

Internal Audit



Recruitment

July 2014

Overall Opinion	Requires Improvement
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Executive Summary

Overall opinion	Requires improvement
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Risks	Control Opinion
Staff are recruited for posts that are not necessary	Satisfactory
Staff who are recruited are not suitable to fill vacancies	Requires improvement
Delays occur in the recruitment process	Satisfactory

Overall opinion

Overall, a reasonable framework of controls has been established over the recruitment process.

Procedures are set out in the comprehensive General Recruitment & Selection Process Guidance Pack and HR Online intranet site. Meanwhile, the recruitment module within Empower supports the management of vacancies and applications. While HR Recruitment starts the recruitment process and undertakes most checks, line managers are responsible for completing the process and maintaining personal files.

While procedures are well defined and mostly operate in practice, sampling personal files and Empower found anomalies with individual cases. In particular, examples were found of offer letters and contracts not being signed and returned by new staff, although Human Resources advises that the return of documents is not necessary to form legally-binding contracts. Also, a lack of evidence was noted in some cases to support the completion of pre-employment checks.

While controls are reasonable over paper records, details about unsuccessful candidates are being held for longer than required on Empower, in potential breach of the Data Protection Act.

Authorisation to recruit

For all vacancies, recruiting managers are required to evaluate how best to meet service needs through recruiting to posts, changing post requirements or releasing posts from establishment. Through an agreed scheme of delegation, authorisation levels have been set for recruiting to vacant posts, with sign-off potentially required from heads of department, Finance and Human Resources.

While all posts sampled during the audit had been authorised, evidence was not held in 27% of personal files held by line managers to confirm that authority had been obtained before vacancies were filled (issue 3).

Suitability of staff

Before vacancies are advertised, details are passed to Redeployment to check for any suitable candidates. Thereafter, vacancies are advertised on NHS Scotland's recruitment websites.

HR Online recommends that all staff involved in the interview process undertake training in recruitment & selection and equality & diversity. In particular, the General Recruitment & Selection Process Guidance Pack requires that Chairs of recruitment panels be trained, although HR Recruitment advises that recruitment & selection training is not mandatory. For recruiting medical staff, the HR Manager for Medical & Dental confirms that panel members have been trained. However, no particular checks take place for panel members involved in recruiting non-medical staff. Questionnaires issued by HR Recruitment indicate that 27% of

Chairs had not been trained in recruitment & selection, with 34% of Chairs not trained in equality & diversity (issue 4).

The General Recruitment & Selection Process Guidance Pack sets out checks and documents that require to be completed. During the audit, sampling records for medical and non-medical staff found that evidence and documents are not always being held in personal files or Empower or HR Recruitment files. For example, 7% of files did not contain evidence that candidates' identities had been verified and 7% did not evidence that full references had been obtained (issue 3).

After pre-employment checks are completed, HR Recruitment issues final offer letters and contracts of employment. While NHS Lothian's policy expects that new staff sign and return both documents before starting work, Human Resources explains that the return of documents is not necessary to form legally-binding contracts. Also, contracts of employment only need legally to be issued within 8 weeks of new staff starting work. Nevertheless, sampling files found that signed offer letters and contracts of employment were not held for 86% of career-grade doctors, 70% of trainee doctors or 15% of non-medical staff who had started work months earlier (issue 2).

While controls are reasonable for monitoring the destruction of paper records relating to unsuccessful candidates, Empower holds records for unsuccessful applications dating back to 2008. As at February 2014, Empower held records for over 200,000 unsuccessful applications relating to vacancies that were filled before January 2013. Records for applications before 2008 have been archived within Empower. Holding personal data for too long constitutes a potential breach of the Data Protection Act (issue 1).

Timescales

Over the past year, the number of staff being recruited has increased significantly. In July 2013, the Joint Management Team agreed to increase HR Recruitment by 8 WTE. Also, the Nursing Workforce team has taken on administration for specific aspects of recruiting nurses at Band 2 and Band 5. In October 2013, authorisations required before vacancies are advertised were simplified to promote a speedier process.

Apart from commenting on overall vacancy turnaround times in HR Recruitment's quarterly reports, performance against target deadlines is not monitored across the recruitment process (issue 3).

Management Response

Vacancy activity increased 92% from 2,057 posts in 2010/11 to 3,940 posts in 2012/13. This trend continued through 2013/14, with a further 8% increase in vacancy activity to 4,257 posts (3,906 general recruitment and 351 medical recruitment).

The following measures were put in place to respond to service pressures:

- delegated levels of vacancy authorisation;
- removal of internal / external advertising controls;
- relaxation of authorisation controls relating to extensions and increase of hours;
- increased use of risk assessment enabling the service to start a candidate as soon as possible;
- promoted use of telephone references;
- ability to progress appointing to winter posts before vacancy authorisation was confirmed;
- increased use of bulk / generic recruitment process to deal with multiple vacancies more efficiently; and
- "like for like" recruitment to enable a manager to tap into applicants from a similar / previous advertised post to shorten the time to recruit.

