



**Internal Audit Report**

FINAL

*Improvement and HR*

**Review of *OD Learning and Development***

April 2011

<b>SECTION</b>		<b>PAGE</b>
1	Introduction	1
2	Audit Scope and Objectives	1
3	Risk Assessment	1
4	Corporate Governance	2
5	Main Findings	2
6	Recommendations	2
7	Audit Opinion	3
8	Acknowledgements	3
Appendix 1	Detailed Findings	4
Appendix 2	Action Plan	6

## **1 INTRODUCTION**

Internal Audit has not yet undertaken a review of the arrangements for evaluating Performance Development Reviews (PDR) recorded responses from employees and management in respect of OD Learning & Development. This report has been prepared as a result of the Internal Audit review of OD Learning and Development as part of the 2010/11 Internal Audit programme.

PDRs are an integral part of the Council's operation a target completion percentage figure is cited in the Corporate Plan. In order to achieve the target, departments and services need to adhere to the process for completing PDRs. To gain worth from the PDR process it is important that the collected data is analysed and used to inform corporate and departmental training.

To be successful, the Council must be organised to deliver consistently to a high standard in respect of all the systems it operates. The information collected from PDRs should inform OD Development & Learning of what corporate and specific development programmes need to be delivered in order to be compliant with legislative requirements and maximise the benefit of training for departments and services throughout the Council.

## **2 AUDIT SCOPE AND OBJECTIVES**

The broad objectives of the review were to:

- Ensure that departments and their services are adhering to councils preferred option for requesting training which is through PDRs;
- Whether the Corporate Plan target of 85% completion of Performance Development Reviews (PDRs) is being achieved;
- Ensure that there is a formal reporting procedure from departments to OD Development & Learning regarding training requirements; and
- Ensure departments have systems in place detailing training delivered to staff by whom and at what cost.

## **3 RISK ASSESSMENT**

As part of the audit process and in conjunction with our Systems Based Auditing, ICQ approach, the risk register was reviewed to identify any areas that needed to be included within the audit.

- SR16 Failure to have a robust internal control process and system

#### **4 CORPORATE GOVERNANCE**

There are no Corporate Governance issues to be reported as a result of this audit.

#### **5 MAIN FINDINGS**

- PDRs are cited by the Council as the preferred option for requesting training. Internal Audit found that there have been a total of 1,018 corporate training requests in 2010/11, however, 86% or approximately 875 training requests were made out with the PDR process.
- The audit found that there was no formal process for informing IOD Learning & Development that specific service related training had been undertaken by departments.
- The audit found that some departmental services could not easily provide a breakdown of training for their staff and associated costs.

#### **6 RECOMMENDATIONS**

Five recommendations were identified as a result of the audit, two of high priority and three of medium priority. The recommendations are shown in the action plan attached at Appendix 2 and has been compiled with the co-operation and agreement of the Supervisor/Manager.

Internal Audit considers that, in an effort to improve the quality of information, monitoring and control, the recommendations should be implemented in accordance with the agreed action plan. Management have set achievable implementation dates and will be required to provide reasons to the Audit Committee for failure to implement within the agreed timescale. Where management decides not to implement recommendations it must evaluate and accept the risks associated with that decision.

A system of grading audit findings, which have resulted in an action, has been adopted in order that the significance of the findings can be ascertained. Each finding is classified as fundamental, material or minor. The definitions of each classification are set out below:-

**High** - major observations on high level controls and other important internal controls. Significant matters relating to factors critical to the success of the objectives of the system. The weakness may therefore give rise to loss or error;

**Medium** - observations on less important internal controls, improvements to the efficiency and effectiveness of controls which will assist in meeting the objectives of the system and items which could be significant in the future. The weakness is not necessarily great, but the risk of error would be significantly reduced if it were rectified;

**Low** - minor recommendations to improve the efficiency and effectiveness of controls, one-off items subsequently corrected. The weakness does not appear to affect the ability of the system to meet its objectives in any significant way.

## **7 AUDIT OPINION.**

Based on the findings we can conclude that the PDR process is not being used to its full potential and should be championed throughout the authority.

