

# The Office of the Auditor General



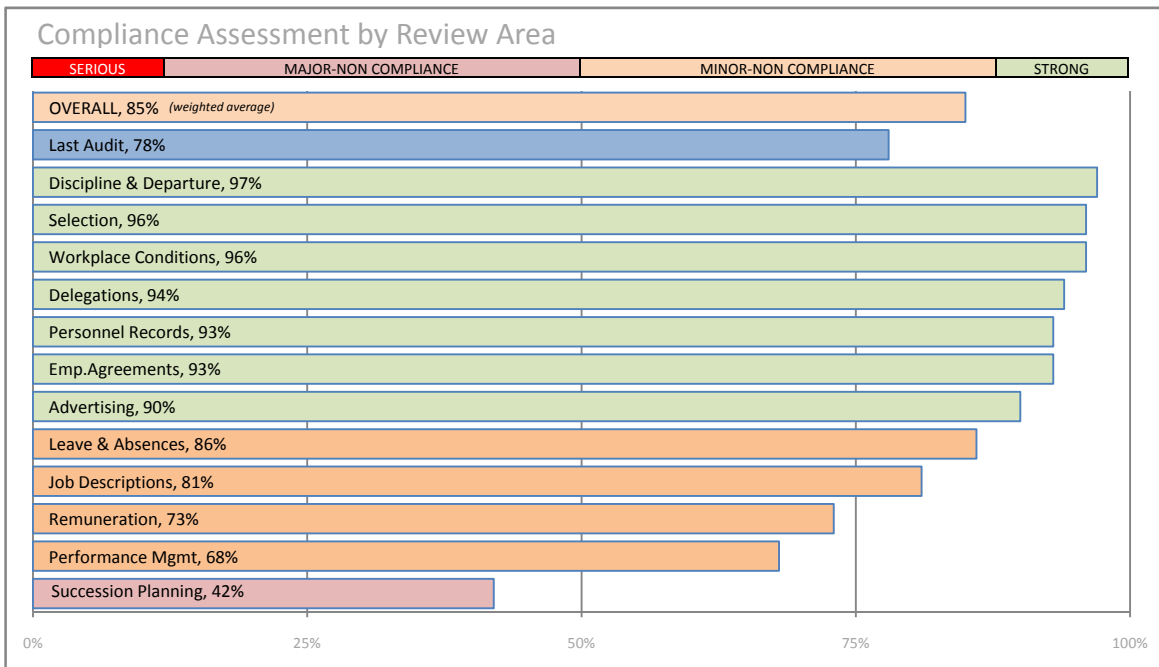
To: Alastair Swarbrick - Auditor General

Cc: Hon. Donovan Ebanks - Deputy Governor  
 Matthew Tibbetts - Acting Chief Officer, Portfolio of the Civil Service

Date: 3 November 2010

## Executive Summary

HR operations within the Office of the Auditor General were assessed using a standard set of audit review programmes. Based upon the work undertaken, compliance against the Public Service Management Law and Personnel Regulations was assessed in the following areas and with the following results.



(The 'OVERALL' scoring is a weighted average calculated based on all review areas and excluding the 'Last Audit' score shown above)

Recommendations have been made, and management responses obtained, where appropriate.

## 1. Introduction

As part of the overall HR audit programme, a review has been conducted within the Office of the Auditor General. The intention was to provide feedback on compliance strengths and weaknesses in the areas reviewed within the context of the Public Service Management Law and Personnel Regulations.

The Office of the Auditor General is located in Anderson Square, George Town and consists of 18 members of staff under the leadership of the Auditor General, Alastair Swarbrick, who has personnel authorities delegated directly to him from His Excellency the Governor.

The last full audit review of the Office of the Auditor General was completed in September 2008 and resulted in an overall compliance score of 78%. Comparative HR statistics from the date of that audit to October 2010 can be seen below.

