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MALDON DISTRICT
COUNCIL

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DIRECTOR OF STRATEGY,
PERFORMANCE AND
GOVERNANCE
Paul Dodson

2 February 2022

Dear Councillor

You are summoned to attend the meeting of the;

PERFORMANCE, GOVERNANCE AND AUDIT COMMITTEE

on **THURSDAY 10 FEBRUARY 2022** at **7.30 pm**

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

Please Note: Following the relaxation of Covid rules, members of the public can now physically access meetings in the Council Chamber. With physical attendance the Council encourages all attendees to wear a face mask and complete a lateral flow test. All meetings will continue to be live streamed on the Council's YouTube channel for those wishing to observe remotely. Public participants wishing to speak remotely at a meeting can continue to do so via Microsoft Teams.

To register your request to speak please submit a Public Access form (to be submitted by 12noon on the working day before the Committee meeting). All requests will be considered on a first-come, first-served basis.

A copy of the agenda is attached.
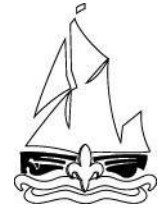
Yours faithfully

Director of Strategy, Performance and Governance

COMMITTEE MEMBERSHIP:

CHAIRMAN	Councillor Mrs J C Stilts
VICE-CHAIRMAN	Vacancy
COUNCILLORS	R G Boyce MBE
	M R Edwards
	Mrs J L Fleming, CC
	A S Fluker
	M S Heard
	A L Hull
	J V Keyes
	W Stamp, CC
	E L Stephens

Please note: Electronic copies of this agenda and its related papers are available via the Council's website www.maldon.gov.uk.

AGENDA
PERFORMANCE, GOVERNANCE AND AUDIT COMMITTEE
THURSDAY 10 FEBRUARY 2022

1. **Chairman's Notices**

2. **Apologies for Absence**

3. **Minutes** (Pages 5 - 8)

   To confirm the minutes of the meeting held on 13 January 2022, (copy enclosed).

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. **Appointment of a Vice-Chairman**

   To appoint to the vacancy of Vice-Chairman of the Performance, Governance and Audit Committee.

7. **Internal Audit Report** (Pages 9 - 10)

   To consider the report of the Director of Resources and associated BDO reports from 7a to 7h, (copies enclosed).

   a)   Progress Report (Pages 11 - 20)

   b)   Follow-Up of Recommendations Report (Pages 21 - 30)

   c)   Policy Review Report (Pages 31 - 42)

   d)   Strategic Performance- Community Report (Pages 43 - 52)

   e)   Main Financial Systems Report (Pages 53 - 66)

   f)   IT Strategy and Transformation Report (Pages 67 - 82)

   g)   Management of Property Report (Pages 83 - 98)

For further information please see the Council's website.

h) Draft Internal Audit Annual Plan 2022/2023 and Strategic Plan 2022/2025 (Pages 99 - 122)

8. **Appointment to Outside Bodies** (Pages 123 - 124)

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

9. **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.

Fire
In the 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
Please be advised of the different levels of flooring within the Council Chamber. There are steps behind the main horseshoe as well as to the side of the room.

Closed-Circuit Televisions (CCTV)
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For further information please see the Council's website.

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Agenda Item 3
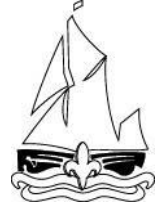
**MINUTES of
PERFORMANCE, GOVERNANCE AND AUDIT COMMITTEE
13 JANUARY 2022**

PRESENT

Chairman	Councillor Mrs J C Stilts
Councillors	M R Edwards, Mrs J L Fleming, CC, M S Heard and A L Hull
In attendance	Councillor C Morris

392. CHAIRMAN'S NOTICES

The Chairman welcomed all present and took the Committee through some housekeeping arrangements for the meeting.

393. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors R G Boyce, J V Keyes and E L Stephens.

394. MINUTES

RESOLVED by assent that the Minutes of the meeting of the Committee held on 18 November 2021 be approved and confirmed.

395. DISCLOSURE OF INTEREST

Councillor Mrs J L Fleming declared a non-pecuniary interest as a Member of Essex County Council on any agenda items pertaining to that organisation.

396. PUBLIC PARTICIPATION

The Chairman reported that detailed questions regarding agenda item 7 Review of Corporate Risk (Q2) had been received from a member of the public, Mr Fittock. She advised the Committee that these were currently with officers and a detailed response would be circulated to both Mr Fittock and the Committee in due course.

397. REVIEW OF CORPORATE PERFORMANCE - QUARTER 2

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 2021 - 2023. Appendix 1 to this report provided an overview of performance as of the end of Quarter 2 (July – September 2021).

The Chairman introduced the report and deferred to the Programmes, Performance and Governance Manager to present the detail. She took the Committee through the report that dealt with targets that were on track; those under review to determine if they were the right measures and some that were at risk.

As shown in section 3.3 of the report, strategic delivery was broadly on track. There was a review of the environment champions Key Performance Indicators (KPIs) in light of the climate action strategy being approved, and a new target would be aligned to this strategy which would be reflected in Quarter 3 (Q3) reporting.

At 3.4 there was one indicator at risk which was the Five Year Housing Land Supply (5YHLS) Statement updated and Published. The next data update was due in April 2022 when a clearer picture would be available.

In response to a question from Councillor Fleming, the Director of Strategy, Performance and Governance said that the risk highlighted at section 3.4 in respect of the Neighbourhood Plans and the 5YHLS was based on the potential for the housing land supply to slip below three years, resulting in policies within the Local Development Plan, including the Neighbourhood Plans, to become out-of-date and therefore not carry any weight in decision-making. He added that he would not like to speculate on the likelihood of this occurrence until all the review work, particularly delivery in the current year, was completed.

There being no further discussion the Chairman put the duly seconded recommendations to the Committee, and they were agreed by assent.

RESOLVED

(i)   That Members reviewed the information as set out in the report and appendix 1 with priority focus given to the Strategic Outcome level performance;

(ii)   That Members confirmed they were assured through this review that corporate performance was being managed effectively.

398.   REVIEW OF CORPORATE RISK - QUARTER 2

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. Appendix 1 was attached to the report for this purpose.

The Chairman introduced the report and deferred to the Programmes, Performance and Governance Manager to present the detail. She reported that section 3.2.1 covered risks that had changed direction between Quarter 1 (Q1) and Quarter 2 (Q2).

- R11 - failure to protect commercial or personally sensitive data had seen an increase due to councillors sharing information of this nature publicly;

- R25 – failure to deliver finances of the transformation programme was recommended for closure as this had been addressed through Medium Term Financial Forecasts and budgets revised to account for this, therefore the risk had already been realised and managed through wider processes.

Section 3.2.2 also set out emerging risk areas, this was where scoring had not changed between the quarters reported, but they had been identified as areas that could change due to wider pandemic response. Overall, there were no significant changes to Corporate risk for Q2 as outlined in appendix 1. There being no further discussion the Chairman put the duly seconded 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.

399.   REVIEW OF HEALTH AND SAFETY - QUARTER 2

The Committee considered the report of the Director of Service Delivery that provided an update on Health and Safety statistics and activity during quarter 2 (1 July 2021 to 30 September 2021).

The Chairman introduced the report and deferred to the Director of Service Delivery to present the detail. He took the Committee through the report highlighting the new format that provided more information around outcomes of reported accidents and incidents of unacceptable behavior. It was noted that once the Health and Safety Consultant's remit on the Health and Safety Action Plan concluded circa April, the role would be replaced with a permanent Health and Safety Officer.

The new Operations Manager for Parks then addressed the Committee outlining the work the consultant had recently undertaken. He advised that in liaison with the Health & Safety Consultant and Human Resources work was underway to implement new Health and Safety procedures for all staff, backed up by individual meetings to embed the Health and Safety brief and documented to provide an audit trail. A training matrix had been introduced to monitor progress and highlight refresher training needs. The Health and Safety Working Group was now meeting on a regular basis, monitoring and updating best working practices, safeguarding the health and safety of both staff and members of the public.

In response to a question form Councillor Edwards regarding staff training, the Director of Service Delivery assured the Committee that the Community Engagement Team was included in the training program me together with teams across the Council.

There being no further discussion the Chairman put the duly seconded recommendations to the Committee, and they were agreed by assent.

RESOLVED

(i)   That Members considered the accident and incident statistics;

(ii)   That Members considered the progress with the health and safety action plan;

(iii)   That Members considered health and safety improvements not identified in the action plan.

RECOMMENDED that the council adopt the new Hand Arm Vibration Policy attached at appendix 2 to the report.

400. ANNUAL GOVERNANCE STATEMENT ACTIONS UPDATE

The Committee considered the report of the Director of Strategy, Performance and Governance that provided an update on the actions identified in the 2020/21 Annual Governance Statement.

The Chairman introduced the report and deferred to the Programmes, Performance and Governance Manager to present the detail. She informed the Committee that the annual governance statement actions were set out as ways the Council might improve its governance arrangements in the Annual Governance Statement. The progress on these actions were tracked and reported back to the Performance, Governance and Audit Committee (PGA).

It was noted that section 3.5 of the report outlined the actions identified and their current status, together with commentary for member review.

In response to a question from Councillor Edwards regarding the work of the Corporate Governance Working Group (CGWG) in relation to this report it was noted that these were separate processes. The CGWG reviewed constitutional matters whilst the Annual Governance Statement (AGS) was a statutory document reported directly to PGA. The activity of the CGWG would be incorporated at year end in the statement.

In response to a query from Councillor Fleming regarding the location of the AGS the Programmes Performance and Governance Manager said she would circulate the website link following the meeting. There being no further discussion the Chairman put the duly seconded recommendation to the Committee and it was agreed by assent.

RESOLVED that the Committee reviewed the Annual Governance Statements table updates and challenged where necessary.

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

The Chairman, addressing the Vice-Chairman vacancy, thanked former Councillor Jarvis for his work and support as Vice-Chairman of the Performance, Governance and Audit Committee. She then nominated Councillor Fleming as Vice-Chairman, this was duly seconded and agreed by assent.

Subsequent to the meeting and due to unforeseen circumstances, the acceptance was retracted therefore this will now be dealt with at the Performance Governance and Audit Committee on 10 February 2022.

The meeting closed at 7.52 pm.

MRS J C STILTS
CHAIRMAN
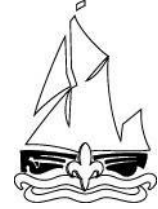
REPORT of
DIRECTOR OF RESOURCES

to
PERFORMANCE, GOVERNANCE AND AUDIT COMMITTEE
10 FEBRUARY 2022

INTERNAL AUDIT REPORT

1.   PURPOSE OF THE REPORT

1.1   To present for consideration, comment, and approval by the Committee the following reports at 7a-7h, issued by BDO LLP, the Council's internal audit service provider

- Internal Audit Progress Report – February 2022 at **7a;**

- Follow-up of Recommendations Report – February 2022 - **7b;**

- Policy Review Report – January 2022 – **7c;**

- Strategic Performance- Community Report – January 2022 **– 7d;**

- Main Financial Systems Report – January 2022 – **7e;**

- IT Strategy and Transformation Report – January 2022 – **7f;**

- Management of Property Report– January 2022 – **7g;**

- Draft Internal Audit Plan 2022/2023 and Strategic Plan 2022/2025 – **7h.**

2.   RECOMMENDATIONS

That the Committee considers, comments, and approves the following:

(i)   Internal Audit Progress Report – November 2021 at **7a;**

(ii)   Follow-up of Recommendations Report - November 2021- **7b;**

(iii)   Policy Review Report – January 2022 – **7c;**

(iv)   Strategic Performance- Community Report – January 2022 – **7d;**

(v)   Main Financial Systems Report – January 2022 – **7e;**

(vi)   IT Strategy and Transformation Report – January 2022 – **7f;**

(vii)   Management of Property Report – January 2022 – **7g;**

(viii) Draft Internal Audit Plan 2022/2023 and Strategic Plan 2022/2025 – **7h.**

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).

3.4   The reports attached from BDO at 7a to 7h 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 BDO reports attached from 7a-7h 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)
                 Christopher André (BDO LLP)

INTERNAL AUDIT PROGRESS REPORT

Maldon District Council

2021/22 – February

IDEAS | PEOPLE | TRUST

BDO

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SUMMARY OF 2021/22 – FEBRUARY

INTERNAL AUDIT

This report is intended to inform the Performance, Governance & Audit Committee of progress made against the 2021/22 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.

2021/2022 INTERNAL AUDIT PLAN

Five audits have been completed and we are pleased to present the following reports to this Performance, Governance & Audit Committee:

- Management of Property
- Main Financial Systems
- Policy Review
- Strategic Performance – Community
- IT Strategy

Fieldwork is underway or is due to begin on the final four audits which we hope to present at the next Performance, Governance & Audit Committee:

- Customer Relationship Management
- Workforce Planning
- Communications and Stakeholder Management
- Commercialisation

REVIEW OF 2021/22 – FEBRUARY

AUDIT	AUDIT COMMITTEE	PLANNING	FIELD WORK	REPORTING	DESIGN	EFFECTIVENESS
Covid Recovery Plan	November 2021	✓	✓	✓	🟢	🟢
Partnerships	November 2021	✓	✓	✓	🟠	🟠
Management of Property	February 2022	✓	✓	✓	🟠	🟠
Policy Review	February 2022	✓	✓	✓	🟢	🟠
Main Financial Systems	February 2022	✓	✓	✓	🟢	🟠
IT Strategy & Transformation	February 2022	✓	✓	✓	🟠	🟠
Strategic Performance-Community	February 2022	✓	✓	✓	🟢	🟠
Customer Relationship Management	June 2022	✓	✓	✓		
Communications & Stakeholder Management	June 2022	✓				
Workforce Management	June 2022	✓				
Commercialisation	June 2022	✓				

SECTOR UPDATE

Our quarterly Local Government briefing summarises recent publication and emerging issues relevant to Local Authorities that may be of interest to your organisation. It is intended to provide a snapshot of current issues for senior managers, directors and members.

Over two thirds of councils set to raise council tax by maximum

Research has suggested that more than two thirds of councils are considering raising council tax by the maximum amount permitted without having to hold a referendum. Analysis of the plans of 50 councils reveals that 68% are considering raising their council tax to the maximum amount permitted without a referendum. For upper and single tier authorities, this is a 2.99% increase, including the 1% social care precept and 1.99% for general council tax. District councils may choose the greater of a 1.99% or £5 rise.

Analysis indicates that nine of the first 10 county councils for which information is available are set to raise council tax by the maximum level in 2022-23, with 86% of the unitary councils proposing to do the same. All the eight metropolitan districts that have announced their plans are proposing to raise council tax over the next financial year, but only three-quarters of them are proposing a maximum rise.

Of the 12 district councils whose plans were available, all but one has proposed raising council tax next financial year, most by something approaching the maximum. Only one of the district councils analysed has proposed to freeze council tax for the next financial year - Mansfield DC. Among councils proposing a maximum rise in council tax is Nottingham City Council, which declared a Section 114 notice last month.

In the October 2021 spending review, the government reduced the amount councils are permitted to raise the social care precept by without a referendum from 3% to 1%. Seven of the 39 top-tier councils which have published information are planning council tax rises under the maximum threshold allowed. Telford & Wrekin Council which has pledged to freeze general council tax rises for both the 2022-23 financial year and 2023-24 and will rely on raising the social care precept only.

Among those raising council tax by the maximum, several will see a 3% rise in the social care precept, having deferred the 2% rise permitted for the 2021-22 financial year to 2022-23. They include Bournemouth, Christchurch & Poole Council which has proposed to raise general council tax by the maximum allowed alongside a 3% increase in the social care precept, amounting to a 4.99% rise in total.

Over two thirds of councils set to raise council tax by maximum| Local Government Chronicle (LGC) (lgcplus.com)

Damning report into Sandwell council and full details of a variety of failings

A report issued by auditors Grant Thorntons, highlights a variety of governance failings at Sandwell Council. The report has described a "breakdown in trust, respect and confidence" between officers and senior elected members, and the council itself as "insular and siloed".