Background, Objective & Scope

Background

NHS Lothian employs around 24,000 staff, equating to 19,000 WTE. In addition, around 6,000 staff (870 WTE) are employed within the Staff Bank (including staff with existing NHS Lothian posts). Recently, numbers of staff being recruited have increased, with 3,940 staff (including 330 medical staff) recruited during 2012/13, representing an increase of 92% over 2010/11.

Recruitment policies and procedures are available on HR Online and set out legal and other requirements. During the recruitment process, Empower is used to maintain records about candidates' progress, apart from trainee doctors and domestic staff (Bands 1 and 2). In October 2014, Empower is due to be replaced by the new national HR system, eESS.

As part of Human Resources & Organisational Development, the Head of Resourcing manages a staff complement of 19.32 WTE for general recruitment, 11 WTE for medical recruitment and a Recruitment Development Manager. The staff complement was recently increased in response to the higher level of recruitment activity. In particular, a programme for recruiting general nursing posts (Bands 2 and 5) has been developed to address a shortfall between the staff establishment and nurses in post.

Objective

The objective of the audit was to evaluate the adequacy and effectiveness of internal controls over recruitment processes.

The audit focused on specific risks.

- Staff are recruited for posts that are not necessary.
- Staff who are recruited are not suitable to fill vacancies.
- Delays occur in the recruitment process.

Scope


The scope of the audit included:

- authorising vacancies to be filled;
- selecting and vetting candidates;
- checking qualifications and professional registrations;
- issuing offer letters and contracts of employment; and
- booking staff for corporate inductions.

The scope excluded:

- grading of new posts;
- recruitment to the staff bank;
- interview and removal expenses;
- payroll forms and processes; and
- management of the Redeployment Register.

Audit Issues & Recommendations

<p>Issue 1 Significant</p>	<p>Details about unsuccessful candidates are being held for longer than required on Empower</p>
<p>Principle 5 of the Data Protection Act 1998 requires that personal data is not kept for longer than necessary. For recruitment, NHS Lothian's Retention & Destruction of Records Procedure sets a minimum period of one year for retaining applications from unsuccessful candidates. Meanwhile, the Records Management Policy requires that a formal record is kept of any decisions to hold documents for longer than the recommended minimum.</p> <p>While controls are reasonable for monitoring the destruction of paper records relating to unsuccessful candidates, Empower holds records for unsuccessful applications dating back to 2008. As at February 2014, Empower held records for over 200,000 unsuccessful applications relating to vacancies that were filled before January 2013.</p> <p>Records for applications before 2008 have been archived within Empower. While the HR Systems team used to archive records on a regular basis, no archiving has been carried out in recent years.</p> <p>The Head of Resourcing advises that information about old applications is only required for monitoring statistics and trends.</p> <p>Holding personal data for too long constitutes a potential breach of the Data Protection Act.</p>	
<p><u>Recommendation</u></p> <p>Records of unsuccessful applications should be regularly deleted from Empower, including archived data.</p> <p><u>Management Response</u></p> <p>NHS Lothian is moving to the new national HR system eESS in October 2014. It is anticipated this will have nationally-agreed data protection governance and controls in line with legislation. Given the limited resource within the HR Systems team and the current requirement to migrate data to the new system and train 3,500 users prior to implementation in October, it is not possible to re-direct resource to delete data from Empower at this point.</p> <p><u>Management Action</u></p> <p>As Chair of NHS Lothian's Project Board for implementing eESS, the Associate Director of Human Resources (Governance) will seek confirmation from the national eESS Programme Board on the data protection controls and procedures that govern the new system prior to implementation. The controls are nationally determined.</p> <p>Arrangements will be made to delete unsuccessful application data from Empower by 31 December 2014 and, in the meantime, the issue will be recorded on the Risk Register for Human Resources & Organisational Development.</p>	
<p>Responsibility:  Associate Director of Human Resources (Governance)</p>	<p>Target date: 31 December 2014</p>

