

**Governance & Audit
Committee Internal Audit
Progress Report**

May 2020

Key Headlines / Index

Top three issues updated – Devolution, Post Covid-19 Recovery Plans, Systems (security, document storage, MI etc)

Reports issued- Summaries of the scope and findings of these reviews can be found at Pages 3-5

- HR Policy Compliance Review 2019/20- Economic Services
- HR Policy Compliance Review 2019/20- Transport Services
- HR Policy Compliance Review 2019/20- Corporate Services
- HR Policy Compliance Review 2019/20- Delivery Services
- HR Policy Compliance Review 2019/20- Policy, Strategy and Communications
- HR Policy Compliance Feedback Report Summary is included at pages 12-14, with a response from the HR team detailing current actions to address the issues identified.

Revised 2019/20 Audit Plan- Progress against the revised plan is detailed at pages 6-8

Outstanding actions- There are currently four outstanding actions on the Agreed Actions Register as at 02/03/20. We are awaiting action owners and due dates for some of the recently issued directorate HR Compliance Reports. **UPDATE:** we still have unagreed actions on the HR Report for the Policy, Strategy and Communications directorate as at 29/04/20.

Feedback from clients – Page 12 details the feedback received from our auditees since the last Governance and Audit Committee report.

2020/21 Internal Audit Plan and Staff Changes – The proposed audit plan for 2020/21 is included as a separate paper which has been subject to consultation with the Combined Authority Senior Leadership Team and various Heads of Service and which suggests a level of required assurance which is more than can be provided by the existing team. This together with potential additional resource requirements around Adult Education Budgets (AEB) means that a business case will need to be made to increase the resource in the team. **UPDATE:** AEB resource has been agreed and recruitment is underway for a half time principal auditor role.

Reports Issued

HR Policy Compliance Reviews 2019-20- OVERVIEW & COMMON ISSUES

The purpose of these audits was to assess how well a sample of line managers within directorates have complied with published HR policies and guidance in the last 12 months. This was done using a standard questionnaire and evidence requirements and considered the following areas: Recruitment and Induction, Leave and Attendance, Performance Review, Flexible Working, Disciplinary and Capability, Secondment, and the Management of Change.

As a result of the interviews and evidence gathered for directorates an opinion on compliance was provided for each which was dependant on the seriousness of the non- compliances identified. Non- compliances were identified in all directorates regarding:

- Return to Work meetings not being held for all absences and forms not being completed, signed and retained as necessary.
- Mandatory GDPR training had not been completed promptly or at all.
- Corporate induction checklists were not being signed and returned to HR for all new starters.
- Performance reviews were not being written up and uploaded to Carval promptly.
- Interviewing managers were found to be notifying unsuccessful interviewees by telephone call rather than e-mail, a policy requirement for all external candidates. (All directorates except Policy, Strategy & Communications).

HR Policy Compliance Review 2019/20- Economic Services

The opinion for Economic Services is that **REASONABLE** assurance can be given that current HR policies are being complied with.

Internal Audit identified some areas of non-compliance which were found in all directorates (see overview above). In addition to these the only significant issue was that a number of secondments were also dealt with by those interviewed for which they kept varying levels of evidence of approval and agreement. Detailed documentation should be retained on secondments as stipulated in the policy on this area to ensure all the legalities and practicalities have been considered.

Overall, managers appeared aware of the correct procedures for recruitment and selection, attendance management and leave were being actively managed. Performance Reviews were being held on a regular basis and there were instances of best practice from a number of managers in this area.

HR Policy Compliance Review 2019/20- Transport Services

The opinion for Transport Services provides **LIMITED** assurance that current HR policies are complied with by the directorate. In addition to the common findings in the overview above, Internal Audit identified policy non-compliance in a number of areas. Potentially serious omissions were made regarding checks to interviewees Right to Work in the UK and none of the new starters sampled had received their GDPR training within the first week of employment.

There was also a lack of evidence that performance reviews were being held. Line managers appeared unclear how often these should be held, how these should be recorded, and in some cases these had never been done for certain longstanding staff.

We also noted a failure to retain paperwork regarding flexible working requests to ensure these are documented appropriately should they be subject to legal or union challenge.