	September 2008	October 2010	Actual Change	% Change
<b>Number of Staff</b> <i>(As recorded on HR IRIS)</i>	<b>21</b>	<b>18</b>	<b>- 3</b> 6 Joined 9 Departures	<b>-14%</b>
<b>Staff Turnover Rate</b> <i>(Leavers / Avg. Staff Number)</i>	Not Calculated	<b>46%</b>	-	-
<b>% Staff Over Age 60</b>	<b>0%</b>	<b>0%</b>	-	-
<b>Staff Promoted</b> <i>(Individual now on higher grade)</i>	-	-	<b>0</b>	-
<b>% Caymanian</b>	<b>19%</b>	<b>17%</b>	<b>-1</b>	<b>-2%</b>
<b>Average Age</b>	<b>35</b>	<b>36</b>	<b>+1</b>	-
<b>Average Salary</b>	<b>\$62,793</b>	<b>\$64,378</b>	<b>+ \$1,585</b>	<b>+ 3%</b>

## 2. Access to Information

The assistance given by officers during the audit is acknowledged with appreciation. There were no problems encountered with access to the information required or any unexpected limitations to audit activity.

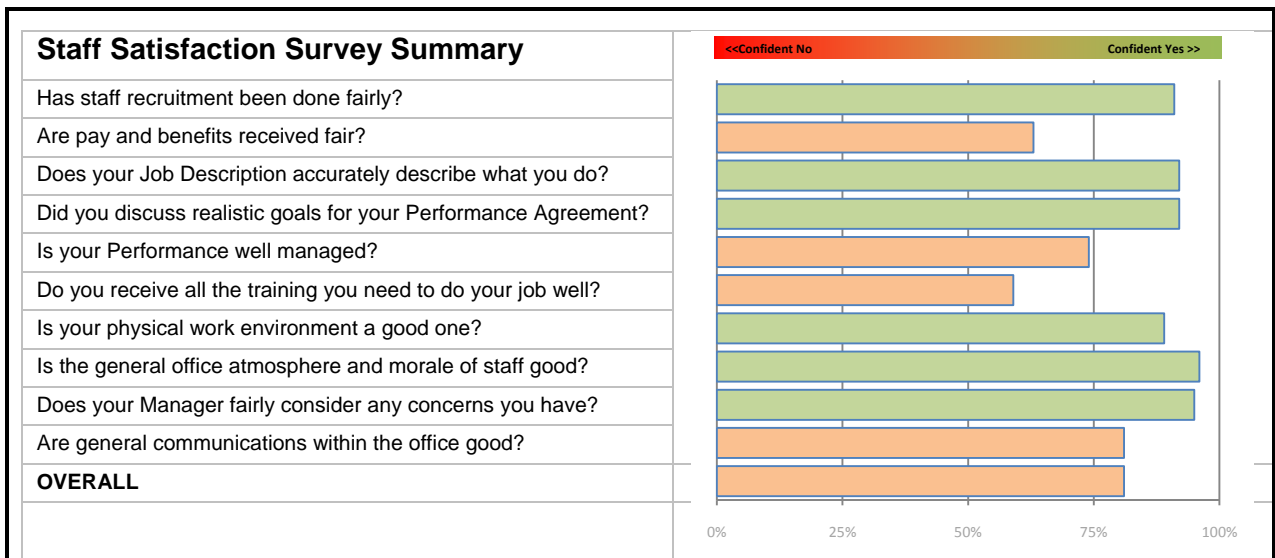
## 3. Staff Satisfaction Survey

Discussions were held with 9 (50%) of the 18 staff which helped to inform the overall direction and focus of the audit. A number of standard questions were asked, and an analysis of the overall strength of feeling expressed for each one is provided in this section.

At best this information is indicative only. It is an averaging of the personal views that were expressed to the auditor(s) during the course of the audit. Managers may wish to further explore any of the areas where a low overall opinion results, or take some comfort from those areas which show a high overall opinion.

The discussion results presented an almost universally positive view of the general office environment, morale and pointed to a culture of supportive management and good teamwork. Areas where there were some tangible signs of concern expressed included the level of pay and benefits, the availability of appropriate training opportunities and the performance management process. Overall satisfaction levels were clearly in excess of the government average.

The audit process guarantees the interviewees anonymity, and as such no further information on the nature of the responses, or who gave them can be provided. It should be noted that because of the number of people interviewed, a very low overall average score could still mean that one or more persons had spoken very highly of that particular area.



## 4. Audit Opinions, Findings and Recommendations

Audit activity was concentrated around a core set of Human Resource related activities which are outlined below and were selected prior to the commencement of the review. An audit opinion is formed on each area based upon the findings observed.

### 4.1. Areas with Strong Compliance

These areas have been observed and evidenced as being compliant with the Public Service Management Law and Personnel Regulations. Any areas found were only minor in nature.

