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DIRECTOR OF STRATEGY,
PERFORMANCE AND
GOVERNANCE'S OFFICE
DIRECTOR OF STRATEGY, PERFORMANCE
AND GOVERNANCE
Paul Dodson

17 March 2021

Dear Councillor

You are summoned to attend the meeting of the;

PERFORMANCE, GOVERNANCE AND AUDIT COMMITTEE

on **THURSDAY 25 MARCH 2021** at **2.00 pm**.

Please note that this will be a **remote meeting** – Members to access the meeting via Microsoft Teams. Members of the press and public may listen to the live stream via the [Council's YouTube channel](#).

A copy of the agenda is attached.

Yours faithfully



Director of Strategy, Performance and Governance

COMMITTEE MEMBERSHIP

CHAIRMAN

Councillor Mrs J C Stilts

VICE-CHAIRMAN

Councillor K W Jarvis

COUNCILLORS

Mrs P A Channer, CC
M S Heard
M W Helm
A L Hull
J V Keyes
S P Nunn
N G F Shaughnessy
W Stamp

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AGENDA
PERFORMANCE, GOVERNANCE AND AUDIT COMMITTEE
THURSDAY 25 MARCH 2021

1. **Chairman's Notices**

2. **Minutes** (Pages 5 - 10)

To confirm the minutes of the meeting held on 25 February 2021, (copy enclosed).

3. **Apologies for Absence**

4. **Disclosure of Interest**

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

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

5. **Public Participation**

To receive the views of members of the public, of which prior notification in writing has been received (no later than noon on the Tuesday prior to the day of the meeting).

Should you wish to submit a question please complete the online form at:
www.maldon.gov.uk/publicparticipation

6. **External Audit Fees Update** (Verbal Report)

To receive a verbal update from the Director of Resources.

7. **Internal Audit Reports - Progress; Follow-up of Recommendations and Payroll Audit** (Pages 11 - 36)

To consider the report of the Director of Resources, (copy enclosed).

8. **Annual Audit Summary Letter on the 2019/2020 External Audit** (Pages 37 - 50)

To consider the report of the Director of Resources, (copy enclosed).

9. **Staff Survey Headline Results** (Pages 51 - 56)

To consider the report of the Director of Strategy, Performance and Governance, (copy enclosed).

10. **Any other items of business that the Chairman of the Committee decides are urgent**

NOTICES

Recording of Meeting

Please note that the Council will be recording and publishing on the Council's website any part of this meeting held in open session. At the start of the meeting an announcement will be made about the recording.



**MINUTES of
PERFORMANCE, GOVERNANCE AND AUDIT COMMITTEE
25 FEBRUARY 2021**

PRESENT

Chairman	Councillor Mrs J C Stilts
Vice-Chairman	Councillor K W Jarvis
Councillors	Mrs P A Channer, CC, M S Heard, A L Hull, S P Nunn, N G F Shaughnessy and W Stamp
In Attendance	Councillor C Morris

288. CHAIRMAN'S NOTICES

The Chairman welcomed everyone to the remote meeting, held under new regulations which came into effect on 4 April 2020 in response to the COVID-19 pandemic. She took Members through the etiquette for the meeting and then asked Officers and Councillors in attendance to introduce themselves.

This was followed by a roll call of Committee Members present.

289. APOLOGIES FOR ABSENCE

An apology for absence was received from Councillor M W Helm.

290. MINUTES

RESOLVED by assent that the Minutes of the meeting of the Committee held on 14 January 2021 be approved and confirmed.

291. DISCLOSURE OF INTEREST

Councillor Mrs P A Channer, CC, declared a non-pecuniary interest as a Member of Essex County Council in relation to any items on the agenda pertaining to that organisation.

292. PUBLIC PARTICIPATION

No public participation requests had been received. However, the Chairman advised that she had received a request from Councillor Morris to ask a question under an item on today's agenda and that this would be dealt with at the appropriate time.

293. INTERNAL AUDIT DRAFT ANNUAL PLAN - 2021/22

The Committee considered the report of the Director of Resources and appendix 1 that contained the Draft Annual Plan - 2021/22 issued by BDO LLP, the Council's Internal Auditors. The Chairman introduced the report and deferred to the Internal Audit Partner to present the detail.

He took the Committee through the report that was focussed around the Council's key risks and had been discussed and agreed with Officers. He then drew Members' attention to the COVID Recovery Plan that covered commercialisation, partnership and workforce management. It was noted that this was a wide ranging plan and that any changes required would be presented to the next Performance, Governance and Audit Committee for approval.

In response to questions raised Officers responded as follows:-

- that whilst the lack of a 5 year housing land supply was a key risk to the Council it was a matter of timing to determine what was auditable and where it could add value. There were clear reasons why the housing land supply had slipped, however, new plans were now in place to address the situation as agreed at Council on 24 February 2021.
- that in the case of risks R15 to deliver a balanced Budget and R26 Channel Shift the scoring was taken directly from the Council's risk register. Both Officers and Members were at liberty to review those risks and ratings as appropriate.
- that Corporate Governance had just been through an audit therefore the review date was set for 2022/23. Should Members feel that this needed an earlier review date that could be brought forward.
- that the number 15 in the case of Workforce Management related to the number of days for auditing and that this was standard as it was a major issue for the Council with work taking place annually. There were a number of areas to audit e.g. workforce planning, recruitment/retention, sickness etc. The scope of each audit incorporated planning, fieldwork, reporting, officer time and senior management time. This was scoped annually with Officers.

There being no further queries the Chairman moved the recommendation in the report and this was seconded by Councillor Nunn. She then put the recommendation to the Committee and it was agreed by assent.

RESOLVED that the Committee considered and approved the Internal Audit Draft Annual Plan- 2021/22 at appendix 1.

294. REVIEW OF CORPORATE RISK - QUARTER 3

The Committee considered the report of the Director of Strategy, Performance and Governance that required the Committee to undertake a quarterly review of the Corporate Risk Register as assurance that the corporate risks were being managed effectively. The Risk Register was attached at appendix 1.

The Chairman introduced the report and deferred to the Programmes, Performance and Governance Manager to present the detail. The Manager took the Committee through the report that covered Quarter 3 risk (October-December 2020) together with a summary of risk direction and changes since Quarter 2. It was noted that R23 - Financial resource and process issues – had seen a decrease as all posts in Finance were now filled with permanent staff, therefore this was recommended for closure.

There were no risks that had seen an increase in score and the Corporate Leadership Team (CLT) continued to regularly monitor and review risks given the current pandemic. The Corporate Risk Register was also used to define the Internal Audit plan, although not all risks would justify a full audit. The Manager concluded by reminding Members that at an operational level there was the additional balance scorecard report that continued to monitor risks removed from the risk register. An example of this was Channel Shift which was removed as a result of Quarter 2 reporting but will continue to be monitored by the balance scorecard.

In response to an observation regarding R7 – Failure to maintain a 5 year supply of housing land - and the need to plan ahead of time to address risks the Director of Strategy Performance and Governance advised that this area was monitored throughout the year together with an annual formal response to government in Quarter 3. This year events were unprecedented hence the current situation with the land supply and the level of the risk.

