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CHIEF EXECUTIVE'S OFFICE
CHIEF EXECUTIVE
Fiona Marshall

14 June 2017

Dear Councillor

You are summoned to attend the meeting of the;

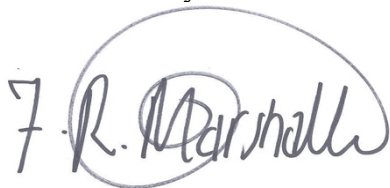
AUDIT COMMITTEE

on **THURSDAY 22 JUNE 2017 at 3.00 pm.**

in the Council Chamber. Maldon District Council Offices, Princes Road, Maldon.

A copy of the agenda is attached.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'F. R. Marshall', enclosed within a large, hand-drawn oval.

Chief Executive

COMMITTEE MEMBERSHIP

CHAIRMAN

Councillor P G L Elliott

VICE-CHAIRMAN

Councillor E L Bamford

COUNCILLORS

A S Fluker
B E Harker
M S Heard
R Pratt, CC
A K M St. Joseph
Mrs M E Thompson

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AGENDA AUDIT COMMITTEE

THURSDAY 22 JUNE 2017

1. Chairman's notices (please see overleaf)
2. Apologies for Absence
3. **Minutes of the last meeting** (Pages 5 - 22)

To confirm the Minutes of the meeting of the Audit Committee held on 30 March 2017, (copy enclosed).

4. **Disclosure of Interest**

To disclose the existence and nature of any Disclosable Pecuniary Interests, other Pecuniary Interests or Non-Pecuniary Interests relating to items of business on the agenda having regard to paragraphs 6-8 inclusive of the Code of Conduct for Members.

(Members are reminded that they are also required to disclose any such interests as soon as they become aware should the need arise throughout the meeting).

5. **Draft Annual Governance Statement 2016 / 17** (Pages 23 - 34)

To receive and note the report of the Director of Resources (copy enclosed).

6. **The Role of the Audit Committee**

To receive a presentation from the Director of Resources.

7. **External Audit - Annual Audit and Certification of Fees Letter 2017 / 18** (Pages 35 - 40)

To receive and note the report of the Director of Resources (copy enclosed).

8. **Quarterly Review of Corporate Risk** (Pages 41 - 70)

To receive and note the report of the Director of Resources (copy enclosed).

9. **Updates from External Audit (Ernst and Young LLP)** (Pages 71 - 80)

To receive and note the report of the Director of Resources (copy enclosed).

10. **Briefing Note from External Auditor** (Pages 81 - 94)

To receive and note the report of the Director of Resources, (copy enclosed).

11. **Performance Against 2016 / 17 Internal Audit Plan** (Pages 95 - 112)
To receive and note the report of the Director of Resources, (copy enclosed).
12. **Internal Audit Annual Report 2016 / 17** (Pages 113 - 132)
To receive and note the report of the Director of Resources, (copy enclosed).
13. **Review of Data Quality Policy** (Pages 133 - 144)
To receive the report of the Director of Resources (copy enclosed).
14. **Future Meetings of the Audit Committee** (Verbal Report)
To discuss the start time of future Audit Committee meetings.
15. Any other items of business that the Chairman of the Committee decides are urgent

NOTICES

Sound Recording of Meeting

Please note that the Council will be recording any part of this meeting held in open session for subsequent publication on the Council's website. At the start of the meeting an announcement will be made about the sound recording. Members of the public attending the meeting with a view to speaking are deemed to be giving permission to be included in the recording.

Fire

In event of a fire, a siren will sound. Please use the fire exits marked with the green running man. The fire assembly point is outside the main entrance to the Council Offices. Please gather there and await further instruction.

Health and Safety

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Closed-Circuit Television (CCTV)

This meeting is being monitored and recorded by CCTV.



**MINUTES of
AUDIT COMMITTEE
30 MARCH 2017**

PRESENT

Chairman	Councillor B E Harker
Councillors	M F L Durham, A S Fluker, M S Heard, R Pratt, A K M St. Joseph and Mrs M E Thompson
In attendance	Councillors H M Bass, R G Boyce MBE CC and S J Savage

1128. CHAIRMAN'S NOTICES

The Chairman drew attention to the list of notices published on the back of the agenda.

1129. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Mrs H E Elliott and Debbie Hanson of Ernst & Young.

1130. MINUTES OF THE LAST MEETING

RESOLVED that the Minutes of the meeting of the Committee held on 2 February 2017 be approved and confirmed.

1131. DISCLOSURE OF INTEREST

Councillor M S Heard declared a non-pecuniary interest in Agenda Item 8 – Committee Structure Review - as he was Chairman of one of the Committees referred to in the report.

1132. QUARTERLY REVIEW OF CORPORATE RISK

The Committee considered the report of the Interim Director of Resources providing an update on the position at the end of Quarter Three (31 December 2016) on the corporate risks included within the Corporate Risk Register 2016/17.

The report detailed the risks of the Corporate Risk Register and the risk scores as at 31 December 2016.

Councillor H M Bass arrived at this point in the meeting.

Members discussed the report and a number of points were raised by the Committee:

- Risk 02 – Failure to target services and influence partners effectively to meet the health and wellbeing needs of the vulnerable population – concern was raised about the problems experienced in engaging with outside agencies. Members were of the opinion that the risk score should be higher and that it also impacted on Risk 03 – Failure to target services and influence partners effectively to support the increasing ageing population (re: housing needs). The Interim Director of Resources confirmed that the Officer would take these comments back to the Director of Customers and Community and that it would be reviewed in light of the comments received.
- Risk 04 – Changes to police resources/priorities impacts resident perception of crime – There was no reference to a recent meeting with the Police and Crime Commissioner wherein he was responding to over 700 signatures of concerned residents. A question was asked whether the impending police station move would result in less visibility of police and potentially less access to the police. Would residents' perception of crime alter the score? In response, the Officer advised Members that the Corporate Leadership Team (CLT) had reviewed the Corporate Risk Register and had considered that this was not a risk to be carried over for next year, due to the action plan that had recently been put in place with the Community Safety Partnership and the Police and Crime Commissioner. There were a number of projects within the plan to tackle local issues such as street racing and rural crime. The Officer would feedback Members' comments regarding the residents' concerns to CLT.
- Risk 08 – Failure to effectively implement and embed the new waste contract – the report recommended that this risk be removed as the Contract was now embedded and services were being provided by the Contractor in line with the Contract.
- Risk 09 – Being designated as an under-performing authority due to major planning applications and appeals performance – Members were concerned that the current high number of vacancies in the Planning Department would be a risk. However, the Officer confirmed that the risk of under-performing related to the decisions on Appeals for major applications and the speed of determination for major applications. From 2018 the designation was changing to include the speed of application for both major and non-major development. The Interim Director of Resources assured Members that the staffing situation was being addressed and mitigation regarding staffing should prevent the score from worsening, or should reduce the score in future.
- Risk 10 – Failure to adapt policy to meet the affordable housing need – Members proposed that this risk be reconsidered as they were of the opinion that it should be increased. The Officer confirmed that she would take this back to the Strategic Housing Manager with a request that he review the score in light of Members' concerns.

The Chairman asked how results of feedback to Risk Owners would be communicated to this Committee and the Officer confirmed that the risk owners would shortly be updating the risks for Quarter Four and the report relating to Quarter Four would be submitted to the next meeting of the Audit Committee in June 2017. However, if Members required, the results could be circulated prior to the next meeting.

- Risk 11 – Failure of the Council to influence partners, to support and encourage economic prosperity – it was suggested that this risk score be increased in light of the results of the Corporate Peer Review. However, not all Members had seen the results of that review. The Interim Director of Resources advised that this comment would be reported back to the Chief Executive through the Minutes.
- Risk 13 – Inability to maintain key services in exceptional circumstances (business continuity) – there was concern that there had been issues with the Council’s ability to communicate with Members through the “Good” system for a number of weeks and that should a serious incident occur, there was no way for the Council to communicate with Members by email. It was suggested that a back-up system was necessary. The Interim Director of Resources confirmed that comments would be fed back to the IT Manager and that the problems were being worked on and it was hoped that they would be resolved soon. The Committee agreed with the recommendation that Risk 13 be removed from the Corporate Risk Register.
- Risk 16 – Lack of resilience or inability to recruit and retain staff within identified skill shortage service areas – A request was made that the comments column of this item included the number of vacancies.
- Risk 18 - Lack of a corporate policy database which is managed and reviewed – Members were concerned about the lack of progress on this. The Officer confirmed that all Managers have been advised of the current position regarding corporate policies and where policies need to be reviewed/updated and Managers should be putting actions in their 2017/18 business plans in this respect. Managers had been reminded of the importance of this work and once the required information had been provided a database would be developed.

RESOLVED:

- (i) That Risk 8 “Failure to effectively implement and embed the new waste contract” be removed from the Corporate Risk Register given that the current risk score was below the Council’s tolerance line;
- (ii) That Risk 13 “Inability to maintain key services in exceptional circumstances (business continuity)” be removed from the Corporate Risk Register given that the current risk score was below the Council’s tolerance line.

1133. INTERNAL AUDIT UPDATE

The Committee received the report of the Interim Director of Resources providing an update on progress to date of the following aspects of Internal Audit:

- Work completed and any deviances to, or slippage, on the Internal Audit Plan 2016/17;
- Implementation of recommendations raised by Internal Audit;
- The revised Strategic Internal Audit Plan 2017 – 2020.

Mr Andrew Barnes of BDO, the Council’s Internal Auditors, introduced the report to the Committee and drew attention to the recommendations set out in 2.(i), (ii) and (iii) therein.

In respect of work completed (Appendix A to the report), Mr Barnes confirmed that four pieces of work had now been completed and made the following comments:

- **Data Protection** – a change in legislation was imminent and the Council must ensure compliance when these changes were implemented.
- **Information Governance and Payment Card Industry (PCI) Data Security Standards (DSS)** – some improvements were needed and self-assessment questionnaires were to be prepared and submitted.
- **Payment and Creditors** – responsibility for managing payment cards should be allocated to a suitable senior officer and a consistent approach was required regarding card payment requirements.
- **Income and Debtors** – whilst there was some good practice, some areas did require improvement.

Regarding the implementation of recommendations raised by Internal Audit (Appendix B to the report), Mr Barnes advised that:

- of the recommendations in progress, two items were still to be reviewed;
- a report on the Management Survey which was undertaken in December 2016 was due to CLT and he would ensure that this was delivered;
- the IT disaster recovery plan was not yet available, but should be completed soon.

Mr Barnes then provided the Committee with an update on the draft Internal Audit Plan and confirmed that there had been discussions with CLT and that Members' comments had been taken in to account. The plans for both 2018/19 and 2019/20 would be revisited during the next municipal year to see if they were still relevant or required amendment.

RESOLVED:

- (i) that the progress against the 2016/17 Internal Audit Plan be noted;
- (ii) that the Internal Audit Follow-up of recommendations be noted; and
- (iii) that the Strategic Internal Audit Plan 2017 be approved.

1134. COMMITTEE STRUCTURE REVIEW

Mr Adam Leeder from BDO presented the report of the Chief Executive on the Committee Structure Review undertaken by BDO which was attached at Appendix 2 to the report. Whilst there was good work already taking place within the Council, in particular the introduction of a forward plan, there were still opportunities to change the way things are done, in particular in relation to bigger strategic issues.

It was noted that, in relation to similar Councils, the amount of time spent in meetings was high. There was also some duplication across Committees in relation to strategic items. Furthermore, feedback had suggested that the balance of handling cross-

committee business required some work. Mr Leeder also advised that Overview and Scrutiny was a useful committee and should be used more on outside issues.

The Committee debated this report in some detail and the following points were raised:

- A high number of planning decisions were made by Committees and indications were that where officer recommendation was not followed there was a slightly higher risk of losing on appeal;
- The time invested in preparing papers etc. for Committees may be better spent on strategic challenges that the Council faces;
- The report suggested that the Overview and Scrutiny Committee expands its external work. The word “focus” relating to internal work was misleading, as some external work was already undertaken;
- Members were concerned that the report highlighted problems without providing a solution for them. Mr Leader responded that BDO did not want to dictate solutions to the Council, but assist with suggestions for improvements;
- There was a discussion about cross-cutting issues and the report suggested that cross-cutting be added on to the Finance and Corporate Services Committee. However, it would be for Council to decide whether this was the right way forward.

Councillor H M Bass left the meeting at this point.

Mr Leeder drew Members’ attention to the six Review Options contained in Appendix 2 to the report. Members considered that recommendation 2 implied that political decisions were being made on planning applications whereas this was not the case. The wording would be changed to read “Reduce the quantum of planning applications requiring decision by members and, once recent reforms have taken effect, formally review whether the Council still requires its three Area Planning Committees”.

The Committee considered that whilst there were pros and cons of having a single Planning Committee as opposed to the current system of three area planning committees, until current inconsistencies on both delegated decisions and officer recommendations could be addressed, then the present system should remain.

The Interim Director of Resources advised that the report to Council on 5 April 2017 had a change to recommendation (ii) as follows:

- “(ii) that the Council appoints a task and finish working group, comprising the Leader and Deputy Leader and 2 Members from each of the programme committees to consider the conclusions of the review and report back to the Council with a response to each of the recommendations.”

The Committee discussed the revised recommendation and advised the Interim Director of Resources that they supported recommendation (ii) as it was and not the revised version.

RECOMMENDED

- (i) that the report of BDO on the Committee Structure Review attached at **APPENDIX 1** to these Minutes be considered and noted;
- (ii) that the Corporate Governance Working Group be engaged to consider the conclusions of the review and report back to the Council with a suggested response to each of the recommendations.

1135. EXTERNAL AUDIT UPDATE

Ms Julie Kriek of Ernst & Young LLP (EY), the Council's External Auditors, presented the report of the Interim Director of Resources to the Committee, the purpose of which was to inform the Committee of the External Audit Plan (Appendix 1 to the report) produced by EY, which set out their proposed audit approach and scope for the 2016 / 17 audit and to inform Members of the Committee regarding a briefing note published by the Council's External Auditor, EY.

Ms Kriek advised the Committee that the current requirement to finalise accounts by the end of September was changing and that for next year the accounts would need to be finalised by the end of July. The Interim Director of Resources was to aim to bring the public sector more in to line with the private sector when finalising account. A dry run had been timetabled for this year to finalise accounts by the end of August, so that the Council could learn what needs to be done to enable accounts to be finalised by the end of July next year.

The Chairman stated that this would impact on the dates of Audit Committee meetings and the Interim Director of Resources advised that this was in hand.

RESOLVED:

- (i) that the External Audit Plan, be noted;
- (ii) that the briefing by Ernst & Young LLP, be noted.

1136. ANY OTHER BUSINESS

The Chairman advised Members that this was the last meeting that the Interim Director of Resources would attend and thanked him for his work and wished him well for the future.

In response, the Interim Director of Resources, thanked the Chairman for his comments and wished the Audit Committee all the best.

There being no further items of business the Chairman closed the meeting at 4.45 pm.

**B E HARKER
CHAIRMAN**

MALDON DISTRICT COUNCIL

COMMITTEE STRUCTURE REVIEW

Report (February 2017)

EXECUTIVE SUMMARY

BDO completed a review of both Maldon District Council's committee structure, and the cultures and behaviours which flow through that structure

Introduction

BDO were commissioned to deliver a review of Maldon District Council's (hereafter 'the Council') committee structure. The purpose of the project was to review the Council's governance and identify opportunities to improve the way the Council manages its committee business in a way which balances the needs of efficiency, a strategic focus, and political robustness. This report summarises the findings of that review. To complete the review BDO:

- Interviewed the Council's Corporate Leadership Team, Leader and Deputy Leader and the Chair and Vice Chairs of each of the Council's Programme Committees and Overview and Scrutiny
- Carried out a survey of all Members and senior Council officers (11 Members responded and 10 officers responded)
- Undertook desktop research of best practice in other committee systems
- Benchmarked the Council against similar local authorities which also operate a committee system

Key findings

There are a number of elements to the Council's committee structure and governance which represent good practice. For example, overall the Council can show a clear golden thread from its goals (e.g. focussing on key projects), high level outcomes which will show whether those goals are being achieved (e.g. mobile waste contract), Key Corporate Activities required to achieve those outcomes (e.g. mobilisation of the waste contract by December 2015). Progress against Key Corporate Activities is then reported regularly to Members on an exception reporting basis to facilitate scrutiny. In addition the Council has recently taken a series of incremental steps to improve its management of committee business. For example:

- Reviewing just recommendations (rather than all minutes) of committees at Full Council
- Agreeing a clear programme for Overview and Scrutiny Committee each year
- Setting a Forward Planning Meeting to manage allocation of cross-committee business
- Agreeing a new protocol for how Members and officers communicate
- Agreeing reforms to increase scope to delegate planning decisions to officers

This report makes some more far-reaching suggestions to build on these positive steps. However, overall there is a clear case for reforming how the Council handles its committee business.

The Council has a disproportionately large committee footprint (in terms of both the frequency and quantum of time spend in committee) - almost double that of its peers.

In turn this leads to higher than average costs for the Council - For example, the Council's committee services costs are £29,936 per 1000 of population, compared to a mean average for peer group of £27,664.

Duplication of business across committees and a greater focus on operational rather than strategic issues are the main cause of the Council's large committee footprint. The Council has a tendency to discuss the same business at multiple committees and/or exercise significant involvement in matters which are operational rather than strategic.

There are a range of options available to the Council to reduce its committee footprint without sacrificing political robustness. These include:

- Add 'Policy' to the remit of Finance and Corporate Services Committee to create a 'Policy, Finance and Corporate Services Committee' to manage strategic issues which cut across multiple committees
- Reducing the quantum of planning applications requiring a political decision, allowing the Council to review current planning committee footprint
- Build on Overview and Scrutiny's already strong focus on the Council's relationship with external organisations and reduce its focus on internal operations as the Council already has a range of forums (programme committees and Task and Finish Groups) to scrutinise its own business
- Use the Council's Forward Planning Meeting to ensure all committee meetings focus on strategic rather than operational issues
- Improve working relationship between Members and officers
- Reduce the number of reports sent to committees for noting

Ultimately these are political decisions. There is no 'right' or 'wrong' way to structure the Council's committees. This report has proposed a number of ways in which the Council could seek to move from a very politically robust (but operational rather than strategic and therefore less efficient) system to a system which strikes a more even balance between political robustness, strategic rather than operational and efficiency, and which, with fewer committee meetings, may also result in more consistent decision making. Clearly it is for Members to decide where the balance best sits.

REPORT STRUCTURE

This report is structured to highlight the case for change (a large committee footprint), then explore the reasons for that large footprint, then identify how the Council could reduce its current footprint if it choses to do so

Structure

This report has four sections:

Section	Description
Case for change	This section draws on benchmarking to show that the Council has a relatively large committee footprint compared to similar councils and the consequences of this - greater cost to the Council.
Explaining the committee footprint I: Duplication	This section uses evidence to show that duplication of business is one cause of the Council’s large committee footprint and therefore a focus area for reform.
Explaining the committee footprint: II: Operational focus	This section uses evidence to show that another cause of the Council’s large committee footprint is its focus on operational rather than strategic matters at committee meetings. Again, if the Council is seeking to reduce the current footprint this should be an area of focus.
Reform options	Based on the previous two areas ripe for reform (Duplication and Operational Focus), this section sets out potential steps the Council could take if it wishes to reduce its committee footprint and improve its general operations, drawing on approaches adopted by other Councils running committee systems, and also responses to the survey carried out for this review.

CASE FOR CHANGE

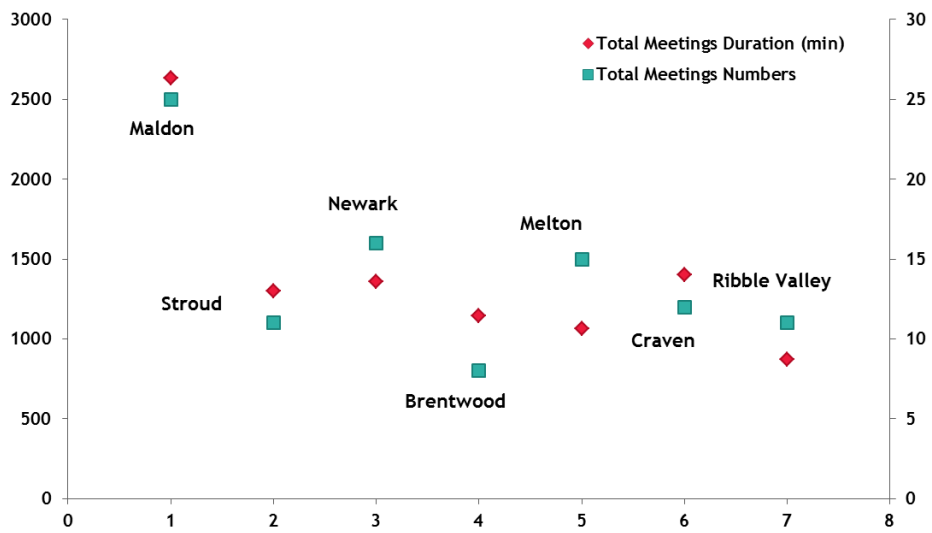
The Council spends considerably more time in committee meetings than similar councils which also operate a committee system. This manifests itself in higher costs to the Council

Footprint size

We compared the Council’s committee footprint (the number of committee meetings it holds and amount of time spent in committee meetings) against councils which fulfilled three criteria:

- They also operated a committee system
- They were a District Council
- They had a local authority characteristic score (a measure of similarity to Maldon) of lower than 0.15 according to the CIPFA near neighbours statistical model (to ensure we were comparing Maldon with areas which might face similar issues which drive committee business - such as types of planning applications)

We then analysed both the number and length of time spent in committee meetings across all of each peer group council’s committees across October, November and December 2015. Our finding - that the Council has a larger committee footprint than similar councils is set out in the chart below - which shows the Council spends approximately double the amount of time in meetings as the average peer group council.



Footprint costs

The Council incurs higher costs than similar councils as a result of its larger committee footprint.

Councils report annually to the Department for Communities and Local Government (DCLG) on their expenditure on a wide range of service lines. One of these service lines is ‘Corporate and Democratic Core’ (CDC). These include policy-making and all other Member-based activities including corporate, programme and service policy making and more general activities relating to the governance and representation of local interests. It also includes costs associated with officer advice and support to members. Therefore expenditure on CDC is a useful proxy for the costs of a Council’s committee footprint. Maldon’s expenditure on CDC is £29,936 per 1000 of population, compared to a mean average of £27,664 for peer group. Furthermore, this does not include all costs - such as writing committee papers/reviewing committee papers which take place within service budgets and the alternative use that could be made of officer time.

In summary the Council spends more time than similar councils in committee meetings, and, consequently, this costs the Council more money. The next two sections highlight reasons why the Council’s committee footprint is larger than similar councils, so that these areas can be targeted for reform.

EXPLAINING THE COMMITTEE FOOTPRINT I: DUPLICATION

The Council frequently brings a report on the same issue to several different committees

Introduction

Having established the large size of the Council’s committee footprint in the previous section (and the financial consequence of that size), the next two sections explore the main reasons for this size - duplication and operational focus.

This section focuses on the Council’s tendency to duplicate business across a range of committees. This tendency manifests itself in two ways:

- The same item of business is discussed several times but at different committees
- The Council’s Overview and Scrutiny Committee focuses on internal scrutiny (which could be achieved through other committees) as well as external scrutiny (where the Committee adds most value)

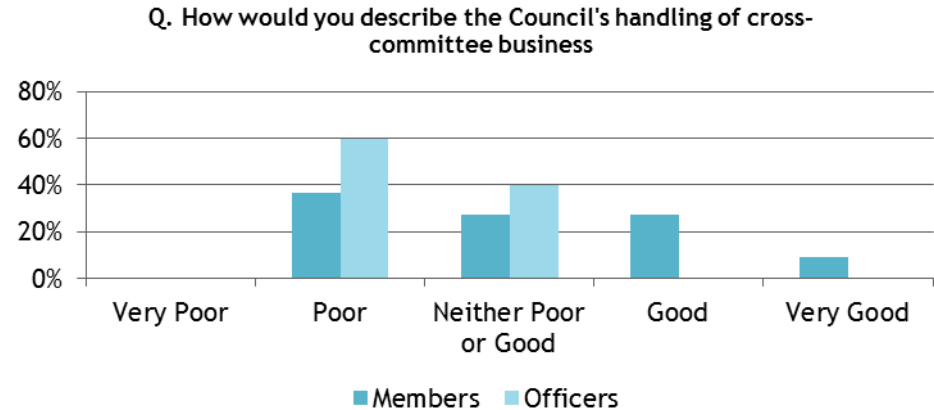
This section uses evidence to highlight each of these issues in turn

The same item of business is discussed several times but at different committees

Interviews carried out for this review and a review of the Council’s business for the 2015/16 municipal year, indicate that the Council duplicates the same business across a number of different committees. The Table on the right highlights just some examples of where this happened in 2015/16. The survey carried out for this review shows consensus between members and officers on this point, with ‘poor’ the highest scoring category in both surveys.

Clearly there will be some items which will benefit from discussion at more than one committee. For example, it was good practice that whilst the waste contract was approved by Full Council on the 10th September 2015, it was kept under review extensively by the Community Services Committee (17/11/15, 19/1/16, 23/2/16, 12/4/16). However, the examples in the table (below) would arguably have been handled more efficiently through a specialist forum for cross-committee matters followed by ratification at Full Council.

