

Meeting: Coast to Capital Audit and Risk Committee Meeting
Date: Thursday 25 February 2021
Report Title: Audit Update
Report by: Katie Nurcombe and Anna Meredith
Item No: 4
Part: A

Recommendation:

The Committee is asked to:

- **note** the progress on the Audit Plan 2020/21.
- **discuss** the approach for the Audit Plan 2021/22.

1. Context

Our Annual Performance Review (APR) with Government took place in February and we have 'met' all requirements expected of us in relation to Governance, Delivery and Strategy. This year the rating system has changed from 'good' and 'exceptional' to 'met' or 'not met' so we have received the highest possible score.

The APR noted our focus and successful approach to audit. We are formalising and evolving our approach further and our ambition is to agree an Audit Plan which is proportionate to our size, agile to respond to an uncertain year and strategically aligned to the future direction of the organisation.

2. Audit Plan 2020/21

The Audit Committee approved the Audit Plan for 2020/21 at its meeting in June 2020. The following sets out the current progress on the Audit Plan.

Recruitment Audit Follow-up

The Recruitment Follow-up Audit is complete and resulted in 2 low priority recommendations. The report including a Management Response can be found in Annex A.

Working Practices Follow-up

The Working Practices Follow-up is complete and resulted in 1 medium priority and 1 low priority recommendation. The report including a Management Response can be found in Annex B.

GDPR

An external review of our GDPR compliance is currently being undertaken by BDO. It is anticipated that a final report will be delivered by 31 March 2021.

Backing Business Grants

An external review of the Backing Business Grants Fund launched during lockdown is currently being conducted by Kreston Reeves. It is anticipated that a final report will be delivered by the end of the 2020/21 financial year.

3. Audit Plan 2021/22

We propose to agree the Audit Plan for 2021/22 once the Business Plan has been approved by the Board at its meeting in April. In advance of the Business Plan being finalised in April we propose to prepare a look ahead schedule for internal audits. This schedule will align with the Business Plan and will consider the risk appetite as set out within the Risk Policy. In addition, this plan will consider a measured approach to assurance activity, taking into account resources and the potential for other activities not just Internal Audit.

Internal Audit

No areas of concern have been identified by our Annual Performance Review process so there are no audits planned as a response to this process.

Our risk management process is fully embedded across the organisation and this has highlighted the following areas for potential audits during 2021/22:

- **Health and Safety** - to understand compliance with existing policies and highlight any gaps that require consideration.
- **Resources** - to understand our effectiveness to respond to changing demands and the need for future additional resources.

External Audit

Given the direction of travel in relation to future funding through LEPs we are not proposing to include a budget for external audit budget in 2021/22 which had been £10,000 (including VAT). This budget provision was previously made to undertake an external audit of our funds and programmes and as it has been indicated that LEPs will not be the channel for UKSPF or the Levelling Up Fund it could be agreed that this provision is no longer required.

The annual external audit is at the discretion of the Audit and Risk Committee.

4. Conclusion

The Audit and Risk Committee is asked to provide their guidance and advice in relation to the audit approach for 2021/22.

5. Next Steps

The next steps will be as follows:

- finalise the Audit Plan 2021/22 in line with the new Business Plan (April/May)
- approve the Audit Plan with Brighton and Hove City Council as our new Accountable Body (May/June)
- share the Audit Plan 2021/22 with the Audit and Risk Committee for approval at its next meeting (June)

6. Diversity Statement

Diversity is an existing key consideration within internal audits. The Audit and Risk Committee could consider an audit of our approach and commitment to Equality, Diversity and Inclusion; however, given we are on an journey and making a real step change across the organisation, the timing of an audit on this could be better for a future audit plan.

7. Legal Statement

No legal advice has been sought on this paper.

8. Finance Statement

It is proposed that there is no external audit budget for 2021/22 as explained above.

Annexes:

- **Annex A** - Recruitment Audit Follow-up Management Response
- **Annex B** - Working Practices Follow-up Management Response



Recruitment- Follow up

Scope & purpose

An audit review took place in January 2020, recommendations were made to the senior management team that were acknowledged and either agreed to in full, part or clear reasons were given for why they could not be taken on board. The purpose of this follow-up is to review the implementation of these recommendations and to gain assurance that these changes are fit for purpose and are being implemented correctly.

The scope has been detailed below.

- Ensure that all previous recommendations were acknowledged and responded to.
- Ensure that accepted recommendations have now been actioned appropriately.
- Review all changes to ensure that they align with the Coast to Capital culture and values.
- Make recommendations for updates or changes where implemented responses are not consistent with the Coast to Capital culture and values.
- Highlight any areas of risk and inconsistency to the implemented recommendations and how these may be remedied including the requirement for any potential training.

