



Audit, Risk & Assurance Committee

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| Date | 18 January 2021 |
| Report title | Internal Audit Update – January 2021 |
| Accountable Chief Executive | Deborah Cadman, OBE Chief Executive Email: Deborah.Cadman@wmca.org.uk Tel: (0121) 214 7200 |
| Accountable Employee | Tim Martin, Chief Audit Executive Email: Tim.Martin@wmca.org.uk Tel: (0121) 214 7435 |
| Report has been considered by | Strategic Leadership Team |

Recommendation(s) for action or decision:

The Audit, Risk and Assurance Committee is recommended to:

- (1) Note the contents of the latest Internal Audit Update Report.

1.0 Purpose

- 1.1 The purpose of this report is to present the Committee with an update on the work completed by internal audit so far, this financial year.

2.0 Background

- 2.1 In accordance with the agreed work programme for internal audit, the reports provide an independent and objective opinion on the Combined Authority's effectiveness in managing their risk management, governance and control environment.
- 2.2 The reports will also feed into the Annual Internal Audit Report that will be prepared at the end of the financial year. The Annual Report will provide an overall audit opinion on the adequacy and effectiveness of the governance, risk management and internal control processes, based upon the outcome of the reviews completed during the year. This opinion can then be used to feed into the Combined Authority's Annual Governance Statement that accompanies the Annual Statement of Accounts.

3.0 Wider WMCA Implications

- 3.1 There are no implications

4.0 Financial implications

- 4.1 There are no implications

5.0 Legal implications

- 5.1 There are no implications

6.0 Equalities implications

- 6.1 There are no implications

7.0 Other implications

- 7.1 Not applicable

8.0 Schedule of background papers

- 8.1 None

9.0 Appendices

- 9.1 None



West Midlands Combined Authority

Internal Audit Update Report – January 2021
2020-2021

1 Introduction

The purpose of this report is to bring the Audit and Risk Assurance Committee up to date with the progress made against the delivery of the 2020 - 2021 internal audit plan.

The Audit, Risk and Assurance Committee has a responsibility to review the effectiveness of the system of internal controls and to monitor arrangements in place relating to corporate governance and risk management arrangements. Internal audit is an assurance function which provides an independent and objective opinion to the organisation on the control environment, comprising risk management, control and governance.

This work update provides the committee with information on recent audit work that has been carried out to assist them in discharging their responsibility by giving the necessary assurances on the system of internal control.

The information included in this progress report will feed into and inform our overall opinion in our internal audit annual report issued at the year end. Where appropriate each report we issue during the year is given an overall opinion based on the following criteria:

| Limited | Satisfactory | Substantial |
|--|--|---|
| There is a risk of objectives not being met due to serious control failings. | A framework of controls is in place, but controls need to be strengthened further. | There is a robust framework of controls which are applied continuously. |

2 Summary of progress:

The following internal audit reviews have been completed or are currently underway.

| Auditable area | AAN Rating | Status and level of assurance | ARAC Meeting (indicative) |
|--|------------|------------------------------------|---------------------------|
| 2019-2020 Internal Audit Reviews previously reported (will feed into the 2020-2021 opinion) | | | |
| Single Commissioning Framework | High | Final issued – Substantial | October 2020 |
| Third Generation Trams Procurement Project Management | High | Final issued – Satisfactory | October 2020 |
| 2020-2021 Internal Audit Reviews previously reported | | | |
| Sprint Programme Management Arrangements | High | Final report issued – Substantial | October 2020 |
| 2020-2021 Internal Audit Reviews completed this quarter | | | |
| Accounts Payable | High | Final report issued – Satisfactory | January 2021 |
| Accounts Receivable | High | Final report issued – Substantial | January 2021 |
| Budgetary Control | High | Final report issued – Substantial | January 2021 |
| General Ledger | High | Final report issued – Substantial | January 2021 |

| Auditable area | AAN Rating | Status and level of assurance | ARAC Meeting (indicative) |
|---|------------|------------------------------------|---------------------------|
| Payroll | High | Final report issued – Substantial | January 2021 |
| Treasury Management | High | Final report issued – Satisfactory | January 2021 |
| Human Resources Pre-employment checks (appended) | N/A | Final report issued | January 2021 |
| Employee Management (Covid-19 response) (appended) | High | Final report issued - substantial | January 2021 |
| Environmental Management System (appended) | High | Final issued – Satisfactory | January 2021 |
| 2020-2021 Internal Audit Reviews in progress | | | |
| Procurement (Covid-19 response) | High | Draft report being produced | March 2021 |
| Harvestime Project Management Arrangements* | High | Fieldwork in progress | March 2021 |
| Commonwealth Games Strategic Transport Plan** | High | Fieldwork in progress | April 2021 |
| Local Industrial and Economic Strategy | High | Planning in progress | April 2021 |

*As reported at the last ARAC meeting, the Director of Housing and Regeneration had requested that the planned review of the Friar Park Project be replaced, as that project had been completed. This has now been replaced with the Harvestime Project.

**It has been agreed that a joint working approach would be undertaken in liaison with the Commonwealth Games Organising Committee's Internal Auditors regarding the Integrated Transport Plan. We are working collectively where there is commonality within the audit scopes of both the Organising Committee and the WMCA. Some fieldwork will now be undertaken in January 2021. Reporting will be undertaken independently to each organisation's respective audit committee.

Summary of individual audits

The following reviews were categorised as either Satisfactory or Substantial Assurance. A summary of our observations has been included, or the full report appended where appropriate.

