# WALSALL COUNCIL

# INTERNAL AUDIT PROGRESS REPORT

# Audit Committee – 24th September 2018

**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 5 of this report for further information about responsibilities, limitations and confidentiality.

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# Introduction

This progress report to the Audit Committee covers the work carried out since the last audit committee by Mazars LLP.

Appendix 1 outlines progress to date against the 2018/19 Internal Audit Plan.

# Background

The purpose of the internal audit plan is to identify the work required to achieve a reasonable level of assurance to be provided by Mazars LLP in compliance with the Code of Practice for Internal Audit.

The fundamental role of Internal Audit is to provide senior management and Members with independent assurance on the adequacy, effectiveness and efficiency of the system of internal control, and to report major weaknesses together with recommendations for improvement. This role is fulfilled by carrying out appropriate audit work, normally in accordance with a strategic plan and an annual operational plan, as approved by the Chief Finance Officer and the Audit Committee.

As internal audit is a major source of assurance that the Council is effectively managing the principal risks to the achievement of its corporate objectives, a key rationale for the development of the internal audit plan was the Council's own Corporate and Directorate Risk Registers and how the internal audit plan can provide this assurance.

# Progress to Date

Progress against the 2018/19 Internal Audit Plan is shown in Appendix 1.

We have issued the following 2018/19 Draft reports since the last meeting of the Audit Committee:

- IR35 Compliance
- Greenfield Primary School

We have issued the following 2018/19 Final reports since the last meeting of the Audit Committee:

- School Governance (Evaluation assurance: **Limited**. Testing assurance: **Substantial**)
- Busill Jones Primary School (Evaluation assurance: **Limited**. Testing assurance: **Limited**)
- St Johns CE Primary School (Evaluation assurance: **Substantial**. Testing assurance: **Substantial**)

We have issued the following 2017/18 Final reports since the last meeting of the Audit Committee:

- Forest Arts (Evaluation assurance: **Limited**. Testing assurance: **Limited**)
- Employee Performance Review and Development (Evaluation assurance: **n/a**. Testing assurance: **n/a**)
- Controlling Migration Fund Evaluation assurance: **Substantial**. Testing assurance: **Substantial**)

# Progress to Date
# Follow-up of Recommendations

**2015/16, 2016/17, 2017/18 and 2018/19**

The table below highlights the number of recommendations raised in the final audit reports for 2015/16, 2016/17, 2017/18 and 2018/19. It should be noted that progress in implementing recommendations raised is due for follow up as part of the 2018/19 audit plan, and summary of findings to date is shown in the table below:

| Year | Total Recommendations | Implemented and no longer relevant | % | Implemented, no longer relevant or partly implemented | % |
|---|---|---|---|---|---|
| 2015/16 | 452 | 450 | 99% | 451 | 99% |
| 2016/17 | 417 | 373 | 89% | 395 | 95% |
| 2017/18 | 362 | 284 | 79% | 288 | 80% |
| 2018/19 | 36 | 20 | 56% | 20 | 56% |

The table below highlights the number of outstanding high priority actions:

| Year | Partly Implemented | Not Implemented | Not Yet Due |
|---|---|---|---|
| 2015/16 | 1 | 1 | - |
| 2016/17 | 1 | - | - |
| 2017/18 | 1 | - | 2 |
| 2018/19 | - | - | 1 |

Appendix 4 provides details of outstanding high priority actions and a summary of the status of all 2015/16, 2016/17, 2017/18 and 2018/19 recommendations where the proposed implementation date was at or before 31st July 2018.

# Definition of Assurance & Priorities

## Audit assessment

In order to provide management with an assessment of the adequacy and effectiveness of their systems of internal control, the following definitions are used:

| Level | Symbol | Adequacy of system design | Effectiveness of operating controls |
|---|---|---|---|
| **Good** | G | There is a sound system of internal control designed to achieve the system objectives. | The controls are being consistently applied. |
| **Substantial** | S | Whilst there is a basically sound system of internal control design, there are weaknesses in design which may place some of the system objectives at risk. | There is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk. |
| **Limited** | L | Weaknesses in the system of internal control design are such as to put the system objectives at risk. | The level of non-compliance puts the system objectives at risk. |
| **Nil** | N | Control is generally weak leaving the system open to significant error or abuse. | Significant non-compliance with basic controls leaves the system open to error or abuse. |

The assessment gradings provided here are not comparable with the International Standard on Assurance Engagements (ISAE 3000) issued by the International Audit and Assurance Standards Board and as such the grading of ‘Good’ does not imply that there are no risks to the stated control objectives.

### Grading of recommendations

In order to assist management in using our reports, we categorise our recommendations according to their level of priority as follows:

| Level | Definition |
|---|---|
| **Priority 1** | Recommendations which are fundamental to the system and upon which the organisation should take immediate action. |
| **Priority 2** | Recommendations which, although not fundamental to the system, provide scope for improvements to be made. |
| **Priority 3** | Recommendations concerning issues which are considered to be of a minor nature, but which nevertheless need to be addressed. |

# Priority 1 Recommendations

Three Priority 1 recommendations have been raised in the final reports issued since the last Audit Committee meeting.

This Priority 1 recommendation was raised in the School Governance report, and was as follows:

**Recommendation:** In order to fulfil its statutory duties, the Schools Governance Team should consider introducing standard, essential training to all schools in order to emphasise the core responsibilities of a governing body.

**Management Response:** Following careful consideration additional core training to all schools, beyond those buying into an SLA, will not be viable without additional core funding.

The team fulfils its statutory responsibilities by ensuring all new governors are issued with an induction pack setting out their core duties and responsibilities. Following the recommendation of this report, our induction material will be reviewed and relaunched from September 2018. All Chairs, Vice Chairs and Clerks are invited to a termly briefing covering key statutory updates and all governors receive an e-version of Walsall Governor which covers statutory updates, legislation changes and good practice.

A wider core training offer risks reduced training income due to less schools buying into an SLA if they receive core training free. Alternatively the requirement of cross subsidy from other elements of the teams traded offer will put the team at a disadvantage against its competitors.

In 2017-18 training generated £42,000 in income for the team (24% of traded income target). £3,000 of this was from income generated by training places bought by governors not buying into a Service Level Agreement.

This Priority 1 recommendation was raised in the Busill Jones Primary School, and was as follows:

**Recommendation:** It should be ensured that the school registers with the Information Commissioner's Office, and registration is renewed annually.

**Management Response:** The school is now registered with ICO.

This Priority 1 recommendation was raised in the Forest Arts report, and was as follows:

**Recommendation:** The grant conditions noted in the observation should be investigated and addressed to ensure compliance.

The Service Manager and Service Accountant should ensure that they are aware of and undertake their roles and responsibilities as documented in the grants manual and that communications are effective to ensure that any conditions noted in Arts Council England grant offer letter are met.

**Management Response:** The DfE / ACE grant-funded Music Hub activities will be put into a separate cost centre to clearly differentiate funded activities from the wider Forest Arts / music tuition activities. This action will be progressed with Finance colleagues.

There is an opportunity to improve the collaborative working between Finance and Service officers so that the claiming and usage of grant funding is shared and fully understood by all involved. This will be addressed through monthly budget monitoring meetings.

The DfE funding (distributed by ACE) of £465,655 (2017/18) is solely used to fund Music Hub salaries. Two forms of non-income generating provisions are understood to be made through this employment:

a) After school music activity - free to all Walsall young people.
b) One term of first access music tuition - free to Walsall schools.

This indicates that ACE / DfE funding is spent on front-line delivery, however work is ongoing, with support from Finance, to evidence this and to better track music educators work so that it can be properly costed to either the Arts Council free Music Hub work or the schools SLA traded service.
Income from traded services with schools currently sits under the Music Hub cost centre, however feeds into the Forest Arts overall budget. Work is ongoing to improve how we account for the DfE / ACE grant so that it is clear this service (and associated income) sits under Forest Arts activities and not the Music Hub.