Summary and Recommendations

Assurance Level	Recommendations made	
Full Assurance	Priority 1 (high)	0
	Priority 2 (medium)	0
	Priority 3 (low)	2

11 recommendations were made as a result of the initial Recruitment Audit and all were accepted by Coast to Capital. These recommendations and the management response are detailed within a table in Appendix 1 for referencing purposes.

Five new staff have been recruited since June using an updated process. Three new staff members and their Line Managers were interviewed during this review to understand their experiences and comments have indicated an overall positive one. Guidance and support from the Office Manager in particular has been praised and described as 'impressive' and 'helpful'.

There are minor areas to consider, none of which represent such risk that immediate action is required. Coast to Capital should review and take appropriate action as necessary to align with acceptable risk appetite.

Number	Recommendation	Priority
1	The recruitment process should be reviewed once within every 5 year cycle unless a risk appears that requires more immediate attention.	3
2	Consider suggestions detailed within this report relating to risk and inconsistency, for implementation within the recruitment process.	3

Findings & Recommendations

The follow-up review consisted of interviews with key staff, three new recruits and their Line Managers in addition to an examination of new documents related to the recruitment process. Below breaks down the scope and details the findings.

- **Ensure that all previous recommendations were acknowledged and responded to.**

All recommendations were responded to and these responses are detailed within a table in Appendix 1 for referencing.

- **Ensure that accepted recommendations have now been actioned appropriately.**
 - Recommendations **2, 3, 5, 6** and **8** have all been actioned appropriately.
 - Recommendations **1** and **7** have been actioned as far as including a statement regarding reasonable adjustments on all job advertisements. However, additional work continues in collaboration with Diversity & Ability to ensure that Coast to Capital is as inclusive as possible. This is intended to be an ongoing piece of work that reflects Coast to Capital's commitment to inclusivity.
 - Recommendation **4** suggested a top level flow chart should be created to detail the procedure. A flow chart has not been created however, a clear and suitable process list has been created and includes more detail than a flow chart would usually allow.
 - Recommendations **9 & 10** have not as yet been completed however an audit on the companies GDPR compliance is due within the 20/21 financial year and a Governance review is currently taking place which will incorporate an assessment of the Board and Committee Member recruitment process.
 - Lastly, recommendation **11** has not been completed as yet. It was thought that sharing the report along with management responses without any of the actions having been carried out had less value than sharing once some action had been taken. As most of the recommendations are now complete, the report and management responses should be shared without delay.
- **Review all changes to ensure that they align with the Coast to Capital culture and values.**

The recruitment process has the Coast to Capital values imbedded throughout, from the creation of the job description all the way through to the induction process.

Implementation appears successful as new recruits are aware of the values and have found that they are not just 'words on a wall' but are evident in how staff conduct themselves in all areas of the business.

- **Make recommendations for updates or changes where implemented responses are not consistent with the Coast to Capital culture and values.**

Recommendations for updates are relating to possible risk and are detailed under the following scope item.

- **Highlight any areas of risk and inconsistency to the implemented recommendations and how these may be remedied including the requirement for any potential training.**

In all examples of recruitment under review, the process available has been followed as intended. However, Coast to Capital should consider the following additions to further improve the process and mitigate potential risks:

- Coast to Capital should consider the risk that may relate to a scorer/interviewer having any previous relationship, contact with or knowledge of a candidate and what perceived or actual conflict this may result in. In this instance, declaration of prior knowledge of a candidate should be made and the 2nd scorer/interviewer should challenge scores and lead on an interview. This process has been followed during a recent recruitment and as a control, reduces the risk of unfair recruitment.
- All staff interviewing via zoom should be asked to use a corporate background to maintain a professional feel to the interview. Using alternate backgrounds can create inconsistencies in interviewee experience and appear less professional.
- Clear purpose and guidance is in place for 1st interviews, however there appears to be no written guidance regarding the 2nd interview and this may lead to inconsistencies. Any 2nd interview is discussed between the SMT involved and the Office Manager beforehand which will set the purpose and parameters of the interview. Having written guidance to support this would reduce the risk of inconsistencies which will help avoid the potential for unfair recruitment.
- Holds for interviews should be prioritised in diaries as soon as the recruitment process starts as per the set process. Diary management can be challenging but this will help avoid difficulty later on if staff diaries become too full and interviews are delayed.
- Further training should be conducted to ensure that staff understand the sifting process and how criteria is linked to the job description. Training should include how criteria is to be judged, for example, the overall quality of the CV and covering letter should be considered along with how/if essential and desirable skills are detailed.
- Where many CVs are received, staff scoring may become complacent and additional staff could be asked to step in to unburden the process. Should this be required, consideration is needed for the size of the company and staff availability. In any case, to ensure consistency, all processes should be standardised.
- Some interview questions have been described as negatively worded and looking for problem resolutions rather than asking more about successes. Purpose of questions could be detailed to ensure understanding, this may also help with the judgment of the answer given.
- A recruitment pack would be useful to applicants progressing to interview so that more in depth preparation can be made. This may be in the form of working links to specific department information.

