and possibly refreshed in line with new challenges and structures. We noted that the Communication Team is in the process of building an Internal Communications & Engagement Strategic Framework to bridge the gap (finding 01 – Medium) * The exit survey completion rate remains low at the Council - 37% in the past 12 months (Oct 18 – Sep 19). The HR team has started a new exit interview process including face to face discussions with leavers and is now in the process of analysing the survey results and will continue to gather further intelligence about reasons for leaving. The exit interviews between employees and line managers will be made compulsory from December 2018. (Finding 02 – Medium) * Regular appraisals held between line managers and staff are helpful with identifying potential issues and concerns and initiating actions for staff retention. However, the bi-monthly on-line appraisals completion rate was only 60% from April to October 2018 and the two most senior staff had not been appraised. This was partly attributed to staff being unfamiliar with the new appraisal system Actus (Finding 03 – Medium) * We interviewed a sample of 15 employees across different services to understand their perception in respect of the Council’s retention plans and the communication routes with their managers. The themes of the interview results include that staff feel that training opportunities are not provided to all staff, and regular appraisal meetings were not utilised to review personal development appropriately (finding 04 – Medium). |
| Added VAlue |
| We benchmarked the Council’s staff leaving reasons against those from a range of other local Councils.  We also benchmarked the Council’s staff retention actions against a best practice checklist (published by NHS Employers) to confirm the control design in the Council is substantial. Staff retention is the biggest challenge faced by NHS Trusts, and the vast majority of the best practice checklist is applicable to the Council, which is why we used it as our benchmark.  See Appendix I and II for more details. |
| CONCLUSION: |
| From our review of the Council’s newly introduced staff communication, engagement, development recruitment and retention strategy and action plans, we can confirm that the Council is endeavouring to be an ‘employer of choice’ with a workforce that better reflects the demographics of the diverse communities it serves. However as all actions are still at early stage of implementation, we could not obtain assurance that a robust retention system is being put in place. We have raised one high and three medium level findings, and therefore provided moderate assurance over control design and limited assurance on operational effectiveness. |