In response to a query regarding progress on R3 – Failure to target services /influence partners effectively to support identified needs of an increasing aging population- the Director of Strategy, Performance and Governance reminded Members that a private and confidential paper had been considered and agreed at Council in December 2020 that outlined proposals and opportunities for purchasing land to support housing delivery and affordable housing. He said he was unable to go into further detail as the issues were commercially sensitive. However, all Members had sight of the paper in question.

There being no further queries the Chairman moved the recommendations in the report and these were seconded by Councillor Jarvis. She then put the recommendations to the Committee and they were agreed by assent.

RESOLVED

- (i) That Members reviewed the Corporate Risk Register in appendix 1 and provided comment and feedback for consideration;
- (ii) That Members were assured through this review that corporate risk was being managed effectively;
- (iii) That Members challenged risk where the Committee felt that the Council's corporate goals may not be achieved.

295. REVIEW OF CORPORATE PERFORMANCE - QUARTER 3

The Committee considered the report of the Director of Strategy, Performance and Governance that required the Committee to undertake a quarterly review of the Thematic Strategies performance, as assurance that performance was being managed effectively to achieve the corporate outcomes as set out in the Council's Corporate Plan

2019 - 2023, and for recommended changes and improvements to be reported to the Strategy and Resources Committee in February 2021. Appendix 1 to the report provided an overview of performance as at the end of Quarter 3 (Q3) (October - December 2020).

The Chairman introduced the report and deferred to the Programmes, Performance and Governance Manager to present the detail. The Manager took the Committee through the report and, as with previous quarters, she advised that there were measures which were not performing as expected, largely due to the impact of COVID on how the Council delivered services or where officer resources had been diverted. Members' attention was drawn to the summary table that highlighted the measures in each of the three strategic themes that were either on track or otherwise.

She reminded Members that the full set of data was available at appendix 1. This also contained details of indicators impacted by COVID like 'annual better care fund grants' that had not been spent as home visits could not take place, and in-person online assistance at the offices, which had not happened due to the office moving to appointment only. However, some of the new activity taking place, not originally in the Corporate plan, included:

- Increase in channel shift as a result of the closure of the offices, which replaced 'helping people to use online tools'
- Virtual Fitness campaigns (as opposed to events at the Leisure centre)
- Direct engagement with those in 'isolation' risk group for COVID – far surpassing the original target of the number of people expected to reach with the original isolation programme
- Volunteering activity used for open spaces had been redeployed to COVID response
- Conversation 80 businesses in the high street as part of COVID response.

In conclusion she said that the performance team would be feeding into the wider review taking place on Corporate Plan objectives to ensure appropriate performance reporting would be produced as part of the review. The intention was that the Quarter 1 report scheduled for the Performance Governance and Audit Committee on 23 September 2021 would track the revised Corporate Plan format.

In response to a query from Councillor Jarvis regarding the performance monitoring process and the need for a more predictive tool the Director of Strategy, Performance and Governance advised that performance reports by their nature were backwards looking, reporting a quarter in arrears. He said that considering the risk report alongside the performance report helped to anticipate problems around performance in advance. He acknowledged the importance of being able to forward plan and said officers would look at adding some further intelligence into the process and report back.

Councillor Nunn observed that given the pressures of COVID, flooding and elections he was amazed that performance was so good.

Councillor Hull, referring to funding that had not been spent because the activity could not take place due to COVID asked if there were funds available to tackle health and wellbeing issues like obesity. The Customers, Community and Casework Manager advised that there was funding available from Essex County Council for Health and Wellbeing. Currently this was being distributed through the Health and Wellbeing

Partnership Board. She said she would circulate further information on this to committee members outside of the meeting.

There being no further questions the Chairman moved the recommendations in the report and these were seconded by Councillor Jarvis. She then put the recommendations to the Committee and they were agreed by assent.

RESOLVED

- (i) That Members reviewed the information as set out in this report and appendix 1 with priority focus given to the Strategic Outcome level performance.
- (ii) That Members confirmed they are assured through this review that corporate performance is being managed effectively

296. HEALTH AND SAFETY UPDATE- QUARTER 3

The Committee considered the report of the Director of Service Delivery that provided an update on health and safety statistics and activity during quarter 3 (October to 31 December 2020). The Chairman introduced the report and deferred to the Lead Countryside and Coast Co-Ordinator to present the detail.

He reported that there had been two accidents and two incidents of unacceptable behaviour, these had been dealt with in line with procedures. He drew Members' attention to section 3.3 in the report that dealt with issues raised by an Inspector from the Health and Safety Executive (HSE) and reassured Members that the HSE were satisfied all five areas that required action had been dealt with appropriately.

At this point the Chairman called on Councillor Morris to ask his question. Councillor Morris said he had been informed that certain members of staff did not have their first aid certification. The Lead Countryside and Coast Co-Ordinator advised that certificates for those frontline staff that were due to end the beginning of February 2021 had now been extended to 31 March 2021. With reference to new staff members he advised that they had been trained in October 2020. He added that it looked likely that a further extension would be granted as face-to-face training was not possible at present.

There being no further questions the Chairman moved the recommendations in the report and these were seconded by Councillor Nunn. She then put the recommendations to the Committee and they were agreed by assent.

RESOLVED

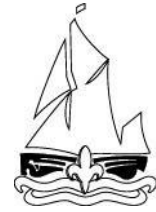
- (i) To note the accident and incident statistics;
- (ii) To note the health and safety activity for quarter 3.

297. ANY OTHER ITEMS OF BUSINESS THAT THE CHAIRMAN OF THE COMMITTEE DECIDES ARE URGENT

The meeting closed at 2.50 pm.

MRS J C STILTS
CHAIRMAN

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REPORT of DIRECTOR OF RESOURCES

to
**PERFORMANCE, GOVERNANCE AND AUDIT COMMITTEE
25 MARCH 2021**

INTERNAL AUDIT REPORTS – PROGRESS; FOLLOW-UP OF RECOMMENDATIONS AND PAYROLL AUDIT

1. PURPOSE OF THE REPORT

1.1 To present for consideration, comment and approval by the Committee the following reports issued by BDO LLP, the Council's internal audit service provider

- Internal Audit Progress Report - March 2021 at **APPENDIX 1**;
- Follow-up of Recommendations Report – March 2021 at **APPENDIX 2**;
- Payroll Audit – February 2021 at **APPENDIX 3**.

2. RECOMMENDATIONS

That the Committee considers, comments and approves the:

- (i) Internal Audit Progress Report - March 2021 at **APPENDIX 1**;
- (ii) Follow-up of Recommendations Report – March 2021 at **APPENDIX 2**;
- (iii) Payroll Audit – February 2021 at **APPENDIX 3**.

3. SUMMARY OF KEY ISSUES

- 3.1 BDO LLP are the Council's contracted Internal Audit Service provider. The Partner, Mr. Greg Rubins, fulfils an equivalent role to that of Head of Internal Audit.
- 3.2 The Internal Audit Service is there to provide assurance to the Director of Resources, Management and Members of the adequacy of internal controls and checks in the organisation and to highlight any risks that the Council may be exposed to in its overall and day to day operations.
- 3.3 As such, Internal Audit is independent of Management and operates, performs to and is measured against The UK Public Sector Internal Audit Standards (PSIAS) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). In addition CIPFA has also issued a Statement on the Role of the Head of Internal Audit.
- 3.4 The reports attached in the three appendices will be presented to the Committee and discussed by Mr. Greg Rubins or his representative on his behalf.

