

Sheffield City Region Mayoral Combined Authority

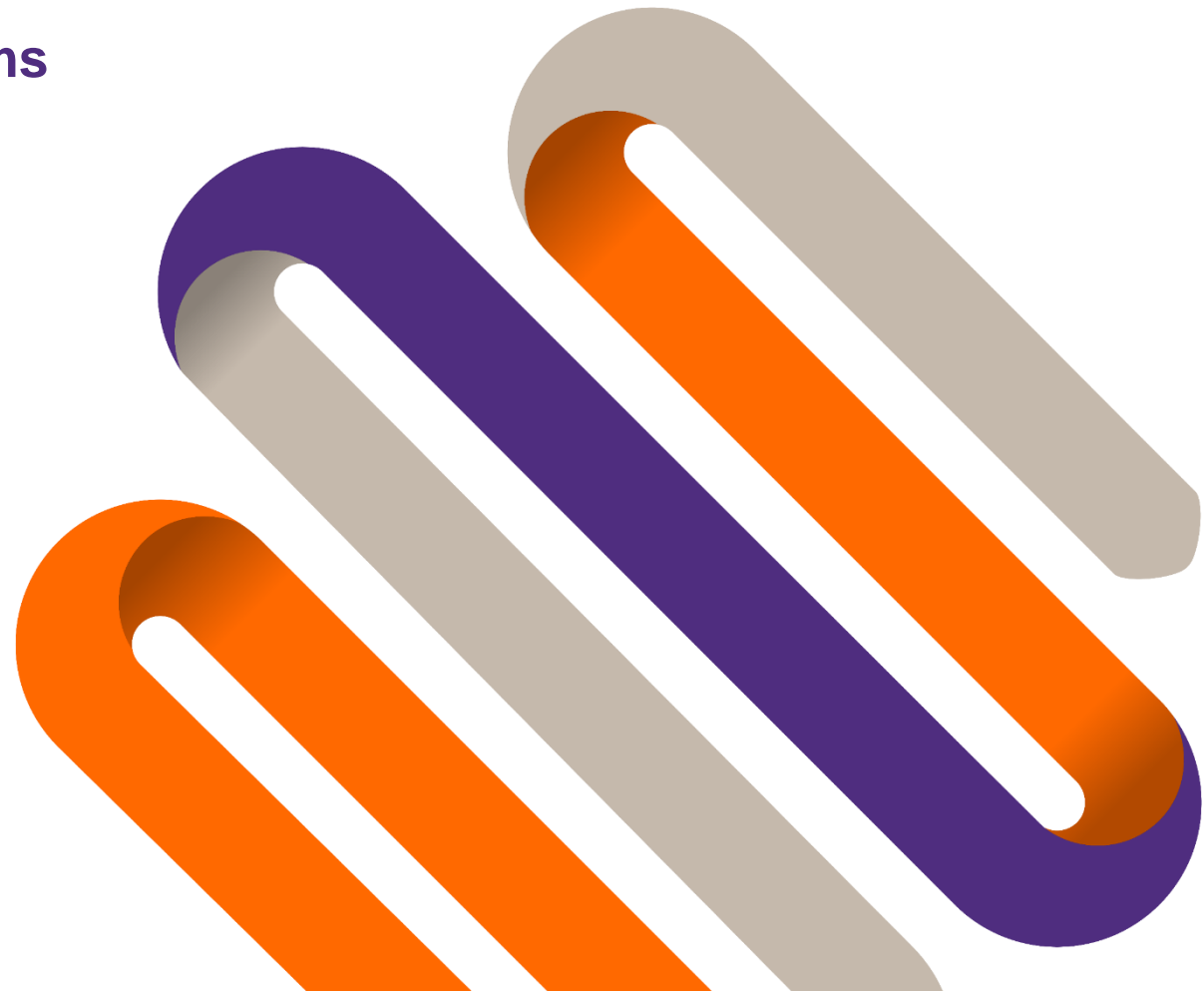
Resource Management / HR Systems

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- Ruth Adams, Deputy Chief Executive
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- Mike Thomas, Head of Financial Services
- Jayne Hampshire, Business Operations Manager
- Rachael Radford, HR Business Partner Manager
- Claire James, Senior Governance & Compliance Officer

For action:

- Dave Smith, Chief Executive
- Rachael Radford, HR Business Partner Manager

Responsible Executives:

- Ruth Adams, Deputy Chief Executive

This report is confidential and is intended for use by the management and directors of Sheffield City Region Mayoral Combined Authority. It forms part of our continuing dialogue with you. It should not be made available, in whole or in part, to any third party without our prior written consent. We do not accept responsibility for any reliance that third parties may place upon this report. Any third party relying on this report does so entirely at its own risk. We accept no liability to any third party for any loss or damage suffered or costs incurred, arising out of or in connection with the use of this report, however such loss or damage is caused.

