



ROYAL BERKSHIRE FIRE & RESCUE SERVICE

Performance Development Reviews

Internal audit report 8.20/21

FINAL

1 July 2021

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1. EXECUTIVE SUMMARY

With the use of secure portals for the transfer of information, and through electronic communication means, remote working has meant that we have been able to complete our audit and provide you with the assurances you require. It is these exceptional circumstances which mean that 100 per cent of our audit has been conducted remotely. Based on the information provided by you we have been able to sample test.

Why we completed this audit

We undertook a review of Performance Development Reviews (PDR) as part of the agreed internal audit plan for 2020/21 at Royal Berkshire Fire and Rescue Service (RBFRRS). The objective of this review was to allow the Authority to take assurance over the controls and arrangements relating to the PDR process.

As per the PDR Policy, all eligible staff are to receive an annual PDR across April to June of each year. Line managers are responsible for arranging PDR meetings and ensuring employees are aware of the correct process to follow and the documentation to be completed. Employees are to self-complete the PDR form (Form 46), in preparation for meetings with line managers. During PDR meetings, employees and line managers review progress with agreed objectives for the following year, including key achievements.

Individual appraisal objectives should link to the Service's strategic objectives and should be Specific, Measurable, Attainable, Relevant and Time-based (SMART). In line with the People Strategy, at least two objectives should be behavioural based. PDRs also incorporate the Behavioural Competency Framework (BCF), with employees asked to consider which of the competencies they have achieved and which they can work towards. All PDR forms are to be signed off by endorsing managers before being forwarded to HR for logging on FireWatch, the Service's HR system.

The PDR process aims to improve the effectiveness of the organisation by contributing to achieving an engaged and high performing workforce. Although managed and reported upon by the HR Team, responsibility for ensuring PDRs are completed remains with staff and line managers. The completion of PDRs is reported to the Strategic Performance Board as part of the quarterly performance reports, with 99.7 per cent of eligible staff reported as receiving PDR meetings as at Q4 2020/21.

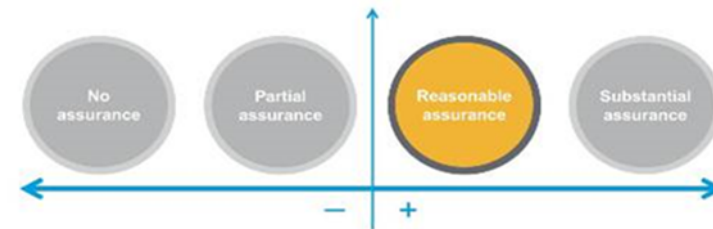
Conclusion

Overall, our review found that there were effective controls and arrangements in place relating to the PDR process. We identified that a PDR Policy and other guidance materials had been prepared to outline the process expectations and key responsibilities, whilst confirming training had been provided and regular communications are issued informing staff of the appraisal process. We found that an exercise was completed to review the content of a sample of 2020 PDRs by an HR Advisor, and that internal HR reporting and update reporting to the Strategic Performance Board was occurring as expected.

We have, however, noted some areas for improvement, namely in relation to the formal chasing of overdue PDRs. We found that there was no defined chasing process for overdue PDRs and our sample testing identified exceptions including 2020 PDR meetings that had not been held before the deadline, 2020 PDR forms that had not been completed before the deadline and 2020 PDR forms that had not yet been forwarded to HR at the time of our review. It should be noted that ultimate responsibility for the timely completion of a PDRs remains with line managers rather than HR, and we also recognise that COVID-19 has had a significant impact on working practices and the need to conduct PDRs remotely.

Internal audit opinion:

Taking account of the issues identified, the Authority can take reasonable assurance that the controls in place to manage this area are suitably designed and consistently applied. However, we have identified issues that need to be addressed in order to ensure that the control framework is effective in managing the area.



Key findings

We identified the following weaknesses, resulting in one medium priority management action being agreed:

Chasing and Follow Up of Overdue PDRs

There is currently no defined formal escalation process for following up overdue PDRs; however, a tracker is used to monitor whether meetings have taken place and whether forms have been forwarded to HR. We selected a sample of 20 staff members for review and found that at the time of the audit, four PDR forms had not been forwarded to HR. We also identified that one PDR meeting had not taken place before the 30 June 2020 deadline and three PDR forms that had not been signed/forwarded to HR before the same deadline. As such, there were eight instances whereby PDRs had not been completed in a timely manner, recognising that COVID-19 has had a significant impact on working practices and the requirements of staff during the pandemic.