4. CONCLUSION

- 4.1 This report together with the reports attached as Appendices allows the Committee to fulfil its remit of overseeing governance.

5. IMPACT ON STRATEGIC THEMES

- 5.1 Internal Audit cuts across the delivery of all the Strategic Themes of the Council.

6. IMPLICATIONS

- (i) **Impact on Customers** – any impact on customers will be highlighted with the reports in the appendices.
- (ii) **Impact on Equalities** – any impact on equalities will be highlighted with the reports in the appendices if it is within the scope of the audit work carried out.
- (iii) **Impact on Risk** – Any risks identified as a result of the findings of the internal audit work are highlighted with the individual reports and summarised in the Progress Update and Follow Up of recommendations reports.
- (iv) **Impact on Resources (financial)** – Same comment applies here as for Impact on Risk above.
- (v) **Impact on Resources (human)** – Same comment applies here as for Impact on Risk above.
- (vi) **Impact on the Environment** – Same comment applies here as for Impact on Risk above.

Background papers: None.

Enquiries to: Chris Leslie, Director of Resources, Maldon District Council
Greg Rubins (BDO LLP)
Emma Donnelly (BDO LLP)

INTERNAL AUDIT PROGRESS REPORT

MALDON DISTRICT COUNCIL

MARCH 2021

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SUMMARY OF 2020/21 WORK

This report is intended to inform the Performance, Governance & Audit Committee of progress made against the 2020/21 internal audit plan. 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 Appendix 1 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.

As a result of the impact of Covid-19 there have been some delays to the start of the 20/21 plan. We have been working with officers to minimise these and to agree audits that can be done remotely by our team. We have agreed timings on all remaining audits and our work has recommenced accordingly. The 20/21 Audit Plan will need to be flexible to accommodate new risks resulting from Covid-19; we will agree any proposed changes with the Director of Resources and the Performance, Governance and Audit Committee (PGA).

2020/21 Internal Audit Plan

The following audits have been issued in final:

- Key Financial Systems- Payroll

The following audit is underway:

- Knowledge Management (fieldwork complete)

The following audits are scheduled:

- Housing Needs and Affordable Housing
- Management of Property

Other Reports for this Committee

- Follow Up of Internal Audit Recommendations

REVIEW OF 2020/21 WORK

Audit Area	Planning	Original Fieldwork	Revised date (due to CV19)	Reporting	Opinion Design	Opinion Effectiveness
Financial Systems (Payroll)	✓	Q2	Q3	March 2021	Substantial	Substantial
Customer Service- CRM Post Implementation		Q2	Q4	June 2021		
Information Management	✓	Q1	Q3- w/c 16 th October	Jan 2021	Moderate	Moderate
Workforce Management	✓	Q2	Q2- w/c 22 nd September	January 2021	Substantial	Substantial
Safeguarding	✓	Q1	Q2- 24 th July 2020	November 2021	Moderate	Moderate
Knowledge Management & Transfer	✓	Q4	Q2- w/c 10 th August	June 2021		
Management of Property		Q4	Q4	June 2021		
Housing Needs and Affordable Housing		Q4	Q4	June 2021		
CIPFA FM Code Readiness	✓	N/A	Q3	Nov 2020	Substantial	Substantial

FOR MORE INFORMATION:

EMMA DONNELLY

+44 (0)7923030487
Emma.Donnelly@bdo.co.uk

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INTERNAL AUDIT FOLLOW UP OF RECOMMENDATIONS REPORT

MALDON DISTRICT COUNCIL

MARCH 2021

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Summary

2018/19	Total Recs	H	M	L	To follow up	Complete		In progress		Overdue		No Response		Not Due		% Recommendations Implemented
						H	M	H	M	H	M	H	M	H	M	
18/19. Fraud Risk Assessment	1	1	-	-	1	1	-	-	-	-	-	-	-	-	-	100%
18/19. Budgets and Performance Management	4	-	1	3	1	-	1	-	-	-	-	-	-	-	-	100%
18/19. Main Financial Systems	2	-	1	1	1	-	1	-	-	-	-	-	-	-	-	100%
18/19. Safe and Clean Environment	6	-	5	1	5	-	4	-	-	-	1	-	-	-	-	80%
18/19. Transformation Programme	1	-	1	-	1	-	1	-	-	-	-	-	-	-	-	100%
18/19. Local Development Plan	3	-	2	1	2	-	2	-	-	-	-	-	-	-	-	100%
18/19. Building Control	5	2	3	-	5	1	3	-	-	1	-	-	-	-	-	80%
	22	3	13	6	16	2	12	-	-	1	1	-	-	-	-	

2019/20

	Total Recs	H	M	L	To follow up	Complete		In progress		Overdue		No Response		Not Due		% Recommendations Implemented
						H	M	H	M	H	M	H	M	H	M	
19/20. GDPR Compliance	3	-	3	-	3	-	3	-	-	-	-	-	-	-	-	100%
19/20. Risk Maturity Assessment	5	-	5	-	5	-	5	-	-	-	-	-	-	-	-	100%
19/20. Procurement & Contract Management	6	1	3	2	4	1	3	-	-	-	-	-	-	-	-	100%
19/20. IT Disaster Recovery	4	1	3	-	4	1	3	-	-	-	-	-	-	-	-	100%
19/20. Key Financial Systems	9	2	7	-	9	2	7	-	-	-	-	-	-	-	-	100%
19/20. Workforce Management	3	-	1	2	1	-	1	-	-	-	-	-	-	-	-	100%
19/20. Network Security	7	1	3	3	4	1	3	-	-	-	-	-	-	-	-	100%
19/20. Community Safety	2	-	2	-	2	-	2	-	-	-	-	-	-	-	-	100%
19/20. Flooding Risk Management	4	-	4	-	4	-	1	-	-	-	-	-	-	-	3	25%
19/20. Corporate Governance	5	-	3	2	3	-	3	-	-	-	-	-	-	-	-	100%
	48	5	34	9	39	5	31	-	-	-	-	-	-	-	3	

2020/21

	Total Recs	H	M	L	To follow up	Complete		In progress		Overdue		No Response		Not Due		% Recommendations Implemented
						H	M	H	M	H	M	H	M	H	M	
20/21. Safeguarding	5	1	3	1	4	-	-	-	-	-	-	-	-	-	4	0%
20/21. CIPFA FM Preparedness	1	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-
20/21. Workforce Management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20/21. Information Management	2	-	2	-	2	-	-	-	-	-	-	-	-	-	2	0%
20/21. KFS-Payroll	2	-	-	2	-	-	-	-	-	-	-	-	-	-	-	-
	10	1	5	4	6	-	-	-	-	-	-	-	-	-	6	

Summary

We regularly follow up progress with the implementation of recommendations raised by Internal Audit and we report to the Performance, Governance & Audit Committee. We request commentary by responsible officers on the progress towards implementation of our recommendations and for high and medium priority recommendations we verify the progress to source evidence and conclude either that the recommendation is complete or incomplete. This information is collected via the Sharepoint portal. This report represents the status of all internal audit recommendations as at 28 February 2021.