Employee Management (Covid-19 response)

Our review focused on the arrangements for employee management in response to the implications of the Covid-19 pandemic. We are pleased to report that we found no major issues. We found several areas of good practice within the ongoing response to Covid-19 which facilitated the following:

- Protecting the organisation's employees
- Communicating effectively in uncertainty
- Maintaining the continuity of work

- Preparing for recovery

Employee management is seen as a core element of the WMCA overall response, led by Human Resources and Organisational Development in collaboration with and as a key member of the Covid-19 Tactical Group established to manage the overall organisational response. We also found that the approach and response taken aligned with guidance and best practice advice.

The response also demonstrated a wider consideration of employee health and wellbeing alongside core employee management policy and procedure. This was further supported by the establishment of the Wellbeing Strategy 2020-2022 which looks to address the current situation as well as being forward looking regarding consideration of future working arrangements.

As this subject has been of interest to members at recent meetings, a copy of the full audit report has also been appended to this progress report for information purposes.

Key Financial Systems Audits

Our review sought assurance on the core controls in operation for the Key Financial Systems. We are pleased to report that no major issues were identified, and an overall opinion of substantial was given for the following systems:

- Accounts Receivable
- General Ledger
- Budgetary Control
- Payroll.

We gave satisfactory assurance in the following areas:

- Accounts Payable
- Treasury Management

While we found for both Accounts Payable and Treasury Management that the majority of core controls were operating effectively with no major issues, for Accounts Payable we made two amber rated recommendations regarding supplier bank detail changes and maintaining an audit trail for approval of payment runs within current remote working arrangements. For Treasury Management we made one amber rated recommendation regarding evidencing approvals and separation of duties within remote working arrangements and staffing levels. All of our recommendations have been accepted.

3 Forward plan for 2020-2021 scheduled audits

| Auditable area | AAN Rating | Quarter | ARAC Meeting (indicative) |
|---|------------|------------------|---------------------------|
| Digital Retraining Fund | High | 4 | April 2021 |
| Risk Management | High | 4 | June 2021 |
| Adult Education Budget | High | 4 | June 2021 |
| Bid Management | High | To be confirmed* | To be confirmed* |
| Investment Programme Monitoring and Evaluation Arrangements | High | To be confirmed* | To be confirmed* |

*Awaiting WMCA decision on the scheduling of these audits.

4 Follow-up of previous recommendations

Through an ongoing cycle of reviews, we continue to monitor the implementation of previous key recommendations, and any major issues of concern relating to their non-implementation, will be reported back to the Audit, Risk and Assurance Committee.

As part of a new working arrangement, the WMCA Internal Audit Liaison Officer will be undertaking the initial preparatory work for each follow-up review obtaining progress updates and supporting evidence as and when agreed implementation dates arrive. This is in support also of the WMCA management monitoring arrangements of progress with implementation.

Internal Audit upon referral from the Internal Audit Liaison Officer will then independently review the progress and supporting evidence, and report accordingly on the progress made with implementation of recommendations. Ultimately, Internal Audit will retain the responsibility for determining if sufficient action has been taken.

Follow up action of the following reviews forms part of this ongoing cycle:

| Auditable area | Overall Opinion | Agreed Actions | | |
|---|-----------------|----------------|-------|-------|
| | | Red | Amber | Green |
| In progress | | | | |
| Homelessness Taskforce | Substantial | - | - | 1 |
| Employee Support Pilot (Productivity and Skills) | Substantial | - | - | 1 |
| Forward cycle | | | | |
| Devolution Deal Objectives and Financial Assumptions, including Business Planning | Satisfactory | - | 2 | - |
| WMCA Governance Arrangements | Substantial | - | - | 6 |
| Midland Metro Limited Operational Transfer | Satisfactory | - | 2 | - |
| Budget Management Role and Responsibilities | Substantial | - | - | 3 |
| Employee Performance Management | Satisfactory | - | 1 | 1 |
| Construction Retraining Fund | Substantial | - | - | 1 |
| West Midlands Rail Limited - WMCA Governance and Management Arrangements | Satisfactory | - | 3 | - |
| WMCA Accessible Transport Services | N/A | - | 4 | 2 |



West Midlands Combined Authority

Final Internal Audit Report: Human Resource Pre employment Checks 2020/2021

Report Date: 27 November 2020

Report Distribution: Julie Nugent – Director of Productivity and Skills
Tracy Walters MA FCIPD – Head of Human Resources and
Organisational Development
Tracy Beardmore – HR Business Partner Team Manager

1. Executive summary

Introduction

An audit of the West Midlands Combined Authority's (WMCA) payroll key financial systems was undertaken as part of the approved internal audit plan for 2020 - 2021. Part of the testing undertaken for this audit included testing of the pre-employment checks undertaken by the Human Resource and Organisational Development Team.

This report highlights two issues that related to Human Resource (HR) pre-employment checks identified during payroll testing.

Key issues identified

The following two issues identified have been classified as **amber** which are detailed in section two of this report:

- Records to evidence that right to work checks had been undertaken correctly and at the right time were not maintained in all cases.
- Where there is a requirement for employees to have specific qualifications for a role no checks were being undertaken to ensure they hold those qualifications before they were appointed and started in that role.

A copy of this report will be presented to the Audit, Risk and Assurance Committee.

Acknowledgement

Several employees gave their time and co-operation during this review. We would like to record our thanks to all the individuals concerned.