#### Personnel Delegations

The Public Service Management Law requires that formal 'Personnel Delegations' exist to empower a Civil Servant to undertake Human Resources related functions. His Excellency the Governor has made the original delegations to Chief Officers which include the power and expectation to sub-delegate to others. Any sub-delegation should always be clearly communicated in a formal written document.

During the Audit review of this area, we sought to obtain evidence that:

- HR functions were undertaken only by those with official delegations.
- The intention of HR devolution and delegation is being followed.

The Auditor General has received full personnel delegations from His Excellency the Governor dated September 2010. The previous Auditor General, in post during the majority of the audit review period, also had appropriate delegations.

No onward delegations have been made, but the Auditor General's signature was present on all documentation relating to HR decisions and approvals.

No formal recommendations are made in this area.

#### Vacancy Advertising

The Public Service Management Law provides a framework to guide the way in which job vacancies are advertised. The existence and format of advertising is continually monitored by the HR Audit function throughout the year such that every advertisement placed is reviewed. During this audit visit, additional checks were made to review the circumstances of any recent recruitments and contract renewals where no advertising took place.

During the Audit review of this area, we sought to obtain evidence that:

- The content of job advertisements was sufficiently detailed.
- The media channels used for advertising were appropriate, and the application deadline provided was sufficient.
- Appropriate circumstances existed for any recruitments or contract renewals where no advertising took place.

A total of 7 advertisement campaigns were run since the last audit and all were found to be fully compliant in all respects with the only exceptions being an unsupported salary grade for the post of Auditor General (*see Remuneration findings*) and advertisements for the post of Senior Auditor (January 2009) giving only 7 days notice prior to the application closing date in the Caymanian Compass.

In cases where new contracts were issued to existing employees without advertising, file documentation existed to adequately support the decision not to advertise.

No formal recommendations are made in this area.

### **Selection & Appointment**

The Public Service Management Law stresses an obligation to ensure that an open and fair employment process operates. The audit process traces the process from advertisement through to the signing of the employment agreement to ensure that these principles are upheld throughout.

During the Audit review of this area, we sought to obtain evidence that:

- Appointment decisions are appropriate and supported with clear documentation from the short-listing and interviewing stages.
- The 'best person for the job' and 'Caymanian preference' concepts are correctly applied.
- References, Medical and Qualification checks are undertaken where required.

A total of 4 recruitment campaigns were reviewed. In general the processes were seen to be working as intended in compliance with the Law and were supported by strong documentation throughout. There were two areas as indicated below where the good practice observed could be further strengthened to help defend against any future challenge to appointment decisions.

## Findings

Whilst a summary document was found to indicate the outcome of the short-listing process, there was no clear evidence to show that the Appointing Officer had always been involved in this process.

<b>Recommendation 1</b> A final short-listing summary document for every recruitment exercise should be signed by the Auditor General, or the otherwise delegated 'Appointing Officer' to confirm satisfaction that the appropriate short-listing steps were followed.	
Management Response: Agreed. We will ensure that is done for all future recruitment exercises.	
Relevant Law / Regulations: PSML(s41.5)	Proposed Implementation Timeframe: With Immediate Effect

References for preferred candidates were not on file. In the cases reviewed, it is understood that verbal references had been obtained.

<b>Recommendation 2</b> In the event that candidate references are obtained verbally – a file note should be made to document the process and the nature of the reference obtained.	
Management Response: Agreed. A file note will be made of all verbal references obtained in the future.	
Relevant Law / Regulations: PSML (41.9)	Proposed Implementation Timeframe: With Immediate Effect

## Employment Agreements

The Public Service Management Law requires that all staff are engaged in employment by means of a formal contract known as the 'Employment Agreement' which carries certain terms and conditions protecting the interests of both the employer and the employee.

During the Audit review of this area, we sought to obtain evidence that:

- All staff have employment agreements, and any 'non-staff' consultants or service provider arrangements that exist are clearly designated as such.
- Employment Agreements are correctly worded and contain only appropriate terms and conditions.

- Individuals are engaged for appropriate contract lengths, and Employment Agreements are signed by both the staff member and appointing officer on, or prior to, the first day of work.

A total of 7 Employment Agreements were reviewed, and all were found to be in full compliance with the Law and Regulations, with the exception of the treatment of a probationary contract.