We selected an additional sample of ten PDRs where meetings had not taken place prior to the 30 June 2020 deadline and reviewed these alongside the eight exceptions noted above (totalling 18). We confirmed that there was evidence of direct follow up with managers in five instances, with general reminders issued for the remaining 13 exceptions. At the time of our review, there had been no further chasing of PDRs and a total of four PDR forms had not yet been received by HR. Without a defined escalation process for chasing overdue meetings and forms, there is a risk appraisals will not be completed in a timely manner. **(Medium)**

We noted the following controls to be adequately designed and operating effectively:

Performance Development Review (PDR) Policy

The PDR Policy outlines the PDR process and defines the key responsibilities for employees, line managers and endorsing managers, as well as for the HR Team. Review of the policy found that this was in-date, having last been issued in March 2020. We confirmed that the contents provided a detailed overview of the PDR process, as well as screenshot instructions and a process flowchart. We also confirmed that the policy was accessible to staff via Siren, the staff intranet network.

Other Appraisals Guidance



Further guidance and materials relating to the PDR process is available via the Human Resources page on Siren, under the Performance and Development Review section. We accessed the page, noting that this included the PDR policy, the PDR template form, a PDR guidance presentation and a PDR guidance document (template PDR form with guidance notes).

We confirmed through review of the PDR form that this was the template currently in use. We also confirmed that the information included within the presentation and guidance document was consistent with current practice and expectations.

Training



Training in relation to the PDR process and the Behavioural Competency Framework (BCF) is provided to staff via presentation slides, which are accessible via Siren. Through review of the slides used to deliver the training, we confirmed that these covered the PDR process, how to set objectives, examples and linkage to the BCF. Across February 2020 to March 2021 (2020/21 year), five training sessions were delivered for line managers, with two remote training sessions also hosted in May 2021.

We noted that those handouts used during the remote training included the same information as the slides and that all training information and guidance agreed to the PDR policy content, to the other guidance materials and to current practice. At the time of testing, 246 of the 250 line managers required to sit the training had done so, with the remaining four scheduled to attend a training session in July 2021.

PDR Period Communications



The HR Team issue reminders regarding the appraisal period, outlining what action is to be taken and by whom. We obtained evidence confirming reminders and communications had been issued to staff and directly to managers via email, via the Cascade newsletter, on Siren and as a Workplace post. We confirmed that these communications clearly defined the appraisal period for 2021 and that linkage to further guidance and instruction was included.

2020 PDRs



All staff members are to attend a PDR meeting with line managers and are required to forward completed PDR forms to HR. For those 16 forms relating to our sample of 20 staff members (given four forms had not been returned at the time of our review as they were due by the end of June 2021), we confirmed through review that the correct form had been used in each instance, with clear evidence of previous years objectives being reviewed where applicable.

We also found that there was evidence the PDR forms had been shared with employees, line managers and endorsing managers, with comments focusing on performance in the previous year and expectations for the future. For each of the 16 appraisals, the FireWatch system (HR system) had been suitably updated to reflect PDR meetings and the receipt of PDR forms.

PDR Objectives



Objectives for the coming year are to be set and agreed in PDR forms and should either be task or behavioural based. For those 16 forms relating to our sample of 20 staff members (given four forms had not been returned at the time of our review for the reasons noted above), we confirmed through review that objectives had been clearly stated, with linkage to strategic objectives and the BCF where appropriate. We also found objectives were strength or corrective based, in line with the PDR Policy expectations.

HR Quality Assurance Review



The HR Advisor undertook an exercise to review a sample of completed PDRs for quality assurance purposes and consistency with appraisal expectations. We obtained the criteria, working papers and report prepared for the exercise, noting that this considered whether PDRs had been logged, whether these included a review of prior year's objectives and whether appropriate objectives had been set. 29 PDRs were reviewed as part of the exercise, amounting to five per cent of the total population. Review of the report found that the exercise identified similar issues noted within our testing, relating to the completion/logging of PDRs, the forwarding of forms to HR and the recording of SMART actions. These identified actions were addressed with relevant line managers at the time.