- It has been suggested that the use of Facebook as an advertising stream may enhance the diversity of applications. This is not necessarily the best way to improve diversity and there is already ongoing work with Diversity & Ability on how to further enhance inclusivity which may be able to provide better options.

Recommendation 1

The recruitment process should be reviewed once within every 5 year audit cycle unless a risk appears that requires more immediate attention.

Management response
The Executive accepts this recommendation and this will be added to the forward look Audit Cycle plan.

Recommendation 2

Consider suggestions detailed within this report relating to risk and inconsistency, for implementation within the recruitment process.

Management response
The Executive accepts this recommendation and the Office Manager will consider the points raise in the ongoing development of the recruitment process.

Appendix 1

Recommendation 1
Job advertisement method and content should be reviewed to fully reflect and promote Coast to Capital culture & values.
Management response
Coast to Capital accepts this recommendation. Action will be taken to address this recommendation, in particular: <ul style="list-style-type: none">• Other recruitment channels will be considered for future recruitment and a specific recruitment budget has been proposed for 2020-21 to support this.• Job advert templates will be reviewed by the Office Manager and incorporate the advice given, in particular utilising language from the branding exercise.• Advice will be sought from our HR consultants on the most effective application process and legal advice will be sought on the Equality & Diversity statement in line with our commitment to diversity.
Recommendation 2
Removal of all personal details from a CV, covering letter or application by the Office Manager prior to Line Management selection process.
Management response
Coast to Capital accepts this recommendation. The Office Manager will introduce this into our process.
Recommendation 3
A suite of documents should be created for all staff to use throughout the recruitment process.
Management response
Coast to Capital accepts this recommendation. The Office Manager will commission our HR advisors to produce this documentation.
Recommendation 4
A high level procedure flowchart should be designed to detail all areas of the recruitment process.
Management response
Coast to Capital accepts this recommendation. The Office Manager will commission our HR advisors to produce this documentation.
Recommendation 5
All staff involved in the recruitment process should receive relevant training.
Management response
Coast to Capital accepts this recommendation. Line Managers are currently being trained on key Line Manager skills and knowledge and once the documentation and process has been confirmed training will be arranged.
Recommendation 6
Internal career development should be used as a valid alternative to internal recruitment processes.
Management response
Coast to Capital accepts this recommendation and wishes to raise the priority level to high. HR advice is that internal promotion could still be seen as unfair by other staff not

considered for the opportunity. We intend to proceed with considering internal promotion in the first instance, however it will be taken on a case by case basis. Executive Committee will take the final decision if a suitable candidate has been identified internally for promotion or if the role should be advertised to mitigate risks first before encouraging them to apply.

Recommendation 7

Reasonable adjustments should be considered throughout the recruitment process.

Management response

Coast to Capital accepts this recommendation.

The Office Manager will seek appropriate advice to meet this recommendation.

Recommendation 8

Senior management should review job descriptions with current roles to ensure they are accurate.

Management response

Coast to Capital accepts this recommendation.

As part of our new approach to Workforce Development the Office Manager will be coordinating this process centrally.

Recommendation 9

An additional audit could be carried out to review the recruitment of Coast to Capital appointees i.e. Board and Lay Members of Committees and working groups.

Management response

Coast to Capital accepts this recommendation.

The Audit Plan for 2020-21 will be agreed with the Audit Committee and this review will be considered as part of the process along with any areas identified through other audits and our new risk management process.

Recommendation 10

An audit of GDPR compliance should be included within the 20/21 Audit Plan.

Management response

Coast to Capital accepts this recommendation.

The Audit Plan for 2020-21 will be agreed with the Audit Committee and this review will be considered as part of the process along with any areas identified through other audits and our new risk management process.

Recommendation 11

Audit recommendations and management response should be shared with all staff.

Management response

Coast to Capital accepts this recommendation.



