



Review of Covid-19 Governance and Controls
Final Internal Audit Report
March 2021

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Status of our reports

This report ("Report") was prepared by Mazars LLP at the request of Walsall Council and terms for the preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this Report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

The Report was prepared solely for the use and benefit of Walsall Council and to the fullest extent permitted by law Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification. Accordingly, any reliance placed on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification by any third party is entirely at their own risk. Please refer to the Statement of Responsibility in Appendix A3 of this report for further information about responsibilities, limitations and confidentiality.

01. Introduction

As part of the Internal Audit Plan for 2020/21, we have undertaken a review of Covid-19 Governance and Controls across the council. The objectives of this audit were to evaluate the adequacy of key controls relating to the management and administration of the area under review.

The fieldwork for this audit was completed whilst government measures were in place in response to the coronavirus pandemic (Covid-19). The fieldwork for this audit has been completed and the agreed scope fully covered. Whilst we had to complete this audit remotely, we have been able to obtain all relevant documentation and/or review evidence to enable us to complete the work.

We have engaged with several staff members during the review and are grateful for their assistance during the audit.

This report summaries the results of our internal audit work, and therefore does not include all matters that came to our attention during the audit. Such matters have been discussed with the relevant staff.

02. Background

At the Cabinet meeting of 18 March 2020 it was reported that Walsall Council, following discussions with its political group leaders, and liaison with neighbouring authorities, had decided that council committee meetings would be suspended, unless absolutely necessary.

On 20 March Demographic Services issued guidance with regard to executive decision making by the Leader and officers during Covid-19 to assist officers in making lawful decisions under their delegated

powers to ensure the council could continue to function in the absence of committee meetings. This was approved by CMT on 4 April 2020 and issued to all top four tiers of managers on 7/4/20.

The Government introduced the Local Authorities and Police & Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panels meetings) (England & Wales) Regulations 2020 which came into force on 4 April 2020 (remaining in place until 7 May 2021). The regulations make provision to enable local authorities to hold meetings remotely. Guidance regarding virtual meetings has been produced by Democratic Services

A review of the governance arrangements was undertaken by Democratic Services in July 2020. As a result of this a letter was forwarded to all members on 7 August 2020.

Procurement working practices have not been changed during Covid-19 and the team have continued to operate as usual with the exception of remote working. A note has been placed on the Procurement intranet pages to this effect.

Gold and Silver Control Groups were established for the approval of Covid19 related spend. Details of approvals are included in Corporate Financial Performance reports to Cabinet.

03. Key Findings

Adequacy of System Design	Effectiveness of Operating Controls
 <p>Substantial Assurance</p>	 <p>Substantial Assurance</p>

Main Findings
<p>We have raised one priority 2 recommendation where we believe there is scope for improvement within the control environment. These are detailed in Section 4 of this report. Our main findings were:</p> <ul style="list-style-type: none"> Advice from procurement during the process for providing financial support to Adult Social Care providers has not always been sought in a timely manner. Approval was requested retrospectively for payments to domiciliary care providers outside of usual contract arrangements from 29 June 2020 until 31 March 2021.

Examples of areas of strength
<ul style="list-style-type: none"> Council Committee meetings have been held remotely since March 2020 in accordance with the Local Authorities and Police & Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panels meetings) (England & Wales) Regulations 2020. A review of the governance arrangements was undertaken Democratic Services in July 2020. Gold and Silver Control Groups were established for the approval of Covid-19 related spend. Details of approvals are included in Corporate Financial Performance reports to Cabinet.

Priority	Number of Recommendations
1 (Fundamental)	-
2 (Significant)	1
3 (Housekeeping)	-
Total	1

Risk Management

The strategic risks most relevant to Covid-19 Governance and Controls are:

- The Council is having to make decisions that have a significant financial impact without a guarantee that the costs will be fully compensated for by the Government. (*Covid-19 Strategic Risk Register Risk 5*)
- Increased exposure to fraud and legal challenge due to emergency governance steps taken. (*Covid-19 Strategic Risk Register Risk 7*)

A suggested risk and control matrix for Covid-19 Governance and Controls is included at Appendix A2. This matrix will help to inform senior management of the effectiveness of the existing controls in place to manage Covid-19 Governance and Controls and to illustrate where issues identified in the audit report will strengthen areas of existing controls.