2018/19 Recommendations

3 high and 13 medium recommendations have been raised in 2018/19. The current position of these recommendations is as follows:

- 14 are considered implemented as previously reported relating to Budgets and Performance Management (1 recommendation), Main financial Systems (1 recommendation), Safe and Clean Environment (4 recommendations), Transformation Programme (1 recommendation), Local Development Plan (2 recommendations) and Building Control (4 recommendations), Fraud Risk Assessment (1 High)
- Safe & Clean Environment- 1 recommendation is now overdue, however this recommendation will be picked up through the 2021 audit of Climate Change.
- Building Control- 1 recommendation is now overdue.

2019/20 Recommendations

- 5 high and 34 medium recommendations have been raised in 2019/20, 35 of which are considered implemented and previously reported to the PGA.
- 3 recommendations are not yet due for follow up (Flood Risk Management)
- 1 recommendation (Flood Management) is now implemented.

2020/21 Recommendations

- 1 high and 5 medium recommendations have been raised in 2020/21. None of these recommendations are due for follow up.

Recommendations: Implemented

RECOMMENDATION MADE	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
2019/20- Flood Risk Management				
The Council should ensure all staff across the Council work-streams involved in managing flooding risks undertake and complete training on flooding risk management. The Council should consider involvement and representation from external flooding agencies to lead on specific training as required	Medium	Damien Ghela- Lead Specialist, Community Service Delivery Directorate	October 2020	<p>The Council has re-employed our previous flood specialist who previously managed the flooding workstream. As such, the knowledge of flooding and historic Maldon flooding issues is back within the organisation.</p> <p>The Council have approached partners at Essex County Council and the Environment Agency regarding the availability of flood train. Covid has caused issues in being able to undertake training, mainly because Flood Officers have had to focus on covid management.</p> <p>Covid aside, MDC internal Flooding meetings and participation in County Flooding meetings are back on track, with projects being completed by partner agencies and positive feedback on works thus far.</p> <p>Partners have been represented at the internal flood meetings and delivered updates within their area of expertise. While this isn't formal training, information is being cascaded well by both the Environmental Agency and County Council partners.</p> <p>Internal audit comment: Agreed as implemented.</p>

Recommendations: Overdue

RECOMMENDATION MADE	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
2018/19- Building Control				
Implement adequate policies and procedures providing guidance on the Building Control service function, requirements and deadlines. This should cover the process once notification of planning applications, building notices, demolitions and dangerous structures are received. The timeframes that need to be met including the fees/charges requirement, the process for dealing with under/overpayments and refunds. Once completed and approved this should be made available to all staff.	High	Hannah Wheatley - Specialist Services Manager	December 2020 March 2021	<p>Management comment:</p> <p>This has been delayed further due to the Covid pandemic and delays with reviewing the processes as scheduled. The deadline for this audit action will need to be extended to 31-12-20 to give the team time to handle the backlog of building control inspections, agree where changes are required to ways of working, implement these changes and then document them in the necessary policies and procedures.</p> <p>Internal audit comment:</p> <p>No further update was received following the 31 December 2020 revised deadline.</p>

FOR MORE INFORMATION:

Emma Donnelly

07923030487

Emma.donnelly@bdo.co.uk

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MALDON DISTRICT COUNCIL

INTERNAL AUDIT REPORT - FINAL

PAYROLL
FEBRUARY 2021

LEVEL OF ASSURANCE	
Design	Operational Effectiveness
Substantial	Substantial

DISTRIBUTION	
Name	Job Title
Chris Leslie	Director of Resources
Annette Cardy	Resources Specialist Services Manager
Alastair Morrell	Resources Case Manager

REPORT STATUS LIST	
Auditors:	Nemisha Patel - Senior Internal Auditor
Dates work performed:	04 January 2021 - 21 January 2021 (closing meeting)
Draft report issued:	26 January 2021
Final report issued:	03 February 2021

EXECUTIVE SUMMARY**LEVEL OF ASSURANCE: (SEE APPENDIX I FOR DEFINITIONS)**

Design	Substantial	There is a sound system of internal control designed to achieve system objectives.
Effectiveness	Substantial	The controls that are in place are being consistently applied

SUMMARY OF RECOMMENDATIONS: (SEE APPENDIX I)

High	-
Medium	-
Low	2

TOTAL NUMBER OF RECOMMENDATIONS: 2**CRR REFERENCE:**

CRR 21 - Annual financial statements qualified

BACKGROUND:

Payroll is a core financial system and therefore, a strong system of internal control needs to be in place at the Council to ensure that employees are paid correctly, in a timely manner, and that the risk of financial loss, incorrect payments, employee dissatisfaction and fraud is reduced.

In 2019/20, the Council reported total allowances (Basic Allowance, Other Allowance, Expenses) to Members of £217k.

The Council utilise the Sage software as the Payroll system. We undertook the following sample testing as part of the review:

- 10 Starters
- 15 Overtime claims and 5 Time Based Pay claims
- 5 Leavers
- 8 Members allowances and 2 Members expenses

GOOD PRACTICE:

- All starters' salaries, hours and start dates were accurate and reconciled with the pay scales and contractual agreements. Starters contracts were issued and signed by the Council and all starters correctly processed and added to payroll within a timely manner
- Access to payroll standing data and the ability to amend data through the payroll system is restricted to the payroll team with access only granted or removed by the Finance Specialist (Payroll)
- Tax rates and national insurance contributions deductions parameters have been correctly set-up within the Payroll system for the 2020/21 tax year.

- Overtime claim and Time-based payments were appropriate, relevant forms and timesheets were retained and approved by a Manager and correctly processed on payroll.
- Leavers have been accurately processed, appropriate deductions made in a timely manner and P45 forms have been completed for the leavers.
- Members' allowances have been correctly paid in accordance with the 2020/21 rates outlined on the Council's website. Members expense claims forms have been approved at Director level and correctly processed on Payroll.
- Payroll control account reconciliations are undertaken on a monthly basis and supporting reports retained

KEY FINDINGS:

- Payroll reconciliations are not signed and dated by the preparer and reviewer (Finding 1- Low)
- For one starter, no signed contract was on file (Finding 2- Low)

DATA ANALYTICS

DATA ANALYTICS PERFORMED	DATA ANALYTICS OUTCOMES
<p>Extraction of employees with duplicate:</p> <ul style="list-style-type: none"> • Code/Employee number • Bank details • Employee name • NI number • Name and address • Addresses • Payments 	<p>Results:</p> <ul style="list-style-type: none"> • Code/Employee number: No exceptions noted • Bank details: 6 sets identified • Employee name, NI number and Name & Address: 5 sets identified (same as those identified in Bank details) • Addresses: 10 sets identified (6 same as those identified in Bank details) • Payments: No exceptions noted <p>Adequate explanations and evidence provided for those sets identified.</p>
<p>Extraction of employees with blank:</p> <ul style="list-style-type: none"> • NI number • Name • Code/Employee number • Date of Birth • Address • Tax code 	<p>No exceptions noted.</p>
<p>Extraction of leavers still on the payroll after the leave date.</p>	<p>2 Leavers were paid the annual increase, effective from April 2020 but this was not approved by the Council until September 2020 after their leaving date.</p>

CONCLUSION:

Overall, we have concluded substantial assurance over the design of the controls and the effectiveness of the controls. We confirmed starters were correctly processed, overtime claim forms and time-based pay claims were approved and members allowances and expenses accurately paid.

