



cutting through complexity

Loch Lomond & The Trossachs National Park Authority

Internal audit report 2015-16

Workforce management and appraisals

27 August 2015

This report is for:

Action

*Jaki Carnegie – Director of
Corporate Services (Loch
Lomond & The Trossachs
National Park)*

Information

Audit Committee

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Introduction and scope

In accordance with the 2015-16 internal audit plan for Loch Lomond & The Trossachs National Park Authority (“the Authority”) as approved by the audit committee, we have performed a review of workforce management and appraisals.

The overall objective of this review was to review the arrangements and processes to ensure that staff resources are adequately managed and developed and to review the extent to which they support achievement of the goals and objectives of LLTNPA.

Background

There were changes to staff terms and conditions and part of this change was an agreement to move to a new performance management process. Achievement of the LLTNPA strategic plans requires engagement by all staff, and alignment of goals and objectives should contribute to the strategic performance of the Authority. LLTNPA implemented the new process in summer 2014 with the year till March 2015 the first year of operation of the “My Performance Review” system, the Authority’s performance appraisal system. One of the aims of implementing the new approach was to better embed the link between expected behaviours and the values of LLTNPA. In particular, it is expected that when staff are setting their goals for the year, they will link them to those of the Authority, emphasising those in the Corporate Plan (2012-2017) and the Annual Operational Plan.

A significant change compared to the previous performance appraisal system has been an increased emphasis on self review, with the Review Manager’s responsibilities changing. There has also been a focus on the core values of the Authority. A component of this has been the inclusion of the “My Monthly One-to-One” Form which must be completed by all staff. It provides an opportunity to review how one’s actions reflect the values of the Authority. The link between LLTNPA values and behaviours is summarised below.

Value	Behaviour
Passion: We love what we do	We are proud Ambassadors who believe in what we do
Leadership: We show the way	We each take responsibility as leaders to act with trust and respect to achieve success
Accessible: We're approachable, open and friendly	We work as one National Park team, helping each other to reach our goals
Caring: We respect the past and shape the future	We respect, value and support each other in the work that we do
Inspiring: We spark ideas for action	We embrace and encourage innovation and creativity to deliver excellence
Green: We do the right thing for the Park and the Planet	We make and promote sustainable choices on a daily basis

Executive Summary: Key findings and recommendations

We identified no 'critical', 'high' or 'moderate' risk graded recommendations in the course of our work.

One 'low' graded recommendation was identified.

The finding identified during the course of this internal audit is summarised below. The finding and recommendation is included in this report. Management has accepted the finding and agreed reasonable action to address the recommendation.

	Critical	High	Moderate	Low
Number of internal audit findings	-	-	-	1
Number of recommendations accepted by management	-	-	-	1

Our review of the Authority's workforce appraisal system identified that staff are aware of and are linking their individual goals to those of the organisation. We consider that the processes have been well implemented and we include one suggestion for enhancement.

Areas of good practice are:

- Staff are clearly aware of the strategic goals of the organisation, particularly those found in the Corporate and Annual Operational Plan.
- The introduction of the "My Monthly One-to-One" form enables performance to be tracked and reviewed throughout the year.
- The transition to an increased emphasis on self-review has provided an opportunity for staff to gain further value regarding their performance during the year, along with planning for the future.

Action plan: areas for added value

We identified one area where value could be added by the Authority to further enhance the development of existing processes:

- During the implementation of the new process there have been ongoing improvements and communications to ensure that this maximises the benefits to both LLTNPA and employees. Whilst good progress has been made to date it is important to continue to provide focus to ensure that momentum is maintained.

We outline the main findings from our review.

Tools and documentation

The required “My Performance Review” documentation is split into three main areas: “Objectives”; “Our Values and Behaviours”; and “My Personal Development”. Each of these sections provides opportunities for staff to review and reflect on the goals that they set during the year, particularly at mid-year and end-year. The design of the documentation assists reviewers and reviewees to consider objectives and their achievement against them in a Specific, Measurable, Achievable, Relevant and Time related (SMART) manner.

The “Objectives” section of the document clearly states that that individual objectives must relate to those of the Corporate and Operational Plan. The inclusion of this statement clearly ensures that all staff are aware of this requirement. Interviews with staff from various teams indicated that meetings are held to discuss the setting of these objectives.

