



CHIEF CONSTABLE OF STAFFORDSHIRE

Pay Progression Standard – Preparedness Review

Internal audit report: 3.22/23

Revised Final

15 February 2023

This report is solely for the use of the persons to whom it is addressed.

To the fullest extent permitted by law, RSM UK Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party.

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING



1. EXECUTIVE SUMMARY

Why we completed this audit

As part of the agreed 2022/23 internal audit plan, we have undertaken a high level review of the governance arrangements within Staffordshire Police (the Force) which have been implemented in preparedness for the introduction of the first Pay Progression Standard (PPS) award cycle.

The PPS is due to be introduced by the Force in April 2023 based on the National Standard and supporting pay scale approved by the Police Pay Review Board. There is a 12-month lead in time to allow preparation and evidence gathering for the first initial payment adjustments to be made in April 2023.

Payment Progressions are due to be based on the following two criteria points being satisfied:

- Whether the Officer passed the PDR appraisal; and
- The Officer has not been subject to any formal capability proceedings.

The PPS is one of the four elements of the NPCC Pay Reform Programme initiated by the Home Office. This programme aims to deliver a fair, flexible, deliverable, and affordable pay framework, underpinning the delivery of the Police Uplift Programme. The PPS involves an “assessment period” during which regular performance conversations take place to set targets and discuss performance. The Force aim for every staff member to receive these conversations bi-monthly.

Following the assessment period, line managers must complete a final review with the relevant Officer. At the conclusion of the review three potential outcomes are given:

- Exceeded;
- Met Standard; and
- Not Met Standard.

The Force use Online PPS Portal to record an officer's performance conversations/discussions and the final review meeting.

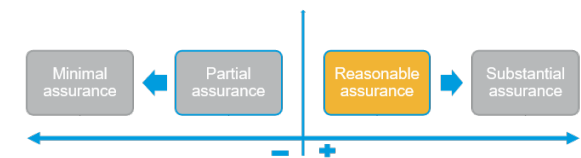
Conclusion

The Force has developed a control framework in anticipation of the PPS, from April 2023 and has begun to ensure Line Managers are aware of their responsibilities within the PPS process. However, areas of non-compliance in the application of the framework have been identified which has resulted in the agreement of one ‘High’ and one ‘Medium’ priority management action.

Internal audit opinion:

Taking account of the issues identified, the Chief Constable can take reasonable assurance that the controls upon which the organisation relies to manage this area are suitably designed, consistently applied and effective.

However, we have identified issues that need to be addressed in order to ensure that the control framework is effective in managing the identified area(s).



Key findings

We identified the following areas for improvement as part of our review where two management actions were agreed:



Testing for a sample of Officers who had entered their assessment period identified that their Line Manager had not been notified of this. Furthermore, in some cases, evidence could not be provided to confirm that a notification had been sent.

If Line Managers are not informed of upcoming assessment periods in a timely manner, there is a risk that there is not a suitable amount of time to properly assess the Officer's progress and / or that an annual review is not completed in time of the officer's pay anniversary. **(High)**



Testing of a sample of Officers who had entered their assessment period, found instances where bi-monthly performance meetings were not being conducted and recorded within the system in a timely manner.

If performance discussions are not undertaken and appropriately recorded there is a risk that there is not suitable evidence to demonstrate the officer's progress during the assessment period to award the pay increment.

(Medium)

The following controls were found to have been well designed, operating effectively and consistently applied:



The Force has a PPS People Guidance document in place dated September 2022. The Guidance document was found to include the following key information:

- Key Principles;
- Eligibility;
- Pay anniversary and review completion;
- Assessment period;
- The review meeting and outcomes; and
- Exceptions / extenuating circumstances.



Guidance documentation around the PPS is available via the Force's intranet for staff to refer to. This includes the following documents:

- PPS People Guidance;
- PPS Online Form Guide; and
- PPS Frequently Asked Questions.