Business	Community Services	Planning and Licensing	Finance & C/S	Council
Community Hospital	✓		✓	✓
Heybridge Flood Mitigation	✓	✓	✓	
Stronger Communities	✓	✓	✓	✓
Customer Strategy	✓	✓	✓	
Superfast Broadband	✓	✓	✓	
Coastal Communities Team	✓	✓		



Interviews and the survey carried out for this review particularly highlighted Tourism as an area where there is overlap in the current terms of reference between Planning and Licensing Committee and Community Services Committee. For example, the Community Services committee oversees “promotion of sports, arts, heritage, play and other related activities” whilst the Planning and Licensing Committee is responsible for Tourism. This is a potential opportunity to simplify the terms of reference across both committees by better aligning committee terms of reference with officer directorates.

Similarly, Overview and Scrutiny carry out a quarterly review of the Council’s performance indicators, which is also done by each committee individually.

EXPLAINING THE COMMITTEE FOOTPRINT I: DUPLICATION

The Council frequently brings a report on the same issue to several different committees

Several councils in the peer group for this study have introduced a specialist forum within the bounds of a committee system. For example: Ribble Valley has a ‘Policy and Resources Committee’; Craven has a ‘Policy Committee’; Stroud has a ‘Strategic Policy and Resources Committee’; Brentwood has a ‘Policy, Finance and Resources Committee’. Brentwood’s Policy, Finance and Administration Committee is handling the Council’s restructure and oversight of ‘key projects’, reflecting the type of business discussed at these committees.

The Council has recently introduced a liaison meeting between Members and officers to better manage cross-committee business. This is a positive step to overcome this issue.

Role of Overview and Scrutiny Committee

Unlike the leader-cabinet model of local government, the committee system model does not necessarily rely on an overview and scrutiny committee. This is because many councils use their committee structure to perform the scrutiny role as the committee structure already gives more councillors a clearer role in running an authority.

The table below summarises which councils in the peer group for this study have an Overview and Scrutiny Committee and which do not.

Clearly some similar councils have an overview and scrutiny committee (even if by another name) within a committee system.

Maldon’s scrutiny has functioned well in the past - for example the Council has previously won awards for its scrutiny work and recommendations from previous reviews have been successfully implemented to positive effect - such as retaining consultants involved in procurements right through to contract mobilisation.

The Centre for Public Scrutiny argue that overview and scrutiny committees add most value in a committee system where it focusses on “wider investigations of partners” (which have been expanded under the Localism Act 2011). The Council’s Overview and Scrutiny Committee already serves this purpose well. For example, during the 2015/16 municipal year it reviewed both the South Essex Parking Partnership, primary school education and the Stowe Maries Aerodrome (which the Council has funded through a loan). With the advent of devolution the importance of effective external partnerships is likely to grow, therefore scrutiny could have a key role in the future success of the District. External-facing scrutiny has proven effective elsewhere, such as Preston Council and Fylde Council’s work on scrutinising potential fracking for shale gas in the local area.

Given that the Council already has a range of programme committees and task and finish groups to scrutinise the Council’s internal business, arguably the Overview and Scrutiny Committee’s terms of reference should be redefined to focus only on external partnerships - as well as discharging statutory responsibilities as a Crime and Disorder Committee. Taking the 2015/16 municipal year alone, the table below shows which other forums the Council could have considered internal-facing business in.

Council	Overview and Scrutiny Committee? (Y/N)
Maldon	Y
Stroud	N
Newark and Sherwood	N
Brentwood	Y
Melton	N
Craven	Y
Ribble Valley	N

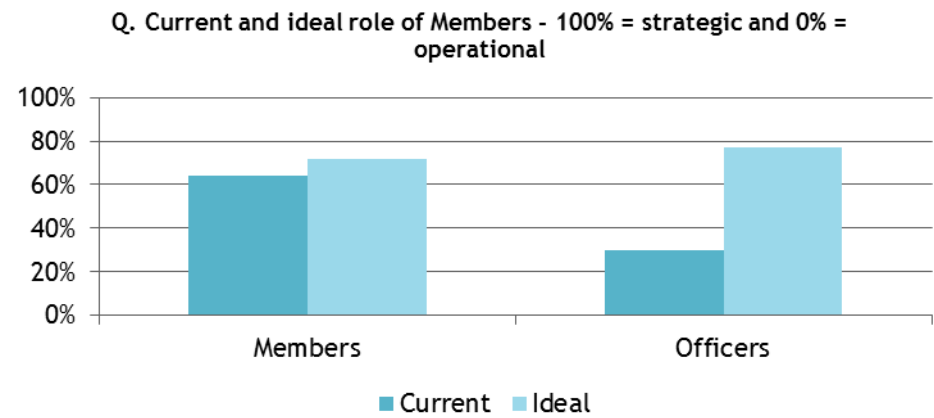
Business	Alternative Forum
Community Hospital	Community Services Committee
Empty Homes Performance	Community Services Committee
Planning Enforcement	Planning and Licensing Committee
Member-Officer Communications	Finance and Corporate Services Committee
Treasury Management	Finance and Corporate Services Committee

EXPLAINING THE COMMITTEE FOOTPRINT II: OPERATIONAL FOCUS

The content of the Council’s committees is more operational than strategic

Introduction

The second main reason for the Council’s larger committee footprint is its relative focus on operational rather than strategic matters. A potential pitfall of committee systems (although far from unique to committee systems) is the danger of Members focussing on operational matters rather than strategic matters - i.e. the routes the waste collection vehicles take or the pricing structure of a leisure centre rather than the outcomes sought from the waste service/leisure service respectively. In reality officers have the expertise, time and salary to do the former, to allow Members space to do the latter. Interviews and the survey carried out for this study indicate that the Council is weaker than it might be in this area. Both Members and officers ‘ideal world’ score (72% and 77% respectively) are higher than the current score (64% and 30% respectively), albeit this issue is seen as a greater issue amongst officers.



The Council’s operational focus manifests itself in two ways: items which are discussed at committee; and the lack of delegation of decisions on planning applications. This section uses evidence to highlight each point in turn.

Items which are discussed at committee

Committees are at their strongest when they are decision making bodies. In their terms of reference, committees have the power to take recommend that Full Council take a course of action. However, interviews for this review suggested that committees consider a large quantity of relatively operational reports for ‘noting’ only.

This was confirmed by analysis. In the 2015/16 municipal year, 33.8% of reports considered at Programme Committees were for ‘noting’. For example the committee noted reports on issues such as Smoke Free (Private Vehicles) Regulations 2015 and DogWatch Scheme. Whilst these matters may be of interest to Members, the opportunity-cost associated with production and presentation of a committee report mean that a verbal briefing, or a discussion outside committee, rather than formal committee might be the best approach to receiving updates on these issues.

The lack of delegation of decisions on planning applications

The way in which the Council manages planning applications is a useful case study of an operational rather than strategic focus. The table below sets out the quantity of planning decided by Members as opposed to officers under delegated powers during three months of the 2015/16 municipal year.

Council	No. committee-based planning decisions
Maldon	69
Stroud	9
Newark and Sherwood	21
Brentwood	14
Melton	21
Craven	20
Ribble Valley	17

The Council acknowledges the operational focus of members in regard to planning (and consequent lack of delegation to officers). In a report to Planning and Licensing Committee on 15 September 2016 it notes that during 2015 only c. 60% of planning applications were dealt with through delegated decision, rising to c. 75% currently but still well below the Government’s target of 90%. The high number of planning applications which receive a political decision carry a direct cost for the Council. A benchmarking exercise from the Planning Advisory Service and Chartered Institute for Public Finance Accountants estimates that a committee decision costs £513 per application compared to £64 per application where an officer delegated decision is taken (Source: Maldon District Council - Review of Delegation Arrangements - Report to Planning and Licensing Committee - 15th September 2016)

EXPLAINING THE COMMITTEE FOOTPRINT II: OPERATIONAL FOCUS

The content of the Council's committees is more operational than strategic

Also, where a committee votes against an officer recommendation, the Council's win percentage (i.e. the original decision is upheld) where a decision is appealed is worse when Councillors vote against officer recommendations than when Councillors vote for officer recommendations (see table to the right) (Source: Maldon District Council - Review of Delegation Arrangements - Report to Planning and Licensing Committee - 15th September 2016). This analysis is based on the decisions which went to appeal between January and June 2016. There are legislative risks if the Council does not reduce the number of overturns at appeal. In the Autumn Statement 2015 the Government announced that the threshold for decision overturned on appeal would be lowered from 20% to 10%. The Council is currently at 9.40% - very close to this threshold. Approaches can be taken to minimise this risk, such as cross-referencing to previous similar appeal decisions and member attendance at appeal decisions.

Regarding likelihood of cost award in the event of decision overturn, on the four occasions between January 2016 and June 2016 where the Council paid out costs they were all where Members overturned officer recommendations. Costs paid out totalled £15,912. However it should be noted that there were three rulings against the Council requiring costs to be paid out, which were made over this timeframe, but which the Council had not yet paid by the end of June 2016. The route for these decisions was more evenly split - one was a delegated decision and the other two were made by Members but in accordance with officer recommendation. (Source: Maldon District Council - Review of Delegation Arrangements - Report to Planning and Licensing Committee - 15th September 2016). As the planning reforms introduced by the Council take effect, which may result in more delegated decision making, the Council could monitor the numbers of cost awards by decision route to see if delegation has increased or reduced the costs paid out by the Council.

It should be noted that the Council is already taking steps to address this through reforms to (among other issues) the procedure which allows parish councils to place an item on the agenda of an Area Planning Committee ('parish trigger'). This would be a positive step as 'parish trigger' accounts for c. 46.5% of all applications presented to committee (source: Report to Planning and Licensing Committee, September 2016). However the Council may wish to keep under review whether other routes are used instead to get planning items on the council agenda. For example, Member call-ins which stand at a low level of c. 6% currently, may rise.

Committee (No. applications which went to appeal)	Committee vote against officer recommendations		Committee vote with officer recommendations	
	Council Lose	Council Win	Council Lose	Council Win
Central Area (3 applications)	100% (1)	0% (0)	0% (0)	100% (2)
South Eastern Area (13 applications)	33% (1)	66% (2)	30% (3)	70% (7)
North Western Area (10 applications)	50% (2)	50% (2)	33% (2)	66% (4)

REFORM OPTIONS

There are a range of options the Council could take to reduce the size of its committee footprint, should it choose to do so

This report has shown that the Council has a larger committee footprint than similar councils which also have a committee system. This larger footprint has direct (committee services and officer time writing reports) and indirect costs (increased likelihood of lost planning appeals). However there is nothing intrinsically wrong about the Council’s current committee footprint. The recommendations in the table below are ways in which the Council could maintain the politically robust approach which is essential whilst lowering the actual and opportunity costs related to the committee structure and the behaviours which flow through it. It is for Members to decide, on each recommendation, whether they consider it appropriate for Maldon’s particular context. The survey carried out for this review provided an opportunity to comment on the reform options. A summary of relevant survey responses is provided below in relation to each recommendation.

Recommendation	Summary
Add ‘Policy’ to the remit of Finance and Corporate Services Committee to create a ‘Policy, Finance and Corporate Services Committee’ to manage strategic issues which cut across multiple committees	<p>Analysis of the Council’s committee business in 2015/16 showed considerable duplication of business across committees (even before task and finish groups on re-occurring issues such as the community hospital are taken into account). The Council should consider following the example of other similar councils with committee systems and add ‘Policy’ to the remit of Finance and Corporate Services Committee to handle business which does not sensibly belong in one committee - either because there is a financial implication (and therefore the matter would currently go to Finance and Corporate Services Committee as well as at least one other) - or because it is a matter of longer-term strategic importance to the Council (such as the Community Hospital) which would benefit being discussed in one forum rather than three. Recommendations made by a Policy, Finance and Corporate Services Committee could still be put to Full Council for ratification (as all committee decisions are currently) to ensure member input was as wide as possible. In addition there are various opportunities to reduce duplication within the existing structure such as aligning terms of reference with officer directorates, allocating tourism to Community Services Committee or scaling back Overview and Scrutiny’s focus on quarterly performance indicators, which is undertaken at other committees already.</p> <p>Survey response - This option was unpopular with Members (82% of Members said it was ‘definitely not’ or ‘probably not’ a good idea, whilst 18% said it was ‘probably’ a good idea). It was also not particularly popular with officers either (60% of officers said it was ‘definitely not’ or ‘probably not’ a good idea, whilst 40% said it was ‘probably’ a good idea). The view of officers may be because it was interpreted as an extra committee to support, rather than expansion of an existing committee. Members indicated concern that this could be a route to ‘closed’ decision making confined to committee chairs. There is also a feeling amongst Members that closer adherence to existing terms of reference or using existing planning - enforced through existing planning forums, setting a higher threshold for establishing a specialist working group, or re-aligning committees with directorates (such as bringing economic development and tourism under Community Service Committee) would be more appropriate solutions.</p>

REFORM OPTIONS CONTINUED

Table continued

Reduce the quantum of planning applications requiring a political decision and, once recent reforms have taken effect, formally review whether the Council still requires its three Area Planning Committees

The Council has a significantly higher number of planning applications decided by Members than other similar councils with committee systems. This creates opportunity costs from report writing, reviewing, presenting. Greater delegation would reduce the operational nature of the three Area Planning Committees and potentially reduce business to a more manageable level. The Council has recently agreed steps to amend terms of reference of the Area Planning Committees and, with the aim of reducing the quantum of planning decisions determined by Members. The Council now needs to keep the volume of business discussed at planning committees under careful review to determine whether three Area Planning Committees are still required. Clearly were any steps taken to rationalise the Council's planning committee footprint, there would need to be appropriate provision for Members to input on planning decisions for their local area. Steps such as ensuring members of that committee represented all areas within the Council's boundary and allowing extensive time for representation at Committee from Members who themselves did not sit on the Committee could achieve this.

Survey response - Respondents were not asked to address this question directly. However, a general theme amongst officer responses was the need for greater delegation of decisions to officers.

Limit the role of Overview and Scrutiny Committee to focus on scrutiny of the Council's external relationships

Review of the programme for Overview and Scrutiny in 2015/16 shows it is already proactive at scrutinising the Council's relationship with external partners. This is very positive and in-line with best practice with those councils operating a committee system which do decide to maintain an Overview and Scrutiny Committee. However, those items discussed by Overview and Scrutiny in 2015/16 which were internal facing, could have been dealt with through another of the Council's programme committees. Whilst the composition of the Council is dominated by one party - and therefore Overview and Scrutiny, led by an Independent Member, can create a check and balance - the presence of a non-Conservative Member on each of the programme committees and the Audit Committee allow for continued scrutiny of the controlling Group. Furthermore, interviews for the review suggested that, despite the dominance of one party on the Council, challenge and scrutiny from within the Conservative Group does occur.

Survey response: The proposal to limit Overview and Scrutiny Committee (O/S) to scrutiny of the Council's external relationships was not generally popular with survey respondents. Amongst Members, 60% of respondents felt O/S should conduct internal and external scrutiny, whilst only 40% felt it should be limited to external scrutiny. No Members who responded to the survey felt O/S should be abolished. Amongst officers the response rate was slightly more varied. 50% of officer respondents felt O/S should scrutinise both internal and external matters, 30% felt it should be limited to external factors, and 20% felt the Council should not have an O/S Committee. Free text responses to the survey indicated a further option to improve O/S would be to avoid using it as an 'investigatory' committee to highlight and assign blame for past mistakes, but should be more forward looking about how the Council should tackle big issues facing it in future.

Use the Council's Forward Planning Meeting to limit the committee business to strategic matters requiring a decision (i.e. reduce reports for noting) and divert cross-committee matters to a new 'Policy Committee' (see above)

Feedback from interviews and analysis of the Council's committee business for 2015/16 indicated that the Council's committee business does not currently strike the right balance between strategic and operational (whereby committees are best utilised taking decisions on strategic issues, rather than getting 'stuck in the weeds' of operational issues). The Forward Planning Meeting recently introduced by the Council at the start of each committee cycle is a positive step which can help counter this. However, the Council should ensure that this group is focussed on filtering out inappropriate business to help the Council focus on strategic rather than operational matters, and not just act as a neutral allocator of the existing pipeline of committee business.

Survey response: No question in the survey directly addressed this point. However free text responses from both Members and officers highlighted the need to use existing forums (such as the Forward Planning Meeting and Leader and Chief Executive's Forum) to better plan committee business, and cross-reference committee papers to ensure that, where papers are going to more than one committee, the papers are clearly aligned with each committee's terms of reference.

REFORM OPTIONS CONTINUED

Table continued	
Improve working relationship between members and officers	<p>The interviews and data analysed for this review do not indicate that Maldon has a disproportionate issue with Member-officer relations. However, issues such as a clearer separation of roles (see earlier evidence on the operational rather than strategic focus of Members) do indicate that there is an opportunity for the Council to improve the current working relationship. Members and officers suggested the following practical steps:</p> <ul style="list-style-type: none">MEMBERS: Use officer induction programme to clarify member-officer roles; increased opportunity for informal interaction between members and officers; officers to understand that some operational role for members is inevitable as Members will need to raise issues which members of the public approach them with and some of these will inevitably be operational.OFFICERS: Members to raise questions prior to committee meetings to allow time to collate a more thorough response; introduce more day-time meetings to ensure appropriate officer technical expertise can be present at meetings; use of the member induction programme to clarify the member role is strategic and officer role as operational.
Reduce number of reports sent to committees for noting	<p>The Council could consider minimising the number of reports sent to committee for noting. To reduce time on lengthy production of reports there could be a standard item on committee agendas where relevant officers could give a short verbal update on issues which might previously have produced a report for noting. This may be preferable to adding further content to the ‘Members Bulletin’ which members interviewed for this review indicated they did not tend to read.</p>

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REPORT of DIRECTOR OF RESOURCES

**to
AUDIT COMMITTEE
22 JUNE 2017**

DRAFT ANNUAL GOVERNANCE STATEMENT

1. PURPOSE OF THE REPORT

- 1.1 To present the draft Annual Governance Statement for Member approval.

2. RECOMMENDATIONS

- (i) that the draft Annual Governance Statement 2016 / 17, attached at **APPENDIX 1** be approved;
- (ii) that the Annual Governance Statement 2016 / 17 be certified by the Leader of the Council and the Chief Executive.

3. SUMMARY OF KEY ISSUES

- 3.1 The Accounts & Audit (England) Regulations 2015 requires the Council to be responsible for ensuring that financial management is adequate and effective and that the Council has a sound system of internal control which facilitates the effective exercise of its functions and which includes arrangements for the management of risk. The regulations further require the Council to conduct a review at least once in a year of the effectiveness of its system of internal control, the findings of which must be considered by Members meeting as a whole or by Committee, and that following the review the Council must approve an annual governance statement, prepared in accordance with proper practices in relation to internal control.
- 3.2 The principal purpose of the Annual Government Statement (AGS) is to provide assurance that the Council's governance framework is adequate and effective. The AGS should demonstrate the extent to which the Council complies with its own code of corporate governance on an annual basis, including how the effectiveness of the governance arrangements have been monitored and an outline of actions taken or proposed to deal with any significant governance issues.
- 3.3 The AGS for 2016 / 17 is attached as **APPENDIX 1**
- 3.4 It should be noted that the Chartered Institute of Public Finance and Accountancy (CIPFA) / Solace has recently issued a revised and updated 'Delivering Good Governance in Local Government: Framework', which is intended to be used as best

practice for developing and maintaining a locally adopted code of governance and to assist local authorities in reviewing the effectiveness of their governance arrangements.

4. CONCLUSIONS

- 4.1 The AGS for 2016 / 17 reflects on governance issues identified as a result of the review of arrangements and by the work of external and internal audit and other agencies, and includes reference to processes currently in place and operating successfully to mitigate the risks associated with those weaknesses.

5. IMPACT ON CORPORATE GOALS

- 5.1 The report links to the Maldon District Council goal of ‘Delivering good quality, cost effective and valued services’.

6. IMPLICATIONS

- (i) **Impact on Customers** – None.
- (ii) **Impact on Equalities** – None.
- (iii) **Impact on Risk** – None.
- (iv) **Impact on Resources (financial)** – None.
- (v) **Impact on Resources (human)** –None.
- (vi) **Impact on the Environment** – None.

Background papers: None.

Enquiries to: Emma Foy, Director of Resources, (Tel: 01621 875762).

MALDON DISTRICT COUNCIL**ANNUAL GOVERNANCE STATEMENT 2016 / 17****1. SCOPE OF RESPONSIBILITY**

- 1.1 Maldon District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Under the Local Government Act 1999 it has a duty to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to economy, efficiency and effectiveness.
- 1.2 Maldon District Council has approved and adopted a local Code of Corporate Governance which is consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) / the Society of Local Authority Chief Executives (SOLACE) Framework 'Delivering Good Governance in Local Government'. This Statement explains how Maldon District Council has complied with the Code and also how it meets the requirements of Regulation 6 of the Accounts and Audit Regulations 2015.

2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

- 2.1 The governance framework comprises the systems and processes, culture and values by which the Council is directed and controlled and the activities through which it is accountable to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate and cost effective services.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable, not absolute, assurance of effectiveness. The system of internal control is, in part, based on an ongoing process of risk management, designed to identify and rank the risks to the achievement of the Council's priorities, plans and policies. Risk management is designed to evaluate the likelihood of those risks occurring, to consider their impact should they materialise and to manage them efficiently, effectively and economically.
- 2.3 The governance framework has been in place at Maldon District Council for the year ended 31 March 2017 and up to the date of approval of the Statement of Accounts.

3. THE GOVERNANCE FRAMEWORK

- 3.1 The Council adopted a revised Code of Corporate Governance in line with guidance provided by CIPFA and SOLACE. The Code describes how the District Council discharges its responsibilities for putting in place proper arrangements for the governance of its affairs, incorporating the six core principles of effective governance identified by CIPFA / SOLACE. The governance framework that the Council has put

in place to encourage adherence to the Code is set out below together with the key areas of evidence of delivery,

3.1.1 Focusing on the purpose of the Authority and on the outcomes for the community and creating and implementing a vision for the local area

- After the implementation of the Senior Management Review, the Council undertook significant amount of work during 2014/15 to develop a new Corporate Plan and Vision covering the period 2015-2019. In developing the new corporate plan, a consultation exercise was carried out to elicit the views of the local community and of partner agencies.
- On February 2015, the Council approved and adopted a Corporate Plan covering the period 2015 – 2019. An update of this was submitted to Council for approval on 5 April 2017. The Corporate Plan details the vision, goals and core values that guide the direction, work and achievements of the authority. It is the Council's core internal strategic planning document, from which supporting strategies can be developed and published, including the Medium Term Financial Strategy, ICT Strategy and Workforce Development Plan, all of which underpin the Council's ambition to transform the way it delivers its services in the future.
- Guided by the Corporate Plan, the corporate goals are underpinned by service pledges contained in Service Business Plans which are the cornerstone of the planning process at the operational level and which contain the aims and priorities for each service area for a twelve month period and are notified to committees. Progress of service pledges and selected performance indicators are monitored closely by Service Managers, Corporate Leadership Team and on TEN, the Council's corporate performance management system. Quarterly performance update reports, along with financial monitoring information, Corporate Risk Register, complaints and compliments information are considered by the Corporate Leadership Team at Performance Clinics, where a whole day is dedicated to challenge the performance of service teams and that corrective management actions are agreed at these meetings. The Performance Clinic reports are then summarised and provided to the Council's Overview and Scrutiny Committee at a meeting dedicated to for the consideration of performance management and these reports are also discussed with the Chief Executive, Corporate Leadership Team and the Performance Monitoring Officer. Six monthly updates are provided to the Programme Committees. Staff objectives flow from, and contribute to, achieving the Business Plan objectives.

3.1.2 Members and Officers working together to achieve a common purpose with clearly defined functions and roles.

- The Council has adopted a Constitution which defines how it operates and assigns clear roles and responsibilities to Committee, Member and Officer functions. The Constitution incorporates three main Programme Committees, an Overview and Scrutiny Committee, an Audit Committee, a Joint Standards Committee and three Area Planning Committees.
- A Scheme of Delegation is included in the Constitution setting out the scope of delegation and any restrictions. There is delegated decision making to the Service

Committees, reporting to the Council, which sets the policy framework and annual budget, and determines strategic and other matters as required by law. Each Committee has clear terms of reference with a specific portfolio of responsibilities requiring them to work closely with senior management to achieve the Council's ambitions. The principal decision making body is Full Council.

- The Council has adopted a number of codes and protocols that govern Member and Officer relations and which assist in understanding roles and promoting effective communication.
- The Council's Corporate Leadership Team (CLT), comprising of the Chief Executive and the three Directors, provides corporate leadership. CLT meets weekly on a formal basis, to steer and co-ordinate arrangements for the delivery of the Council's vision and goals.
- During 2016 / 17 a Leader and Chief Executive forum has been formally conducted through 6-weekly meetings of the Chief Executive and Directors with the Leader of the Council, Deputy Leader of the Council and Chairmen of the Service Committees acting as a sounding board on the best approach to deal with new issues arising that do not already have a reporting mechanism.
- A formal Member / Officer Protocol approved by the Council is in place.

3.1.3 Promoting values for the Authority and demonstrating the values of good governance through upholding standards of conduct and behaviour.