DETAILED FINDINGS

RISK 4: DETAILS OF NEW EMPLOYEES' PAY RATES, TAX CODES, PREVIOUS EMPLOYMENT FIGURES, BANK ACCOUNT DETAILS ARE INACCURATE OR INCOMPLETE ON THE PAYROLL, LEADING TO INCORRECT PAYMENTS BEING MADE

Ref	Significance	Finding
1	Low	<p><u>Payroll control account reconciliations</u></p> <p>Payroll control account reconciliations are undertaken on a monthly basis. From a review of the payroll reconciliations from October, November and December 2020, we identified the following for all three reconciliations:</p> <ul style="list-style-type: none"> • The reconciliations are prepared by the Finance Specialist (Payroll), once prepared the reconciliations are not signed or dated • The monthly reconciliations are reviewed by the Lead Finance Specialist (Payroll) whom has oversight and checks the reconciliation balances and this is discussed with the Finance Specialist (Payroll) however it is not signed or dated once reviewed. <p>Where payroll reconciliations have not been signed or dated by the preparer or reviewer there is a risk they have not been correctly reconciled and accountability for this is unclear.</p>

RECOMMENDATION:

The preparer and reviewer of the monthly payroll reconciliations should electronically sign and date the reconciliation once prepared and reviewed to ensure this has been undertaken within a timely manner and there is an adequate segregation of duties.

MANAGEMENT RESPONSE:

Payroll Reconciliations will be reviewed and approved each month by Finance with an electronic signature and date to confirm completion.

Responsible Officer: Lance Porteous

Implementation Date: February 2021

RISK 1: UNAUTHORISED OR FICTITIOUS EMPLOYEES ARE ADDED TO THE PAYROLL SYSTEM, LEADING TO POTENTIALLY FRAUDULENT PAYMENTS AND FINANCIAL LOSS TO THE COUNCIL. ACCESS TO PAYROLL STANDING DATA IS NOT RESTRICTED, LEADING TO UNAUTHORISED CHANGES

Ref	Significance	Finding
2	Low	<p><u>Starters:</u> For all new starters a fresh service ticket is submitted and provided to Payroll to be processed and added to payroll. A Vacancy Control form (VCF) is completed for an out of budget role, the VCF form must be approved by the Leadership Team, HR and Finance and cannot progress until this has been completed. If they are recruiting for a position on the organisational chart with no budgetary impact then a VCF form is not required. A contract is issued outlining the start date, number of hours, grade and salary. The contract is signed and dated by HR once issued and returned by the employee to be signed and dated within 8 weeks or prior to their start date.</p> <p>From a review of a sample of 10 starters we identified:</p> <ul style="list-style-type: none"> In one case the starter's contract had been signed, however had not been dated. Due to this being electronic it may be an IT issue. <p>Where starters' contracts have not been dated there is a risk that they have not been completed in a timely manner which could lead to a potential dispute.</p>

RECOMMENDATION:

Once the starter returns their contract, the HR team should check this has been correctly signed and dated.

MANAGEMENT RESPONSE:

HR ensure that there is a signed and dated contract or that the contract is returned with an email agreement where staff have difficulty completing the signature and date electronically. This is already in place and the sample above did have an email agreement.

Responsible Officer: Annette Cardy

Implementation Date: Completed

STAFF INTERVIEWED

BDO LLP APPRECIATES THE TIME PROVIDED BY ALL THE INDIVIDUALS INVOLVED IN THIS REVIEW AND WOULD LIKE TO THANK THEM FOR THEIR ASSISTANCE AND COOPERATION.

Name	Job Title
David Wahl	Finance Specialist (Payroll)
Kate Roast	Payroll Caseworker

APPENDIX I - DEFINITIONS

LEVEL OF ASSURANCE	DESIGN OF INTERNAL CONTROL FRAMEWORK		OPERATIONAL EFFECTIVENESS OF 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 - TERMS OF REFERENCE

PURPOSE OF REVIEW:

The purpose of this audit is to provide assurance over the processes and controls with regard to the Council's payroll are robust and operating effectively.

KEY RISKS:

Based upon the risk assessment undertaken during the development of the internal audit operational plan, through discussions with management, and our collective audit knowledge and understanding the key risks associated with the area under review are:

- Unauthorised or fictitious employees are added to the payroll system, leading to potentially fraudulent payments and financial loss to the Council. Access to payroll standing data is not restricted, leading to unauthorised changes
- Duplicate employees are created, leading to potential fraud and financial loss to the Council
- Payments are made to past employees, leading to financial loss to the Council
- Details of new employees' pay rates, tax codes, previous employment figures, bank account details are inaccurate or incomplete on the payroll, leading to incorrect payments being made
- Salaries, taxes, overtime and deductions are calculated and processed inaccurately leading to incorrect payments being made
- Leavers are not processed in a timely manner leading to overpayments that are difficult for the Council to recover
- Members' pay and expenses are processed incorrectly, leading to incorrect or inappropriate payments being made

SCOPE OF REVIEW:

The following areas will be covered as part of this review:

- Review of payroll control account reconciliations
- For a sample, review of starters to ensure employees added are legitimate and accurate
- For a sample, review of leavers to ensure employees are removed on a timely basis to avoid overpayments
- For sample of time based pay and overtime records, verify records match supporting documentation and these have been appropriately authorised
- For a sample of payments made to members, verify that payments have been authorised properly and are appropriate in line with the Council's policies.

However, Internal Audit will bring to the attention of management any points relating to other areas that come to their attention during the course of the audit. We assume for the purposes of estimating the number of days of audit work that there is one control environment, and that we will be providing assurance over controls in this environment. If this is not the case, our estimate of audit days may not be accurate.

APPROACH:

Our approach will be to conduct interviews to establish the controls in operation for each of our areas of audit work. We will then seek documentary evidence that these controls are designed as described. We will evaluate these controls to identify whether they adequately address the risks.

We will seek to gain evidence of the satisfactory operation of the controls to verify the effectiveness of the control through use of a range of tools and techniques.

BAF/CRR REFERENCE:

CRR 21 - Annual financial statements qualified

DATA ANALYTICS:

We have considered the use of data analytics as part of this audit and the following tests will be performed:

KEY RISKS	DATA ANALYTICS TO PERFORM
<ul style="list-style-type: none"> • Duplicate employees are created • Unauthorised or fictitious employees 	<p>Extraction of employees with duplicate:</p> <ul style="list-style-type: none"> • Codes • Bank details • Employee name • Addresses • NI number • Name and address • Payments <p>Extraction of employees with blank:</p> <ul style="list-style-type: none"> • NI number • Name • Address • Code • Date of Birth • Address • Tax code
Leavers are not processed in a timely manner	Extraction of leavers still on the payroll after the leave date.

FOR MORE INFORMATION:

Greg Rubins

Greg.Rubins@bdo.co.uk

The matters raised in this report are only those which came to our attention during the course of our audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. The report has been prepared solely for the management of the organisation and should not be quoted in whole or in part without our prior written consent. BDO LLP neither owes nor accepts any duty to any third party whether in contract or in tort and shall not be liable, in respect of any loss, damage or expense which is caused by their reliance on this report.