HR Policy Compliance Review 2019/20- Corporate Services

The opinion for Corporate Services is one of **REASONABLE** assurance. Whilst Internal Audit identified the same common findings as at other directorates stated above, overall, managers appeared aware of the correct procedures for recruitment and selection, attendance management and leave and these areas were in the main being actively managed.

Performance Reviews were being held and updated on the system on a regular basis with only very minor non-compliance, and no evidence provided by one interviewee within the requested timescales.

While generally leave and flexi were being monitored and managed appropriately, one manager did confirm that they did not do this regularly.

HR Policy Compliance Review 2019/20- Delivery Services

Internal Audit have provided an opinion for Delivery Services that only **LIMITED** assurance can be given on HR policy compliance. Non-compliance was found relating to one manager who was failing to check Right to Work in the UK at interview or carry out Performance Reviews for their staff on a regular basis.

A further two managers confirmed destroying interview records before sending these on to HR to support the recruitment decisions.

Three instances were also identified regarding seconded staff (one externally), where formal secondment arrangements had not been made in line with policy. These are necessary to ensure the financial, legal and HR elements of the contract made have all been sufficiently considered.

HR Policy Compliance Review 2019/20- Policy, Strategy and Communications

As a result of the interviews and evidence gathered for this audit the opinion for Policy, Strategy and Communications is that **LIMITED** assurance can be given that current HR policies are being complied with by the directorate.

As well as most of the common issues identified in the overview above, significant policy non-compliance was identified regarding checks to interviewees Right to Work in the UK, with a majority of the managers who interviewed for new staff in the last year admitting to not doing this in line with policy.

Staff were also being deployed to partner organisations or used by us from other local authorities without formal secondment or procurement arrangements being used in line with policy.

2019/20 Internal Audit Plan

Current progress against the revised 19/20 plan is detailed below. **UPDATE:** noted in red in status column

	Assurance Area	Comments	Status	Assurance level
1	Creditors	NA	Completed	Reasonable
2	Payments	Specific issue, memorandum issued	Completed	NA
3	Expenses and Allowances	NA	Completed	Reasonable
4	Procurement	NA	Fieldwork Completed, reporting underway	NA
5	Risk Management	NA	Completed	Limited
6	Code of Corporate Governance	NA	Completed	Reasonable
7	Business Recovery/ Contingency	Work undertaken late 18/19, but not formally reported as this was to change as a result of the CTP.	To refresh and follow up in Q4 – moved to 20/21	NA
8	WYCA/ LEP Governance – decision making/ delegations	The Internal Governance Project is currently addressing these areas and rather than a formal review. The Head of Audit is now sitting on the project	Ongoing	NA

		board to overview actions being undertaken and make recommendations for improvement where applicable in a timely manner.		
9	Annual Governance Statement	This has been on every audit plan, but is not a review, it appears to be the contribution to the production of the annual governance statement and annual internal audit report.	Scheduled for Q4 – currently underway	NA
10	English National Concessionary Travel Scheme (ENCTS)	NA	Completed	Reasonable
11	Programme Assurance	A rolling programme of reviews is to be undertaken to health check that projects and programmes are moving appropriately through the assurance framework process. Internal Audit will also contribute to the annual review of the assurance framework.	Ongoing – draft report for Energy Accelerator completed	NA
12	Data Security/ Data Protection	The scope of this has been amended and this is now to be a review of ICT security measures in software applications introduced/ managed in the business.	Ongoing – fieldwork completed, report underway	NA
13	GDPR	NA	Completed	Reasonable
14	Contract Management	NA	Scheduled for Q4 – draft report issued	NA
15	Counter Fraud work	One investigation completed, further analytical work to be undertaken	Ongoing	NA

16	Various grant certifications	Requested by Business. All pass certification after review.	Ongoing	NA
17	Economic Services, improving fraud controls – Advisory	Requested by Business. Advisory only so no assurance given.	Completed	Advisory
18	GDPR compliance testing	Requested by Business. To be completed after self-assessments have been piloted and rolled out by the Data Protection team.	Ongoing	NA
19	HR Policy Compliance-Economic Services	<p>To obtain assurance regarding line manager application of policies and procedures to determine the extent to which legislation and best practice is followed replacing reviews on:</p> <ul style="list-style-type: none"> - Employment Law and HR processes (10 above) - Recruitment Procedures and Temporary Employment Arrangements (15 above) 	Completed	Reasonable
20	HR Policy Compliance-Transport Services		Completed	Limited
21	HR Policy Compliance-Corporate Services		Completed	Reasonable
22	HR Policy Compliance-Delivery		Completed	Limited
23	HR Policy Compliance-Policy, Strategy and Communications		Completed	Limited
24	HR Policy Compliance Feedback		To provide feedback to HR and advice on areas where policies and processes require improvement to assist line managers in applying them and resolve any areas of confusion when these are updated.	Completed

Outstanding Actions

UPDATE: The following are the outstanding actions showing on the Agreed Actions register as at 29/04/2020.