# Appendix 1 – Status of Audit Work 2018/19

| | Area | Scope | Plan Days | Days Delivered | Start of Fieldwork | Status | Opinion | | Recommendations | | | Comments |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Evaluation | Testing | 1 | 2 | 3 | |
| Operational Risks | **Resources and Transformation** | | | | | | | | | | | |
| | IR35 | To cover the controls over the Council's compliance with 'Off-payroll working through an intermediary (IR35)' regulations, including Declarations of Interests and impact on rates. | 7 | 6 | Q1 | Draft Report Issued | | | | | | |
| | Money, Home, Job Emergency Payments | Covering controls in respect to expenditure and use of crisis funds. | 7 | 5 | Q1 | Draft Report Issued | | | | | | |
| | Catering Contracts | To provide assurance and oversight of the new catering contracts and charging arrangements. | 5 | 3 | Q1 | Draft Report Issued | | | | | | |
| | CRC Energy Efficiency Scheme | Annual audit and sign off | 10 | 9 | Q2 | Draft Report Issued | | | | | | |
| | **Economy & Environment** | | | | | | | | | | | |
| | Planning | Covering adequacy and effectiveness of controls in place over planning applications, in light of the 20% national fees uplift. | 9 | 2 | Q2 | Work in Progress | | | | | | Moved from Q1 at request of Executive Director |
| | Licencing | Covering the controls in place to ensure compliance with the new licencing regulations and the adequacy and effectiveness of licencing applications. | 8 | 6 | Q1 | Work in Progress | | | | | | |

| | Area | Scope | Plan Days | Days Delivered | Start of Fieldwork | Status | Opinion | | Recommendations | | | Comments |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Evaluation | Testing | 1 | 2 | 3 | |
| | **Children's Services** | | | | | | | | | | | |
| | Troubled Families | Covering adequacy and effectiveness of controls in place over eligibility, payments and achievement of progress measures. | 10 | 0.5 | Q2 & Q4 | Qtr 2 Audit arranged and Notification sent | | | | | | |
| | Home to School Transport | Covering adequacy and effectiveness of controls in place over the new provider framework. | 10 | 1 | Q2 | Work in Progress | | | | | | |
| | Transition to Education Health and Care Plans | To cover controls in place over the transition to education health & care plans, including Walsall's transition plan, EHC needs assessments, decision making and care plans. | 10 | 7 | Q2 | Work in Progress | | | | | | |
| | Schools Governance | Providing assurance over the controls in place to ensure sufficient governance and control arrangements in schools. | 8 | 8 | Q1 | Final Report Issued | Limited | Substantial | 1 | 4 | 2 | |
| | **Adut Social Care** | | | | | | | | | | | |
| | Residential and Nursing Care | Q1 – Review of transition process for financial data onto Mosaic<br>Q4 -To cover controls in place over expenditure and income received, and to ensure legal requirements are met and assets are safeguarded. | 15 | 1 | Q2 / Q4 | Work in Progress | | | | | | |
| **Operational Risks Total** | | | **99** | **48.5** | | | | | | | | |
| | Corporate Review of Agency Staff | Review the use of agency staff, processes for | 12 | 5 | Q2 | Work in Progress | | | | | | Moved from Q1 at request |

| | Area | Scope | Plan Days | Days Delivered | Start of Fieldwork | Status | Opinion | | Recommendations | | | Comments |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Evaluation | Testing | 1 | 2 | 3 | |
| | | approval and needs analysis. | | | | | | | | | | of Senior HR Manager |
| | Follow up of Information Commissioners Office Recommendations relating to Subject Access Requests | To provide assurance that recommendations made following the ICO inspection have been addressed. | 5 | 0.5 | Q2 | Work in Progress | | | | | | |
| | GDPR | To review the current controls and arrangements in place for ensuring compliance with the General Data Protection Regulations. | 16 | 8 | Q2 | Work in Progress | | | | | | |
| **Strategic Risks Total** | | | **33** | **13.5** | | | | | | | | |
| | Counter Fraud | Internal Audit will work with the Council in the development of a fraud risk register, the provision of fraud awareness training, pro-active fraud exercises and reactive investigations. | 30 | 9 | Q1-Q4 | | | | | | | National Fraud Initiative data matching exercise.<br><br>Attendance at the Midland Fraud Group.<br><br>Policies Review / E-learning / Fraud Risk Register |
| | Governance and Risk Management | The use of CRSA to provide assurance that managers understand their requirements and take ownership of their responsibilities. Risk Management Workshops for staff and Members. Review of individual risks registers as agreed with management. | 30 | 6 | Q1-Q4 | | | | | | | See detail on page 28 |
| **Governance, Fraud & other Assurance Methods** | | | **60** | **15** | | | | | | | | |

| | Area | Scope | Plan Days | Days Delivered | Start of Fieldwork | Status | Opinion | | Recommendations | | | Comments |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Evaluation | Testing | 1 | 2 | 3 | |
| Other | Follow-up of Recommendations | Follow-up of all priority 1 and 2 recommendations made in final reports issued. | 30 | 10 | Q1-Q4 | | | | | | | See detail on page 13 |
| | Management and Planning | Including attendance at Audit Committee | 75 | 15 | Q1-Q4 | | | | | | | |
| **Other total** | | | **105** | **25** | | | | | | | | |
| **Schools** | To provide the Chief Finance Officer with adequate assurance over standards of financial management and the regularity and probity of spend | | 120 | 34 | Q1-Q3 | | | | | | | |
| **Schools Total** | | | **120** | **34** | | | | | | | | |
| **Plan Total** | | | **417** | **136** | | | | | | | | |

| | Area | Scope | Plan Days | Days Delivered | Start of Fieldwork | Status | Opinion | | Recommendations | | | Comments |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Evaluation | Testing | 1 | 2 | 3 | |
| Schools | Alumwell Junior | | 5 | | Q3 | ToR Issued | | | | | | |
| | Bentley Federation | | 10 | | Q3 | ToR Issued | | | | | | |
| | Blackwood Primary | | 5 | | Q2 | ToR Issued | | | | | | |
| | Busill Jones Primary | | 5 | 5 | Q1 | Final Report Issued | **Limited** | Limited | 1 | 6 | 6 | |
| | Butts Primary | | 5 | | Q3 | ToR Issued | | | | | | |
| | Cooper & Jordan Primary | | 5 | | Q3 | ToR Issued | | | | | | |
| | Devles Junior | | 5 | | Q2 | ToR Issued | | | | | | |
| | Greenfield Primary | | 5 | 4 | Q2 | Draft Report Issued | | | | | | |
| | Lower Farm Primary | | 5 | | Q3 | ToR Issued | | | | | | |
| | Millfield Primary | | 5 | | Q2 | ToR Issued | | | | | | |

| | Area | Scope | Plan Days | Days Delivered | Start of Fieldwork | Status | Opinion | | Recommendations | | | Comments |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Evaluation | Testing | 1 | 2 | 3 | |
| | Palfrey Infants | | 5 | 4 | Q1 | Draft Report Issued | | | | | | |
| | Palfrey Junior | | 5 | | Q3 | ToR Issued | | | | | | |
| | Pelsall Village Primary | | 5 | 5 | Q1 | Final Report Issued | **Substantial** | **Substantial** | - | 3 | 4 | |
| | Pheasey Park Farm Primary | | 5 | | Q3 | | | | | | | |
| | Rushall Primary | | 5 | 5 | Q1 | Final Report Issued | **Full** | **Full** | - | - | 2 | |
| | St Johns Primary | | 5 | 5 | Q1 | Fina Report Issued | **Substantial** | **Substantial** | - | 3 | 3 | |
| | Watling Street Primary | | 5 | | Q3 | ToR Issued | | | | | | |
| | Castle Business & Enterprise College | | 5 | 5 | Q1 | Final Report Issued | **Full** | **Full** | - | - | 1 | |
| | New Leaf Pupil Referral Unit | | 5 | | Q3 | ToR Issued | | | | | | |
| | Shepwell Pupil Referral Unit | | 5 | | Q3 | ToR Issued | | | | | | |
| | Admin Time inc SFVS | | 15 | 1 | | | | | | | | |
| **Schools total** | | | **120** | **34** | | | | | | | | |