**Findings**

A member of staff completed her probationary period in February 2008 but still remains employed on the basis of the original probationary employment agreement.

<b>Recommendation 3</b>	
When employees successfully complete a probation period, a new employment agreement should be entered into.	
Management Response: Agreed. However we do believe this is an unnecessary additional process.	
Relevant Law / Regulations: PR(35.4)	Proposed Implementation Timeframe: With Immediate Effect

**Discipline, Departure and Grievances**

The Public Service Management Law outlines how to deal with misconduct or inadequate performance within the workplace, and also guides Management through the necessary processes ahead of any dismissal, ill-health or efficiency retirement. Staff are also protected against poor Management decisions with an established grievance process which should be communicated and available to them at all times.

During the Audit review of this area, we sought to obtain evidence that:

- Any formal disciplinary matters are handled in accordance with the Law.
- Any suspension or dismissal activity is appropriate and undertaken only after following the prescribed processes.
- The staff grievance route is both available and made known to staff.

The Office of the Auditor General has handled an early retirement and an inadequate performance dismissal during the course of the audit review period. The processes undertaken relating to these cases were observed to have been undertaken in full accordance with the Law. No formal recommendations are made in this area.

## Workplace Conditions and Safety

Management should take reasonable and practical steps to ensure that staff can work in comfort and safety. To provide a general opinion on this area, we seek and consider comments from staff and undertake some basic visual inspections of the workplace including checks for working space suitability, lighting, first-aid and fire-fighting equipment.

During the Audit review of this area, we sought to obtain evidence that:

- Practical steps have been taken to provide a comfortable and safe work environment.
- Fire-fighting and first-aid equipment exists and staff know when and how to use it.

The Office of the Auditor General was found to be a safe and secure work location providing a suitable work environment for its staff. There was some staff concern over the availability of car parking spaces.

No formal recommendations are made in this area.

## Personnel Records

With the everyday pressures and time demands at the workplace, it can be an all too common occurrence for the necessary 'paperwork' to be neglected. Attention to Personnel Records is essential to ensure all staff have complete Personal 'Files' and to ensure that Management can prove the appropriate processes were followed in the event of challenge from within the Civil Service or from the general public.

During the Audit review of this area, we sought to obtain evidence that:

- All staff have a well-maintained personal file, holding the information types required.
- All key HR processes are sufficiently documented.
- The records are held in a manner that is easily retrievable.

Every member of staff was found to have a Personnel File and these were found to be very well maintained, facilitating the easy retrieval of information.

### **Findings**

The majority of staff have no emergency contact details recorded within the central HR IRIS system, and one member of staff has no address details recorded.



<b>Recommendation 4</b>	
Address and Emergency contact details of all staff should be kept up to date through direct input to the HR IRIS system, or liaison with the Portfolio of the Civil Service.	
Management Response: Agreed. IRIS will be updated.	
Relevant Law / Regulations: PoCS Advisory 15/11/2007 & PR49(5b)	Proposed Implementation Timeframe: Within 1 Month

#### 4.2. Areas with Minor Non-Compliance

These areas have been observed and evidenced as not being fully compliant with the Public Service Management Law and / or Personnel Regulations. The non-compliance is considered to have only minor severity and impact.

#### Performance Management

Performance Management is critical for helping staff to deliver the best results that they can in the ultimate pursuit of Government’s objectives. The Public Service Management Law establishes the parameters of a consistent framework within which performance can be managed on an individual level.

During the Audit review of this area, we sought to obtain evidence that:

- Annual Performance Agreements are agreed with staff prior to the start of each financial year.
- Agreements are realistic, linked to the objectives of the Government entity and compatible with the content of the post-holder’s job description.
- Annual Performance Assessments are undertaken within a reasonable timeframe after the end of the financial year.

Performance Management documentation for 7 staff was reviewed and a general question posed to all of the staff satisfaction survey interviewees regarding how well they believe that their performance is being managed.

#### Findings

The Auditor General acknowledged at the commencement of the audit that the area of performance agreements and assessments has not complied with the requirements of the PSML. The situation has however improved since the last audit.

All staff were found to have had Performance Assessments for the 2009/10 year and Performance Agreements exist for the 2010/11 year, albeit having been completed during August and September and in some cases having limited content.