- The Council has a Standards Committee, the terms of reference of which include promoting, monitoring and enforcing probity and high ethical standards of conduct for elected Members. The arrangements in place were updated in the year to reflect statutory changes.
- The Council's Monitoring Officer is responsible for advising if any proposal would give rise to unlawfulness or maladministration, and therefore performs a key function in ensuring lawfulness and fairness in the operation of the Council's decision making process. The Monitoring Officer has appointed deputies to act in her stead when necessary. The Legal & Democratic Services Manager is designated as the Council's Monitoring officer.
- The work of the Audit Committee is intended to enhance public trust in the corporate governance of the Council. It has a key role to provide assurance to the Council on the adequacy of governance and internal control arrangements, and review the adequacy of the internal and external audit arrangements. and advise the Council accordingly. During 2016 / 17, the Council's Internal Audit function is provided by BDO LLP. The Committee works closely with the Council's External Auditor and Internal Audit provider, receiving their respective annual opinions. The Committee considers and formally approves the annual Statement of Accounts.

- Corporate Governance arrangements in the form of Standing Orders, to regulate Council proceedings and business, and Terms of Reference, including a Scheme of Delegation, are embodied in the Constitution.
- Adopted Financial Regulations provide the framework for managing the Council's financial affairs. They identify the financial responsibilities of the Council, the Committees, and key officers. The Section 151 Officer (under the Local Government Act 1972), is responsible for ensuring that sound financial management systems are maintained and expenditure is lawful and appropriate and this post is held by the Director of Resources. The Council considers that its financial management arrangements conform with the governance requirements of the CIPFA "Statement on the role of the Chief Financial Officer in Local Government 2010" as set out in the Application Note to "Delivering Good Governance in Local Government: Framework".
- All Council Members and staff have a general responsibility for taking reasonable action to provide for the security of the assets under their control, and for ensuring that the use of these resources is legal, properly authorised, provides value for money and achieves best value. The Director of Resources is responsible for maintaining a continuous review of the financial regulations and for reporting, where appropriate, any breaches. The Section 151 Officer considers the Council's Finance function to be adequately resourced.
- The Council's Constitution sets out the Code of Conduct and Conventions for elected Members to ensure stability, propriety of procedure, probity and proper democratic accountability. Officers are subject to a Code of Conduct, the policy for which was refreshed and adopted with effect from 18 November 2013. The Council has adopted the Joint Negotiating Committee (JNC) for Local Authority Chief Executives model in respect of the three statutory officer posts (Head of Paid Service, Monitoring Officer and Section 151 Officer).
- Registers of gifts and hospitality are maintained for both Members and officers. A register of interests is maintained for Members, and the Code of Conduct requires staff to disclose interests. Periodic reminders are issued about the need to avoid potential conflicts of interest and protocols for the acceptance of gifts and hospitality.
- The Council has a series of approved policies and strategies relating to good governance, including, for example, the Code of Corporate Governance, anti-fraud and corruption, whistle-blowing, data quality, Freedom of Information, and corporate equality policies, all of which are accessible via the Council's intranet.

3.1.4 Taking informed and transparent decisions which are subject to effective scrutiny, and managing risk.

- The Council's published Constitution sets out the decision-making arrangements including the Access to Information Procedure Rules and protocols for running the business of the authority. The Codes of Conduct seek to safeguard Members and Officers against conflicts of interest.

APPENDIX 1

- The Council implemented a Whistle Blowing Policy, which provides arrangements for employees to disclose allegations of malpractice internally, in relation to staff, Members, contractors, suppliers or consultants in the course of their work for the Council, without fear of victimisation, discrimination or disadvantage.
- Council committee meetings are open to the public (with the exception of items that are exempt under the Access to Information Act). Committee agendas and reports are available online seven working days before the date of the meeting, and are also available to view at the Council Offices. The Council makes every effort to advertise meetings, communicate decisions and minutes of the meetings to ensure that they are available to the public.
- The Council has a right for the public to speak on pre-notified issues at most meetings. For Area Planning Committees this is in respect of a relevant planning application and for the Programme committees as well as Overview and Scrutiny Committees it is in respect of items on the agenda. At meetings of the full Council the public may ask questions of the Leader of the Council on any topic.
- The Council records all public Council and Committee meetings held in the Council Chamber at the Council Offices. These can be listened to using the links on the Council's website.
- The Council's Feedback Procedure has been designed to ensure that it is easy for the public to express their views and for all complaints and comments to be handled in a prompt, fair and efficient manner. The procedure and complaint form are available on the Council's website.
- The scrutiny function of the Council is discharged by the Overview and Scrutiny Committee. Amongst its responsibilities, this Committee reviews and examines the decisions made by, and performance of, both other Committees and Council Officers, undertakes detailed scrutiny of issues of concern, and makes recommendations arising from the outcome of the scrutiny process.
- Separate from the scrutiny function is the Audit Committee, whose role is to have an independent oversight of control and governance arrangements. Audit Committee members undertake annual reviews both of the sources of information which they access in order to perform their role, and of the Committee's performance against its Terms of Reference. The Terms of Reference are subject to regular review against recommended best practice.
- The Controls Assurance Framework on TEN complements and links directly with the Council's corporate risk management framework. It evaluates the adequacy and effectiveness of existing controls and identifies any required actions to address Service risks highlighted during the year. This process also provides an invaluable opportunity to identify any risks of a corporate nature on a timely basis. There is an annual review of each service area's controls and risks, facilitated by the Performance and Risk Officer which provides both information on the overall strength of internal control and governance and also becomes that service's risk log included in their annual Business Plan.
- The Audit Committee is responsible for oversight of the Council's risk management arrangements as one source of control assurance. The Council's approach to risk management is set out in the Risk Management Policy.

- The Council maintains a focus on a relatively small number of key corporate risks. These are kept under constant scrutiny and changes are made in year as necessary. Corporate risks in excess of the Council's defined risk tolerance levels have identified mitigating actions, progress on which is regularly reported to the Audit Committee. The Corporate Risk Register and associated actions are recorded and updated on the TEN performance system, so integrating them with the Council's standard approach.

3.1.5 Developing the capacity and capability of Members and Officers to be effective.

- The Council aims to ensure that Members and Officers have the necessary knowledge, capacity and skills to undertake their duties.
- The Council's Performance Management Framework ensures that the links between the Council's corporate goals, Service Business Plans and service pledges, performance data and targets, risk and staff objectives are clear. Staff have an annual Personal Review discussion with the aim of identifying learning and development needs and gaps are addressed through training and development opportunities. Regular team meetings and Performance Conversations between staff and their line managers and are held where work objectives are discussed.
- The Corporate Training Plan prioritises training by corporate need. After corporate priorities have been funded the remaining funds are available to services to meet identified training needs for PDPs.
- Compulsory E-learning is used to inform staff of essential information and expectations regarding statutory responsibilities for such matters as Safeguarding and Data Protection. This programme will be steadily extended to cover a wider range of training and other information.
- Training events as well as Members seminars are held regularly to provide information on a variety of topics for Members. The Member Bulletin, issued on a monthly basis, aims to keep Members abreast of relevant information relating to customers, staff news, Council, District, county, regional and nationwide items, news and events of interest.
- The Corporate Induction process ensures that new staff has the chance to meet the Leader of the Council, who addresses them concerning the role of elected Members.
- The Senior Management Review which took place during 2014 / 15 has created a more focussed Corporate Leadership Team, thereby strengthening the strategic decision making to enable the organisational improvement and change required to meet longer term challenges ahead.
- The Workforce Plan developed approved during 2015 / 16 identifies how Council meet the current and future people needs. The Strategy sets out the Council's innovative plans to ensure that we have highly skilled people in place to deliver high quality services.

3.1.6 Engaging with local people and other stakeholders to ensure robust public accountability.

- The Council is committed to encouraging members of the local community to contribute to, and participate in, the work of the Council.

- The Council seeks to undertake meaningful public consultation in order to inform its decisions, to help make the best decisions based on the views of the local community and the wider information available to the Council. The Council undertakes consultations using a variety of techniques as appropriate.
- The Council undertake consultation with particular interest groups, including our Friends Groups, Parish Clerks' Forum, Developer Forum, Landlord Forum, Business Forums, Community Safety Partnership and Park Watch scheme members.
- The Council engages with the appropriate equality groups in order to ensure that it meets its obligations under the Equality Act 2010. The Council produces Equality Impact Assessments (EIA) in line with legislation.
- The Council launched a new website in July 2016 which now includes a range of information about the work that the Council and its partners are undertaking.

4. REVIEW OF EFFECTIVENESS

- 4.1 Maldon District Council is responsible for conducting, at least annually, a review of its governance framework including the effectiveness of systems of internal control. The review is informed by Directors who are responsible for developing and maintaining the internal control environment. It also considers the work of the Council's Internal Audit service provider and comments made by the External Auditor, and other external review agencies and inspectorates.
- 4.2 In the Audit Report for the period 2015 / 16, the external auditor, EY, stated that:
- “We concluded that you (the Council) have put in place proper arrangements to secure value for money in your use of resources” for the year ended 31 March 2016.
- 4.3 The Council continuously reviews and seeks to improve its governance arrangements. Amongst the processes during 201 / 17 that have contributed to the review are:
- The annual opinion of the Head of Internal Audit to the Audit Committee on the assurance gained from the Internal Audit work. The report to the Audit Committee on 23 June 2017 (with regard to 2016 / 17) detailed background information relating to the protocols, scope of work and assessed quality of the Audit function, and highlighted areas where concerns had been identified through audit work, and where audit work was not completed.
 - The approach to obtaining assurance from Directors and managers in respect of the annual review of internal controls. The Performance & Risk Officer engages staff by inviting them to consider what are the biggest risks, of any type, facing them and what controls they have in place to deal with those risks. This assists service staff to understand the relevance of the process. This process is embedded with actions to update, monitor and report on progress and has proved effective.
- 4.4 The annual opinion on the effectiveness of the system of internal control for 2016 / 17 produced by BDO LLP as the Council's internal audit service provider concluded that:

Overall, we are able to provide moderate assurance that there is a sound system of internal control, designed to meet the Council's objectives and that controls are being applied consistently.

In forming our view we have taken into account that:

- The majority of audits provided moderate assurance opinions for the period 1 April 2016 to 31 March 2017
- The Council has achieved their budget for 2016-17 and has plans in place to ensure that the budget gap is addressed in their budget plans. The Council has recognised the ongoing reduction of government funding in their future financial plans
- Some areas of weakness have been identified through our reviews, including opportunities for improvement in Information Governance (which was the only report to receive limited assurance), Cyber Crime, Income and Debtors, and Channel Shift and the Customer Strategy. The Council is working to address the issues identified.

- 4.5 The Council and all its Committees met regularly throughout the year and were effective in their work.
- 4.6 There were no serious information security breaches within the year. The ICT Manager has raised data security awareness to staff and members to ensure that they are aware of their responsibilities in this respect.

4. SIGNIFICANT GOVERNANCE ISSUES – 2016 / 17

- 5.1 The Corporate Risk Register details the key risk areas facing the Council, together with the proposed mitigating actions and progress made on these. The Council is satisfied that these actions will address the need for improvements that were identified in the review of effectiveness and will monitor their implementation and operation as part of the regular review of those risks. In addition to the information set out in the Risk Register, one significant risk/issue was identified as a result of 2015/16 Use of Resources financial resilience work of external audit that is considered to merit inclusion here:

“We (EY) identified one significant risk in relation to our value for money conclusion. This related to sustainable resource deployment, and the need to achieve the savings over the medium term to balance the general fund budget. We have performed the procedures outlined in our Audit Plan to address this risk and our work did not identify any significant matters in relation to the Council's arrangements. We therefore concluded that the Council had adequate arrangements in place. “

5. CERTIFICATION BY THE LEADER OF THE COUNCIL AND THE CHIEF EXECUTIVE

Signed:

Councillor M F L Durham
Leader of the Council
Date:

Ms. F Marshall
Chief Executive
Date:

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REPORT of DIRECTOR OF RESOURCES

**to
AUDIT COMMITTEE
22 JUNE 2017**

EXTERNAL AUDIT - ANNUAL AUDIT AND CERTIFICATION OF FEES 2017 / 18

1. PURPOSE OF THE REPORT

- 1.1 This report is to inform the Audit Committee the external audit fee payable to Ernst & Young LLP for 2017 / 18.

2. RECOMMENDATION

That the content of this report be noted.

3. SUMMARY OF KEY ISSUES

- 3.1 The audit and certification work that Ernst & Young is due to undertake for the 2017 / 18 financial year at Maldon District Council covers:
- Audit of the financial statements;
 - Value for money conclusion; and
 - Whole of Government accounts.
- 3.2 The indicative external audit fee payable by the Council is about £49,275 for 2017 / 18, which is set by Public Sector Audit Appointments Ltd (PSAA). The detail of the fee is shown in **APPENDIX 1**. This is contained within the 2017 / 18 budget.
- 3.3 We are also required to make arrangements for the certification of housing benefit subsidy claim. The cost of this is expected to be approximately £14,000 and the Council is currently out to procurement to secure a supplier for this work.

4. CONCLUSIONS

- 4.1 This report updates Audit Committee Members on the external fee for the current year.

5. IMPACT ON CORPORATE GOALS

- 5.1 The report links to the Maldon District Council goal of ‘Delivering good quality, cost effective and valued services’.

6. IMPLICATIONS

- (i) **Impact on Customers** – None.
- (ii) **Impact on Equalities** – None.
- (iii) **Impact on Risk** – None.
- (iv) **Impact on Resources (financial)** – The indicative audit fee including the cost of the certification of the housing benefit claim for 2017 / 18 is approximately £63,000, which is contained within the budget and in line with 2016 / 17.
- (v) **Impact on Resources (human)** – None.
- (vi) **Impact on the Environment** – None.

Background Papers: None.

Enquiries to: Emma Foy, Director of Resources, (Tel: 01621 875762).

Fiona Marshall
Chief Executive
Maldon District Council
Council Offices
Princes Road
Maldon
Essex
CM9 5DL

13/04/2017

Mobile: 07974 006715

Email: dhanson@uk.ey.com

Dear Fiona

Annual Audit and Certification Fees 2017/18

We are writing to confirm the audit and certification work that we propose to undertake for the 2017/18 financial year at Maldon District Council.

From 1 April 2015, the duty to make arrangements for the audit of the accounts and the certification of relevant claims and returns and to prescribe scales of fees for this work was delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Communities and Local Government. In October 2015, the Secretary of State confirmed that the transitional arrangements would be extended for one year for audits of principal local government bodies only, to cover the audit of the accounts for 2017/18. The audit contracts previously let by the Audit Commission and novated to PSAA have therefore also been extended for one year to give effect to this decision.

From 2018/19, new arrangements for local auditor appointment set out in the Local Audit and Accountability Act 2014 will apply for principal local government and police bodies. These audited bodies will be responsible for making their own arrangements for the audit of the accounts and certification of the housing benefit subsidy claim. The PSAA will play a new and different role in these arrangements.

Indicative audit fee

For the 2017/18 financial year Public Sector Audit Appointments Ltd (PSAA) has set the scale fee for each audited body, following consultation on its Work Programme and Scale of Fees. There are no planned changes to the overall work programme for 2017-18. It is therefore proposed by the PSAA that scale fees are set at the same level as the scale fees applicable for 2016-17. These fees reflect the significant reductions made to scale fees since 2012/13.

The fee reflects the risk-based approach to audit planning set out in the National Audit Office's Code of Audit Practice for the audit of local public bodies.

The audit fee covers the:

- Audit of the financial statements

- Value for money conclusion
- Whole of Government accounts.

For Maldon District Council our indicative fee is set at the scale fee level. This indicative fee is based on certain assumptions, including:

- The overall level of risk in relation to the audit of the financial statements is not significantly different from that of the prior year
- Officers meeting the agreed timetable of deliverables;
- The operating effectiveness of the internal controls for the key processes identified within our audit strategy;
- We can rely on the work of internal audit as planned;
- Our accounts opinion and value for money conclusion being unqualified;
- Appropriate quality of documentation is provided by the council;
- There is an effective control environment; and
- Prompt responses are provided to our draft reports.

Meeting these assumptions will help ensure the delivery of our audit at the indicative audit fee which is set out in the table below.

As we have not yet completed our audit for 2016/17, our audit planning process for 2017/18 will continue as the year progresses. Fees will be reviewed and updated as necessary, within the parameters of our contract.

Certification fee

The PSAA has set an indicative certification fee for housing benefit subsidy claim certification work for each audited benefits authority. The indicative fee is based on actual 2015/16 benefit certification fees.

The indicative certification fee is based on the expectation that an audited body is able to provide the auditor with complete and materially accurate housing benefit subsidy claim with supporting working papers, within agreed timeframes.

The indicative certification fee for 2017/18 relates to work on the housing benefit subsidy claim for the year ended 31 March 2018. We have set the certification fee at the indicative fee level. We will update our risk assessment after we complete 2016/17 benefit certification work, and to reflect any further changes in the certification arrangements.

Summary of fees

	Indicative fee 2017/18 £	Planned fee 2016/17 £	Actual fee 2015/16 £
Total Code audit fee	49,275	49,275	49,275
Certification of housing benefit subsidy claim	To be confirmed	13,283	13,200

Any additional work that we may agree to undertake (outside of the Code of Audit Practice) will be separately negotiated and agreed with you in advance.

Billing

The indicative code audit fee will be billed in four quarterly instalments of £12,318.75.

Audit plan

Our plan is expected to be issued in January 2018. This will communicate any significant financial statement risks identified, planned audit procedures to respond to those risks and any changes in fee. It will also set out the significant risks identified in relation to the value for money conclusion. Should we need to make any significant amendments to the audit fee during the course of the audit, we will discuss this in the first instance with the Chief Financial Officer and, if necessary, prepare a report outlining the reasons for the fee change for discussion with the Audit and Governance Committee.

Audit team

The key members of the audit team for the 2017/18 financial year are:

Debbie Hanson
Executive Director

dhanson@uk.ey.com

Tel: 07974 006715

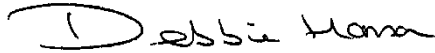
Julie Kriek
Manager

jkriek@uk.ey.com

Tel: 01582 643 276

We are committed to providing you with a high quality service. If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, please contact me. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London, SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute.

Yours faithfully



Debbie Hanson
Executive Director
For and on behalf of Ernst & Young LLP

cc. Cllr Harker, Chair of the Audit Committee
Emma Foy, Chief Financial Officer



REPORT of DIRECTOR OF RESOURCES

**to
AUDIT COMMITTEE
22 JUNE 2017**

QUARTERLY REVIEW OF CORPORATE RISK

1. PURPOSE OF THE REPORT

- 1.1 This Committee has a key role in providing independent assurance to the Council on the adequacy of the risk management framework. The Risk Management Policy requires this Committee to undertake a quarterly review of the Corporate Risk Register as assurance that the corporate risks are being managed effectively.
- 1.2 This report provides an update on the position as at the end of Quarter 4 (31 March 2017) on the corporate risks included within the Corporate Risk Register 2016 / 17.

2. RECOMMENDATIONS

- (i) that Members' views, comments and questions on the information as set out in this report and **APPENDIX 1** are sought;
- (ii) that the Corporate Risk Register for 2017 / 18 as agreed by the Corporate Leadership Team (CLT) is noted;
- (iii) that in undertaking this review Members are assured that corporate risk is being managed effectively.

3. SUMMARY OF KEY ISSUES

- 3.1 **APPENDIX 1** to this report provides further information on the individual risks including comments by the "risk owners" outlining the rationale for the current scoring and, where applicable, any movement in the risk scores.
- 3.2 In its role of ensuring that the corporate risks are being managed effectively, the views of this Committee are sought on the current position, any movement in the risk scores and the comments provided by the risk owners.
- 3.3 In accordance with the approved Council's Risk Management policy, a thorough review of the Corporate Risk Register for 2017 / 18 was undertaken involving CLT and managers. The risks identified and agreed and the mitigating actions established are detailed in the attached **APPENDIX 2** to this report.

4. IMPACT ON CORPORATE GOALS

- 4.1 The risks included on the Corporate Risk Register have been identified as those which could prevent Maldon District Council (MDC) from achieving the corporate goals stated in the Corporate Plan (2015-19). By identifying these, assessing the current controls in place and determining what further actions need to be taken to mitigate the risks as much as possible, the Council's desired outcomes should be achieved.

5. IMPLICATIONS

- (i) **Impact on Customers** – None.
- (ii) **Impact on Equalities** – None.
- (iii) **Impact on Risk** - Management of risk is fundamental to the sound operation of the Council. Failure to manage risk could have a significant impact on the Council's ability to correctly define its policies and strategies or deliver against its objectives.

The implementation and operation of the risk management framework will minimise risks and thus mitigate any potential strategic, operational, reputational or regulatory consequences.

Failure to manage risk would also mean that the Council might face censure by its external auditors or the potential for legal proceedings in the event of breaches of the Health and Safety at Work Act or similar legislation.

- (iv) **Impact on Resources (financial and human)** - All risk management activity is undertaken within existing and planned budgets.
- (v) **Impact on the Environment** – None.

Background Papers: None.

Enquiries to: Emma Foy, Director of Resources (Tel: 01621 875762) or Julia Bawden, Performance and Risk Officer, (Tel: 01621 876223).

**Corporate Risk Register
Quarterly Review**

Impact (I)

4 – High

3 – Moderately High

2 – Moderately Low

1 – Low

Likelihood (L)

4 – Very Likely

3 – Likely

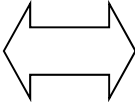
2 – Unlikely

1 – Very Unlikely

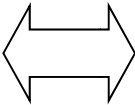

An overall risk score is reached by multiplying
the likelihood score by the impact score

Likelihood	4				
	3				
	2				
	1				
		1	2	3	4
Impact					

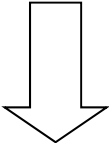
Anything in the shaded area is considered to be “below the
Council’s tolerance line”

Risk	Original Risk Score	Quarter One Q1 2016/17	Quarter Two Q2 2016/17	Quarter Three Q3 2016/17	Quarter Four Q4 2016/17	Direction of Score (since last quarter)	Comments
01 - Failure to safeguard children and vulnerable adults	L - 2 I - 3 Risk Score = 6	L - 1 I - 4 Risk Score = 4	L - 1 I - 4 Risk Score = 4	L - 1 I - 4 Risk Score = 4	L - 1 I - 4 Risk Score = 4		The Director of Customers and Community continues to attend departmental meetings to raise the profile of safeguarding within the Council. The internal departmental safeguarding group has now been enlarged to include a representative from the Planning and Regulatory Services Directorate and the Community Protection Team. This work is ongoing.
<i>Date risk added to Register: 2012/13</i>							
<i>Owner: Director, Customers and Community</i>							

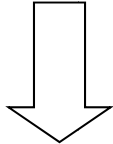

APPENDIX 1

Risk	Original Risk Score	Quarter One Q1 2016/17	Quarter Two Q2 2016/17	Quarter Three Q3 2016/17	Quarter Four Q4 2016/17	Direction of Score (since last quarter)	Comments
02 - Failure to target services and influence partners effectively to meet the health and wellbeing needs of the vulnerable population <i>Date risk added to Register: Redefined 2016/17</i> <i>Owner: Director, Customers and Community</i>	L - 3 I - 3 Risk Score = 9	L - 3 I - 3 Risk Score = 9	L - 3 I - 3 Risk Score = 9	L - 3 I - 3 Risk Score = 9	L - 3 I - 3 Risk Score = 9		Officers continue to work with Members to develop a strategy for the Council through the Member Task and Finish Working Group. Officers have been tasked with undertaking an audit of community groups to identify any shortfall in provision within the district for consideration by the working group when it next meets. A Key Corporate Activity under the Corporate Goal “Strengthening communities to be safe, active and healthy” has been included within the update to the corporate plan to implement projects that contribute to the local health and wellbeing needs: obesity, old age, frailty isolation & educational attainment
03 - Failure to target services and influence partners effectively to support the increasing ageing population (re housing needs) <i>Date risk added to Register: 2016/17</i> <i>Owner: Director, Customers and Community</i>	L - 3 I - 4 Risk Score = 12	L - 3 I - 4 Risk Score = 12	L - 3 I - 4 Risk Score = 12	L - 4 I - 4 Risk Score = 16	L - 4 I - 4 Risk Score = 16		Funding reduced for supported/sheltered housing and limited capacity identified to date to mitigate this risk. With an ageing population with increasing number of older and vulnerable people this risk remains high.