# Appendix 2 – Summary of Final Reports

| Audit | Opinion | | Main Findings |
|---|---|---|---|
| | Evaluation | Testing | |
| School Governance | **Limited** | **Substantial** | • Essential governor training is not offered free of charge to all schools. (Priority 1)<br>• Governing Body monitoring arrangements require strengthening.<br>• No formal, standardised process is in place for the information sharing process.<br>• Action plans for schools do not always have target timescales for implementation.<br>• The specific composition of governing bodies, including their relevant skills and experience, is not actively monitored.<br>• Schools are not encouraged to comply with their Transparency duties. |
| Busill Jones Primary School | **Limited** | **Limited** | • At the time of the audit, the school was not registered with the Information Commissioner's Office. (Priority 1)<br>• Payroll reports are not always checked as part of the budget monitoring process.<br>• Orders and invoices are both signed by the Head Teacher.<br>• Income processes require strengthening.<br>• A statement of accounts is not provided by the school fund auditor.<br>• Evidence of school fund bank reconciliations are not held on file.<br>• There is no encryption on memory sticks used by the school. |
| St Johns CE Primary School | **Substantial** | **Substantial** | • Two Governors had not provided evidence of their holding an enhanced DBS certificate.<br>• The Head Teacher had signed an order for a supplier in which he had declared an interest.<br>• Consideration has not been given to completing a data sharing agreement with the finance services provider. |
| Forest Arts | **Limited** | **Limited** | • Non-compliance with Arts Council grant funding conditions. (Priority 1)<br>• FAC management were unclear whether IR35 casual workers are subject to compliance with Contract Rules or to Employment Law.<br>• There is no overall strategy in place for the Forest Arts Centre.<br>• Expenditure for festive lights had been made going against member decision without obtaining written senior management approval.<br>• Issues were identified in the approval of charges and security of income.<br>• A best value procurement exercise had not been initiated for the FAC catering supplier where Contract Rules thresholds are to be exceeded. |

| Audit | Opinion | | Main Findings |
|---|---|---|---|
| | Evaluation | Testing | |
| | | | • Flexi-time compliance issues and inconsistent toil claiming practices were identified.<br>• Engagement controls are not formalised for self-employed workers. |
| Employee Performance Review & Development | n/a | n/a | n/a |
| Controlling Migration | **Substantial** | **Substantial** | • The budget profile for the 2018/19 financial year was not set up on Oracle.<br>• Budget monitoring reports were incomplete as no reason for variances were noted and were based on a 'zero budget'.<br>• Since December 2017, Walsall People Project budget monitoring meetings had not been held on a monthly basis between the Community, Cohesion and Engagement Lead and the Accountancy Officer .<br>• A grant agreement with Nash Dom CIC was approved by an officer over his authorisation limit.<br>• We were unable to confirm that an arrangement was in place between the Council and Walsall Clinical Commissioning Group in respect of Community Development programme.<br>• The objectives set out in the grant agreement were not detailed and comprehensive in terms of timeframe and outcomes.<br>• Project performance monitoring reports were not yet in place and presented at the Corporate Management Team. |

# Appendix 3 – Summary of Unplanned/Irregularity Reports

No unplanned or irregularity reports have been issued since the last meeting of the Audit Committee.

# Appendix 4 - Follow-up of Recommendations 2015/16, 2016/17, 2017/18 and 2018/19

Follow-up audits have been undertaken in accordance with the 2017/18 audit plan. The objective was to confirm the extent to which the recommendations made in 2015/16, 2016/17 and 2017/18 internal audit final reports have been implemented.

## Outstanding and Partly Implemented High Priority Recommendations from 2015/16, 2016/17, 2017/18 and 2018/19

| Audit/Report Date | Assurance | Recommendations | Management Response | Responsibility and Due Date | Update Position |
|---|---|---|---|---|---|
| Residential Charging<br><br>May 2016 | Limited | Procurement | It should be ensured that the issue of having to manually calculate budget monitoring reports is addressed as part of the implementation of Mosaic Financials. | Mosaic Implementation Team<br>30th Sept 2016<br><br>Revised November 2017<br><br>Rerevised Autumn 2018 | **Implemented**<br><br>Phase 3 priority is streamlining; efficiency and reducing manual Intervention across financial activity within ASC. The Mosaic system design incorporates an end to end financial process.<br><br>The reporting stream enables much greater reporting across the whole system significantly reducing manual activity previously undertaken.<br><br>Autumn 2018 |
| | | | Contracts will be awarded following cabinet approval regarding fee rates. | Lead Commissioning Officer<br>1st July 2016<br><br>Revised 31/10/16<br><br>Rerevised March 2019 | **Partially implemented**<br>Currently in the final stages with Procurement regarding the preferred option for this tender. It is anticipated that the procurement exercise will commence October 2018 for award by March 2019. |
| Community Alarms & Telecare Services | No / Limited | Provisions for providing a 24-hour call out service require review to ensure | The CAS call operator and Response officers are available 24/7; to date the fitting service has never had the resource or budget to | Team Manager – Response Service<br><br>Temporary staff sourced by end of July | **Partially implemented.**<br><br>Telecare is now under the line management of the Team Manager, Response Services |

| Audit/Report Date | Assurance | Recommendations | Management Response | Responsibility and Due Date | Update Position |
|---|---|---|---|---|---|
| June 2017 | | that sufficiently trained staff are available to deal with emergency/urgent reports to ensure service users are not left at risk. | support 24/7 fitting and maintenance.<br><br>To date there has never been sufficient evidence to suggest a dedicated out of hours maintenance team is required.<br><br>In addition, there are councils that do not operate response services for either maintenance equipment or actual support. Benchmarking with these local authorities will be undertaken as part of the review of service delivery options.<br><br>All equipment that "fails" can be replaced with an alternative where the kit is peripheral, (i.e. is linked to a base unit), and where Response Officers are suitably trained. They are able to fit out of hours on an emergency basis only however, their priority action is responsive care provision.<br><br>Action: An additional temporary installation officer has been recruited which has reduced installation times down to 48 hours for urgent and 5 days for routine installations as of 19.05.2017. | 2017 to support where needed.<br><br>Group Manager – Learning Disabilities Commissioning Manager<br>Group Manager – Performance<br><br>Long Term Plan for Assistive Technology to be presented to EDMT in the summer.<br><br>Revised date December 2017<br><br>Rerevised date September 2018 | for consistency.<br><br>A soft market exercise has been completed along with a benchmarking exercise. Option appraisals for the delivery of community alarms and telecare has been drafted for presenting to Cabinet. This has been delayed until the Summer due to the elections in May 2018.<br><br>The long term plan for Assistive Technology was not completed due to a baselining report being completed in consultation with the Head of Customer Service Transformation. This is likely to be completed within the next month.<br><br>The out of hour's provision for response has not changed. This continues to be provided by support staff if any are available.<br>Revised deadline September 2018 |

| Audit/Report Date | Assurance | Recommendations | Management Response | Responsibility and Due Date | Update Position |
|---|---|---|---|---|---|
| | | | Action: The Group Manager will make initial contact with Integrated Facilities Management to undertake the scoping of a fitting and maintenance programme, based on an affordable, internal facilities management model or by an alternative delivery model. | | |
| Market Management<br><br>April 2018 | Limited / Substantial | It should be ensured that:<br>• There is quality contract monitoring of domiciliary care providers.<br>• The quality monitoring tool used for residential care providers is utilised for other care providers.<br>• Service reviews of non-residential care providers are undertaken on a regular basis. | There is no dedicated resource for quality monitoring within ASC and the function of our corporate team is limited to contract compliance.<br><br>ASC has tried to address the gap for Older People Residential Care homes by incorporating the task into the Commissioning Officers role with the intention of rolling out the learning across all client groups and accommodation types. With competing priorities, this ambition has not been achieved. In recognition of the gap ASC hosted the Quality Summit bringing together key stakeholders with collective responsibility for the quality of all care provision in Walsall.<br><br>Sub groups have been established and scoping work continues with recognition of | Head of Service – Integrated Commissioning / Lead Commissioner / Lead Commissioner<br><br>December 2018 | **Not yet due for implementation** |

| Audit/Report Date | Assurance | Recommendations | Management Response | Responsibility and Due Date | Update Position |
|---|---|---|---|---|---|
| | | | the areas covered in this report. It is likely the Council will need to find additional investment to effectively manage providers to deliver good quality care in Walsall. | | |
| Domiciliary Care<br><br>June 2018 | Limited / Limited | Cases where service users have not completed a Financial Capture Form within 14 days should be monitored to ensure that contributions for care are recovered promptly.<br>A review of the cases where a data capture form has not been completed should be undertaken as a matter of urgency to ensure that service users' contributions can be recovered.<br>The option of including an automatic notification of when the Data Capture Form has reached 14 days | Staff have been made aware that full charge should be applied, in line with the current Policy, where Data Capture Forms have not been received following the 14 day period.<br>In the system there was a total of 157 notifications with the welfare rights team from social care and not all required a data capture form putting on to Mosaic. Because of the comment and concern raised within this report an additional 2 officers, part time, will assist with the processing and monitoring of those cases. This will resolve the issue.<br>The Mosaic Team will be consulted with to identify if an automatic notification process can be established as recommended in the audit report. | Welfare Rights Senior Officer<br><br>With Immediate effect<br><br>August 2018 | **Implemented**<br><br>Clarification regarding the charging model was sent to staff in May, and the notifications with the welfare rights team has reduced to 37. There is no backlog on notifications reported to the team via Mosaic.<br><br>**Not yet due for implementation** |