The 'Value for Money Governance Review', issued by Grant Thornton, an external auditor, undertakes annual reviews of local authorities effectiveness in using resources and its economic practice. Officialised on December 3, but only released yesterday, the report into Sandwell council's governance highlighted:

Deteriorating senior officer and senior member relationships over a number of years. An absence of intervention and decision making. A lack of clear contract management responsibility. Lessons "not being learnt" over failures to take ownership over incidents, such as the leakage of the Wragge Report. A lack of "corporate grip" to provide a clear vision for Sandwell council.
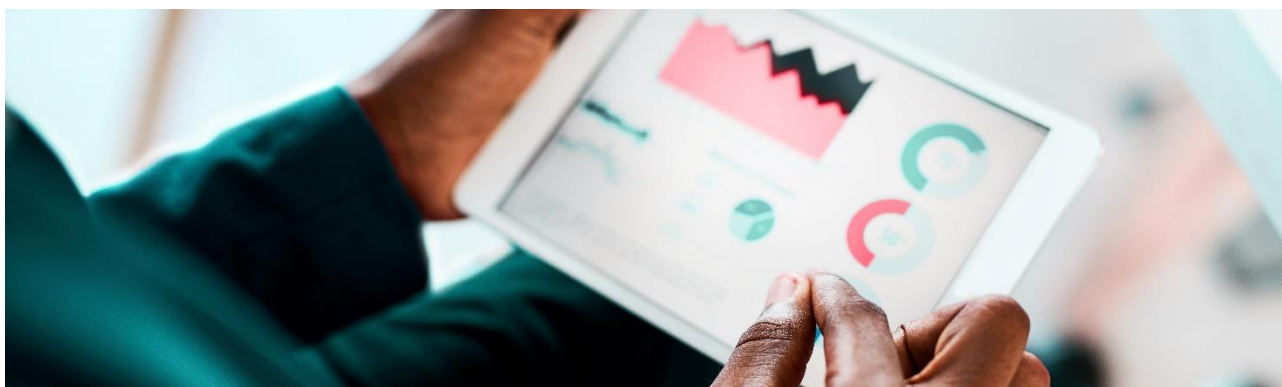
The report noted the amount of time spent investigating internal allegations and complaints is so great, it has "negatively impacted" on the council's ability to improve its public services. They also noted incidents such as the sale of Providence Place at a loss of £22 million to the Sandwell taxpayer, the fallout of SEND contracts, the underperformance of waste services with SERCO, and a near potential legal action from festival promoters over the cancellation of MADE festival, has negatively affected the council's reputation.

They concluded without the "green shoots" and changes made by the interim chief executive, Kim Bromley-Derry, and the new senior leadership team, intervention by national government "may have been necessary". Cllr Kerrie Carmichael (Lab, Blackheath), who is leader of Sandwell council said: "I welcome this detailed and thorough review of our governance arrangements. The cabinet and I recognise that, while the auditors are satisfied that government intervention is not necessary, we must build on the improvements put in place by the new leadership team. We have demonstrated the progress that has already been made and, as the report recognises, we are already seeing green shoots in key areas. We have been given a number of statutory and key recommendations as part of this governance review and these will form the basis for an action plan detailing the improvements we must make as an organisation. The report recognises there is a consensus that senior officers and members are in a stronger, more effective and constructive position than in the recent past. We will be relentless in focusing on improvements and will use this report as a baseline for the council's future transformation. My absolute priority going forward will be embedding sustainable, robust processes and improvements that the council can continue to build on in the months and years to come."

Damning report into Sandwell council and full details of a variety of failings | Birmingham Live - Birmingham news, features, information and sport (birminghammail.co.uk)

Council tax collection inquiry launched by HCLG Committee

The Housing, Communities and Local Government (HCLG) Committee has today launched an inquiry into council tax collection in England, examining the practices employed by local authorities to collect council tax arrears.

The inquiry will also look at other issues including whether there should be changes to the legislation on the recovery of council tax arrears, and how local authority council tax support schemes affect council tax collection rates.

Clive Betts, Chair of the Housing, Communities and Local Government Committee, said:

"Council tax arrears is the most common debt problem which people approach Citizens Advice about. Covid-19 has also inevitably had a major impact on many household incomes with some residents suffering financial hardship, leaving them to fall behind on their council tax payments.

In our inquiry, we are keen to understand about how councils differ in their approaches to council tax arrears, the support available to those who fall into council tax debt, and whether there needs to be changes to the law on the recovery of council tax arrears. We are also keen to examine how different council tax support schemes affect council tax collection."

The HCLG Committee's inquiry comes in the wake of the impact of COVD-19 on council tax arrears. In January 2021, Citizen's Advice estimated over 3.5 million people were behind on their council tax, and that 51% of those weren't behind before the pandemic. Government figures indicate that at end of March 2021, the total amount of Council Tax outstanding amounted to £4.4 billion.

The Government has provided support for those receiving council tax support through the hardship fund worth £500 million, most of which would go to people needing council tax relief. In May 2021 a 60-day breathing space for individual debts, including for council tax, was introduced.

In August 2021 the Government published best practice guidance for local authorities on council tax collection. The Committee's call for evidence is issued ahead of a short series of public evidence hearings which are likely to begin in early 2022.

Council tax collection – inquiry terms of reference

The Committee welcomes evidence submissions on the terms of reference outlined below. The closing date for submissions is 14 January 2022.

In particular, the inquiry seeks answers to the following questions:

- Do there need to be changes in the practice employed by local authorities to collect council tax arrears?
- What examples are there of local authority best practice in respect of council tax arrears collection – and what has the impact of this practice been?
- What is your assessment of the August 2021 government guidance on best practice for council tax collection?
- Do there need to be changes to the legislation on the recovery of council tax arrears?
- How do the different schemes of local authority council tax support affect council tax collection rates?

Council tax collection inquiry launched by HCLG | Department for Levelling Up, Housing and Communities (gov.co.uk/government)

£316 million government funding boost to tackle homelessness

Tens of thousands of people will be protected from homelessness as a result of a £316 million funding boost, announced by the Department for Levelling Up, Housing and Communities today (21 December 2021).

The government's Homelessness Prevention Grant will support households in England who are homeless or at risk of losing their home. Councils will use the funding to help them find a new home, access support for unexpected evictions and secure temporary accommodation where needed.

The funding includes an additional £5.8 million to support people forced into homelessness by domestic abuse. This follows the landmark Domestic Abuse Act, which ensures councils give people who find themselves in this situation a "priority need" for assistance.

Funding will be allocated to all councils responsible for housing in England based on local homelessness need in individual areas.

This underlines the government's commitment to ensure people at risk of becoming homeless, across the country, get help more quickly. Since the Homelessness Reduction Act came into force in 2018, over 400,000 households have been successfully prevented from losing their homes or supported into settled accommodation, with rough sleeping levels falling 37% between 2019 and 2020.

The Homelessness Prevention Grant, available for 2022/23, is on top of the recently-announced £66 million to provide rough sleepers with safe and warm accommodation and drug and alcohol treatment services this winter, and £65 million support package for vulnerable renters struggling due to the impact of the pandemic. Overall, the government is investing £2 billion over the next three years to tackle homelessness and rough sleeping.

Government has also announced a £28 million funding boost to help rough sleepers get their COVID-19 vaccines and move into safe accommodation. The Protect and Vaccinate scheme will help to increase vaccine uptake among people who are homeless and sleeping rough, by supporting outreach work in shelters to educate people about the dangers of the virus, giving money to councils to provide safe and secure accommodation while their level of vaccination is increased and delivering mobile vaccinations.

£316 million government funding boost to tackle homelessness | Department for Levelling Up, Housing and Communities (gov.co.uk/government)

APPENDIX I - DEFINITIONS

OPINION SIGNIFICANCE DEFINITION

LEVEL OF ASSURANCE	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION	FINDINGS FROM REVIEW
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.

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FOR MORE INFORMATION:
GREG RUBINS

greg.rubins@bdo.co.uk

www.bdo.co.uk

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INTERNAL AUDIT FOLLOW UP OF RECOMMENDATIONS REPORT

Maldon District Council

February 2022

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BDO

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SUMMARY
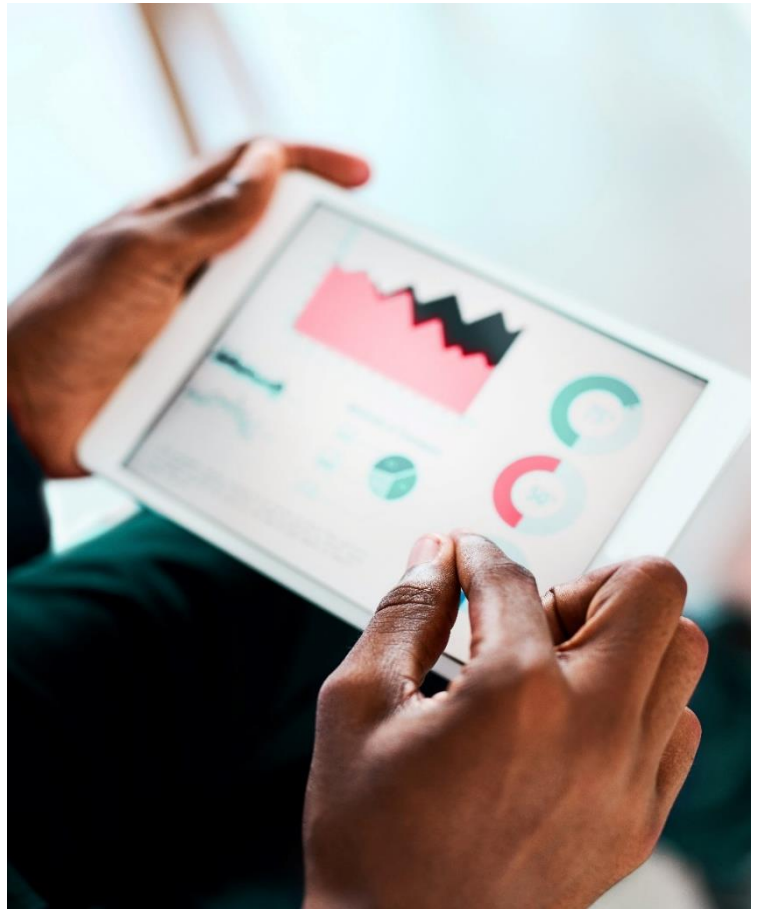
2018/19	Total Recs	H	M	L	To follow up	Complete H	Complete M	Overdue H	Overdue M	Not Due H	Not Due M
Safe and Clean Environment	6	-	5	1	5	-	4	-	1	-	-
Total	**6**	**-**	**5**	**1**	**5**	**-**	**4**	**-**	**1**	**-**	**-**

2019/20	Total Recs	H	M	L	To follow up	Complete H	Complete M	Overdue H	Overdue M	Not Due H	Not Due M
Flood Risk Management	4	-	4	-	4	-	-	-	4	-	-
Total	**4**	**-**	**4**	**-**	**4**	**-**	**-**	**-**	**4**	**-**	**-**

2020/21	Total Recs	H	M	L	To follow up	Complete H	Complete M	Overdue H	Overdue M	Not Due H	Not Due M
Safeguarding	5	1	3	1	4	1	1	-	2	-	-
CIPFA FM Preparedness	1	-	-	1	-	-	-	-	-	-	-
Workforce Management	-	-	-	-	-	-	-	-	-	-	-
Information Management	2	-	2	-	2	-	2	-	-	-	-
KFS - Payroll	2	-	-	2	-	-	-	-	-	-	-
Affordable Housing	3	1	2	-	3	-	2	1	-	-	-
Knowledge Management	3	-	3	-	3	-	2	-	1	-	-
Total	**16**	**2**	**10**	**4**	**12**	**1**	**7**	**1**	**3**	**-**	**-**

FEBRUARY 2022	Total Recs	H	M	L	To follow up	Complete H	Complete M	Overdue H	Overdue M	Not Due H	Not Due M
Partnerships	4	-	3	1	3	-	1	-	1	-	1
Covid Response Plans	1	-	-	1	-	-	-	-	-	-	-
Management of Property	4	1	3	-	4	-	-	-	-	1	3
Main Financial Systems	4	-	-	4	-	-	-	-	-	-	-
Policy Review	1	-	1	-	1	-	-	-	-	-	1
Strategic Performance – Community	1	-	1	-	1	-	-	-	-	-	1
IT Strategy & Transformation	2	-	2	-	2	-	-	-	-	-	2
Total	**17**	**1**	**10**	**6**	**11**	**-**	**1**	**-**	**1**	**1**	**8**

SUMMARY

2019/2019

3 high and 13 medium recommendations were raised in 2018/19. One recommendation has been reviewed since the previous PGA:

▶ Safe & Clean Environment – One medium priority recommendation remains overdue.

2019/20

5 high and 34 medium recommendations were raised in 2019/20, 35 of which are considered implemented and previously reported to the PGA. The remaining four relate to Flood Risk Management. One of these recommendations became due since the last PGA, however, has not been implemented and is reported below as overdue. The remaining three have previously been reported as overdue with a revised implementation date and we will follow these up prior to the next PGA meeting.

2020/21

2 high and 10 medium recommendations were raised in 2020/21. The current position of these recommendations are as follows:

▶ Knowledge Management – One medium priority recommendation had a target implementation date of December 2021 which has been amended to December 2022. This is reported as overdue.

▶ Affordable Housing – One high recommendation remains overdue. The finding was broken down into three recommendations, one of which has been implemented and is reported as complete, with the remaining two still overdue.

▶ Safeguarding – Two recommendations have been recorded as completed since the last PGA and one recommendation is overdue. The remaining recommendation is not due until April 2022 and will be followed up in Q2.

2021/2022

1 high and 20 medium have been raised in 2021/22. Of these two have become due since the last PGA. The current position of these recommendations are as follows:

▶ Partnerships: One medium recommendation has been completed and evidence has been received, therefore we have recorded this action as implemented. The remaining recommendation was due in November 2021 and has an amended implementation date of 7 February 2022. We have recorded this as overdue.

REQUIRED AUDIT COMMITTEE ACTION:

We ask the Audit Committee to note the progress against the recommendations.

Total Cumulative implementation 20/21 and 21/22

Legend:
- Not Yet Due
- Complete
- Overdue

39% Not Yet Due, 39% Complete, 22% Overdue
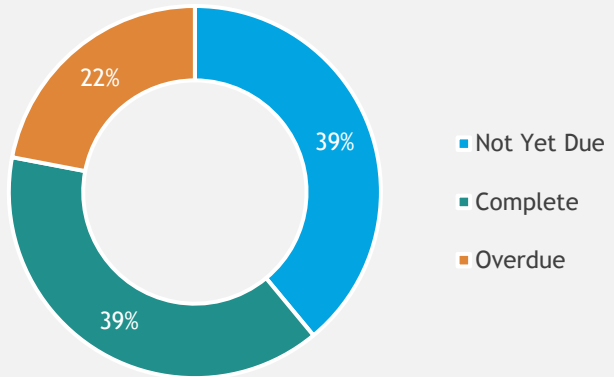
RECOMMENDATIONS: COMPLETE

AUDIT	ACTIONS AGREED	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
		2020/21			
Affordable Housing	1.3 The Housing Service Business Plan should be finalised and disseminated to relevant staff	High	Damien Ghela	Completed	1.3 The Housing Business Plan for 20/21 was completed and shared with managers and staff but did not receive Official sign off. Work has begun on the updated plan for 2022/23 *Audit Comment: We received evidence of the updated Housing Business Plan for 20/21. Whilst this should have received formal approval, focus should be on the 22/23 plan with the Council ensuring formal sign-off is in place before it is disseminated.*
Affordable Housing	The Commuted Sums Strategy should be drafted and approved as soon as possible and disseminated to relevant Council staff.	Medium	Matt Leigh	Completed	Affordable Housing and Commuted Sums Strategy now in place. *Audit Comment: The Commuted Sums Strategy has been provided to audit.*
Affordable Housing	The Strategic Housing Board meetings and accompanying terms of reference should be reviewed and meetings re-instituted as soon as possible.	Medium	Damien Ghela	Completed	ToR is included which is now subject to revision based on comments from the first meeting. A program for meetings over 2022 will shortly be issued to partners. *Audit Comment: ToR was provided to Audit.*
Safeguarding	The Council should ensure that both a C1A and SETSAF1 form are in place, as opposed to only having one or the other. Additionally, the Council should keep a clear record of all investigative activity, decision making and communication with relevant parties involved in the safeguarding case e.g. police or Essex Social Care.	High	Damien Ghela	Completed	Both forms are in place within the Council's Intranet Safeguarding pages. Hard copies of the documents are also in the MDC Safeguarding policy. *Audit Comment: Both forms were provided to audit and seen to be in place.*
Safeguarding	To ensure the management of	Medium	Damien Ghela	Completed	A new case management system is up and running and

	safeguarding cases is more robust until the Council starts using the Freshservice system, the Council should update its current safeguarding spreadsheet to include unique references numbers for each case. Additionally, all evidence relating to each case should be held in the safeguarding team's secure network drive, using a system or reference numbers to uniquely identify each case. Finally, staff should be reminded of the importance of documenting and timestamping all actions taken in relation to all safeguarding cases.				working well. The system is fulfilling its remit of being auditable and allowing for greater accuracy is managing Safeguarding concerns.