2. Issues arising

Priority rating for issues identified:

Red

Action is imperative to ensure that the objectives for the area under review are met

Amber

Action is required to avoid exposure to significant risks in achieving objectives

Green

Action is advised to enhance risk control or operational efficiency

Action is required to avoid exposure to significant risks in achieving objectives
Amber

| No | Issue arising | Agreed action including responsibility and target date |
|-----|---|---|
| 2.1 | <p>Right to Work</p> <p>Due to Coronavirus the government has issued some new guidance to employers on how to carry out right to work checks and these changes were to be introduced from the 30 March 2020.</p> <p>From discussions with the HR Business Partner Team Manager it is understood that these revised procedures were communicated to staff and introduced to all staff.</p> <p>As part of the testing undertaken for the Payroll key financial systems a sample of five new starters was selected for testing.</p> <p>The testing found that for only 2 of the 5 new starters was there evidence of the correct right to work checks being undertaken prior to the employee starting work.</p> <p>Of the remaining 3</p> <ul style="list-style-type: none"> 2 emails confirming the right to work checks had been undertaken were dated 8 October 2020, these emails indicated that checks had been undertaken on the 11 May 2020 in accordance with government requirements, but a record of these checks was not made at that time. 1 email dated 8 Oct 2020 indicated checks had been undertaken but there was no reference to when these checks had been carried out. <p>Implications</p> | <p>All members of the Human Resource and Organisational Development Team have been reminded of the new guidance regarding right to work checks that they should be following.</p> <p>Monthly independent spot checks will be undertaken on a sample of new starter records to ensure that the correct evidence is being obtained and that suitable records are being maintained to evidence the right to works checks undertaken, whom by and when. Where gaps are identified appropriate remedial action will be taken. The spot checks will be suitably evidenced.</p> <p>Responsible officer: Tracey Beardmore - HR Business Partner Team Manager</p> <p>Target date: 31 December 2020</p> |

Action is required to avoid exposure to significant risks in achieving objectives
Amber

| No | Issue arising | Agreed action including responsibility and target date |
|-----|--|--|
| | <ul style="list-style-type: none"> • <i>Non-compliance with legislation if right to work checks undertaken after the applicant starts work.</i> • <i>Potential to be subject to enforcement action by the Home Office if evidence of appropriate checks has not been retained.</i> | |
| 2.2 | <p>Qualification As part of the testing undertaken for the Payroll key financial systems audit the job descriptions / role profiles were reviewed and it was found that for 2 of the 5 posts essential qualifications were specified. However, it was found that there was no evidence of the essential qualifications being verified prior to the employee being appointed or starting work.</p> <p>Implications</p> <ul style="list-style-type: none"> • <i>Individuals may be employed for jobs they are not qualified for.</i> | <p>All recent recruitment exercises will be reviewed, and where there was a requirement for essential qualifications in the job descriptions / role profiles steps will be taken to ensure evidence of these qualifications has been obtained.</p> <p>Going forward, where there is a requirement for essential qualifications in the job descriptions / role profiles, checks will be undertaken and evidenced as completed (when and by whom) to ensure evidence of these qualifications has been obtained prior to appointment or starting work.</p> <p>Responsible officer: Tracey Beardmore - HR Business Partner Team Manager</p> <p>Target date: 31 December 2020</p> |

Limitations inherent to the internal auditor's work

This report has been prepared solely for the Combined Authority in accordance with the terms and conditions set out in the terms of reference. Internal audit does not accept or assume any liability of duty of care for any other purpose or to any other party. This report should not be disclosed to any third party, quoted or referred to without prior consent. Internal audit has undertaken this review subject to the limitations outlined below.

Internal control

- Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgement in decision making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Responsibilities of management and auditors

- It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance for the prevention and detection of irregularities and fraud. Internal audit work should not be a substitute for management's responsibilities for the design and operation of these systems.
- Internal audit endeavours to plan audit work so that it has a reasonable expectation of detecting significant control weakness and if detected, will carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.
- Accordingly, these examinations by internal auditors should not be relied upon solely to disclose fraud or other irregularities which may exist.

| Stage | Date |
|----------------------|------------------|
| Draft issued | 23 November 2020 |
| Exit meeting | N/A |
| Final issued | 27 November 2020 |
| ARAC indicative date | 18 January 2021 |



West Midlands Combined Authority

Final Internal Audit Report: WMCA Employee Management (Covid-19 Response) 2020-2021

Report Date: 05 January 2021

Report Distribution: Julie Nugent, Director of Productivity and Skills
Tracy Walters MA FCIPD, Head of Human Resources and
Organisational Development

1. Executive summary

Introduction

An audit of the West Midlands Combined Authority's (WMCA) arrangements for employee management in response to the implications of the Covid-19 pandemic was undertaken as part of the approved internal audit plan for 2020 – 2021.

Scope and objectives of audit work

Our audit was conducted in conformance with the Public Sector Internal Audit Standards and considered the following objectives, and the potential risks to the achievement of those objectives:

- To seek assurance that an appropriate and proportionate response to employee management arrangements had been undertaken regarding the impact of the Covid-19 with respect to supporting business continuity, development of new ways of working that remain compliant with WMCA Human Resource policies and ensuring employee health, safety and wellbeing.

| Scope | Potential risks |
|---|---|
| <p>The scope of the review covered the WMCA's response to the Pandemic within its employee management arrangements regarding:</p> <ul style="list-style-type: none">• Protecting the organisation's employees• Communicating effectively in uncertainty• Maintaining the continuity of work• Preparing for recovery <p>Reference to the governance and management arrangements established to address the above as well as maintain compliance and alignment with government and public health guidance.</p> | <ul style="list-style-type: none">• 'Failure to protect and support employees' physical and emotional wellbeing.• Confusion and increased uncertainty due to poor and ineffective communication.• Failure to provide resources and support or develop new ways of working to help maintain productivity and business continuity.• Failure to develop effective recovery plans and integration of business and workforce plans.• Failure to address government and public health guidance within employee management arrangements. |

Limitations to the scope of our audit

The audit was limited to a high-level review of the WMCA's activities and approach to responding to the Covid-19 Pandemic through its employee management arrangements. Whilst reference was made the Human Resource policies and their application during the Pandemic to date, compliance testing may be covered under separate systems audit reviews at a future date.