Working Practices- Follow up

Scope & purpose

An audit review took place in February 2020 to review compliance with the Coast to Capital employee handbook and associated policies. Recommendations were made to the senior management team that were acknowledged and either agreed in full, part or clear reasons were given for why they could not be taken on board. The purpose of this review is to examine the implementation of these recommendations and to gain assurance that these changes are fit for purpose and pose no additional risk. The scope has been detailed below.

- Ensure that all previous recommendations were acknowledged and responded to.
- Ensure that accepted recommendations have now been actioned appropriately.
- Review all changes to ensure that they align with the Coast to Capital culture and values.
- Make recommendations for updates or changes where implemented responses are not consistent with Coast to Capital's culture and values.
- Highlight any areas of inconsistency and risk related to the implemented recommendations and how these may be remedied including any potential training requirements.

Summary and Recommendations

Assurance Level	Recommendations made	
Full Assurance	Priority 1 (high)	0
	Priority 2 (medium)	1
	Priority 3 (low)	1

An Internal Audit of working practices took place in early 2020 which reviewed the Employee Handbook and associated policies. This intended to suggest improvements and highlight any inconsistent implementation. Some policies were only reviewed for consistency with the Coast to Capital culture and values because they were new and had not been used in full, this included the grievance and disciplinary policies. The review resulted in nine recommendations, all of which were accepted in full or part by the senior management team.

Work to implement the recommendations is continuing and as yet, appears to have been done so with success and without causing further risk or inconsistency.

The follow-up review has resulted in two recommendations one of which is considered a medium priority and the other one, considered a low priority.

Number	Recommendation	Priority
1	The LEP should consider a follow up to the delegation exercise where departments identify key operational duties, the risk posed from unexpected absences and if this needs further mitigation, for example written procedures.	2
2	Consideration should be made for suggestions within the report to further improve working practices.	3

Findings & Recommendations

The follow-up review consisted of input from key staff in addition to an examination of updated documents. Below breaks down the scope and details the findings.

- **Ensure that all previous recommendations were acknowledged and responded to.**

All recommendations were responded to and accepted either partly or in full. These responses are detailed within a table in Appendix 1 for referencing purposes.

- **Ensure that accepted recommendations have now been actioned appropriately.**
 - The Employee Handbook had been considered a difficult document to find within the shared drive. The document was moved and the new location was shared with the team. When asked, ten members of staff were now able to locate the employee handbook and knew to ask either their Line Manager or the Office Manager if they had any HR related queries.
 - It was suggested that regular Line Manager Meetings took place to enable training sessions and the sharing of information. When asked, three Line Managers found these catch ups useful and thought they should continue. SMT currently attend these sessions and as Line Managers themselves this is important when new information needs to be shared. However, it appears that further work needs to be done to ensure Line Managers are confident in raising issues with SMT present. It would be useful for the purposes of increasing value gained from each meeting that Line Managers are asked to submit suggestions for topics that they feel should be discussed. This may encourage concerns to be raised and a more open forum.
 - Links to policies within the main Employee Handbook are not currently working and this is being reviewed. All policies are however, found in the same location so this should not be a cause of concern.
 - All policies now have a future review date detailed and adding version controls is still in process. Some policies are reviewed as part of the assurance framework which is due for completion in March 2021, this detail will be added to the relevant documents for clarity. In addition, all review dates are noted in the Office Manager's diary so that they are reviewed as required. Reviews are conducted by either the Office Manager or the policy owner. Policies are checked for current relevance and effectiveness, then submitted to the Executive Committee for re-approval or approval of any changes made.
 - The Respect Charter has now been accepted by the Executive Committee, pending some final changes and will be presented to the whole team at the January all team meeting. This document outlines how staff would like to be treated and applies to all staff, Board and Committee Members.
 - A new HR system is being looked at within the IT review and will be dependent on budget restraints and need. Should a system not be taken on board, key HR

operations could be reviewed as needed within a 5 year audit plan. For example, to ensure that holiday records are kept accurate to avoid additional holiday days being taken.

- The Office Manager benefits from ad hoc employment law updates via a HR advisory company. This means that important updates can be made in a timely manner which will reduce the risk of non-compliance with employment law.
- **Review all changes to ensure that they align with the Coast to Capital culture and values.**

Changes made align with the Coast to Capital culture and values.

- **Make recommendations for updates or changes where implemented responses are not consistent with the Coast to Capital culture and values.**

A previous recommendation included the suggestion that written procedures are created. The purpose of this was to safeguard consistent policy implementation in the event of a sudden and unexpected staff absence. Key policies within the Employee Handbook such as disciplinary and grievance policies, have clear procedures set out in the policy. However, this recommendation could be extended to other key operations within the business.