Audit Comment: Evidence of the system being in place and operational was provided to audit as part of the follow up process. |

2021/22

Partnerships	Guidance should be produced which clearly defines the requirements for both formal and smart partners or Statutory/Non statutory – whichever provides the best definition.	Medium	Georgina Buttons	Completed	Partnerships database is now updated and descriptions are included.

Audit Comment: Central register of Partnerships was seen by audit. |

RECOMMENDATIONS: OVERDUE

These recommendations have been marked as overdue as they have previously revised their implementation date. Therefore, they have now missed at least two implementation dates.

AUDIT	ACTIONS AGREED	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
			2018/19		
Safe and Clean Environment	The Council should create an environmental and waste management strategy of their own. This could incorporate the Inter-Authority Agreement, however should have a wider view of environmental management as a whole. This strategy should outline what the Council would like to achieve in the medium to long term in regards to the environment, with specific targets and actions to assist in implementing the strategy, as well as an intermittent review to ensure the Council is working towards implementing the strategy.	Medium	Paul Dodson	~~2019/2020~~ ~~March 2022~~ 31 March 2023	The Audit action for an Environment and Waste Management Strategy morphed into a Climate Change Strategy with a much wider scope and remit that takes it beyond its original remit. The formation and agreement of MDC's Climate Change Strategy is now being led by Georgina Button and is monitored within the Corporate Performance targets under the title - Preparation And Adoption Of Climate Action Strategy And Climate Action Plan As such, there needs to be a refocus/restart on specific departmental strategies for Environmental Services and Waste Management Services. The Environmental Services Strategy can be delivered more easily within the next financial year 26/03/23. However, Waste Management is undergoing a sea-change, led by the Governments new aspiration for how waste services should be delivered. In addition to this, we are also beginning to scope a new waste contract as the old one will soon expire. Both these points will massively influence any MDC Waste Strategy. Therefore, I am proposing a shorter looser Waste Strategy focusing on short term issues which can then grow to support any new national and contractual requirements. This can be delivered by 26/03/23 but a wider strategy may not be deliverable until a new contract is in place and Government policy has been adopted. *Audit Comment: An implementation date of March 2022 was provided for the November 2021 PGA. However, this latest update indicates it will now be March 2023 due to the Strategy being included as part of the development of the Climate Change Strategy. Due to the time that has elapsed since*

					this recommendation was made, and the internal developments regarding development of different strategies, there should be consideration as to whether this recommendation should be closed with the view that a Climate Change and Sustainability audit is due to be undertaken as part of the 22/23 Internal Audit Plan.
2019/20					
Flood Risk Management	The Council should, with its partners, review and update the Strategic Flood Protection Plan and create a flooding management risk register detailing the key risks, controls and action owners.	Medium	Damien Ghela	~~March 2021~~ ~~December 2021~~ 30 April 2022	The Master Flood Plan has been updated by Partners with current infrastructure projects. The Flood Plan should now be added to a wider Strategic Document on flooding which has yet to be produced.
2020/21					
Affordable Housing	1.1 Ongoing reporting and monitoring of delivery against action plan and the affordable housing targets should be undertaken.	High	Damien Ghela	~~Sept 21~~ ~~17 Dec 21~~ 30 April 2022	1.1 Ongoing monitoring and reporting of Affordable Housing Delivery is taking place but needs to be brought into Senior Leadership reports (E.g. The Balance Scorecard). This will require a new KPI to be set up. Practical work on setting up the KPI has still not taken place but monitoring and reporting of the information is occurring and delivered by John Swords.
	1.2 The Housing Strategy extension should be finalised as soon as possible, and an accompanying action plan included which links with the actions in the Housing Service Business Plan.			~~Dec 21~~ 30 April 2022	1.2 We have not been able to put these strategies forward for approval due to competing priorities. We are hopeful we will be able to complete submission by end of Mar 22.
Knowledge Management	Ensure all BCPs are updated and held centrally	Medium	Hannah Wheatley	~~Dec 21~~ 31 December 2022	This audit action can only be completed once it's been agreed if hybrid working will be made permanent as this affects where and how staff work in an emergency. A working group has been set-up to review all BCPs and this action will be resolved by 31st December 2022 (allowing time for hybrid working to be rolled out and all BCPs to be updated accordingly).

Safeguarding	The Council should update its record of volunteering organisations to clarify: whether volunteers would be coming into contact with children, young persons or vulnerable adults, who the onus of performing a DBS check rests with, whether volunteers have had a DBS check and whether supervision is required.	Medium	Damien Ghela	~~December 2021~~ 31 March 2022	Various Service areas across the Council do maintain lists of volunteer and partner organisations they work with. However, agreement is still required as to where a master list of organisations sits and processes to ensure it is regularly reviewed. *Audit Comment: An updated Partnerships database is in place following the Partnership audit and therefore may want to be considered as part of the completion of this recommendation.*
		2021/22			
Partnerships	The Council should ensure the three thematic strategies are updated to reflect the new objectives identified in the latest Corporate Plan and that partnerships are appropriately mapped out	Medium	Georgina Button	~~30 November 2021~~ 7 February 2022	We have arranged it so that we will separate out the single upload and publish 2 of the 3 updated strategies - this week. The Place thematic strategy will be updated once the member of staff returns from sick leave. This is the only one outstanding.

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MALDON DISTRICT COUNCIL
INTERNAL AUDIT REPORT

POLICY REVIEW
JANUARY 2022

LEVEL OF ASSURANCE	
Design	Operational Effectiveness
Substantial	Moderate

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BDO

DISTRIBUTION	
Name	Job Title
Paul Dodson	Director Strategy, Performance and Governance and Returning Office
Georgina Button	Strategy, Policy and Communications Manager
Cheryl Hughes	Programmes, Performance and Governance Manager

REPORT STATUS LIST	
Auditors:	Stef Kempster
Dates work performed:	September 2021 – December 2021
Draft report issued:	23 December 2021
Final report issued:	20 January 2022

EXECUTIVE SUMMARY

LEVEL OF ASSURANCE: (SEE APPENDIX II FOR DEFINITIONS)

Design	Substantial	There is a sound system of internal control designed to achieve system objectives.
Effectiveness	Moderate	Evidence of non-compliance with some controls that may put some of the system objectives at risk.

SUMMARY OF RECOMMENDATIONS: (SEE APPENDIX II FOR DEFINITIONS)

High	0
Medium	1
Low	0

TOTAL NUMBER OF RECOMMENDATIONS: 1

BACKGROUND:

The adoption of sound and up to date policies and procedures is a key control contributing to the Council's ability to meet its objectives and comply with legislative requirements and good practice.

They further help to set expectations and facilitate accountability. The Council's Director of Strategy, Performance and Governance has overall responsibility for ensuring adequate and effective policies and procedures are in place to support the Council's operations, although all managers maintain policies and procedures relating to their own areas of remit. Policies in place can cover both statutory and non-statutory responsibilities as well as being strategic, corporate and performance related.

This review seeks to provide assurance that the Council has effective arrangements to ensure relevant and up to date policies are in place.

GOOD PRACTICE:

- The Corporate Plan was updated in 2021 which provides an insight into the Council's achievements over the last two years and the Council's plans going forward to 2023. Their objectives are separated into three main themes of Place, Prosperity and Community.
- The Council have a central database where policies are kept which is easily accessible for staff.
- All policies reviewed were subject to the correct authorisation prior to their publication

KEY FINDINGS:

We selected a sample of 10 policies and found various deficiencies with the recording and monitoring procedures, including two policies that had passed their review date and one where the review date was not clear. The owner of each policy was not stated. (Finding 1 – Medium)

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CONCLUSION:

Whilst the Council has a sound system of internal controls for key policies, we identified that these were not adhered to in relation to the updating of policies. There is a lack of clarity regarding assigned responsibility for individual policies which has led to us to conclude substantial assurance on the design of controls and moderate assurance on the effectiveness of the controls.

DETAILED FINDINGS

RISK: OWNERSHIP AND RESPONSIBILITY FOR MAINTENANCE OF KEY POLICIES IS NOT DEFINED OR CLEAR, OR IS ALLOCATED TO FORMER ROLES OR PERSONNEL

POLICIES ARE NOT SUBJECT TO PERIODIC REVIEW OR MAINTAINED TO ENSURE THEY REMAIN UP TO DATE, AND ARE THEREFORE INADEQUATE TO ENABLE ADHERENCE TO CURRENT LEGISLATION AND GOOD PRACTICE

Ref	Significance	Finding
1	Medium	Officers are assigned responsibility for individual policies and for ensuring respective policies are reviewed and maintained with up-to-date legislation. We selected a sample of 10 policies from the Council's suite of policies to confirm whether they are supported by owners, that there is a frequency of review which is upheld and that there is a date of last review with a log of changes made. We found that: • Two policies (Anti-fraud & Corruption and Risk Management), published as final, were still in draft. However, in both instances they had been approved by the Council but had not been changed from draft to final. • Seven policies did not state a job title. However, for three of these, the department responsible was listed. In a further three instances the name of the Officer was listed and in one instance there was no information present. For one of the cases where an Officer was listed this person no longer worked at the Council. • One did not include the frequency of the review required and there was no evidence of when the last review was actioned. • Six held no log of the changes made • Two policies (Commissioning & Procurement and Anti-Fraud & Corruption), had a review date which had since passed (in December 2020 and 2018 respectively) and were therefore overdue, whilst for one further policy we were not able to identify whether or not the policy was overdue as there was not enough information recorded. • In all 10 policies, it does not clearly define who is the owner, but instead provides detail as to who prepared the policy. If the Council does not effectively maintain their policies, there is a risk that they may become outdated and are no longer relevant as responsibility and ownership is not reassigned following staff changes.

RECOMMENDATION:

The Council should undertake a review of their policies to ensure:

- Finalised policies clearly state on the policy they are final
- The owner of the policy is recorded as a job title and they are clearly recorded as the owner
- The frequency of the reviews are recorded
- A brief summary of the changes made to the previous policy should be included.

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The Council should also maintain a Policy Framework document which contains all the policies providing details as to who is responsible and the review due date. (See Appendix 2 for a template with examples)

MANAGEMENT RESPONSE:

Each officer will be responsible for updating their respective policy.

In relation to updating and maintaining the framework there isn't a specific post where we would be able to attach the work to. Instead it will be managed by ELT managers for each area, and strategies built into the annual service plan work to keep on top of this housekeeping exercise.

Responsible officer: Paul Dodson

Implementation Date: April 2022, annually thereafter

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
Cheryl Hughes	Programmes, Performance and Governance Manager
Georgina Button	Strategy, Policy and Communications Manager

APPENDIX I – TEMPLATE FOR MAINTAINING POLICIES

Policy	Council/Committee approval	Effective date	Review period	Review date	Responsibility/Comment
Example *Code of Conduct*	Example *Committee Approval*	Example *Approved at Committee meeting 13th February 2020*	Example *13th February*	Example *Three years*	Example *Head of HR*
Risk Management Strategy	*Council*	*Approved at Council meeting 8th Jan 2020*	*8TH Jan*	*Four years*	*Senior Risk officer*
…					

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APPENDIX II – 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.

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APPENDIX III - TERMS OF REFERENCE

PURPOSE OF REVIEW:

The purpose of this audit is to review the Council's approach to knowledge management and how it is stored and shared

KEY RISKS:

- The Council's key plans and activities are not supported by adequate policies, leading to a risk that corporate objectives will not be met
- Ownership and responsibility for maintenance of key policies is not defined or clear, or is allocated to former roles or personnel
- Policies are not subject to appropriate authorisation prior to implementation
- Policies are not subject to periodic review or maintained to ensure they remain up to date, and are therefore inadequate to enable adherence to current legislation and good practice
- Non-compliance with policy is not identified or recorded, and reasons for non-compliance are not determined or resolved

SCOPE OF REVIEW:

The following areas will be reviewed as part of this audit:

- The following areas will be covered as part of this review:
- We will review the Council's Corporate Plan and establish whether its corporate objectives are supported by a comprehensive suite of policies and procedures. We will establish whether the Council has a central directory in place which lists all policies and establish whether this is accessible to all Council staff.
- We will review the Council's suite of policies and confirm whether policies are supported by (i) owner(s) (ii) frequency of review (iii) date of last review with a log of changes made. We will also perform sample testing to confirm whether regular reviews are taking place and the policies have been appropriately reviewed and authorised prior to publication and dissemination.
- We will establish whether there is a process whereby non-compliance with the Council's policies are reported, logged and investigated, with reasons for non-compliance and resolution clearly noted.

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.

FOR MORE INFORMATION:

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MALDON DISTRICT COUNCIL
INTERNAL AUDIT REPORT

STRATEGIC PERFORMANCE - COMMUNITY
JANUARY 2022

LEVEL OF ASSURANCE	
Design	Operational Effectiveness
Substantial	Moderate

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DISTRIBUTION	
Paul Dodson	Director Of Strategy, Performance and Governance and Returning Office
Georgina Button	Assistant Director, Strategy, Policy and Communications
Joshua Fulcher	Strategic Theme Lead – Community

REPORT STATUS LIST	
Auditors:	Lucy Burgum Chris Andre
Dates work performed:	13 December - 10 January 2022
Draft report issued:	13 January 2022
Final report issued:	19 January 2022

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	Moderate	Evidence of non-compliance with some controls, that may put some of the system objectives at risk.

SUMMARY OF RECOMMENDATIONS: (SEE APPENDIX I)

High	0
Medium	1
Low	0

TOTAL NUMBER OF RECOMMENDATIONS: 1

BACKGROUND:

The Council's Community Strategy has recently been updated to ensure it underpins its Corporate Plan, which was refreshed in light of covid19 and sets out the vision to achieve a 'Sustainable Council – Prosperous Future', in addition to three priority strategic themes – Community, Place and Prosperity.

In order to achieve the vision of 'health, safe and vibrant communities', as noted in the Community Strategy, the Council has a total of 16 priority measures to achieve the community outcomes, of which a significant proportion will be delivered in partnership.

Performance against the targets in the Community strategy is to be reviewed by Members and the Corporate Leadership Team (CLT) on a quarterly basis and reported formally to full Council at the end of each financial year. The Strategy Theme Lead for Community is responsible for delivery of the Community Strategy and the Director of Strategy, Performance and Governance is responsible for overall accountability as well as performance reporting to CLT and full Council.

PUPORSE OF REVIEW:

The purpose of the audit was to carry out a deep dive review into effectiveness of the actions underpinning the Community theme and the success of these actions given the impact of the Covid-19 pandemic on vulnerable members of the community.

GOOD PRACTICE:

During this audit, we identified the following areas of good practice:
- The Council utilised extensive stakeholder engagement and review when developing the updated Corporate Objectives. Officers drew upon legislation, national policy and strategies, findings from the 2020 Staff Survey, Residents' and Business Survey and 2021 Members Engagement Survey to develop the objectives and a Corporate

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Plan Working Group was established to distil the feedback received and ensure the updated plan had considered the input made.

- The design of the quarterly performance report Appendix allows for clear progress reporting on targets and enables easy interpretation of performance information by management.
- In our discussion with the Community Strategy Strategic lead, we identified that:
  - Those leading on the Community Thematic Strategy are proactive as well as reactive when developing action plans to continuously build relationships with partners.
  - The Community Strategy team has strong, trusting relationships with its partners which have been seen to strengthen and build as a result of Covid-19.