Overall conclusion

Taking account of the issues identified in this report, in our opinion the controls operating within the system, provide **substantial assurance** as part of the process to mitigate risks to an acceptable level.

| Limited | Satisfactory | Substantial |
|--|--|--|
| There is a risk of objectives not being met due to serious control failings. | A framework of controls is in place, but controls need to be strengthened further. | There is a robust framework of controls which are applied continuously. |

Key issues identified

We are pleased to report that we found no major issues. We found several areas of good practice within the ongoing response to the Covid-19 pandemic with regards to employee management which clearly facilitated the following:

- Protecting the organisation's employees
- Communicating effectively in uncertainty
- Maintaining the continuity of work
- Preparing for recovery

We also found that the approach and response aligned with subsequent guidance and best practice advice produced by professional bodies such as the Chartered Institute of Personnel Development. Reference to key Government guidance within the response was also evident. The response also demonstrated a wider consideration of employee health and wellbeing alongside core employee management policy and procedure supported by the establishment of the Wellbeing Strategy 2020-2022 that looks to address the current situation as well as being forward looking regarding consideration of future working arrangements.

We further noted that employee management was considered and addressed through a collaborative approach led by Human Resource and Organisational Development (HR&OD), also involving for example Health and Safety, Communications and Strategic Assets through the governance and response management provided by the WMCA Covid-19 Tactical Group.

With HR&OD being a key stakeholder within the Tactical Group as well as liaising with key leads for the above areas, this helps ensure employee management implications continue to be suitably highlighted and addressed.

In addition to the immediate response to the pandemic, we understand that the significant change in working arrangements and therefore impact on employees has resulted in the acceleration of the Reimaging Ways of Working workstream outcomes to help address ongoing and post pandemic ways of working.

A summary of the response to the pandemic as well as the journey so far is included section 2 of this report. Section 3 provides our findings and observations regarding the mechanisms used to deliver the WMCA's response to the implications of the pandemic for employee management.

A summary of this report will be presented to the Audit, Risk and Assurance Committee.

2. Background

We understand, through discussions with the Head of HR&OD that already prior to the initial Covid-19 lockdown, proactive consideration had taken place on the implications for the WMCA and its employees in ensuring robust business continuity arrangements were in place with regards to protecting employees.

Further, a collaborative approach was initiated and later in response to escalating issues related to Covid-19 and the Government's steps to control the response to the emerging pandemic, this was then formalised under an operational order and implementation of the Covid-19 Tactical Group which at the time met on a daily basis.

As further Government guidance was issued, it became clearer that the Summer Lane building would be closed and employees, wherever possible, would be instructed to work from home, requiring several immediate actions to ensure the vast majority employees were able to work from home as well as identifying, risk assessing and taking steps to protect critical workers required to work on site (i.e. Summer Lane, Bus Stations and the two Travel Shops).

Actions taken during and since the early stages of the pandemic included:

- Ensuring all employees required to work at home had the required equipment and, where required, Display Screen Equipment assessments undertaken.
- Addressing the levels of anxiety that were being experienced by employees we made available to all employees suitable and easily accessible resources and support regarding health and wellbeing.
- Managing sickness absences through liaison with managers and close monitoring, applying the Managing Attendance Policy with regards managing and recording sickness without detriment to an employee's terms and conditions.
- Greater use of online platforms for support, guidance and resource including transferring the Employee Assistance Programme to a new online provider as well as continuing to provide learning and development to employees.
- Increased guidance provided through the WCMA intranet site.
- Establishing clear and frequent routes for communications with employees.
- Support and guidance for managers on how to effectively support their employees while they work at home.
- Holding a pulse survey in July 2020 to gauge employee experiences and views regarding home working and future ways of working during the pandemic and beyond.
- Identification of critical workers to ensure action taken to address specific risks regarding their health, safety and wellbeing as well as ensure these employees were provided with required equipment to work safely and any letters of authority required for travelling.
- Identification and management of implications for employees who would need to shield as vulnerable people with no detriment to their terms and conditions as a result of Covid-19.
- Continuation of recruitment exercises onboarding nearly 100 new employees using technology instead of traditional face to face methods with delivery of required equipment to their homes.

Also, WMCA took a proactive and prompt response to protecting employees with a wider consideration of employee health, safety and wellbeing, encompassing within the immediate and urgent response to Covid-19 the acceleration of existing initiatives to look at future ways of working through the Reimagining Ways of Working workstream of the Business Transformation Programme as well as development of a WMCA Wellbeing Strategy.

3. Findings

Wellbeing Strategy 2020-2022

The WMCA has established a Wellbeing Strategy 2020-2022 “Creating good days at work and putting wellbeing at centre stage”, recognising organisational success and productivity is clearly dependent on and closely linked to the wellbeing of employees and aiming to support the health and wellbeing of employees as the transitions to new ways of working especially in response to the implications of the pandemic, as well as looking beyond at the medium and longer term, ensuring appropriate support mechanisms are established.

The Strategy looks to provide a holistic approach to wellbeing through continuing to build individual, management and organisational capability supported by key processes, tools and policies. The Strategy outlines current activities and initiatives supporting employee capability which are referenced through key tools, processes and policies referenced within the Covid-19 Employees Toolkit.

Covid-19 Pandemic Operational Orders and Covid-19 Tactical Group

WMCA Covid-19 Operational Orders (originally prepared April in 2020 during the initial lock down period and revised in November 2020) were established outlining the Covid-19 situation and how the overall response would be managed and governed, with the purpose of covering the WMCA in accordance with Government and Public Health England (PHE) Guidance, reflecting both the local and national Covid-19 alert levels. The operational orders state that they run in conjunction with the current Business Continuity Plan and Network Emergency Plan.