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REPORT of DIRECTOR OF RESOURCES

**to
PERFORMANCE, GOVERNANCE AND AUDIT COMMITTEE
25 MARCH 2021**

ANNUAL AUDIT LETTER ON THE 2019/2020 EXTERNAL AUDIT

1. PURPOSE OF THE REPORT

- 1.1 This report is to provide the Performance, Governance and Audit Committee with the audit summary letter from Deloitte LLP, the Council's External Auditor, for the audit of the 2019/20 financial year, attached at **APPENDIX 1**.

2. RECOMMENDATION

- 2.1 To consider and review the content of the letter.

3. SUMMARY OF KEY ISSUES

- 3.1 The audit summary letter outlines the work that Deloitte LLP undertook for the 2019/20 financial year at Maldon District Council attached at **APPENDIX 1** and includes:
- Letters to Members;
 - Key messages;
 - Audit of Accounts, and
 - Value for Money.

4. IMPACT ON STRATEGIC THEMES

- 4.1 Financial management underpins all strategic themes.

5. 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: Chris Leslie, Director of Resources (chris.leslie@maldon.gov.uk).



Annual Audit Letter on the 2019/20 External Audit Maldon District Council

January 2021

Deloitte Confidential: Government and Public Services – For Approved External Use Only

1. Letter to Members

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

21 January 2021

Dear Members

We have pleasure in setting out this Annual Audit Letter to summarise the key matters arising from the work that we have carried out in respect of the audit for the year ended 31 March 2020.

Although this letter is addressed to the Members of Maldon District Council ("the Authority"), it is also intended to communicate the significant issues we have identified in an accessible style to key external stakeholders including members of the public. The letter will be published on the Public Sector Audit Appointments Ltd (PSAA) website at www.psaa.co.uk and on the Authority's website.

This letter has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by Public Sector Audit Appointments Ltd. This is available from www.psaa.co.uk.

This letter has been discussed and agreed with the Director of Resources. A copy of the letter will be provided to all Members.

This is our second year as the external auditor of the Authority following the transition to the PSAA contract in 2019/20.

Yours faithfully,



Craig Wisdom
Audit Partner
for and on behalf of Deloitte LLP
St Albans, United Kingdom

2. Key Messages

Statement of Accounts

Unqualified opinion issued on 26 November 2020

In 2019/20 the Authority was required to prepare its Statement of Accounts in accordance with International Financial Reporting Standards ("IFRS") as defined in the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 and other relevant legislation.

The initial draft financial statements which were published for public inspection and presented for audit were not of the expected standard which has led to significant delays in the issue of our audit opinion.

We issued our audit opinion on the financial statements on 26 November 2020. Our opinion was not qualified.

Materiality for the Authority's accounts was set at £620k.

Value for Money ("VfM") conclusion

Unqualified conclusion issued on 26 November 2020

We are required to base our statutory VfM conclusion on the criteria specified by the National Audit Office. This is an evaluation of whether the Authority has in place proper arrangements to ensure properly informed decisions were taken and the Authority deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

We issued an unqualified VfM conclusion on 26 November 2020.

Audit findings

We identified significant weaknesses in internal control or other findings

International Standards on Auditing (UK) require us to communicate in writing to those charged with governance the significant findings from our audit. There were a number of significant findings that we brought to the attention of the Audit Committee.

Independence and Objectivity

Independence and objectivity

An analysis of audit fees for the year ended 31 March 2020 is shown in Section 6 of this letter.

In our professional judgement the policies and safeguards in place ensure that we are independent within the meaning of all regulatory and professional requirements and that the objectivity of the audit partner and audit staff is not impaired.

3. Responsibilities and Scope

Responsibilities of the Authority and Auditors

The Authority is responsible for maintaining the control environment and accounting records and preparing the accounting statements in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 based on IFRS and other relevant legislation.

We are appointed as the Authority's independent external auditors by PSAA, the body responsible for appointing auditors to local public bodies in England where they have opted into this programme.

As the Authority's appointed external auditor, we are responsible for planning and carrying out an audit that meets the requirements of the National Audit Office's Code of Audit Practice ("the Code"). Under the Code, we have responsibilities in two main areas:

- auditing the Authority's accounts; and
- evaluating whether the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (the value for money ("VFM") conclusion).

These responsibilities are set out in greater detail in the Statement of Responsibilities of Auditors and Audited Bodies. This document can be accessed here: <https://www.psaa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/>.

The scope of our work

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) as adopted by the UK Auditing Practices Board ("APB"). The audit opinion on the accounts reflects the financial reporting framework adopted by the Authority, being the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 based on IFRS and other relevant legislation.

We conducted our work on the 2019/20 VFM conclusion in line with guidance issued by the National Audit Office in April 2020.

4. Audit of the Accounts

Statement of Accounts	
Unqualified opinion issued on 26 November 2020	<p>We issued an unqualified opinion on the Authority's 2019/20 accounts on 26 November 2020.</p> <p>Before we give our opinion on the accounts, we are required to report to those charged with governance (here the Audit Committee) any significant matters arising from the audit. To address this requirement, a detailed report was issued on 09 September 2020. This was discussed with the members of the Audit Committee on 24 September 2020. This paper is available to view online as part of the Committee pack for that meeting.</p>
Materiality	<p>We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.</p> <p>Based on our professional judgement, materiality for the Authority's accounts was set at £620k which equated to 2% of actual gross expenditure at the planning stage of the audit. This benchmark was chosen as the Authority is a non-profit organisation and total expenditure is a key measure of financial performance for users of the financial statements.</p> <p>We agreed with the Audit Committee that we would report to the Committee all uncorrected audit differences in excess of £31k, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We would also report to the Audit Committee on any uncorrected disclosure matters identified when assessing the overall presentation of the financial statements. We have identified unadjusted misstatements in relation to the audit of the 2019/20 Statement of Accounts. This includes 2 uncorrected misstatements of £230k and £146k with regards to an overstatement of the council offices car park valuation and the Goodwin judgement impact respectively. We also identified minor discrepancies in the cash flow statement.</p>
Significant Risk	<p>Our audit work was designed to specifically address the following significant audit risks which are presented in further detail below. Significant audit risks are the areas deemed to be those with the greatest potential of being materially incorrect in the financial statements and are therefore areas of greater focus for the audit team.</p> <ol style="list-style-type: none"> 1. <u>Management override of controls:</u> We concluded satisfactorily in this area. We did not identify any significant bias in the key judgements made by management based on work performed. Furthermore, we have not identified any instances of management override of controls in relation to the specific transactions tested based on work performed. We noted that not all individual journals have evidence of review, and have raised a control recommendation. There are no other findings to report.

- **Risk identified**

This risk area includes the potential for management to use their judgement to influence the financial statements as well as the potential to override the Council's controls for specific transactions.

- **Deloitte response**

- We have considered the overall sensitivity of judgements made in preparation of the financial statements. This included the following areas:
 - **Significant and unusual transactions:** We did not identify any significant transactions outside the normal course of business or any transactions where the business rationale was not clear.
 - **Journals:** We have performed design and implementation testing of the controls in place for journal approval. We have used Spotlight data analytics to risk assess journals and select items for detailed follow up testing. The journal entries were selected using computer-assisted profiling based on areas which we consider to be of increased interest. We have tested the appropriateness of journal entries recorded in the general ledger, and other adjustments made in the preparation of financial reporting.
 - **Accounting estimates:** We performed design and implementation testing of the controls over key accounting estimates and judgements. We reviewed accounting estimates for biases that could result in material misstatements. We note that, overall, the areas more subject to estimation in the period were balanced and did not indicate a bias to achieve a particular result. We tested accounting estimates and judgements, focusing on the areas of greatest judgement and value. Our procedures included comparing amounts recorded or inputs to estimates to relevant supporting information from third party sources.