KEY FINDINGS:

We only identified one key finding within this review which is included below:

- There is inconsistent development of action plans when a KPI is seen to fall behind target and these action plans are not reported to the Performance, Governance and Audit Committee for scrutiny, just a headline summary (Finding 1 - Medium)

CONCLUSION:

Our review has found that the Council undertook extensive discussion and review when developing the updated corporate objectives and the Community team feel assured that the vulnerable are appropriately considered. Furthermore, we have been advised the Council has good relationships with its Community Strategy partners and we have seen evidence that strategy performance is regularly monitored. However, performance monitoring and review could be improved when KPIs fall behind target and the refreshed Strategy document currently lacks inclusion of targets and detail. We are aware that finalising the Community Strategy is already a key priority of the Community team and therefore, this has led to a final assessment of moderate assurance over the control design and moderate assurance over the control effectiveness.

DETAILED FINDINGS

RISK: WHERE PERFORMANCE FALLS BELOW TARGETS, THERE ARE NO PLANS FOR REMEDIATION

Ref	Significance	Finding
1	Medium	**Inconsistent development of action plans** Developing and reviewing action plans is key to successful performance management. This helps ensure actions are taking place to address issues identified, helps to evaluate the effectiveness of the actions implemented and helps decide if any further action is required. It is the responsibility of the priority measure lead to develop and review the associated action plan. However, we identified that whilst Member are provided with commentary about what is being done, action plans are not consistently developed when a KPI for a priority measure falls behind target. For example, the KPI "Number of community weight management sessions delivered to parishes" has an annual target of and increase of two yet the performance report shows no progress had been made towards this by the end of quarter two. Despite this, no action plan has been developed to address this target and presented to the Performance, Governance and Audit Committee (PGA) for scrutiny. However, we do appreciate that Covid has impacted the achievement of targets on many aspects of the community strategy. Whilst action plans are in place for some KPIs that have fallen behind target, these are also not reported to the PGA for oversight. For example, the Lion Barber Collective Action Plan to address the KPI 'Promotion of Mental Health, Social Isolation and Loneliness Initiatives'. This action plan has not been presented to the PGA, despite the performance report recording this KPI to be behind target at the end of quarter one and two. If action plans are not developed and effectively reviewed to address the KPIs that are behind target, appropriate action may not be undertaken to address these shortcomings and actions may not be implemented in appropriate timescales. Moreover, this means that the relevant oversight group at the Council will not be made aware of this in a timely manner, further hindering progress towards meeting these targets.

RECOMMENDATION:

1.1 Action plans should be developed when KPIs fall behind target.
1.2 The Council should ensure that action plans for KPIs that have fallen behind target are reported as part of the quarterly performance reports to ensure the Performance, Governance and Audit Committee have sufficient oversight over performance management.

MANAGEMENT RESPONSE:

Action plans will be developed when KPIs fall behind target and will be ready by Q4 reporting in April 2022.

Responsible Officer: Joshua Fulcher

Implementation Date: April 2022

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OBSERVATIONS

LACK OF DETAIL IN THE REFRESHED 2021-23 COMMUNITY STRATEGY

The Community Strategy needs to be detailed and clearly outline the Community outcomes the Council has set to ensure it will help to deliver the Corporate Plan and support the Council's vision of 'healthy, safe and vibrant communities.

In our review, we found that whilst the priority measures were listed for the Community Strategy and a description provided, measurable targets were not given and the Strategy in general lacked the detail of its 2019-2023 predecessor.

When this was raised with the Community Strategy Strategic Lead in our meeting, we were made aware that the 2021-23 version is in its skeleton form. The full document has not been finalised yet due to limited capacity and time restraints surrounding Covid-19. They are intending to publish the finalised, more descriptive version in April 2022. We are also aware that SMART targets have been developed for each priority measure and are monitored at the quarterly Performance, Governance and Audit Committee meetings but these are not listed on the Strategy document itself.

As the Community Strategy is a publicly available document, if it is not updated to show the targets developed, there is a risk that stakeholders won't be aware of the timescales for action or extent of action planned. There is also a risk that with limited detail included the strategy that the Council will not achieve the best results as the strategy will be harder to interpret and stakeholders will not be fully informed of the good work the Council is doing.

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.

Joshua Fulcher	Strategic Theme Lead – Community

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 the audit is to carry out a deep dive review into effectiveness of the actions underpinning the Community theme and the success of these actions given the impact of the Covid-19 pandemic on vulnerable members of the community.

KEY RISKS:

The following potential key risks have been developed through discussions with management, using our collective audit knowledge and utilising the risk assessment undertaken during the development of the internal audit operational plan. These are potential risks associated with the area under review, and not conclusions drawn, which will be considered as part of the audit testing to assess whether they are actual risks to the Council:

- There was a lack of discussion and review in the identification of new objectives and they do not sufficiently target vulnerable members of the community

- Updated priority measures are not clearly detailed in the Community Strategy and targets are either not recorded or are insufficient

- Performance of priority measures in relation to the Council's Community Strategy are not regularly monitored and reported against

- Where performance falls below targets, there are no plans for remediation

- There is a lack of buy-in from key services across the Council, as well as partners, resulting in a lack of contribution towards achieving the Council's Community outcomes.

SCOPE OF REVIEW:

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

- Review of the updates made to the strategy, ensuring sufficient consideration and emphasis was given to vulnerable members of the community
- We will review the Council's latest performance in relation to its priority measures and assess whether any areas reported as being below target to confirm whether there are any action plans in place.
- Review of the Community Thematic Strategy to ensure priority measures are included and targets are appropriate
- We will liaise with key staff involved in the strategy to ensure sufficient buy in from key services across the Council

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.

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FOR MORE INFORMATION:

Greg Rubins

Greg.Rubins@bdo.co.uk

MALDON DISTRICT COUNCIL

INTERNAL AUDIT REPORT

MAIN FINANCIAL SYSTEMS
JANUARY 2022

LEVEL OF ASSURANCE	
Design	Operational Effectiveness
Substantial	Moderate

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BDO

DISTRIBUTION	
Name	Job Title
Annette Cardy	Resources Specialist Services Manager
Lance Porteous	Lead Finance Specialist – Finance Manager
Chris Leslie	Director of Resources

REPORT STATUS LIST	
Auditors:	Ravi Gadhia – Internal Audit Semi Senior
Dates work performed:	20 September 2021 – 25 October 2021
Draft report issued:	3 December 2021
Final report issued:	13 January 2022

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	Moderate	Evidence of non-compliance with some controls that may put some of the system objectives at risk.

SUMMARY OF RECOMMENDATIONS: (SEE APPENDIX I)

High	0
Medium	0
Low	4

TOTAL NUMBER OF RECOMMENDATIONS: 4

CRR/BAF REFERENCE:

R15: Failure to plan and deliver balanced budgets over the medium term

BACKGROUND:

The Council is required to have sound controls in place in its financial systems, in order to prevent and detect error and fraud. As part of our cyclical review of main financial systems we looked at General Ledger, Journals, Budgetary Control and Treasury Management.

The Council manages credit risk by ensuring that investments are only placed with organisations of high credit quality as set out in the Treasury Management Strategy. These include commercial entities with a minimum long term credit rating of A-, UK government, other Local authorities and organisations without credit ratings upon which the Council has received independent investment advice. As per the Council's draft Statement of Accounts 2020-21, they have an investment portfolio of £19,787,000 split between Short Term (£15,012,000) and Long Term (£4,775,000).

GOOD PRACTICE:

System Access

Access to the Sage finance system is controlled by users who have administrative privileges on the system, which consist of both IT and Finance staff. Where an individual joins or leaves the organisation, their line manager is required to complete a ticket on FreshService which is processed by IT. Over the last 12 months, there have been two starters who joined in January and June 2021 and one leaver who left the organisation in April 2021. We were able to confirm that the two joiners had been set up on the system appropriately and the one leaver had their access disabled on the system within the same month. For all cases, evidence of a FreshService ticket from their line manager was also provided.

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Budget Setting & Monitoring

The Council's budget is presented to the Strategy & Resources Committee every January for review and scrutiny before being presented to Full Council every February for approval. We were provided with the S&R Committee minutes for January 2021 and Full Council minutes for February 2021 which covered review and approval of the 2021/22 budget.

The Council's budget for the year is loaded into the Pinnacle budget monitoring system and is accessible by finance and individual budget holders and is used on a monthly basis to monitor, discuss and review/amend budgets where necessary.

Monitoring and control of expenditure is completed through the Council's Budgetary Monitoring Report, which has a clear variance analysis, and is presented to the Corporate Leadership Team (CLT) and the Strategy & Resources Committee on a quarterly basis.

Treasury Management

Treasury Management Strategy

In line with the CIPFA Code of Practice for Treasury Management the Council has in place a Treasury Management Strategy for the 2021/22 financial year which was presented to the Strategy and Resources Committee on 28 January 2021.

The Strategy was also reviewed by the Council's Treasury Advisor - Arlingclose Ltd and includes their analysis of socio economic factors as at December 2020. We reviewed the Council's Treasury Management Strategy and noted it outlined several socio economic factors arising from the Covid-19 pandemic and Brexit, in addition to GDP, inflation, interest rates as well as the US presidential election and US economy.

Treasury Management Training

Training is provided to the Finance team in relation to Treasury Management by ArlingClose with the most recent training on 27 September 2021.

A workshop was also delivered by Arlingclose on 9 Sept, 16 Sept and 24 Sept covering the Treasury Management Framework, Treasury Management risks, the investment function and the borrowing function.

Treasury Full Year Report

The Council's full year report for the 2020/21 financial year was presented to the Strategy and Resources Committee in July 2021. The minutes discussed how during 2020/21, the Council had an average of £21.7m invested, whilst also maintaining a debt free position, highlighting that capital expenditure did not include any borrowing during 2020/21.

The report also covered Compliance with the Prudential Indicators and Treasury Management Strategy. The Prudential Indicators for 2020/21 were set on 23 February 2021 as part of the 2020/21 Treasury Management Strategy. The report to the Strategy & Resources Committee highlighted that all treasury management activities undertaken during 2020/21 complied with the Treasury Management Strategy, CIPFA CoP and PI.

KEY FINDINGS:

Testing of Treasury Transactions (Money Market Funds)
The Council's Treasury Management Policy records a £3m investment limit which is not consistent with the Council's Treasury Management Strategy which sets out a £5m counterparty limit and £12m sector limit. **(Finding 1 – Low)**

Reconciliations between General Ledger and Feeder System(s)
Although there were no unreconciling items, there was no evidence of reconciliations having been reviewed, with the 'Checked by' field left blank in all three samples reviewed. **(Finding 2 – Low)**

Management of the Suspense Account
We tested a sample of 20 suspense account entries where transaction dates were between April and September 2021 and found 11 instances where balances were still in the suspense account. **(Finding 3 – Low)**

Approval of Journals
The name of the officer inputting the journal was not recorded on the journal template in seven out of 15 instances **(Finding 4 – Low)**

CONCLUSION:

Overall, our audit found that whilst the Council has robust controls in place with regards to the use of Sage and Pinnacle, in addition to budget setting and monitoring, further improvements are required in terms of keeping the suspense account cleared regularly, ensuring a complete audit trail of journal entries and making sure feeder system reconciliations are clearly approved regardless of whether they show any un-reconciling balances or not. Additionally, the Council should ensure the limits in the Treasury Management Policy reflect the limits set out within the Treasury Management Strategy. As a result, we are able to provide substantial assurance over the design of controls and moderate assurance of the effectiveness of controls in place.

DETAILED FINDINGS

RISK: THE COUNCIL'S TREASURY MANAGEMENT POLICIES ARE NOT COMPLIED WITH, RESULTING IN INAPPROPRIATE INVESTMENTS AND MISMANAGEMENT OF CASH.

Ref	Significance	Finding
1	Low	**Treasury Transactions (Money Market Funds)** The Council has a Treasury Management Policy in place which reflects the CIPFA Treasury Management Practices. The Council's policy states that the authorised officer for any borrowing or lending is the Senior Accountant. The policy also states that Authorisation must be provided by the Director of Resources and that the maximum for any one investment deal is £3million. For all transactions, there must be a deal ticket, confirmation from the broker or counter party, CHAPS payment document and contract notes (if dealing with shares). However, the Council's Treasury Management Strategy sets out a £5m counterparty limit and £12m sector limit for Money Market Funds (MMF) which contradicts the limits recorded within the Treasury Management Policy.

RECOMMENDATION:

The Council should ensure that the limits set out in the Treasury Management Policy reflect the limits also set out in the Treasury Management Strategy

MANAGEMENT RESPONSE:

The Treasury Management policy refers to the strategy, however as detailed above the amounts are inconsistent and will be amended to £5m to agree with the strategy, which is prepared in consultation with our treasury management advisors.

Responsible Officer: Resources Specialist Services Manager

Implementation Date: January 2022

DETAILED FINDINGS

RISK: RECONCILIATIONS BETWEEN THE GENERAL LEDGER AND FEEDER SYSTEMS (INCLUDING THE BANK, CASH RECEIPTING SYSTEM, COUNCIL TAX AND BUSINESS RATES, AND LOCAL COUNCIL TAX SUPPORT) ARE NOT PERFORMED, ARE INFREQUENT, OR ARE INCOMPLETE.

Ref	Significance	Finding
2	Low	**Reconciliations between General Ledger and Feeder System(s)** There is an automatic interface in place between the Sage finance system and the Academy system which is used to manage Revenues & Benefits, Council Tax and Non-Domestic Rates. Reconciliations are required to be completed on a weekly basis. We were provided with the reconciliations performed between Sage and Academy and confirmed that reconciliations are performed on a weekly basis and that there were no un-reconciling balances for those reviewed. However, we noted from review of the reconciliation file that whilst it was clear who prepared the reconciliation there was no evidence that the reconciliations had been reviewed as the 'Checked by' field was left blank and no review date has been recorded. There is an increased risk of un-reconciling balances not being reviewed, subsequently investigated and rectified by a senior member of the finance team.

RECOMMENDATION:

The Council should ensure that the monthly reconciliations between Sage and Academy are reviewed and approved with the approver signing and dating the reconciliations

MANAGEMENT RESPONSE:

Reconciliation meetings, along with a documented checklist will be put in place monthly where any amendments will be made, and the process signed off by the Senior Finance Specialist.

Responsible Officer: Resources Specialist Services Manager

Implementation Date: January 2022

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DETAILED FINDINGS

RISK: THE GENERAL LEDGER SUSPENSE ACCOUNT IS NOT SUBJECT TO REGULAR REVIEW AND CLEARANCE.

Ref	Significance	Finding
3	Low	**Management of the Suspense Account** The suspense account is monitored by the Finance team and cleared on a weekly basis. We were provided with the latest report of the suspense account at the time of the audit. Our review of the suspense account noted a total of 114 entries, with transaction dates ranging between 1 April 2021 and 17 September 2021. The total debit amount was £1,706,773.34 and the total credit amount was £1,877,753 - resulting in an overall suspense account balance of £170,979. A sample of 20 suspense account entries between April and September 2021 were reviewed and we found 11 instances where balances totalling £46,115.82 were still in the suspense account. We were informed by Finance that the Council are trying to identify where the income belongs. By not clearing the suspense account, income received by the Council is not allocated to the necessary codes, leading to inaccurate reporting of income.

RECOMMENDATION:

The Council should ensure that the suspense account is cleared on a regular basis, maintaining a nil balance. All income received which is still in suspense should be reviewed by management and allocated to the correct code.

MANAGEMENT RESPONSE:

Delay was due to a staff bereavement. A weekly automated system reminder is now in place to ensure weekly clearance. A monthly sign off and check will be completed by the Senior Finance Specialist. The balance is now reduced to £1616.54 with ongoing investigation to identify these items. Customers do not quote valid reference numbers or enough information to allocate their payments despite system prompts to provide the correct information.

Responsible Officer: Resources Specialist Services Manager

Implementation Date: January 2022

DETAILED FINDINGS

RISK: JOURNALS ARE NOT SUBJECT TO SUFFICIENT APPROVAL AND SCRUTINY BY DELEGATED PERSONNEL AND ARE NOT ACCURATELY PROCESSED TO THE GENERAL LEDGER, INCREASING OPPORTUNITIES FOR ERRORS AND FRAUD.

