

## 1. Audit Summary – Agency Staff

### Background and Context

- 1.1 The Council has a complex organisational structure and certain services carry a statutory duty to be provided. A key resource is staff and there can be vacancies or increases in service demand which Agency workers sometimes cover. There is guidance on how managers recruit agency staff. Guidant Global is the Council's partner for all temporary staff. They are a managed service and recruitment process outsourcing specialist. Exceptionally, temporary staff can be recruited from other suppliers where Guidant Global is unable to source. The contract was renewed in May 2020 and ends in May 2024; retendering is about to commence.
- 1.2 Due to the current environment of high inflation and funding pressures, in July 2022, the Council introduced tighter recruitment controls for agency staff appointments.

### Scope and Objectives

- 1.3 The objective of this audit was to review compliance with relevant procedures and guidance for the engagement of agency workers over the last twelve months. Also, the current level of agency staff across the Council reviewed to assess whether this was value for money (vfm).
- 1.4 The scope of the assignment included the following areas:
- Review the activity of Guidant over the past twelve months, with specific focus since the recruitment controls were put in place from July 2022
  - Assess appointments comply with the recruitment controls, procedures, and guidance
  - Check daily rates and agency fees were as expected
  - Compare daily rates for temporary staff and other agency fees (costs), with the Council grade rates for the job.

In line with best practice a risk-based approach was taken, involving documenting, and evaluating the effectiveness of internal controls and governance in managing the risk.

### Audit Opinion

- 1.5 Overall, Internal Audit have provided "**Limited Assurance**" over the adequacy and effectiveness of the procedures for the engagement of agency staff. The procedures are written for hiring managers and provide broad guidance, with no requirement for central oversight by HR.

### Key Messages and Findings:

- 1.6 Positively, Internal Audit found,
- Hiring managers using Guidant for 93% of agency staff appointments
  - Re-procurement by March 2024 will provide the opportunity to review arrangements for agency spend.
- 1.7 Internal Audit raised findings in respect of the following weaknesses:
- No requirement for central oversight of around £11m pa spend on agency staff. Internal Audit found an increase in overall agency staff costs of £1.4m between 2021-22 and 2022-23.
  - "Charge rates" being accepted by hiring managers and recorded on Purchase Orders (PO's) including agency fees above that expected from the contract
  - "Charge rates" being increased mid-appointment when the contract terms do not allow except for national pay settlements

- Agency staff approvals on the Resource Request system not analysed by HR particularly after July 2022 when the Council's recruitment freeze impacted agency staff; a central record of all approvals is retained on Sharepoint

## **Management Response**

- 1.8 The findings of the report have been accepted by management who have agreed management actions to address them. These include:
- Hiring manager guidance to be updated to set out HR's oversight role
  - The specification for the contract re-procurement to ensure there are clear terms regarding charge rates
  - Hiring manager guidance to be updated to clarify what must be included in purchase orders
  - Consideration to be given as to whether the raising of purchase orders for agency workers should be undertaken by HR in all cases
  - HR to agree with Finance validation of service provider's charge summary and conduct a reconciliation with ABW entries for agency workers
  - HR to resolve anomalies identified with charge rates with Guidant
  - Guidant to be required to check "Charge Rates" with HR prior to confirming with hiring managers
  - Guidant to be instructed not to action any requests for pay rate changes without written approval of an HR Business Partner or the Head of HR in each case
  - Hiring manager guidance to be updated to explain pay awards and where HR Business Partner/Head of HR approval is required.