The “Our Values and Behaviours” section requires considering how individuals can integrate LLTNPA values and behaviours as part of their regular work performance. This ensures that staff are considering the organisation as a whole when setting and reviewing goals for the year.

The “My Personal Development” section of the document provides an opportunity to plan for the future within the organisation. This can be through emphasising improvement over a particular aspect of an individual’s performance, or providing opportunities for additional training. This helps with retention of staff through motivation.

The reviewer is required to make an assessment at the end of the document considering performance against the values and behaviours as well as individual objectives. Following sign off by the reviewer and reviewee, the reviewer’s line manager will consider the conclusions and validate that individual performance has been considered in a fair manner. Once the process is concluded, HR are informed to allow tracking of completion rates.

“My Monthly One-to-One” and self-review

One of the more significant additions to the Authority’s performance appraisal system has been the shift to self-review and the addition of the “My Monthly One-to-One” document, which each staff member must complete throughout the year. This document, completed prior to each staff member’s One-to-One conversation with their reviewer, places an emphasis on how the staff member is demonstrating positive behaviour. Overall this document compares well with other similar organisations capturing key information.

Our interviews with staff indicated that members of the organisation are in general satisfied with the introduction of this process and complete One-to-One meetings on an ongoing basis. The fact it is completed throughout the year provides ongoing opportunities to discuss performance on a continual basis. The emphasis on the responsibility of the individual to complete these documents ensures that staff are aware of how they are performing compared to their objectives with reviewers able to openly discuss the achievement of objectives.

During the implementation of the new process there have been ongoing improvements and communications to ensure that this maximises the benefits to both LLTNPA and employees. Management should continue to identify areas for improvement and further cascade examples of good practice.

Recommendation one

Summary of internal audit findings (continued)

Cascading of the Authority's strategic goals

The operational plan of LLTNPA has been a method of communicating organisational goals at team meetings. Each team sits down as a group to discuss and consider the strategic objectives of the Authority at all levels and how their work helps achieve these. We reviewed completed "My Performance Review" documents to determine whether or not staff are aligning in an appropriate manner. Review of "My Performance Review" documentation indicated that staff are considering these goals when completing their own documentation.

The action plan summarises specific recommendations, together with related risks and management's responses.

Finding(s) and risk	Recommendation(s)	Agreed management actions
1 “My Monthly One-to-One” and self review		Low
<p>During the implementation of the new process there have been ongoing improvements and communications to ensure that this maximises the benefits to both LLTNPA and employees. Whilst good progress has been made to date it is important to continue to provide focus to ensure that momentum is maintained.</p> <p>The risk of not continuing to provide ongoing focus is that staff may in future consider this to be a compliance process rather than having appropriately focused conversations linked to personal development.</p>	<p>Management should continue to identify areas for improvement and further cascade examples of good practice such as:</p> <ul style="list-style-type: none"> • Issuing further guidance on how to ensure objectives are SMART; • Provide examples of appropriate ways in which to capture feedback and evidencing behaviours; and • Give examples of what effective performance looks like at a more job specific level. 	<p>Agreed</p> <p>Management will consider suitable areas for further improvement.</p> <p>Responsible officer: Human Resources Manager</p> <p>Implementation date: July 2016</p>

Appendices

In accordance with the 2015-16 internal audit plan for Loch Lomond & The Trossachs National Park Authority (“the Authority”), we will undertake an internal audit review of workforce management and appraisals.

There were changes to staff terms and conditions and part of this change was an agreement to move to a new performance management process. LLTNPA implemented a new process in summer 2014 with the year till March 2015 the first year of operation.

The process is based on LLLTNPA agreed values and behaviours as they form part of the monthly 1-1 meetings and then these inform the mid-year and yearend review meetings. There should also be a clear link to the strategic plan and operational plans of the organisation and this should inform individual objectives.

Objective

Achievement of the strategic plans requires the engagement by all staff, and alignment of goals and objectives should contribute to strategic performance of the Authorities. The overall objective of this audit is to review the arrangements and processes to ensure that staff resources are adequately managed and developed and to review the extent to which they support achievement of these outcomes.

