

APOLOGIES Committee Services
Email: Committee.clerk@maldon.gov.uk

DIRECTOR OF STRATEGY,
PERFORMANCE AND
GOVERNANCE
Paul Dodson

9 November 2022

Dear Councillor

You are summoned to attend the meeting of the;

PERFORMANCE, GOVERNANCE AND AUDIT COMMITTEE

on **THURSDAY 17 NOVEMBER 2022** at **7.30 pm**

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

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A copy of the agenda is attached.

Yours faithfully



Director of Strategy, Performance and Governance

COMMITTEE MEMBERSHIP:

CHAIRMAN	Councillor W Stamp, CC
VICE-CHAIRMAN	Councillor Mrs J L Fleming, CC
COUNCILLORS	M R Edwards A S Fluker A L Hull J V Keyes N J Skeens E L Stephens Mrs J C Stilts Mrs M E Thompson





**AGENDA
PERFORMANCE, GOVERNANCE AND AUDIT COMMITTEE**

THURSDAY 17 NOVEMBER 2022

1. **Chairman's Notices**

2. **Apologies for Absence**

3. **Minutes of the last meeting** (Pages 5 - 12)

To confirm the Minutes of the Performance, Governance and Audit Committee held on 29 September 2022 (copy enclosed).

4. **Disclosure of Interest**

To disclose the existence and nature of any Disclosable Pecuniary Interests, Other Registrable interests and Non-Registrable Interests relating to items of business on the agenda having regard to paragraph 9 and Appendix B of the Code of Conduct for Members.

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

5. **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. **Internal Audit Report** (Pages 13 - 14)

To consider the report of the Director of Resources and associated reports from BDO LLP the Council's Internal Auditors at 6a to 6d on the agenda (copies enclosed).

a) **Progress Report** (Pages 15 - 24)

b) **Follow - Up of Recommendations Report** (Pages 25 - 38)

c) **Commercialisation Report** (Pages 39 - 56)

d) **Flood Management Report** (Pages 57 - 68)

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

NOTICES

Recording of Meeting

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**MINUTES of
PERFORMANCE, GOVERNANCE AND AUDIT COMMITTEE
29 SEPTEMBER 2022**

PRESENT

Chairman	Councillor W Stamp, CC
Vice-Chairman	Councillor Mrs J L Fleming, CC
Councillors	M R Edwards, A S Fluker, A L Hull, E L Stephens, Mrs J C Stilts and Mrs M E Thompson

262. CHAIRMAN'S NOTICES

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

263. APOLOGIES FOR ABSENCE

An apology for absence was received from Councillor N J Skeens.

264. MINUTES OF THE LAST MEETING

RESOLVED by assent that the Minutes of the meeting of the Committee held on 21 July 2022, be approved and confirmed.

265. DISCLOSURE OF INTEREST

There were none.

266. EXCLUSION OF THE PUBLIC AND PRESS

RESOLVED that under Section 100A (4) of the Local Government Act 1972 the public be excluded from the meeting for the following item(s) of business on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Act, and that this satisfies the public interest test.

267. CYBER SECURITY UPDATE

The Committee consider the report of the Director of Service Delivery that updated Members on Cyber Security.

Following a debate on key issues the Committee agreed the recommendations in the report.

RESOLVED

- (i) That Members note the BDO audit report and IT action plan completed.
- (ii) That the BDO report and supporting technical report are sent to the Council's Overview and Scrutiny Committee for review.

268. RESUMPTION OF BUSINESS IN OPEN FORUM

RESOLVED that the Chairman resumed the business of the meeting in open forum at 20:13pm.

269. PUBLIC PARTICIPATION

No requests had been received.

270. REVIEW OF CORPORATE PERFORMANCE - QUARTER 1

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 the report provided an overview of performance as at the end of Quarter 1 (Q1) (April - June 2022).

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 starting with section 3.3. which highlighted a summary of performance. As at the end of Q1, it was only the prosperity strategy where outcomes had been marked at risk, and these were highlighted. Section 3.4 drilled down further detailing specific indicators that had been marked at risk within each strategy. The data behind these summaries were set out in the appendix pages 41-62 of the agenda pack. At page 63 was the first iteration of commercial strategy reporting. The full template was provided for committee visibility but some of the measures will not start to be updated until quarter two. The commercial projects that contributed to overall delivery and their current status were reported within this table.

The Chairman then opened the discussion.

In response to issues raised Officers provided the following information:-

- That the colour coding, in particular the green section in appendix 1 would be addressed in the next iteration of the report.
- That resources for the delivery of Management Plans for all Maldon District Council owned public and open spaces had been discussed in reports to Council. The final allocation would be agreed through a further report to Council in April 2022.
- That discussions were reinstated regarding the Air Quality Management Action Plan (AQMA) and funding had been made available. A meeting took place with Essex County Council (ECC) w/c 22/9/2022 to determine next steps. An update on that meeting would be circulated to Members outside of the meeting.

