

INTERNAL AUDIT REPORT**SYSTEMS AUDIT – EXIT INTERVIEWS FOR VOLUNTARY RESIGNATIONS****1. INTRODUCTION/OBJECTIVES**

- 1.1. The objective of the audit was to evaluate the systems in operation with a view to providing assurance to the Authority over the adequacy of the internal control environment in respect of Exit Interviews for Voluntary Resignations in line with the Audit Plan for 2021/22.
- 1.2. This report includes an Audit Opinion and a Risk Rating Category, further details of which are contained in Appendix A.

2. SCOPE OF THE AUDIT

- 2.1. The scope of the audit was to determine the effectiveness of the internal controls for Exit Interviews within the Authority, to ensure the following: -
 - That the Authority complies with its Recruitment Code in its operations,
 - That Exit Interviews are undertaken where possible with leavers of the Authority, with results of the responses acted upon.
- 2.2. The audit involved confirming the current system with relevant staff and ‘walk through tests’ conducted on a sample of records across the Authority.

3. BACKGROUND

- 3.1. There are no legal requirements on the Authority relating to Exit Interviews. The Authority has a Recruitment Code guiding the Officers and Managers of the Authority. This Policy is normally held on the Intranet of the Council, but the document is currently under review and is therefore not available on this platform currently.
- 3.2. The Recruitment Code stipulates that: ‘on receipt of the resignation letter the Organisational Development (OD) Division will send the employee a leaver’s questionnaire for completion with the opportunity to attend an exit interview, which will be conducted by an Organisational Development Division representative prior to termination’.
- 3.3. A copy of the completed leaver’s questionnaire is supplied to the appropriate Corporate Director and Line Manager, in order to aid discussions on future employee retention and help to identify any particular departmental or job-related issues.
- 3.4. The Section maintains a Performance Indicator to monitor voluntary and involuntary leavers. This is an internal indicator for OD management. The Indicator has been completed up to, and including, Quarter 3 of 2021/2022.

4. AUDIT FINDINGS AND WEAKNESSES

- 4.1. A Report was obtained from the iTrent system of all voluntary leavers from 1st April 2020 to 25th January 2022. The Report identified Two Hundred and sixty-four employees who had left the Authority during this two-year period. Of these voluntary leavers, eleven had responded with a completed questionnaire which is a 4% response rate.
- 4.2. The letter template issued to leavers was obtained with the content reviewed at the time of audit. It was identified that there are no stipulated response timescales contained within the letter issued which could discourage leavers from submitting a questionnaire.
- 4.3. From the sample of leavers questionnaires, it was identified that in one instance, an Exit Interview had been undertaken with basic notes retained of the meeting and no subsequent actions recorded. It was determined at the time of audit that notes of Exit Interviews would be captured on the questionnaires only.
- 4.4. From the sample of leavers, the audit was unable to establish any further actions undertaken by the OD Section relating to any comments made as part of any of the questionnaire's completed. Although this would only occur if a response was received. The lack of actions being able to be evidenced based on either a positive or negative response from leavers, indicates the Authority is not using any comments received for any purpose.
- 4.5. The Section maintains a Performance Indicator to monitor all labour turnover as reported per the OD Business Plan. However, it was identified during the audit that no trend analysis is undertaken. This could be potentially useful information to consider compiling, if combined for example, with team size on a year by year basis.
- 4.6. A copy of the completed leaver's questionnaire is supplied to the appropriate Corporate Director and Line Manager, in order to aid discussions on future employee retention and help to identify any particular departmental or job-related issues. From the sample selected, it was identified that in one instance, the Department had not received the employee's questionnaire response.

