



TRANSPORT FOR THE NORTH

Human Resources – Recruitment and Selection

Internal audit report 4.20/21

FINAL

25 September 2020

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1. EXECUTIVE SUMMARY

With the use of secure portals for the transfer of information, and through electronic communication means, remote working has meant that we have been able to complete our audit and provide you with the assurances you require. It is these exceptional circumstances which mean that 100 per cent of our audit has been conducted remotely. Based on the information provided by management, we have been able to complete the work in line with the agreed scope.

Background

Transport for the North (TfN), utilises the 'Talent' module of the Dynamics 365 software for the recording of staff employment data. At the time of our review (7 September 2020), TfN had 141 current employees recorded on the Dynamics 365 system.

TfN has a contractual arrangement in place with an external recruitment system provider (Vacancy Filler) to support its employee recruitment and applicant tracking processes. Vacancy Filler is responsible for advertising the posts and for screening the applications for shortlisting.

The structure of the TfN Human Resources function is reflected in the following diagram:



Our review was designed to assess the controls that support TfN's employee recruitment and selection processes. This included an assessment of compliance against the key elements of TfN's Recruitment and Selection Policy.

Conclusion

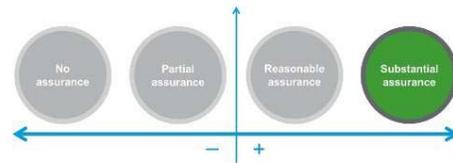
Through our work we confirmed that TfN has an established control framework in place to support its recruitment and selection activities, which includes controls for the management and retention of employee recruitment records. In addition to this, through our sample testing of new starters we confirmed that compliance in this area with TfN's Recruitment and Selection Policy.

The Covid-19 pandemic has not had a significant impact on the design and application of TfN's recruitment and selection controls, other than during the lockdown period, applicant interviews have been undertaken using video calls, as opposed to using face-to-face meetings. In addition to this, with remote working management have not been able to access some of the related documentation, which is held in the TfN offices (e.g. applicant interview notes). This has had an impact on the data retention timeframes in some cases (further details of this matter are included in the 'Key findings' section below).

One management action is included in this report based on our observations, which relates to the updating of the Recruitment and Selection Policy to reflect current Disclosure and Barring Service (DBS) requirements. However, this matter has not impacted upon the positive assurance opinion provided below.

Internal audit opinion:

Taking account of the issues identified, the Board can take substantial assurance that the controls upon which the organisation relies to manage the identified area are suitably designed and are being consistently applied.



Key findings

We identified the following findings:



TfN has a Recruitment and Selection Policy, which is subject to annual review in consultation with the union representative from Unison. We confirmed that the Recruitment and Selection Policy is within its review timeframes (the Policy was last reviewed in February 2020) and is available for staff to access on the intranet. We also confirmed that the Policy clearly describes the steps involved in the employee recruitment and selection process. However, we noted that the Policy makes out-dated references to the Criminal Record Bureau (CRB) checking process (the CRB process has now been replaced by the Disclosure and Barring Service (DBS) checking process). A management action relating to this matter is included in section 2 of this report.



The TfN staffing establishment is reviewed and approved as part of the annual business planning cycle. A 'Summary Establishment Report' is produced as part of this process which details all staffing posts, amendments, deletions and additions for each of the different departmental areas. This is used to inform decisions relating to the organisation's recruitment and staffing activities throughout the year.



All vacant posts are advertised through the Vacancy Filler system once a recruitment need has been identified by management. All applicants are then subject to standardised shortlisting and interview/assessment processes (the applicant screening and shortlisting processes are undertaken by Vacancy Filler). The advertised post is typically awarded to the highest scoring applicant following the interview/assessment process. Any exceptions to this must be approved by the relevant senior manager.

As part of the audit, we tested a sample of 10 staff who commenced their employment with TfN during the current financial year to determine whether each appointment had been made in accordance with the process stated in the Recruitment and Selection Policy. This included the production of a role profile (including a person specification), an advertisement placed through Vacancy Filler, the completion of a shortlisting process, and the recording of interview notes.



In six of the 10 cases, the applicant interviews had taken place prior to lockdown/remote working, and therefore management were unable to access the interview notes and scoring records at the time of our review (i.e. as the notes/records were physically held in the TfN offices). This has also impacted on the timeframes with which the notes are destroyed (i.e. in accordance with General Data Protection Regulation (GDPR) guidelines). This is considered reasonable given the circumstances, and therefore no management action has been raised in this report relating to this matter.

No other exceptions were noted as part of this testing.



Once a decision has been made regarding which applicant to appoint, a formal offer of employment letter is issued to all successful candidates, which must be signed and returned to TfN prior to a contract of employment being issued.

Appointments are only made following the receipt of two acceptable references, medical clearance, DBS checks (where applicable), and confirmation/evidence of relevant qualifications and right to work in the UK.

For the sample of 10 employee new starters selected above, we performed testing to determine whether letters of employment and signed contracts were in place in each case, and that evidence was available to demonstrate that all pre-employment checks were undertaken as required. No exceptions were noted as part of this testing.

Good practice

The following example of good practice was identified during our review:

- The use of the Vacancy Filler system for the advertising of roles and the screening of applications is considered to be an area of good practice identified during the audit. The shortlisting process is completed by Vacancy Filler on an anonymised and independent basis, specifically using the required and desirable skills, experience and qualifications stated in the role profile. This helps to ensure that the shortlisting process is undertaken in a fair and consistent manner in all cases.