It is the responsibility solely of the entities management and directors to ensure there are adequate arrangements in place in relation to risk management, governance, control and value for money.

Executive Summary

Background

Human Resource (HR) Management is designed to maximise employee performance in service of an employer's strategic objectives. HR is primarily concerned with the management of people within organisations, focusing on policies and on systems. The HR department provide the knowledge, necessary tools, training, administrative services, coaching, legal and management advice, and talent management oversight that the rest of the organisation needs for successful operation.

Prior to 1 April 2019, Sheffield City Region Mayoral Combined Authority (SCRMCA) was not an employing body. Instead, officers were recruited on behalf of the Combined Authority and paid for through Barnsley Metropolitan Borough Council's (BMBC) HR function. The costs of these officers were then re-charged to the MCA.

Following transformation and restructuring of the MCA, the Authority has become an employing organisation and now shares its HR function with South Yorkshire Passenger Transport Executive (SYPTPE). In the interim period, the MCA has continued to follow the HR policies and procedures adopted from BMBC, but is now looking to introduce their own policies and procedures incorporating their own vision, values, culture and behaviours.

The MCA now has a draft Corporate Plan and has been working towards agreeing its Corporate Values and subsequent Competency Framework. There are still a number of tasks to be undertaken for example benchmarking all job descriptions and ensuring these have all been subject to a consistent Job Evaluation process.

The Authority's vision is to become an "Employer of Choice".

Objectives

Our review focused on the following potential risk areas:

- There is no clear project plan in place to ensure an effective and timely transformational change.
- Governance arrangements are not robust; roles and responsibilities, management oversight, monitoring and reporting arrangements are not clearly defined.
- Inadequate resources available to ensure an effective and timely transformational change.
- Inadequate ownership and accountability arrangements may lead to ineffective transformation.
- The shared HR service may not fully identify the strategic direction, vision and culture of the Authority.
- There may be inadequate information technology to support the transformation .

Further details on responsibilities, approach and scope are included the Audit Planning Brief issued in September 2019.

Limitations in scope

Please note that our conclusion is limited by scope. It is limited to the risks outlined above. Other risks exist in this process which our review and therefore our conclusion has not considered. Where sample testing has been undertaken, our findings and conclusions are limited to the items selected for testing. In addition, our assurance on the completeness of the declarations recorded in the register of interest is limited to the findings from our sample testing.

This report does not constitute an assurance engagement as set out under ISAE 3000.

Executive Summary

Conclusion

Partial assurance with improvement required

We have reviewed SCRMCA's processes and progress with regard to the development of HR policies, procedures and culture. The scope of the audit is set out in our Audit Planning Brief.

We have concluded that the processes provide **PARTIAL ASSURANCE WITH IMPROVEMENT REQUIRED** to the Committee.

It is acknowledged that SCRMCA are at an early stage of HR transformation. The project is being carried out in two parts:

- Organisational Development of the Authority will set the strategic direction by agreeing Values, Vision, Mission and Corporate objectives. This will be followed by agreeing and implementing the Authority Competency Framework and reviewing all roles and aligning job descriptions.
- Alongside organisational development the Authority is reviewing, developing and implementing its policies and procedures. These are being reviewed in batches through Management Board.

Good practice

We have identified the following areas of good practice:

- There is a robust management oversight process in place with regards to the development of the HR project within SCRMCA. The Chief Executive has been involved in the development of the strategic direction of the Authority with frequent Management Board and Group Management Board meetings in place providing oversight and monitoring progress.
- A detailed set of Values, Vision, Mission and Corporate objectives have been developed in line with the strategic direction of SCRMCA and are ready to be rolled out to employees for feedback.
- A representative of the shared HR service attends Group Management Board Meetings. This will help improve communication between the HR service and SCRMCA, develop an understanding on a strategic level and act as a form of accountability from the HR service to SCRMCA.

Areas for development

We have identified the following areas which require improvement including:

- There is currently no project plan in place outlining key tasks within the transformation process supported by assigned roles and responsibilities, timeline of events, milestones and target dates for completion etc.
- Development of the SCRMCA HR policies and procedures is currently behind schedule due to the time taken to initially establish an effective communication between SCRMCA and the HR Shared Service, though this has improved recently and there is scope to make up for lost time.
- The HR shared service is currently running with 1 FTE vacancy, which may impact on the ability to effectively deliver transactional HR services to both SCRMCA and SYPTE in addition to the requirements and demands of transformation.
- There is currently no agreement in place outlining agreed expectations and level of service required, supported by key performance indications and routes of escalation in the case of non-compliance.

Recommendations

Based on our findings, we have raised four recommendations, the grading is shown below:

	High	Med	Low	Imp
Detailed findings	-	3	-	1

Acknowledgement

We would like to take this opportunity to thank your staff for their co-operation during this internal audit.