- That an update would be circulated outside of the meeting on Business Engagement.
- That Tourism had been badly hit by Covid, large numbers were returning to Promenade Park as evidenced by parking numbers. There had been a lag in uptake and once that levelled out the risk would be mitigated.
- That the Council is supporting residents during the cost of living crisis and support measures were available on the website. That Officers were also working with ECC on measures to improve the economy as a whole.
- That the low percentage of customer facing staff training was due to high staff turnover, this will improve in Quarter 2.
- That whilst there had been issues with Parish/Town Councils regarding service delivery by Community Engagement Teams (CETs), the activities within the majority of Service Level Agreements (SLAs) had been delivered. Officers had set up forums to engage directly with areas experiencing difficulties and will report back.
- That CET staff in accordance with Ignite's transformation model posted planning notices as it was deemed more efficient than planning officers, given they were already community based.
- That there was a plan in place around the Houseboats, with licenses and agreements in place, which would be progressed shortly. That in respect of the Lys Hellig, a planning application had been submitted and a response was awaited from ECC.
- That information on Land Acquisition would be distributed outside of the meeting.
- That retrofitting of housing with insulation would be explored with a view to including a key performance indicator on the number of residents accessing grants etc.
- That the bids to government for shared prosperity and levelling up funding would cover the River Bailiff hut and kiosk and there may be scope for improvements in Promenade Park, dependant on the level of funding achieved.

There being no further issues raised the Chairman put the duly seconded recommendations, to include deference to the concerns raised in the meeting, to the Committee and they were agreed by assent.

RESOLVED

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

271. REVIEW OF CORPORATE RISK - QUARTER 1

The Committee considered the report of the Director of Strategy, Performance and Governance asking Members to undertake a quarterly review of the Corporate Risk Register as assurance that the Council's corporate risks were being managed effectively. A table of the Corporate Risk Register, latest ratings and officer commentary was attached as Appendix 1 to the report.

The Chairman introduced the report and deferred to the Programmes, performance and Governance Manager to address the detail. She took the Committee through the Corporate Risk Register as of the end of quarter 1, June 2022 together with Appendix 1.

It was noted that one risk was recommended for closure Risk 13: Failure to manage impact of operational change- this was because operational resources were now a part of Business as usual, and as an example the Planning service report was reported separately to members. There was a new risk R33 – Lack of Temporary Accommodation & Special housing to cope with housing demand – this was because of several factors leading to an increase in demand when the District had limited supply of social housing stock.

In response to issues raised Officers provided the following information:-

- That in terms of reporting risk movement and action taken this was being addressed in the Risk Policy Report, with a view to creating a separate column highlighting 'actions'.
- That in terms of recruitment and retention of staff the Council was working with the Local Government Association (LGA) on best practice as this was a national issue not just a local one. In addition, officers were working with ECC on best ways to advertise and highlight career path opportunities, resulting in a comprehensive recruitment pack.
- That an additional recommendation would be actioned to request that Overview & Scrutiny Committee consider Staff Exit Questionnaire outcomes as part of their work programme.
- That in respect of influencing Community Safety Partnerships this was not in the control of just Maldon District Council, however, officers continue to work closely and engage with these partnerships.

There being no further discussion the Chairman put the duly seconded recommendations, including the recommendation for Overview and Scrutiny, 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.
- (iv) That the Committee recommend that Overview & Scrutiny consider outcomes from staff Exit Questionnaires, as part of their work programme, in the form of a summary report.

272. REVIEW OF HEALTH AND SAFETY - QUARTER 4 2021/22 & QUARTER 1 2022/23

The Committee considered the report of the Director of Service Delivery that provided an update on Health and Safety statistics and activity during Q4 (1 January 2022 to 31 March 2022), and quarter 1 (1 April to 30 June 2022).

The Chairman introduced the report and deferred to the Specialist Services Manager to present the detail. She took the Committee through the report highlighting the good progress made to date on health and safety arrangements. She flagged the increase in reporting on accidents, near misses and unacceptable behaviour which was viewed as a positive as it demonstrated that the reporting process was effective.

The Chairman thanked all staff involved in both the work and the report and noted that it was also circumspect to mitigate in some instances. She then 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 progress with the Health and Safety Action Plan at Appendix 1;
- (iii) That Members considered additional Health and Safety improvements being implemented in addition to those identified in the action plan.

273. BALANCE SCORECARD EXCEPTIONS REPORT

The Committee considered the report of the Director of Strategy, Performance and Governance that reported exceptions to operational service and required this Committee to be given visibility of any identified Balance Scorecard Key Performance Indicators (KPIs) that had met their threshold, supported by an action plan to ensure targets were met.

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 covered areas of operational performance exceptions, both under and overperformance. It was noted that that the exceptions report was provided on a six monthly basis as a result of the monthly monitoring of service level performance. The report covered the period of January to June 2022.

She drew Members' attention to the table in section 3.5 that covered underperforming measures and section 3.6 that highlighted two overperforming areas. Additionally, appendix one to the report provided planning service operational performance data to provide more detailed context for this area.

In response to issues raised Officers provided the following information:-

- That the colour coding on appendix 1 would be reviewed for the next iteration of the report.
- That going forward the specific detail in the monthly Balance Scorecard report would be included in the explanation column on the 6 monthly exceptions report received by Committee.

- That Planning Performance levels had been achieved at a cost, both pressure on staff and the use of external agency support. That details of the cost of the external support would be circulated to Members outside of the meeting.
- That recruitment of HGV drivers continued to be a problem.

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

RESOLVED

- (i) That the committee reviewed and commented on exceptions to service reporting provided in this report ;
- (ii) That Members noted the additional performance in Appendix 1 ;
- (iii) That Members confirmed they were assured through this review, Operational performance was being managed effectively.