2. DETAILED FINDINGS AND ACTIONS

This report has been prepared by exception. Therefore, we have included in this section, only those areas of weakness in control or examples of lapses in control identified from our testing and not the outcome of all internal audit testing undertaken.

Area: Strategic recruitment and selection processes				
Control	Recruitment and Selection Policy		Assessment:	
	TfN has a Recruitment and Selection Policy, which is subject to annual review in consultation with the union representative from Unison. The Policy describes the steps involved in the recruitment and selection process. This includes, but is not limited to, information relating to the following key areas:		Design	✓
	<ul style="list-style-type: none"> • Advertising; • Selection; and • Appointment. 		Compliance	x
Findings / Implications	<p>We confirmed that the Recruitment and Selection Policy is within its review timeframes (the Policy was last reviewed in February 2020) and is available for staff to access on the intranet. We also confirmed that the Policy clearly describes the steps involved in the recruitment and selection process. However, we noted that the Policy makes out-dated references to the Criminal Record Bureau (CRB) checking process (the CRB process has now been replaced by the Disclosure and Barring Service (DBS) checking process).</p> <p>If the Recruitment and Selection Policy does not accurately reflect current standards and requirements in relation to pre-employment disclosure checks, this could result in the required standards being incorrectly applied by management during the recruitment and selection process.</p>			
Management Action 1	Management will update the Recruitment and Selection Policy to remove any references to CRB checks, and to replace these with the requirements in relation to DBS checks.	Responsible Owner:	Date:	Priority:
		Stephen Hipwell, Head of HR	30.10.20	Low

APPENDIX A: CATEGORISATION OF FINDINGS

Categorisation of internal audit findings

Priority	Definition
Low	There is scope for enhancing control or improving efficiency and quality.
Medium	Timely management attention is necessary. This is an internal control risk management issue that could lead to: Financial losses which could affect the effective function of a department, loss of controls or process being audited or possible reputational damage, negative publicity in local or regional media.
High	Immediate management attention is necessary. This is a serious internal control or risk management issue that may lead to: Substantial losses, violation of corporate strategies, policies or values, reputational damage, negative publicity in national or international media or adverse regulatory impact, such as loss of operating licences or material fines.

The following table highlights the number and categories of management actions made as a result of this audit.

Area	Agreed actions		
	Low	Medium	High
Strategic recruitment and selection processes	1	0	0
Operational recruitment and selection processes	0	0	0
Total	1	0	0

APPENDIX B: BENCHMARKING

We have included some comparative data to benchmark the number of management actions agreed, as shown in the table below:

Level of assurance	Percentage of reviews	Results of the audit
Substantial assurance	28.6%	✓
Reasonable assurance	35.7%	
Partial assurance	28.6%	
No assurance	7.1%	

Management actions	Average number in similar audits	Number in this audit
Number of management actions	4.7	1

The above data demonstrates that TfN is performing well in this area when compared with other organisations where we have undertaken similar reviews.

APPENDIX C: SCOPE

Scope of the review

The scope was planned to provide assurance on the controls and mitigations in place relating to the following objectives:

Objective of the area under review

To ensure there is a framework in place for appropriate and suitably skilled individuals are appointed to staff positions to support the on-going performance and reputation of TfN.

When planning the audit the following areas for consideration were agreed:

We have reviewed compliance against TfN's Recruitment and Selection Policy, and we have considered the organisation's processes in terms of the General Data Protection Regulations (GDPR) and the associated handling, storage and use of personal data. The following areas were considered as part of our review:

Strategic Level

- Policies and procedures in relation to HR / recruitment processes.
- How TfN identifies candidates, advertises posts (where applicable), and how recruitment is undertaken based upon the future needs of TfN.

Operational Level

We have undertaken sample testing to ensure that key HR recruitment policies and procedures are being adhered to throughout the recruitment process, including:

- Identification and approval to recruit.
- Development and approval of person specification and job description.
- Advertisement of vacant posts.
- Long listing and short listing, including the criteria used to assess applications against the person specification and job description.
- We have also assessed whether documentation for unsuccessful candidates has been retained in accordance with the General Data Protection Regulation (GDPR).
- Obtaining and following up references.
- Undertaking medical checks.
- Verifying qualifications.
- Undertaking right to work checks.

- Undertaking DBS checks (and risk assessments if the DBS is not received prior to the employment commencement date).
- Issue and follow up of contracts of employment.

Limitations to the scope of the audit assignment:

- Our work focussed on selected key controls in respect of recruitment and selection. No other areas of human resources were considered as part of this review.
- Our work does not confirm compliance with human resources related regulation and/or legislation.
- We have undertaken an assessment of the adequacy of aspects of the control framework and we have performed limited testing to confirm its operation in practice.
- We have not reviewed the design of the Vacancy Filler recruitment system and we have not reviewed the contractual arrangements in place between TfN and Vacancy Filler. Furthermore, we have not considered whether TfN is obtaining 'value for money' through its contract with Vacancy Filler.
- We have not commented on the suitability or appropriateness of staff appointments made by TfN.
- We have not provided an opinion on the effectiveness or design of electronic systems that support HR processes.
- We have not reviewed TfN's employee performance management processes as part of this audit.
- We have not commented on the appropriateness of all elements of the TfN HR policies, but we have considered the overall framework in place.
- The results of our work were reliant on the quality and completeness of the information provided to us.
- Any testing undertaken during the audit has been performed on a sample basis only.
- Our work does not provide absolute assurance that material errors, loss or fraud do not exist

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