A dashboard from Online PPS Portal is regularly reviewed by HR to identify those officers who are approaching their assessment period.



Drop-in sessions were held over Teams during summer 2022 to inform Line Managers and officers of the PPS and their responsibilities. This provided an opportunity for Line Managers to raise any queries or concerns regarding the process.



Discussion with the People Partner confirmed that it is proposed that once final PPS reviews are complete (from April 2023), the Line Manager will upload the PPS Outcome into Online PPS Portal.

HR then download a monthly report of submissions into a shared folder which will be accessed by HR and Payroll. Payroll use the folder to inform any award the pay increments where applicable.

2. DETAILED FINDINGS AND ACTIONS

This report has been prepared by exception. Therefore, we have included in this section, only those areas of weakness in control or examples of lapses in control identified from our testing and not the outcome of all internal audit testing undertaken.

Area: Assessment Period Notifications				
Control	The HR Department emails Line Managers on a periodic basis to provide notification of Officers entering their assessment period and the date of their pay anniversary.	Assessment:		
		Design		✓
		Compliance		×
Findings / Implications	Testing on a sample of 20 Officers who had entered their assessment period identified the following:			
	<ul style="list-style-type: none"> In 4/20 cases we confirmed that a notification had been sent to the Line Manager from HR to remind them of the Officer's upcoming assessment period; In 5/20 cases, we were informed that the Line Manager had been informed of the Officer's upcoming assessment period; however formal supporting evidence of the correspondence could not be provided; In 7/20 cases the Officer was exempt from PPS as they had achieved the top of their substantive grade; and In 4/20 cases the Officer had reached the assessment period, but an email had not been sent to the Line Managers from HR. In these cases, the Officers had entered their assessment periods in July, August, October 2022 and January 2023 respectively. 			
	If Line Managers are not informed of upcoming assessment periods in a timely manner, there is a risk that there is a not a suitable amount of time to properly assess the Officer's progress and / or that an annual review is not completed in time of the officer's pay anniversary.			
Management Action 1	HR will investigate cases where Line Manager notifications were not actioned. Close monitoring will be introduced to ensure timely notifications are produced for all Officers as they reach their PPS assessment period.	Responsible Owner:	Date:	Priority:
	Management Update: Yes, there was an acknowledgment that last month, three officer notifications were missed which was rectified this month – that part is resolved. Evidence of notifications was sporadic because some People Officers deleted them just to save on the their Inbox space. They've been reminded to keep hold of them for audit purposes in the future.	Caroline Coombe	31 March 2023	High

Area: Bi-monthly Performance Review Meetings

Control	Leading up to the formal PPS assessment and sign-off, bi-monthly performance conversations take place between Officers and Line Managers to track progress, address any performance issues and to maintain a clear audit trail which supports the final decision.	Assessment:	
		Design	✓
		Compliance	×

Findings / Implications	Testing on a sample of 20 officers who had entered their assessment period identified the following:
	<ul style="list-style-type: none"> • In 7/20 cases the Officer was exempt from PPS as they had achieved the top of their substantive grade; • In 1/20 cases, the Force confirmed meetings had taken place, but as the system was unavailable at the time of audit, we could not verify this; • In 2/20 cases, we were informed that performance conversations had taken place with the Officer, however these were recorded in paper form which could not be obtained at the time of audit; • In 4/20, the PPS for the officers had not yet been actioned by HR (as mentioned in Management Action 1), so performance conversations had not been undertaken; and • In 6/20 cases, one performance conversation had taken place. However, in two of these cases another performance conversation should have taken place and been recorded on the system at the time of this audit. <p>If performance discussions are not undertaken and appropriately recorded there is a risk that there is not suitable evidence to demonstrate the officer's progress during the assessment period to award the pay increment.</p>

Management Action 2	Where performance discussions are not being undertaken bi-monthly and recorded on Online PPS Portal, HR will review and escalate the issue.	Responsible Owner: Caroline Coombe	Date: 31 March 2023	Priority: Medium
	Management Update: Usage of the online portal was challenging and further actions were taken before and after Christmas to increase compliance. The PPS portal was down for some time. These have been resolved and we have seen online submissions go up from approx. 84 to 178 as of today. However, the new PDR process will supersede PPS and therefore, the need for bi-monthly journals will not be required.			