274. RISK MANAGEMENT POLICY

The Committee considered the report of the Director of Strategy, Performance and Governance that provided an updated Risk Management Policy for adoption and addressed recent risk audit recommendations through the revision of the Council's Corporate Risk Management approach.

The Chairman introduced the report and deferred to the Programmes, Performance and Governance Manager to present the detail. She advised that the Risk Management policy was due for renewal by November 2022, as it was refreshed every three years. It was defined in the Performance, Governance and Audit Committee's terms of reference that this was a strategy signed off by this committee, due to committee responsibility for risk management. She reminded the Committee that it had recently received the internal audit for Risk Maturity. That audit gave a good level of assurance but also highlighted some best practice suggestions such as tracking and being clear on mitigating actions, and being clearer on how to score for likelihood and consequence when reporting risks, and these have now been incorporated into the policy.

The Committee raised no issues regarding the report and the Chairman put the duly seconded recommendations to the Committee and they were agreed by assent.

RESOLVED

- (i) That the revised Risk Management Policy (Appendix A) be adopted;
- (ii) That the committee recommended Mandatory annual staff and member e-learning on Risk management.

275. ANNUAL GOVERNANCE STATEMENT ACTIONS UPDATE - QUARTER 1

The Committee considered the report of the Director of Strategy, Performance and Governance that updated Members on the actions identified in the 2022/23 Annual Governance Statement (AGS).

The Chairman introduced the report and deferred to the Programmes, Performance and Governance Manager to present the detail. She drew Members' attention to the annual governance statement, where actions were identified to improve best practice across the organisation. Section 3.5 highlighted updates against these actions, based on three months of activity since the statement was approved. Four actions were reported as completed and a further six were in progress.

There being no areas of concern the Chairman put the duly seconded recommendation to the Committee and it was agreed by assent.

RESOLVED that the Committee reviewed the Annual Governance Statement's table together with updates and challenged where necessary

276. COUNCIL CONSTITUTION AND SCHEME OF DELEGATION GENERAL POWERS UPDATE

The Committee considered the report of the Director of Strategy, Performance and Governance that sought the Committee's consideration of a proposed revision to the above powers within the Constitution and to recommend to the Council that the revision is made.

The Chairman introduced the report and deferred to the Programmes Performance and Governance Manager to present the detail. She drew Members' attention to the Council's adopted Financial Regulations that acknowledged Directors and other budget-holders were authorised to incur expenditure from approved budgets. Therefore, for the avoidance of any doubt, and to give it added status for internal administrative purposes, it was felt that this should appear in the Scheme of Delegation (General Powers) section of the Constitution. This in no way extended or transferred delegated powers as such, and the proposed wording was set in terms designed to ensure the proper use of this general authorisation. It was noted that the proposal was supported by the Corporate Governance Working Group at its last meeting.

The Committee raised no concerns and the Chairman put the duly seconded recommendation to the Committee and it was agreed by assent.

RECOMMENDED that the proposed addition be made to Part 3 3 – Responsibility for Functions - Scheme of Delegation (General Provisions) as detailed below:

In order to be seen as a form of authorisation, and for added clarification and status, that the proposed be added for clarification:

12. **Financial Management** – Directors, and service managers, have responsibility for the management of the financial aspects of service provision, which includes authority to incur expenditure considered to be reasonably required to carry out the policies of the Council at any time provided that such expenditure is in accordance with the budget, is fit for purpose, and there is sufficient money existing within the budget or otherwise vired.

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

There were none and the Chairman thanked all for their contributions and closed the meeting.

The meeting closed at 9.37 pm.

W STAMP, CC
CHAIRMAN

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REPORT of DIRECTOR OF RESOURCES

to
PERFORMANCE, GOVERNANCE AND AUDIT COMMITTEE
17 NOVEMBER 2022

INTERNAL AUDIT REPORT

1. PURPOSE OF THE REPORT

- 1.1 To present for consideration, comment, and approval by the Committee the following reports issued by BDO LLP, the Council's internal audit service provider
- Internal Audit Progress Report – November 2022 at **6a**;
 - Follow-up of Recommendations Report – November 2022 - **6b**;
 - Commercialisation Report – October 2022 – **6c**;
 - Flood Management Report – October - 2022/2023 – **6d**.

2. RECOMMENDATIONS

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

- (i) Internal Audit Progress Report – July 2022 at **6a**;
- (ii) Follow-up of Recommendations Report – July 2022 - **6b**;
- (iii) Commercialisation Report– May 2022 – **6c**;
- (iv) Flood Management Report - 2021/2022 – **6d**.