<b>Recommendation 5</b>	
Performance Agreements should be developed and agreed with all staff prior to every financial year.	
<i>Management Response:</i> We accept that we are required by PSML to complete them prior to the financial year end and we are working on a pragmatic solution to the completion of the Performance Agreements and Assessments to ensure compliance whilst recognizing timing issues for the OAG.	
<i>Relevant Law / Regulations:</i> PSML(s49)	<i>Proposed Implementation Timeframe:</i> Within a Year

<b>Recommendation 6</b>	
Performance Agreements should contain all the information outlined in Section 49(3) of the PSML including a section for training, skills and personal development and an acknowledgement by both parties that they have discussed and agreed the content.	
<i>Management Response:</i> Agreed. We will ensure that these are completed appropriately going forward.	
<i>Relevant Law / Regulations:</i> PSML(s49.3)	<i>Proposed Implementation Timeframe:</i> With Immediate Effect

**Job Descriptions**

A ‘Job Description’ document is the primary means by which the nature of a job is outlined together with the skills and experience profile that would typically be expected of anyone occupying that position. Job Descriptions also form the basis for pay grade evaluations and are required for every Government role.

During the Audit review of this area, we sought to obtain evidence that:

- Job Descriptions exist for all posts.
- Job Descriptions are kept under regular review and are revised where necessary to match the evolution of a job.
- Job Descriptions are evaluated to ensure an appropriate pay grade.

Where located, Job Descriptions were found to be in the correct format and to have been subjected to formal evaluation to establish the associated pay grade. Feedback from the staff

interview process indicated that staff were of the general opinion that job descriptions were reflective of the roles being undertaken.

### **Findings**

No Job Description or official evaluation results could be found at the Office of the Auditor General, or centrally at the Portfolio of the Civil Service, for the position of Auditor/Senior Auditor.

<b>Recommendation 7</b> <b>A Job Description for the position of Auditor / Senior Auditor should be created (or located) and submitted to the Portfolio of the Civil Service for job evaluation.</b>	
<i>Management Response:</i> <i>We are reviewing how the position of Auditor / Senior Auditor has arisen as it is not part of our office structure. It is our view that the job description of Auditor is appropriate at this time and we will consider the need for any formal job description once we have completed our review of the circumstances.</i>	
<i>Relevant Law / Regulations:</i> PSML(41.2)	<i>Proposed Implementation Timeframe:</i> Within 2 Months

<b>Good Practice Suggestion</b> <b>All job descriptions should contain a 'created / last reviewed' date to help demonstrate that they have been subject to regular review (which could be done together with the preparation of the annual performance agreement) ensuring their ongoing applicability.</b>
<i>Management Response:</i> <i>Agreed. We will implement this annual review as part of our performance agreement and assessment process.</i>

## **Leave & Absence Management**

Leave and Absence Management requires special attention to help ensure that Government operations are as efficient as possible. Through close monitoring, trends and absence patterns can be identified. Any abuse of leave entitlements can be detected, and programmes can be developed to help deal corporately with some of the symptoms of genuine sickness related absences such as stress.

During the Audit review of this area, we sought to obtain evidence that:

- Staff receive and do not exceed appropriate leave entitlements.
- There is a robust approval process for all types of absence.

The records of 9 members of staff were reviewed. With just one exception noted below, they were all found to have been given appropriate annual leave entitlements, with a request and approval process in place and working effectively.

**Findings**

One individual was found to be receiving a leave entitlement of 18 days despite her entitlement being 25 days.

<b>Recommendation 8</b>	
The annual leave entitlement of the individual identified should be re-calculated based upon the correct entitlement of 25 days from the day on which her position changed from Grade L to Grade K.	
Management Response: Completed. This has already been actioned.	
Relevant Law / Regulations: PR(Schedule 1,Section 5)	Proposed Implementation Timeframe: With Immediate Effect

Outstanding leave balances on the central HR IRIS system do not reconcile with those recorded on the local system.

<b>Recommendation 9</b>	
To ensure accuracy of recorded vacation leave, the annual carry forward balances recorded centrally in HRIRIS should be reconciled with the local records system.	
Management Response: At present we don't rely on HR IRIS for our leave liabilities. However we will in future ensure that we reconcile our records with HR IRIS on an annual basis in January / February to ensure the balance as at the end of December is accurate.	
Relevant Law / Regulations: PR49(5b)	Proposed Implementation Timeframe: Within a Year

**Staff Remuneration**

Personnel Regulations require all staff to be paid at an official point on the grade at which their post has been evaluated at. They also dictate the nature and calculation basis of any additional remuneration elements such as duty and acting allowances.