Shortly after lockdown was implemented in March 2020, the organisation conducted a delegation activity which reviewed staff responsibilities and actions to take should absences occur. This is good practice and should be reviewed at least 6 monthly to ensure actions are up to date. Associated documents detailing each staffs responsibilities during an absence should be kept in a central location. Further, these key responsibilities should be reviewed by each department for risk impact and consideration for further mitigation such as written procedures.

- **Highlight any areas of risk and inconsistency to the implemented recommendations and how these may be remedied including the requirement for any potential training.**

No areas of inconsistency were found. It should be noted that work on recommendations continue to be implemented by the Office Manager and that diary reminders are being used to ensure that updates are achieved in a timely manner.

Recommendation 1

The LEP should consider the requirement for written procedures where key operational duties may cause risk if the responsible person is unexpectedly absent

Management response

The Executive accepts this recommendation. As part of our ongoing approach to business contingency delegation of responsibilities is saved centrally and kept up to date which is a strong starting point. However, each department will be asked to review and identify where there is a requirement for written procedures if someone is unexpectedly absent. This process will be kept under review as part of the risk management process (Corporate risk owner).

Recommendation 2

Consideration should be made for suggestions within the report to further improve working practices.

Management response

The Executive accepts this recommendation and the Office Manager will consider the points raise in the ongoing development of our working practices.

Appendix 1

Recommendation 1
Enhance the accessibility of the Employee Handbook and associated policies
Management response
<p>Management accepts part of this recommendation.</p> <p>Actions have been taken to address this recommendation, in particular:</p> <ul style="list-style-type: none">• Moving the Handbook in the shared drive to a clear location here (7. Operations – 4. Employee Handbook and Policies) and updating the team where it is saved• Introducing regular Line Manager catch up led by the Office Manager to answer any questions relating to HR and confirming roles and responsibilities with the wider team <p>In addition the handbook will be updated to:</p> <ul style="list-style-type: none">• Address language consistency and clarity• Add missing links <p>It is important that the appeals process is clearly detailed within each policy it relates to as it forms part of that policy. This will ensure that employees are fully aware of their right of appeal within any given policy and complies with ACAS regulations. Therefore the appeals process will not be collated into one separate policy.</p>
Recommendation 2
Review all amendments within the handbook & policies for approval or otherwise
Management response
<p>The amendments suggested will be reviewed by the Office Manager in the first instance and considered as part of a review of the Handbook. Any policy changes will be considered by the Office Manager and put to Executive Committee for discussion and decision.</p>
Recommendation 3
Line managers should meet at least quarterly to enhance consistency of policy implementation
Management response
<p>Coast to Capital accepts this recommendation.</p> <p>Regular monthly Line Manager meetings have been introduced which will be kept under review for its effectiveness.</p> <p>Flexibility in working arrangement have been reinforced and confirmed explicitly through the lockdown period in particular.</p> <p>A workers council will not be established; however, a Respect Group has been created following Respect training undertaken early in 2020.</p>
Recommendation 4
Implementation of an online system to manage and monitor appropriate HR policies

Management response
Management accepts this recommendation; however, this has not been identified as a priority for the 2019/20 financial year. Research will take place as to what is the most appropriate system for the size of Coast to Capital and a recommendation, including any associated cost will be put forward for the 2020/21 financial year.
Recommendation 5
Conduct a review on the Travel and Subsistence Policy
Management response
A review of the Travel and Subsistence Policy approved by Executive Committee. It will be circulated to the team alongside the Handbook revision.
Recommendation 6
Conduct a thorough risk based review detailing the cost impact of staff absences
Management response
Management accepts this recommendation; however, this has not been identified as a priority for the 2020/21 financial year. Enhancing our approach to Workforce Development is our priority this year; however, this may be something we undertake in 2021/22.
Recommendation 7
Share with staff recommendations and management response
Management response
Management accepts this recommendation. Once the Handbook has been updated and agreed by Executive Committee the Audit and subsequent changes will be presented to the team.
Recommendation 8
Complete a follow up audit on the employee handbook and associated policies after 12 months of implementation
Management response
Management accepts this recommendation. Audit Committee has agreed that an annual audit of HR Working Practices should take place as a follow up – with a department focus.
Recommendation 9
Comments made during the audit review should be reviewed by SMT and appropriate actions should be taken
Management response
The comments made will be reviewed by the Office Manager in the first instance and considered as part of a review of the Handbook. Any policy changes will be considered by the Office Manager and put to Executive Committee for discussion and decision.