| Audit/Report Date | Assurance | Recommendations | Management Response | Responsibility and Due Date | Update Position |
|---|---|---|---|---|---|
| | | should be explored with the Mosaic Team. | | | |
| Schools Governance | Limited / Substantial | In order to fulfil its statutory duties, the Schools Governance Team should consider introducing standard, essential training to all schools in order to emphasise the core responsibilities of a governing body. | Following careful consideration additional core training to all schools, beyond those buying into an SLA, will not be viable without additional core funding.<br><br>The team fulfils its statutory responsibilities by ensuring all new governors are issued with an induction pack setting out their core duties and responsibilities. Following the recommendation of this report, our induction material will be reviewed and relaunched from September 2018. All Chairs, Vice Chairs and Clerks are invited to a termly briefing covering key statutory updates and all governors receive an e-version of Walsall Governor which covers statutory updates, legislation changes and good practice.<br><br>A wider core training offer risks reduced training income due to less schools buying into an SLA if they receive core training free. Alternatively the requirement of cross subsidy from other elements of the teams traded offer will put the | Governance Manager<br><br>Revised induction pack in place from 10 September 2018 | **Not yet due for implementation** |

| Audit/Report Date | Assurance | Recommendations | Management Response | Responsibility and Due Date | Update Position |
|---|---|---|---|---|---|
| | | | team at a disadvantage against its competitors.<br><br>In 2017-18 training generated £42,000 in income for the team (24% of traded income target). £3,000 of this was from income generated by training places bought by governors not buying into a Service Level Agreement. | | |
| Forest Arts | Limited / Limited | The grant conditions noted in the observation should be investigated and addressed to ensure compliance.<br>The Service Manager and Service Accountant should ensure that they are aware of and undertake their roles and responsibilities as documented in the grants manual and that communications are effective to ensure that any conditions noted in Arts Council England grant | The DfE / ACE grant-funded Music Hub activities will be put into a separate cost centre to clearly differentiate funded activities from the wider Forest Arts / music tuition activities. This action will be progressed with Finance colleagues.<br><br>There is an opportunity to improve the collaborative working between Finance and Service officers so that the claiming and usage of grant funding is shared and fully understood by all involved. This will be addressed through monthly budget monitoring meetings.<br><br>The DfE funding (distributed by ACE) of £465,655 (2017/18) is solely used to fund Music Hub salaries. Two forms of non-income generating provisions | Forest Management Team / Finance<br><br>September 2018 | **Not yet due for implementation** |

| Audit/Report Date | Assurance | Recommendations | Management Response | Responsibility and Due Date | Update Position |
|---|---|---|---|---|---|
| | | offer letter are met. | are understood to be made through this employment:<br><br>a) After school music activity - free to all Walsall young people.<br>b) One term of first access music tuition - free to Walsall schools.<br><br>This indicates that ACE / DfE funding is spent on front-line delivery, however work is ongoing, with support from Finance, to evidence this and to better track music educators work so that it can be properly costed to either the Arts Council free Music Hub work or the schools SLA traded service.<br>Income from traded services with schools currently sits under the Music Hub cost centre, however feeds into the Forest Arts overall budget. Work is ongoing to improve how we account for the DfE / ACE grant so that it is clear this service (and associated income) sits under Forest Arts activities and not the Music Hub. | | |

The table below provides a summary of the status of 2015/16 recommendations that have not been reported as implemented at previous Audit Committee meetings.

| Audit/Report Date | Assurance Level | Raised | Implemented | Partly Implemented | | | Outstanding | | | No longer relevant | Original Due Date | Revised Due Date | Not yet due |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | 1 | 2 | 3 | 1 | 2 | 3 | | | | |
| Residential Charging<br><br>May 2016 | Limited | 30 | 21 | 2 | | | | | | 7 | July 2016 | Mar 2019 | - |
| | | 30 | 21 | 2 | - | - | - | - | - | 7 | - | - | - |

* See 'Outstanding and Partly Implemented High Priority Recommendations from 2015/16, 2016/17, 2017/18 and 2018/19' table at the start of appendix 4 for priority 1 recommendations updated position.

The tables below provide a summary of the status of all 2016/17 recommendations where the proposed implementation date was at or before 31st July 2018 and have not been reported as implemented at the previous Audit Committee meeting.

| Audit/Report Date | Assurance Level | Raised | Implemented | Partly Implemented | | | Outstanding | | | No longer relevant | Original Due Date | Revised Due Date | Not yet due |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | 1 | 2 | 3 | 1 | 2 | 3 | | | | |
| Town & District Centres Markets<br><br>March 2017 | Limited / Limited | 12 | 10 | | 1 | | | | | 1 | July 2017 | Apr 2019 | - |
| Facilities Management<br><br>January 2017 | Limited / Limited | 15 | 12 | | | | | 3 | | - | June 2017 | Sep 2018 | - |
| Pheasey Park Farm Children's Centre<br><br>January 2017 | Substantial / Limited | 15 | - | | | | | | | - | Jun 2017 | To be followed up during school audit 2018/19 | 15 |
| Appointeeships & Deputyships<br><br>April 2017 | Limited / Limited | 18 | 16 | | 2 | | | | | - | Dec 2017 | Sep 2018 | - |
| Community Alarms & telecare Services<br><br>June 2017 | No / Limited | 20 | 9 | 2 | 9 | | | | | - | Aug 2017 (temp measures) | Sep 2018 | - |
| Salisbury Primary School<br><br>June 2017 | n/a | 20 | 9 | 2 | 5 | | | 1 | 1 | - | Dec 2017 | Sep 2018 | 2 |
| Support Planning, Resource Allocation, | Substantial / Limited | 12 | 11 | | 1 | | | | | - | Mar 2018 | Dec 2018 | - |

| Audit/Report Date | Assurance Level | Raised | Implemented | Partly Implemented | | | Outstanding | | | No longer relevant | Original Due Date | Revised Due Date | Not yet due |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | 1 | 2 | 3 | 1 | 2 | 3 | | | | |
| Personal Budgets & Direct Payments<br><br>September 2017 | | | | | | | | | | | | | |
| | | 112 | 67 | 4 | 18 | 0 | 0 | 4 | 1 | 1 | - | - | 17 |

* See ‘Outstanding and Partly Implemented High Priority Recommendations from 2015/16, 2016/17, 2017/18 and 2018/19’ table at the start of appendix 4 for priority 1 recommendations updated position.

The tables below provide a summary of the status of all 2017/18 recommendations where the proposed implementation date was at or before 31st July 2018 and have not been reported as implemented at the previous Audit Committee meeting.

| Audit/Report Date | Assurance Level | Raised | Implemented | Partly Implemented | | | Outstanding | | | No longer relevant | Original Due Date | Revised Due Date | Not yet due |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | 1 | 2 | 3 | 1 | 2 | 3 | | | | |
| Local Authority Designated Officer<br><br>November 2017 | Good / Good | 2 | 1 | | | | | | | - | Sept 2018 | - | 1 |
| Housing Benefit & Council Tax Reduction<br><br>December 2017 | Substantial / Substantial | 7 | 6 | | | | | | | - | Jun 2018 | Apr 2019 | 1 |
| St James Primary School<br><br>January 2018 | n/a | 31 | 10 | | | | | | | - | Sep 2018 | - | 21 |
| Accounts Receivable<br><br>February 2018 | Substantial / Substantial | 2 | - | | 2 | | | | | - | May 2018 | Dec 2018 | - |
| Payroll & Pensions Administration<br><br>February 2018 | Substantial / Substantial | 6 | 4 | | 2 | | | | | - | Feb 2018 | Sept 2018 | - |
| Council Tax & NNDR<br><br>February 2018 | Substantial / Substantial | 4 | 2 | | | | | | | - | Sep 2018 | - | 2 |
| Performance Management | Substantial / Limited | 7 | 3 | | | | | | | - | Jul 2018 | - | 4 |

| Audit/Report Date | Assurance Level | Raised | Implemented | Partly Implemented | | | Outstanding | | | No longer relevant | Original Due Date | Revised Due Date | Not yet due |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | 1 | 2 | 3 | 1 | 2 | 3 | | | | |
| March 2018 | | | | | | | | | | | | | |
| Early Years<br><br>March 2018 | Substantial / Substantial | 4 | 2 | | | | | | | - | Aug 2018 | - | 2 |
| RIPA<br><br>April 2018 | Substantial / Substantial | 10 | 3 | | | | | | | - | Sep 2018 | - | 7 |
| Adult Social Care Market Management<br><br>April 2018 | Limited / Substantial | 7 | 1 | | | | | | | - | Dec 2018 | - | 6 |
| Main Accounting<br><br>May 2018 | Significant / Good | 2 | 1 | | | | | | | - | Jul 2018 | Oct 2018 | 1 |
| Domiciliary Care<br><br>June 2018 | Limited / Limited | 13 | 2 | | | | | | | - | Apr 2019 | - | 11 |
| Adult Safeguarding including Deprivation of Liberty Safeguards<br><br>June 2018 | Substantial / Limited | 6 | 2 | | | | | | | - | Aug 2018 | - | 4 |
| Forest Arts Centre<br><br>July 2018 | Limited / Limited | 19 | 6 | | | | | | | | Apr 2019 | | 13 |
| Controlling Migration Fund<br><br>August 2018 | Substantial / Substantial | 7 | 2 | | | | | | | | Aug 2018 | | 5 |

| Audit/Report Date | Assurance Level | Raised | Implemented | Partly Implemented | | | Outstanding | | | No longer relevant | Original Due Date | Revised Due Date | Not yet due |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | 1 | 2 | 3 | 1 | 2 | 3 | | | | |
| | | 120 | 42 | 0 | 4 | 0 | 0 | 0 | 0 | 0 | - | - | 74 |

* See ‘Outstanding and Partly Implemented High Priority Recommendations from 2015/16, 2016/17, 2017/18 and 2018/19’ table at the start of appendix 4 for priority 1 recommendations updated position.