APPENDIX 1

Risk	Original Risk Score	Quarter One Q1 2016/17	Quarter Two Q2 2016/17	Quarter Three Q3 2016/17	Quarter Four Q4 2016/17	Direction of Score (since last quarter)	Comments
04 - Changes to police resources/ priorities impacts resident perception of crime <i>Date risk added to Register: 2016/17</i>							<p>The Council continues to work with Essex Police and the Police and Crime Commissioner (PCC) to ensure the public are receiving an appropriate level of service and that any interventions undertaken by the Community Safety Partnership work towards improving outcomes for the community.</p>
Owner: Director, Customers and Community	L - 3 I - 3 Risk Score = 9	L - 3 I - 3 Risk Score = 9	L - 3 I - 3 Risk Score = 9	L - 3 I - 3 Risk Score = 9	L - 2 I - 2 Risk Score = 4		<p>The Overview and Scrutiny Committee acting as the Crime and Disorder Committee invited the PCC to its April meeting along with the Chief Inspector and Detective inspector for the District to discuss police performance. In addition the Council hosted a public meeting held by the PCC to discuss the transfer of the Maldon Police Station to Princes Road. This issue has provoked strong public reaction, but the PCC gave reassurance that the move will not impact performance. Officers also believe there will be advantages in having the police embedded within the Council to improve overall service delivery.</p> <p>The risk score has been decreased and as agreed by CLT has been removed from the Corporate Risk Register for 2017/18. However, the Overview and Scrutiny Committee acting as the Crime and Disorder Committee will review the situation at its next meeting in October and if it is felt that there has been a negative impact or concerns are raised then a risk relating to this issue will be added to the risk register at that time.</p>

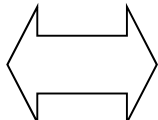
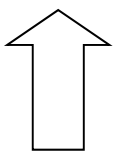
APPENDIX 1

Risk	Original Risk Score	Quarter One Q1 2016/17	Quarter Two Q2 2016/17	Quarter Three Q3 2016/17	Quarter Four Q4 2016/17	Direction of Score (since last quarter)	Comments
05 - Failure to have an adopted LDP	L - 4 I - 4 Risk Score = 16	L - 4 I - 4 Risk Score = 16	L - 4 I - 4 Risk Score = 16	L - 4 I - 4 Risk Score = 16	L - 3 I - 4 Risk Score = 16		Consultation on Post Examination modifications to the Plan was undertaken between 17 March and 28 April 2017. Likelihood has been reduced, but remains high as issues may be raised as a result of the consultation, which the Inspector or Secretary of State deems worthy of a new examination or further modifications. Until the responses are known a further reassessment is not possible.
<i>Date risk added to Register: 2011 / 12</i>							
<i>Owner: Director, Planning & Regulatory Services</i>							
06 – Failure to deliver the required infrastructure to support development arising from the LDP	L - 3 I - 4 Risk Score = 12	L - 3 I - 4 Risk Score = 12	L - 3 I - 4 Risk Score = 12	L - 3 I - 4 Risk Score = 12	L - 3 I - 4 Risk Score = 12		Joint working with development partners is ongoing to ensure schemes remain viable with infrastructure provision, to avoid delay. While positive discussions are still taking place with the developers, until such time as these are subject to a formal decision making process including relevant legal agreements in place, this will remain high risk.
<i>Date risk added to Register: 2014/15</i>							
<i>Owner: Interim Strategic Planning Policy Manager</i>							

APPENDIX 1

Risk	Original Risk Score	Quarter One Q1 2016/17	Quarter Two Q2 2016/17	Quarter Three Q3 2016/17	Quarter Four Q4 2016/17	Direction of Score (since last quarter)	Comments
07 - Uncertainty regarding strategic ownership of flooding mitigation and long term maintenance responsibilities <i>Date risk added to Register: 2015/16</i> <i>Owner: Interim Strategic Planning Policy Manager</i>	L - 3 I - 4 Risk Score = 12	L - 3 I - 4 Risk Score = 12	L - 3 I - 4 Risk Score = 12	L - 3 I - 4 Risk Score = 12	L - 3 I - 4 Risk Score = 12		While there is no change in the position reported previously, the recent BDO audit into Flooding and Strategic Responsibilities includes recommendations to address this issue which will be monitored and reported as part of the performance and risk management framework.



APPENDIX 1

Risk	Original Risk Score	Quarter One Q1 2016/17	Quarter Two Q2 2016/17	Quarter Three Q3 2016/17	Quarter Four Q4 2016/17	Direction of Score (since last quarter)	Comments
08 - Being designated as an under-performing authority due to major planning applications and appeals performance <i>Date risk added to Register: 2015/16</i> Owner: Director, Planning & Regulatory Services	L - 2 I - 3 Risk Score = 6	L - 4 I - 4 Risk Score = 16	L - 4 I - 4 Risk Score = 16	L - 4 I - 4 Risk Score = 16	L - 4 I - 4 Risk Score = 16		<p>A recruitment drive is currently being undertaken and a number of good candidates have been offered roles.</p> <p>An external consultant is reviewing a number of aspects of the Planning Service and it is likely that this will highlight additional opportunities to reduce workload, improve capacity, increase resilience and provide comprehensive training to Members; all of which will help to mitigate this risk.</p> <p>Local authorities have been advised that for 2018 the threshold for the speed of decisions on major applications will be increased from 40% to 50% and a threshold for non-major development introduced of 65%. This is not an area of concern for MDC with current performance over 90% for determination on both major and non-major development.</p> <p>However, it is important to note that the threshold for appeal decisions allowed will reduce to 10% and a new target for 'minor' and 'other' applications will be introduced also at 10%. It is this aspect which raises the biggest risk for MDC and the reason the 'Likelihood' score has not been reduced.</p>
09 - Failure to adapt policy to meet the affordable housing need	L - 3 I - 4 Risk Score = 12	L - 2 I - 4 Risk Score = 8	L - 2 I - 4 Risk Score = 8	L - 2 I - 4 Risk Score = 8	L - 3 I - 4 Risk Score = 12		<p>Risk increased due to changes in national policy (Housing and Planning Act) and reduction in capacity of housing associations to develop (rent reductions and uncertainty about future income). The LDP Examination in Public highlighted the shortfall in delivery of affordable homes requirement and the need to consider additional methods outside of the LDP to</p>

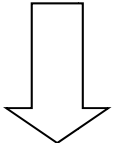

APPENDIX 1

Risk	Original Risk Score	Quarter One Q1 2016/17	Quarter Two Q2 2016/17	Quarter Three Q3 2016/17	Quarter Four Q4 2016/17	Direction of Score (since last quarter)	Comments
<i>Date risk added to Register: 2016/17</i>							meet local housing need.
<i>Owner: Strategic Housing Manager</i>							
10 - Failure of the Council to influence partners, to support and encourage economic prosperity							Maldon is now formally concentrating its efforts on partnership working for economic development via the Haven Gateway Partnership. Members and Officers have met with partnership representatives to seek opportunities to work in partnership to further the District's economic prosperity plans. A meeting has been organised with the CEO of the Haven Gateway Partnership to work with the Council to develop its strategies and synergies with the partnership to allow more coordinated partnership working.
<i>Date risk added to Register: 2015/16</i>	L - 3 I - 3 Risk Score = 9	L - 2 I - 3 Risk Score = 6	L - 2 I - 3 Risk Score = 6	L - 2 I - 3 Risk Score = 6	L - 2 I - 3 Risk Score = 6	⇔	Arrangements have been made to meet with partners to develop a Skills Strategy for the District.
<i>Owner: Chief Executive</i>							The Council regularly attends the Heart and Haven Transport Board which focuses on delivery of infrastructure that will benefit our District. Council representatives also attend the Essex Integrated Growth Forum, so are at the table to hear updates on opportunities that may assist us in delivering our Economic Prosperity Strategy Goals. A recent Leader's Supper with Causeway Businesses

APPENDIX 1

Risk	Original Risk Score	Quarter One Q1 2016/17	Quarter Two Q2 2016/17	Quarter Three Q3 2016/17	Quarter Four Q4 2016/17	Direction of Score (since last quarter)	Comments
							and Central Area businesses concluded that there is an appetite to set up Causeway Business Forum which will enable the Council to get a better understanding of the needs of the businesses in that area and use its influence to support delivery. This will be progressed as part of the Economic Development work plan during 2017/18.
11 - Failure to resource overall transformation programme	L - 3 I - 3 Risk Score = 9	L - 3 I - 3 Risk Score = 9	L - 3 I - 3 Risk Score = 9	L - 2 I - 2 Risk Score = 4	L - 2 I - 2 Risk Score = 4		There is already a transformation reserve set aside. Work on the Transformation Programme is at an early stage and as 2017 / 18 progresses the Transformation Strategy will emerge and therefore the allocation of already available resources to deliver the Strategy will be determined in accordance with the agreed programme.
<i>Date risk added to Register: 2015/16</i>							
<i>Owner: Director, Resources</i>							This risk is now within the accepted tolerance level and has been removed from the risk register for 2017 / 18.
12 - Failure to protect personal or commercially sensitive data	L - 2 I - 3 Risk Score = 6	L - 3 I - 2 Risk Score = 6	L - 3 I - 2 Risk Score = 6	L - 3 I - 2 Risk Score = 6	L - 3 I - 2 Risk Score = 6		There have been no data breaches reported in Q4.
<i>Date risk added to Register: 2009/10</i>							User education regarding information security and management is on-going and has now been introduced into Induction sessions too. Notifications of specific threats are sent to Members and Staff on an ongoing basis as and when appropriate.
<i>Owner: Director, Resources</i>							In reality the risk likelihood will never become unlikely since human beings are prone to error and therefore the risk score remains unchanged.


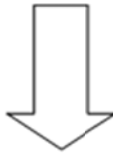
APPENDIX 1

Risk	Original Risk Score	Quarter One Q1 2016/17	Quarter Two Q2 2016/17	Quarter Three Q3 2016/17	Quarter Four Q4 2016/17	Direction of Score (since last quarter)	Comments
13 - Committee structure not fit for purpose <i>Date risk added to Register:2015/16</i> <i>Owner: Chief Executive</i>	L - 3 I - 3 Risk Score = 9	L - 3 I - 4 Risk Score = 12	L - 3 I - 4 Risk Score = 12	L - 3 I - 4 Risk Score = 12	L - 3 I - 3 Risk Score = 9		Council has agreed that a Member led working group will look at options to improve effectiveness of the Council's governance arrangements and committee structure over the next 6 months and will report back to Council.
14 - Lack of resilience or inability to recruit and retain staff within identified skill shortage service areas <i>Date risk added to Register:2015/16</i> <i>Owner: Director of Resources</i>	L - 3 I - 3 Risk Score = 9	L - 3 I - 4 Risk Score = 12	L - 3 I - 4 Risk Score = 12	L - 3 I - 4 Risk Score = 12	L - 3 I - 4 Risk Score = 12		<p>The risk score remains unchanged at this present time.</p> <p>During Q4 29 vacant positions within the Council were advertised.</p> <p>We are experiencing difficulties in recruiting experienced planners; this is a nationwide problem and being investigated further by EELGA. There is no short term solution for this. However, we have put in place interventions to attract planners to the MDC workforce, such as a developed microsite with testimonials from staff; market supplements; promotion of the district as a place to live and work and capturing the diverse range of work and experience to be gained working in a rural and coastal area of Essex.</p> <p>We are also at the early stages of expressing our interest in a county wide cohort to support a Town Planning Apprenticeship. There has been a regional project looking at various ways of helping to address</p>

APPENDIX 1

Risk	Original Risk Score	Quarter One Q1 2016/17	Quarter Two Q2 2016/17	Quarter Three Q3 2016/17	Quarter Four Q4 2016/17	Direction of Score (since last quarter)	Comments
							<p>the shortage of planners and EELGA have been working at various levels from developing a schools pack, helping galvanise support for the degree apprenticeship trailblazer, working with the LGA on developing a not for profit organisation bringing in people from outside the sector for yearlong placements in local authorities with a training programme (Public Practice).</p> <p>There has been a regional group helping to direct the work and representatives from Tendring and Southend have expressed interest in helping to get entry level apprenticeships. The Head of Planning at ECC is gauging interest from across the County so that EELGA can assess demand to see if they can influence providers. MDC has stated its interest in being part of this initiative.</p> <p>We wait to see if the changes to intermediary legislation IR35 will have a positive impact on the recruitment market, drawing potential candidates away from consultancy and back into PAYE.</p>

APPENDIX 1

Risk	Original Risk Score	Quarter One Q1 2016/17	Quarter Two Q2 2016/17	Quarter Three Q3 2016/17	Quarter Four Q4 2016/17	Direction of Score (since last quarter)	Comments
15 - Inability to deliver a balanced budget	L - 2 I - 3 Risk Score = 6	L - 3 I - 4 Risk Score = 12	L - 3 I - 3 Risk Score = 9	L - 2 I - 3 Risk Score = 6	L - 2 I - 3 Risk Score = 6		Following work done with Members and Officers during 2016 / 17, the Budget and council tax setting process for 2017 / 18 concluded on 16 February 2017 when Council approved the Budget for 2017 / 18 and set the Council Tax.
<i>Date risk added to Register: 2008 / 09</i>							
<i>Owner: Director of Resources</i>							Council approved the Medium Term Financial Strategy at the same time which shows that the Council faces the following estimated budget gaps over the next two years: 2018/19: £448,000; 2019/20: £527,000. These could of course change. The Council is embarking on a Transformation Programme journey to ensure that in future it will be able to set a balanced budget. The Transformation Programme will comprise a number of projects designed to make the Council more efficient and commercially minded.
16 – Lack of a corporate policy database which is managed and reviewed	L - 3 I - 3 Risk Score = 9	New risk 16/17	L - 3 I - 3 Risk Score = 9	L - 3 I - 4 Risk Score = 12	L - 3 I - 3 Risk Score = 9		Work is currently under way by the Corporate Policy Officer (in liaison with the Service Managers) on the review and refresh of policies and to establish a database of corporate and service policies.
<i>Date risk added to Register: 2016/17</i>							“Corporate policies not managed and reviewed” is being carried forward as a corporate risk for 17/18 and when reviewed by CLT in March 2017, it was agreed that the impact score should be reduced to 3.
<i>Owner: Director of Resources</i>							

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Corporate Risk Register 2017-18

Likelihood	4				
	3				
	2				
	1				
		1	2	3	4
Impact					

Impact

4 – High

3 – Moderately High

2 – Moderately Low

1 – Low

Likelihood

4 – Very Likely

3 – Likely

2 – Unlikely

1 – Very Unlikely

Anything in the shaded area is considered to be “within the Council’s tolerance line”

Adequacy of controls:**Poor** - no controls in place or the few that are do not mitigate the risk**Fair** - some controls in place and some reduction in risk but still not adequate**Good** - controls in place are considered adequate and reduce the risk**Excellent** - effective controls are in place which reduce the risk considerably

Risk	Reasons	Consequences	Current Risk Score	Current Controls in Place	Adequacy of controls in place and Evidence	Mitigating Actions being taken forward	Lead Officer on Mitigating Actions	Target dates
1. Failure to safeguard children and vulnerable adults Owner: Director, Customers and Community Date added to register: 12/13	<ul style="list-style-type: none"> Failure to recognise possible safeguarding concern Failure to respond to a concern raised Records not kept up to date/inaccurate records Staff and Members not trained Lack of knowledge, awareness and understanding of the process 	<ul style="list-style-type: none"> A vulnerable adult or child suffers harm Reputational damage to the Council for not acting on information received or concern raised 	L - 1 I – 4 Risk Score = 4	<ul style="list-style-type: none"> Agreed policy in place which is subject to ongoing review Agreed procedures in place On-going training for staff who, within their role, may have interaction with children and/or vulnerable adults Designated safeguarding officers within Maldon District Council (MDC). Safeguarding representation widened across all Depts. and training given to increase awareness to 	Adequacy of Controls: Good Evidence: Policy and procedures Officers in place Intranet information Safeguarding group Corporate Leadership Team (CLT)	1. Assess how well partners’ (e.g. Citizens Advice Bureau (CAB) and Housing Associations) and contractors’ safeguarding procedures are embedded 2. Undertake training re: i) Understanding gypsies and travellers culture ii) responding to threats of suicide 3. Meet with statutory partners	1. Richard Holmes, Director, Customers and Community Learning & Engagement Officer 2. Cally Darby, Learning & Engagement Officer 3. Richard Holmes, Director, Customers and Community	1. 31/03/18 2. 31/12/17 3. 30/09/17

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Risk	Reasons	Consequences	Current Risk Score	Current Controls in Place	Adequacy of controls in place and Evidence	Mitigating Actions being taken forward	Lead Officer on Mitigating Actions	Target dates
				<p>Safeguarding Lead Officer level.</p> <ul style="list-style-type: none"> • Disclosure and Baring Service (DBS)a checks undertaken for appropriate staff • Safeguarding information and designated areas on intranet • MDC Safeguarding group established to review policies and procedures and ensure communication and updates are discussed and awareness continued. • MDC participation in County wide Boards for safeguarding • Safeguarding is a standing agenda item for the Corporate Leadership Team (CLT) to ensure that issues are discussed and awareness increased • Learning through feedback from partnership working e.g. serious case reviews 	agenda item and minutes	to improve communication links when making safeguarding referrals		

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Risk	Reasons	Consequences	Current Risk Score	Current Controls in Place	Adequacy of controls in place and Evidence	Mitigating Actions being taken forward	Lead Officer on Mitigating Actions	Target dates
2. Failure to identify older and most vulnerable people Owner: Director, Customers and Community Date added to register: 17/18	<ul style="list-style-type: none"> Isolation of the individuals which leads to lack of engagement with support agencies/Council Lack of a customer database/ relationship management system Lack of resources 	<ul style="list-style-type: none"> Individuals unable to access services Escalation of existing issues leads to individuals becoming more vulnerable Increased risk of harm Unable to intervene Reputational risk Increased costs 	L - 3 I – 3 Risk Score = 9	<ul style="list-style-type: none"> Safeguarding framework Social prescribing champions Events targeted at vulnerable groups Data held – health profiles and Essex Insight Network of partners 	<u>Adequacy of Controls:</u> Fair <u>Evidence:</u> Safeguarding framework Social prescribing champions	1. Launch a “Professional Curiosity” approach across the Council and with partners 2. Community Development Officer to present to Managers’ Forums to increase awareness of issues faced by older/vulnerable people, locations, social prescribing etc.	1. Richard Holmes, Director, Customers and Community 2. Chris Rust, Community Development Officer	1. 31/03/18 2. 30/09/17
3. Failure to target services and influence partners effectively to meet the (health and wellbeing) needs of the vulnerable population Owner: Director, Customers and Community	<ul style="list-style-type: none"> Difficulty to identify those that are vulnerable Silo working within the Council/ lack of co-ordination Non-determination of what the needs are No engagement to ascertain how residents want to access services Limited 	<ul style="list-style-type: none"> Vulnerable residents unable to access services Escalation in service needs Impact on resources/costs Duplication across agencies Inefficiencies Unable to develop and plan services 	L - 3 I – 3 Risk Score = 9	<ul style="list-style-type: none"> Use of existing data (e.g. health profiles) to highlight issues/areas with specific needs Health and Wellbeing (H&WB) Group – partnership work to deliver projects and share good practice such as Social Prescribing Commissioning process for advice services – needs analysis undertaken to target services 	<u>Adequacy of Controls:</u> Fair <u>Evidence:</u> H&WB Action Plan	1. Refresh and update data on areas of need at ward level within the District 2. Undertake a gap analysis of services currently being provided in these areas across the Directorates 3. Identify what other services are required 4. Review 2016 analysis of services provided	1. Vacant post, Health Improvement Officer 2. Vacant post, Health Improvement Officer 3. Vacant post, Health Improvement Officer 4. Chris Rust, Community Development Officer	1. 31/12/17 2. 30/07/17 3. 30/09/17 4. 31/12/17

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Risk	Reasons	Consequences	Current Risk Score	Current Controls in Place	Adequacy of controls in place and Evidence	Mitigating Actions being taken forward	Lead Officer on Mitigating Actions	Target dates
<i>Date added to register: 16/17</i>	communication/co-ordination between partners (e.g. Community Agents) <ul style="list-style-type: none"> Council continues to deliver broad range of services rather than targeted services Discretionary support services at risk of funding withdrawal in the future 					by partners to identify gaps		
4. Failure to target services and influence partners effectively to support the increasing ageing population (re housing needs) <i>Owner: Director, Customers and Community</i> <i>Date added to register: 15/16</i>	<ul style="list-style-type: none"> Unable to identify those in need who want to move to more suitable housing or have to move, but do not want to Lack of engagement Discretionary support services funding withdrawn Reductions in funding for housing for older and vulnerable 	<ul style="list-style-type: none"> Vulnerable residents unable to access services Escalation in service needs Impact on resources/costs Duplication across agencies Unable to develop and plan services Reduction in supply of services including supported housing Unable to carry out required adaptations Unnecessary adaptations 	L - 3 I - 3 Risk Score = 9	<ul style="list-style-type: none"> Use of existing data (e.g. health profiles) to highlight issues/areas with specific needs Working with Essex County Council (ECC) on provision of extra care housing Housing allocations policy Housing register in place Supply of new homes Local Development Plan (LDP) 	<u>Adequacy of Controls:</u> Fair <u>Evidence:</u> Policy LDP	<ol style="list-style-type: none"> Launch a “Professional Curiosity” approach across the Council and with partners Pilot joint events between Community Development and Housing (e.g. Winter warmer events) with a view to identifying and engaging with those in need Deliver a targeted project 	<ol style="list-style-type: none"> Richard Holmes, Director, Customers and Community Chris Rust, Community Development Officer Chris Dispirito, Home Imp. Team Leader 	<ol style="list-style-type: none"> 31/03/18 31/03/18 31/12/17

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Risk	Reasons	Consequences	Current Risk Score	Current Controls in Place	Adequacy of controls in place and Evidence	Mitigating Actions being taken forward	Lead Officer on Mitigating Actions	Target dates
	people <ul style="list-style-type: none"> Providers of supported housing reducing or withdrawing support and unable to develop new schemes 	undertaken leading to ineffective use of funds				to improve information sharing with partners providing advice and support to older people		
5. Failure to have a clear shared vision regarding Strengthening Communities <i>Owner: Director, Customers and Community</i> <i>Date added to register: 17/18</i>	<ul style="list-style-type: none"> No approved strategy Differing views between officers, Members and partners on definition of Strengthening Communities Lack of resources 	<ul style="list-style-type: none"> Lack of progress Lack of focus on key issues Ineffective use of resources 	L - 4 I – 3 Risk Score = 12	<ul style="list-style-type: none"> Member and Officer Task and Finish Working Group Strengthening Communities is a Corporate Goal Partnership working with ECC 	<u>Adequacy of Controls:</u> Fair <u>Evidence:</u> Member and Officer Task and Finish Working Group Terms of Reference	1. Seek approval to the Strengthening Communities Strategy (which includes the visions)	1. Sue Green, Group Manager, Customers	1. 30/09/17
6. Failure to have an adopted LDP <i>Owner: Director, Planning & Regulatory Services</i> <i>Date added to register: 11/12</i>	<ul style="list-style-type: none"> Policies not meeting requirement of National Planning Policy Framework Inadequate evidence base Not demonstrating an adequate 	<ul style="list-style-type: none"> A presumption in favour of sustainable development continues to apply Unable to forward plan strategically for the District's needs Decisions made by Planning Inspector rather than MDC Potential for increased 	L - 2 I – 4 Risk Score = 8	<ul style="list-style-type: none"> LDP has advanced through the process and is now a consideration in planning decisions Soundness checklist used to ensure correct procedures followed Regular reporting to Development Management Team 	<u>Adequacy of Controls:</u> Excellent <u>Evidence:</u> Sign off of proposed modifications by Inspector	1. Continue ongoing work in relation to Duty to Co-operate 2. Provide Inspector and Secretary of State with information required to make a positive decision	1. Ian Butt, Interim Strategic Planning Policy Manager 2. Ian Butt, Interim Strategic Planning Policy Manager	1. 30/09/17 2. 30/09/17

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Risk	Reasons	Consequences	Current Risk Score	Current Controls in Place	Adequacy of controls in place and Evidence	Mitigating Actions being taken forward	Lead Officer on Mitigating Actions	Target dates
	<p>supply of deliverable housing land/provision for travellers to meet the District's requirements</p> <ul style="list-style-type: none"> • Not considering flooding and climate change issues (e.g. water shortages) • Changes to Planning System introduced by central Govt. • Lack of consistent corporate and Member commitment and support to LDP • LDP process being "derailed" or delayed by internal or external factors • New evidence obtained which significantly impacts LDP • LDP considered unsound by Planning Inspector 	<p>cost and number of appeals</p> <ul style="list-style-type: none"> • Not achieving site supply to meet District's requirements for settled community and travellers • Difficult to plan for future infrastructure requirements associated with growth • Not maximising opportunities to promote coordinated redevelopment / regeneration where required in the District • Inability to secure developer contributions through Community Infrastructure Levy (CIL). as a result of the lack of an adopted Local Development Plan • On-going costs • Evidence base becomes out of date and needs reviewing which leads to costs and delays 		<p>and CLT on progress</p> <ul style="list-style-type: none"> • Proactive monitoring of planning appeals/costs awarded and reported to the Planning and Licensing (P&L) / Finance and Corporate Services (F&CS) Committees • Transparent mechanisms for reporting progress • Actively working with developers, agents and other partners to strategically master plan preferred strategic growth areas where appropriate • Resources in place to deliver work requirements • On-going Member engagement • Legal advice / Representation and additional professional support • LDP Developer Forum and associated working groups • Evidence base updated as necessary • Updated five year land supply statement 				