The Covid-19 Tactical group, led by the WMCA Head of Thrive as Tactical Command, was formally established by the WMCA Chief Executive in early March 2020 prior to initial lockdown, as a means to ensure the organisation was ready to respond and mitigate emerging recommendations from the government by bringing together core stakeholders and subject matter experts as outlined later in the Operational Orders. The terms of reference established for the Tactical Group stipulate the Group’s specific responsibility for owning and implementing the Operational Order.

The Operational Orders included tactical objectives (supporting wider strategic objectives) which specifically referenced supporting employee management: protecting the health and safety of employees and providing employees with appropriate information and guidance.

The approach outlined within the Orders suitably covered the need for operational interventions within the response to mitigate the impact of employee related issues such as availability and working arrangements with specific responsibility allocated to the Recovery Group for making arrangements for the safety and security of employees requiring access to Summer Lane during the pandemic.

Stated roles and responsibilities suitably include core representatives and subject matter experts from across the WMCA specifically including Human Resources, Communications, Finance, Strategic Assets, Health and Safety and the Trade Unions.

HR&OD were therefore clearly established as core members and key stakeholders ensuring that, through the Tactical Group meeting daily initially for several months and then twice weekly, provided frequent and timely consideration of the ongoing implications for employees regarding the impact of and risks presented by the pandemic. The Head of HR&OD confirmed that they had attended all daily meetings.

Consequently, implications for employee management matters and application of relevant policy, as well as employee health, safety and wellbeing appear to be clearly represented within the response through the operation and governance provided by the Operational Orders and specifically the Tactical Group (and its membership and specific inclusion of HR&OD) through to WMCA senior management and leadership.

Covid-19 Risk Register

The Covid-19 risk register (November 2020) included employee related health and safety risks relating to employees required to work on site (i.e. Summer Lane and transport related sites) as well as a wider risk related to employee morale and productivity. A suitably detailed risk had also been included within the Strategic Risk Register.

Human Resources and Organisation Development

Discussion with HR&OD and review of the Staff Toolkit facility within the intranet site demonstrated a proactive and comprehensive approach to providing a Covid-19 response that focused on the application of policy related to employee management arrangements and the health and safety of employees but with a clear emphasis on employee mental health and wellbeing.

HR&OD were able to demonstrate the development of a clear approach to supporting the workforce during the pandemic through a “holistic approach” to health and wellbeing. This was in response to the unprecedented change in working arrangements from the traditional and largely office-based approach to home working. Early engagement and effective communication with employees were seen as key to the above approach to ensure consistent and up to date information was provided.

The approach taken in the very early stages of the Pandemic and thereafter clearly aligns with subsequent CIPD best practice and guidance reflecting the core areas of activity including being informed and prepared, looking after people’s health, wellbeing and safety, and addressing wider health and wellbeing concerns.

We further found that the approach also reflected the general principles of a good return to work, safe physical work environment and placing a key focus on mentally healthy workplaces as recommended by key HR&OD professional bodies as well as the mental health charity Mind and the Advisory, Conciliation and Arbitration Service (ACAS).

The above was clearly supported by a collaborative approach in liaison with other key leads including Health and Safety, Communications and Strategic Assets brought together under the governance, management and response command of the Tactical Group.

A clear demonstration was evident from discussion and review of core documentation and online provision of support and guidance of both a practical and logistical response, and one focused on health and wellbeing to ensure business continuity and protection of employees. We understand no staff were furloughed and the vast majority of employees have been able to continue to deliver their roles and responsibilities and therefore services.

WMCA were also due to have an article published within the Municipal Journal covering the response to supporting the workforce during the pandemic through a holistic approach to health and wellbeing which is underpinned by the Wellbeing Strategy as detailed above.

Covid-19 Staff Toolkit

The Covid-19 Staff Toolkit, which is a core part of the WMCA's response to employee management, has been suitably established within the intranet site and accessible to employees and managers covering employee management arrangements, health and safety, and wellbeing as a core centrally available source of policy, procedure, guidance and support.

Specifically, the HR&OD section provided various guidance, resource and support to employees and managers including:

- Clear guidance around the process for reporting and recording a sickness absence resulting from Covid-19 and the application of the WMCA Managing Attendance policy and procedure regarding Covid-19 related sickness without penalisation.
- Advice on and process for declaring any international travel undertaken by employees and how resultant self-isolation would be treated under the Managing Attendance policy.
- Regularly updated Covid-19 Frequently Asked Questions, covering key questions under the areas of working arrangements, workplace readiness, managing illness and travel including a dedicated email address for raising any additional questions. Review showed that updates reflected more recent developments, for example the second lockdown.
- Guidance to support those suffering from domestic violence during Covid-19.
- Direct access in one place to various WMCA policies and guidance (existing and new in response to the pandemic) including Managing Attendance, Flexible Working, Annual Leave, Recording Covid-19 related absences, Recruiting and onboarding remotely, Promoting Employee Wellbeing, Health and Safety, ICT Guidance and Cyber Security and Data Protection Awareness.
- Managing Remotely guidance for managers including coverage and key areas to consider in developing effective remote working by providing support at a team and individual employee level from a wellbeing perspective, as well as a business continuity and managing performance perspective. Clear signposting to key guidance and policy was also included and readily accessible.

We also noted that several policies had also been reviewed to ensure they were up to date.

Mental and Physical Health and Wellbeing

The Staff Toolkit also included a dedicated page detailing support, guidance and resources readily available to employees regarding mental and physical health and wellbeing with some specific guidance for those working at home.