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 6a to 6e 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 6a-6d 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

November 2022

CONTENTS

SUMMARY OF WORK 2

REVIEW OF 2021/2022 WORK 3

REVIEW OF 2022/2023 WORK 4

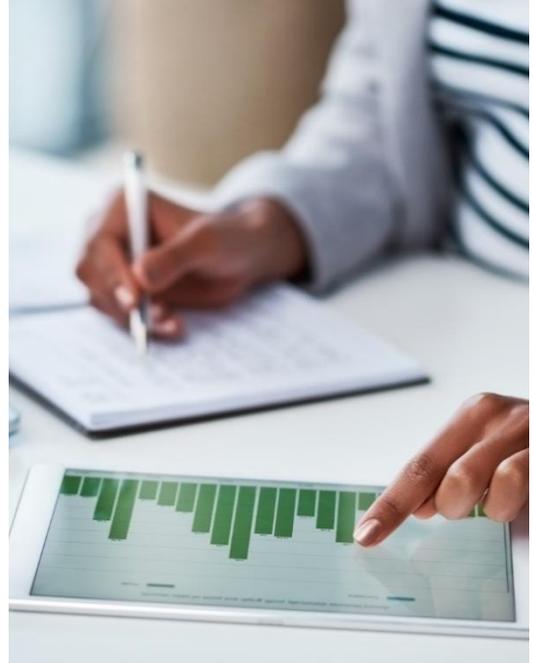
SECTOR UPDATE 5

APPENDIX I: DEFINITIONS..... 7

SUMMARY OF WORK

INTERNAL AUDIT

This report is intended to inform the Performance, Governance & Audit Committee of progress made against the 2021/22 and 2022/23 internal audit plans. 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

One audit has been completed from the 2021/22 audit plan. We are pleased to present the following report to this Performance, Governance & Audit Committee:

- Commercialisation

2022/2023 INTERNAL AUDIT PLAN

One further audit has been completed from the 2022/23 audit plan since the previous Performance, Governance and Audit Committee and we are pleased to present the following report:

- Flood Management

AMENDMENTS TO THE PLAN

- Due to the recent appointment of the Climate Action Lead Officer, we have agreed with officers that there would be more benefit in completing the Climate Change and Sustainability review, originally planned to be completed this year, in 2023/24 when there has been sufficient time to embed change. As a result, we propose bringing forward the Cyber Security audit from the 2023/24 plan which will provide further assurance on the work completed following the attempted fraud and the work completed with Chelmsford City Council.

REVIEW OF 2021/22

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	✓	✓	✓	●	●
Workforce Management	June 2022	✓	✓	✓	●	●
Commercialisation	November 2022	✓	✓	✓	●	●
Contract Management (brought in to replace Communications)	March 2022	✓	✓	✓		



REVIEW OF 2022/23

AUDIT	AUDIT COMMITTEE	PLANNING	FIELD WORK	REPORTING	DESIGN	EFFECTIVENESS
Risk Maturity Assessment	July 2022	✓	✓	✓		N/A - Advisory
Corporate Governance	July 2022	✓	✓	✓	●	●
Payment Controls Review (added to 22/23 plan)	September 2022	✓	✓	✓		N/A - Advisory
Flood Management	November 2022	✓	✓	✓	●	●
Safeguarding	March 2022	✓	✓	✓		
Main Financial Systems	March 2022	✓	✓			
Budgets and Performance Management	March 2022	✓				
Strategic Performance (Place)	March 2022	✓				
Climate Change and Sustainability (moved to 23/24)						
Local Development Plan	June 2023					
Workforce Management	June 2023					
Community Safety	June 2023					
Cyber Security (brought forward from 23/24)	June 2023					



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.

Construction challenges ‘exacerbating’ challenge of building rural affordable homes

The government is unlikely to hit its target for delivering affordable homes in rural areas, because wider market issues have had “a disproportionate impact” there, a senior civil servant has warned MPs.

Ministers pledged that 10% of all homes built through the government’s £5.2bn Affordable Homes Programme, which runs from 2021 to 2026, would be in rural areas.

However, Peter Denton, chief executive of Homes England, which runs the programme on behalf of the Department for Levelling Up, Housing and Communities, said the programme will realistically deliver far less - perhaps as little as half the target. He told the Public Accounts Committee: “The issues that we are seeing in the wider housing market have a disproportionate impact in rural areas, including sourcing contractors, tender prices, site accessibility and restrictive planning and site preparation. “Then you also have a higher proportion of small medium enterprises that are engaged in rural house building, and they need more stable revenue funding [than large businesses] to be confident going forward.”

Denton added that through its strategic partners, a group of housing bodies largely comprising housing associations, there are existing plans to develop 6,250 homes out of an initial target of around 13,000.

Speaking at the same session, Emran Mian, director general for regeneration at DLUHC, said inflation is a significant risk to the delivery of the programme. He said that while housing associations and councils have contingency plans for overrunning costs, the scale of price rises facing the sector could put developments at risk. “If inflation remains high for much longer, then clearly the risks to our programme and to delivering at the levels that we’re currently forecast or greater,” Mian said. “We may in future hearings need to face that; we absolutely recognise that. There will then be a question about how we maximise delivery within what is likely to remain a fixed fiscal envelope.”