Reporting



The HR Team produces a monitoring report to determine the number of completed PDRs. This information also forms part of the Quarterly Performance Reports presented to the Strategic Performance Board (SPB). We obtained the HR reports for February and March 2021, acknowledging that reports were not prepared in March (as the 2021 appraisal window had only opened) and April (as a quarterly report was instead prepared for the SPB). Through review, we found that the HR reports recorded whether PDR meetings had taken place and whether forms had been received.

We also obtained extracts of the 2020/21 Q2, Q3 and Q4 reports presented to the SPB, noting through review that these outlined the total number of staff eligible to receive PDR meetings, the percentage and number of completed PDR meetings and the number of forms received by HR. The Q4 iteration reported that 99.7 per cent of eligible staff (575 of 577) had received a PDR meeting, with 87 per cent (501) of forms forwarded to HR, figures we confirmed back to source data available on FireWatch, 99.7 per cent reflects an increase from 92 per cent as at 2019/20 Q4.

A further three low priority management actions have been agreed, included in the detailed findings and actions section of this report.

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: PDR Policy		
Control	<p>The Service has a PDR Policy which is reviewed every two years. The policy outlines the PDR process, its purpose and the steps which are required for completion. This is accessible via Siren (the Service's intranet) and is shared with staff as part of training in this area.</p> <p>The policy review process includes consultation with stakeholders and final approval by the Human Resources (HR) Manager, who is the policy owner, and Head of HR and Learning and Development. Version 12 of the policy was issued in March 2020.</p>	<p>Assessment:</p> <p>Design ✓</p> <p>Compliance ✘</p>
Findings / Implications	<p>We obtained the PDR Policy, confirming that this was accessible to staff via Siren, within the Performance and Development Review section, within the employee handbook documents and when searched for. Through review of the policy contents, we found that this outlined the Service's approach towards performance and development reviews, noting that the importance of undertaking these was stressed throughout. We confirmed that the key roles of staff involved in the process were clearly defined, namely the responsibilities of all staff, line managers, endorsing managers and the HR Team.</p> <p>We also confirmed that the policy included both detailed descriptions and an overview (Appraisal Process flowchart) of the PDR process, which we confirmed aligned to the current process. Screenshot instructions were also provided in relation to the recording of PDR meetings on the FireWatch system. Despite this, we noted minor inconsistencies with regards to the level of reporting as stated within the policy to current practice.</p> <p>The policy outlines that HR are to produce fortnightly reports (detailing completion of both PDR meetings and forms) to be provided to senior leadership team and heads of service. The current practice is that monthly reports are prepared for HR for monitoring purposes and are not routinely shared more widely. Managers and heads of service can instead run automatic reports from FireWatch to monitor appraisal completion. This is not referenced within the policy.</p> <p>We were also informed by the HR Advisor that although the policy was last approved for use in March 2020, no evidence of this could be found. The review and approval process had been overseen by a member of staff that had since left the Service at the time of our review. We did, however, confirm that the policy remained 'in date' based on the two year review period.</p> <p>Without ensuring the policy is kept up to date where there are changes to processes, there is a risk that content may not reflect current responsibilities and expectations. This may impact staff and managerial awareness the PDR process and their responsibilities.</p>	

Management Action 1	Following the completion of the 2021 PDR appraisal period, we will review and update the PDR Policy. We will review current processes and responsibilities and compare these to the content of the current PDR policy. Any inconsistencies identified will be updated within the policy to ensure it reflects current practice.	Responsible Owner: Megan Lloyd	Date: 30 September 2021	Priority: Low
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Area: SMART Appraisal Objectives

Control	<p>Objectives should link to activities in the department service plan to ensure overall achievement of strategic commitments. Two types of objectives are to be considered when completing the PDR form:</p> <ul style="list-style-type: none"> • Task based objectives; and • Behavioural based objectives. <p>Task based objectives should be recorded as SMART, whilst behavioural objectives are based on the Behavioural Competency Framework (BCF). In line with the People Strategy, at least two objectives should be behavioural.</p> <p>There are two approaches which can be followed with regards to setting objectives, strength based (maximising what is working and transferring this to other areas) and corrective (improvement areas).</p>	Assessment:	
		Design	✓
		Compliance	×