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Risk	Reasons	Consequences	Current Risk Score	Current Controls in Place	Adequacy of controls in place and Evidence	Mitigating Actions being taken forward	Lead Officer on Mitigating Actions	Target dates
	<ul style="list-style-type: none"> Lack of continuity of skilled staff to undertake the necessary work/be involved in the processes New matters arise during the proposed Modifications consultation 			<ul style="list-style-type: none"> Regular contact with Programme Officer to provide Inspector with resources to assist with report 				
7. Failure to deliver the required infrastructure to support development arising from the LDP <i>Owner: Director, Planning & Regulatory Services</i> <i>Date added to register: 14/15</i>	<ul style="list-style-type: none"> No clear delivery mechanism Impact of viability Decisions required on long term management Lack of funding Lack of commitment from other agencies (e.g. NHS) General market conditions Lack of agreement on costs Lack of understanding in relationships 	<ul style="list-style-type: none"> Future capacity problems relating to schools, highways, housing, flooding, utilities and health Delays in delivering housing 	L - 3 I - 4 Risk Score = 12	<ul style="list-style-type: none"> Infrastructure Development Plan (IDP) supporting the LDP IDP and Infrastructure Phasing Plan (IPP) constantly under review with any fresh evidence being provided to P&L Committee Negotiations with applicants – pre-planning agreements in place. Viability testing Section 106 (S106) agreements in place Programme project management Joint working with developers and agencies 	<p><u>Adequacy of Controls:</u></p> <p>Fair</p> <p><u>Evidence:</u></p> <p>Legal agreements successfully negotiated and funding secured for some projects</p> <p>Evidence base to support LDP</p> <p>Due diligence with relevant agencies and other authorities e.g. ECC and environment agency</p>	<ol style="list-style-type: none"> Negotiate effectively with developers/ relevant key partners to ensure appropriate level of infrastructure and phasing of delivery Identify funding mechanisms and monitor drawing down on funding in a timely manner Establish a mechanism for determining ownership, future management and maintenance of infrastructure e.g. green spaces/flood defences 	<ol style="list-style-type: none"> Ian Butt, Interim Strategic Planning Policy Manager Ian Butt, Interim Strategic Planning Policy Manager Ian Butt, Interim Strategic Planning Policy Manager Ian Butt, Interim Strategic Planning Policy Manager 	Actions 1 – 5 ongoing

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Risk	Reasons	Consequences	Current Risk Score	Current Controls in Place	Adequacy of controls in place and Evidence	Mitigating Actions being taken forward	Lead Officer on Mitigating Actions	Target dates
	between the various projects				IDP and IPP Viability testing	4. Improve project management 5. Increase use of pre-planning agreements	5. Ian Butt, Interim Strategic Planning Policy Manager	
8. Uncertainty regarding strategic ownership of flooding mitigation and long term maintenance responsibilities <i>Owner: Director, Planning & Regulatory Services</i> <i>Date added to register: 15/16</i>	<ul style="list-style-type: none"> Lack of guidance from Department for Communities and Local Government (DCLG) / Department for Environment, Food and Rural Affairs (DEFRA) Water companies, developers, ECC not undertaking responsibilities General climate of central funding cuts 	<ul style="list-style-type: none"> Inability to determine planning applications Inability to deliver developments in entirety Failure to meet housing and employment requirements Long term liabilities if owners default in the future 	L - 3 I - 4 Risk Score = 12	<ul style="list-style-type: none"> Validation requirement that Sustainable Urban Drainage systems (SuDs) content is included in application ECC review Suds at every stage of planning application Liaison with Environment Agency (EA) and land owners regarding ownership of flood defence mechanisms Engagement with relevant legal teams 	<u>Adequacy of Controls:</u> Fair <u>Evidence:</u> Validations Completed legal agreements on planning and relevant legal frameworks in place	1. Implement recommendations arising from the BDO Internal Audit report into Flooding and Strategic Responsibilities	1. Ian Butt, Interim Strategic Planning Policy Manager	1. 31/03/18
9. Being designated as an under-performing authority due to performance on appeals <i>Owner:</i>	<ul style="list-style-type: none"> Quality of information provided by developer when submitting applications Retention of experienced staff Inability to process quantity 	<ul style="list-style-type: none"> Developers can choose to submit applications direct to the Secretary of State Local decision making removed from the Council Reduction in fee income received MDC unable to 	L - 4 I - 4 Risk Score = 16	<ul style="list-style-type: none"> Major applications team established HCA funding awarded to help/facilitate decision making through procuring legal advice, design codes etc. Extraordinary Council meetings arranged to 	<u>Adequacy of Controls:</u> Fair <u>Evidence:</u> Council meetings minutes	1. Identify ways of streamlining decision making process 2. Recruitment of skilled staff 3. Arrange specific Member Training from external specialists	1. Matt Leigh, Group Manager, Planning 2. Matt Leigh, Group Manager, Planning 3. Simon Rowberry,	1. Ongoing 2. 30/07/17 3. 31/03/18

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Risk	Reasons	Consequences	Current Risk Score	Current Controls in Place	Adequacy of controls in place and Evidence	Mitigating Actions being taken forward	Lead Officer on Mitigating Actions	Target dates
Director, Planning & Regulatory Services Date added to register: 15/16	of applications received within target dates <ul style="list-style-type: none"> Decisions overturned on appeal Quality of decisions taking by MDC Council/Committee meeting schedule can add delays into the process Changing criteria for designation as under-performing Lack of corporate support 	negotiate what infrastructure is required locally to mitigate development through S106 agreements <ul style="list-style-type: none"> Reputational damage Reduced staff morale Difficulty to retain and recruit skilled staff Financial implications 		decide major applications <ul style="list-style-type: none"> Regular performance reviews to evaluate and manage caseloads effectively Ongoing Staff training and development being undertaken Ongoing Member training Updated 5 year land supply statement Improved processes (e.g. re validation) Undertake regular reviews with Director of team structure to ensure it is efficient and effective 	Major apps team in place Performance reviews Training		Director, Planning & Regulatory Services	
10. Failure to maintain a 5 year supply of Housing Land Owner: Director, Planning & Regulatory Services Date added to register: 17/18	<ul style="list-style-type: none"> Poor housing market conditions Failure to meet completions targets Lack of new consents Unrealistic housing trajectory Not securing PINs sign off 	<ul style="list-style-type: none"> Government sanction through increased target (+20%) Lack of MDC control of decisions leading to planning by appeal Inability to deliver LDP 	L - 2 I - 4 Risk Score = 8	<ul style="list-style-type: none"> Annual monitoring Current supply of more than 6 years Housing trajectory linked to infrastructure Joint working with developers Proactive planning approach 	<u>Adequacy of Controls:</u> Good <u>Evidence:</u> Annual Monitoring Report and 5 Year Land Supply Statement August 2016	1. Submission to the Planning Inspectorate (PINs) of statements for certification 2. Developers submission of annual completion and trajectory statements 3. Roll out of self	1. Ian Butt, Interim Strategic Planning Policy Manager 2. Ian Butt, Interim Strategic Planning Policy Manager 3. Ian Butt,	1. 30/09/17 2. 30/06/18 3. Ongoing 4. Ongoing

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Risk	Reasons	Consequences	Current Risk Score	Current Controls in Place	Adequacy of controls in place and Evidence	Mitigating Actions being taken forward	Lead Officer on Mitigating Actions	Target dates
					Updated evidence to LDP examination	4. and custom build Establish a programme of community led housing	Interim Strategic Planning Policy Manager 4. Paul Gayler, Strategic Housing Manager	
11. Failure to meet the affordable housing need <i>Owner: Director, Planning & Regulatory Services</i> <i>Date added to register: 16/17(redefined 17/18)</i>	<ul style="list-style-type: none"> Changing Government guidance Quality of evidence Availability of willing partners Financial capacity of partners Changing wider legislation (e.g. welfare reform) Demographic changes Market conditions which lead to an increase in needs and demand Changing viability of schemes Failure to deliver LDP Out of date Supplementary 	<ul style="list-style-type: none"> Failure to meet statutory duty for the homeless Impact on local economy/loss of investment Reputational damage Barrier to new development Impact on residents' health and wellbeing Impact on health and social care available 	L - 3 I – 4 Risk Score = 12	<ul style="list-style-type: none"> Viability testing framework in place Policies in place Policies updated and adapted Communication with partners (Housing Associations etc.) Half yearly CLG Model Housing Needs Assessment undertaken Strategic Housing Board 	<u>Adequacy of Controls:</u> Fair <u>Evidence:</u> Viability testing framework Policies Half yearly CLG Model Housing Needs Assessment Strategic Housing Board	1. Housing and Homelessness Strategy to be adopted 2. Affordable Housing SPD to be adopted 3. Identify opportunities for additional investment into affordable housing	1. Paul Gayler, Strategic Housing Manager 2. Ian Butt, Interim Strategic Planning Policy Manager 3. Paul Gayler, Strategic Housing Manager	1. 30/09/17 2. 31/03/18 3. 31/12/17

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Risk	Reasons	Consequences	Current Risk Score	Current Controls in Place	Adequacy of controls in place and Evidence	Mitigating Actions being taken forward	Lead Officer on Mitigating Actions	Target dates
	Planning Documents (SPDs)							
12. Failure of the Council to influence regional partners to support and encourage economic prosperity and inward investment to the Maldon District <i>Owner: Chief Executive</i> <i>Date added to register: 15/16</i>	<ul style="list-style-type: none"> Ineffective approach – failure to get MDC voice heard in the right places and to influence outcomes Failure to clearly define our “asks” Small authority therefore the projects and priorities for MDC do not deliver a high level of return at sub-regional level Failure to focus on/target areas where we can specifically influence Not emphasising what the District has to offer 	<ul style="list-style-type: none"> Non-achievement of corporate goals and priorities Failure to generate funding Reduced buy-in Reduced credibility Ineffective use of resources 	L - 2 I – 3 Risk Score = 6	<ul style="list-style-type: none"> Economic Prosperity strategy (EPS) Participation in Haven Gateway 	<u>Adequacy of Controls:</u> Fair <u>Evidence:</u> EPS Partnership meeting minutes	<ol style="list-style-type: none"> Input into the Essex Integrated Growth Forum to ensure Maldon priorities are included Undertake longer term strategic planning for sub region on key projects Develop robust business cases for external funding (including research and maintenance of up to date evidence) Increasing awareness of South East Local Enterprise Partnership (SELEP) / sub-regional / County strategies and scoring mechanisms 	<ol style="list-style-type: none"> Econ. Dev and Partnerships Manager Fiona Marshall, Chief Executive Econ. Dev and Partnerships Manager Econ. Dev and Partnerships Manager 	<ol style="list-style-type: none"> Ongoing Ongoing Ongoing Ongoing
13. Failure to have a co-ordinated approach to supporting	<ul style="list-style-type: none"> Fragmented approach to service delivery Lack of awareness of 	<ul style="list-style-type: none"> Loss of businesses Loss of income (because business rates are retained by Council) 	L - 3 I – 4 Risk Score =	<ul style="list-style-type: none"> Economic Prosperity Strategy Promotion of corporate goals Economic 	<u>Adequacy of Controls:</u> Fair	<ol style="list-style-type: none"> Establish an internal communications strategy to ensure all services are 	<ol style="list-style-type: none"> Econ. Dev and Partnerships Manager Econ. Dev 	<ol style="list-style-type: none"> 30/09/17 Ongoing

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Risk	Reasons	Consequences	Current Risk Score	Current Controls in Place	Adequacy of controls in place and Evidence	Mitigating Actions being taken forward	Lead Officer on Mitigating Actions	Target dates
new and existing businesses Owner: Chief Executive Date added to register: 17/18	corporate goals <ul style="list-style-type: none"> • Failure to target services to support delivery of goal • Lack of understanding of impact of actions 	<ul style="list-style-type: none"> • Unable to attract new businesses • Non-achievement of corporate goals and priorities 	12	Development consulted on planning applications	Evidence: EPS	aware of the priority 2. Improve internal awareness/signposting of support available to businesses	and Partnerships Manager	
13. Failure to protect personal or commercially sensitive data Owner: Director, Resources Date added to register: 09/10	<ul style="list-style-type: none"> • Document retention policy not effectively reviewed and implemented • Lack of understanding and awareness of Data Protection and General Data Protection Regulations (GDPR), requirements and implications • Holding paper records unnecessarily • Human error • Lack of information asset register • Deliberate malicious action 	<ul style="list-style-type: none"> • Council could be fined if not compliant with legislation • Reputational damage • Legal challenges by individuals if personal data involved • Individuals could be put at risk – safeguarding issue. 	L - 3 I – 2 Risk Score = 6	<ul style="list-style-type: none"> • Service risks identified by managers which are monitored and progressed • Responsibility for data protection is specifically assigned to an officer within the Council (TBC) • IT Security policies approved • Staff aware through the HR policies of the implications of breaching security rules • Included in induction check list • Critical technical IT issues identified in the penetration testing carried out annually are resolved • In line with PCN requirements, Council's systems Administrator's 	Adequacy of Controls: Fair Evidence: PCN Standards met IT Security policies Staff aware through HR policies of the implications of breaching security rules	1. Review and implement a new Document Retention Policy 2. Draft and seek approval to Data Protection Policy (as part of the GDPR requirements) 3. Establish an Information Asset Register 4. Seek approval to reviewed IT Security policies arising from Cyber Crime Audit 5. Implement actions arising from Cyber Crime Audit 6. Seek CLT approval to cease using "All Staff" e-mails 7. Set IG as a screensaver for a week regularly throughout the	1. David Rust, Facilities and Assets Manager 2. IT Manager 3. TBC 4. IT Manager 5. IT Manager 6. IT Manager 7. IT Manager	1. 30/06/17 2. 31/12/17 3. 30/01/18 4. 30/07/17 5. 30/09/17 6. 30/06/17 7. 31/03/18

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Risk	Reasons	Consequences	Current Risk Score	Current Controls in Place	Adequacy of controls in place and Evidence	Mitigating Actions being taken forward	Lead Officer on Mitigating Actions	Target dates
				password amended regularly (annually) – • IT Manager “promotes” the problems experienced by other organisations (e.g. the ‘horrific headlines’)		year		
14. Inefficient Committee structure Owner: <i>Chief Executive</i> Date added to register: 15/16	<ul style="list-style-type: none"> Historical structure Lack of trust between Members and Officers 	<ul style="list-style-type: none"> Conflict Ineffective decision making Inefficient and ineffective use of resources Impact on Member and Staff morale Lack of buy-in to decisions 	L - 3 I – 3 Risk Score = 9	<ul style="list-style-type: none"> Corporate Governance Working Group Good working relationship between Leader and Chief Executive Reviewing best practise Using External expertise 	<u>Adequacy of Controls:</u> Fair <u>Evidence:</u>	1. Track impact of change in delegation/call in for planning applications 2. Governance review being undertaken as part of Transformation 3. Review and respond to recommendations in BDO report	1. Matt Leigh – Group Manager, Planning Services 2. Fiona Marshall, Chief Executive 3. Fiona Marshall, Chief Executive	1. 30/09/17 2. 31/03/18 3. 31/12/18
15. Unable to recruit and retain in national skill shortage service areas to meet the demands of the service Owner: <i>Director, Resources</i> Date added to register: 15/16	<ul style="list-style-type: none"> Competing with (larger) neighbouring councils in terms of career progression, salaries, District profile, location etc. Unable to attract staff National shortage in key areas 	<ul style="list-style-type: none"> Lack of flexibility in the workforce in certain service areas Lack of expertise to engage staff and implement change at a local level High turnover of staff/lack of resilience Recruitment costs including relocation costs Corporate goals not achieved 	L - 3 I – 4 Risk Score = 12	<ul style="list-style-type: none"> Approved Workforce Development Strategy being implemented Training needs identified through Performance reviews Performance conversations and team meetings undertaken providing opportunities for staff to express concerns/discuss issues Regular HR updates being provided at CLT 	<u>Adequacy of Controls:</u> Fair <u>Evidence:</u> Workforce Development Strategy Performance Review system Performance conversations	1. Develop and implement the recruitment strategy to include: - Smarter recruitment and retention strategies to address current and future hotspots - Increasing use of digital recruitments strategies	1. Dawn Moyse, Group Manager, People, Performance and Policy 2. Sue Green, Group Manager, Customers	1. 31/03/18 2. 31/03/18

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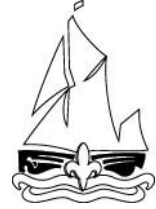
Risk	Reasons	Consequences	Current Risk Score	Current Controls in Place	Adequacy of controls in place and Evidence	Mitigating Actions being taken forward	Lead Officer on Mitigating Actions	Target dates
		<ul style="list-style-type: none"> • Service delivery impacted • Reputational damage • Agency staff being employed • Lack of continuity in roles • Lack of proactivity among staff, and service managers to identify opportunities for service redesign and improvements • Low level of job satisfaction • National and local targets and standards not met • Inability to deliver workforce improvements 		<ul style="list-style-type: none"> • Key personnel identified • Ongoing benchmarking of salaries and Terms and Conditions 	records	<ul style="list-style-type: none"> - Strengthening MDC reputation - Reducing time taken to from advert to offer - Exploring the creative use of graduate, apprenticeship and trainee schemes - Employing people with right behaviours as well as technical skills <p>2. Implement Transformation Service and Systems Review to improve efficiencies and workloads</p>		
16. Failure to plan and deliver balanced budgets over the medium term Owner: Director, Resources	<ul style="list-style-type: none"> • Loss of central government funding • Introduction of 100% business rates retention • Possible failure of a long term contract • Lack of meaningful 	<ul style="list-style-type: none"> • Corporate goals and objectives stated in the Corporate Plan not achieved • Further disinvestment in services required • Reduction in frontline services • Staff redundancies • Reliance on reserves • Transformation 	L - 2 I – 3 Risk Score = 6	<ul style="list-style-type: none"> • Use of reserves to manage short term funding requirements • Management of establishment control • Regular reviews of MTFS • Line by line outturn review • Monthly budget monitoring and 	<u>Adequacy of Controls:</u> Good <u>Evidence:</u> MTFS Budget Book	1. Implement transformation projects to achieve more efficient working/save costs 2. Implement Strategic Financial Planning process for 18/19	1. Emma Foy, Director of Resources 2. Emma Foy, Director of Resources	1. 31/03/18 2. Budget for 17/18 agreed by F&CS in 30/01/17. Council – 8/02/17.

APPENDIX 2

Risk	Reasons	Consequences	Current Risk Score	Current Controls in Place	Adequacy of controls in place and Evidence	Mitigating Actions being taken forward	Lead Officer on Mitigating Actions	Target dates
<i>Date added to register: 08/09</i>	forward planning • Failure to deliver the desired outcomes of the Transformation programme	programme objectives not achieved		quarterly reports to F&CS • Authorisation procedure of supplementary estimates • Strategic Financial Planning process and timetable in place • Regular meetings between Finance and services • Liaison with Planning regarding New Homes Bonus		according to agreed timetable		
17. Corporate policies not managed and reviewed <i>Owner: Director, Resources</i> <i>Date added to register: 16/17</i>	• No systematic approach to ensure that final version of any new policy approved is collated in a single location • No version control • Strategy and Policy management Guide out of date • Document Control Sheet not consistently used across the Council •	• Weakened governance arrangements • Potential error or challenge if most up to date and accurate version is not being referred to/used • Financial and reputational risks • Lack of transparency • Lack of guidance to staff • Corporate goals not being supported	L - 3 I - 3 Risk Score = 9	• Strategy and Management Guide (but needs reviewing/ updating) • Document Control Sheet	<u>Adequacy of Controls:</u> Poor <u>Evidence:</u> Strategy and Management Guide Document Control Sheet	1. Review/update of policies and strategies by managers and included in business plans with target dates (and fed back to Corporate Policy Officer) 2. Establish a Corporate Policy database	1. Linda Weeks, Corporate Policy Officer 2. Linda Weeks, Corporate Policy Officer	1. 30/06/17 (TBC) 2. TBC

APPENDIX 2

Risk	Reasons	Consequences	Current Risk Score	Current Controls in Place	Adequacy of controls in place and Evidence	Mitigating Actions being taken forward	Lead Officer on Mitigating Actions	Target dates
18. Lack of access to legal resource <i>Owner: Director, Resources</i> <i>Date added to register: 17/18</i>	<ul style="list-style-type: none"> High level of Member issues Resources focussed on dealing with Elections Staff absence 	<ul style="list-style-type: none"> Backlog of work Potential financial consequences Reputational damage 	L - 4 I – 4 Risk Score = 16	<ul style="list-style-type: none"> Interim staff in place Use of Essex Legal Services Use of Vine HR for employment issues 	<u>Adequacy of Controls:</u> Fair <u>Evidence:</u>	<ol style="list-style-type: none"> Recruit staff to cover current maternity leave Undertake a service review to ascertain resource requirements 	<ol style="list-style-type: none"> Wendy Morse, Acting Legal and Democratic Service Manager Emma Foy, Director of Resources 	<ol style="list-style-type: none"> 30/06/217 31/12/17



REPORT of DIRECTOR OF RESOURCES

**to
AUDIT COMMITTEE
22 JUNE 2017**

UPDATES FROM EXTERNAL AUDIT (ERNST AND YOUNG LLP)

1. PURPOSE OF THE REPORT

- 1.1 To inform Members of the Committee regarding briefing notes published by the Council's External Auditor (Ernst and Young LLP).

2. RECOMMENDATION

That the updates provided for by Ernst and Young LLP as shown in **APPENDIX 1**, be noted.

3. SUMMARY OF KEY ISSUES

- 3.1 This report is for Members' information only.

4. CONCLUSIONS

- 4.1 This report updates Audit Members on various issues in the local government sector.

5. IMPACT ON CORPORATE GOALS

- 5.1 The report links to the Maldon District Council goal of 'Delivering good quality, cost effective and valued services'.

6. IMPLICATIONS

- (i) **Impact on Customers** – None.
- (ii) **Impact on Equalities** – None.
- (iii) **Impact on Risk** – None.
- (iv) **Impact on Resources (financial)** – None.

(v) **Impact on Resources (human)** –None.

(vi) **Impact on the Environment** – None.

Background papers: None.

Enquiries to: Emma Foy, Director of Resources, (Tel: 01621 875762).

Maldon District Council

External Audit Update Report

Year ended 31 March 2017

22 June 2017

Ernst & Young LLP



Building a better
working world

The Members
Audit Committee
Maldon District Council
Council Offices
Princes Road
Maldon
Essex
CM9 5DL

1 June 2017

Dear Members

External Audit Update

We are pleased to attach our Audit Progress Report.

The purpose of this report is to provide the Committee with an overview of our plans for the 2016-17 audit to ensure they are aligned with your service expectations.

Our audits are undertaken in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2015 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements.

We welcome the opportunity to discuss this report with you as well as understand whether there are other matters which you consider may influence our audits.

Yours faithfully

Debbie Hanson
Ernst & Young LLP
United Kingdom

Enc.

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1. Summary

1.1 Financial statements

We are required to give an audit opinion on whether the financial statements Maldon District Council give a true and fair view of the financial position as at 31 March 2017 and of the income and expenditure for the year then ended.

We adopt a risk based approach to the audit and, as part of our ongoing continuous planning, we review your published Council and Committee minutes and papers along with the information we have on the wider local government environment. We met with the Council's Chief Executive in April 2017 as part of our initial planning discussions and in order to develop our understanding of the challenges and risks you are facing to inform our work on your financial statement and value for money arrangements.

In March 2017 we began our interim audit work which included:

- ▶ documenting our understanding of the Council's material income and expenditure systems by walkthrough testing; and
- ▶ performing early substantive testing.

Our work on these is now complete, apart from updating for processes which only occur at year end; for example the reflection of updated information for the Council's property, plant and equipment values. There were no matters arising from this work that we need to bring to the attention of the Committee.

We are due to return to site in July to undertake our work on the audit of the draft statement of accounts.

1.2 Value for money conclusion

In November 2015, the National Audit Office (NAO) published its updated guidance for auditors for their review of arrangements to secure value for money.

The overall criterion for 2016/17 is:

"In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people."

Beneath this overall criterion there are three sub-criteria which are intended to help auditors in reaching their overall judgement but these are not separate and auditors are not required to reach a distinct judgement against each.

The table on the next page provides further detail on these three sub criteria. We have discussed the criteria with the Council's Chief Executive and been provided with information on the Council's working with partners.

Sub-criteria	Proper arrangements
Informed decision making	Acting in the public interest, through demonstrating and applying the principles and values of sound governance
	Understanding and using appropriate and reliable financial and performance information (including, where relevant, information from regulatory/monitoring bodies) to support informed decision making and performance management
	Reliable and timely financial reporting that supports the delivery of strategic priorities
	Managing risks effectively and maintaining a sound system of internal control
Sustainable resource deployment	Planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions
	Managing and utilising assets effectively to support the delivery of strategic priorities
	Planning, organising and developing the workforce effectively to deliver strategic priorities
Working with partners and other third parties	Working with third parties effectively to deliver strategic priorities
	Commissioning services effectively to support the delivery of strategic priorities
	Procuring supplies and services effectively to support the delivery of strategic priorities

2. Timetable

2.1 Audit timeline

We set out below a timetable showing the key stages of the audit, and the deliverables we will provide to you.

We will provide formal reports to the Audit and Standards Committee throughout our audit process as outlined below.

Audit phase	Timetable	Deliverables
High level planning:	Already issued	▶ Audit Fee Letter
Risk assessment and setting of scope of audit	February/March 2017	▶ Audit Plan
Testing of routine processes and early substantive testing	March/April 2017	▶ Update report
Year-end audit	July 2017	▶ Report to those charged with governance ▶ Audit report on the financial statements and value for money conclusion ▶ Audit completion certificate ▶ Reporting to the NAO on the Whole of Government Accounts return.
Reporting	August 2017	▶ Annual Audit Letter
Certification work	September / October 2017	▶ Annual certification report.

In addition to the above formal reporting and deliverables we provide practical business insights and updates on regulatory matters through our Sector Briefings.

EY | Assurance | Tax | Transactions | Advisory

Ernst & Young LLP

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REPORT of DIRECTOR OF RESOURCES

**to
AUDIT COMMITTEE
22 JUNE 2017**

BRIEFING NOTE FROM EXTERNAL AUDITOR

1. PURPOSE OF THE REPORT

- 1.1 To inform Members of the Committee regarding briefing note published by the Council's External Auditor Ernst & Young LLP (EY).

