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TO: **MARK BAILEY**

FROM: **ALISON CALDWELL**

DATE: **28 March 2012**

COMPREHENSIVE PAY AND GRADING REVIEW - PAY LEADS

1. I refer to our meeting of 8 March 2012 regarding pay lead ins for Internal Audit staff at SO level when we agreed to provide additional information to support the lead ins in operation.

2. Firstly staff at SO internal auditor grade require to have at least a minimum first level Internal Audit qualification and professional membership - this is above the current requirement for SO general service grade entry.

3. Secondly as part of a wider effort to increase the professionalism of Internal Audit staff we are working towards developing a policy which would see Internal Audit staff appointed at DP audit manager level required to hold higher level Internal Audit qualifications, this is already the requirement at Grade 7 HIA level. As there are essentially very few professionally qualified Internal Audit within the NI market place (with the exception of some in other public sector bodies) there is not a pool of suitable candidates from which we can fill SO Internal Audit vacancies. If we do not “qualify” our own at SO level we will not have a pool available to fill future HIA and DP vacancies.

4. The payment of lead ins at SO level is seen not only as essential by HIAs to encourage staff to undertake professional Internal Audit exams but also to ensure that staff do not drop out of Internal Audit after substantial investment in time and money has been made in their training and development. Corporately we see it as being essential to maintain succession planning at DP and G7 level. At the current time Internal Audit units are generally fully staffed which can be attributed to the fact that staff are incentivised to remain within Internal Audit. Where staff have left Internal Audit this has with very few exceptions been to take up promotion at DP level. Without the leads in it is anticipated that more staff may opt out of Internal Audit, potentially soon after appointment at SO auditor level.

5. The only other alternative within the NI Market place would be the external recruitment of accountants who have specialised in the Internal Audit field. Most of these individuals work in the larger consultancy firms in the private sector. As Cris Farmer has already highlighted in her memo to you of the 27 May the current salary scale for SO general service and SO auditors is uncompetitive with salaries being paid in the private sector for accountants. It is very unlikely that we could recruit sufficient staff externally. This is supported in case where SO Internal Audit vacancies have been advertised externally - there has been very little interest, and I understand no appointments made, of individuals from the private sector.

6. Finally there is an absolute requirement for Internal Audit staff to maintain, through their relevant Institutes continuous professional development requirements. This is also reinforced in the Internal Audit Training and Development Handbook. This requirement to hold and comply with the requirements of a professional Institute is above the requirements of a general service SO.

7. I hope that these points, supported by those contained within my earlier memo, will assist in justifying the pay lead ins for Internal Audit staff.

ALISON CALDWELL

cc: **FIONA HAMILL**

Section 40 (2)