5. RISKS AND AGREED ACTIONS

<u>Ref</u>	<u>Summary of Findings</u>	<u>Risk</u>	<u>Agreed Action</u>	<u>Client Management Comments</u>	<u>Person Responsible and Target Date</u>
4.1.	Response rates to the Exit Interview questionnaires are low and the Authority needs to be more proactive in their approach of engaging staff to complete them.	<u>High:</u> The Authority captures no information from staff members who have left.	The Recruitment Policy is currently under review.	In line with our current policy we issue exit questionnaires and provide an option to attend an exit interview to all those staff who voluntarily resign from the Council. The Recruitment Policy is currently under review and the approach to exit interviews will be considered.	Senior HR Business Partner
4.1.	All leavers should be issued with a leavers questionnaire and a letter offering them an Exit Interview.	<u>High:</u> The Authority captures no information from staff members who have left. The Authority cannot react to any potential weaknesses within departments.	Consideration will be given to whether current practice can be extended wider to all those that voluntarily leave the organisation.	In line with Council policy and best practice exit information is gathered from those that voluntary resign. Consideration will be given to whether current practice can be extended wider to all those that voluntarily leave the organisation. This process will not apply in the case where the Authority terminates employment.	Senior HR Business Partner

<u>Ref</u>	<u>Summary of Findings</u>	<u>Risk</u>	<u>Agreed Action</u>	<u>Client Management Comments</u>	<u>Person Responsible and Target Date</u>
4.2.	There are no stipulated response timescales contained within the letter issued requesting a response.	<u>Medium:</u> The return rate of questionnaires be adversely affected if no timescales are set.	A return date will be added to the letter.	<p>A return date will be added to the letter. However not sure this will have a positive impact on return rates.</p> <p>This could dissuade responders if they have inadvertently missed the deadline and in some cases the individual may wish to submit after termination.</p> <p>Therefore, suggest that whilst a date is added that there is some flexibility in the wording to allow late submissions. Given that this is a voluntary process.</p>	Senior HR Business Partner
4.3.	The Section should consider retaining notes on any Exit Interviews undertaken. In addition, the Section should create a standard template to record notes.	<u>High:</u> Any issues identified cannot be evidenced or any corrective action taken.	The current format will be reviewed and consideration given to a standard format for recording.	<p>Where an exit interview meeting is requested following completion of the questionnaire the advice is that a notes of the meeting would be retained and kept on individual personal files.</p> <p>The current format will be reviewed and consideration given to a standard format for recording.</p>	Senior HR Business Partner

4.4.	Further actions undertaken by the OD Section relating to any comments made as part of the questionnaire's completed should be recorded and acted upon.	<u>High:</u> Any issues identified cannot be evidenced or any corrective action taken.	This will be considered as part of the review of the questionnaire.	This will be considered as part of the review of the questionnaire. Actions relating to the completed questionnaire may require a directorate response.	Senior HR Business Partner
4.5.	No trend analysis of leavers is undertaken that could be potentially useful.	<u>Medium:</u> The Authority may not be aware of specific areas of concern where staff are leaving frequently.	Consideration will be given to how this data can be incorporated into the annual corporate and directorate workforce profiles.	Consideration will be given to how this data can be incorporated into the annual corporate and directorate workforce profiles which will feed into the Councils workforce planning processes.	Senior HR Business Partner
4.6	A Departmental Manager did not receive a copy of the Leavers completed questionnaire.	<u>High:</u> Managers may not be aware of reasons staff leave.	This was an oversight.	This was an oversight and in line with Council Policy Managers will be supplied with a copy of the completed leavers questionnaire.	Senior HR Business Partner

6. CONCLUSIONS

- 6.1. The audit report is on an exception basis. Consequently, the only points made are where weaknesses have been identified. The samples chosen would not be able to cover every transaction or eventuality; therefore, reliance is placed in part on the information and explanations provided by the appropriate officers.

7. INTERNAL CONTROL STANDARD GRADING

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| 7.1. In accordance with the standard gradings set out in Appendix A, the systems examined indicate that internal controls for the Exit Interview process within the Authority needs to be reviewed. A number of control weaknesses have been identified relating to response rates. Therefore, the grading is assessed as ' <u>Limited Assurance</u> '. |
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