During the Audit review of this area, we sought to obtain evidence that:

- Salaries are being paid through the official HR IRIS Payroll system.
- Salaries are paid at the correct grade, unless there are historic ‘personal to holder’ reasons that require otherwise.

- Pay rises are awarded for appropriate reasons, and any addition payments to staff are from within the list of permitted allowances.

The remuneration of all members of staff over the course of the past 12 months was reviewed. With the exception of the repeat finding below, all payments were found to be appropriate, in compliance with the Law and well documented.

**REPEAT Finding**

As raised in the 2008 HR Audit report, the Auditor General is being paid at a grade above the one established for the post by the last job evaluation. This higher grade is subsequently being used for the calculation of acting allowance to the post of Auditor General.

<p><b>Recommendation 10</b></p> <p>Remuneration for future Auditor General contracts should be guided by the evaluated pay grade and this same evaluated pay grade must be used in the calculation of Acting Allowance for any individual acting as Auditor General.</p>	
<p><i>Management Response:</i></p> <p>We will comply with the requirements in respect of any future acting allowance, but will continue discussions with the relevant parties regarding the appropriate grading for the post of Auditor General.</p> <p><i>Audit Note:</i></p> <p>The Strategic HR unit of the Portfolio of the Civil Service have, subsequent to the audit taking place, undertaken a evaluation of the Auditor General job description and confirmed its grading at Grade D.</p>	
<p><i>Relevant Law / Regulations:</i></p> <p>PSML(42.2)</p>	<p><i>Proposed Implementation Timeframe:</i></p> <p>Not applicable</p>

**4.3. Areas with Major Non-Compliance**

These areas have been observed and evidenced as not being fully compliant with the Public Service Management Law and / or Personnel Regulations. The non-compliance is considered to be of significant severity and / or impact.

**Training, Development & Succession Planning**

Employees need to maintain and / or develop their skills and knowledge in order to keep doing their jobs well. With a view to both business continuity and the development of Caymanians within all areas of the workforce, the Law also requires the creation of formal succession plans.

During the Audit review of this area, we sought to obtain evidence that:

- A formal succession plan exists and is maintained (the responsibility for which will be dependent upon the personnel delegations issued).
- Desirable Training needs identified through the Performance Agreement process are consolidated into an overall training plan to help identify areas of need and likely demands upon time and financial budgets.

**Findings**

No formal overall succession plan exists – nor is there an annual training plan consolidated from individual staff Performance Agreement discussions. From the interviews held with staff, a number felt they were not receiving the level of training that they needed in order to maintain their skill-sets in the jobs that they are being asked to do.

<b>Recommendation 11</b>	
To recognize the stated need for the advancement of Caymanians in all parts of the Civil Service, a formal succession plan should be developed and maintained.	
Management Response: We will develop a succession plan within our training plan.	
Relevant Law / Regulations: PR(s52.1)	Proposed Implementation Timeframe: Within a Year

<b>Good Practice Suggestion</b>
An overall 'Training Plan' should be produced for Management Information and decision making purposes. This should be consolidated from the information on identified training needs resulting from the Performance Agreement process.
Management Response: We are currently in the process of developing a training plan for the OAG.

**4.4. Areas with Serious Non-Compliance**

No areas have been observed and evidenced as not being fully compliant with the Public Service Management Law and / or Personnel Regulations in such a way that the non-compliance would have been considered to be of significant severity AND there has been demonstrated or prolonged disregard for the Law or Regulations.

## **5. *What Happens Next?***

As part of our standard audit procedure, it is possible that we may meet with you again to discuss progress on the implementation of any or all of the recommendations made within this report. This contact is likely to coincide with the timescales you allocated within your responses to the recommendations.

Beyond this, it is unlikely that your area will receive another full HR Audit visit within the next 18 months. We may however be in contact with you in connection with one of our other ongoing audit programmes at any time.

You are welcome to contact me at any time should you require any interpretation or advice regarding specific sections of the Public Service Management Law or Personnel Regulations.

**Andy Bonner**  
**HR Audit Manager**  
Portfolio of the Civil Service