The tables below provide a summary of the status of all 2018/19 recommendations where the proposed implementation date was at or before 31st July 2018 and have not been reported as implemented at the previous Audit Committee meeting.

| Audit/Report Date | Assurance Level | Raised | Implemented | Partly Implemented | | | Outstanding | | | No longer relevant | Original Due Date | Revised Due Date | Not yet due |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | 1 | 2 | 3 | 1 | 2 | 3 | | | | |
| School Governance<br><br>August 2018 | Limited / Significant | 7 | 3 | | | | | | | | Dec 2018 | | 4 |
| Busill Jones Primary School<br><br>July 2018 | Limited / Limited | 13 | 7 | | | | | | | | Oct 2018 | | 6 |
| Pelsall Village Primary School | Substantial / Substantial | 7 | 6 | | | | | | | | Jul 2018 | | 1 |
| St John's CE Primary School | Substantial / Substantial | 6 | 4 | | | | | | | | Sept 2018 | | 2 |
| | | 33 | 20 | | | | | | | | | | 13 |

Fully implemented 2018/19 audit reports

| Title | Assurance Level | Raised | Implemented | No Longer Relevant |
|---|---|---|---|---|
| Rushall Primary School | Full / Full | 2 | 2 | |
| Castle School | Full / Full | 1 | 1 | |
| **Total** | | **3** | **3** | |

# Appendix 5 – Risk Management Update

| Ref | Implementation Action Plan | Estimated Timing by |
|---|---|---|
| 1 | Facilitated CMT session to inform a refresh of the Strategic Risk Register.<br>*Confirm principles of new approach.*<br>*Timed to feed into the 2018/19 audit plan.* | 22nd February 2018<br><br>Completed |
| 2 | Sessions with DMTs / Project Teams to cascade the top down Strategic Risks for consideration at the Operational/Project level as well as Operational level 'bottom up' risks facing services to be captured and considered.<br>*Communicate the principles of the new approach.* | April 2018<br>Adults Social Care – 25th April<br>Childrens' Services – 26th April<br>Economy and Environment – 21st May<br>Resources and Transformation - 14th May<br><br>Completed |
| 3 | Presentation of refreshed Strategic Risk Register to Audit Committee.<br>Audit Committee Member briefing/training session. | July 2018 |
| 4 | Review of Risk Management for the Head of Internal Audit Opinion.<br><br>*Any recommendations from the review to be included in future steps of action plan.* | April/May 2018<br><br>Completed |
| 5 | Complete sessions with service teams to roll out new strategy and support them to embed.<br><br>Undertake a skills gap analysis and provide training to address.<br><br>Consideration of training and induction provided to officers and members to ensure no future gaps in skills appear. | October 2018 |
| 6 | Review the Strategy and Procedural Documentation to ensure they fully reflect developed practices including the refreshed Corporate Plan and Change Programme.<br><br>*Also consideration of how some other processes will affected by the changes in the risk management framework or how changes in how risk is managed or appetite and tolerance might impact on other business process.* | December 2018 |
| 7 | Updated Strategy is approved at Committee<br><br>*Timing and style of future reporting on risk to Committee to be formally agreed.* | January 2019 |

# Appendix 6 – 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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Attachment 1 to Internal Audit Progress Report

Walsall Council

MAZARS

# Internal Audit Report

# Employee Performance Review and Development – Final Report

July 2018

# Contents

01 Summary of Information

02 Detailed Summary of Feedback & Benchmarking

Appendices

A1 Summary of Main Issues

A2 Summary of Benchmarking Information

A3 Audit Information

A4 Statement of Responsibility

If you should wish to discuss any aspect of this report, please contact Sarah Knowles, Senior Manager, sarah.knowles@mazars.co.uk or Narinder Sandher, Director, Narinder.sandher@mazars.co.uk.

***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 Summary of Information

**Introduction**

As part of the Internal Audit Plan for 2017/18, we have undertaken a review of the Employee Performance Review and Development process. The objectives of the audit were to provide constructive recommendations regarding the EPR process through discussions held with management and employees, and to identify and analyse views and opinions about how useful and informative the EPR process in place at Walsall Council is. The review has also included benchmarking with other organisations.

We engaged with a number of staff members during the review and are grateful for their assistance during the course of the audit.

The report summarises 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.

**Background**

The current Employee Performance Review (EPR) procedure has been effective since April 2015.

The purpose of the Employee Performance Review (EPR) process is to ensure that the performance and development of every employee is managed effectively and fairly. This involves an annual review of performance, setting individual performance objectives for the year and agreeing learning and development to support achievement. Managers are expected to formally review employee performance annually and through regular one-to-one meetings throughout the year.

The EPR process applies to all employees of Walsall Council with the exception of teachers and school based staff.

The Employee Performance Review (EPR) process consists of four parts:

- A review of performance over the last year
- Setting performance objectives that are specific and clear for the next 12 months
- A discussion about barriers or inhibitors to maximising performance
- Agree personal development objectives for the future

A tailored procedure may be created for an entire directorate or service area and may be based on the corporate procedure with amended forms and/or use of professional competencies or be a different procedure altogether. Unless a tailored procedure has been adopted, it will be assumed that the corporate procedure is being used.

All EPRs, whether corporate or tailored, will be recorded as completed on an Employee's People Gateway record and a copy held locally by the line manager and the employee.

**Process Review**

The Council has the Employee Performance Review (EPR) procedure currently in place. This became effective on 1 April 2015 and from review of the document, it does not appear to have been reviewed since this date.

The Learning and Development Manager confirmed that the new CEO wants the process to be reviewed to include our new corporate behaviours and in the case of managers, some management competencies. However for this year to ensure the process is completed as it currently stands with clearer links being made to the corporate plan priorities.

The drivers for the need to revise the process was confirmed as:

- Focus group from the transformation work streams
- Headlines from staff survey
- General feedback and compliance rates

The aim is for the process to be reviewed in Autumn 2018 and revised paperwork and training to be in place from February 2019 and that this will be clearly mapped to the new corporate values/behaviours, priorities and for managers to include relevant management competencies.

**Method**

Information as part of this review from:

- Meetings were held with nine members of staff from across Council directorates as part of this review. Staff were all asked the same questions from a questionnaire to ensure a consistent structure and comparable information was obtained.
- Meetings were also held with 14 managers from across Council directorates as part of this review. Managers were all asked the same questions from a questionnaire to ensure a consistent structure and comparable information was obtained.
- The paperwork for 20 EPRs was reviewed as part of the audit; all EPRs had discussed objectives, barriers, development and learning.
- Benchmarking was completed to summarise and compare employee performance review information available for eight other similar organisations.

The information contained within section two of this report provides the direct feedback and perceptions of staff and managers liaised with during the course of this review. This is not the opinion of internal audit and as a result, an assurance opinion has not been provided.

**Examples of Areas of Strengths and Positive Feedback**

- The Council's HR department is already reviewing the EPR procedure and form with the aim of a revised process and paperwork being rolled out for the 2019 EPR season.
- The EPR procedure does define the roles and responsibilities of staff and managers.
- Staff do appreciate that the EPR process provides them with allocated time with their manager where they can formally discuss and record any issues, development and training.
- Managers feel that it does help to focus them on reflecting over the past 12 months and on specific discussions to have with staff members.
- The EPR process can boost morale and motivation when the review is done well and positive feedback about how the member of staff is doing is discussed, particularly when this feedback is provided beyond the staff members immediate line management.

Staff

- It is important to have an EPR to reflect over the last 12 months, get feedback from managers and set future targets and goals.
- It provides an opportunity to discuss development and performance.
- Can sit and have time with manager, which can help to break down barriers.
- Provides an opportunity to formally record any issues with their line manager.