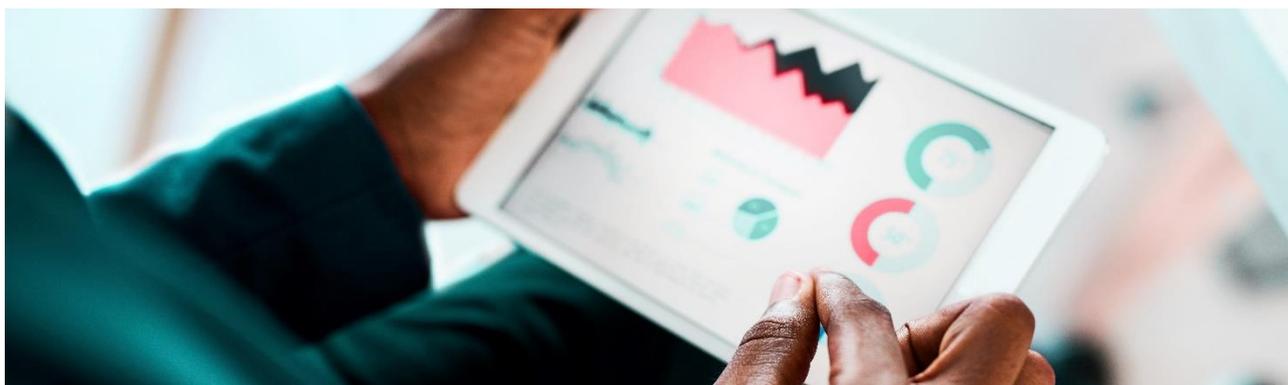
Earlier this month, a National Audit Office report said the government has failed to provide strong incentives for housing providers to build affordable homes in areas of high housing need or in the least affordable areas. The programme also failed to deliver a high proportion of affordable homes in areas that DLUHC assesses to have high general housing need. The NAO recommended that the government detail how it will transparently report programme progress yearly, develop contingency plans to respond to rising construction costs and review how targets are monitored.

<https://www.publicfinance.co.uk/news/2022/09/construction-challenges-exacerbating-challenge-building-rural-affordable-homes>

Cost-of-living crisis putting ‘majority of levelling up missions at risk’

Soaring inflation is likely to put two-thirds of the government’s missions outlined in the Levelling Up White Paper at risk of failure, academics have warned.

February’s white paper outlined 12 missions to reduce inequalities, including improving pay and productivity, transport links, health outcomes and education levels across the UK by 2030. However, a report by the Centre for Inequality and Levelling Up at the University of West London, said the cost-of-living crisis is likely to widen regional inequalities and reduce funding to improve outcomes, with eight of the 12 missions at risk of failure.



It said there is evidence that economic contractions and recessions negatively affect employment, investment, educational attainment, health outcomes and crime levels. “This report has illustrated that the missions, which are at the heart of levelling up, are extremely vulnerable to the cost-of-living crisis,” the report said. “Unless rapid action is taken to stop poverty increasing and the onset of recession alongside maintaining public sector investment levels then the majority of the missions are not likely to achieve their targets by 2030.

“Leadership on levelling up is needed now or the risk is that the cost-of-living crisis will further entrench regional inequality, making any future attempts to address it even more challenging.”

The report, which analysed more than 100 items of evidence, said targets linked to productivity, R&D, education, health inequalities, wellbeing, pride of place, housing and crime are at the greatest risk of being missed. The missions on adult skills and internet connectivity are medium risk, and those focused on devolution and transport will be easier to achieve, the experts said. They recommended the government make addressing poverty a central approach to the missions and produce an anti-poverty strategy to target deprivation. The centre also urged ministers to define and protect the level of funding each mission will receive and from what funding streams they come from.

“If not protected and attached closer to the missions, these funding streams may fail to make the contribution to levelling up that the white paper claims they will,” the report said.

A UK government spokesperson said: “The Levelling Up and Regeneration Bill underpins our ambition to spread opportunity and address inequality across the UK. This is backed by our £4.8bn Levelling Up Fund, which is delivering vital infrastructure to fuel regeneration and growth in areas which have been overlooked and undervalued for far too long.

“In recognition of the role they play, we have also made an additional £3.7bn available to councils this year to ensure they are able to deliver on local priorities and key public services.”

<https://www.publicfinance.co.uk/news/2022/10/cost-living-crisis-putting-majority-levelling-missions-risk>

The public sector needs to help meet the rising cost of construction

Rising materials prices and numerous supply chain challenges mean public sector bodies may have to pick up the slack - or risk delays to infrastructure projects.

Despite high demand, cost inflation is affecting the construction industry - and it will get worse over the next year, following Russia’s invasion of Ukraine. It means the public sector will have to devote more resources to getting projects finished, and supply chain margins will be hit. The key to successful public sector project delivery will be sharing cost and risk, as well as the ability to collaborate effectively rather than signing up to fixed contracts.

Building materials inflation has been an issue since the initial Covid-19 lockdown in spring 2020. After this, activity recovered quickly and, in sectors such as infrastructure, activity levels are more than 20% higher than pre-pandemic. However, global manufacturing and supply chains could not adjust as quickly, hence the availability issues and double-digit price inflation we saw last autumn. As it happens, materials prices started to fall from a high point towards the end of last year, but inflation started to accelerate again when the war in Ukraine began. In March 2022, prices for construction materials in the UK were 24.5% higher than they had been a year earlier, according to figures from the Department for Business, Energy & Industrial Strategy. Prices will rise further as energy and commodity cost spikes feed through.

Russia and Ukraine only accounted for 1.2% of UK building materials imports in 2021, according to BEIS, but it varies considerably by material. The largest impact is likely to be on products where a significant proportion of imports come from Russia or Ukraine and where they are also energy-intensive to make. This points to the strongest price inflation in imported steel. There will, however, also be rising price inflation in domestic energy-intensive products, such as cement, concrete and bricks, where energy costs account for between 25% and 33% of the total price and will have to be passed on.