Scope

We will:

- review and challenge the adequacy and effectiveness of arrangements to enable strategic goals to be cascaded across operational and support functions and down through lines of reporting and accountability;
- consider how the staff performance management framework is used to retain and manage talent; and
- assess the appraisal processes and consider their robustness. We will verify that performance against objectives is assessed in an evidence based manner on a regular basis.

Approach

- We will adopt the following approach in this review:
- conducting interviews with staff to gain an understanding of how strategic goals are cascaded to operational and corporate functions;
- review the staff performance management framework in place including comparison against good practice;
- review the extent to which existing policies and procedures have been followed and implemented;
- consider good practice processes from other organisations and compare to processes at the Authorities; and
- agree findings and recommendations with management.

Classification of internal audit findings

The following framework for internal audit ratings has been developed and agreed with management for prioritising internal audit findings according to their relative significance depending on their impact to the process.

Rating	Definition	Examples of business impact	Action required
Critical	Issue represents a control weakness, which could cause or is causing severe disruption of the process or severe adverse effect on the ability to achieve process objectives.	<ul style="list-style-type: none"> ■ Potential financial impact of more than £250,000. ■ Detrimental impact on operations or functions. ■ Sustained, serious loss in brand value. ■ Going concern of the Authority becomes an issue. ■ Decrease in the public's confidence in the Authority. ■ Serious decline in service/product delivery, value and/or quality recognised by stakeholders and customers. ■ Contractual non-compliance or breach of legislation or regulation with litigation or prosecution and/or penalty. ■ Life threatening. 	<ul style="list-style-type: none"> ■ Requires immediate notification to the audit committee. ■ Requires executive management attention. ■ Requires interim action within 7-10 days, followed by a detailed plan of action to be put in place within 30 days with an expected resolution date and a substantial improvement within 90 days. ■ Separately reported to chairman of the audit committee and executive summary of report.
High	Issue represents a control weakness, which could have or is having major adverse effect on the ability to achieve process objectives.	<ul style="list-style-type: none"> ■ Potential financial impact of between £100,000 to £250,000. ■ Major impact on operations or functions. ■ Serious diminution in brand value. ■ Probable decrease in the public's confidence in the Authority. ■ Major decline in service/product delivery, value and/or quality recognised by stakeholders and customers. ■ Contractual non-compliance or breach of legislation or regulation with probable litigation or prosecution and/or penalty. ■ Extensive injuries. 	<ul style="list-style-type: none"> ■ Requires prompt management action. ■ Requires executive management attention. ■ Requires a detailed plan of action to be put in place within 60 days with an expected resolution date and a substantial improvement within 3-6 months. ■ Reported in executive summary of report.

Classification of internal audit findings (continued)

Rating	Definition	Examples of business impact	Action required
Moderate	Issue represents a control weakness, which could have or is having significant adverse effect on the ability to achieve process objectives.	<ul style="list-style-type: none"> ■ Potential financial impact of between £25,000 to £100,000. ■ Moderate impact on operations or functions. ■ Brand value will be affected in the short-term. ■ Possible decrease in the public's confidence in the Authority. ■ Moderate decline in service/product delivery, value and/or quality recognised by stakeholders and customers. ■ Contractual non-compliance or breach of legislation or regulation with threat of litigation or prosecution and/or penalty. ■ Medical treatment required. 	<ul style="list-style-type: none"> ■ Requires short-term management action. ■ Requires general management attention. ■ Requires a detailed plan of action to be put in place within 90 days with an expected resolution date and a substantial improvement within 6-9 months. ■ Reported in executive summary of report.
Low	Issue represents a minor control weakness, with minimal but reportable impact on the ability to achieve process objectives.	<ul style="list-style-type: none"> ■ Potential financial impact of less than £25,000. ■ Minor impact on internal business only. ■ Minor potential impact on brand value. ■ Should not decrease the public's confidence in the Authority. ■ Minimal decline in service/product delivery, value and/or quality recognised by stakeholders and customers. ■ Contractual non-compliance or breach of legislation or regulation with unlikely litigation or prosecution and/or penalty. ■ First aid treatment. 	<ul style="list-style-type: none"> ■ Requires management action within a reasonable time period. ■ Requires process manager attention. ■ Timeframe for action is subject to competing priorities and cost/benefit analysis, eg. 9-12 months. ■ Reported in detailed findings in report.



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