Ref	Significance	Finding
4	Low	**Inputting Journals into Sage**
		Where a member of staff wants to raise a journal to be entered onto Sage, they must first raise a ticket using the FreshService ITIL software and attach a completed journal template. The ticket is then approved by a Finance specialist before being entered onto Sage.
		Our review of 15 journal entries made between April 2021 and September 2021 identified that whilst there was a clear audit trail in terms of who raised the journal and who approved the journal, in addition to supporting evidence and workings, there were –seven instances where the individual inputting the journal into Sage was not stated within the journal template.
		There is an increased risk of journals being input by unauthorised users.

RECOMMENDATION:

Where a journal template has been completed, the Council should ensure that it includes the details of who input the journal onto Sage.

MANAGEMENT RESPONSE:

All team members have been reminded that they must include their name when completing a journal and this requirement has been added to the journal process note. Spot checks will be completed by the Senior Finance Specialist each month.

Responsible Officer: Resources Specialist Services Manager

Implementation Date: January 2022

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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
Lance Porteous	Lead Finance Specialist – Finance Manager
Annette Cardy	Resources Specialist Services Manager
Shaala Jeya	Senior Finance Specialist
Simon Walker	Senior Finance Specialist

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.

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APPENDIX II - TERMS OF REFERENCE

PURPOSE OF REVIEW:

The purpose of this review is to provide assurance over the design and effectiveness of the controls in place around the general ledger, budgetary control and treasury management as well as to highlight any areas where the controls could be improved.

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:

General Ledger and Journals

- Access to systems and data is not effectively managed, extending the risk that data may be amended or deleted without appropriate approval.
- Reconciliations between the General Ledger and feeder systems (including the Bank, Cash Receipting system, Council Tax and Business Rates, and Local Council Tax Support) are not performed, are infrequent, or are incomplete.
- The General Ledger suspense account is not subject to regular review and clearance.
- Journals are not subject to sufficient approval and scrutiny by delegated personnel and are not accurately processed to the General Ledger, increasing opportunities for errors and fraud.

Budgetary Control

- Budgets are not set and funds not allocated so as to achieve the Council's strategic and operational objectives
- Budgets are not appropriately approved and communicated and loaded into the financial management system in a timely manner to allow effective monitoring by budget holders
- Responsibility for budgets is not established and delegated to appropriately qualified and trained staff
- The Council fails to monitor the budget, analyse variances or take remedial action where appropriate so as to minimise risk of budget over/underspend
- There is ineffective review, scrutiny and escalation of budget variances within management

Treasury Management

- The Council's treasury management policies are not complied with, resulting in inappropriate investments and mismanagement of cash.

SCOPE OF REVIEW:

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

General Ledger and Journals

- We will obtain and review reconciliations between the General Ledger and the feeder systems to ensure they are being completed on a timely manner, reviewed and approved appropriately, and any variations are being investigated and appropriate corrective action being recorded.
- We will obtain the current balance of the General Ledger suspense account and ensure there is a regular review being undertaken. We will select a sample of 20 entries to ensure the transaction has been cleared to the appropriate general ledger account
- We will obtain a list of journal for the period 1 April 2021 to date, and for a sample of journals, including reversing journals, we will check that there is sufficient documentation to support the transaction, that it was authorised appropriately and correctly processed.
- For the sample selected above we will establish if the journal voucher was processed on a timely basis and was posted correctly in the General Ledger.

Budgetary Control

- Review of the budget setting process as well as how budgets are monitored and oversight is maintained throughout the year
- We will confirm there has been appropriate escalation and sign off of budget alterations
- We will review the analysis undertaken of budgets and variances

Treasury

- For a sample of investments, confirm that they comply with the Council's treasury management policy and are appropriately approved.

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.

BAF/CRR REFERENCE:

R15: Failure to plan and deliver balanced budgets over the medium term

The scope of the review is limited to the areas documented under the scope and approach. All other areas are considered outside of the scope of this review.

FOR MORE INFORMATION:

Greg Rubins

Greg.Rubins@bdo.co.uk

MALDON DISTRICT COUNCIL

INTERNAL AUDIT REPORT

IT STRATEGY & TRANSFORMATION
JANUARY 2022

LEVEL OF ASSURANCE	
Design	Operational Effectiveness
Moderate	Moderate

IDEAS | PEOPLE | TRUST

BDO

DISTRIBUTION	
Annette Cardy	Resources Specialist Services Manager
Grant Hulley	Lead ICT Specialist

REPORT STATUS LIST	
Auditor:	Awais Farooq – IT Auditor
Dates work performed:	19 November 2021 – 8 December 2021
Draft report issued:	4 January 2022
Final report issued:	20 January 2022

EXECUTIVE SUMMARY

LEVEL OF ASSURANCE (SEE APPENDIX IV FOR DEFINITIONS):

Design	Moderate	Generally a sound system of internal control designed to achieve system objectives with some exceptions
Operational Effectiveness	Moderate	Evidence of non-compliance with some controls that may put some of the system objectives at risk

SUMMARY OF RECOMMENDATIONS (SEE APPENDIX IV FOR DEFINITIONS):

High	0
Medium	2
Low	0

TOTAL NUMBER OF RECOMMENDATIONS: 2

CRR/BAF REFERENCE:

R25: Failure to deliver finances associated to transformation programme (current score: 16)

R11: Failure to protect personal or commercially sensitive information (current score: 8)

R19: Failure to manage the impact of organisational change (current score: 6)

R26: Failure to deliver channel shift, through lack of customer engagement or undelivered processes (current score: 4)

BACKGROUND:

A strong IT strategy provides a blueprint of how technology supports and shapes the Council's overall corporate objectives and priorities. Its strategic goals should mirror corporate projects and take into account the needs of key stakeholders including employees, members of the public and third-party business partners.

An appropriate IT Strategy should encompass all facets of technology management, including cost, hardware and software management, vendor management and risk management, taking into consideration the lifecycle of those elements across a period of time, with an annual review to ensure that the contents of the strategy are still aligned to the Council's objectives and priorities. Particularly in light of the Covid-19 global pandemic and the significant impact felt by all organisations worldwide, it is even more important that the Council's IT Strategy is regularly reviewed and updated.

The Council's IT Strategy for 2021 to 2026 was ratified by the Council's Full Committee in April 2021. Responsibility for overseeing the delivery of the IT Strategy has been assigned to the Council's Lead ICT Specialist. As a result of the significant changes in working patterns and practices introduced by the Covid-19 outbreak, the Council is currently in the process of establishing a hybrid working model, with a combination of in-office and remote working. The IT strategy establishes how technology provision will be shifted from full on-site working to a combination including remote working.

The purpose of this review was to provide assurance that key controls have been established to ensure that the Council's IT strategy is appropriately designed and embedded within the Council's operations and that action plans and objectives are implemented in order to support the achievement of wider corporate objectives.

GOOD PRACTICE:

The following areas of good practice were noted during our review:

- The Council has a "Corporate Plan 2021-2023" in place which includes the key three themes: Place, Prosperity and Community and the key outcomes are outlined within these themes. Additionally, the plan has a focus on Performance and Value, ensuring a strong approach to finance, governance and holds the Council and their partners to account to deliver clear outcomes for the local district.
- The Council has a "High Level ICT Strategy 2021-26" document in place which has been approved by the Performance, Governance and Audit Committee (PG&A) and ratified by the Strategy and Resources Committee in June 2021. The strategy was then further approved by the Full Council, also in June 2021.
- The Council has a CLT Steering Group and ELT Project Board in place for high-level management and to oversee the delivery of all transformation projects across the Council. The Project Management Office (PMO) provides monthly headline reports to the CLT, to agree and sign off projects. The CLT then provides a summary of the steering group decisions to the ELT.
- The Project Management Office (PMO) maintains regular communication lines with the project managers to provide leadership support, oversight and guidance and provides assurance to the CLT on the operational aspects of the transformation projects across the Council.
- The Council maintains a PMO active project (POAP) register which includes the status of all the ICT transformation projects completed, nearing completions and currently underway. The POAP identifies the project owner/manager, start and end dates, ongoing and one-off costs, current status and updates.
- Our review of monthly PMO headline reports and ELT and CLT meeting minutes confirmed that the progress on individual projects is regularly monitored and reported upon including current status, business drivers, current stage, RAG rating (previous and current), overall risk and actual vs budgeted spend.

KEY FINDINGS:

During our review, the following areas for improvement were identified:

- Whilst the ICT Strategy thoroughly details the Council's IT transformation programme, we found that it is not linked to the Council's corporate plan, and does not include a strategy roadmap with targeted timelines, agreed milestones, financial evaluation arrangements and benefit realisation plans (Finding 1 – Medium)
- We found that the Council has not formally documented the governance arrangements and the objectives relating to the delivery of the strategy. Furthermore, our sample testing of six ICT projects confirmed that project initiation documents (PIDs) and closure reports were not sufficiently retained or completed, and project progress was not regularly reported upon to senior management (Finding 2 – Medium)

CONCLUSION:

We raised two medium priority recommendations to improve the Council's arrangements for the development, ongoing monitoring and delivery of its IT Strategy. The Council has an overall robust control environment, derived primarily from informally defined responsibilities for the two boards overseeing the Council's IT strategic direction.

However, the gaps identified in the strategy document and the governance arrangements could impact the Council's ability to achieve its IT and digital objectives in line with its wider corporate plan and strategic expectations. Consequently, we conclude moderate assurance over both the design of the Council's IT strategy controls and their operational effectiveness.

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DETAILED FINDINGS

RISK: THE STRATEGY IS NOT ALIGNED TO THE REQUIREMENTS OF THE COUNCIL'S STRATEGIC DIRECTION AND INADEQUATE ARRANGEMENTS TO SUPPORT THE DELIVERY OF COUNCIL'S IT STRATEGY IN ALIGNMENT WITH THE COUNCIL'S OBJECTIVES

Ref Significance Finding

1. **Medium** | ***ICT Strategy 2021-26***

The Council has a "High Level ICT Strategy 2021-26" document in place which was approved by the "Performance, Governance and Audit Committee (PGA)" and Strategy and Resources Committee in June 2021.

The strategy documents a transformation programme and lists the current ICT infrastructure, the improvements required to support changes in the current infrastructure, Covid-19 changes such as remote working and the role of ICT. The strategy also lists the key transformation projects currently underway and future projects between the period 2022 to 2026.

Whilst the ICT Strategy thoroughly details the Council's transformation programme, we found that it is not linked to the Council's corporate plan and vision statement, and does not include a strategy roadmap, guiding principles, financial evaluation, budgeting, communication and resource allocation arrangements, and benefit realisation plans.

In the absence of a comprehensive IT strategy detailing all of the above elements, there is a risk that the management, governance and delivery of the Council's IT services and transformation projects is not in line with the Council's corporate plan, objectives and strategic direction.

RECOMMENDATION:

1.1 Management should review and update the current ICT strategy to document the missing elements identified above, including the Council's IT expectations and objectives, how these link to corporate strategic objectives and policies and procedures underpinning the strategy.

1.2 Management should identify and update or develop the associated policies, procedures (e.g. IT procurement, disposal, retention, backup) and the control framework in supporting the delivery of the strategy and to support the objectives of the strategy.

1.3 Management should ensure that service areas and Senior Management are actively involved and communicated to in accordance with the Council's existing governance arrangements.

MANAGEMENT RESPONSE:

1.1 The Strategy provides an overview of IT aims and sets out what items will be delivered each year. A pictorial roadmap will be attached to show the journey. This is used to provide a simple overview to senior managers, stakeholders and Members. Adding a great deal of detail will make it more unmanageable.

Instead, the IT Strategy links to a Projects document which details the finances and each project is managed via our Performance Management Office (PMO) which details financial evaluation, budgeting, communication, resource allocation arrangements and benefit realisation for each project.

1.2 The governance framework is in place to support the Strategy with the responsibility for delivery within the requirements of the senior management roles and facilitated by monthly review meetings and the above mentioned PMO controls.

The associated policies are in place with items such as disposal and back up within Financial policies, Disaster Recovery, etc. These will be linked back and referenced in the Strategy for clarity.

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1.3 Senior managers were consulted with in the development of the and reviewed the draft Strategy before finalised. As service area IT projects are initiated those areas are engaged and provide specialist service area knowledge and review.

Actions: 1.1 Pictorial Roadmap of the IT deliverables and link to Corporate Plan

1.2 Update of Strategy to reference and link key policies and procedures

Responsible Officer: Grant Hulley

Implementation Date: March 2022

RISK:	DELIVERY OF THE IT STRATEGY NOT MONITORED AND REPORTED AT ROUTINE INTERVALS TO KEY STAKEHOLDERS, INCLUDING SENIOR MANAGEMENT, AND KEY PERFORMANCE INDICATORS HAVE NOT BEEN DEFINED TO MEASURE PROGRESS AND PERFORMANCE AGAINST THE IT STRATEGY

Ref	Significance	Finding
2.	Medium	

Governance Arrangements & KPIs

The Council has not formally documented the governance arrangements relating to the delivery of the strategy, however relevant boards are in place to ensure all transformation projects across the Council including ICT projects are regularly monitored and reported upon.

We found that informal terms of references for the ELT and CLT are in place, attached in Appendix I & II, documenting the frequency of the meetings, representations/attendees, monitoring requirements roles and responsibilities of the participants.

Management confirmed that while formal KPIs have not been documented for delivery of the ICT strategy, each individual transformation project has its own KPIs and milestones defined, which are reported to the ELT during monthly meetings (an informal process flow is attached in Appendix III), as follows:

CLT Steering Group

At the start of each project, the PMO presents project initiation documents such as "Project on a Page", "Business Cases" and "PIDs" to the CLT during monthly meetings to:

- gain approval of the project scope, pathway and funding/budgets
- identify resources, dependencies, risks
- agree project timelines and milestones
- define roles & responsibilities and benefits (what success looks like)

The PMO presents "Closure reports" to the CLT to review and either confirm or challenge the closure of a project.

ELT Project Board

The PMO presents a monthly project headline report (excel spreadsheet) at each ELT meeting to:

- monitor performance against budgets, KPIs and milestones
- sign off change requests
- address potential issues with the project delivery

Project Headline Reporting

Our review of monthly headline reporting confirmed that it reports on current status, RAG rating, project start and end dates, budget vs actual and financial savings.

We found that no other KPIs or milestones have been identified or are reported upon to the ELT.

Sample Testing (Documentation)

As part of our testing, six ICT projects were selected to review the documentation held at the project level to ensure these have been managed and monitored in line with the above informal process. The testing identified the following exceptions:

- For five of the six projects, the "Project Brief/PID", "Implementation Plan" and "Project Headline Report" did not exist
- For two of the six projects, which are complete or nearing completion, the "Closure Reports" did not exist

Sample Testing (Monitoring & Reporting)

Management confirmed that three out of the six projects were too small for the

PMO to monitor and thus the progress is not tracked. These include:

- Laptop and Tablet Stock
- Veeam Software Upgrade and Configuration
- Software Decommissioning

However, we found that the other three ongoing projects were not reported in the October 2021 and November 2021 "Project Headline Reporting" to the ELT as follows:

- "Datacentre Upgrade" (started in January 2021), was last reported in February 2021
- "Mitel Project-Ignite/Call Secure" (started in July-2021), was last reported in July-2021.
- "SharePoint" (started in October-2021), was last reported in April-2021.

If strategy objectives are not communicated effectively, there is a risk that service areas are not sufficiently engaged in and support with the delivery of the strategy.

The absence of defined governance arrangements and clear objectives that clearly link back to the IT strategy increases the risk that progress against the delivery is not appropriately and accurately reported to Senior Management and no action is taken to improve areas that adversely impact the delivery of the strategy and the achievement of its objectives.

RECOMMENDATION:

2.1 Management should put arrangements in place for Senior Management review of the IT Strategy on a frequent basis to assess progress against each of the Strategy's objectives.

2.2 Arrangements should be put in place for monitoring, measuring and evaluating IT performance and service delivery against the Strategy on a routine basis (quarterly) to identify opportunities for improving areas of poor performance.

2.3 The strategic objectives should also be reviewed and, where necessary, updated on a routine basis (biannually/annually) to ensure that they are still appropriate and in line with the expectations of the Council.

MANAGEMENT RESPONSE:

Monthly review of IT strategy by Resources Manager and Director in place to ensure delivery and in line with Council objectives. As IT developments are fast paced changes in year can be made to the Strategy in agreement with the Resources manager once these are assessed for suitability to MDC

Responsible Officer: Annette Cardy

Implementation Date: Complete

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.