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| **<T\_1>**DETAILED FINDINGS | | |
| <Name\_H\_1>RISK: Staff engagement plans are not effective in remediating concerns identified in a timely manner Staff engagement plans are not effective in remediating concerns identified in a timely manner</i> | | |
| <Name\_H\_2>Ref | Significance | Finding |
| 1. <Name\_H\_3> | HInsertRichText(GetColumn(“SeverityName”)) | Building staff confidence in senior management and the Board, and making staff aware of an organisation’s values are essential to enhance staff engagement, retain/attract talent, and build the emotional commitment the employee has to the Council and its goals.  WInsertRichText(GetColumn(“Description”))e identified through discussion with employees that there is a communication gap between the Corporate Management Team (CMT) and staff. Staff feel disconnected with the Council’s future financial and non-financial strategies.  More than 50% of the staff interviewed (15 in total) expressed their desire to receive messages from the CMT, and have more visibility of the CEO. Additionally, 87% of staff interviewed did not know the values of the Council.  We noted that a staff survey was conducted by the Communication team in April 2018 to obtain staff perception on their communication preferences and needs. The Council aims to move the communication style from ‘tell’ to ‘conversation’. As a result, the Communication Team is in the process of building an Internal Communications & Engagement Strategic Framework to bridge the gap. The proposed communication pathways are still on a trial basis, including:   * daily updates on Intranet * weekly team meetings * monthly leadership conversations * monthly online Q&A sessions between the chief executive leads and staff * quarterly insight moment, and * annual conference   Making sure all effective communication pathways are taking place on a timely basis is key.  Moreover, the Council’s values were developed a 7 years ago, which need to be reviewed to ensure they are fit for the new challenges and structures to align with the Council’s present vision. |
| <Name\_H\_4>RECOMMENDATION: | | |
| 1. <Name\_H\_5> InsertRichText(GetColumn(“Recommendation”))The Communication Team should communicate the progress of the proposals, ie schedules of the monthly Q&A sessions/quarterly insight moment, with the Business Improvement Team who can report to the Executive Board via the monthly Dashboard Report 2. The Communication Team should conduct the staff survey again in 2019 to review the effectiveness of the communication framework (planned in April 2019) 3. The Council should agree to review and rebrand, if necessary, the values in order to achieve greater staff commitment | | |
| <Name\_H\_6>MANAGEMENT RESPONSE: | | |
| <D\_1>Insert(GetColumn(“ActionsRef”))<i>Agreed.   1. The progress of implementing the internal communication framework will be shared with the Business Improvement Team and reported in the monthly Corporate Dashboard Report 2. The staff survey is planned for April 2019 and relevant measurement criteria of achievement has been set by the Communication Team 3. We will submit the proposal to CMT to obtain approval on revisiting/redesigning the values of the Council to align with the Council’s present vision. | | |
| <D\_2>Responsible Officer: | | A&B - Mish Tullar, Head of Communications, Partnerships and Corporate Policy  C - Insert(GetColumn(“OwnerName”))<i>Chris Harvey, Organisational Development Manager </i> |
| <D\_3>Implementation Date: | | A&B - Insert(Format(“{0:dd MMMM yyyy}“, Date(GetColumn("ActionsCurrentDueDate"))))<i>31 April 2019  C – to make proposal and obtain approval from CMT by 30 June 2019  Staff consultation and value redesigning will start when approval is obtained. |
| <D\_4> | |  |
| <Name\_H\_1>RISK: Inadequate progress has been made on prior year recommendations</i> | | |
| <Name\_H\_2>Ref | Significance | Finding |
| 1. <Name\_H\_3> | MInsertRichText(GetColumn(“SeverityName”)) | Once HR receives notification of an employee’s resignation, the HR Operations Team issue either a letter, or (as in most cases) an email acknowledging the resignation. Included in that is notification that the employee will be sent a separate email that contains a link to an exit survey, which they are requested to complete. The current exit survey link requires the leaver to log in to set up an account and then complete the 9 questions which would take approximately 5-10 minutes to do.  In IIThe 2017/18 Internal Audit of Recruitment and Retention reported that only 6% of leavers (from April to September 2017) completed the exit survey which provided inadequate information for their reasons of leaving.  The exit survey completion rate has improved considerably in the 12 months to September 2018 (37%) but it is accepted that this rate needs to be higher. The benchmarking exercise in Appendix I also shows that the Council has the largest proportion of staff who left due to resigning their positions (80% of staff leaving resigned their position and 67% leavers resigned without giving a reason) compared to those from the other Councils in the benchmark group.  The HR Team is still in the process of analysing the Survey results and will continue to gather further intelligence about reasons for leaving. A revised exit survey process will be implemented from December 2018, based on a pre-arranged exit interview of up to 30 minutes with a member of the HR Team. This will be trialled for a period of 12 months to see if it increases the completion rate as well as proving further insight into changes nd provides useful information that offsets the additional resource commitment. The details of the interview will be organised by HR Operations and included in the letter sent to the employee.  The data gathered through this process will enable the Council to consider actions and mitigation measures to ensure that recruitment and retention plans are appropriately focused, thereby reducing the risk of talent loss and adverse financial impacts. |
| <Name\_H\_4>RECOMMENDATION: | | |
| 1. The HR team should continue monitoring/encouraging exit survey/interview results, which should be reported periodically within the monthly Portfolio Report 2. The exit interview results, together with trend analysis and lessons learnt should be reported periodically in the Corporate Dashboard Report which is presented to the Executive Board | | |
| <Name\_H\_6>MANAGEMENT RESPONSE: | | |
| 1. Agreed. We will start the exit interview process from December and monitor the results for the period of 12 months. 2. Agreed. We will report the exit interview results, together with trend analysis and lessons learnt in the quarterly Corporate Dashboard Report | | |
| <D\_2>Responsible Officer: | | A&B Paul Adams – HR and Payroll Manager  PaPiii |
| <D\_3>Implementation Date: | | A - Insert(Format(“{0:dd MMMM yyyy}“, Date(GetColumn("ActionsCurrentDueDate"))))<i>31 December 2019  B – 30 June 2019 |