2. RECOMMENDATION

That the briefing by EY as shown in **APPENDIX 1** be noted.

3. SUMMARY OF KEY ISSUES

- 3.1 This report is for Members' information only.
- 3.2 The External Auditor has published a briefing for distribution to Members of the Audit Committee. This is included in **APPENDIX 1** of this report.
- **APPENDIX 1** – Quarter Two (Q2) 2017 Local Government Audit Committee Briefing.

4. CONCLUSIONS

- 4.1 This report updates Audit Members on various issues in the public sector.

5. IMPACT ON CORPORATE GOALS

- 5.1 The report links to the Maldon District Council goal of 'Delivering good quality, cost effective and valued services'.

6. IMPLICATIONS

- (i) **Impact on Customers** – None.
- (ii) **Impact on Equalities** – None.

- (iii) **Impact on Risk** – None.
- (iv) **Impact on Resources (financial)** – None.
- (v) **Impact on Resources (human)** –None.
- (vi) **Impact on the Environment** – None.

Background papers: None.

Enquiries to: Emma Foy, Director of Resources, (Tel: 01621 875762).

A man with short brown hair, wearing a dark suit, light blue shirt, and a red tie with a white floral pattern, is leaning on a grey stone railing. He is looking off to the side with a slight smile. In the background, the Tower Bridge in London is visible, slightly out of focus.

Local government audit committee briefing



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more **9**

This sector briefing is one of the ways that we support you and your organisation in an environment that is constantly changing and evolving.

It covers issues which may have an impact on your organisation, the Local Government sector, and the audits that we undertake.

The briefings are produced by our public sector audit specialists within EY's national Government and Public Sector (GPS) team, using our public sector knowledge, and EY's wider expertise across UK and international business.

The briefings bring together not only technical issues relevant to the Local Government sector but wider matters of potential interest to you and your organisation.

Links to where you can find out more on any of the articles featured can be found at the end of the briefing.

We hope that you find the briefing informative and should this raise any issues that you would like to discuss further, please contact your local audit team.



Government and economic news

Brexit Update

On Wednesday 29 March 2017 Theresa May triggered article 50, the part of European Union law that sets out the process by which member states may withdraw from the union. European governments and the EU as an institution are at the vanguard of the Brexit process. The challenge of unravelling the UK from the EU is a significant one. Negotiations will be complex as there seems little likelihood now that one of the existing models for non-EU European countries' relationships with the EU can simply be extended to the UK.

As advisers to the sector, we have a critical role in working with our clients through this period of uncertainty. The negotiations will touch on multiple policy areas – such as trade, immigration and border control, tax and customs, transport and infrastructure, higher education, state aid, energy and the environment – and will

require significant change in the Government and Public Sector. Whilst UK government departments consider potential scenarios for different outcomes of the negotiations, EU negotiators will in turn have the task of balancing the diverse interests and priorities of the other 27 Member States.

The UK's exit seems like a long way off, but it is essential for us to keep abreast of political, regulatory and economic developments as negotiations progress. We will monitor the situation on an ongoing basis and provide connectivity, timely information, communication and tailored content to our Government and Public Sector clients.

For further information and our most recent views of the impact of Brexit on the economy please see the EY Item Club article within the EY website, full link is below in the 'Find Out More' section.

Final Local Government Finance Settlement

The Local Government finance settlement has been finalised after formal representations were received from a number of organisations and individuals.

This includes the four year funding allocations so councils can publish efficiency plans for the future. £200bn was allocated for the settlement.

This Local Government Finance Bill will devolve 100% of business rates. As a result of this the revenue support grant will be abolished. This is a move to make councils financially self-sufficient. It also means that there will no longer be an annual finance settlement each year. The scheme is being piloted in Greater Manchester, Liverpool City Region, the West Midlands, Cornwall, the West of England and Greater London Authority. In 2018-19 further pilots will take place and councils can apply to be a part of this. The scheme will be rolled out nationally in 2019-2020.

New Valuations of Business Rates

The Government implemented a £6.7bn relief package which came into effect from April 2017 due to the new valuation listings. This will mean around three quarters of businesses will see a reduction or a freeze in the business rates they pay. The revaluation will not affect the overall income received by the Treasury as it is fiscally neutral. However, it could affect the level of income received by a council based on the mix of businesses in a constituency. Each local authority must develop schemes for how the business rate relief is allocated which will require member approval.

Spring Budget 2017 – Adult Social Care funding

It was announced in the Spring Budget that £2bn worth of additional funding will be provided to councils in England for use on adult social care over the next three years. £1bn of this will be available in 2017-18 meaning more care packages can be funded immediately. Funding will be supplemented with targeted measures. This is to ensure areas with the greatest challenges make improvements.

NAO report: Health and social care integration

In this report the National Audit Office (NAO) states that integration of health and social care has been less successful and progressed slower than envisaged, and has not delivered all of the expected benefits for all parties (patients, the NHS or local authorities). It says that the Government's plans for integrated health and social care services across England by 2020 are at significant risk.

One of the key areas of focus in the report is the Better Care Fund (which in its first year involved the pooling of in excess of £5bn of funds). Whilst the NAO saw that its introduction has improved joint working, its potential has not been achieved. Its principal financial and service targets over 2015-16 were not met. Compared with 2014-15 emergency admissions increased by 87,000 against a planned reduction of 106,000 costing £311mn more than planned. In the same period, days lost to delayed transfers of care increased by 185,000 against a planned reduction of 293,000 costing £146mn more than planned. The report acknowledges that the Fund has been successful in encouraging local areas to work together, with more than 90% of local areas agreed or strongly agreed that delivery of their plan had improved joint working. Improvements were seen in reductions in permanent admissions of age 65 and over to nursing and residential care homes, and in increasing the proportion of older people still at home 91 days after discharge from hospital into rehabilitation or reablement services.

In respect of central government, the NAO states that whilst the Department of Health and the Department for Communities and Local Government have identified barriers to integration, (e.g., misaligned financial incentives, workforce challenges and reluctance over information sharing), but are not addressing them in a systematic way. Government commissioned research in 2016 assessed that local areas are not on track to achieve the target of integrated health and social care by 2020.

NHS England's ambition to save £900mn through introducing seven new care models was seen to potentially be optimistic. The models' impact is still being assessed and they are not yet proven. According to the NAO, there is poor governance and oversight of the initiatives examining different ways to transform care and create a financially sustainable care system (e.g., The Integration Partnership Board only receives updates on progress of the Better Care Fund with no reporting from other integration programmes).

Finally, there was no compelling evidence found to demonstrate that sustainable financial savings or reduced acute hospital activity results from integration. Whilst it recognises that there are some good examples of integration at a local level, assessment of these has been hindered by issues with comparable cost data across different care settings, and difficulty tracking patients.



Accounting, auditing and governance

Current Accounting Issues

As Local Authority finance teams across the country begin to close down the 2016/17 financial year and prepare the financial statements, it is timely to highlight the two main changes to financial reporting requirements impacting in 2016/17 and subsequent years.

'Telling the Story'

Local Authority financial statements will look different in 2016/17 when compared to previous years. These changes arise from the

changing requirements of the Local Authority Accounting Code of Audit Practice issued each year by CIPFA. The 2016/17 Code now includes the accounting requirements of CIPFA's '*How to tell the story*' publication.

CIPFA has been working on a project for the last few years to both streamline Local Authority financial statements and improve their accessibility to the user. One way in which user accessibility has been strengthened is to try and make year-end external reporting through the financial statements look more like in year internal management reporting. As a result, the main changes to

the 2016/17 financial statements will be to the Comprehensive Income and Expenditure Statement (CIES) and associated disclosure notes. The key changes to look out for are:

- ▶ How income and expenditure are analysed on the face of the CIES. In previous years Local Authorities had to analyse their service income and expenditure using the service expenditure analysis prescribed by CIPFA in the Service Reporting Code of Practice (SeRCOP). Local Authorities must now provide this analysis in the same format and reporting segments that they use for internal management reporting throughout the year.
- ▶ The introduction of a new note supporting the CIES, the Expenditure & Funding Analysis (EFA). The objective of this new note is to provide a direct reconciliation between the way local authorities are funded, how they budget and the CIES in a way that improves accessibility to the user of the financial statements. The analysis of expenditure and funding within the EFA must follow the same segmental analysis used in the CIES and internal reporting.

This subject was covered in detail at the recent EY CIPFA Accounts Closedown Workshops that were run as part of the EY and CIPFA strategic alliance. The 32 workshops were attended by over 800 Local Authority finance staff across the UK.

Highways Network Asset

Previous Audit Committee Briefings have included information regarding the Highways Network Asset (HNA) Code which was published in 2016. The key aim of the Code was to improve the asset management of the HNA at Highway Authorities. The Code also sought to provide the basis for improved financial information by setting out a move to valuing such assets on a Depreciated Replacement Cost (DRC) basis, which in simple terms is the difference between the current costs of replacing an asset less an allowance (depreciation) for the age of that asset.

The implementation of the HNA Code has encountered a number of issues, and its original implementation date of 2016/17 was deferred. At its meeting on March 8 2017, the CIPFA/LASAAC Code Board decided not to proceed with the introduction of the Highways Network Asset Code into the financial reporting requirements for local authorities. The Board decided that, currently and in particular in the absence of central support for key elements of the valuation, the benefits are outweighed by the costs of implementation for local authorities. The Board determined that it will give further consideration to this issue only if provided with clear evidence that benefits outweigh costs for local authorities.



Regulation news

Gender Pay Gap Reporting Regulations

The Gender Pay Gap Reporting regulations come into effect in April 2017 and they will impact on every organisation that has 250 or more employees.

Under these regulations organisations will be required to publish:

1. The gender pay gap for the pay period to 5 April each year. Numbers need to be submitted to a Government portal (still in development) and be placed in a searchable position on the organisations own website where they need to remain for at least three years. There are six calculations:
 - ▶ Mean gender pay gap in hourly pay
 - ▶ Median gender pay gap in hourly pay
 - ▶ Mean bonus gender pay gap
 - ▶ Median bonus gender pay gap
 - ▶ Proportion of males and females receiving a bonus payment
 - ▶ Proportion of males and females in each pay quartile
2. A written statement, authorised by an appropriate senior person (e.g., a director), which confirms the accuracy of the calculations.
3. Optional contextual narrative alongside the numbers on the website – e.g., to explain the reasons for the results and give details about actions that are being taken to reduce or eliminate the gender pay gap.

Whilst organisations have until next April to publish these disclosures:

- ▶ A data snap shot on 5 April 2017 is required to ensure prior year comparisons are possible.
- ▶ It is expected that there may be significant stakeholder and media pressure to publish sooner than the deadline. Some organisations have recently included a requirement in tender processes for potential suppliers to disclose their gender pay gap. Some organisations have already published their disclosures ahead of the deadline.

The impact of the regulations goes well beyond compliance, and some organisations are concerned about the implications of having to publish a significant gap, as this could have an impact on employee engagement and motivation, the ability to attract new talent and the overall reputation of the organisation.

EY have been working with a number of clients to assist them to ensure compliance with this new regulation, speak to your audit team for further information.

Other

Placing gender on the public sector agenda

In a time of significant change for governments and public sector organisations, the ability to draw on a diverse pool of talent – including a mix of genders, ethnicities, ages and backgrounds – is a critical factor in helping governments adapt to the changes disrupting the sector. There is strong evidence that diverse and inclusive leadership sparks better debate, stimulates innovation, and enhances problem-solving and decision-making. In short, it leads to improved performance and better outcomes.

In mid-2016, EY surveyed 80 government and public sector leaders from a range of countries. We wanted to understand their views on gender parity at the leadership level. The survey built on an earlier study involving interviews with 350 business leaders from seven sectors: automotive, banking and capital markets, consumer products, insurance, life sciences, oil and gas, and power and utilities.

Our research reveals overwhelming agreement that gender diversity is crucial to combating the challenges faced by the public sector. Despite valuing diversity, many public sector organisations are not addressing the gender gap in a way that will deliver the needed change. Sixty percent of respondents believe they do not have sufficient diversity of thought and experience within their leadership team.

Through our research, we identified five disconnects that are holding back government and public sector organisations from achieving gender diversity on their senior leadership team.

1. **The reality disconnect:** Public sector leaders assume the issue is nearly solved despite little progress within their own organisations.
2. **The data disconnect:** Organisations don't effectively measure how well women are progressing through the workforce and into senior leadership.
3. **The pipeline disconnect:** Organisations aren't creating pipelines for future female leaders.
4. **The perception and perspective disconnect:** Men and women don't see the issue of gender parity the same way.
5. **The progress disconnect:** Different sectors agree on the value of diversity but are making uneven progress towards gender parity.

In this report, we explore each of these disconnects to better understand the key barriers that women face in moving ahead in their organisations. We also share our insights on what government and public sector organisations can do to accelerate the journey to gender parity.

EY Resources and Information

EY offers a number of resources to our clients, 'Citizen Today' is produced by EY's Global Government and Public Sector team. Here you can read features and interviews covering the big issues facing governments around the world as they seek to provide better services for citizens. This is the Government and Public Sector element of the EY Client Portal, by signing up to this it could help you stay in touch with relevant news.

The EY Client Portal provides a single, continuous connection to EY. This tool can provide you with continuous access to EY worldwide, some of the key benefits are listed below:

- **Collaborative services** – Providing better management, team synergies, communication, and continuous global access to status and current documents via a variety of protected online work environments and electronic tools.
- **Individually tailored content, tools, and resources** – Customised so you see only the content, tools, and resources you want and need.
- **Improved efficiencies** – Helping you work more productively with relevant knowledge, insights, and business tools accessible in one location.
- **Enhanced service delivery** – Giving you access to EY's global breadth and depth of services and capabilities (self-service to full-service), helping you execute your business decisions.
- **Global knowledge and expertise** – Valuable and timely insights on evolving business issues, helping you make informed decisions faster.

Key questions for the Audit Committee

Has the Authority considered the potential impact of the business rates relief on the Authority's finances?

Has the Authority considered how effective the integration of health and social care has been in its local area? Are arrangements with local health partners working effectively and has the Authority considered ways in which they could be improved?

Has the authority put in place processes to meet the new accounting requirement for the analysis of income and expenditure in the CIES, and the new note on the Expenditure and Funding Analysis?

How well prepared is the authority for the new requirement to collect and publish gender pay gap data?

Find out more

Brexit EY Item Club

<http://www.ey.com/uk/en/newsroom/news-releases/17-04-10-stronger-global-economy-paves-the-way-to-brexit-says-ey-item-club>

Final Local Government Finance Settlement

<https://www.gov.uk/government/speeches/statement-in-debate-on-the-local-government-finance-settlement>

NAO Report – Health and social care integration

<https://www.nao.org.uk/report/health-and-social-care-integration/>

Gender Pay Gap Reporting Regulations

The regulations – Statutory Instrument 2017/172:
http://www.legislation.gov.uk/uksi/2017/172/pdfs/uksi_20170172_en.pdf

Overview of the rules from gov.uk

<https://www.gov.uk/guidance/gender-pay-gap-reporting-overview>

Guidance – Advisory, Conciliation and Arbitration Service (ACAS) and the Government Equalities Office have published guidance for employers <http://www.acas.org.uk/index.aspx?articleid=5768>

Placing gender on the public sector agenda

[http://www.ey.com/Publication/vwLUAssets/EY-placing-gender-on-the-public-sector-agenda/\\$FILE/ey-placing-gender-on-the-public-sector-agenda.pdf](http://www.ey.com/Publication/vwLUAssets/EY-placing-gender-on-the-public-sector-agenda/$FILE/ey-placing-gender-on-the-public-sector-agenda.pdf)

EY Client Resources and Information

<http://www.ey.com/gl/en/industries/government---public-sector/ey-citizen-today#recent-content>

Notes

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ED None

EY-000027926.indd (UK) 04/17. Artwork by CSG London.

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REPORT of DIRECTOR OF RESOURCES

**to
AUDIT COMMITTEE
22 JUNE 2017**

PERFORMANCE AGAINST 2016 / 17 INTERNAL AUDIT PLAN

1. PURPOSE OF THE REPORT

- 1.1 To report progress to date with regard to work completed and any deviances to, or slippage, on the Internal Audit Plan 2016 / 17.

2. RECOMMENDATION

That the progress against the 2016 / 17 Internal Audit Plan is noted

3. SUMMARY OF KEY ISSUES

- 3.1 Details of the progress to date against the 2016 / 17 Internal Audit Plan are attached at **APPENDIX 1** to this report.
- 3.2 The following work has been completed since the last report to the Audit Committee on 30 March 2017:
- Channel Shift and Customer Strategy;
 - Financial Systems;
 - Investment and Investment Income
 - Inventory and Stock.
- 3.3 It was agreed that where limited assurance level was obtained regarding the design and/or operational effectiveness of the internal control, the full audit report produced by BDO LLP will be reported to the Audit Committee. There are no such items to report in this period.

4. CONCLUSIONS

- 4.1 This report updates Audit Committee Members the progress against the 2016 / 17 Internal Audit Plan.

5. IMPACT ON CORPORATE GOALS

- 5.1 The report links to the Maldon District Council goal of ‘Delivering good quality, cost effective and valued services’.

6. IMPLICATIONS

- (i) **Impact on Customers** – None.
- (ii) **Impact on Equalities** – None.
- (iii) **Impact on Risk** – None.
- (iv) **Impact on Resources (financial)** – None.
- (v) **Impact on Resources (human)** – None.
- (vi) **Impact on the Environment** – None.

Background papers: None.

Enquiries to: Emma Foy, Director of Resources, (Tel: 01621 875762) or Andrew Barnes, Audit Manager (BDO LLP)

Maldon District Council

INTERNAL AUDIT PROGRESS REPORT

June 2017

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INTRODUCTION

Internal Audit

This report is intended to inform the Audit Committee of progress made against the 2016/17 internal audit plan which was approved by this Committee in March 2016. It summarises the work we have done, together with our assessment of the systems reviewed and the recommendations we have raised. Our work complies with Public Sector Internal Audit Standards. As part of our audit approach, we have agreed terms of reference for each piece of work with the risk owner, identifying the headline and sub-risks which have been covered as part of the assignment. This approach is designed to enable us to give assurance on the risk management and internal control processes in place to mitigate the risks identified.

Internal Audit Methodology

Our methodology is based on four assurance levels in respect of our overall conclusion as to the design and operational effectiveness of controls within the system reviewed. The assurance levels are set out in section 2 of this report, and are based on us giving either "substantial", "moderate", "limited" or "no". The four assurance levels are designed to ensure that the opinion given does not gravitate to a "satisfactory" or middle band grading. Under any system we are required to make a judgement when making our overall assessment.

Work outside of the Internal Audit Plan

No additional work has taken place.

Overview of 2016/17 work to date

See page 4 for details of the audits completed since the previous Audit Committee.

PROGRESS SINCE MARCH 2017 AUDIT COMMITTEE

Area	No. of days	Group Manager Responsible	Assurance - System Design	Assurance - Operating Effectiveness	No. of High priority recommendations	No. of Medium priority recommendations	No. of Low priority recommendations	Ref to Executive Summary
Channel Shift and Customer Strategy	16	Sue Green	Moderate	Moderate		7		Appendix II
Financial Systems	12	Carrie Cox	Substantial	Moderate		3		Appendix III
Investments and Investment Income	7	Carrie Cox	Moderate	Moderate		3		Appendix IV
Inventory and Stock	5	Ben Brown	Moderate	Moderate		3	2	Appendix V

PROGRESS AGAINST 2016/17 PLAN

Area	2015/16 days	Date work to be undertaken	Progress Update	Assurance - System Design	Assurance - Operating Effectiveness
Helping Communities to be Safe, Active and Healthy					
Flooding	8	Q3	Final	Moderate	Moderate
	8				
Protecting and Shaping the District					
Cyber Crime	12	Q2	Final	Moderate	Moderate
Data Protection	14	Q4	Final	Moderate	Moderate
Information Management (including PCI compliance review)	12	Q4	Final	Limited	Limited
	38				

PROGRESS AGAINST 2016/17 PLAN

Area	2015/16 days	Date work to be undertaken	Progress Update	Assurance - System Design	Assurance - Operating Effectiveness
Creating Opportunities for Economic Growth and Prosperity					
Channel Shift and Customer Strategy	16	Q3	Draft report issued 10 May	Moderate	Moderate
Income Generation	24	Q1	Final	N/A	N/A
	40				

PROGRESS AGAINST 2016/17 PLAN

Area	2015/16 days	Date work to be undertaken	Progress Update	Assurance - System Design	Assurance - Operating Effectiveness
Delivering Good Quality, Cost Effective and Valued Services					
Financial Systems (including Main Accounting and Payroll)	12	Q4	Final	Substantial	Moderate
Council Tax and NNDR high level review	7	Q3	Final	Substantial	Moderate
Housing and Council Tax Benefits high level review	6	Q3	Final	Substantial	Substantial
Income and Debtors high level review	8	Q4	Final	Moderate	Moderate
Payments and Creditors high level review	8	Q4	Final	Moderate	Moderate
Investments and Investment Income and Cash and Bank high level review	7	Q4	Final	Moderate	Moderate
Planning Services	15	Q3	Final	Moderate	Moderate
Workforce Management	12	Q4	Work complete, report being drafted		
Inventory and Stock	5	Q4	Draft report issued 2 May	Moderate	Moderate
80					

PROGRESS AGAINST 2016/17 PLAN

Area	2015/16 days	Date work to be undertaken	Progress Update	Assurance - System Design	Assurance - Operating Effectiveness
Cross Cutting Corporate Review					
Committee Structure	20	Q2	Final	N/A	N/A
	20				
Planning, Reporting, Follow-up and Contingency					
Planning / liaison / management	20	Ongoing			
Recommendation follow up	10	Reported in December 2016 Reported in February 2017			
Advisory Role	9	Ongoing			
Contingency	5				
Total	44				

APPENDIX I - DEFINITIONS

LEVEL OF ASSURANCE	DESIGN of internal control framework		OPERATIONAL EFFECTIVENESS of internal controls	
	Findings from review	Design Opinion	Findings from review	Effectiveness Opinion
Substantial	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
Moderate	In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non compliance with some controls, that may put some of the system objectives at risk.
Limited	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
No	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non compliance and/or compliance with inadequate controls.

Recommendation Significance	
High	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
Medium	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
Low	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

APPENDIX II - CHANNEL SHIFT AND CUSTOMER STRATEGY

APPENDIX 1

MALDON DISTRICT COUNCIL CORPORATE GOAL AND OUTCOME			SUMMARY OF RECOMMENDATIONS (SEE APPENDIX II FOR DEFINITIONS)	
Delivering good quality, cost effective and valued services Outcome: Effective and convenient access to public services			High	0
LEVEL OF ASSURANCE (SEE APPENDIX II FOR DEFINITIONS)			Medium	7
Design	Moderate	Generally a sound system of internal control designed to achieve system objectives with some exceptions	Low	0
Effectiveness	Moderate	Evidence of non compliance with some controls, that may put some of the system objectives at risk	Total number of recommendations: 7	

OVERVIEW: CHANNEL SHIFT AND CUSTOMER STRATEGY

The Corporate Plan states the Council's commitment to offering services which are accessible and affordable to all. The Council has also identified a risk of failure to target services and influence partners effectively to meet the needs of the District and the Council recognises that the future of service provision is moving towards a more diversified collection of organisations working together to deliver shared outcomes. The Customer Strategy was developed to address the needs of both customers and the Council. The Council has also enhanced links with partner organisations and introduced a community hub to improve the customer experience.

Through this audit we sought to support the Council to develop a shared vision for customer access which considers access preferences, stakeholder consultation, channel plans and channel shift savings.

From our review, we noted the following areas of good practice:

- The Council has two strategies that contribute to channel shift: the Customer Strategy and the ICT Strategy
- The Council is achieving channel shift in some areas, for example through increases in benefit payments made by BACS and in Council Tax payments received by direct debit. Customers are also using a new automated telephone payments system to make payments. Council reception facilities have been improved and include public access to wi-fi, self service facilities and access to other complementary organisations through the community hub.

Continued:

APPENDIX II - CHANNEL SHIFT AND CUSTOMER STRATEGY

OVERVIEW: CHANNEL SHIFT AND CUSTOMER STRATEGY

However, we also noted the following areas for improvement:

- Opportunity for identifying measureable targets and outcomes and reporting progress against those targets and outcomes (Finding 1 - Medium)
- A need to identify a methodology for measuring channel usage, to determine targets for online end to end transactions and satisfaction at first point of contact, to undertake customer journey mapping and review of outcomes of Business Process Reviews (Finding 2 - Medium)
- A need for recognition of the dependency on the workforce to adapt and apply change management protocols (Finding 3 - Medium)
- A need to identify stakeholders critical to the delivery of channel shift to support management in implementing channel shift and to articulate the data sharing vision and prepare an action plan reflecting that vision (Finding 4 - Medium)
- To determine channel shift priorities to enable an action plan to be prepared, resources allocated and progress measured (Finding 5 - Medium)
- A need to identify a realistic baseline of actual current costs, so that potential savings can be properly assessed (Finding 6 - Medium)
- Targetting channel shift activity at areas of service provision resulting in the greatest volume of customer contact for which the contact is more transactional and less complex (Finding 7 - Medium).




Conclusion

We have issued 7 Medium priority findings and have concluded an opinion of moderate for both the design and effectiveness of the Customer Strategy and the Council's progress towards channel shift. This reflects that there are areas of good practice and that the Council is actively working to develop arrangements, but there are areas for improvement including relating to determining priorities and targets, measuring channel usage, achievement of outcomes and staff and stakeholder change management.