<p>Issue 2 Significant</p>	<p>Evidence is not always available that staff have accepted offers of employment and terms & conditions</p>
<p>After pre-employment checks are completed, HR Recruitment issues final offer letters and contracts of employment. While NHS Lothian's policy expects that new staff sign and return both documents before starting work, Human Resources explains that the return of documents is not necessary to form legally-binding contracts with employees. Human Resources advises that written contracts of employment are merely statements of terms and conditions, with legal contracts with employees deemed to exist once non-written offers of employment have been made and accepted. Also, contracts of employment only need legally to be issued within 8 weeks of new staff starting work.</p> <p>Nevertheless, reviewing a sample of personal files and Empower for posts recruited between April and September 2013 found that:</p> <ul style="list-style-type: none"> • final offer letters and contracts of employment signed and returned by employees were not held for 6 out of 7 career-grade doctors (86%) or 14 out of 20 trainee doctors (70%) (while missing from Empower, HR Medical Recruitment advises that documents for 3 of the 14 trainee doctors have been logged on a monitoring spreadsheet); • for non-medical staff, final offer letters and contracts signed and returned by employees were not held for 9 out of 59 staff (15%) – Empower recorded that letters and contracts had been issued for 5 of the 9 staff; • from 32 non-medical staff recruited externally, 3 staff (9%) started work before final offer letters had been sent out by HR Recruitment, due presumably to delays in pre-employment checks being completed (a risk-assessment for one of the candidates was recorded on Empower); and • records in Empower indicate that 24 out of 38 non-medical staff (63%) had started work before signed offer letters were received by HR Recruitment (delays ranged from one day to 214 days, with the median being 14 days). <p>Although staff may be deemed to have accepted, formal evidence was not available to confirm the acceptance of appointments and agreement of terms and conditions of employment.</p>	

Recommendation

Signed final offer letters and contracts of employment should be obtained before new staff start work. Empower should be updated to confirm receipt, with documents held in personal files. Regularly, HR Recruitment should run reports from Empower listing outstanding documents and follow up with recruiting managers.

Management Response

Under normal routine circumstances, the aim is to have issued and received the returned signed contract prior to commencing in post. There are, however, variable factors that will impact on this. It is also worth noting that, in legal terms, the candidate should have received their contract of employment within 8 weeks of commencing posts.

Due to the significant volume of recruitment being processed, it is not unusual for new starts to receive final confirmation of offer and contract close to their start date, resulting in a number of signed contracts not being received until after the start date.

During periods of significantly high activity such as has been experienced, resources have focused on getting people into post / filling the vacancy. In organisational terms, this has to take priority over chasing unreturned signed contracts.

The non-return of training-grade doctor contracts is traditionally problematic due to the nature of their rotational contracts. The national HR shared services work is looking to address this by reducing unnecessary repeat checks and contracts for doctors in training.

Management Action

The Head of Resourcing will develop an escalation procedure for managing the return of signed offer letters and contracts to improve the rate of return.

Responsibility:

██████████

Head of Resourcing

Target date:

31 March 2015

<p>Issue 3 Significant</p>	<p>Evidence of pre-employment checks being done is not always held</p>
<p>The General Recruitment & Selection Process Guidance Pack sets out checks and documents that require to be completed. While HR Recruitment starts the recruitment process and undertakes most checks, line managers are responsible for providing local inductions, performing reviews following probationary periods and maintaining personal files.</p> <p>Sampling records for medical and non-medical staff who started in new positions between April and September 2013 found that evidence and documents are not always being held in personal files or Empower:</p> <ul style="list-style-type: none"> • 18 out of 67 personal files (27%) did not contain evidence that recruiting to vacancies had been authorised (although HR Recruitment was able to find confirmations for all 18 cases); • 16 out of 66 personal files (24%) did not contain completed interview assessment forms, with 30 out of 49 files (61%) not including details of interview panel members (the pro-forma does not require panel members to be recorded, but several areas have adapted the form to record this information); • 6 out of 86 personal files (7%) did not contain evidence that candidates' identities had been verified; • 2 out of 86 personal files or Empower (2%) did not contain evidence that Occupational Health checks that were required had been completed; • 1 out of 83 personal files or Empower (1%) did not contain evidence of Disclosure / PVG checks being completed; • 6 out of 86 personal files or Empower (7%) did not contain evidence that full references had been obtained (in 4 of the 6 cases, one reference rather than 2 had been obtained); • 38 out of 64 personal files (59%) did not contain evidence that local inductions had been completed (the recruitment checklist does not require the completion of local induction to be recorded and evidence may be held elsewhere); and • 24 out of 42 personal files for non-medical staff (57%) did not contain evidence that assessments had been carried out following probationary periods for staff new to NHS Lothian. <p>During the audit, finding evidence that checks had been completed was not always easy. As well as personal files being held by managers across the service, information is not always recorded on Empower in the expected places, with narratives sometimes used and fields not completed. Internal Audit accepted that checks had been done where Empower indicated that position, despite evidence being missing from personal files.</p> <p>While HR Recruitment chases for outstanding items, the General Recruitment & Selection Process Guidance Pack specifically requires HR Recruitment to run reports from Empower to track the completion of pre-employment checks. However, the Head of Resourcing explains that the reports were not being run as the reports did not meet the team's needs due to the volume of vacancies. Instead, the team has introduced a filing system to track outstanding checks.</p> <p>Apart from commenting on overall vacancy turnaround times in HR Recruitment's quarterly reports, performance against target deadlines is not monitored across the recruitment</p>	

process. Meanwhile, the Head of Resourcing explains that processing times have lengthened in response to larger numbers of staff being recruited.