Recommendations arising from the audit work should be implemented by the nominated responsible officer within the agreed timescale. Recommendations not implemented will require explanation to the Audit Committee. This could lead to findings being reported in the Internal Control Statement produced by the Council in support of the Annual Accounts.

## **8 ACKNOWLEDGEMENTS**

Thanks are due to the;

- Organisational Development Manager
- Relevant Departmental Contacts

for their co-operation and assistance during the Audit and the preparation of the report and action plan.

Argyll & Bute Council's Internal Audit section has prepared this report. Our work was limited to the objectives in section 2. We cannot be held responsible or liable if information material to our task was withheld or concealed from us, or misrepresented to us.

This report is private and confidential for the Council's information only and is solely for use in the provision of an internal audit service to the Council. In any circumstances where anyone other than the Council accesses this report it is on the strict understanding that the Council will accept no liability for any act or omission by any party in consequence of their consideration of this report or any part thereof. The report is not to be copied, quoted or referred to, in whole or in part, without prior written consent.

**APPENDIX 2 ACTION PLAN**

No.	FINDINGS	PRIORITY	RECOMMENDATION	RESPONSIBLE OFFICER	IMPLEMENTATION DATE
1	The Council's internal target for the completion of PDRs by departments is set out in the Councils Corporate Plan at 85%. It is clear that some services will need to increase the pace at which they complete staffs PDRs if the target is to be achieved.	<i>High</i>	Improvement and HR should remind all Executive Directors that Heads of Service should have a plan put in place to ensure completion of their staffs PDRs. This plan should then be monitored both at Head of Service, reported to DMT and signed off by the Executive Directors thereby guaranteeing that the 85% completion rate target is achieved. The plans should also be held centrally by OD learning and development and monitored on Pyramid.	Head of Improvement and HR	<b>May 2011</b>
2	A report was run from Resourcelink on the 31/01/2011 which detailed that corporate training requests totalled 1,018. The Councils proffered method of requesting	<i>Medium</i>	Head of Improvement and HR should revise the PRD process and guidance to include that the PDR process is the Councils preferred method of registering staff training	Head of Improvement and HR	<b>July 2011</b>

No.	FINDINGS	PRIORITY	RECOMMENDATION	RESPONSIBLE OFFICER	IMPLEMENTATION DATE
	training is through the PDR process training. However, internal audit found that 86% or 875 training requests were made out with the PDR process.		requirements		
3	Internal Audit found that the sum charged against training for the period 1 April 2010 to 24 January 2011, was approximately £500,000. Roads and Amenity Services coded £105,000 to training which equates to 21% of the total amount spent. Internal Audit requested a breakdown of the costs but this information was not readily available.	<i>Medium</i>	An exercise should be carried out by Improvement and HR to detail all training that is carried out by Departments, its rationale and cost. This evidence should be considered as part of the Support Services review in relation to learning and development.	Head of Improvement and HR	<b>June 2011</b>
4	Internal audit queried whether there was a formal process in place for recording service specific training within Improvement and HR. The	<i>Medium</i>	Improvement and HR should request of Executive Directors that the current informal system should be formalised, so that organisational development	Head of Improvement and HR	<b>June 2011</b>

No.	FINDINGS	PRIORITY	RECOMMENDATION	RESPONSIBLE OFFICER	IMPLEMENTATION DATE
	<p>result was that if services informed Improvement and HR that the training had been undertaken it would be recorded. However, there was no formal process in place and that specific training carried out in services is not routinely passed to Improvement and HR.</p>		<p>is informed by services of all training undertaken by staff.</p>		
<p><b>5</b></p>	<p>Internal Audit found that details for the purchase of external training and venue hire were not readily available for review.</p>	<p><i>High</i></p>	<p>Improvement and HR should request Executive Directors to ensure their services have a process in place for the purchase of external training and venue hire that includes the decision justification and cost. A copy of which should be passed to Improvement and HR for future training plan development.</p>	<p>Head of Improvement and HR</p>	<p><b>June 2011</b></p>