Key areas covered included:

- Financial Wellbeing
- Mental Wellbeing
- Physical Wellbeing and Nutrition
- Productivity and Wellbeing
- Keeping connected
- Wellbeing whilst working at home
- Caring for dependents during Covid-19

Core content provided to employees in respect of the above included:

- Events and webinars
- Mental Health Volunteer Buddies
- The Employee Assistance Programme
- Other support and advice available from external support organisations and charities

Weekly All Staff Webinars

The above approach was also supported by all staff webinars that had been held on a weekly basis (through an all employees outlook invitation) led by senior leadership as well as other officers, outside speakers and subject matter experts. Webinars were suitably retained within the Toolkit so accessible to all if not able to attend. Webinars had been held from March 2020 to date. The Head of HR&OD and Head of Thrive regularly appeared in the weekly webinars to both inform and reassure staff.

Review of the webinar held on 2 December 2020 led by the Chief Executive covered various topics regards upcoming events and developments as well as regular updates by the Head of Thrive / Tactical Command Leader regarding infection rates and case numbers across the WMCA region, with reiteration of the precautions people should continue to take. Engagement from staff was evident from the several questions raised at the end of the webinar.

Equality Impact Assessments

An Equality Impact Assessment had been undertaken regarding the impact of Covid-19 on bus station employees (as well as customers and operations) in July 2020 as staff identified as working in higher risk occupational groups. This included an analysis of bus station workforce demographics and equality groups referencing groups of employees at a higher risk as well as the measures taken to protect the workforce (as well as customers) at risk based on protected characteristics.

In addition to the practical elements of actions proposed to help mitigate identified risks, the need for individual risks assessments and stress risk assessments as well as reference to core support facilities within the Staff Toolkit were clearly reflected in the Assessment and action plan within. A similar assessment was also conducted with staff working within the two Travel Shops.

We understand an Equality Impact Assessment was not required for home-based employees being in lower risk occupational groups and the approach, support and resources outlined above helped mitigate against the risks to home-based staff with protected characteristics. We further understand staff who continued to be based at Summer Lane had been screened as part of risk assessments to again mitigate any specific risks.

Reimagined Ways of Working – Employee Survey

The results for the first employee survey (users of the Summer Lane site) conducted during the earlier part of the pandemic provides an indication of the effectiveness of the Covid-19 response regarding employee management and wellbeing, showing a positive outcome to date. The table below provides high level details of the response rate and outcomes. The total response rate was 76% of Summer Lane users.

| Indicator | Positive Response Rate |
|--|------------------------|
| Employees felt well prepared to continue to work remotely | 89% |
| Employees felt comfortable with a future of flexible work locations | 90% |
| Employees felt more productive and able to manage their workload working remotely | 80% |
| Employees have received or know how to request the necessary equipment they need to be effective when working remotely | 90% |
| Employees felt trusted and empowered with the appropriate level of support to continue to work effectively from remote locations | 94% |

We note that the survey also identified that employees felt that several benefits had arisen from working at home as a result of the pandemic including productivity, flexibility, focus, balance, cost and wellbeing.

Difficulties experienced were cited as missing social interaction, working longer hours, difficult separating work and life, technical issues, back to back meetings and space.

The survey had also identified key themes for further support and specifically what support managers may need in managing issues of remote working, technical support, managing performance and supporting remote workers around wellbeing.

The response approach outlined by HR&OD regarding employee management and protecting employees, the Staff Toolkit and actions within the Wellbeing Strategy to further develop support should help ensure that mechanisms are in place to effectively manage both the benefits and difficulties highlighted in the survey as well as address future issues as they arise.

We understand that at the time of reporting another survey was imminent in order to seek further insight to current employee views regarding working arrangements as a result of the continuing impact of the pandemic and especially in response to the implications of the coming winter period.

Health and Safety

The Health and Safety response, included various guidance and processes to respond to the implications of the pandemic to address health, safety and wellbeing issues that may affect individual employees, stating that the health and safety of employees remains of prime importance.

The Staff Toolkit also suitably included a Health and Safety page and, whilst the emphasis of the Health and Safety response to the pandemic was clearly in meeting health and safety legislative responsibilities placed on the WMCA as an employer, various mechanisms including risk assessments, updated and new Covid19 related policy, assessment tools and guidance within the Safety Management System (SMS) suitably reflected a commitment to protect employee health and wellbeing as well as their health and safety.

Clear reference to complying with Government Guidance on working safely during Covid-19 was also evidenced within the SMS.

Guidance on remote working and operational recovery covering both front line employees and remote working employees supported by an Interim Remote Working and DSE Policy (July 2020), which had been developed in conjunction with HR&OD as well as other key lead areas including Unison, made explicit reference to ensuring that working conditions, hours and patterns were not detrimental to an employee’s health and wellbeing.

Specifically, the process for undertaking Individual Risk Assessments for Covid-19 included coverage of personal and workplace related risks to ensure that the assessment identified and addressed any issues so as to avoid any detriment to their health and safety. Display Screen Equipment online self-assessments had been undertaken as further response to ensuring the implications of working at home for employees were addressed regarding equipment and facilities to support physical health, safety and wellbeing.

Recovery Group

HR&OD are represented within the membership of the Recovery Group as a key stakeholder ensuring employee management issues are suitably considered within the context of recovery going forward.