|  |  |  |
| --- | --- | --- |
| <Name\_H\_1>RISK: Inadequate progress has been made on prior year recommendations</i> | | |
| <Name\_H\_2>Ref | Significance | Finding |
| 1. <Name\_H\_3> | MInsertRichText(GetColumn(“SeverityName”)) | An effective appraisal and performance management process can have a significant impact on an organisation's culture, staff morale and employee engagement levels – all of which enhance employer brand and support the retention of key talent within the organisation.  The  The HR Team also advised that the regular appraisals held between line managers and staff are more helpful with identifying potential issues and concerns and initiating actions for staff retention, than the exit survey.  The Council requires all staff to have a bi-monthly appraisal meeting and record the content of the meeting in the new system Actus, which went live in April 2018. However, the bi-monthly appraisals completion rate recorded on Actus was only 60% from April to September 2018. This was mainly attributed to staff being unfamiliar with the new appraisal system. See below the detailed breakdown by service   |  |  |  | | --- | --- | --- | | Service area | Headcount | Percentage of Appraisals in process /completed | | Senior Management | 2 | 0% | | Business Improvement | 140 | 80% | | Community Services | 116 | 51.7% | | Corporate Policy, Partnership & comms | 15 | 13.3% | | Financial Services | 113 | 79.6% | | Housing Services | 118 | 53.3% | | Law & Governance | 25 | 16% | | Welfare Reform | 9 | 66.6% | | Planning & Regulatory | 96 | 50% | | Regeneration & Economy | 14 | 14.2% |   Our interview with 15 employees also identified that the quality of the appraisal is not consistent as the manager sometimes use the appraisal meeting to discuss daily work.  Low completion rate/quality of appraisals could lead to low staff morale and staff confidence in their career development in the Council. We understand that this is a transition year for the new system to be fully embedded in the Council’s appraisal process and HR Business Partners have been providing training on how to set up meetings to all service areas in the monthly management meetings. |
| <Name\_H\_4>RECOMMENDATION: | | |
| 1. <Name\_H\_5> InsertRichText(GetColumn(“Recommendation”))The HR team should continue promoting the usage of Actus and the necessity of high quality appraisals in the monthly meetings between HR Business Partners and the Service Leads 2. The detailed breakdown of staff who failed to complete the appraisals in time should be circulated to the Service Leads who would take full responsibilities in ensuring appraisals are completed in timely manner in all departments. This will be reported in the monthly Dashboard Report to the Executive Board. This should include the appraisal of senior management. | | |
| <Name\_H\_6>MANAGEMENT RESPONSE: | | |
| A – Agreed. We will continue promoting the usage of Actus and monitor the appraisal completion rate/quality across the Council in the monthly management meetings. The expected completion rate will increase to 80% by the October 2019, and 90% by October 2021  B – Agreed. The first set of monitoring data has been sent to all services in October. We will continue to circulate monitoring data to the services with the offer of further training and workshops to people who haven’t used the system or are not confident in how to use it and report the completion rate to the Executive Board. | | |
| <D\_2>Responsible Officer: | | A&B - Chris Harvey, Organisational Development Manager PaPiii |
| <D\_3>Implementation Date: | | A – 31 October 2019  B – 31 March 2019 |

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| <Name\_H\_1>RISK: Communication routes between managers and employees are not effective and open, enabling honest and transparent career conversations Communication routes between managers and employees are not effective and open, enabling honest and transparent career conversations</i> | | |
| <Name\_H\_2>Ref | Significance | Finding |
| 1. <Name\_H\_3> | MInsertRichText(GetColumn(“SeverityName”)) | InsertRichText(GetColumn(“Description”))We interviewed a sample of 15 employees across four different services to understand their perception in respect of the Council’s retention plans and the communication routes with their managers. Themes of the responses obtained include   * some of the staff feel line managers could not provide them with constructive feedback on their career development * the training request takes a long time to be signed off and training is mainly provided to new staff * appraisal meetings are not taking place regularly and they are sometimes not used to discuss staff performance and concerns (mentioned in finding 03) * Two of the staff interviewed expressed that they can not see themselves working at the Council for another year   We understand that staff have multiple routes to raise their concerns and complaints in the Council, ie HR, Union, Grievance, etc. The Council has also launched a Mental Health Wellbeing Programme to improve staff work-life balance and mental health.  Due to the limited learning and development (L&D) funding allocated in each team, it is essential for the services to better utilise the resources and identify alternative ways to fund staff development, ie exploring more roles covered by the Apprenticeship Levy. The higher level of Apprenticeship Levy Cohort is managed by the OD team but individual roles and opportunities could be identified by the services.  If the resources are not used effectively, there is a risk that staff do not feel they are invested in by the Council which is the main reason for unsuccessful staff retention. |
| <Name\_H\_4>RECOMMENDATION: | | |
| <Name\_H\_5> InsertRichText(GetColumn(“Recommendation”))The services should be required to report details of how L&D funding is used in the team and whether alternative opportunities have been sought to fund staff L&D needs. | | |
| <Name\_H\_6>MANAGEMENT RESPONSE: | | |
| <D\_1>Insert(GetColumn(“ActionsRef”))<i>Agreed. We will required the services to report on the L&D utilisation on annual basis. We will also improve staff awareness of the available L&D opportunities by providing more guidance to service leads. | | |
| <D\_2>Responsible Officer: | | Insert(GetColumn(“OwnerName”))<i>Chris Harvey – Organisational Development Manager </i> |
| <D\_3>Implementation Date: | | Insert(Format(“{0:dd MMMM yyyy}“, Date(GetColumn("ActionsCurrentDueDate"))))<i>30 June 2019 |
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| **<T\_1>**STAFF INTERVIEWED | |
| **<T\_2>**BDO LLP APPRECIATES THE TIME PROVIDED BY ALL THE INDIVIDUALS INVOLVED IN THIS REVIEW AND WOULD LIKE TO THANK THEM FOR THEIR ASSISTANCE AND COOPERATION. | |
| Name | Job Title |
| Paul Adams | HR and Payroll Manager |
| Chris Harvey | Organisational Development Manager |
| Mish Tullar | Head of Communications, Partnerships and Corporate Policy |
| Angela Loveday | OD Projects Officer |
| Numerous anonymous staff interviewed | Finance, Business Intelligence, Welfare, Communication, |