Findings / Implications	<p>We selected a sample of 20 staff members and obtained the associated PDR forms for 16 of these, with the remaining four not yet forwarded onto HR at the time of our review (please see finding three). For those 16 forms that were provided, we confirmed that 2020 objectives had been reviewed and agreed.</p> <p>We found that at least two of these objectives were behavioural based for each employee, with a separate section included within the form to assess achievement of the BCF components over the previous year which was fully completed for each of the 16. We also confirmed that objectives were determined using either a strength or corrective based approach.</p> <p>However, we noted discrepancies, namely with regards to the level of detail input for the objectives, as follows:</p> <ul style="list-style-type: none"> • Linkage to strategic objectives was not clear in two instances; • Target dates for completion were inappropriate in eight instances, with 'ongoing' commonly stated; and • Objectives were not fully recorded as SMART in nine instances. <p>Through review of the report prepared following a review exercise of a sample of 2020 PDRs by the HR Advisor, we found that the same observations were identified with regards to SMART objectives.</p> <p>We were informed by the HR Advisor that whilst the PDR training slides cover how to write objectives, there was no specific action taken as a result of the review exercise. Our review of the PDR slides noted that although these stated that objectives should be 'relevant', 'observable/measurable' and 'achievable', there were no explicit references, nor examples of SMART objectives.</p>
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Area: SMART Appraisal Objectives

Without ensuring appraisal objectives are SMART, there is a risk that expectations may not be clear, and that achievement cannot be reasonably judged. As such, employees may be unaware how to complete objectives and line managers may be unable to assess if these have been achieved.

Management Action 2	We will update the training materials, including the PDR slides, to provide detailed information and guidance regarding SMART objectives, including examples of these. Emphasising that objectives are SMART will also be covered within the appraisal communications to staff and line managers.	Responsible Owner: Megan Lloyd	Date: 30 September 2021	Priority: Low
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Area: Overdue PDRs

Control	The HR Team uses a spreadsheet to track the completion of appraisals on a weekly basis. Incomplete appraisals may be the result of delays to: <ul style="list-style-type: none"> • The arrangement and hosting of review meetings; • The signing off by endorsing manager; and • The uploading/forwarding of forms to HR. <p>Where non-completion is identified, the HR Advisor follows this up with the line manager in the first instance. There is no defined approach for chasing overdue appraisals.</p>	Assessment:	
		Design	×
		Compliance	NA

Findings / Implications We obtained the spreadsheet used to track the completion of the 2020 appraisals, noting through review that comments had been added to indicate whether both PDR meetings and forms had been fully completed/returned, and recognising that COVID-19 has had a significant impact on working practices and the additional workload of staff during the pandemic affecting normal business.

We selected a sample of ten staff which according to the spreadsheet had PDR meetings after the 30 June 2020 deadline. We also considered the following eight exceptions identified by our previous testing of 20 staff members:

- One staff member whose PDR meeting had missed the 30 June deadline;
- Three staff members whose PDR meetings had been timely, however, the completed forms had not yet been forwarded to HR; and
- Four staff members whose PDR meetings had been timely and forms had been returned, however, the completed forms were returned after the 30 June deadline.

This gave us a sample of 18 staff members who were in some way non-compliant with aspects of the PDR process.

We identified that eight of those 18 staff members worked within the Collaboration Change and Finance Directorate.

Area: Overdue PDRs

We confirmed there was evidence that direct chaser/reminder emails had been sent to managers for five of the staff members, with the remaining 13 assumed by the HR Advisor to have been picked up by the general reminders sent out to all managers during the appraisal period. Those direct emails ranged from August to December 2020.

We were informed by the HR Advisor that other chasing activity may have included making phone calls, although understandably no record of this is maintained.

At the time of our review, PDR meetings had been recorded as completed for each of the 18 employees, however, forms had not yet been received for seven of these. The HR Advisor advised us that there had been no subsequent chasing, however, this would be incorporated into the reminders issued in relation to the 2021 appraisals.