The Head of Strategic Facilities Management and Head of Strategic Assets advised that employee management was addressed within the preparatory work for recovery through the Summer Lane Recovery Group reporting into the pre-existing Joint Assets Board. Also, that the following areas were covered through the Group and in liaison with HR&OD:

- Control of access to Summer Lane to ensure support to protect both employees required to work onsite as well as visitors, tenants and other occupants of the building.
- Preparations for Summer Lane readiness implementation, ensuring compliance with HMG guidance “Working Safely during coronavirus (Covid-19) - Offices and contact centres”.
- Working with Health and Safety to prepare and implement the COVID Secure building risk assessment
- Ensuring achievement of COVID Secure 2020 status.
- Ensuring changes to national and local lock downs were reflected in access arrangements
- Implementing new support arrangements such as cleaning strategies and social distancing physical measures
- Supporting the development of a remote working strategy cited as a key deliverable of the Recovery Group which will impact on employees and how and where they work in the future.

Communications

Suitable communication plans and documentation had been established regarding the approach to internal communications and engagement during the pandemic included several communications activities directed at employees whether remote working or on site to ensure clear, reliable and consistent communication is undertaken during the current crisis.

The plans state a strategy to explain clearly and regularly what is happening and the response following official Public Health England and Government guidance. To support the above, a Communications Lead was included as key member and stakeholder within the Tactical Group.

Union Engagement

The Unison Branch Secretary as union representative confirmed that the WMCA had ensured that Unison were given open and transparent opportunity to be involved and consulted through full engagement in the employee management response from the outset as a core member of the Tactical Group. The Union Representative commended the WMCA on the duty of care over and above their expectations that was exercised through its mobilisation of the vast majority of the workforce from office based to home-based ensuring all were suitably equipped and supported, without creating any disadvantage to employees from working at home.

They also felt that the support, resource and guidance put in place as detailed above was exceptional. A particular success highlighted was the transfer of the Employee Assistance Programme to CareFirst

(undertaken by HR&OD during the pandemic) and its extension to cover not only employees but their families through a family care package recognising that whilst the employee may not be directly impacted, a family member may be impacted.

Communication during the pandemic as detailed above was also highlighted as a key success and was seen as a positive that should be taken forward and maintained post pandemic.

Lessons learnt

A lesson learnt exercise has been undertaken and a report drafted in 22 October 2020 for the Corporate Management Team prior to presentation to the Senior Leadership Team covering the outcome of the exercise and recommendations based on the identified learning points.

The identified positive lessons included the actions taken by HR&OD to facilitate regularly updated FAQs as well as the promotion of wellbeing support for employees through the mechanisms now contained within the Staff Toolkit as detailed above. The wider health and wellbeing approach taken by Health and Safety over and above the standard physical safety focus was also identified as a positive lesson learnt.

Direct communication with the workforce was seen as an area of learning due to the signing off / approvals process in place in the very early stages of the pandemic. This appears to have been resolved through the current methods of frequent and regular communications to employees directly through email alerts (Pings) and all staff webinars as well as access to support and guidance via the intranet.

Acknowledgement

Several employees gave their time and co-operation during this review. We would like to record our thanks to all the individuals concerned.

Limitations inherent to the internal auditor's work

This report has been prepared solely for the Combined Authority in accordance with the terms and conditions set out in the terms of reference. Internal audit does not accept or assume any liability of duty of care for any other purpose or to any other party. This report should not be disclosed to any third party, quoted or referred to without prior consent. Internal audit has undertaken this review subject to the limitations outlined below.

Internal control

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgement in decision making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Responsibilities of management and auditors

- It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance for the prevention and detection of irregularities and fraud. Internal audit work should not be a substitute for management's responsibilities for the design and operation of these systems.
- Internal audit endeavours to plan audit work so that it has a reasonable expectation of detecting significant control weakness and if detected, will carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.
- Accordingly, these examinations by internal auditors should not be relied upon solely to disclose fraud or other irregularities which may exist.

Report timetable:

| Stage | Date |
|------------------------|------------------|
| Draft issued | 10 December 2020 |
| Full Response received | 5 January 2021 |
| Final issued | 5 January 2021 |
| ARAC indicative date | 18 January 2021 |



West Midlands Combined Authority

Final Internal Audit Report: Environment Management System 2020-2021

Report Date: 6 January 2021

Report Distribution: Gareth Bradford – Director of Housing and Regeneration
Jemma Hodgson - Head of Strategic Assets

1. Executive summary

Introduction

An audit of the WMCA Environment Management System (EMS) was undertaken as part of the approved internal audit plan for 2020 – 2021.

An EMS provides WMCA with a framework through which its environmental performance can be controlled, monitored and improved. WMCA has chosen accreditation of its EMS through ISO 14001, an internationally recognised standard, to demonstrate compliance of its activities and planned programmes to reduce the organisation's environmental impact.

Alcumus ISOQAR, a UKAS accredited certified organisation, had been engaged by the WMCA to undertake audits to support recertification of ISO14001. The accreditation audit is undertaken every three years and was last certified in 2018. At the time of reporting an interim audit was in progress.

The ISO 14001 external accreditation also includes a requirement for an annual review by the WMCA's Internal Audit Service. This review is the first internal audit undertaken of the EMS and presents the results of our assessment.

Scope and objectives of audit work

Our audit was conducted in conformance with the Public Sector Internal Audit Standards and considered the following objectives, and the potential risks to the achievement of those objectives.

| Scope | Potential risks |
|---|--|
| <p>The review was conducted utilising the recommended ISO 14001 Internal Audit Checklist which includes coverage of the following areas:</p> <ul style="list-style-type: none"> • Context of the Organisation • Leadership • Planning • Support • Operation • Performance Evaluation • Improvement | <ul style="list-style-type: none"> • An ineffective or poor EMS may not help achieve organisational strategy and aims dependent on the robust management of the environmental impact of the WMCA's business operations, activities, products and services. • The WMCA EMS may not be appropriate to the nature, scale and environmental impacts of the organisation's activities, products and services. • The EMS may not sufficiently meet the requirements and standards within the ISO 14001. |

Limitations to the scope of our audit

The review was limited to a desktop review of the above scope areas utilising the ISO 14001 Internal Audit Checklist.