While the focus is on materials prices, the rise in general inflation will lead to demands for high wage increases in some construction occupations - such as skilled trades and specialist engineers, where there are skill shortages - to ensure real wages do not fall.

The key to successful public sector project delivery will be sharing cost and risk, as well as the ability to collaborate effectively rather than signing up to fixed contracts

In the near term, these issues will increase the pressure on specialist contractors on fixed-price contracts. Already, they are dealing with reverse-charge VAT, rising costs for personal indemnity insurance and the end of the red diesel rebate. Even though construction activity is higher than pre-pandemic, construction insolvencies have risen 15%. In the medium term, contractors will be seeking fluctuation clauses and risk-sharing arrangements.

The largest cost rises are likely to be seen by hospitals, infrastructure and cladding remediation specialists, which use energy-intensive products. However, all public sector bodies will be affected and may, in the short term, try to enforce fixed-price contracts. But this would merely lead to more insolvencies.

Ultimately, the public sector will have to devote more finance to getting larger projects over the line, but the supply chain will also have to take a hit. In the medium term, the Treasury’s unwillingness to go beyond what was outlined

in the Spending Review is likely to mean that we see the capital expenditure value expected, but not the volume. And financial constraints may mean some projects towards the end of the Spending Review period are pushed back.

<https://www.publicfinance.co.uk/opinion/2022/08/public-sector-needs-help-meet-rising-cost-construction>

Resist calls not to raise benefits, anti-poverty group tells PM

Benefits must increase to keep up with rocketing inflation, experts on poverty have urged the government.

Concerns have been raised by the Joseph Rowntree Foundation after reports that ministers are considering a freeze on benefits, which by convention should increase in line with inflation. Speculation among think-tanks reached the media that the chancellor is considering the option of not increasing benefits as one of the measures aimed at reducing public spending. Other options are said to include the foreign aid budget but policy experts are warning the government has limited options from where it can find savings that do not include a heavy political price.

The Institute for Employment Studies said leaving benefits at their current levels would save £4bn - a number not big enough to justify the battle with MPs to get a budget through Parliament.

Police chiefs have already warned that the cost of living crisis is likely to increase crime - and cutting benefits would only add to offending rates, turning the saving into a cost on council tax precepts.

The Joseph Rountree Foundation went further, warning it would create poverty that was morally wrong. Iain Porter, senior policy adviser at the charity, said: "This will mean yet another devastating blow to the finances of people on the lowest incomes and will cause fear for millions who have spent the past months struggling to feed their families, cook hot food and heat their homes.

"Many people across the UK will agree it is morally indefensible that the prime minister would choose to give tax cuts to the richest funded on the backs of the poorest in our society. Those who will lose out if the government continues down this track include people with low earnings, families with children, carers and people who are sick or disabled."

The source of the claim is a Liberal Democrat party conference motion put forward by Truss in 1995 when she was a member of the party's youth wing.

Chris Philp, the chief secretary to the Treasury, said no decision had been made.

A No 10 spokesperson said: "The prime minister's views are not the same as they were 27 years ago."

Porter urged the prime minister to reassure the public as well as financial markets: "Liz Truss must act now to reassure people on the lowest incomes in our society that she understands what they are going through and confirm they will not receive a real-terms cut to the support they receive at a time when they are already facing a desperate struggle to get by."

<https://www.publicfinance.co.uk/news/2022/09/resist-calls-not-raise-benefits-anti-poverty-group-tells-pm>

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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INTERNAL AUDIT FOLLOW UP OF RECOMMENDATIONS REPORT