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| Observation – Diversity |
| The Council’s 2016-2018 Workforce Equality Report shows the Council’s proportion of employees from a Black, Asian and Minority Ethnic (BAME) group, and female group. The differences between Census level and OCC actual proportion level are significant.  Oxford has an ethnically and culturally diverse community. Such diverse communities require the Council to provide strategic community leadership, promote community cohesion and equality across its services and aim for its workforce to reflect the communities it serves. The Council has recognised the need to improve diversity in employment and has developed an appropriate and robust Equalities Action Plan to improve the community representation in the Council’s workforce. |

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| appendix i - benchmarking |
| The chart below shows the reasons for leaving the employment for all leavers in 2017/18 among a group of local councils. We can see that OCC has the largest proportion of leavers resigning their positions compared to those from the other Councils. OCC has further categorised the 80% resignitions into Career Development (5%); Improved Pay/Benefits (1%); Relocation (3%); Retirement (4%); and Other (67%). The HR Team recognises that further investigation needs to be carried out to determine leavers who resigned without providing any reason (under Other) and improve the completion of exit surveys/ Interviews for all leavers. Refer to finding 2. |

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| **<T\_1>**Appendix ii – Retention best practice checklist |
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| We have benchmarked the workforce retaining process adopted by the Council against the Best Practice Checklist to ensure controls have been put in place to evaluate the staff retention and development actions. We can confirm that the Council has put in place all good practices to enhance staff retention although most of actions have just been introduced since October 2018.   |  |  |  |  | | --- | --- | --- | --- | | No. | Best Practice Checklist | Complied by OCC? | Description | | 1 | Know your workforce through your use of data. It is important to review organisation-wide workforce data and for managers to be able to drill down into this by department and team to review, compare and learn. Data Metrics include:   * Numbers in post * Age profile * Vacancy rates * Duration of time to hire * Sickness absence figures * Appraisal rates and what they tell you * Individual working patterns and how often these are reviewed * Collect and review exit interview information * Local Government Staff Survey, local pulse survey, etc * Complaints, grievances and raising concerns data. | Yes  Refer to finding 3 | The Council is reporting most of the data metrics results in monthly portfolio reports, Corporate Dashboard report, as well as in an annual public workforce report to identify trends and propose development actions  The OD team has started to report the appraisal rate since October as the new appraisal system Actus has only been in place for six months. The OD team will continue to circulate results with the service managers.  Exit interviews are still in the process of being set up and Exit Survey results are currently under review. | | 2 | Engage board members to gain their commitment to developing the workforce and improving retention. | Yes | Workforce data is reported to the Executive Board every month. The Communication Team is in the process of building an internal platform to improve visibility of the executive members (message from the CEO; Weekly online Q&A session open to staff, etc) | | 3 | Review the effectiveness of your staff engagement plans and activity and test whether your engagement and communication routes with managers around people management issues are effective. | Yes | Quarterly HR Business Partners meeting with service leads; 2017-2020 OD Strategy is in place with staff engagement action plans | | 4 | Review recruitment processes, induction and preceptorship. | Yes | The Recruitment and Retention Strategy identified areas for improvement in each area of staff recruitment and retention. Vacancies, recruitment processes are constantly reviewed on a case by case basis for positions particularly hard to recruit. Apprenticeship Levy is used to recruit apprentices for the hard to recruit roles. | | 5 | Consider how values are used in the recruitment processes and throughout the entire employee life cycle. | Yes | The Four Values of the Council are built into the appraisal systems and one value is prioritised each year. The OD team is proposing to add a fifth value as collaborative and partnership working. | | 6 | Review the health, work and wellbeing strategy and its effectiveness. | Yes | The Council introduced a new Mental Health Programme with training being delivered to staff. The OD strategy includes designing and delivering health & wellbeing activities and initiatives over the next three years to promote personal resilience and managing stress. | | 7 | Review your approach to talent management and development. | Yes | The Council has a talent management programme (pending on approval) to identify a programme for high performing individuals with potential for senior management roles in the future. It also offers training to staff to ‘grow our own talent’ and apprentices opportunities for hard to recruit roles. | | 8 | Encourage flexible working. | Yes | Flexible working is offered to all staff (depending on nature of their roles) and staff interviewed were happy with this particularly. | | 9 | Understand the impact of your activity. Build time and measures into your retention plan to enable you to reflect on what has and hasn't worked. | Yes | The Council has just introduced the OD Strategy and staff retention actions. Progress of the plan implementation is constantly reviewed and updated to the Corporate Dashboard Report. | |