Annette Cardy	Resources Specialist Services Manager
Grant Hulley	Lead ICT Specialist

APPENDIX I – CLT STEERING GROUP

ROLES & RESPONSIBILITIES

CLT Steering Group

Attendees required - CLT, IT, PMO representatives and Project Managers presenting on new or closing projects

Frequency – monthly – a week before the project board

Documents presented – Project on a Page, Business Cases, PIDs and Closure Reports

Role of participants:
- Robustly challenge new project ideas
- Identify any resource challenges and dependencies (not previously recognised)
- Identify ways to resource and fund new projects
- Reject new projects that have insufficient information or don't align with corporate priorities
- Identify potential risks
- Agree timelines, project scope, budget, roles & responsibilities, benefits and what success looks like
- Decide on project pathway – does it need to go to members, is more information needed, is a business plan needed, can it be approved as a new project
- Review closure reports for projects and either confirm or challenge the closure
- Manage project reporting issues and challenges identified during project board

Results and updates to be summarised and presented at the next project board

APPENDIX II – ELT PROJECT BOARD

ROLES & RESPONSIBILITIES

ELT Project Board

Attendees required – ELT and those managing projects

Frequency – monthly – a week after the CLT Steering Group

Documents presented - Highlight reports (all RAG status' to present)

Changes to current agenda:
- An update will be given at the start with a summary from the CLT Steering Group – which projects have gone live, which require more information and which have closed
- All projects will now present a highlight report regardless of RAG status
- POAP and closure reports will only be presented to the CLT Steering Group

Roles of participants
- Robustly query and challenge elements of the project including
    - Delivery, timeline, budget, resource impacts, roles and responsibilities, benefits, what success looks like
- Sign off change requests
- Identify risks and issues (based on experience of own service and also wider considerations)
- Challenge RAG status – do you feel the RAG reported reflects the status of the project
- Identify next steps with project delivery and help address potential resource issues
- As projects reach closure – refer project managers to the steering group to present a closure report

Non-reporting projects will be referred to the CLT steering group

APPENDIX III – GOVERNANCE PROCESS (COUNCIL WIDE)

COMMUNICATION FLOW

Project Manager

PMO

Monthly Headline reporting

Annual report of project delivery and lessons learned (Jan)

Support and guidance for PMs

Steering group

Agree and sign off projects

Project on a page
Project initiation document

Project Board

Receive summary of steering group decisions

Review and challenge project process
Track delivery and raise concerns
Recommend closure to steering group

Highlight report
Risk and issues log

Meeting activity
Project documentation
Central reporting

Process/
communication flow

APPENDIX IV – 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.

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APPENDIX V - TERMS OF REFERENCE

PURPOSE OF REVIEW

The purpose of our review will be to provide assurance that key controls have been established to ensure that the Council's IT Strategy is appropriately designed and embedded within the Council's operations and that action plans and objectives are implemented in order to support the achievement of wider corporate objectives.

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 potential key risks associated with the area under review include:

- IT governance arrangements are not in accordance with the Council's strategic objectives and there is no defined reporting and oversight structure in place
- The Council has no ratified strategy in place for its IT services or the strategy is not aligned to the requirements of the Council's strategic direction
- The IT Strategy has not been communicated to and understood by all relevant stakeholders and Council service areas are not sufficiently engaged in the delivery of the strategy
- There are inadequate arrangements in place to support the delivery of the Council's IT Strategy, including resource management and prioritisation criteria to ensure alignment with the Council's strategies and objectives
- Delivery of the IT Strategy is not monitored and reported at routine intervals to key stakeholders, including Senior Management, and Key Performance Indicators (KPIs) have not been defined to measure progress and performance against the IT Strategy

SCOPE OF REVIEW:

The following areas will be reviewed as part of this audit:

- IT Strategy Objectives: review the design of the IT Strategy and how it links to wider corporate objectives and priorities.
- Roles and Responsibilities: assess whether key stakeholders are aware of their roles and responsibilities and are appropriately equipped to deliver against objectives
- Policies and Procedures: review the effectiveness of associated policies, procedures and the control framework
- IT Strategy delivery and performance monitoring: assess the operation of key controls in the strategy and the arrangements for monitoring the delivery of the strategy and reporting to key stakeholders
- Strategy buy-in: assess how the Council as a whole has bought into the IT Strategy and how other service areas within the Council interact with the Strategy and understand its objectives.

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.

FOR MORE INFORMATION:

Greg Rubins
Greg.Rubins@bdo.co.uk

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MALDON DISTRICT COUNCIL

INTERNAL AUDIT REPORT

MANAGEMENT OF PROPERTY
JANUARY 2022

LEVEL OF ASSURANCE	
Design	Operational Effectiveness
Moderate	Moderate

IDEAS | PEOPLE | TRUST

BDO

DISTRIBUTION	
Name	Job Title
Richard Holmes	Director of Service Delivery and Head of Paid Service
Frank Britt	Lead Assets & Maintenance Co-ordinator
Farley Norman	Interim Operations Manager

REPORT STATUS LIST	
Auditors:	Stef Kempster
Dates work performed:	July 2021 – January 2022
Draft report issued:	12 January 2022
Final report issued:	20 January 2022

EXECUTIVE SUMMARY

LEVEL OF ASSURANCE: (SEE APPENDIX I FOR DEFINITIONS)

Design	Moderate	Generally, a sound system of internal control designed to achieve system objectives with some exceptions.
Effectiveness	Moderate	Evidence of non-compliance with some controls that may put some of the system objectives at risk.

SUMMARY OF RECOMMENDATIONS: (SEE APPENDIX I FOR DEFINITIONS)

High	1
Medium	3
Low	0

TOTAL NUMBER OF RECOMMENDATIONS: 4

BACKGROUND:

Maldon District Council has responsibility for various property assets including parks, leisure centres, open spaces, other buildings as well as the MDC offices. The assets are predominately managed via excel spreadsheets which hold information on leases, rental agreements, invoicing details and maintenance schedules.

GOOD PRACTICE:

- Budget reports are run quarterly which are discussed and approved by management on a monthly basis
- The Council monitor accounts which are credit monthly through the aged debt reports
- A central register of assets is maintained via the Uniform system which is used to run reports detailing the Council's assets

KEY FINDINGS:

- The Council does not have a process for the monitoring and completion of cyclical repairs that may be required under the Council leasing responsibilities and Uniform is not used to its full extent to ensure all relevant documentation relating to an asset is easily accessible (Finding 1 – High)
- The Council does not have any formal documented internal policies and procedures, which define the objectives of the department and roles and responsibilities of staff (Finding 2 – Medium)
- There is not a clear formal process in place to ensure that assets are regularly reviewed to ensure that they are efficiently utilised (Finding 3 – Medium)
- The actions required to be completed as part of the aged debtor process are not being undertaken (Finding 4 – Medium)

CONCLUSION:

Council assets are held centrally on Uniform with an Asset and Maintenance Co-ordinator in place to maintain oversight of managing properties. The Council maintains a central register of

assets as part of its Uniform system; however, this is not used to its full extent resulting in a lack of associated documentation relating to maintenance and leases held for each asset. Additional findings in respect of debts not being chased and a lack of guidance, protocols and strategy for managing property has led to moderate assurance able to be provided over both the design and operational effectiveness of the controls in place regarding the management of property.

DETAILED FINDINGS

RISK: REQUIREMENTS FOR CYCLICAL AND RESPONSIVE REPAIRS AND MAINTENANCE ARE NOT DEFINED, OR NOT ADHERED TO

Ref	Significance	Finding
1	High	The Lead Assets & Maintenance Co-ordinator informed us that there is no programme for the completion of cyclical repairs that may be required under the Council's leasing responsibilities. Therefore, the Council are unable to provide assurance that its responsibilities under its leaseholder agreement are being identified and discharged for their 82 assets. A spreadsheet was developed in 2018 following the completion of surveys at the Council's properties and details the work required. The work at each property is broken down into priority levels with costings attached, totalling £437,529. However, we were informed that updates have not been made to this and staff are unaware if progress has been made against completion of the work. Staff stated that whilst there is a central register of assets (Uniform), it is not used sufficiently with corresponding documentation for assets such as leases and maintenance information, not consistently held on the system. Our review of leases identified: • One lease had not been signed and therefore had no evidence of its approval • One lease stated that the annual rent was £1200 yet £5425 was being invoiced. We were informed that the rent charged of £5425 was actually correct following a rent review but that the lease itself had not updated It is noted that the Council are looking to use SharePoint as their central register as it is more user friendly and will allow manager's access to individual user saved files. Additionally, whilst the Council has an agreement with Chubb to complete specific areas of work on its behalf, including the maintenance of fire alarms and fire extinguishers, there is no formal contract in place. We were provided with a tender document and were informed that, at the time this was procured (2013), when a bidder signed the Tender declaration form then this would suffice as the signed contract. It should be noted that this contract is due to end in 2023 with updated procurement practices now in place. Chubb provide quarterly reports of the work carried out and we did receive two reports dated 02/08/2021 and 19/02/2021 relating to maintenance work carried out by Chubb on the Council building at Princes Road. However, no evidence of work carried out on the Council's other assets was made available during the audit, and it is not clearly documented who has responsibility for maintenance at the respective assets. As noted above, corresponding documentation in relation to assets are not easily accessible for all assets. If a central database in relation to assets is not being maintained the Council is unable to ensure that assets are being maintained,

appropriate leases are in place and correct invoices are issued for costs incurred.

In addition, if the Council does not have a robust system in place to identify and respond to their cyclical repair responsibilities this will ultimately lead to increased reactive and responsive repairs at a higher cost.

RECOMMENDATION:

A) The Council should undertake a review of all the assets to ensure they are correctly recorded within the existing system so that accurate records can be migrated when needed.

B) The Council should review its assets portfolio to identify its responsibilities to undertake cyclical repairs. A programme of work should be drawn-up and prioritised which should be regularly monitored to ensure that the required work is appropriately scheduled and completed to satisfactory standards.

C) Where work is contracted out, the Council should ensure that procurement procedures have been appropriately followed and contracts have been authorised and recorded. Copies of all contracts should be retained centrally, and work completed by contractors should be monitored and checked and held with the respective asset on their central register.

MANAGEMENT RESPONSE:

Following the MDC Transformation 2019 the officer responsible for the above became short of available resource and has made attempts to collate the data within Microsoft Excel spreadsheets. This has not proven to be helpful and fallen below expectations in the following years. Looking at solutions within the marketplace which can range from, off the shelf software to software that is written specifically for one's needs are costly and not currently budgeted for are not an option.

Following recent talks internally, I've been informed of software that is already being used in other areas of the Council that can be adapted and would be a good starting point to build the definitive property asset database. The software is Freshservice Asset. The database would incorporate the key commercial information to allow us to monitor, audit, flag key decisions, maintenance tasks etc to name just a few, but would meet the recommendations as outlined above by our auditors. I'm making internal enquires (Jan 2022) to the key partners within MDC who are responsible for the software Freshservice and to understand the process of getting the database platform ready for raw data.

The Council has Contract Procedure Rules that were approved by Council in 2021, which document the procurement process and dedicated procurement officers are in place who check for compliance. There is mandatory procurement training for officers and additional training/support as identified. The Council has a contract register and contracts are held centrally, old documentation is also added where identified.

Implementation Date: August 2022 – Sooner starting date will be achieved to start new database on Freshservice Asset monitoring but will be a progressive rolling programme to add raw data to new platform. This is dependent on resources available and input from data received from third parties.

Responsible Officers: Farley Norman & Frank Britt

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	RISK: PROPERTY MANAGEMENT PROTOCOLS ARE NOT DEFINED, OR STAFF DO NOT ADHERE TO THEM

RISK: PROPERTY MANAGEMENT PROTOCOLS ARE NOT DEFINED, OR STAFF DO NOT ADHERE TO THEM

RISK: ROLES AND RESPONSIBILITIES FOR MAINTENANCE OF PROPERTIES ARE NOT CLEARLY DEFINED OR NOT UNDERSTOOD BY STAFF

Ref	Significance	Finding
2	Medium	The Council does not have any formal documented protocols and procedures, which define the objectives of the Park and Asset Maintenance Team and roles and responsibilities of staff. As a result, the day-to-day operations of the team are not formally recorded clearly detailing who is responsible. As noted in Finding 1, responsibility for management and maintenance of properties and assets is not clearly defined. Failure to ensure that documented policies and procedures are in place could lead to a lack of ownership and accountability for key processes required to ensure the team meet their objectives. In addition, this could lead staff unnecessarily exposed in an event of any serious failures.

RECOMMENDATION:

A) The Council should arrange for an appropriate policy and procedure document to be drawn up to provide clear procedural guidance and details of the specific responsibilities within each role. This document should be readily accessible to all staff and should be subject to annual review or updated when processes are changed.

MANAGEMENT RESPONSE:

All roles on the establishment have a clear Job Description (JD). Each JD sets out the reporting lines for that role, the role purpose, key accountabilities, objectives, specific tasks and knowledge / qualifications required. All JD's along with structure charts are available on the internal system Freshservice for all staff to access without the need to request. The Parks and Countryside team have recently been issued with individual devices to enable them to access Freshservice and the network; any training to use these will be identified and delivered are necessary. Discussions will be held within the Park and Assets team to identify the day-to-day operations of staff including regularity and expected outputs and documented centrally. This will also strengthen our business continuity arrangements. The document will be reviewed annually in line with appraisals to ensure documented roles and requirements have been completed.

Objectives of the Park and Assets Team will be picked up as part of the development of the Asset Strategy and discussed within the planned working group noted in the management response for finding 3.

Implementation Date: June 2022
Responsible Officers: Farley Norman

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RISK: THE COUNCIL DOES NOT IDENTIFY AND TAKE ACTION TO ADDRESS SURPLUS OR UNDERUTILISED ASSETS THE COUNCIL DOES NOT IDENTIFY AND TAKE ACTION TO ADDRESS SURPLUS OR UNDERUTILISED ASSETS		
Ref	**Significance**	**Finding**
3	Medium	There is no clear formal process in place to ensure that assets are regularly reviewed to ensure that they are efficiently utilised. An Asset Strategy has not been developed which details the assets of the Council and expectations of their use whilst establishing the expected benefits of the properties in question. This would enable the Council to review their assets in line with the strategy and make informed decisions as to the profitability and benefit of retaining assets. From this would stem the further policies, procedures and guidance noted within Finding 4. If there is no formal process in place to ensure that the Council's assets are reviewed to ensure they are efficiently utilised there is a risk that the Council could lose out on cash revenue and incur additional costs.

RECOMMENDATION:

A) The Council should establish an Asset Strategy to enable them to succinctly define the benefits of their assets and introduce processes that allow them to identify potential users/uses of such assets, expectations from keeping them, costs of maintaining etc.

B) As part of A) above, the Council should review the assets it holds to identify unused or underutilised resources with a view to redeploying or disposing. Regular (potentially annual) meetings should be undertaken specifically to review the assets and ensure these are being efficiently utilised in line with the strategy. These meetings should be minuted and hold an action plan.

MANAGEMENT RESPONSE:

Having spoken with the MDC officers within Assets & Commercial on the points raised we have agreed that we will start a working group within January/February 2022 to identify an MDC Assets Strategy regarding the use of its property. We will identify any risks or changes and ensure these are documented and if needed key decisions are made at appropriate Director level.