Value for Money

Value for money (VfM) considerations can arise in various ways and our audit process aims to include an overview of the efficiency of systems and processes in place within the auditable area.

04. Areas for Further Improvement and Action Plan

Definitions for the levels of assurance and recommendations used within our reports are included in Appendix 1.

We identified a number of areas where there is scope for improvement in the control environment. The matters arising have been discussed with the Head of Procurement. The recommendations are detailed in the management action plan below.

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility
4.1	<p>Payments to Domiciliary Care Providers</p> <p><i>Observation:</i> On 19 May 2020 a report was submitted to Cabinet for the council to financially support or provide financial relief to Adult Social Care providers and ensure continuity of care for service users. This would involve the council making payments outside of usual contract arrangements during covid-19 from 23 March 2020 and 28 June 2020 and meant that domiciliary care providers would be paid in accordance financial values within service user support plans rather than actual care delivered, except where no care has been delivered. This was based on guidance provided by the Local Government Association and ADASS on 13 March 2020. Timely procurement advice was not sought on this occasion but has been subsequently.</p>	<p>Consultation with procurement should be undertaken in a timely manner when considering making payments outside of usual contract arrangements.</p> <p>In addition, approval to make such payments should be obtained prior to the payments being made rather than retrospectively.</p>	2	<p>It is recognised in hindsight the first Cabinet report (19th May) did not seek timely procurement advice where recommendations were presented to Cabinet on how ASC could respond to providers as a result of the pandemic – to my knowledge this was the only occasion.</p> <p>Subsequent reports taken to Cabinet in August, Sept, Oct, December and a report planned for February are all inclusive of comments from corporate colleagues including Procurement both prior to and during the internal consultation process.</p> <p>It should also be noted Procurement are a standing member on the ASC Additional Expenses group a sub group of Supplier Payment Action Group</p>	Already completed

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility
	<p>Approval was not obtained for payments being made to domiciliary care providers, outside of usual contract arrangements, between 29 June 2020 and 31 March 2021, until the Cabinet meeting that was held on 9th December 2020.</p> <p><i>Risk:</i> Non-compliance with internal processes and procedures to prevent excessive spending of public funds resulting in reputational damage.</p>			<p>(SPAG) – who signed off the process and provided additional capacity via PROUD requests to support with timely decision making and compliance.</p> <p>Procurement are also an active member on the Bronze Health & Social Care commissioning group set up early in the pandemic and continues to meet weekly.</p> <p>For context, in the last 12 months, the Directorate has had to rapidly administer over £13.5 million of Covid related grants, some of which were within 10 days of receipt from central government. For governance the directorate has needed to rapidly develop a variation to existing s75, monitoring arrangements and additional billing to the CCG. It has taken five Covid related Cabinet reports to seek authority to act, two Scrutiny sessions, 'inspection' by CQC as part of the 'Provider Collaborative Response' review, and set up a brand new supplier relief grant infrastructure. It has also had to</p>	Ongoing

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility
				comply with new legislation and have regular monitoring arrangements to ensure compliance with this and our performance on 'national trackers' is monitored regionally and nationally.	

A1 Audit Information

Audit Control Schedule	
Client contacts:	Sharon Wright, Head of Procurement Tony Cox, Head of Legal & Democratic Services Tracy Simcox, Lead Commissioner Kerrie Allwood, Executive Director of Adult Social Care
Internal Audit Team:	Peter Cudlip, Partner Sarah Knowles, Senior Audit Manager Mandy Arrowsmith, Senior Auditor
Work commenced:	6 January 2021
Finish on Site / Exit Meeting:	27 January 2021
Draft report issued:	29 January 2021
Management responses received:	3 March 2021
Final report issued:	9 March 2021

Scope and Objectives

Our audit considered the following risks relating to the area under review:

- Policies, Procedures & Legislation
- Decision Making Procedure
- Procurement of Goods and Services
- Financial Spend Control

Testing was performed on a sample basis and, as a result, our work does not provide absolute assurance that material error, loss or fraud does not exist.