2. **Valuation of property assets:** In our planning paper this risk was not classified as a significant risk, however as detailed below, during the course of our work we identified material errors in the valuation. As this is the second year in a row that we have identified material errors in the valuation we elevated this to a significant risk.

Our conclusion in this risk area is that the net book value of property assets is not materially misstated and the Council's valuation assumptions are generally reasonable and fall within the expected range. During our testing:

- We identified a componentisation error on the Council Offices valuation amounting to an overstatement of £1.4m which has subsequently been corrected by management. This error had not been identified by the DVS quality control procedures.

	<ul style="list-style-type: none"> • There were inconsistencies identified between the input data used in the valuation and that held by the Council. This indicated an issue with the quality of data held by the Council. • We noted that there was a lack of review of property valuation and the valuation inputs. <p>We have raised recommendations in respect of the points above.</p> <ul style="list-style-type: none"> • Risk identified <p>The Council is required to hold property assets within Property, Plant and Equipment ("PPE") and Investment Properties at valuation. The valuations are by nature significant estimates which are based on specialist and management assumptions and which can be subject to material changes in value.</p> • Deloitte response <ul style="list-style-type: none"> ○ We tested the design and implementation of key controls in place around the property valuation. ○ We obtained an understanding of approach adopted to the valuation, including assessing the valuer's qualifications, objectivity and independence and reviewing the methodology used. ○ We tested a sample of inputs to the valuation. ○ We used our valuation specialists, Deloitte Real Estate, to review and challenge the appropriateness of the assumptions used in the valuation of the Council's property assets including considering the assumptions made of movements between the valuation being performed at earlier stages in the year and the year-end. ○ We tested a sample of revalued assets and re-performed the calculation of the movement to be recorded in the financial statements to check correctly recorded. ○ We considered the impact of uncertainties relating to Covid-19 and the UK's exit from the EU upon property valuations in evaluating the property valuations and related disclosures. ○ Given, we have identified errors in the valuation in the last 2 years, we challenged management on assets not valued in the previous 2 years and a desktop valuation was performed on a sample of those assets by the DVS.
Overall opinion	<p>We issued an unqualified opinion on the Authority's 2019/20 accounts on 26 November 2020. Our opinion confirms that the accounts present a true and fair view of the financial position of the Authority as at 31 March 2020 and its income and expenditure for the year then ended.</p>

Annual Governance Statement and Other Information	
No issues were identified in relation to this work	As appointed auditors, we review the Annual Governance Statement ("AGS") and other information presented with the financial statements to check that information is consistent with the financial statements. We do not have any findings to report in relation to this.
Powers and Duties	
We did not receive any questions about the accounts or make any public interest reports	<p>Under the Local Audit and Accountability Act 2014, auditors have specific powers and duties, including to give electors the opportunity to raise questions about the accounts and to consider and decide upon objections received in relation to the accounts. We did not receive any such questions or objections.</p> <p>We have a duty to consider whether to issue a report in the public interest about something we believe the Authority should consider, or if the public should know about.</p> <p>We have not identified any matters that would require us to issue a public interest report.</p>
Whole of Government ("WGA") accounts return	
The Authority is below the audit threshold	The Council prepares a consolidation pack to support the production of Whole of Government Accounts by HM Treasury. Under WGA requirements, we are required to submit a return outlining any issues arising from the audit and, as applicable here, confirming that the authority's closing balances fall below the threshold above which further audit procedures on the WGA consolidation pack are required. As required by the guidance, we submitted the return confirming these matters to the National Audit Office on 02 December 2020. This return reported no issues.
Audit Certificate	
We have issued our certificate	We issued our certificate on 26 November 2020. The certificate confirms that we have concluded the audit for 2019/20 in accordance with the requirements of the Local Audit & Accountability Act 2014 and the Code of Audit Practice.

5. Value for Money

Background and approach

We are required to issue a value for money ("VfM") conclusion within our report on the financial statements. We are required to base our VfM conclusion on criteria specified by the National Audit Office ("NAO") where we are required to be satisfied that proper arrangements have been made to secure economy, efficiency and effectiveness in the use of resources. Our assessment is based on the following reporting criterion:

"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."

The following sub-criteria are then used to inform and guide our work and inform our overall judgement although there is no requirement to separate these nor to report against each sub-criteria:

- Informed decision making
- Sustainable resource deployment
- Working with partners and other third parties.

We would emphasise that it is the arrangements in place that we are required to assess, and not the actual decisions made by the Authority.

We planned our local programme of work based on our risk assessment, which was informed by a series of risk factors determined by the National Audit Office.

Based upon the work performed in our risk assessment, we did not identify any significant areas of risk that required inclusion in our conclusion.

The VfM conclusion

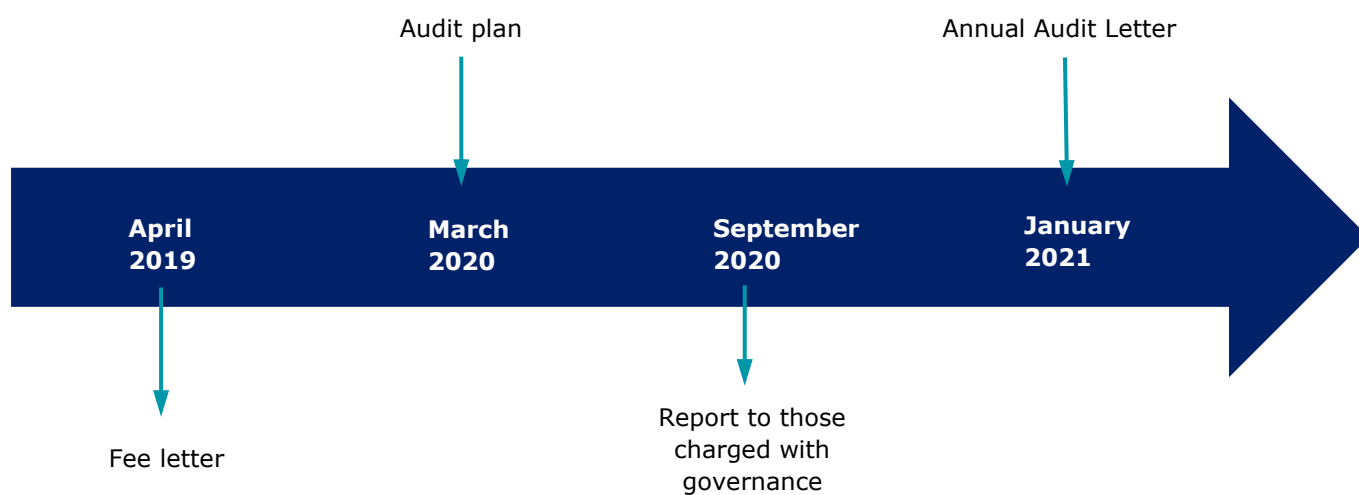
Having performed our work in line with guidance received from the National Audit Office we issued an unqualified value for money conclusion for the 2019/20 financial year.