Implementation Date: April 2022

Responsible Officer's: Farley Norman, Steven Butcher & Frank Britt

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RISK:	INOME IS NOT PROMPTLY AND ACCURATELY ALLOCATED TO ACCOUNTS	
Ref	Significance	Finding
4	Medium	As per the Council's aged debtors process, if an invoice has not been paid after 14 days after its due date stage 1 is a reminder to pay the invoice, if the debt is still outstanding after 28 days the account should be escalated to stage 2 which requires a second reminder to be issued. After a further 14 days the debt should then pass to stage 3 which involves involving legal and the Debt Collection Agency. There are computer generated reports which provide details of accounts which require action at stage 1 and stage 2. Manual intervention is required at stage 3 which involves a review of an aged debt report to identify accounts which require further action. We reviewed the August 2021 aged debt report and selected a sample of 10 accounts relating to use of land, leases and rent which were in debt, some of these accounts had more than one debt so a total of 15 invoices that were not paid in a timely manner were reviewed with debt totalling £33k. We identified the following: - On 13 occasions, no stage 1 letter had been sent out despite the debt being overdue by 14 days - On 11 occasions, stage 2 had been implemented either after the 28-day period or there was no evidence this had been completed at all - On four occasions, the account was in stage 3 but there was no evidence of stage 1 or 2 being completed beforehand. However, it should be noted that stage 2 letters have subsequently been issued - On the 14 occasions that a stage 3 letter should have been sent, this has either not been sent or was sent after the required deadline. Overall, on 14 out of 15 occasions the required process had not been completed in a timely manner and for six outstanding debts there has been no response and no further action taken. Where the required recovery procedure in relation to unpaid debts is not being adhered to or evidenced this could lead to the Council being unable to escalate unpaid debts and to more formal recovery involving the legal department which could mean debts remain unpaid and legal costs are unnecessarily incurred.

RECOMMENDATION:

A) The process for recovery of unpaid debts should be reviewed to ensure that the reports being used are fit for purpose and that action is taken in line with policy and is able to be evidenced within required timescales.

MANAGEMENT RESPONSE:

Prior to August 2021, various measures had been put into place to ensure a robust approach to the debt management process which included the introduction of the CreditHound system and solutions within the FreshService helpdesk portal. However, from May 2021 there followed extended periods of certificated long-term absence and maternity leave within the Casework team, coupled with training of new staff which contributed to the age-debt processes not meeting our usual standards for the month that was audited, resulting in the issues raised.

However, please note that resources within the Casework team has since returned to full establishment levels and processes are again up to date and being monitored to ensure compliance with our policy and processes.

Controls around this area include:

- Regular catch ups by caseworkers to identify outstanding tasks.

- This has been added as a standing item within the casework team meetings.

- New scheduled tickets within our Helpdesk system (FreshService) to ensure that the appropriate reports and tasks are picked up and completed.

- Daily updates run to identify where Stage 1 and Stage 2 letters need to be raised and dispatched.

- Liaison with managers prior to Stage 3 being undertaken

Implementation Date: Completed
Responsible Officer: Al Morrell

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
Frank Britt	The Lead Assets & Maintenance Co-ordinator
Al Morrell	Resources Casework Manager
Jess Dawkins	Resources Caseworker
Simon Walker	Specialist: Finance
Simon Butcher	Commercial Manager

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.

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APPENDIX II - TERMS OF REFERENCE

PURPOSE OF REVIEW:

The purpose of this audit is to review the Council's arrangements in place for ensuring property is managed effectively and efficiently

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:

- The Council does not have complete and accurate records of all its property assets including details of long term leases
- Requirements for cyclical and responsive repairs and maintenance are not defined, or not adhered to
- Property management protocols are not defined, or staff do not adhere to them
- Roles and responsibilities for maintenance of properties are not clearly defined or not understood by staff
- Tenants are not invoiced correctly and on a timely basis for rents due
- Income is not promptly and accurately allocated to accounts
- Income allocated to rent accounts is not reconciled to income systems and the ledger
- Accounts in credit are not subject to regular review
- Property records are dispersed or do not include all required information, which inhibits effective property management
- The Council does not identify and take action to address surplus or underutilised assets

SCOPE OF REVIEW:

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

- Review the roles and responsibilities in place for the management of properties
- Determine how property information is stored and filed and is accessible for management purposes
- Review a sample of properties to determine if the property is being managed in line with its lease agreement (maintenance and repairs responsibilities)
- Review a sample of properties to determine if rental income is being invoiced correctly and in line with agreements in place
- Review the process for accounting for rental income
- Determine if agreements are commercially and strategically appropriate for long term leases
- Determine if there is regular review of assets to assess if these are being efficiently utilised
- Determine whether property information is stored appropriately (paper and electronic records)

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

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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:

R15: Failure to plan and deliver balanced budgets over the medium term; R9: Failure to have a co-ordinated approach to supporting inward investment and maximising business rates growth; R23: Financial resource and process issues

FOR MORE INFORMATION:

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INTERNAL AUDIT ANNUAL PLAN 2022-23 & STRATEGIC PLAN 2022-25 - DRAFT

MALDON DISTRICT COUNCIL

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AUDIT RISK ASSESSMENT

Background

Our risk based approach to Internal Audit uses the Council's own risk management process and risk register as a starting point for audit planning as this represents the client's own assessment of the risks to it achieving its strategic objectives. We obtain input from all Directors and key staff within the Council order to bring together a full plan which will be presented at the February Performance, Governance and Audit (PGA) Committee. Additionally, we will use our own sector expertise to identify potential risks. We recently attended the whereby annual plans at other Local Authorities were reviewed with surveys completed to identify significant risks likely to be prevalent over the following year to three years. These will be reviewed and incorporated where necessary in our development of the annual and strategic plan.

The extent to which we can rely on management's own perception of risk largely depends on the maturity and effectiveness of the Council's own risk management arrangements. In estimating the amount of audit resource required to address the most significant risks, we have also sought to confirm that senior management's own assessment of risk accurately reflects Council's current risk profile.

Planned approach to internal audit 2022/23

The indicative Internal Audit programme for 2022/23 is shown from page 8, with an indicative strategic plan for 2022 - 2025 shown from page 12. We will keep the programme under continuous review during the year and will introduce to the plan any significant areas of risk identified by management during that period.

The plan is set within the context of a multi-year approach to internal audit planning, such that all areas of key risks would be looked at over a three year audit cycle. In setting the number of days in the plan we have assumed that the control environment within the Council's will improve as we work with you to address the issues you have.

Individual audits

When we scope each review, we will reconsider our estimate for the number of days needed to achieve the objectives established for the work and to complete it to a satisfactory standard in light of the control environment identified within the Council. Where revisions are required we will obtain approval prior to commencing fieldwork.

In determining the timing of our individual audits we will seek to agree a date which is convenient to the Council and which ensures availability of key management and staff.

Variations to the Plan

We review the three year strategic plan each year to ensure we remain aware of your ongoing risks and opportunities. Over the coming pages we have mapped your key risks along with the audit work we are undertaking, demonstrating we are focussing on your most important issues.

As such our strategic audit programme follows the risks identified during our planning processes and confirmed via discussions with the Executive Directors.

MAPPING YOUR STRATEGIC RISKS

CONSEQUENCE
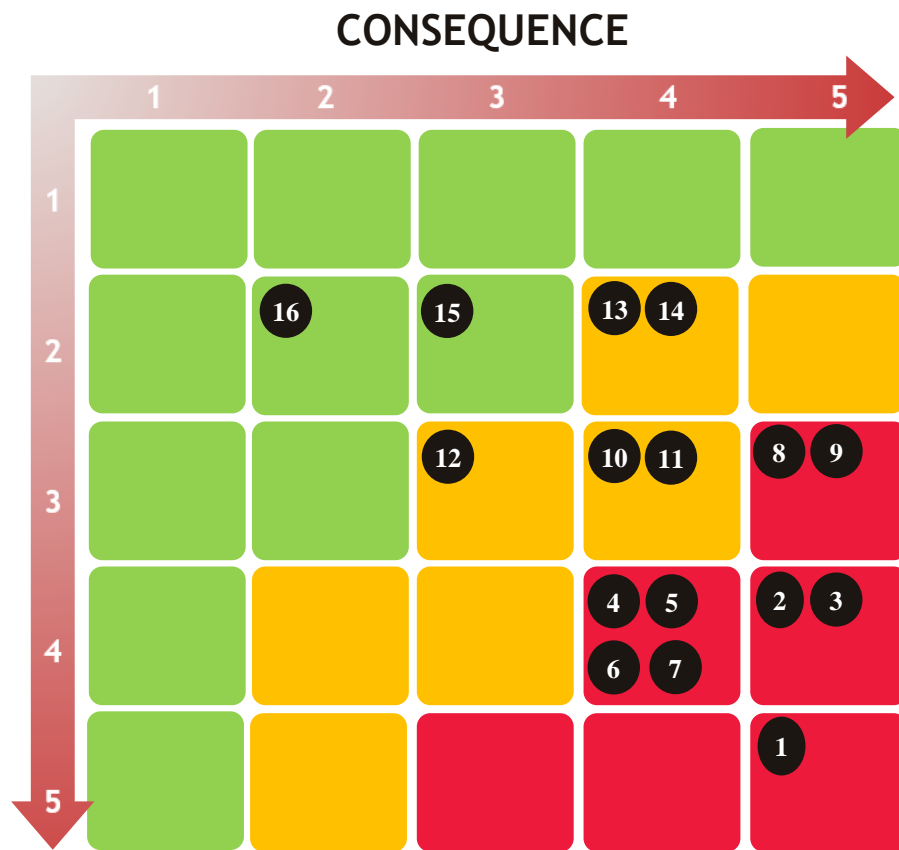
Ref	Strategic Risks from your CRR	Score
1	R7: Failure to maintain a 5 year supply of housing land	25
2	R15: Failure to plan and deliver balanced budgets over the medium term	20
3	R8: Failure to meet the affordable housing need	20
4	R10: Failure to develop jobs to support the growing population	16
5	R25: Failure to deliver finances associated to transformation programme	16
6	R29: Failure to deliver services as a result of Covid-19	16
7	R5: Failure to deliver the required infrastructure to support development arising from the LDP	16
8	R1: Failure to safeguard children and vulnerable adults	15
9	R9: Failure to have a co-ordinated approach to supporting inward investment and maximising business rates growth	15
10	R3: Failure to target services/influence partners effectively to support identified housing needs of increasing aging population	12
11	R4: Failure to influence Community Safety Partners to address the key areas of public concern (including rural crime) and the negative impact of crime	12
12	R14: Unable to recruit and retain staff with specific skill sets in specialist areas to meet the demands of the service (i.e. planners)	9
13	R11: Failure to protect personal or commercially sensitive information	8

14	R2: Failure to target services and influence partners with the aim of having an effective outcome on the identified (health and wellbeing) needs of the vulnerable population	8
15	R13: Failure to manage the impact of organisational change	6
16	R16: Corporate policies not managed and reviewed	4

MAPPING YOUR CRR TO THE STRATEGIC PLAN

Ref	Strategic Risks from your CRR	2022/23	2023 - 2025
1	R7: Failure to maintain a 5 year supply of housing land	Local Development Plan	
2	R15: Failure to plan and deliver balanced budgets over the medium term	Main Financial Systems Budgets and Performance Management	Main Financial Systems Housing Benefits
3	R8: Failure to meet the affordable housing need	Local Development Plan	
4	R10: Failure to develop jobs to support the growing population		Strategic Performance (Prosperity)
5	R25: Failure to deliver finances associated to transformation programme	Main Financial Systems	Main Financial Systems
6	R29: Failure to deliver services as a result of Covid-19		
7	R5: Failure to deliver the required infrastructure to support development arising from the LDP	Local Development Plan	
8	R1: Failure to safeguard children and vulnerable adults	Safeguarding	Homelessness and Temporary Accommodation
9	R9: Failure to have a co-ordinated approach to supporting inward investment and maximising business rates growth		Commercialisation
10	R3: Failure to target services/influence partners effectively to support identified housing needs of increasing aging population	Local Development Plan	
11	R4: Failure to influence Community Safety Partners to address the key areas of public concern (including rural crime) and the negative impact of crime	Community Safety	

12	R14: Unable to recruit and retain staff with specific skill sets in specialist areas to meet the demands of the service (i.e. planners)	Workforce Management	Recruitment and Retention
13	R11: Failure to protect personal or commercially sensitive information		GDPR Business Continuity and Disaster Recovery IT Asset Management
14	R2: Failure to target services and influence partners with the aim of having an effective outcome on the identified (health and wellbeing) needs of the vulnerable population		
15	R13: Failure to manage the impact of organisational change		

We note not all risks have reviews against them. The Council have a large volume of identified risks and our audit plan is constrained. We will monitor these risks and flexibly adapt our audit plan as appropriate and if required to cover these risks. We also note managements own actions seek to mitigate these risks.

INTERNAL AUDIT OPERATIONAL PLAN 2022/23

Area	Days	Timing	Description of the Review	Reason for Inclusion
CORE				
Main Financial Systems	20	Q3	Detailed review to include GL controls, system interfaces, journals, as well as cyclical audits of debtors, creditors, payroll, budgetary control, treasury management, council tax and NNDR.	This is a mandatory element of the internal audit programme and forms a key component of the Head of Internal Audit opinion. We undertake a rotational set of reviews covering the Council's key financial systems.
Risk Maturity Assessment	15	Q1	Review the process in place for risk management, including risk appetite, identification, controls, scoring and mitigation. This will follow up on the previous assessment to determine if the Council has progressed towards a mature approach to risk management.	Risk management is a fundamental part of both the operational and strategic thinking of every part of the service delivery within the organisation. This includes corporate, business and financial risks.
Budgets and Performance Management	15	Q2	Deep dive review into effectiveness of the actions underpinning the Community theme and the success of these actions given the impact of the Covid-19 pandemic on vulnerable members of the community.	R25: Failure to deliver finances associated to transformation programme
Corporate Governance	15	Q1	Review of the operation of the newly established Committee Structure to ensure that it is fit for purpose and delivering the outcomes required by the District.	Major risk to all authorities given the importance of good governance and greater challenges and scrutiny placed on governance decisions within the Council and by the public nationally

The above risk will increase as Councils become, as you are, more commercial and face greater financial challenges |

Area	Days	Timing	Description of the Review	Reason for Inclusion
Workforce Management	15	Q4	Review of the internal processes for HR, including workforce planning, recruitment, appraisals and training and assess if the People and Workforce Development Strategy has been implemented effectively.	R14: Unable to recruit and retain staff with specific skill sets in specialist areas to meet the demands of the service (i.e. planners)
Strategic Performance (Place)	15	Q3	Cyclical deep dive review into effectiveness of the actions underpinning the various strategic themes (Place, Community & Prosperity) theme and the success of these actions given the impact of the Covid-19 pandemic.	R3: Failure to target services/influence partners effectively to support identified housing needs of increasing aging population R4: Failure to influence Community Safety Partners to address the key areas of public concern
Capital and Commercial Project Management	15	Q2	Review of significant capital and commercial projects, to include the planning, funding, delivery and the approach to project management to ensure there is sufficient due diligence and that projects are delivered in line with expectations.	Project Management poses significant financial and reputational risks to the Council Specific projects carry their own risks with large commercial activities planned for the coming years
Total	**110**			

Area	Days	Timing	Description of the Review	Reason for Inclusion
OPERATIONAL				
Flood Management	10	Q1	Review of the Council's relationships with the Lead Local Flood Authority and other organisations to manage respective responsibilities over the	Flooding remains a risk for the Council and the internal audit, completed in 2020, identified four medium findings. These resulted in large actions such as updating the Strategic Flood Protection Plan, providing training, liaising with external stakeholders and updating of strategies.

			risk of surface water flooding. (Follow up review) This will also re-assess previous actions from the strategic ownership of flooding responsibilities.	
Climate Change and Sustainability	20	Q3	Review of all Council policies and overall strategies to set, approve and achieve environmental aims as well as steps to identify and reduce the area's carbon footprint and activities to provide a safe and clean environment.	Increased risk following the COP26 and the Environment Bill receiving Royal Ascent in November 2021 Specific requirements for local authorities in relation to street tree felling and tackling air quality
Safeguarding	15	Q1	Follow up of previous internal audit to review the Council's policies and arrangements to ensure the safeguarding of children and vulnerable adults.	R1: Failure to safeguard children and vulnerable adults Safeguarding is a statutory duty and is the responsibility of local authorities and partner agencies 'Easements' to services were allowed under the provisions of the Coronavirus Act 2020 emergency legislation and instances of abuse and or neglect were expected to have increased during lockdown
Community Safety	15	Q4	Review of the Council's policies and arrangements to ensure residents' safety, progression of the Community Safety Plan and engagement with the public to reduce crime given reduced policing capacity.	R4: Failure to influence Community Safety Partners to address the key areas of public concern (including rural crime) and the negative impact of crime
Local Development Plan	15	Q2	Review of the implementation of the Local Development Plan and consistency with other Council strategic needs assessments.	R7: Failure to maintain a 5 year supply of housing land R8: Failure to meet the affordable housing need R5: Failure to deliver the required infrastructure to support development arising from the LDP
Total	75			