Definitions of Assurance Levels		
Assurance Level	Adequacy of system design	Effectiveness of operating controls
Good Assurance:	There is a sound system of internal control designed to achieve the Organisation's objectives.	The control processes tested are being consistently applied.
Substantial Assurance:	While there is a basically sound system of internal control, there are weaknesses which put some of the Organisation's objectives at risk.	There is evidence that the level of non-compliance with some of the control processes may put some of the Organisation's objectives at risk.
Limited Assurance:	Weaknesses in the system of internal controls are such as to put the Organisation's objectives at risk.	The level of non-compliance puts the Organisation's objectives at risk.
No Assurance:	Control processes are generally weak leaving the processes/systems open to significant error or abuse.	Significant non-compliance with basic control processes leaves the processes/systems open to error or abuse.

Definitions of Recommendations	
Priority	Description
Priority 1 (Fundamental)	Recommendations represent fundamental control weaknesses, which expose the organisation to a high degree of unnecessary risk.
Priority 2 (Significant)	Recommendations represent significant control weaknesses which expose the organisation to a moderate degree of unnecessary risk.
Priority 3 (Housekeeping)	Recommendations show areas where we have highlighted opportunities to implement a good or better practice, to improve efficiency or further reduce exposure to risk.

A2 Risk Matrix

Area: Policies Procedures & Legislation

Breach in Legislation /
Regulatory
Requirements
Linked Issues

Significance	H
Current Exposure	A
Future Exposure	A

A01 Policies Procedures & Legislation

Existing Controls

C01 01 The council complies with legislative and manangement requirements

Key E

H

Area: Decision Making Process

A02 Decision Making Process

Existing Controls

C02 01	Guidance has been produced regarding executive decision making	E	H	H
C02 02	Standing orders for virtual meetings have been developed	E	H	H
C02 03	Legislation has been complied with the ensure virtual meetings have been developed	Key E	H	H

	Additional governance arrangements have not been put in place	Inappropriate and uninformed decisions are made	Linked Issues
Significance	H	H	
Current Exposure	A	A	
Future Exposure	A	A	

Area: Procurement of Goods and Services

	Non Compliance with contract rules	Financial penalties and reputational damage	Linked Issues Paying for Domiciliary Care during Covid-19
Significance	H	H	
Current Exposure	A	L	
Future Exposure	A	A	

A03 Procurement of Goods and Services

Existing Controls

- C03 01 Guidance has been produced regarding procurement during Covid-19
- C03 02 Advice is sought from procurement for urgent goods / services

E	M		
Key P		M	4.1

Area: Financial Spend Control

A04 Financial Spend Control

Existing Controls

- C04 01 There is a robust process for approving Covid-19 related spend
- C04 02 There is close management and reporting of financial performance

		Significant Loss of Income	Significant additional expenditure	Linked Issues
Significance		H	H	
Current Exposure		A	A	
Future Exposure		A	A	
Key	E	H	H	
	E	H	H	

Key to Codes

Significance

H	High
L	Low
M	Medium

Exposure

A	Acceptable
L	Limited
U	Unacceptable

Effectiveness

E	Effective
I	Ineffective
P	Partly Effective

A3 Statement of Responsibility

We take responsibility to Walsall Council for this report, which is prepared on the basis of the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

The matters raised in this report are only those, which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices.

This report is confidential and must not be disclosed to any third party or reproduced in whole or in part without our prior written consent. To the fullest extent permitted by law Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or reply for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation amendment and/or modification by any third party is entirely at their own risk.

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