Maldon District Council

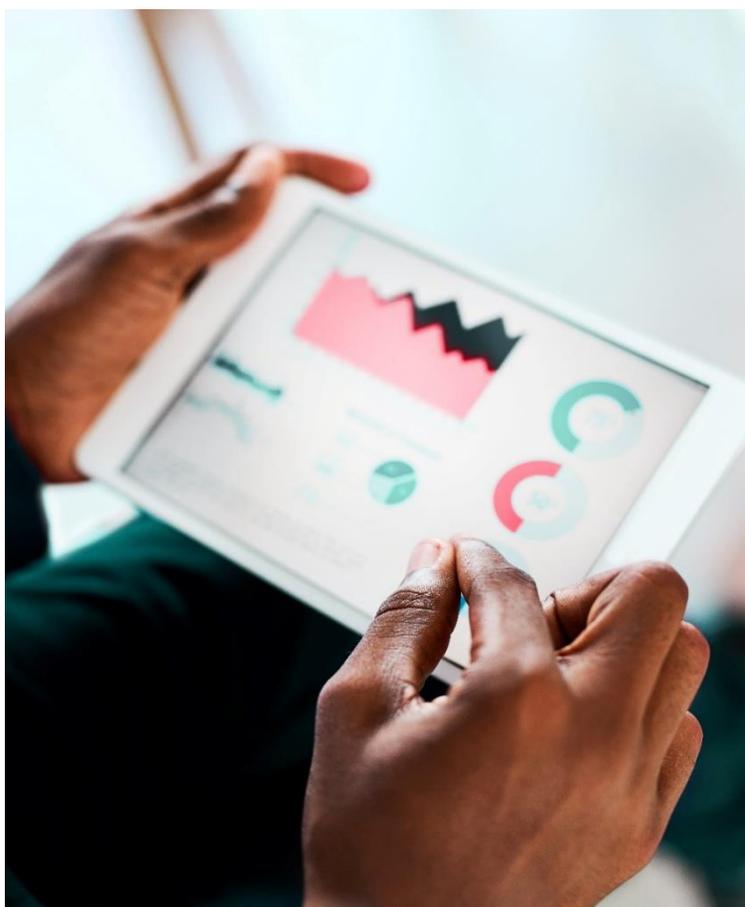
November 2022

IDEAS | PEOPLE | TRUST



CONTENTS

SUMMARY.....	2
RECOMMENDATIONS: COMPLETE ...	5
RECOMMENDATIONS: OVERDUE	9



SUMMARY

2019/20	Total Recs	H	M	L	To follow up	Complete		Overdue		Not Due	
						H	M	H	M	H	M
Flood Risk Management	4	-	4	-	4	-	1	-	3	-	-
Total	4	-	4	-	4	-	1	-	3	-	-

2020/21	Total Recs	H	M	L	To follow up	Complete		Overdue		Not Due	
						H	M	H	M	H	M
Safeguarding	5	1	3	1	4	1	3	-	-	-	-
Affordable Housing	3	1	2	-	3	-	3	-	-	-	-
Knowledge Management	3	-	3	-	3	-	2	-	1	-	-
Total	11	2	8	1	10	1	8	-	1	-	-

2021/22	Total Recs	H	M	L	To follow up	Complete		Overdue		Not Due	
						H	M	H	M	H	M
Partnerships	4	-	3	1	3	-	3	-	-	-	-
Covid Response Plans	1	-	-	1	-	-	-	-	-	-	-
Management of Property	4	1	3	-	4	-	1	1	2	-	-
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	-	-	-	-
Customer Relationship Management	2	-	2	-	2	-	2	-	-	-	-
Workforce Management	1	-	-	1	-	-	-	-	-	-	-
Commercialisation	4	-	1	3	1	-	-	-	-	-	1
Contract Management	3	-	3	-	3	-	-	-	-	-	3
Total	27	1	16	10	17	-	10	1	2	0	4

2022/23	Total Recs	H	M	L	To follow up	Complete		Overdue		Not Due	
						H	M	H	M	H	M
Corporate Governance	2	-	2	-	2	-	-	-	-	-	2
Payment Controls	4	1	3	-	4	1	3	-	-	-	-
Flood Management	1	-	1	-	1	-	-	-	-	-	1
Total	7	1	6	-	7	1	3	-	-	-	3

SUMMARY

2019/20

Flood Risk Management - These have been followed up as part the Flood Management audit in 2022/23 with detail contained in the body of the report. Whilst one finding has been completed, three remain overdue.

2020/21

Of the 2 high and 10 medium recommendations raised in 2020/21, there has been movement as per below:

- ▶ Knowledge Management - There remains one medium priority recommendation which has a revised implementation date of December 2022. This will be followed up after this date and reported to the March 2023 PGA.
- ▶ Affordable Housing - The remaining recommendations have now been implemented and reported as complete.
- ▶ Safeguarding - Two recommendations are overdue. These were followed up as part of the 2022/23 Safeguarding audit and were found to still remain overdue. However, new recommendations have been raised in their place. As a result, the recommendations in the previous audit have been closed with the new recommendations due to be followed up from this point forward.

2021/2022

1 high and 16 medium recommendations were raised in 2021/22. Since the previous PGA there has been the following movement:

- ▶ Management of Property: One recommendation has already been completed. One has a revised date of December 2022 and will be followed up in the new calendar year. The remaining two findings have revised implementations dates and are reported as overdue below.
- ▶ Customer Relationship Management: Both recommendations have now been completed.

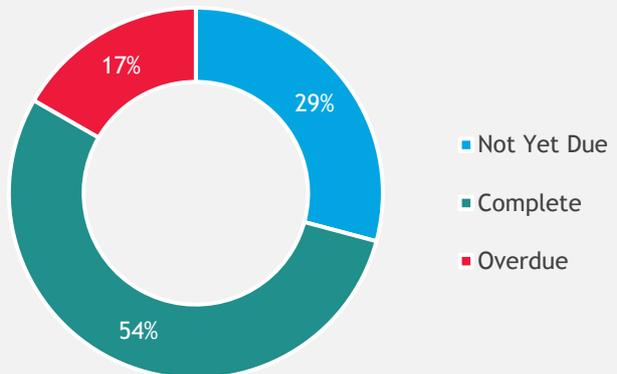
2022/2023

1 high and 6 medium recommendations have been raised as part of the 2022/23 plan to date. All are not currently due apart from those raised as part of the Payment Controls review whereby all 4 have been implemented and are reported as complete.