APPENDIX III - FINANCIAL SYSTEMS

MALDON DISTRICT COUNCIL STRATEGIC OBJECTIVE THIS RELATES TO		
Delivering good quality, cost effective and valued services		

LEVEL OF ASSURANCE (SEE APPENDIX II FOR DEFINITIONS)		
Design	Substantial	Sound system of internal controls designed to achieve system objectives
Effectiveness	Moderate	Evidence of non compliance in some controls, that may put some system objectives at risk

SUMMARY OF RECOMMENDATIONS (SEE APPENDIX II FOR DEFINITIONS)	
High	 0
Medium	 3
Low	 0
Total number of recommendations: 3	

OVERVIEW: Financial Systems

Background:

The Finance team responsibilities include Payroll, Treasury Management, Income & Debtors, Payments & Creditors and Asset Management. The team provides leadership on good financial practice to the services across the Council and has an overseeing role to ensure procedures are correctly followed. The team undertakes reconciliations between financial systems, the ledger and bank statements. Local Authorities are facing financial strain and reduced grant funding, therefore proper and effective financial system controls are critical to support effective financial planning and management. Our review considered the design and effectiveness of the processes and controls in place around the Council's main accounting, fixed assets and payroll systems.

From our review, we noted the following areas of good practice:

- Financial Regulations define key responsibilities for maintenance and oversight of financial data
- Fixed assets are subject to annual inspection and officers working across the District also report any potential issues to the Facilities and Assets Manager
- Accurate amendments were made to the Payroll promptly following receipt of information about changes in officer status and pay slips contained mandatory information

However, we also noted the following areas of improvement:

- There are no procedure notes for the reconciliation process, records of reconciliations did not document reasons for any differences or the officer completing the reconciliation and there was no evidence of periodic review of reconciliations (Finding 1 - Medium)
- There were no policies clarifying the approach to acquisition, transfer and maintenance of fixed assets and the efficiency effectiveness and use of assets was not subject to formal review (Finding 2 - Medium)
- No confirmation was available of the results of checks made on Payroll data by HR (Finding 3 - Medium)

Conclusion

We have issued 3 Medium priority findings, and have concluded an opinion of substantial for the design, and moderate for the effectiveness of financial systems, reflecting that there are areas of good practice, but with some areas for improvement relating to fixed assets, reconciliations and payroll.

APPENDIX IV - INVESTMENT AND INVESTMENT INCOME

MALDON DISTRICT COUNCIL CORPORATE GOAL		SUMMARY OF RECOMMENDATIONS (SEE APPENDIX II FOR DEFINITIONS)	
To be an organisation that delivers good quality , cost effective and valued services in a transparent way		High	<div><div></div></div> 0
LEVEL OF ASSURANCE (SEE APPENDIX II FOR DEFINITIONS)		Medium	<div><div></div></div> 3
Design	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	Low	<div><div></div></div> 0
Effectiveness	Evidence of non compliance with some controls, that may put some of the system objectives at risk.	Total number of recommendations: 3	

OVERVIEW

Background

The purpose of our review was to provide assurance that appropriate arrangements are in place and operating effectively in relation to Investments, Investment Income, Cash and Bank.

Good Practice

- The Council’s Treasury Management Performance Indicators for Liquidity and Security were regularly reviewed and met
- Treasury Management policies, procedures and protocols are in line with the CIPFA Code of Conduct
- Treasury Management advisors, Arling Close, are consulted with and their advice is taken into consideration.

Key Findings

- Reconciliations are not being reviewed and verified on a regular basis
- The Responsible Officer recorded as the person to report suspicions of fraud to is no longer working at the Council
- Formal protocols are not in place with regards to the roll over of investments.

Conclusion

Overall we have raised three recommendations relating to the Council’s management of Investments, Investment Income, Cash and Bank. We found that there is some room to improve the Council’s controls and that some improvements could also be made to the operational effectiveness of the controls in place, leading to a final assessment of moderate assurance over the control design and moderate assurance over the control effectiveness.

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APPENDIX V - INVENTORY AND STOCK

APPENDIX 1

MALDON DISTRICT COUNCIL CORPORATE GOAL		SUMMARY OF RECOMMENDATIONS (SEE APPENDIX II FOR DEFINITIONS)	
To be an organisation that delivers good quality , cost effective and valued services in a transparent way		High	
LEVEL OF ASSURANCE (SEE APPENDIX II FOR DEFINITIONS)		Medium	3
Design	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	Low	2
Effectiveness	Evidence of non compliance with some controls, that may put some of the system objectives at risk.	Total number of recommendations: 5	

OVERVIEW

Background

The purpose of this review was to assess inventory and stock procedures, particularly within the Tourist Information Centre

Good Practice

- Perishable stock was regularly reviewed to ensure items sold were not out of date.
- Awareness of the need to assess and ensure profitability was recognised with KPI's included in the 2017/18 Business Plan
- Stock was held securely at both sites

Key Findings

- There is currently no stock management system in place, although one is planned for 2017/18
- Not all inventory held within the Tourist Information Centres were recorded on the IT Asset List
- The minimum required value for inventory to be held on an asset list (£1000) appears high compared to other Councils.

Conclusion

Overall we have raised five recommendations relating to the Council's management of stock and inventory, focusing on the Tourist Information Centres and the Splash Park. We found that there is room to improve the Council's controls and that improvements could also be made to the operational effectiveness of the controls in place, leading to a final assessment of moderate assurance over the control design and moderate assurance over the control effectiveness.

The proposal contained in this document is made by BDO LLP ("BDO") and is in all respects subject to the negotiation, agreement and signing of a specific contract. It contains information that is commercially sensitive to BDO, which is being disclosed to you in confidence and is not to be disclosed to any third party without the written consent of BDO. Client names and statistics quoted in this proposal include clients of BDO and BDO International.

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REPORT of DIRECTOR OF RESOURCES

**to
AUDIT COMMITTEE
22 JUNE 2017**

INTERNAL AUDIT ANNUAL REPORT 2016 / 17

1. PURPOSE OF THE REPORT

- 1.1 To present the Annual Opinion of the Head of Internal Audit (BDO LLP) on the results of and assurance gained from the 2016 / 17 internal audit work.

2. RECOMMENDATIONS

That the Head of Internal Audit Opinion on the results of and assurance gained from the 2016 / 17 internal audit work, as set out in **APPENDIX 1**, is noted

3. SUMMARY OF KEY ISSUES

- 3.1 The role of internal audit is to provide an opinion to the Council, through the Audit Committee, on the adequacy and effectiveness of the internal control system to ensure the achievement of the organisation's objectives in the areas reviewed.
- 3.2 The annual report from internal audit provides an overall opinion on the adequacy and effectiveness of the organisation's risk management, control and governance processes. The opinion is set out in **APPENDIX 1** of this report, and concludes that:

'Overall, we are able to provide moderate assurance that there is a sound system of internal control, designed to meet the Council's objectives and that controls are being applied consistently.'

4. CONCLUSIONS

- 4.1 BDO LLP acting as Head of Internal Audit is able to provide moderate assurance that there is a sound system of internal control, designed to meet the Council's objectives and that controls are being applied consistently.

5. IMPACT ON CORPORATE GOALS

- 5.1 The report links to the Maldon District Council goal of 'Delivering good quality, cost effective and valued services'.

6. IMPLICATIONS

- (i) **Impact on Customers** – None.
- (ii) **Impact on Equalities** – None.
- (iii) **Impact on Risk** – None.
- (iv) **Impact on Resources (financial)** – None.
- (v) **Impact on Resources (human)** –None.
- (vi) **Impact on the Environment** – None.

Background papers: None.

Enquiries to: Emma Foy, Director of Resources, (Tel: 01621 875762) or
Andrew Barnes, Audit Manager (BDO LLP)

Maldon District Council

INTERNAL AUDIT ANNUAL REPORT

June 2017

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EXECUTIVE SUMMARY

Internal Audit 2016-17

This report details the work undertaken by internal audit for Maldon District Council and provides an overview of the effectiveness of the controls in place for 2016-17.

The following reports have been issued for the period 1 April 2016 to 31 March 2017:

Cyber Crime	Channel Shift and Customer Strategy
Income Generation	Information Governance
Planning	Payments and Creditors
Strategic Ownership of Flooding Responsibilities	Income and Debtors
Housing Benefits	Financial Systems
Council Tax and NDR	Investments and Investment Income, Cash and Bank
Data protection	Stock and Inventory Management

We have detailed the opinions of each report and key findings on page 4 and 5.

Our internal audit work for the period from 1 April 2016 to 31 March 2017 was carried out in accordance with the internal audit plan approved by management and the Audit Committee.

The whole plan has been completed with the exception of the high level review of Workforce Management, that was deferred at the request of management, for which the report is currently being drafted.

Head of Internal Audit Opinion

The role of internal audit is to provide an opinion to the Council, through the Audit Committee (AC), on the adequacy and effectiveness of the internal control system to ensure the achievement of the organisation's objectives in the areas reviewed.

The annual report from internal audit provides an overall opinion on the adequacy and effectiveness of the organisation's risk management, control and governance processes, within the scope of work undertaken by our firm as outsourced providers of the internal audit service. It also summarises the activities of internal audit for the period.

Opinion

The basis for forming my opinion is as follows:

- An assessment of the design and operation of the underpinning risk management arrangements and supporting processes
- An assessment of the range of individual opinions arising from risk based audit assignments, contained within the internal audit risk based plan, that have been reported throughout the period. This assessment has taken account of the relative materiality of these areas and management's progress in respect of addressing control weaknesses
- Any reliance that is being placed upon third party assurances.

Overall, we are able to provide moderate assurance that there is a sound system of internal control, designed to meet the Council's objectives and that controls are being applied consistently. In forming our view we have taken into account that:

- The majority of audits provided moderate assurance opinions for the period 1 April 2016 to 31 March 2017
- The Council has achieved their budget for 2016-17 and has plans in place to ensure that the budget gap is addressed in their budget plans. The Council has recognised the ongoing reduction of government funding in their future financial plans
- Some areas of weakness have been identified through our reviews, including opportunities for improvement in Information Governance (which was the only report to receive limited assurance), Cyber Crime, Income and Debtors, and Channel Shift and the Customer Strategy. The Council is working to address the issues identified.

OPINION AND RECOMMENDATION SIGNIFICANCE DEFINITIONS

LEVEL OF ASSURANCE	DESIGN of internal control framework		OPERATIONAL EFFECTIVENESS of internal controls	
	Findings from review	Design Opinion	Findings from review	Effectiveness Opinion
Substantial	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
Moderate	In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non compliance with some controls, that may put some of the system objectives at risk.
Limited	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
No	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non compliance and/or compliance with inadequate controls.

RECOMMENDATION SIGNIFICANCE	
High	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
Medium	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
Low	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

SUMMARY OF 2016-17 WORK

Reports Issued	Recommendations and significance			Overall Report Conclusions (see Appendix I)		Summary of Key Findings / Recommendations
	H	M	L	Design	Operational Effectiveness	
Cyber Crime	0	7	0	Moderate	Moderate	<p>Areas of good practice identified were the Council's anti-virus protection system, Kaspersky, was found to be operating effectively and had up to date virus signatures, critical and security patches for the operating systems in use at the Council were applied in a timely manner, and penetration tests are being performed on a routine basis and actions are taken to resolve any identified issues.</p> <p>However, we also noted:</p> <ul style="list-style-type: none"> The Council does not have a defined record of its information assets The roles and responsibilities for information and cyber security management at the Council have not been adequately defined A cyber security training needs assessment for Members and Officers has not been performed The Council has not undertaken either a cyber security risk assessment or business impact assessment Network activity has not been baselined nor are there adequate network activity monitoring arrangements in place The procedure for changing the Council's firewall rule set has not been consistently followed The Council's policies related to information and cyber security were found to be out of date and inconsistent with existing procedures.
Income Generation				N/A	N/A	<p>The review considered income generation opportunities for the Council and presented 2 reports:</p> <ul style="list-style-type: none"> Large opportunities analysis report - this evaluated the commercial potential, financial viability, investment requirement and strategic fit of income generation opportunities above the agreed threshold (gross income of £20,000) Small opportunities analysis report - this provided a lighter touch review of smaller opportunities (below the agreed threshold) using high level benchmarking.
Planning	0	6	0	Moderate	Moderate	<p>We noted there was engagement from the Leadership Team, officers and Members in the service review and improvement process, and that many actions had been implemented to improve efficiency and customer service. However we also noted:</p> <ul style="list-style-type: none"> Planning Service improvements should now be outcome based, SMART, linked to corporate priorities and subject to monitoring and reporting via corporate performance management protocols Options for benchmarking should be reviewed following adoption of the LDP Systems supporting Planning administration and management are under utilised and project plans for system development are not up to date Statistical and qualitative analysis of improvement areas would demonstrate effectiveness improvements.

SUMMARY OF 2016-17 WORK

Reports Issued	Recommendations and significance			Overall Report Conclusions (see Appendix I)		Summary of Key Findings / Recommendations
	H	M	L	Design	Operational Effectiveness	
Strategic Ownership of Flooding Responsibilities	0	6	0	Moderate	Moderate	<p>We noted good practice in the collaborative working between the Environmental Health and Planning teams, that the Maldon District has benefited from flood alleviation works as a direct result of the Council's proactive engagement with Essex County Council and other bodies, and that appropriate organisations are consulted on flood related risks arising from Planning applications and the Planning Committees considers flood risks when determining planning applications.</p> <p>However we also noted:</p> <ul style="list-style-type: none"> Flood risks and respective roles and responsibilities are not consistently well understood outside the officers and Members directly involved in flood related matters Flood related matters are considered across several committees and the Committee and officer structure are not aligned MDC has sought, but not received, progress updates from responsible bodies on implementation of actions arising from flood investigations Formal mechanisms are not in place to ensure ongoing maintenance for all Sustainable Urban Drainage Systems (SUDS) and the Community Infrastructure Levy has not yet been adopted by the Council Planning Inspector decisions have impacted on flood risks within the District but this has not been formally assessed An action plan should be prepared which identifies flood risks, incidents and actions, responsibility and progress.
Housing Benefit	0	0	0	Substantial	Substantial	<p>We noted good practice in the areas of Council engagement with the DWP for the migration to Universal Credit and the staff checks on claims to the DWP to ensure no duplication, an approved policy determining the circumstances in which Discretionary Housing Payments (DHP) will be made, recording of DHP outcomes and monitoring against budgets, and the adoption of a consistent Local Council tax Support scheme.</p> <p>No areas of concern were identified.</p>
Council Tax and NDR	0	2	0	Substantial	Moderate	<p>We noted good practice in monitoring of Business Rates pooling arrangements which is generating a positive return, regular updates of rateable values in preparation for the full revaluation due in 2017, monitoring of user access to the system and testing and implementation of new system releases and patches to comply with Government requirements.</p> <p>Our findings related to the following:</p> <ul style="list-style-type: none"> Not all in-year reconciliations are undertaken on a regular basis or reviewed Financial Services Delegation arrangements were not up to date.

SUMMARY OF 2016-17 WORK

Reports Issued	Recommendations and significance			Overall Report Conclusions (see Appendix I)		Summary of Key Findings / Recommendations
	H	M	L	Design	Operational Effectiveness	
Data Protection	0	3	0	Moderate	Moderate	<p>We noted good practice in the requirement for all members of staff that interact with user data to complete a Data Protection training module, the Council maintains a Data Retention Schedule for ensuring that data is not retained for longer than necessary, and the Council's website includes Privacy and Fair Processing statements, providing individuals with an explanation of what their data will be used for.</p> <p>We identified the following areas of improvement:</p> <ul style="list-style-type: none"> The Council's policies related to Data Protection did not include sufficient information to support compliance with the Act The Council does not have a defined strategy in place for responding to the increased requirements of GDPR There is not a documented procedure in place for responding to Subject Access Requests.
Channel Shift & Customer Strategy	0	7	0	Moderate	Moderate	<p>Areas of good practice identified included the contribution of the Council's Customer Strategy and ICT Strategy to channel shift, and that the Council was achieving channel shift in some key areas, supported by systems and the introduction of the creation of a community hub. However we also noted:</p> <ul style="list-style-type: none"> Opportunity for identifying measureable targets and outcomes and reporting progress against those targets and outcomes A need to identify a methodology for measuring channel usage, to determine targets for online end to end transactions and satisfaction at first point of contact, to undertake customer journey mapping and review of outcomes of Business Process Reviews A need for recognition of the dependency on the workforce to adapt and apply change management protocols A need to identify stakeholders critical to the delivery of channel shift to support management in implementing channel shift and to articulate the data sharing vision and prepare an action plan reflecting that vision To determine channel shift priorities to enable an action plan to be prepared, resources allocated and progress measured A need to identify a realistic baseline of actual current costs, so that potential savings can be properly assessed Targeting channel shift activity at areas of service provision resulting in the greatest volume of customer contact for which the contact is more transactional and less complex.

SUMMARY OF 2016-17 WORK

APPENDIX 1

Reports Issued	Recommendations and significance			Overall Report Conclusions (see Appendix I)		Summary of Key Findings / Recommendations
	H	M	L	Design	Operational Effectiveness	
Information Governance	1	4	0	Limited	Limited	<p>We noted good practice in the areas of the Council identifying the appropriate self-assessment questionnaire (SAQ) for each of its payment channels and members of staff have been instructed to not retain cardholder information when processing payments. We identified the following areas for improvement:</p> <ul style="list-style-type: none"> The Council has not completed or submitted an SAQ for each of its payment channels Responsibility for managing the Council's Payment Card Industry Data Security Standards (PCI-DSS) has not been assigned to an appropriately senior officer The responsibilities of third parties involved in the card payment process have not been defined External security scans of the Council's IT network are not performed on a quarterly basis The Council does not have a standard process in place for taking card payments.
Payments and Creditors	0	4	1	Moderate	Moderate	<p>We noted the Council has recently updated its Constitution and the Financial Regulations are reviewed and updated annually. The Finance team perform checks including on accounts payable and coding of payments and monthly budget monitoring reports are issued to all budget holders. We identified opportunities for improvement in the following areas:</p> <ul style="list-style-type: none"> Procedure notes should be updated Records of commitments were not consistently maintained Services place orders without using the WAP system and some WAP orders were retrospective (the Council were taking steps to implement a No PO No Pay policy) Management information on expenditure was limited.
Income and Debtors	0	6	4	Moderate	Moderate	<p>We noted good practice in the areas of governance arrangements for income and debtors being defined and the existence of segregation of duties between the raising of invoices, the receipt of income and completion of reconciliations. We identified the following areas for improvement:</p> <ul style="list-style-type: none"> Housing Services records of Rent in Advance and Bonds were incomplete and not reconciled and invoices had not been raised for all income Procedure notes for services should be updated, amended or developed User access was permanently enabled for system suppliers Debt recovery processes and procedures were inconsistent, management information on aged debts was limited and procedures adopted did not provide assurance that debts were proactively pursued Resilience within the Planning administration team was limited, with no procedure notes or alternative officer available to produce invoices We noted the Cemeteries officer intended to provide additional management information and enable reconciliation of income The recharges process was not fully understood by all departments.

SUMMARY OF 2016-17 WORK

APPENDIX 1

Reports Issued	Recommendations and significance			Overall Report Conclusions (see Appendix I)		Summary of Key Findings / Recommendations
	H	M	L	Design	Operational Effectiveness	
Financial Systems	0	3	0	Substantial	Moderate	<p>We noted good practice in Financial Regulations which defined key responsibilities for maintenance and oversight of financial data, fixed assets were subject to inspection, the Payroll was accurately amended in response to notification of change and pay slips contained mandatory information.</p> <p>We identified opportunities for improvement in the following areas:</p> <ul style="list-style-type: none"> No procedure notes for the reconciliation process, records of reconciliations did not document reasons for any differences or the officer completing the reconciliation and there was no evidence of periodic review of reconciliations No policies clarifying the approach to acquisition, transfer and maintenance of fixed assets and the efficiency or effectiveness and use of assets was not subject to formal review No confirmation was available of the results of checks made on Payroll data by HR.
Investments and Investment Income, Cash and Bank	0	3	0	Moderate	Moderate	<p>We noted good practice in the review and achievement of Treasury Management Performance Indicators for Liquidity and Security, Treasury Management policies, procedures and protocols were in line with the CIPFA Code of Conduct and Treasury Management advisors were consulted and their advice taken into consideration.</p> <p>We identified opportunities for improvement in the following areas:</p> <ul style="list-style-type: none"> Reconciliations were not being reviewed and verified on a regular basis The Practices had not been updated to reflect changes in responsible officer for reporting suspicions of fraud to Formal protocols were not in place with regards to the roll over of investments
Inventory and Stock Management	0	3	2	Moderate	Moderate	<p>We noted good practice in the areas of perishable stock (which was regularly reviewed to ensure items sold were not out of date), awareness of the need to assess and ensure profitability was recognised with KPI's included in the 2017/18 Business Plan and secure holding of stock.</p> <p>We identified opportunities for improvement in the following areas:</p> <ul style="list-style-type: none"> There is currently no stock management system in place, although one is planned for 2017/18 Not all inventory items held within the Tourist Information Centres were recorded on the IT Asset List The minimum required value for inventory to be held on an asset list (£1000) appears high compared to other Councils.
Workforce Management				TBA	TBA	The report to reflect the findings of this audit is being drafted at the time of producing this report.

SUMMARY OF 2016-17 WORK (FOLLOW UP)

We follow up progress on the implementation of recommendations raised by Internal Audit, requesting a commentary from officers, and for high and medium priority recommendations we verify the progress to source evidence.

The following summarises the results of our review of the status of recommendations made in our 2015/16 Audits:

We reviewed progress of implementation of recommendations made in the following audits undertaken by us in 2015/16:

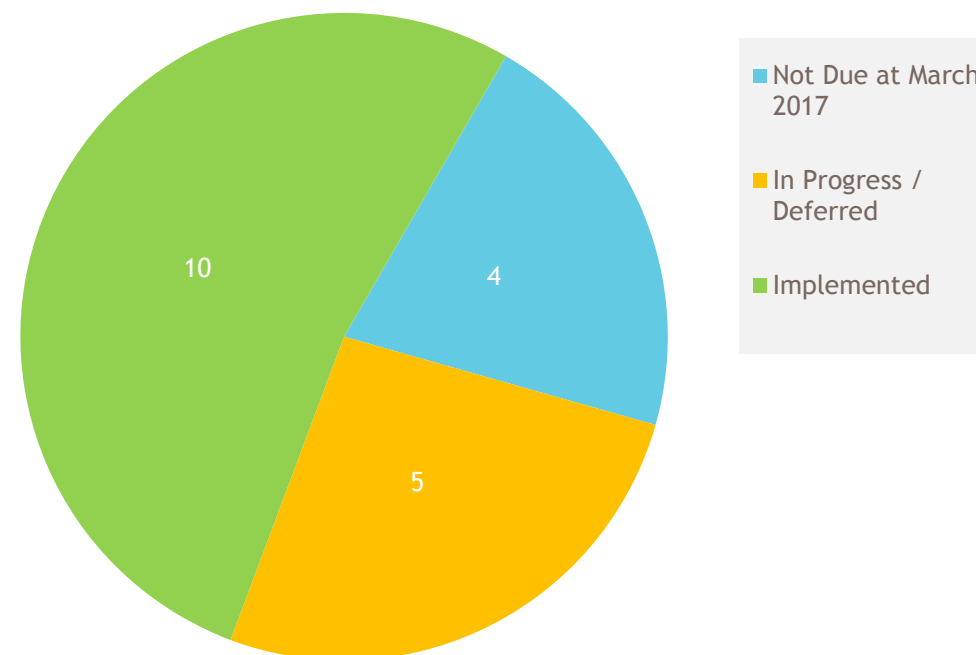
- Main Financial Systems
- Governance and Corporate Change
- Risk management (High level)
- Business Continuity and Disaster Recovery
- Recruitment

EXECUTIVE SUMMARY - follow up 2015/16 Recommendations

The following summarises the status as at March 2017 of the 5 high priority and 14 medium priority recommendations made in the above audits:

- 3 high priority and 7 medium priority recommendations have been implemented
- 2 high and 3 medium priority recommendations were in progress, dates of implementation have been deferred
- 4 medium priority recommendations were not scheduled to be implemented at the time of our review

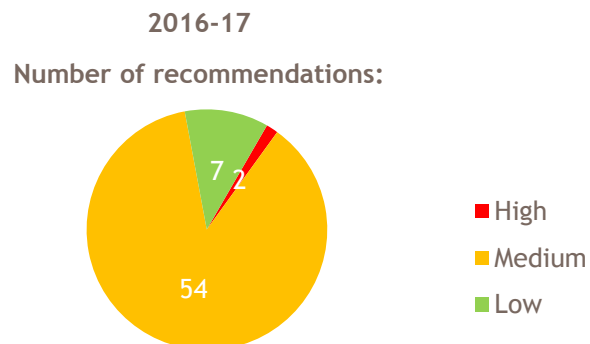
Recommendations which remained outstanding at the close of 2016/17 will be subject to further review in 2017/18



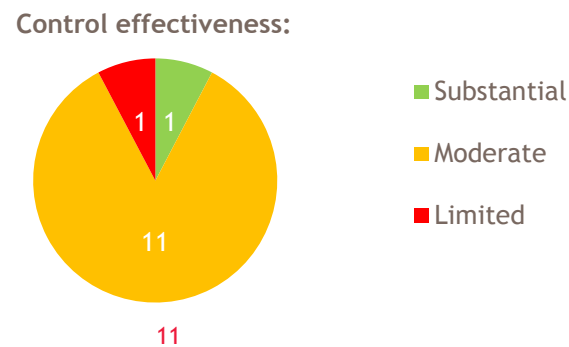
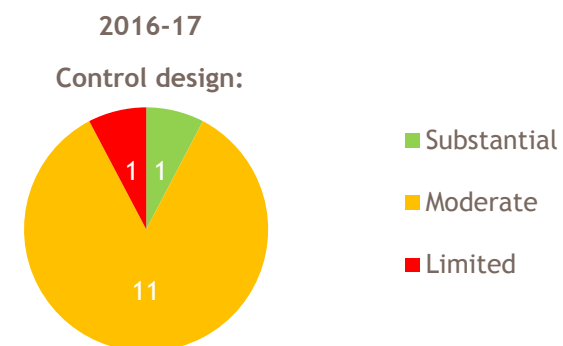
EXECUTIVE SUMMARY

Recommendations and assurance dashboard

The number of recommendations raised in 2016-17 for the period 1 April 2016 to 31 March 2017 are shown below



We also provide an overall opinion on both the design and operational effectiveness of the controls operating over the areas we review when we are providing assurance:



BACKGROUND TO ANNUAL OPINION

Our role as internal auditors to Maldon District Council is to provide an opinion to the Council, through the Audit Committee (AC), on the adequacy and effectiveness of the internal control system to ensure the achievement of the organisation's objectives in the areas reviewed. Our approach, as set out in the firm's Internal Audit Manual, is to help the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Our internal audit work for the 12 month period from 1 April 2016 to 31 March 2017 was carried out in accordance with the internal audit plan approved by management and the Audit Committee, adjusted during the year for any emerging risk issues or changes to priorities. There were no restrictions placed upon the scope of our audit and our work complied with Public Sector Internal Audit Standards.