Definitions we refer to in this report:

- Internal audit - the review activity review undertaken by City of Wolverhampton Council Internal Audit
- Inspection Programme - the WMCA review process for site inspections referred to in the EMS documentation as "internal audit".

Overall conclusion

Taking account of the issues identified in this report, in our opinion the controls operating within the system, provide **satisfactory assurance** as part of the process to mitigate risks to an acceptable level.

Limited

There is a risk of objectives not being met due to serious control failings.

Satisfactory

A framework of controls is in place, but controls need to be strengthened further.

Substantial

There is a robust framework of controls which are applied continuously.

Findings

We reviewed the WMCA's EMS against the core areas within the ISO14001:2015 internal audit checklist utilising supporting documentation provided by the WMCA Head of Strategic Assets and Head of Environment.

The checklist included seven core areas as follows:

Context of the Organisation – the environment in which WMCA aims to achieve its EMS objectives. This includes its strategy, objectives, relationships with customers, contractors and interested parties as well as the WMCA's compliance with government regulations and its response to environmental emergencies.

Leadership - management activity in providing direction in an environment developed to achieve the organisation's objectives including monitoring and challenging WMCA activities.

Planning - established strategies, programmes and processes, within which risks, opportunities and benefits have been identified.

Support - resources to support delivery of the WMCA EMS.

Operation - activities and processes in operation to deliver and support the EMS.

Performance Evaluation - monitoring, measuring, analysing and evaluating activities undertaken as part of the EMS, including addressing the outcomes of external audits and the WMCA Inspection Programme.

Improvement - seeking continual improvement by identifying nonconformities and taking corrective actions to mitigate reoccurrence by eliminating the root cause.

Collectively the above areas included 186 clauses against which the assessment was undertaken.

We found based on our assessment against the ISO14001:2015 internal audit checklist that the majority of clauses and therefore core areas were suitably addressed by the WMCA EMS.

Key issues identified

We have identified one **amber** issue where improvements could be made. An annual programme of site inspections (Inspection Programme) had not been undertaken since May 2019.

We understand that several factors had contributed to this issue including an Asset Management restructure in 2019, deletion of the environmental officer post in November 2019 and the implications of the Covid-19 pandemic since March 2020. However, we understand that inspections are planned to commence remotely from January 2021 onwards.

In addition, we have raised one issue classified as **green** which is detailed in section two of this report. A copy of this report will be presented to the Audit, Risk and Assurance Committee.

Acknowledgement

Several employees gave their time and co-operation during this review. We would like to record our thanks to all the individuals concerned.

2. Issues arising

Priority rating for issues identified:

Red

Action is imperative to ensure that the objectives for the area under review are met

Amber

Action is required to avoid exposure to significant risks in achieving objectives

Green

Action is advised to enhance risk control or operational efficiency

Action is required to avoid exposure to significant risks in achieving objectives
Amber

| No | Issue arising | Agreed action including responsibility and target date |
|-----|--|--|
| 2.1 | <p>Inspection Programme We noted that site visits under the EMS Inspection Programme had not been undertaken since May 2019. We understand that this was due to several factors including an Asset Management Service restructure in Summer 2019, deletion of the environmental officer post in November 2019 and then the subsequent implications of the Covid-19 pandemic.</p> <p>The Head of Strategic Assets confirmed that remote site inspections would be commenced from January 2021.</p> <p>The above issue is related to the clauses within the core area of Planning.</p> <p>Implication: A core activity to support delivery of the EMS and ensure compliance with the ISO14001 had not been undertaken.</p> | <p>When it is safe to do so, the Inspection Programme of site inspections should be re-established to support delivery of the EMS and its objectives, with reporting on progress against the plan reported periodically to the Safety and Health Committee. Any resourcing issues should be promptly identified and escalated for remedial action to ensure the risk that inspections are not undertaken is mitigated.</p> <p>Responsibility: Head of Strategic Assets</p> <p>Target date: 31 March 2021</p> |

Action is advised to enhance risk control or operational efficiency
Green

| No | Issue arising | Agreed action including responsibility and target date |
|-----|--|--|
| 2.2 | <p>Document management We noted from review of several documents supporting the EMS that the document control utilised required enhancement to more clearly reflect the chronological changes and amendments made to the documents and by whom.</p> | <p>Suitable document control information should be included in all EMS documents clearly showing the chronological changes and amendments made to the documents and by whom, as well as approval of the document, within version control details.</p> <p>Responsibility: Head of Strategic Assets</p> |

Action is advised to enhance risk control or operational efficiency

Green

| No | Issue arising | Agreed action including responsibility and target date |
|-----------|--|---|
| | <p>Further, approval of each document was not clearly evidenced and therefore did not reflect that the document had been presented and approved by the responsible officer and / or governance forum.</p> <p>We also noted that previously, document reviews were undertaken on a less frequent basis.</p> <p>However, the Head of Strategic Assets had confirmed that some reviews had been recently undertaken and that an exercise was proposed to ensure all documents are reviewed.</p> <p>Implication: Document control may be incompletely evidenced leading to confusion.</p> | <p>Target date: 30 June 2021</p> |

Limitations inherent to the internal auditor's work

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- Accordingly, these examinations by internal auditors should not be relied upon solely to disclose fraud or other irregularities which may exist.

| Stage | Date |
|----------------------|------------------|
| Draft issued | 18 December 2020 |
| Exit meeting | 6 January 2021 |
| Final issued | 6 January 2021 |
| ARAC indicative date | 18 January 2021 |