Key Findings & Recommendations

In this section we set out the detailed findings arising from our work. Details of what each of the ratings represents can be found in Appendix 2

Risk Issue	Findings and Recommendation	Action Plan
<p>There is no clear project plan in place to ensure an effective and timely transformational change.</p>	<p>Key findings</p> <ul style="list-style-type: none"> • There is no documented project plan in place which outlines key tasks, a timeframe for when these tasks will be completed and who is responsible for these key tasks. • It is acknowledged that the Vision, Mission and Corporate Statement and the Values were completed in advance of the planned All Staff Event in December 2019. However, this event was delayed and rearranged to 22nd January 2020 due to the flooding in South Yorkshire in December 2019. These documents were planned to be rolled out to staff members at the event and feedback collected in order to further develop the competency framework. • The next stage of the process is to roll out the competency framework as part of smaller workshops with employees by 1st April 2020. There are also plans to update job descriptions in line with the new competency framework. • At the time of our review, the development of the SCRMCA HR policies and procedures were behind schedule by approximately six months. <p>Recommendations</p> <p>Issue identified: There is no documented project plan in place which outlines key tasks, a timeframe for when these tasks will be completed and who is responsible for these key tasks.</p> <p>Risk: Delays in the development and implementation of the SCRMCA HR transformation project may lead to inefficiencies and not meeting the requirements of the Authority.</p> <p>Recommendation:</p> <ul style="list-style-type: none"> • Develop and execute a project plan for the remainder of the, which outlines key tasks, timeframes and roles and responsibilities. • Ensure that the project plan and corresponding timescales are realistic, achievable and appropriately resourced. • Ensure there are escalation and oversight routes to address any slippage. 	<p>Management Response: Agree with issue, risk and recommendations identified</p> <p>Responsible Officer: Rachael Radford, HR Business Partner Manager</p> <p>Executive Lead: Ruth Adams, Deputy Chief Executive</p> <p>Due date: End of Q2</p>

Key Findings & Recommendations

Risk Issue	Findings and Recommendation	Action Plan
<p>Inadequate resources available to ensure an effective and timely transformational change.</p>	<p>Key findings</p> <ul style="list-style-type: none"> The shared HR service are now responsible for an additional 80 SCRMCA employees. In response and addition 2 FTE were employed by the department in April 2019, taking the total number of HR staff FTE to 4.54. However, at the time of our review, the department was running with 1 FTE vacancy due to a departure over the Christmas period. The shared HR service is evaluating the needs of SCRMCA on an ongoing basis in order to identify whether an increase in HR staff is required. <p>Recommendations</p> <p>Issue identified: The HR shared service is currently running with a vacancy, having taken on 80 staff members.</p> <p>Risk: The HR Shared Service may not effectively operate and meet the requirements of both SYPTTE and SCRMCA.</p> <p>Recommendations:</p> <ul style="list-style-type: none"> The HR Shared Service should look to fill this vacancy as soon as possible in order to avoid jeopardising the effective functioning of the HR service. The Authority to ensure there is adequate resource capacity to provide a day to day HR function in addition to the requirements and demands of the transformation project. 	<p>Management Response: Agree with issue. The risk identified will be monitored against the project plan.</p> <p>Responsible Officer: Rachael Radford, HR Business Partner Manager</p> <p>Executive Lead: Ruth Adams, Deputy Chief Executive</p> <p>Due date: Ongoing and will review in Q3</p>

Key Findings & Recommendations

Risk Issue	Findings and Recommendation	Action Plan
<p>Inadequate ownership and accountability arrangements may lead to ineffective transformation.</p>	<p>Key findings</p> <ul style="list-style-type: none"> The shared HR service is responsible for providing services to both SCRMCAs and SYPT. A representative of the shared HR service attends Group Management Board Meetings and the SCRMCAs Management Board Meetings. There are also regular 1:1 meetings with the Deputy Chief Executive. This will help improve communication between the HR service and SCRMCAs, develop an understanding on a strategic level and act as a form of accountability from the HR service to SCRMCAs. However, there is currently no agreement in place between the shared service and SCRMCAs outlining the agreed expectations and level of service required, supported by key performance indications and routes of escalation in the case of non-compliance. <p>Recommendations</p> <p>Issue identified: There is currently no agreement in place between the shared service and SCRMCAs outlining the agreed expectations and level of service required.</p> <p>Risk: The Authority may not receive the level of service it expects.</p> <p>Recommendations: The Authority to consider the use of key performance indications to ensure it receives the level of service required.</p>	<p>Management Response: We will manage priorities through normal staff objective setting sessions.</p> <p>Responsible Officer: Dave Smith, Chief Executive</p> <p>Executive Lead: Ruth Adams, Deputy Chief Executive</p> <p>Due date: By end Q2</p>