The annual report from internal audit provides an overall opinion on the adequacy and effectiveness of the organisation's risk management, control and governance processes, within the scope of work undertaken by our firm as outsourced providers of the internal audit service. It also summarises the activities of internal audit for the period.

BACKGROUND TO ANNUAL OPINION

Scope and approach

Audit Approach

We have reviewed the control policies and procedures employed by Maldon District Council to manage risks in business areas identified by management set out in the 2016-17 Internal Audit Annual Plan approved by the Audit Committee. This report is made solely in relation to those business areas and risks reviewed in the year and does not relate to any of the other operations of the organisation. Our approach complies with best professional practice, in particular, Public Sector Internal Audit Standards, the Chartered Institute of Internal Auditors' Position Statement on Risk Based Internal Auditing.

We discharge our role, as detailed within the audit planning documents agreed with Maldon District Council management for each review, by:

- Considering the risks that have been identified by management as being associated with the processes under review
- Reviewing the written policies and procedures and holding discussions with management to identify process controls
- Evaluating the risk management activities and controls established by management to address the risks it is seeking to manage
- Performing walkthrough tests to determine whether the expected risk management activities and controls are in place
- Performing compliance tests (where appropriate) to determine that the risk management activities and controls have operated as expected during the period.

The opinion provided on page 3 of this report is based on historical information and the projection of any information or conclusions contained in our opinion to any future periods is subject to the risk that changes may alter its validity.

Coverage

During 2016-17 BDO LLP has reviewed and evaluated Maldon District Council processes in the following areas:

- Cyber Crime
- Planning
- Strategic Ownership of Flooding Responsibilities
- Housing Benefit
- Council Tax and NDR
- Data Protection
- Channel Shift and Customer Strategy
- Information Governance
- Payments and Creditors
- Income and Debtors
- Financial Systems
- Investments and Investment Income, Cash and Bank
- Stock and Inventory Management

BACKGROUND TO ANNUAL OPINION

Reporting mechanisms and practices

Our initial draft reports are sent to the key officer responsible for the area under review in order to gather management responses. In every instance there is an opportunity to discuss the draft report in detail. Therefore, any issues or concerns about our proposed reporting can be discussed with management before finalisation of the reports.

Our method of operating with the Audit Committee is to agree reports with management and then present and discuss the matters arising at the Audit Committee meetings.

Management action on our recommendations

Management have generally been conscientious in reviewing and commenting on our reports. For the reports which have been finalised, management have responded positively. The responses indicate that appropriate steps to implement our recommendations are expected.

On occasion management do not accept our recommendations due to differences in opinion on how things should operate at the Council, or that management accepts the risk that our recommendation is intended to mitigate and do not consider it cost effective to implement the recommendation. There were only two proposed recommendations that management did not accept during 2016/17:

- Amending flooding responsibilities within the Committee structure, which we considered to be dispersed across too many committees making things unnecessarily complex, whereas management considered the responsibilities to be in the right places due to the specific responsibilities of the Committees
- Removing supplier access to systems that is permanently enabled and only enabling this as and when required by the suppliers, to prevent any inappropriate activity, whereas management considered this to be adequately controlled as the supplier would first need to gain access to the network before they would be able to access the specific system.

We do not consider either of these issues to be of such significance that they would impact on our audit opinion.

Recommendation follow-up

The majority of recommendations made in our 2015/16 Audits had either been implemented or were in the process of being implemented, although implementation dates for some recommendations had been deferred. We will review recommendations which remained outstanding as at March 2017 again during 2017/18.

Relationship with external audit

All our final reports are available to the external auditors through the Audit Committee papers and are available on request. Our files are also available to external audit should they wish to review working papers to place reliance on the work of internal audit.

BACKGROUND TO ANNUAL OPINION

Report by BDO LLP to Maldon District Council






As the internal auditors of Maldon District Council we are required to provide the Audit Committee and the Section 151 Officer with an opinion on the adequacy and effectiveness of risk management, governance and internal control processes, as well as arrangements to promote value for money.

In giving our opinion it should be noted that assurance can never be absolute. The internal audit service provides Maldon District Council with moderate assurance that there are no major weaknesses in the internal control system for the areas reviewed in 2016/17. Therefore, the statement of assurance is not a guarantee that all aspects of the internal control system are adequate and effective. The statement of assurance confirms that, based on the evidence of the audits conducted, there are no signs of material weaknesses in the framework of control.





In assessing the level of assurance to be given, we have taken into account:

- All internal audits undertaken by BDO LLP during 2016/17
- Any follow-up action taken in respect of audits from previous periods for these audit areas
- Whether any significant recommendations have not been accepted by management and the consequent risks
- The effects of any significant changes in the organisation's objectives or systems
- Matters arising from previous internal audit reports to Maldon District Council
- Any limitations which may have been placed on the scope of internal audit (no restrictions were placed on our work).

CONTRACTUAL KEY PERFORMANCE INDICATORS

<i>Quality Assurance</i>	<i>Detail on KPI's</i>	<i>RAG Rating 2016-17</i>
<ul style="list-style-type: none"> High quality documents produced by the auditor that are clear and concise and contain all the information requested. 	All documents produced by the auditor are clear and concise, containing all the information required.	
<ul style="list-style-type: none"> Frequent communication to the customer of the latest mandatory audit standards and professional standards prescribed by the main accountancy bodies. 	Standards updates are provided within the Audit Committee progress report when required.	
<i>Reporting Arrangements</i>		
<ul style="list-style-type: none"> The auditor attends the necessary, meetings as agreed between the parties at the start of the contract 	All meetings attended including Audit Committee meetings, pre-meetings, individual audit meetings and contract reviews have been attended by either the partner or audit manager.	
<ul style="list-style-type: none"> Information is presented in the format requested by the customer. 	No issues to note.	
<ul style="list-style-type: none"> External audit can rely on the work undertaken by internal audit (where planned) 	No issues have been raised concerning the work of internal audit.	

CONTRACTUAL KEY PERFORMANCE INDICATORS

<i>Delivery</i>	<i>Detail on KPI's</i>	<i>RAG Rating 2016-17</i>
<ul style="list-style-type: none"> Draft report to be produced 3 weeks after the end of the fieldwork 	The majority of draft reports have been produced within three weeks of the completion of fieldwork.	
<ul style="list-style-type: none"> Management to respond to internal audit reports within 3 weeks 	The majority of management responses have been received later than three weeks following the issue of the draft report, but within seven weeks.	
<ul style="list-style-type: none"> Final report to be produced 1 week after management responses 	The majority of final reports issued to date have been issued within one week after receipt of management response.	
<ul style="list-style-type: none"> Positive result from any external review 	Following an External Quality Assessment by the Institute of Internal Auditors in April 2015, BDO were found to 'generally conform' (the highest rating) to the International Professional Practice Framework and Public Sector Internal Audit Standards.	

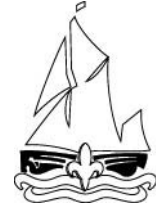
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REPORT of DIRECTOR OF RESOURCES

to
AUDIT COMMITTEE
22 JUNE 2017

REVIEW OF DATA QUALITY POLICY

1. PURPOSE OF REPORT

- 1.1 The Council's Data Quality Policy sets out the Council's expectations for data quality across the organisation and outlines how Maldon District Council (MDC) is committed to ensuring data quality exists throughout the Council.
- 1.2 This policy is reviewed every two years to ensure that it is up to date and fit for purpose and the 2017 review has been completed.
- 1.3 This Committee is responsible for providing assurance on the adequacy of the Council's internal controls, corporate governance and risk management processes and data quality is a significant factor in the effectiveness of these processes.
- 1.4 The purpose of this report, therefore, is to seek the approval of the Committee to the revised policy which is attached as **APPENDIX 1** to this report.

2. RECOMMENDATIONS

- (i) That the Data Quality Policy attached to this report as **APPENDIX 1** is agreed.

To the Council:

- (ii) That the Data Quality Policy (**APPENDIX 1**) is adopted.

3. SUMMARY OF KEY ISSUES

- 3.1 The policy is, in the main, similar to that approved previously. Amendments made include re-ordering sections to make the flow more logical for the reader and clarifying / simplifying sections (e.g. including the table within section 4 on why data quality is important).
- 3.2 While the policy is subject to review every two years, it will be reviewed again in 2018 to ascertain any impact on the policy of the General Data Protection Regulation which comes into effect in May 2018.

- 3.3 The Committee is requested to agree the proposed Data Quality Policy and recommend it to the Council for adoption.

4. IMPACT ON CORPORATE GOALS

- 4.1 MDC is accountable for the public money it spends. It must manage competing claims on resources to achieve the corporate goals and objectives stated in the Corporate Plan and the needs of the communities it serves. The financial and performance information used to account for its activities, both internally and externally, to local residents, partners, government departments and regulators, must be appropriate for these purposes by providing the level of accuracy, reliability and consistency required.

5. IMPLICATIONS

- (i) **Impact on Customers** - The amendment and approval of the Data Quality Policy has no direct impact on customers itself, but should the requirements of the policy not be adhered to and the principles not followed, then obviously decisions could be taken on the basis of incorrect data which could have an impact on customers.
- (ii) **Impact on Equalities** – None.
- (iii) **Impact on Risk** - All Council systems and processes that produce information are included within the scope of the Data Quality Policy, in order to ensure that accurate and dependable information is available for all Council functions. Good quality data is the essential ingredient for reliable performance and financial information to support decision making. The data used to report on performance, validate controls, publicise information etc. must be fit for purpose and represent Maldon District Council's activity in an accurate and timely manner.

Should data that is not fit for purpose be maintained or used, then there is a risk that this will affect decision making, inaccurate information could be shared with partners or the public which could lead to reputational damage.
- (iv) **Impact on Resources (financial)** - No direct impact, but should the requirements of the policy not be adhered to and the principles not followed, then obviously decisions could be taken on the basis of incorrect data.
- (v) **Impact on Resources (human)** – There are no direct costs associated with the amendment or approval of the revised policy. However, to maintain accurate data, some resources may be required to undertake training or to improve systems and/or processes to ensure that these are fit for purpose.
- (vi) **Impact on the Environment** – None.

Background papers: None.

Enquiries to: Julia Bawden, Performance and Risk Officer, (Tel: 01621 876223).

MALDON DISTRICT COUNCIL

DATA QUALITY POLICY

2017 - 2019

“Getting it right first time”

**Produced By: People, Performance and Policy
Maldon District Council
June 2017**

To be reviewed: June 2019

If you have any comments on the Data Quality Strategy, please contact
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Document Control Sheet

Document title	Data Quality Policy
Summary of purpose	This document sets out the Council's expectations and framework for maintaining high levels of data quality across all of the Council's activities and processes
Prepared by	Performance and Risk Officer
Status	Draft
Version number	01
Approved by	Audit Committee, Council
Approval date	(Audit Committee) 22 June 2017, Council (13 July 2017)
Date of implementation	XXX
Review frequency	Every two years
Next review date	June 2019
Circulation	Internal
Published on the Council's website	Intranet only

Validity Statement

This document is due for review by the date shown above, after which it may become invalid. Users of the strategy or policy should ensure that they are consulting the currently valid version of the document.

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Maldon District Council's Data Quality Policy

1. Maldon District Council's Objective:

To ensure the collection and use of high quality data which is available at the right time, at the right costs and can be relied upon for informed decision making and all aspects of financial and performance management and service delivery.

2. Scope

2.1 The policy relates to all information which can be held as electronic data or physical records.

2.2 It covers the:

- Collection
- Use
- Sharing
- Storage
- Presentation

of information by Maldon District Council.

2.3 The policy applies to all staff, councillors and contractors accessing Maldon District Council information systems.

2.4 The policy does not cover the following, which are addressed through other policy or frameworks:

- Information security
- Information/data sharing
- Records management.

3. The following definitions are used for the purpose of this policy:

Data	Unstructured pure and simple facts – numbers, words or images that have yet to be organised or analysed
Information	Structured data with additional meaning, put in context and with significance
Knowledge	Ability to use information strategically to achieve one's objective
Wisdom	Capacity to choose objectives consistent with one's value within a larger social context

4. What is data quality and why is it important?

- 4.1** The availability of complete, accurate, relevant, accessible and timely data is important in supporting decision-making, planning, resource allocation, accountability, and the delivery of service outcomes and priorities; for example:

Strategic planning	High quality data and information is used to plan the Council's vision and goals and informs the decisions that underpin everything the organisation does.
Financial planning	Financial data must be reliable to enable the Council to set budgets and forecasts to support service planning.
Service planning	Accurate data about the volume and type of services delivered and activities undertaken is essential to ensure appropriate allocation of resources and future service delivery.
Performance management	Accurate data enables the identification and resolution of any shortfalls against standards and targets.
Service improvement	Accurate data enables the analysis of service provision against user needs and overall efficiency and effectiveness.
Customer Support	Accurate data enables the delivery of relevant and timely services and ensures that the customer and other parties involved can be kept informed where appropriate.
Efficient administration	Data needs to be provided to an appropriate standard and in such a way that the full range of stakeholders, partners and agencies can access the information they need easily and quickly.
Adherence to audit processes	Data needs to be available for timely, reliable and accurate reporting to support the Council's internal and external audit regimes.
Accountability, transparency and open data	Good quality data is essential in delivering the Council's transparency and open data agenda.

- 4.2** Data quality is particularly important in partnership working and integrated service delivery, an increasingly important aspect of the Council's work. We need to be clear that the quality of the data from the organisations who are working together is consistent in order to ensure an accurate and shared understanding of the task in hand.

- 4.3** The key risks associated with poor data quality include:
- decisions are based on inaccurate or out of date information;
 - customers are not given the service for which they are eligible;
 - at risk individuals are not identified;
 - opportunities for integration and partnership working cannot be taken;
 - poor performance is not identified and addressed;
 - published information is misleading;
 - inaccuracies in base data result in financial error and loss;
 - inaccuracies in externally reported data result in funding discrepancies;
 - good performance is not recognised and rewarded;
 - poor use of resources;
 - policies are ill-founded and impacts are not properly assessed; and
 - improvement opportunities are not identified and monitored.

- 4.4** Poor data quality can have a significant impact on the Council's political, legal, reputational, professional and financial position.

5. What is good quality data?

It is generally accepted that the six characteristics of good quality data are:

Accuracy	Data should be sufficiently accurate for its intended purposes and captured once only, as close to the point of activity as possible. Sometimes, accuracy must be weighed against timeliness, cost and effort of collection. Where compromises are made on accuracy, limitations must be clear to users.
Validity	Data should be recorded and used in compliance with relevant requirements, including the correct application of any rules or definitions. This will ensure consistency between periods and with similar organisations, measuring what is intended to be measured. Where estimated data is used to compensate for an absence of actual data, services must consider how well this data is able to satisfy the intended purpose.
Reliability	Data should be consistently calculated, recorded, analysed and reported over time in a way that provides a meaningful reflection of the situation. It is essential that definitions and guidance are followed each time performance data is produced to enable assessments to be made consistently over time.
Timeliness	Data should be available frequently and promptly enough (as near to 'real-time' as possible) for it to be valuable for managing service delivery and decision making, providing the opportunity to take corrective action where needed.
Relevance	Data should be defined/selected, collected, recorded and analysed with the intended use and audience in mind so that it is fit for purpose and adds value to the decision making process.
Completeness	Data should be complete and comprehensive to ensure it provides a full picture of the current situation, e.g. for performance data enabling assessment of how we are doing against our targets and/or others. Where it is incomplete and/or could be misleading this should be stated to enable appropriate judgements about its use to be made.

In seeking to achieve good quality data, it is recognised that a balance may be required between some of the elements. It is also important that the resources used to achieve these characteristics should be proportionate to the perceived value it provides to the organisation and therefore consideration must be given to its purpose/use.

6. Checklist for applying the principles of good data quality in practice:

Timeframe	<ul style="list-style-type: none"> Is the timeframe covered by the data clear? Has there been a change in policy since the data was collected or are the circumstances the same? When comparing datasets – are they for the same year?
Scope	<ul style="list-style-type: none"> Is the scope of the dataset known and stated? For example, when looking at demand for a service in Essex, is data only taken from Essex sources?
Collection methodology	<ul style="list-style-type: none"> Is it clear how the data was obtained? In a survey, for example, were respondents able to tick more than one box, or just one? When comparing datasets, were the two methodologies the same (e.g. self-reported issues vs collected by an agent?)
Source	<ul style="list-style-type: none"> Is the source of the data known and clearly stated? Is it a reliable and ethical source, with no bias? When comparing datasets, is the source the same?
Metadata	<ul style="list-style-type: none"> Are metadata available and clearly communicated? Do they give access to the raw data so that further analysis can be done?
Limitations	<ul style="list-style-type: none"> Are the limitations of the data clearly presented when used in a report?
Validation	<ul style="list-style-type: none"> Has data been validated through cross-checks with, for example previous/historical data, other staff members or other sources where available?

7. Roles and responsibilities

- 7.1** Overall responsibility for maintaining accurate and complete data and information lies with the Senior Information Risk Owner (the Director of Resources).
- 7.2** In general, data quality is the shared responsibility of all:
- Information providers are the source of the data and so are the starting point for creating good data
 - Information recipients have responsibility to maintain accurate data within their systems and ensure its integrity in their processes
- 7.3** Whilst all staff have a collective responsibility for quality, there are also some specific responsibilities that individuals and teams should be aware of. See table below:

Role	Areas of responsibility
Corporate Leadership Team	<ul style="list-style-type: none"> Overall responsibility for ensuring that arrangements are in place to assure the quality of data (in particular that which is business critical) and that improvement action is taken where necessary
Directors	<ul style="list-style-type: none"> Responsibility for ensuring that accurate and complete records are maintained and that performance, performance reviews and disciplinary processes are in place to maintain and enhance data and information quality for their Directorate. To support corporate data quality and take forward appropriate actions assigned to them.

Role	Areas of responsibility
Managers and Team Leaders	<ul style="list-style-type: none"> Responsible for ensuring the implementation of corporate procedures with regard to data quality. Ensuring that appropriate systems and processes are in place to deliver high quality data, and contingency arrangements and appropriate controls are in place to give assurance about quality Ensuring staff have the necessary skills required to deliver high quality data and that their responsibility for data quality is reflected in job descriptions and monitored and supported through the performance management process. Reviewing data quality and agreeing action required
Performance and Risk Officer	<ul style="list-style-type: none"> Maintaining an overview of performance information to satisfy internal and external corporate reporting requirements, ensuring systems and processes are in place to collect and report this corporately Keeping knowledge of relevant performance measures, requirements and issues up to date and cascading appropriate information to any other staff involved in producing this information Sharing learning relating to data quality from inside and outside of the organisation, applying good practice and collectively tackling data quality issues Maintaining an overview of data quality issues for performance data, using wider intelligence to adopt a risk based approach to internal quality assurance, facilitating internal and external audits Producing and refreshing the Data Quality Policy (every two years) in line with good practice guidance and feedback from inside and outside of the organisation Monitoring/assessing the levels of data quality and reporting any issues identified to Corporate Leadership Team Monitoring progress against any data quality/compliance issues identified, offering challenge and 'critical friend' support, and including issues and progress updates in corporate reports and audit responses where appropriate
All Staff	<ul style="list-style-type: none"> Awareness of their individual responsibilities relating to data quality and how their day to day work can impact upon the quality of data and add value for the organisation. It is the responsibility of all Officers that input, store, retrieve or otherwise manage data to ensure that it is of the highest quality and is administered in accordance with approved systems. Every officer in the Council will be responsible for complying with this Data Quality Policy.
Members	<ul style="list-style-type: none"> The Audit Committee is responsible for providing assurance to the Council on the adequacy of internal controls, corporate governance and risk management processes. Data quality is a significant factor in the effectiveness of these processes. Any concerns re data quality issues are included in the quarterly performance reports submitted to the Overview and Scrutiny Committee. All Members will be responsible for adhering to this Data Quality Policy.

8. Systems and processes

- 8.1** Arrangements for collecting, recording, analysing and reporting data (including frequency and quality standards required) should be considered as part of the business planning process, for example when new local indicators or standards are agreed

Responsible officers should ensure that systems and processes are in place to provide data in line with the characteristics of good quality data (see page 5).

- 8.2** Systems and processes should be designed, and staff trained, in line with good practice guidance. These systems and processes should be set up in a way that maximises our ability to achieve high quality data first time, avoiding the need to divert resources and cause delays due to excessive checks, controls and 're-works'.

The level of checks and controls should be proportionate to the value of the data and risk of poor quality. These should be appropriate to the systems and processes being used.

- 8.3** The interface between systems and processes should be streamlined as far as possible. Ineffective/inefficient overlaps in data storage and reporting systems should be avoided where possible to minimise duplication of effort and reduce opportunities for errors and inconsistencies.

- 8.4** Accountability for data quality must be clearly defined. For example, in the case of performance data, each indicator will have a designated collector with overall responsibility for collating the information and entering it into the Council's performance management system. The designated owner will have overall accountability for performance and responsibility for the quality of the data.

- 8.5** Procedure notes/manuals must be in place for the production of all information to ensure that the necessary data can still be extracted/provided when required even in the absence of the designated collector. These procedure notes should be reviewed regularly and updated as appropriate.

- 8.6** Contingency arrangements should be established to ensure data can still be delivered when circumstances change. This should include, as a minimum, producing back-ups of data, creation/retention of audit trails and ensuring that there is a deputy in place who would also have some knowledge of the relevant data and processes and/or systems used to produce it.

- 8.7** Where data is provided by a third party or shared externally, quality standards and frequency of exchange should be agreed and documented. (See Partnerships on page 9).

- 8.8** Data collection systems and processes should be regularly tested to ensure they remain fit for purpose. Any data quality issues will be reported to the Corporate Leadership Team and the Overview and Scrutiny Committee to

enable necessary actions to be taken.

9 Contracts

- 9.1** Maldon District Council recognises that data quality is an important part of any contract that is outsourced to a third party to manage. This is of particular importance for public-facing service contracts where information is requested by the Council, from which to judge a contractor's performance.
- 9.2** All appropriate contracts where data collection and data quality are instrumental to the delivery of the service have a standard clause inserted into the contract which defines data quality and how it should be embedded into the contractors' processes. This clause lays out our requirements for the contractor to provide timely and accurate information and that responsibilities for data quality and checking information are clearly set out.
- 9.3** Responsibility for the verification of data lies within the service managing the contract.

10. Partnerships

- 10.1** Maldon DC is increasingly undertaking more partnership working which involves the need to share data or rely on data from other providers. To be confident of the quality of the data, MDC is a partner of the Whole Essex Information Sharing Framework ([Whole Essex Information Sharing Framework](#)) which is an agreement in principle for partners in any County wide group to share information. The framework is supported by specific sharing protocols.
- 10.2** There is a need to ensure sufficient data quality and information sharing protocols are in place when data is to be shared between, or provided by, partners. Any service establishing a new partnership or a new information sharing arrangement should follow the guidance contained within "Managing Partnerships Effectively" (available on the Intranet) and meet the Council's requirements in this respect.

11. Monitoring and Review

- 11.1** Performance and risk updates are reported to the Corporate Leadership Team, Overview and Scrutiny Committee and the Audit Committee on a quarterly basis. Any data quality issues identified during this process are highlighted in the reports and any necessary action required agreed with the Director.
- 11.2** Data quality is monitored as part of the annual governance process. A review is undertaken of the Council's internal controls, risk management and governance arrangements and an Annual Governance Statement is produced in liaison with the Corporate Leadership Team.

Further information on the Council's commitment to data quality is available and accessible by all on the Intranet.

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