Recommendation	Agreed Action Owner	Action Owner response	Agreed completion date	Notes on progress
<p>Management should produce a formal Disaster Recovery Policy. This should incorporate developing, implementing, and adhering to a disaster recovery plan for the IT functions at WYCA - External Audit recommendation).</p>	<p>David Gill</p>	<p>The ICT Management Board agreed to bring forward elements of this work in order to reduce risks.</p> <p>New comment 28.02.20 In July 2019 external auditor gave the following recommendation: "The Authority should develop and implement a formal backup policy." The response from WYCA was "Accepted and will be addressed in the next six months via the Corporate Technology Programme (CTP)". The Corporate Technology Programme includes a Disaster Recovery & Business Continuity project which will largely be responsible for the contents of the policy. However, this project has slipped by several months. As a consequence, work has started on an Interim Disaster Recovery Policy which will have a reduced in scope to only include business critical corporate systems, the aim is to have this ready in some form for the end of March 2020.</p>	<p>31/01/20</p>	<p>Overdue.</p>

		No confirmed completion date for the CTP Disaster Recovery Project has been received, but the programme is due to end in September 2020 and it should be assumed that the permanent Disaster Recovery Policy will be complete and signed off by then.		
Managers should be reminded to check and apply all relevant HR Policies when line managing their teams. This should include keeping adequate records of action taken in a safe location in line with current retention document policy.	Melanie Corcoran – Delivery Director	To be re-inforced through team meetings and 1-2-1s.	Heads of Service and line managers By 31.3.20	Overdue. Have chased to confirm completion, awaiting response
Line managers must ensure GDPR training is completed for all new starters to the Combined Authority in line with the Corporate Induction Checklist.	Melanie Corcoran – Delivery Director	We understood new starters could not access folders until the GDPR training had been completed. Re-inforce the importance of this through team meetings and 1-2-1s.	Heads of Service and line managers By 31.3.20	Overdue. Have chased to confirm completion, awaiting response
Line management and HR should liaise on the 'secondment' cases identified where staff are deployed elsewhere or with us to ensure appropriate documentation based on the nature of the arrangement is	Melanie Corcoran – Delivery Director	We currently have one secondee currently and original documentation passed on to Corp Services and has since been misplaced. Agree Line manager will also hold copy and discuss approach to future secondments with HR	Heads of Service and line managers By 31.3.20	Overdue. Have chased to confirm completion, awaiting response

<p>in place to indicate both the agreement of the staff involved, and that they have been sourced appropriately and transparently.</p>				
<p>Managers should be reminded to check and apply all relevant HR Policies when line managing their teams. This should include keeping adequate records of action taken in a safe location in line with current retention document policy.</p>	<p>Alan Reiss – Policy, Strategy and Comms Director</p>	<p>UNAGREED/AWAITING RESPONSE</p>		
<p>Line Managers must ensure GDPR training is completed for all new starters to the Combined Authority in line with the Corporate Induction Checklist.</p>	<p>Alan Reiss – Policy, Strategy and Comms Director</p>	<p>UNAGREED/AWAITING RESPONSE</p>		
<p>Line management and HR should liaise on the 'secondment' cases identified where staff are deployed elsewhere or with us to ensure appropriate documentation based on the nature of the arrangement is in place to indicate both the agreement of the staff</p>	<p>Alan Reiss – Policy, Strategy and Comms Director</p>	<p>UNAGREED/AWAITING RESPONSE</p>		

involved, and that they have been sourced appropriately and transparently.				
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Client Feedback

Three client feedback reports have been sent out since the last Governance and Audit Committee, one of which has been returned, details of the response are below.

Overall year to date satisfaction is showing as 75%, against a target of 80%.