6. Other Matters

Reports issued

Reports issued during the course of the 2019/20 audit included:

- Audit Fee letter;
- Annual Audit Plan;
- The Report to Those Charged with Governance on the 2019/20 audit of the Authority; and
- This Annual Audit Letter.



Analysis of audit fees

Audit fees charged to date are as follows:

	2019/20 £000
Scale fees for the audit of the Authority's annual accounts, VfM conclusion and Whole of Government Accounts return	37.9
Additional fee due to change of scope due to COVID and Asset Valuation errors resolution*	16.8
TOTAL	54.8

*This part of the fee is subject to final agreement with PSAA

Statement of Responsibilities

The Statement of Responsibilities of Auditors and Audited Bodies issued by PSAA explains the respective responsibilities of auditors and of the audited body and this report is prepared on the basis of, and our audit work is carried out in accordance with, that statement.

The matters raised in this report are only those that came to our attention during our audit and are not necessarily a comprehensive statement of all weaknesses that exist or of all improvements that might be made. You should assess recommendations for improvements for their full implications before they are implemented. In particular, we would emphasise that we are not responsible for the adequacy and appropriateness of the national data and methodology supporting our value for money conclusion as they are derived solely from the National Audit Office.

This report has been prepared for the Members, as a body, and we therefore accept responsibility to you alone for its contents. We accept no duty, responsibility or liability to any other party.

An audit does not provide assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular on whether any changes may have occurred to the Annual Audit Letter since first published. These matters are the responsibility of the Authority but no control procedures can provide absolute assurance in this area.



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REPORT of DIRECTOR OF PERFORMANCE, GOVERNANCE AND AUDIT

**to
PERFORMANCE, GOVERNANCE AND AUDIT COMMITTEE
25 MARCH 2021**

STAFF SURVEY HEADLINE RESULTS

1. PURPOSE OF THE REPORT

- 1.1 To update Committee Members on the recent staff survey results and gather Committee feedback on the associated action plan that has been put together by the Management team.

2. RECOMMENDATIONS

- (i) That the committee review and comment on the staff survey results and associated action plan;
- (ii) That members confirm through this, they are assured the staff survey response is being managed effectively.

3. SUMMARY OF KEY ISSUES

- 3.1 The staff survey ran from 21 September and 1 November 2020. This is the second year that we have internally run the survey, with questions based on the standard performance indicators used in staff surveys. This consistency also allows us to see areas of improvement or reduction in staff satisfaction.
- 3.2 141 staff responded, giving a 72% response rate (up from 61% in 2019) and the full analysis of the survey was published on Freshservice for Staff and Member visibility.
- 3.3 At a summary level, there was an overall increase in staff satisfaction between the 2019 and 2020 survey.

Overall, the top areas of satisfaction across the survey were:

- I have a strong commitment to improve processes and find smarter ways of doing things
- I feel supported by my colleagues
- I can see where my work adds value/ makes a difference to my customer.

Overall, the lowest areas of satisfaction were:

- I have sufficient resource to carry out my job
- There is a clear vision for the future of Maldon District Council
- I am offered sufficient career development at Maldon District Council

- 3.4 The area where there was the largest increase in satisfaction between 2019 and 2020 was
- Maldon District Council demonstrates genuine concern for my wellbeing
- 3.5 We asked additional questions in the 2020 survey around the impact of COVID arrangements on staff, and their preferences for remote working in the future, that have also been fed into the Reset and Recovery Working Group.
- 3.6 The management team held a workshop in January 2020 to review the full analysis and trends in feedback. From this, they drew together an action plan for the next year, and this has been developed into a ‘you said, we did’ format to circulate to staff.
- 3.7 Work is being done by the internal One Team Champions group, with representatives from across the organisation to help feed this information back to wider staff.
- 3.8 In summary, the actions identified and the areas they aim to address are set out in the table at **APPENDIX A**.

4. CONCLUSION

- 4.1 The full analysis of the staff survey responses has been reviewed by the senior management team together and a corresponding action plan to address the emerging areas of staff concern is attached at **APPENDIX A** for member review.

5. IMPACT ON STRATEGIC THEMES

- 5.1 The staff survey and corresponding action plan work towards the performance and efficiency goal of the Corporate Plan.

6. IMPLICATIONS

- (i) **Impact on Customers** – the survey identifies specific links between the staff and how their role interacts with customers.
- (ii) **Impact on Equalities** – None
- (iii) **Impact on Risk** – This approach lessons our corporate risk around staff retention
- (iv) **Impact on Resources (financial)** – None
- (v) **Impact on Resources (human)** – the staff survey and how we respond to it is a good way to understand and react to the concerns of our staff.
- (vi) **Impact on the Environment** – None
- (vii) **Impact on Strengthening Communities** - None

Background Papers: None

Enquiries to: Paul Dodson, Director of Strategy, Performance and Governance.

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Appendix A- Draft staff survey action plan

Survey issue	Action
Increase in workload / pressure	Understand workload pressures/ talk to staff to quantify workload pressures and be specific about what we are doing -Extended Leadership Team (ELT) to report back to 10/02 ELT- could possibly been overtaken with recent staff updates
Increase in workload / pressure	Use the COVID-19 recovery internal audit to identify where workload impacts are and whether we have a plan for them to return to normal
Decrease in agreement we have a clear vision	Corporate plan refresh to set clear vision, link to staff through their objectives (including Equality, Diversity and Inclusion) – run regular training on this
Decrease in agreement we have a clear vision	Reviewing the objectives set within our Equality, Diversity and Inclusion policy, highlighting this in our Corporate Plan
Decrease in agreement we have a clear vision	Future Ways of Working visioning, including flexible working (one pager)
Decrease in agreement we have a clear vision	Set service and team visions and link to corporate priorities -formatted service plan
Decrease in agreement we have a clear vision	Set staff individual objectives
Decrease in agreement we have a clear vision	Set vision for future ways of working - staff group to feedback to Corporate Leadership Team (CLT) and CLT to set vision
Decrease in staff agreeing they develop at Maldon District Council	Skills audit survey –Analysis of succession policy work and capturing training needs
Decrease in staff agreeing they develop at Maldon District Council	Reviewing our Equality, Diversity and Inclusion (EDI) policy and the objectives (making sure inclusion is at the forefront of our policy) Survey to be carried to understand staff's views and how valued they feel.
Decrease in staff agreeing they develop at Maldon District Council	Put together an all-staff annual training timetable for the year /Human Resources business partner working with the Tier 2 Managers to identify specific training needs.- Note - specific discussion to take pace around how we develop this, possible high level, and then individual objectives fed in

APPENDIX A

Survey issue	Action
Decrease in staff agreeing they develop at Maldon District Council	Suggest an additional Performance and Value Outcome for the Corporate Plan 'Our Workforce'
Increase in staff feeling Maldon District Council support wellbeing	Continue the schedule of events for wellbeing/ having additional Mental Health First Aiders within Community Enforcement Officer and Parks team/ making sure the Health Champions meet regularly/supporting staff with tech issues allowing them to log on to remote wellbeing sessions/ continuing to work with Provide, reviewing our working well accreditation.
Increase in workload / pressure - Member specific feedback	Bring members in- match expectations to resource available - present the survey to fortnightly leaders meeting and start the discussion