Area	Days	Description of the Review
Planning, Reporting, and Follow-up		
Follow Up Work	10	Assessment and reporting of recommendations raised.
Audit Management	20	Creation of audit plan, meeting with Executive Directors, PGA.
Contingency	5	
Total	**35**	
Overall Total	**220**	

INTERNAL AUDIT STRATEGIC PLAN 2022-2025

Area	2022/23	2023/24	2024/25	Description of the Review
Main Financial Systems	20	20	20	Detailed review to include GL controls, system interfaces, journals, as well as cyclical audits of debtors, creditors, payroll, budgetary control, treasury management, council tax and NNDR.
Risk Maturity Assessment	15			Review the process in place for risk management, including risk appetite, identification, controls, scoring and mitigation. This will follow up on the previous assessment to determine if the Council has progress towards a mature approach to risk management.
Budgets and Performance Management	15			Review of the performance management processes such as the strength of business planning, use of data, governance and follow up of services not meeting targets.
Corporate Governance	15			Review of the operation of the newly established Committee Structure to ensure that it is fit for purpose and delivering the outcomes required by the District.
Workforce Management	15			Review of the internal processes for HR, including workforce planning, recruitment, appraisals and training and assess if the People and Workforce Development Strategy has been implemented effectively.
Capital and Commercial Project Management	15			Review of significant capital and commercial projects, to include the planning, funding, delivery and the approach to project management to ensure there is sufficient due diligence and that projects are delivered in line with expectations.
Strategic Performance – Cyclical (Place,	15	15		Cyclical deep dive review into effectiveness of the actions underpinning the various strategic

Community & Prosperity)				themes (Place, Community & Prosperity) theme and the success of these actions given the impact of the Covid-19 pandemic.
Housing Benefits		15		Assessment of benefit cases against evidence retained on systems ensuring cases are legitimate and sufficient evidence was received and protocols followed as well and ensuring reporting of information in this area is appropriate.
Building Control			15	Review of the effectiveness of the Council's approach to and delivery of change to the Building Control service.
Recruitment and Retention			15	To assess the monitoring, reporting and oversight of recruitment i.e. how management judge the success of the Council's overall processes and take action to continuously improve as well as steps taken to retain staff and how staff feedback is received and reviewed.
Procurement and Contract Management		20		To consider the adequacy and effectiveness of arrangements for contract management and procurement, ensuring arrangements are robust and transparent and that effective relationships are maintained with key partners.
Flood Management	10			Review of the Council's relationships with the Lead Local Flood Authority and other organisations to manage respective responsibilities over the risk of surface water flooding. (Follow up review) This will also re-asses previous actions from the strategic ownership of flooding responsibilities.
Sickness and Absence Management			15	To review the sickness absence management process and ensure the Council have adequate controls and triggers in place to monitor and manage sickness absence effectively. We will also assess measures undertaken by the Council to enable staff to return to work quickly.
GDPR		15		The purpose of the audit is to provide assurance over the design and operation of the controls in place to comply with the requirements of the General Data Protection Regulations.

				The risk of non-compliance with the GDPR, may lead to financial penalties and reputational damage
Cyber Security		20		To provide assurance to the Audit and Governance Committee that the Council has adequate controls and systems to manage cyber security threats
IT Asset Management			20	The purpose of this audit is to provide assurance that the Council has maintained a full and complete asset register for IT equipment. The audit will also assess whether the lifecycle of hardware, including servers, tablets and laptops/PCs has been considered in the IT Strategy and decision making regarding replacement equipment is future focused
Climate Change & Sustainability	20			Review of all Council policies and overall strategies to set, approve and achieve environmental aims as well as steps to identify and reduce the areas carbon footprint and activities to provide a safe and clean environment.
Homelessness and Temporary Accommodation		15		This audit will review how the Council manages its homelessness and temporary accommodation responsibilities and how effective these arrangements are
Planning and s106		15		The purpose of the audit is to review and assess the effectiveness of controls in place regarding planning and review the management of Section 106 funds.
Event Management			15	Review of the systems and procedures in place to ensure achievement of objectives set out; this includes the governance, strategies and operational controls for events management and additional steps needed to be taken post covid
Car Parking			15	Review of the processes to approve and communicate parking charges and assess how parking is charged and the collection is accurate and complete
Safeguarding	15			Follow up of previous internal audit to review of the Council's policies and arrangements to ensure the safeguarding of children and vulnerable adults.

Business Continuity and Disaster Recovery		15		Review Council arrangements for the overall Business Continuity and Disaster Recovery Plan including how this Plan interacts with local service plans and whether there is adequate oversight that these all remain up-to-date, regularly assessed and tested.
Community Safety	15			Review of the Council's policies and arrangements to ensure residents' safety, progression of the Community Safety Plan and engagement with public to reduce crime given reduced policing capacity.
Health and Wellbeing			20	The review will assess the health and wellbeing initiatives in place to support staff across the Council We will consider how the success of initiatives is monitored, where it is reported and how staff feedback is taken into account
Local Development Plan	15			Review of the implementation of the Local Development Plan and consistency with other Council strategic needs assessments
Commercialisation			20	Review of the Council's updated strategy to have a co-ordinated approach to supporting inward investment. The audit will assess how successful on-going commercial activities are and plans for the future
Licensing		15		Review of processes in place to ensure there are sufficient controls over the management of issuing and maintaining licences and whether there are appropriate controls in place to ensure effective recovery of fee income
Dog and Pest Control			15	The purpose of this audit is to review the controls in place at the Council regarding Pest and Dog Control to confirm they are operating effectively and ensure team structures and capacity are sufficient to manage the service.
EDI		20		Review to assess how the Council has ensured there is a commitment to EDI across the organisation, including tone from the top, governance structures, strategy, and use of data (including both workforce and service design considerations)

Health and Safety			15	The purpose of the audit is to provide assurance over the design and operational effectiveness of the controls relating to the application of health and safety policies and practices across the Council.
Planning, Reporting and Follow Up				
Follow up	10	10	10	Assessment and reporting of recommendations raised.
Management Time	20	20	20	Creation of audit plan, attendance at PGA.
Contingency	5	5	5	
Total	**220**	**220**	**220**	

APPENDIX I
Internal Audit Charter - Role and Scope of Internal Audit

Purpose of this charter

This charter is a requirement of Public Sector Internal Audit Standards (PSIAS).

The charter formally defines internal audit's mission, purpose, authority and responsibility. It establishes internal audit's position within Maldon District Council and defines the scope of internal audit activities.

Final approval resides with the Board, in practice the charter shall be reviewed and approved annually by management and by the PGA on behalf of the board of Maldon District Council.

Internal audit's mission

Internal audit's mission is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.

Standards of internal audit practice

To fulfil its mission, internal audit will perform its work in accordance with PSIAS, which encompass the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF): Definition of Internal Auditing, Code of Ethics, and International Standards for the Professional Practice of Internal Auditing.

Internal audit definition and role

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Internal audit acts primarily to provide the PGA with information necessary for it to fulfil its own responsibilities and duties. Implicit in internal audit's role is that it supports management to fulfil its own risk, control and compliance responsibilities. The range of work performed by internal audit is set out in PSIAS and not repeated here.

Internal audit's scope

The scope of internal audit activities includes all activities conducted by Maldon District Council. The Internal Audit Plan sets out those activities that have been identified as the subject of specific internal audit engagements.

The provision of assurance services is the primary role for internal audit in the UK public sector. This role requires the chief audit executive to provide an annual internal audit opinion based on an objective assessment of the framework of governance, risk management and control.

Assurance engagements involve the objective assessment of evidence to provide an independent opinion or conclusions regarding an entity, operation, function, process, system or other subject matter. The nature and scope of the assurance engagement are determined by internal audit.

Consulting engagements are advisory in nature and are generally performed at the specific request of management, with the aim of improving governance, risk management and control and contributing to the overall opinion. The nature and scope of consulting engagement are subject to agreement with management. When performing consulting services, internal audit should maintain objectivity and not assume management responsibility.

Effective internal audit

Our internal audit function is effective when:

- It achieves the purpose and responsibility included in the internal audit charter

- It conforms with the Standards

- Its individual members conform with the Code of Ethics and the Standards

- It considers trends and emerging issues that could impact the organisation.

The internal audit activity adds value to Maldon District Council (and its stakeholders) when it considers strategies, objectives and risks, strives to offer ways to enhance governance, risk management and control processes and objectively provides relevant assurance.

We will agree with you an audit plan for a total number of days activity. Once agreed, we will turn this into a cash budget which we will work to, in order to ensure that you have certainty around the fees you will pay us.

Independence and internal audit's position within Maldon District Council

To provide for internal audit's independence, its personnel and external partners report to the Head of Internal Audit, who reports functionally to the PGA. The Head of Internal Audit has free and full access to the Chair of the PGA. The Head of Internal Audit reports administratively to the Director of Finance who provides day-to-day oversight.

The appointment or removal of the Head of Internal Audit will be performed in accordance with established procedures and subject to the approval of the Chair of the PGA.

The internal audit service will have an impartial, unbiased attitude and will avoid conflicts of interest. The internal audit service is not ordinarily authorised to perform any operational duties for Maldon District Council.

In the event that internal audit undertakes non-audit activities, safeguards will be agreed to ensure that independence or objectivity of the internal audit activity are not impaired. This might include a separate partner review of the work or a different team undertaking the work. Approval of the arrangements for such engagements will be sought from the PGA prior to commencement.

In the event that internal audit provides assurance services where it had previously performed consulting services, an assessment will be undertaken to confirm that the nature of the consulting activity did not impair objectivity and safeguards will be put in place to manage individual objectivity when assigning resources to the engagement. Such safeguards will be communicated to the PGA.

Internal audit must be free from interference in determining the scope of internal auditing, performing work and communicating results. Should any interference take place, internal audit will disclose this to the PGA to discuss the implications.

Internal audit's role in fraud, bribery and corruption

Management, not internal auditors are responsible for the prevention and detection of fraud, bribery and corruption. Auditors will, however, be alert in all their work to risks and exposures that could allow fraud or corruption as well as seeking to identify indications that fraud and corruption may have been occurring. Audit procedures alone, even when performed with due professional care, cannot guarantee that fraud and corruption will be detected. In the event that internal audit suspect a fraud, this will be referred to appropriate management in the first instance and then the PGA.

Access to records and confidentiality

There are no limitations to internal audit's right of access to Maldon District Council officers, records, information, premises, or meetings which it considers necessary to fulfil its responsibilities.

When the auditors receive confidential information about your affairs it shall at all times be kept confidential, except as required by law or as provided for in regulatory, ethical or other professional pronouncements applicable. All information will be maintained in line with appropriate regulations, for example the General Data Protection Regulations 2018.

Coordination and reliance with other assurance providers

In co-ordinating activities internal audit may rely on the work of other assurance and consulting service providers.

A consistent approach is adopted for the basis of reliance and internal audit will consider the competency, objectivity, and due professional care of the assurance and consulting service providers. Due regard will be given to understanding of the scope, objectives and results of the work performed by other providers of assurance and consulting services.

Where reliance is placed upon the work of others, internal audit is still accountable and responsible for ensuring adequate support for conclusions and opinions reached by the internal audit activity.

Internal audit's commitments to Maldon District Council

Internal audit commits to the following:

- working with management to improve risk management, controls and governance within the organisation

- performing work in accordance with PSIAS

- complying with the ethical requirements of PSIAS

- dealing in a professional manner with Council staff, recognising their other commitments and pressures

- raising issues as they are identified, so there are no surprises and providing practical recommendations

- liaising with external audit and other regulators to maximise the assurance provided to Maldon District Council

- Reporting honestly on performance against targets to the PGA.

Internal audit performance measures and indicators

The tables on the right contain some of the performance measures and indicators that are considered to have the most value in assessing the efficiency and effectiveness of internal audit.

The PGA should approve the measures which will be reported to each meeting and / or annually as appropriate. In addition to those listed here we also report on additional measures as agreed with management and included in our Progress Report.

Quality assurance and improvement programme

As required by PSIAS an external assessment of the service will be performed at least every five years. BDO also has an internal quality assurance review process in place, which takes place annually. This is performed by a separate team independent to the internal audit team.

The results of internal and external assessments will be communicated to the PGA as part of the internal audit annual report, along with corrective action plans.

Table One: Performance measures for internal audit

Measure / Indicator
Audit Coverage   Annual Audit Plan delivered in line with timetable   Actual days are in accordance with Annual Audit Plan
Relationships and customer satisfaction   Customer satisfaction reports – overall score at average at least 3.5 / 5 for surveys issued at the end of each audit.   Annual survey to PGA to achieve score of at least 70%   External audit can rely on the work undertaken by internal audit (where planned)
Staffing and Training   At least 60% input from qualified staff
Audit Reporting   Issuance of draft report within 3 weeks of fieldwork `closing' meeting   Finalise internal audit report 1 week after management responses to report are received.

90% recommendations to be accepted by management

Information is presented in the format requested by the customer.

Audit Quality

High quality documents produced by the auditor that are clear and concise and contain all the information requested.

Positive result from any external review

Management and staff commitments to Internal Audit

The management and staff of Maldon District Council commit to the following:

- Providing unrestricted access to all of Maldon District Council's records, property, and personnel relevant to the performance of engagements

- Responding to internal audit requests and reports within the agreed timeframe and in a professional manner

- Implementing agreed recommendations within the agreed timeframe

- Being open to internal audit about risks and issues within the organisation

- Not requesting any service from internal audit that would impair its independence or objectivity

- Providing honest and constructive feedback on the performance of internal audit

Management and staff performance measures and indicators

The following three indicators are considered good practice performance measures but we go beyond this and report on a suite of measures as included in each PGA progress report.

Table Two: Performance measures for management and staff

Measure / Indicator
Response to Reports Audit sponsor to respond to terms of reference within one week of receipt and to draft reports within two weeks of receipt
Implementation of recommendations Audit sponsor to implement all audit recommendations within the agreed timeframe
Co-operation with internal audit

Internal audit to confirm to each meeting of the PGA whether appropriate co-operation has been provided by management and staff

BDO contacts

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REPORT of
DIRECTOR OF STRATEGY, PERFORMANCE AND GOVERNANCE

to
PERFORMANCE, GOVERNANCE AND AUDIT COMMITTEE
10 FEBRUARY 2022

APPOINTMENT TO OUTSIDE BODIES

1. PURPOSE OF THE REPORT

1.1 To address a vacancy on Maldon Citizens Advice Bureau Liaison Committee (CAB) and the Maldon Museum in the Park Liaison Committee.

2. RECOMMENDATION

That the Committee appoints one Member representative to serve on the Maldon Citizens Advice Bureau Liaison Committee and one representative on the Museum in the Park outside body for the remainder of the Municipal Year.

3. SUMMARY OF KEY ISSUES

3.1 Councillor K W Jarvis resigned as a District Councillor at the end of December 2021, and created a CAB vacancy that was an appointment of this committee.

3.2 Three members of the Performance Governance and Audit Committee sit on this outside body, and both Councillors Mrs J L Fleming and E L Stephens were also appointed as representatives for this municipal year in May 2021.

3.3 Councillor Nunn stepped down from a number of positions including the Maldon Museum in the Park Liaison Committee in November 2021.

3.4 Two members of the Performance Governance and Audit Committee sit on this outside body, and Councillor E L Stephens was also appointed as a representative for this municipal year in May 2021.

3.5 The Committee is asked to appoint a member for each of the two seats to sit on this outside body for the remainder of the municipal year.

4. CONCLUSION

4.1 This paper is a response to the outside body vacancies.

5. IMPACT ON STRATEGIC THEMES

5.1 Good working relationships with such outside bodies help to contribute to the 'community' strategic theme.

6. IMPLICATIONS

(i) **Impact on Customers** – N/A

(ii) **Impact on Equalities** – N/A

(iii) **Impact on Risk** – good working relationships and member outside body attendance help to address wider corporate risks.

(iv) **Impact on Resources (financial)** – N/A

(v) **Impact on Resources (human)** – N/A

(vi) **Impact on the Environment** – N/A

(vii) **Impact on Strengthening Communities** – outside body work helps to contribute to this goal.

Enquiries to: Cheryl Hughes, Programmes, Performance and Governance Manager.