Managers

- The process is relatively straightforward.
- It is good to look back and forward to identify priorities, help and support needs.
- Principles of the process would score a 10 in terms of what it should cover as the core elements and duty of care to staff.
- It provides an opportunity to celebrate success and achievements with staff.
- Useful tool to help identify how staff are developing, if they are meeting targets and following through on what has been asked of them. Good for measuring performance and reviewing performance targets.
- Can set down on a document forward looking tasks and have more structure to record target dates for completion.
- Provides an opportunity for staff and managers to talk about future opportunities and potential blockages.
- Focuses managers to discuss performance with staff who may not otherwise raise it.
- Staff like to get feedback about how they are doing, particularly when this comes from the manager over their direct line manager. This can boost morale and motivation for the member of staff as recognition of performance is provided beyond their direct line manager.

**Key Themes and Issues**

The key themes identified from discussions were:

- Managers and staff feel that the purpose of the EPR has been lost and is unclear regarding if it is about the employee, the manager or raising performance and they do not find the current EPR process beneficial or that it adds value or positively affects their ability to achieve their roles and responsibilities.
- Corporate communications are compliance based and do not promote the importance of benefits of the process.
- Staff completing the EPR form would benefit from additional guidance to aid completion, such as the type of information needing to be discussed and recorded and examples of barriers/blockers. Benchmarking information provides some suggestions.
- Staff and managers do not feel the EPR process and form fits all roles and grades. Benchmarking information provides information on what other organisations have introduced.
- The EPR process does not clearly define the workforce and is disconnected from corporate and service workforce planning.
- Managers particularly felt that the EPR process should not be about addressing poor performance and should be employee led and positive in nature. The performance management framework is best place to deal with this, but the current requirement under this framework for EPR's to be completed undermines any other supervision and support given outside of this process.
- The process is not frequent enough for it to be used as a living, working document. It does not reflect other communication methods completed regularly with staff outside of the corporate process.
- The process and form is too formal and rigid and is not fluid to allow open conversations to take place. The current process stifles innovative practice and does not allow managers to be creative in formulating a review process that fits.

A comprehensive list of the main issues raised by staff and managers is included in **Appendix 1**.

# 02 Detailed Summary of Feedback & Benchmarking

| Area | Summary of Information | Suggestions for Improvement |
|---|---|---|
| EPR General Feedback | Staff<br>Two members of staff confirmed during meetings that they had not received an EPR for 5 years, in one case the member of staff had received one in March 2018 and this was the first one in 5 years. Two further members of staff confirmed that they did not receive EPRs when in a previous job role.<br><br>All staff who had an EPR confirmed that they were completed annually with them lasting between 30 minutes and 1 hour<br><br>Managers<br>Two managers had not completed EPR with staff members and three managers confirmed that they had only been commenced this year. 75% (9 out of 12) of managers completed EPRs with staff on an annual basis. Four of the managers who completed EPRs with staff confirmed that they also completed a 6-month review and in one case the manager reviewed the information contained in EPRs every 3 months to ensure that identified actions had been addressed.<br><br>58% (7 out of 12) of managers confirmed that EPR's with staff have been completed and are all up to date. 10 of the 12 managers confirmed that the duration EPR's lasted was between 1 and 1.5 hours. One manager confirmed they lasted for 30 minutes and one manager confirmed that they lasted for 2-3 hours.<br><br>One manager did raise a query about the retention requirements for completed EPRs as they are no longer required to load them onto the HR portal and holding copies by line managers can require a significant amount of storage.<br><br>Another manager commented that the process needed to be clearer on the definition of the organisation's workforce and confirmation on the organisation's process for completing employee performance reviews with temporary and casual staff. This is not currently clear, but there is the expectation for these members of staff to be meeting expected standards. | • The purpose of the EPR needs to be more clearly defined so that it is used consistently across the organisation i.e. is it to support performance management or for employee support and development? It needs be aimed at getting the organisation where is needs to do and the current process does not achieve that.<br><br>• People Gateway is simply a tick box process, consider if this is required and if so what benefit this provides.<br><br>• The EPR process needs to show the clear link to the service workforce plan and workforce planning for the organisation as a whole.<br><br>• A revised process could involve consultation with staff and managers from the |

| Area | Summary of Information | Suggestions for Improvement |
|---|---|---|
| | | various services to test out the procedure and provide feedback through dialogue and discussions. This could improve manager and staff buy-in to the review process. |
| Job Role Impact on EPR Benefits | <u>Staff</u><br>In general, the staff that had a varied job role were more positive about the EPR process as a whole and they felt they were getting what they needed from it. This was particularly the case where employees did not have any other type of regular supervision with their line managers or other method of providing feedback. These members of staff felt that it was important to have an EPR to be able to have the opportunity to sit down with managers and reflect on the previous year, this was also described as being useful for breaking down any barriers with managers and to highlight any issues or concerns the member of staff has.<br><br>Staff who find themselves in a role which is largely routine did not find the process beneficial, the main feedback around this was in relation to struggling to know what to write as objectives, blockers/barriers, development and training because it was felt they were reiterating their job description which they found was adding no value. It was felt that the process as it currently stands does not reflect these types of roles.<br><br><u>Managers</u><br>58% of managers (7 out of 12) confirmed that the EPR was too rigid and was not always suitable for all staff. The main feedback points being:<br><br>• Individuals don't understand how their tasks feed into overall corporate aims and objectives so they don't buy into the process.<br>• The process should be about the staff, but the current process is too rigid and not suitable for all staff roles and grades.<br>• The process needs to be more about conversation that's can be led by the member of staff so it meets their needs.<br>• There is one form used for all staff and this does not work for all roles.<br>• Only a useful process when the employee has changed roles. If the staff member is in the same role, just end up repeating the same thing year on year. | • The form needs to be changed or be flexible to take into account the varying roles across the organisation.<br><br>• Consider changing the process so it is not mandatory for all staff. Let staff decide if they want one as some do not want to develop and in those cases, performance, objectives/targets can be monitored as part of day-to-day management outside of the EPR process. |

| Area | Summary of Information | Suggestions for Improvement |
|---|---|---|
| Supervision / 1-1's Impact on EPR Benefits | Staff<br>It was clear that staff who had regular supervisions or 1-1's did not feel that the process benefitted them as much of the content is already discussed regularly during these meetings. Therefore, the EPR process is seen as a "tick box" exercise, which takes them away from doing the day job. This makes staff feel it is more about compliance with corporate process than about the actual purpose of EPRs.<br><br>The overall average opinion provided by staff on how beneficial they find the EPR process was 6 out of a possible 10.<br><br>Managers<br>In general, managers who completed regular 1-1's or supervisions with employees did not feel that the EPR process provided them with much benefit and it was seen to be a "tick box" exercise and additional bureaucracy. Managers who do not complete regular 1-1's and have regular communications with staff found the EPR most beneficial because it provided them with the opportunity away from the day to day work to meet with staff.<br><br>The overall average opinion provided by managers on how beneficial they find the EPR process was 5 out of a possible 10. | • Consider allowing 1-1 meetings as an acceptable process to complete employee performance reviews.<br><br>• Maybe a hybrid system could be considered to incorporate or review and communication methods, such as 1-1 meetings.<br><br>• Allow for team meetings and group EPR's to be standard practice where this will better suit the workforce in particular service areas. |
| EPR Form, Guidance and Training | Staff<br>71% (5 out of 7) of the employees felt that there was sufficient guidance to follow on how to complete the EPR review and form. Feedback from staff who felt this could be improved mentioned that providing examples for each area of the form or suggestions on the types of questions staff should be thinking about would help to complete the form itself.<br><br>78% (7 out of 9) of staff could confirm where they would go to locate the EPR procedure and form on the intranet. However, 56% (5 out of 9) of these said that they struggled to locate it on the Human Resources intranet page and suggested that it would be useful to have this as an icon on the homepage or HR page.<br><br>0% (0 out of 9) of staff had attended the staff EPR training. 67% (6 out of 9) of staff confirmed that they were not aware that staff sessions were available and assumed this was only available for management.<br><br>Managers | • More guidance and suggestions on the type of information needing to be discussed and recorded i.e. examples of barriers/blockers.<br><br>• Have the template form available for staff/managers to use if they want but also allow for flexibility for managers to be able to develop own ways of completing reviews with HR advice if necessary. |