Without all expected checks, the risk is increased that staff are recruited who may not be suitable. Also, delays may occur during the recruitment process.

Recommendation

HR Recruitment should reintroduce the running of reports to confirm that pre-employment checks have been completed and Empower updated correctly. Also, HR Recruitment should obtain confirmation from recruiting managers that all recruitment processes have been completed.

Management Response

NHS Lothian is moving to the new national HR system eESS in October 2014. The suite of reports and reporting functionality available through eESS is still under development nationally. However, the Head of Resourcing would anticipate there to be reports relating to processing times and outstanding pre-employment checks and contracts.

Work is also ongoing to simplify guidance for recruiting managers and recruitment documentation to support policy compliance.

Discussions are also taking place with Chief Nurses to introduce a “recruitment centre” – one-stop approach for all nursing recruitment, which will include trained administrative support for checking identity and completing disclosure documentation on the day of interview.

The outstanding Disclosure / PVG check is being picked up retrospectively.

The option to risk-assess references will be removed.

A manager is required to check and copy ID at interview. If the appointing manager declares on the offer contract details form that the ID has been checked at interview, the Recruitment service will not repeat the check. The audit found 6 personal files where ID checks were not evidenced. The requirement to hold evidence of ID checks will be tightened up and managers will be reminded of the requirement for them to copy and hold evidence of the ID checked at interview.

Management Action

The Head of Resourcing will seek confirmation from the national eESS project team that relevant reports will exist in the new system.

Revised recruitment guidance and documentation will be launched and the “recruitment centre” established for nurse recruitment.

Responsibility:

██████████
Head of Resourcing

Target date:

31 December 2014

<p>Issue 4</p> <p>Important</p>	<p>Staff conducting interviews have not always been trained</p>
<p>HR Online recommends that all staff involved in the interview process undertake training in recruitment & selection and equality & diversity. While the General Recruitment & Selection Process Guidance Pack requires that Chairs of recruitment panels be trained, HR Recruitment advises that training is not mandatory when recruiting non-medical staff.</p> <p>For recruiting medical staff, the HR Manager for Medical & Dental confirms that panel members have been trained before participating in interviews. However, no particular checks take place for panel members involved in recruiting non-medical staff.</p> <p>Each month after interviews, HR Recruitment issues questionnaires to a sample of 10 Chairs asking about their training. Questionnaires were issued to 230 Chairs during 2012 and 2013. From 163 Chairs who replied, 44 Chairs (27%) had not completed training in recruitment & selection and 55 Chairs (34%) had not completed equality & diversity training.</p> <p>Without training, Chairs and panel members may not conduct interviews in line with expectations.</p>	
<p><u>Recommendation</u></p> <p>Before interviews, Chairs and panel members should confirm that training has been completed. As part of the recruitment process, HR Recruitment should check that training has been done.</p> <p><u>Management Response</u></p> <p>Medical Recruitment maintains a record of those who have attended medical recruitment training to check and confirm their eligibility to participate in Consultant recruitment panels. It is not mandatory for non-medical panel Chairs to have attended formal recruitment & selection training.</p> <p>There is currently no requirement for recruitment & selection training to be mandatory for the circa 2,000 managers that could be involved in recruitment. However, all staff are required to undertake mandatory Equality & Diversity training through learnPro which could be evidenced through the annual appraisal with their line manager.</p> <p><u>Management Action</u></p> <p>The Head of Resourcing will review guidance in relation to managers requiring to have completed the mandatory update Equality & Diversity learnPro module and to evidence this through annual appraisal with their line manager.</p>	
<p>Responsibility: [REDACTED] Head of Resourcing</p>	<p>Target date: 31 December 2014</p>

Definition of Ratings

Audit Opinions

- Fully satisfactory - the control framework is fully adequate and effective to manage the main risks within acceptable limits.
- Satisfactory - although improvement is possible, controls are adequate and effective to manage the main risks within acceptable limits.
- Requires improvement - significant issues exist with the adequacy or effectiveness of controls which could result in disruption, loss or reputational damage.
- Unsatisfactory - the control framework is generally inadequate or ineffective with issues that require immediate attention to prevent disruption, loss or reputational damage.

Issue Ratings

- Critical - the issue has a material effect upon the wider organisation.
- Significant - the issue is material for the subject under review.
- Important - the issue is relevant for the subject under review.

Audit Team

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