| APPENDIX III – DEFINITIONS | | | | |
| --- | --- | --- | --- | --- |
| LEVEL OF ASSURANCE | DESIGN of internal control framework | | OPERATIONAL EFFECTIVENESS of controls | |
| Findings  from review | Design  Opinion | Findings  from review | Effectiveness Opinion |
| Substantial | Appropriate procedures and controls in place to mitigate the key risks. | There is a sound system of internal control designed to achieve system objectives. | No, or only minor, exceptions found in testing of the procedures and controls. | The controls that are in place are being consistently applied. |
| Moderate | In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective. | Generally a sound system of internal control designed to achieve system objectives with some exceptions. | A small number of exceptions found in testing of the procedures and controls. | Evidence of non compliance with some controls, that may put some of the system objectives at risk. |
| Limited | A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year. | System of internal controls is weakened with system objectives at risk of not being achieved. | A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year. | Non-compliance with key procedures and controls places the system objectives at risk. |
| No | For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation’s overall internal control framework. | Poor system of internal control. | Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation’s overall internal control framework. | Non compliance and/or compliance with inadequate controls. |

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| Recommendation Significance | |
| High | A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently. |
| Medium | A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action. |
| Low | Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency. |

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| APPENDIX IV - TERMS OF REFERENCE |
| PURPOSE OF REVIEW: |
| To review the control design and effectiveness with regards to the Council’s Retention processes |
| KEY RISKS: |

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| <Name\_H\_1> InsertRichText(GetColumn(“Title”))Employee retention strategy/plans fail to address the root causes of employees leaving the Council's employment |
| <Name\_H\_1> InsertRichText(GetColumn(“Title”))There is insufficient scrutiny and understanding of key data metrics such as appraisal rates, vacancy levels, sickness absence and the reason for movement |
| <Name\_H\_1> InsertRichText(GetColumn(“Title”))Staff engagement plans are not effective in remediating concerns identified in a timely manner |
| <Name\_H\_1> InsertRichText(GetColumn(“Title”))Communication routes between managers and employees are not effective and open, enabling honest and transparent career conversations |
| <Name\_H\_1> InsertRichText(GetColumn(“Title”))Inadequate progress has been made on prior year recommendations |

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| APPROACH: |
| Our approach will be to conduct interviews to establish the controls in operation for each of our areas of audit work. We will then seek documentary evidence that these controls are designed as described. We will evaluate these controls to identify whether they adequately address the risks.  We will seek to gain evidence of the satisfactory operation of the controls to verify the effectiveness of the control, which will involve sample testing to ensure compliance with the approved methodology and monitoring and reporting processes. |
| BAF/CRR Reference: |
| CRR-034-18-19 Recruitment and Retention of the workforce - the challenge of recruitment and retention in some service areas, and ensuring succession planning exists for critical hard to fill roles. |

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|  | FOR MORE INFORMATION:  **Greg Rubins**  Greg.Rubins@bdo.co.uk | The matters raised in this report are only those which came to our attention during the course of our audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made.  The report has been prepared solely for the management of the organisation and should not be quoted in whole or in part without our prior written consent.  BDO LLP neither owes nor accepts any duty to any third party whether in contract or in tort and shall not be liable, in respect of any loss, damage or expense which is caused by their reliance on this report.  BDO LLP, a UK limited liability partnership registered in England and Wales under number OC305127, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. A list of members' names is open to inspection at our registered office, 55 Baker Street, London W1U 7EU. BDO LLP is authorised and regulated by the Financial Conduct Authority to conduct investment business.  BDO is the brand name of the BDO network and for each of the BDO Member Firms.  BDO Northern Ireland, a partnership formed in and under the laws of Northern Ireland, is licensed to operate within the international BDO network of independent member firms.  Copyright ©2018 BDO LLP. All rights reserved. |