| Area | Summary of Information | Suggestions for Improvement |
|---|---|---|
| | 85% (11 out of 13) of managers felt that there was sufficient guidance to follow to know how to complete an EPR review with members of staff. However, 36% (4 out of 11) of managers did not use the guidance because it was felt that it was either not useful or that it stifled innovation and discussions with staff.<br><br>100% of managers were aware of where to locate the EPR procedure and form; however, 2 managers felt that it needed to be more clearly signposted on the intranet as it wasn't clear.<br><br>64% (9 out of 14) of managers had not attended the manager EPA training. Of the 5 managers who had completed the training, it was confirmed that this had been done some years ago when the EPR process was first initiated. They had not attended a refresher training session. | • Consider introducing a more informal process that provides some guidance on what areas managers and staff should consider discussing, but allowing the review to be more 'conversational'.<br><br>• Introduce a process for electronic completion / approval of reviews rather than the current printed and signed document. |
| Corporate Communications | <u>Staff</u><br>Only 11% (1 out of 9) of staff felt that there was sufficient corporate communications regarding the EPR process. The general feedback suggesting that there needs to be a greater profile for EPRs including the purpose and benefits of them and the need to be more frequent communications as prompts via staff email, Weekly Bulletin or the intranet home page. EPRs tend to be 'sprung' on staff by management when corporate communications state a deadline, this then results in a rush to complete meetings and a decline in the quality of the meetings held.<br><br><u>Managers</u><br>86% (12 out of 14) of managers did not feel that there was sufficient corporate communications about the EPR process and its purpose. The main feedback provided from the managers was:<br><br>• Communications only come out when there is a corporate drive for them to be completed.<br>• Communications are not frequent enough and focus on completion compliance and not the purpose of the meeting.<br>• Communications are irrelevant as they are aimed at office-based staff and the language used is not understood by the workforce. This in turn means the manager has to spend time adapting the information so the end audience can understand it. | • The importance and benefits of the EPR process needs to come from the top and through guidance.<br><br>• Introduce informal briefing meetings that lead up to the review so members of staff have sufficient time to plan. |

| Area | Summary of Information | Suggestions for Improvement |
|---|---|---|
| EPR process link to Corporate Aims & Objectives | Staff<br>86% (6 out of 7) of staff confirmed that service/directorate/corporate aims and objectives were not discussed clearly in EPRs and overall the members of staff were unclear how their role fits into overall corporate visions. Staff who are in largely routine roles provided feedback that corporate aims and objectives did not seem relevant to their role.<br><br>Managers<br>58% (7 out of 12) of managers confirmed that service, directorate and corporate aims and objectives are discussed as part of the EPR process. However, it was noted from 5 of the 7 managers that it was challenging to do this and often information was generalised or simplified so staff were able to understand it. The 5 managers that did not discuss this as part of the EPR process confirmed that it was because the process was too disconnected to lower grades and this information was often lost in translation. | • EPR's should link to the service plan to ensure consistency of reviews but then individually tailored to the requirements of the employee. |
| The EPR Process and Staff Performance | Staff<br>The level of detail documented on the paperwork varied greatly and it was noted that objectives were often documented as the day-to-day role of the employee.<br>In terms of performance, there was little outside of reviewing the completion of the previous year's objectives that suggested performance issues had been discussed and recorded or that an action plan for improvement had been identified. However, from the feedback received as part of the consultation meetings held with managers, it would suggest managers do not feel the EPR is the place for this feedback to be raised and this would be treated separately.<br><br>57% (4 out of 7) of staff confirmed that they had been provided with feedback on their overall performance during their EPR review. The staff who had received this feedback found it useful as they did not have regular 1-1's and otherwise would not receive this. For those staff that had not received feedback, this was because they had regular 1-1 meetings with their manager and this was not providing much in the way of additional benefit.<br><br>Managers<br>Managers were asked if they felt that the EPR process provided them with the opportunity to raise performance issues with staff and allows a sufficient improvement action plan to be implemented. 29% of managers (4 out of 14) felt as though it did give them this opportunity and it was useful to raise performance issues in a formal and supportive way. 69% of managers did not feel that the EPR is the time to raise these issues for two main reasons:<br>• The EPR is not frequent enough so other means of dealing with performance needs to be taken at the | • Try to tie the discussion outcome into an incentive that provides recognition for exceptional performance i.e. a link to the employee rewards programme.<br><br>• Consider not setting targets as part of this review, this can be a pointless task when the organisation changes frequently in a 12-month period.<br><br>• Recognise in the Performance Framework that other performance related meetings may take place outside of the EPR |

| Area | Summary of Information | Suggestions for Improvement |
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| | time issues arise.<br>• The EPR should be about discussion led by the employee, not as a tool for managers to address performance.<br><br>Managers felt that they had to use and complete EPRs for performance issues because it is noted as a specific requirement in the Performance Management Procedure and that this could be used 'against' them when a performance management process with a member of staff was taking place. This direct link does not allow for other performance support or regular communications with staff to be considered. | process. |
| The EPR Process and Staff Development | Staff<br>In all cases where the member of staff had received an EPR (7 out of 7), it was confirmed that further development had been discussed and recorded on the EPR form. However, in two cases the member of staff confirmed that this brief and was focussed on the short-term needs of the role rather than a focus on career progression. In the two cases where the member of staff had not received an EPR, it was confirmed that these discussions took place outside of the EPR process and they still felt they had the opportunity to develop.<br><br>Managers<br>86% of managers (12 out of 14) confirmed that they do monitor staff development and training; this is completed via supervisions, 1-1 meetings and training monitoring spreadsheets. | |
| The EPR Process and Staff Training | Staff<br>In all cases where the member of staff had received an EPR (7 out of 7), it was confirmed that staff were able to discuss and record training requirements/requests. However, two members of staff commented that it was felt this was a tick box exercise and to get something recorded, because in one case the manager was not engaged in the process and in another case training requirements are identified in regular 1-1's. One member of staff commented that as with development, training was focussed on the need for the current role rather than career progression.<br><br>Managers<br>As above. | |

| Area | Summary of Information | Suggestions for Improvement |
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| EPR Monitoring | Staff<br>71% of staff (5 out of 7) confirmed that they felt following the EPR that discussions and outcomes had been acted upon. However, in 4 out of 5 cases, it was the responsibility of the member of staff to act upon the outcomes and actions identified during the EPR, the manager would not pick this up again until the next EPR or 1-1 session.<br><br>In the two cases where the member of staff confirmed that discussions and outcomes had not been acted upon confirmed that this was because it is felt to be a tick box exercise and once the EPR is completed it is not looked at again the member of staff is left to their own devices.<br><br>Managers<br>As above | • The process should be more frequent, not necessarily completed in full, but so the document remains a living document that is given more consideration than just annually when required by HR. |
| Overall Benefits of the EPR Process | Staff<br>56% of staff (5 out of 9) felt that the EPR process had a positive impact on the ability for them to perform their roles, responsibilities and to meet service, directorate and corporate aims and objectives.<br><br>When staff were asked why they felt this way the following feedback was provided:<br><br>• It could be a positive thing if it was done properly by management, but as the process currently stands there is little impact from having it.<br>• The process makes no difference, as it does not add anything to the 1-1 meetings that take place.<br>• It does not seem relevant to the job or role.<br><br>In the two cases where EPRs had not been received the staff commented that they did not feel they were missing out by having these meetings as they have regular 1-1's and communications with management so the performance, development and training are all identified as part of this process.<br><br>For the four members of staff that have received an EPR and feel that it does have a positive impact, the following feedback was provided:<br>• It provides a time to take stock and ensure that I am moving in the right direction.<br>• It provides the opportunity for open communication and feedback with line manager.<br>• It identifies areas for development and focuses attention on the future.<br><br>It covers performance expectations of staff and managers. | |

| Area | Summary of Information | Suggestions for Improvement |
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| | <u>Managers</u><br>14% of managers (2 out of 14) felt that the EPR process has a positive impact on the ability for them to perform their management roles and responsibilities and meet service, directorate and corporate aims and objectives. The main feedback providing commenting that:<br>• The process is uninspiring and does not have an overall impact.<br>• It does not add any value to what I do and feels like a "tick box" exercise.<br>• This process is more likely to be beneficial to a manager than it is to the majority of staff in the organisation as it does not suit all roles.<br>• The EPR process is just formalising what is done on a more regular basis during 1-1's and supervisions. | |
| Summary of Benchmarking Information | This section and information documented in **Appendix 2** summarises this information.<br><br>Overall, other organisations complete their employee performance meeting as an appraisal or review, however two of the organisations complete them as a conversational led meeting. Most reviews are completed annually, however the organisations have adopted varying frequencies of mid-year follow ups. The staff member's line manager completes all employee performance reviews.<br><br>**Appendix 2** provides the summary of the areas discussed as part of employee performance reviews completed by the other organisations.<br><br>A discussion was held with one of the organisations (a local authority) during the review and it was confirmed that the employee review process is mandatory for all staff and there is standard paperwork in place that can be used if the staff chooses to, but this paperwork is not mandatory. The organisation confirmed that the focus of the review is on the conversation, which is owned and led by the staff member, they also decide the way it is recorded. Staff and managers are asked to have a minimum of two conversations per year that focus on agreeing objectives, behaviours and learning and to agree a rating of performance against each of these and an overall rating of performance at mid and end of the year. This organisation confirmed that this change was made when the most common complaint as to why people had not undertaken employee performance reviews consistently across the business was due to the paperwork.<br><br>Two organisations, both of which are local authorities, had a tailored approach to employee performance review, | • Benchmarking results can be used to help inform the review of the current process. |