In order to increase transparency regarding how customers think things can be improved, and what they appreciated, we now include their narrative comments for the Committee to see. The following comments have been received since the last report:

Review name & report issue date	What did we do well?	What could we have done better?
Economic Services- HR Policy Compliance December 2019	<ul style="list-style-type: none"> Professional and courteous approach. Completed the audit report quickly and findings were clear and concise. 	<ul style="list-style-type: none"> Explained that the scope of the audit, and the subsequent report, included us being given the opportunity to comment on / critique current HR processes and policies i.e. to help inform and improve.

HR Policy Compliance Feedback Report Summary with HR Responses

Feedback from the business	HR Response
<p>Carval HR System:</p> <ul style="list-style-type: none"> • Not easy to use, takes a long time to resolve issues, can't easily analyse for trends/ management reporting, information gets 'lost' 	<p>HR recognises that there are issues with the system and have arranged a series of briefing sessions for managers to assist their understanding and knowledge and to help them get the maximum benefit from the current system.</p> <p>HR does, however, believe that the work to develop a new HR/Finance system will help to address a lot of these issues and is critical in supporting managers going forward.</p> <p>An additional full time resource has now been secured in the HR team in order to maximise the functionality of the current system and to be fully involved in the procurement of the new system</p>
<p>Policies and Procedures:</p> <ul style="list-style-type: none"> • Some policies/procedures need revision and areas of confusion clarifying e.g. attendance • Some new policies/procedures need to be developed e.g. succession planning 	<p>The HR Strategy which seeks to address a lot of the concerns about current policies and procedures has just been launched through a series of briefing sessions and ongoing communications.</p>

	<p>The first step focuses on providing up to date, relevant policies and procedures based on the 'employee lifecycle' equipping managers to carry out the people related aspects of their roles.</p> <p>The first tranche of revised policies include recruitment, attendance and performance management.</p>
<p>Support, Advice and Guidance:</p> <ul style="list-style-type: none"> • Information needs to be provided giving clear guidance around the various responsibilities, so what are managers responsible for, what is HR responsible for etc. It would be helpful to have this in some form of handbook/toolkit • Some forms would benefit from change to be more effective and fit for purpose e.g. performance review form 	<p>As part of the HR Work Plan behind the HR Strategy, the launch of each revised policy will include guidance (toolkits/briefing sessions etc) for managers that should help to address some of the confusion.</p> <p>The development of policies will involve consultation with managers to get their input and to ensure their feedback is included. Revised forms and documentation will form part of that consultation process.</p>
<p>Recruitment and Selection:</p> <ul style="list-style-type: none"> • Revised policies and procedures needed • Training, particularly around interview skills, needs to be available • Need probation periods in contracts to deal with issues in a more timely way 	<p>As detailed above, one of the first revised policies will set out the approach to recruitment, building in best practice, feedback from managers and lessons learned from previous recruitment processes. This makes reference to probationary periods and advice and guidance on the complete recruitment cycle, including sample documentation. Probationary periods are being fully addressed via the review of the Performance and Development element within the HR Work Plan.</p>
<p>Training and Awareness Raising:</p> <ul style="list-style-type: none"> • Need a full suite of training opportunities that range from skills for new managers to specific policy training 	<p>As part of Phase 2 of the HR Strategy and Work Plan, there is a workstream which aims to have in place a three year training strategy to meet the organisations' needs. This will include the redevelopment and roll out of the Combined Authority's methodology, linking to organisational and corporate plans and objectives. This will also help embed a strategic approach and help to obtain best value from the training budget.</p>

<ul style="list-style-type: none"> • Make sure training and briefing sessions are well advertised and clear who the intended audience is 	<p>In the interim and for the next financial year, we will be working with Directorates to identify any learning and development needs through the business planning process and ensure that the budget is utilised to its full potential to address the training needs of Directorate employees.</p> <p>There will also be a programme of cross organisational training to address training needs across the whole organisation. As part of this we will ensure we work closely with Communications to ensure that this is well advertised to capture all employees.</p>
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General comments from HR

HR fully recognise and take on board the constructive feedback provided as part of this process.

The HR Strategy and Work Plan has recently been launched and whilst there have been some resource issues within the HR Team, these are being addressed and additional resource is being secured.

The work on the Strategy and Work Plan is scheduled to move at pace in recognition of the needs within the organisation for revision and development of HR policies to equip managers to do the people aspects of their roles well, with the outcome of an engaged, motivated and productive workforce.