Key Findings & Recommendations

Risk Issue	Findings and Recommendation	Action Plan
<p>There may be inadequate information technology to support the transformation.</p>	<p>Key findings</p> <ul style="list-style-type: none"> The current HR system used by the HR shared service is outdated and not used to its full capacity. The process for procuring a new HR system is underway, and has now gone out to tender. The HR shared service is leading the procurement process and has enquired of both SYPTTE and SCRMCA's requirements from a HR system. The preference is to have one HR system that meets the needs of both organisations. Upon inspection of the initial requirements from both authorities, the HR shared service deems this feasible. <p>Recommendations</p> <p>Issue identified: There is not currently an adequate HR system in place.</p> <p>Risk: The HR Shared Service may not be able to effectively meet the HR needs of SCRMCA.</p> <p>Recommendations: The Authority to ensure they maintain involvement with the procurement process to ensure their requirements are adequately considered.</p>	<p>Management Response: Issue and risk accepted. Proper oversight of the procurement process will be requested.</p> <p>Responsible Officer: Rachael Radford, HR Business Partner Manager</p> <p>Executive Lead: Ruth Adams, Deputy Chief Executive</p> <p>Due date: End Q3</p>

Appendices

Appendix 1 – Staff involved and documents reviewed

Staff involved

- Jayne Hampshire– Business Operations Manager;
- Rachael Radford – HR Business Partner Manager

Documents reviewed

- Vision, Mission and Corporate Statement
- Values

Appendix 2 - Our assurance levels

The table below shows the levels of assurance we provide and guidelines for how these are arrived at. We always exercise professional judgement in determining assignment assurance levels, reflective of the circumstances of each individual assignment.

Rating	Description
Significant assurance	<p>Overall, we have concluded that, in the areas examined, the risk management activities and controls are suitably designed to achieve the risk management objectives required by management.</p> <p>These activities and controls were operating with sufficient effectiveness to provide significant assurance that the related risk management objectives were achieved during the period under review.</p> <p>Might be indicated by no weaknesses in design or operation of controls and only IMPROVEMENT recommendations.</p>
Significant assurance with some improvement required	<p>Overall, we have concluded that in the areas examined, there are only minor weaknesses in the risk management activities and controls designed to achieve the risk management objectives required by management.</p> <p>Those activities and controls that we examined were operating with sufficient effectiveness to provide reasonable assurance that the related risk management objectives were achieved during the period under review.</p> <p>Might be indicated by minor weaknesses in design or operation of controls and only LOW rated recommendations.</p>
Partial assurance with improvement required	<p>Overall, we have concluded that, in the areas examined, there are some moderate weaknesses in the risk management activities and controls designed to achieve the risk management objectives required by management.</p> <p>Those activities and controls that we examined were operating with sufficient effectiveness to provide partial assurance that the related risk management objectives were achieved during the period under review.</p> <p>Might be indicated by moderate weaknesses in design or operation of controls and one or more MEDIUM or HIGH rated recommendations.</p>
No assurance	<p>Overall, we have concluded that, in the areas examined, the risk management activities and controls are not suitably designed to achieve the risk management objectives required by management.</p> <p>Those activities and controls that we examined were not operating with sufficient effectiveness to provide reasonable assurance that the related risk management objectives were achieved during the period under review.</p> <p>Might be indicated by significant weaknesses in design or operation of controls and several HIGH rated recommendations.</p>

Appendix 2 - Our assurance levels (cont'd)

The table below describes how we grade our audit recommendations.

Rating	Description	Possible features
High	Findings that are fundamental to the management of risk in the business area, representing a weakness in the design or application of activities or control that requires the immediate attention of management	<ul style="list-style-type: none"> ▪ Key activity or control not designed or operating effectively ▪ Potential for fraud identified ▪ Non-compliance with key procedures / standards ▪ Non-compliance with regulation
Medium	Findings that are important to the management of risk in the business area, representing a moderate weakness in the design or application of activities or control that requires the immediate attention of management	<ul style="list-style-type: none"> ▪ Important activity or control not designed or operating effectively ▪ Impact is contained within the department and compensating controls would detect errors ▪ Possibility for fraud exists ▪ Control failures identified but not in key controls ▪ Non-compliance with procedures / standards (but not resulting in key control failure)
Low	Findings that identify non-compliance with established procedures, or which identify changes that could improve the efficiency and/or effectiveness of the activity or control but which are not vital to the management of risk in the business area.	<ul style="list-style-type: none"> ▪ Minor control design or operational weakness ▪ Minor non-compliance with procedures / standards
Improvement	Items requiring no action but which may be of interest to management or which represent best practice advice	<ul style="list-style-type: none"> ▪ Information for management ▪ Control operating but not necessarily in accordance with best practice