APPENDIX A: CATEGORISATION OF FINDINGS

Categorisation of internal audit findings

Priority	Definition
Low	There is scope for enhancing control or improving efficiency and quality.
Medium	Timely management attention is necessary. This is an internal control risk management issue that could lead to: Financial losses which could affect the effective function of a department, loss of controls or process being audited or possible reputational damage, negative publicity in local or regional media.
High	Immediate management attention is necessary. This is a serious internal control or risk management issue that may lead to: Substantial losses, violation of corporate strategies, policies or values, reputational damage, negative publicity in national or international media or adverse regulatory impact, such as loss of operating licences or material fines.

The following table highlights the number and categories of management actions made as a result of this audit.

Areas	Control design not effective		Non Compliance with controls*		Agreed actions		
					Low	Medium	High
Pay Progression Standard	0	(10)	2	(10)	0	1	1
Total					0	1	1

* Shows the number of controls not adequately designed or not complied with. The number in brackets represents the total number of controls reviewed in this area.

APPENDIX B: SCOPE

The scope below is a copy of the original document issued.

Scope of the review

Objective of the area under review

This review will consider the governance arrangements which the Force has implemented in preparedness for the introduction of the first Pay Progression Standard award cycle in April 2023.

The following areas will be considered as part of the review:

- Policies, procedures, and guidance documents;
- Clear plans are in place and have been communicated to staff for the first 12-month review period prior to award decisions in April 2023 (workshops, video communications and lunch and learn sessions etc);
- Monthly staff lists, based on their pay anniversary dates, have been sent to relevant supervisors/line managers informing them of their responsibilities for their direct reports in relation to the Pay Progression Standard Review;
- A sample of Officers will be selected and tested to ensure monthly review meetings have been undertaken with to review progress against the set criteria; and
- Proposed link with the Payroll department to inform them to action any changes to pay grades following application on the Progression Standard.

The following limitations apply to the scope of our work:

- As the first Pay Progression Standard Awards will take place in April 2023, this review will not consider the approval or application of individual awards;
- The governance process regarding preparations of the implementation of the Pay Progression Standard will be reviewed;
- We will not comment on the content of review and appraisal outcomes;
- The results of our work are reliant on the quality and completeness of the information provided to us; and
- Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

Debrief held	24 January 2023
Draft report issued	25 January 2023
Responses received	14 February 2023
Final report issued	14 February 2023
Revised Final report issued	15 February 2023

Internal audit Contacts	Daniel Harris, Head of Internal Audit Angela Ward, Senior Manager Kishan Patel, Assistant Manager
Client sponsor	Caroline Coombe, Head of People & OD
Distribution	Caroline Coombe, Head of People & OD David Greensmith – Director of Finance John Bloomer – Assistant Chief Officer Resources

rsmuk.com

The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Actions for improvements should be assessed by you for their full impact. This report, or our work, should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

Our report is prepared solely for the confidential use of Chief Constable of Staffordshire, and solely for the purposes set out herein. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights from RSM UK Risk Assurance Services LLP for any purpose or in any context. Any third party which obtains access to this report or a copy and chooses to rely on it (or any part of it) will do so at its own risk. To the fullest extent permitted by law, RSM UK Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

This report is released to you on the basis that it shall not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted by agreed written terms), without our prior written consent.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

RSM UK Risk Assurance Services LLP is a limited liability partnership registered in England and Wales no. OC389499 at 6th floor, 25 Farringdon Street, London EC4A 4AB.