| Area | Summary of Information | Suggestions for Improvement |
|---|---|---|
| | with their expectations on behaviours and review content amended to meet the requirements of the varying levels of grades. One of these organisations also had an abbreviated approach already established for specific roles, which was published alongside the standard approach.<br><br>All organisations provided some additional guidance in relation to the completion of employee performance reviews, most of these were titled as guidance or how to guides. One local authority did not produce a written procedure but instead used an illustration to explain the different elements of the review. Another local authority also provide guidance on how to write SMART objectives. One organisation had documented a timeline for the process as an aid to prompt staff and managers to think about the review. | |

# A1 Summary of Main Issues

**Summary of the Main issues described by Staff and Managers**

Staff

- The process has to be a two-way process with manager where they can spare a sufficient amount of time to have discussions, otherwise, the process does not work.
- Find it difficult to complete the sections in the EPR as not sure what to write and do not feel it is relevant to my role.
- It can be difficult to reflect meaningful objectives that are not just the day-to-day activities; the objectives are basically the job description.
- The EPR process is an admin exercise that ticks a box to comply with a corporate process.
- Services are often short staffed, time is precious. When pushed for time, the manager and member of staff go into the meeting with the wrong mind-set.
- The process and conversation is dependent on the manager and the relationship the member of staff has with that manager.
- Dependent on the role, the objectives can change frequently so the information documented on an EPR can quickly become out of date.
- The process does not add any additional value to what is already covered in 1-1 meetings.
- Nothing happens once the EPR is completed, so feels like the process is a waste of time.
- The form is too rigid and does not inspire open communication.
- EPR's are 'sprung' on staff, rather than there being a lead up to it so the member of staff can think about things that have happened over the last 12 months.

Managers

- The purpose of the EPR has been lost and is unclear, is it about the employee, the manager or raising performance?
- The communications are in relation to numbers/compliance and there is not enough communications about the benefits of the EPR.
- The process feels like it is a tick box exercise to show compliance with a corporate process rather than it having meaningful, positive outcomes.
- It is difficult to see how the EPR process fits into the wider picture. The process is too disconnected from the workforce planning strategies in service areas/directorates and does not provide the 'golden thread' and underpin workforce planning for the organisation.
- There is no way to centralise the information to inform service planning.
- The process is not frequent enough for it to be a useful, living document. Once completed, EPR's are archived away and not revisited until the next meeting a year later.
- The process should be about the staff but seems to be designed for office-based staff, it does not suit all roles and as a result, staff do not 'buy in' to the process. For some staff, the process was proving counterproductive, as they were getting anxious about the process and corporate formalities.
- The process is not clear on how development and training opportunities discussed as part of EPR's can be sought, as the corporate development process and training budgets are unclear. In addition, many staff are at the top of the salary scale so opportunities for development are limited and staff do not feel they get

anything positive from EPR discussions.

- EPR's is a traditional way of doing things, the organisation is moving away from this and discussions outside of a formal process are acceptable but not for employee performance reviews.
- The process and form is too formal and rigid and is not fluid to allow open conversations to take place. The current process stifles innovative practice and does not allow managers to be creative in formulating a review process that fits.
- Some of the heading on the form are short and do not provide staff with examples. With the little guidance in place, it can appear a daunting task for some members of staff.
- EPR's have to be a two-way process where both staff and managers buy-in to the process.
- The process involves sign off from sign off from line manager and line manager above them, which involves many communications back and forward which can cause delays.
- Staff and managers resources are stretched and completing EPR's in the current way can be resource intensive.

# A2 Summary of Benchmarking Information

| How employee performance reviews are completed |
|---|
| • Supervision and appraisal form<br>• Myconversation map and MyConversation form<br>• Appraisal form<br>• Annual performance review<br>• Appraisal form – but the type of meeting is stipulated i.e. supervision, team meeting, annual appraisal<br>• My Annual Review<br>• My Performance Conversation |
| **How regularly** |
| • 8 week supervision & annual appraisal (clinical staff), 3 monthly supervision & annual appraisal (non-clinical staff)<br>• The frequency of the conversation (1-1/supervision meetings) will vary depending on the requirements of the team member<br>• Annual appraisal review and regular 1-1 meetings (frequency not specified)<br>• Annual performance review<br>• Quarterly and annual appraisal<br>• Annual appraisal but can use form throughout the year as can select supervision or team meeting type<br>• Annual appraisal and a 6 monthly review<br>• Formally reviewed twice a year |
| **Who by** |
| • Line Manager |
| **What information do they cover** |
| • Objectives<br>• What has happened in the last year<br>• What have been the achievements and successes |

- What has not gone too well and how could that be improved on
- Support provided by manager during the past year
- What development has taken place in the past year and how that has helped
- Aspirations for the coming year
- Manager responsibilities
- Appraisal process
- Performance objective setting timetable
- What's happening now
- What have we achieved / done well
- What can we learn from and what can we do better
- How am I performing against the Stronger Together Values
- How am I performing in the core aspects of my role
- My year in review
- My performance ratings summary
- My performance objectives
- My behaviours
- My learning plan
- My performance rating
- My feedback (for line manager / from line manager)
- What do I do next?

**Link to training and recording training requirements**

- Includes a Standing Objective: "Mandatory and Core training compliance.
- Each role has the relevant training needs mapped to them and these are reported on a monthly basis.
- Complete the online Personal Development Plan form to notify the Learning & Development team of the above. If the course you require is already available to book using our Learning Hub, please book this person on as soon as possible to ensure you get a space.

**Link to service, corporate aims, objectives and priorities.**

- The forward planning component of appraisal should take place as soon as Directorate Objectives become available.
- We identified that the five main strategic objective headings corresponded to the five main headings included on the Appraisal and Development Review pro-forma, In addition, the 'Keep lean, keep keen' strategic objective states that personal objectives are to be linked to organisational objectives.
- No direct link – but discussions expected to cover the following. How am I performing against the Stronger Together values? (Behaviours)

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| • No direct link to service, corporate aims, objectives and priorities. But the review forms are split and the completion is dependent on the role and grade of the person. Expectations in relation to accountability. Determination, empowerment and respect, excellence, simplicity and working together.<br>• Strategic priorities and business planning information. |
| **Is there separate guidance available to staff** |
| • Induction pack and Policies and procedures (Supervision and Appraisal procedure and Capability procedure) made available to staff on the intranet.<br>• Induction Policy AND MyConversation guidance<br>• Appraisal Handbook and Appraisal form<br>• Appraisal and Development Review Process 2014 procedure notes: Manager responsibilities; Appraisal process; and the Performance Objective Setting Timetable.<br>• A 'what's it all about' document is available detailing key questions and answers staff may have.<br>• My Performance Conversation (MPC) How to Guide<br>• Behaviour Framework A (for grades 1-7), B (for grades 8-11, C (for grades 12 – 14), D (for grades 15,16 & spot salaries)<br>• Template for an effective objective setting my performance conversation / Template for an effective mid-year my performance conversation / Template for an effective end of year my performance conversation<br>• How to write SMART objectives<br>• MPC – Contribution Based Pay process |

# A3 Audit Information

| Audit Control Schedule | |
|---|---|
| **Client contacts:** | James Walsh - Chief Finance Officer<br>Vicky Buckley - Head of Finance<br>Mike Smith – Senior HR Manager<br>Lisa Koc – Learning and Development Manager |
| **Internal Audit Team:** | Narinder Sandher, Director<br>Sarah Knowles, Senior Audit Manager<br>Laura Morehead, Senior Auditor |
| **Work commenced** | April 2018 |
| **Finish on Site \ Exit Meeting:** | May 2018 |
| **Draft report issued:** | June 2018 |
| **Management responses received:** | July 2018 |
| **Final report issued:** | July 2018 |

**Scope and Objectives**

Our audit considered the following areas of activity:

- Policies, Procedures & Guidance
- Performance and Training
- EPR Process Consultancy and Benchmarking

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.

# A4 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.

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