There is currently no formally defined escalation process for following up overdue PDR meetings and appraisals.

Despite this, without a formal escalation process there is a risk that inconsistent chasing activity is undertaken. This may impact the completion of appraisals and timeliness of doing so.

<p>Management Action 3</p>	<p>The HR Team will devise and implement an escalated approach to reminding/chasing overdue appraisals.</p> <p>The HR Team will also consider identifying those managers /directorates for targeted reminders where appraisals were returned late in the previous year.</p>	<p>Responsible Owner: Megan Lloyd</p>	<p>Date: 31 July 2021</p>	<p>Priority: Medium</p>
<p>Findings / Implications</p>	<p>There were seven staff members who had received timely PDR meetings (prior to 30 June 2020) but completed forms had either not yet been forwarded or not been forwarded in a timely manner. We identified that the PDR meetings for five of these seven staff members had taken place close to the appraisal deadline, in June 2020.</p> <p>Through discussion with the HR Manager and HR Advisor, we were informed that there could be consideration to have two deadlines, an earlier date by which meetings have to have taken place and a later date by which forms have to be forwarded.</p> <p>Where the same deadline is used for both PDR meetings and the forwarding of PDR forms, there is an increased risk forms are not forwarded to HR in a timely manner, forcing the HR Advisor to spend time undertaking chasing activity. Meetings may be arranged close to the deadline and as such delays in completing forms and obtaining sign off from endorsing managers impacts the timeliness of forms being forwarded to HR.</p> <p>Without the forms, there is no other evidence appraisals have taken place whilst delays in receiving the forms restricts the HR Team's ability to review these for content (as part of the sample review exercise).</p>			
<p>Management Action 4</p>	<p>We will consider implementing two deadline dates for the PDR process, an earlier date by which PDR meetings must be confirmed to have taken place and a later date by which PDR forms must be received by HR.</p>	<p>Responsible Owner: Megan Lloyd</p>	<p>Date: 30 September 2021</p>	<p>Priority: Low</p>

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.

Objective	Control design not effective*		Non Compliance with controls*		Agreed actions		
	Low	Medium	High	Low	Medium	High	
To ensure that arrangements regarding the PDR process and appraisals are subject to monitoring to achieve compliance with targets	1	(10)	2	(10)	3	1	0
Total	3				3	1	0

* 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

The scope was planned to provide assurance on the controls and mitigations in place relating to the following risks:

Objective of the risk under review

To ensure that arrangements regarding the PDR process and appraisals are subject to monitoring to achieve compliance with targets

When planning the audit the following areas for consideration and limitations were agreed:

The audit will consider the following;

- Whether policies and procedures are in place for the completion of annual appraisals, and that these have been regularly reviewed, approved and are available to all staff;
- Training processes for undertaking appraisals and the level of compliance with this for a sample of staff.
- The processes in place for ensuring that all staff requiring an appraisal are identified and appraisal data agreed; As part of this we will look to identify at the time of the audit how many eligible staff have had an appraisal.
- Review of the FireWatch system for a sample of staff to identify whether completed appraisals have been recorded.
- The mechanisms in place to ensure that appraisals are being undertaken in a timely manner by the appropriate and relevant member of staff and in line with the requirements of the PDR policy (inc the use of SMART objectives) to enable appraisals to be undertaken to an agreed standard and consistent format;
- For a sample of appraisals, we will review whether behaviour competency framework, a new process, is being complied with and will review the completeness of this documentation.
- The accuracy and consistency of reporting and progress against appraisals (including any performance indicators) at member and management level. This will include validating the information back to source data.

Limitations to the scope of the audit assignment:

- Our review will be focused on checking compliance against the Service's policy and procedures in relation to appraisals.
- We will not confirm that all training needs of staff have been identified nor will we comment on staff member's performance.
- We will not guarantee that what has been documented was actually discussed.
- We will not confirm that all staff have been subject to an appraisal.

- The results of our work are reliant on the quality and completeness of the information provided to us.
- Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

Debrief held 17 June 2021
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Responses received 1 July 2021

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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.

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