REQUIRED AUDIT COMMITTEE ACTION:

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

Total Cumulative implementation 21/22 and 22/23



RECOMMENDATIONS: COMPLETE

AUDIT	ACTIONS AGREED	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
2020/21					
Affordable Housing	<p>1a) Ongoing reporting and monitoring of delivery against action plan and the affordable housing targets should be undertaken.</p> <p>1b) The Housing Strategy extension should be finalised as soon as possible.</p>	High	Damien Ghela	<p>Sept 21</p> <p>17 Dec 21</p> <p>30 April 2022</p> <p>30 Sep 2022</p> <p>Dec 21</p> <p>30 April 2022</p> <p>31 July 2022</p>	<p>A meeting was held with the Specialist Performance Lead with regard to a range of new Housing KPIs to be introduced into the Balance Scorecard system. Ongoing monitoring and reporting of Affordable Housing Delivery continues to take place - carried out by John Swords. KPI data regarding Affordable Housing will now start to appear in performance charts for Managers and Members to monitor.</p> <p><i>Audit Comment: Affordable Housing KPIs seen as part of the quarterly performance reporting</i></p> <p>Based on initial discussions it was felt the existing format of the Housing Strategy along with some of the goals are still relevant, subject to an update of some of the underlying data being updated / refreshed. The Extension to the Housing Strategy was agreed by Members on the 06/10/22 at the S&R Committee.</p> <p><i>Audit Comment: Housing Strategy 2018-2025 provided</i></p>
2021/22					
Customer Relationship Management	<p>The issues log should be updated to contain the following information:</p> <ul style="list-style-type: none"> The type of issue identified Identifier -Record who discovered the issue Timing -Indicate when the issue was identified 	Medium	Grant Hulley	1 October 2022	<p>Issues document has been put together as part of the replacement scoping, as rather than address some of these in the current system, development resource and approach is to make sure these are not the case in the new TaskSmart system that is being developed.</p>

	<ul style="list-style-type: none"> Description - Details should be provided about the system limitation, and the potential impact the issue could have if it remains unresolved Priority -A priority rating should be assigned to the issue -e.g.high, medium or low priority Assignment/owner -Determine who is responsible for resolving the issue Target resolution date -Determine the deadline for resolving the issue. <p>The Council should ensure that, as part of the build and implementation of the Dynamics 365 system, the limitations of the current CRM system are reviewed to ensure they will be resolved</p>				<p><i>Audit Comment:</i> Approach from the Council appears prudent given work on procuring the new system has moved on. Issues identified on previous system and included on the log are being taken into account.</p>
Customer Relationship Management	<p>The Council should ensure a Benefits Realisation document is used as part of future projects. This includes the Dynamics 365 system which has been signed-off for development at the December 2021 Project Board Meeting. The Benefits Realisation document for the Dynamics 365 procurement, and future procurements, should include:</p> <ul style="list-style-type: none"> •A description of the expected benefits to be achieved •An outline of how expected benefits will be quantified and measured •A definition of what the combined set of benefits looks like •An outline of what system and processes will be used to record the process of the expected benefits •An outline of the governance arrangements in place throughout and post-system implementation. 	Medium	Grant Hulley Cheryl Hughes	31 July 2022	<p>The project initiation document for the for LDF Task Smart Phase 2 was taken to CLT on 1st November 2022. As part of this, a list of benefits was included.</p> <p><i>Audit Comment:</i> PID submitted reviewed and it does include a number of benefits expected to be seen. Another box notes who the beneficiaries are expected to be. It should be noted that the box on the PID asks how these will be delivered but this is not captured in the response. We would also expect to see it stated how these benefits are expected to be measured. In the instance of this particular project the benefits are self-explanatory eg. 'Unified system for Officers and Customers alike' and therefore we consider this recommendation closed. However, details</p>

					<i>as noted above should be included in future projects.</i>
2022/23					
Payment Controls Review	<p>1. The process in both the Change to Supplier Data (Sage) Freshservice solution and Bankline payment procedure notes should state that suppliers requesting a payroll bank detail change should be contacted via a phone call only to confirm the change.</p> <p>2. To eliminate the risk that the payment is set up by an individual on the premise that another individual has verified the bank details (such as in the attempted fraud incident), we recommend that only the individual setting up the payment can verify the bank detail change.</p>	High	Annette Cardy	Completed	<p>Process notes for Freshservice and Bankline have been updated to ensure Officers are required to phone the supplier as opposed to emailing them in order to verify bank detail change requests. Procedure notes also in place to ensure the individual setting up the payment verifies the the bank details and an independent senior officer verifies all payment evidence before being submitted to a third individual for approval on Bankline.</p> <p><i>Audit Comment: Extracts from updated procedures notes provided and verified</i></p>
Payment Controls Review	<p>1. The payroll bank detail change request process should be made clearly available on the Council's Freshservice solution documents with the payroll bank detail request form easily accessible</p> <p>2. Separate process notes explaining what checks should be undertaken when a payroll bank detail change is requested should be created and made readily available to the relevant staff performing these checks. This process should state that individuals requesting a payroll bank detail change should be contacted via a phone call, video call or in person to confirm the change.</p>	Medium	Annette Cardy	Completed	<p>1.The process was not clearly available and therefore the search function has been updated with additional 'tags' and information so that these are now easily found on several areas within Freshservice</p> <p>2.Although these checks were in place they were not clearly documented. These are now described on Freshservice with a link to the 'payroll bank details change form' so that the process when receiving a bank detail change request is clearly understood and followed.</p> <p><i>Audit Comment: Freshservice link provided with additional detail for as to the expectations and processes to be undertaken</i></p>
Payment Controls Review	All suppliers should be reminded where possible to send invoices to the central finance email address. Where invoices are received by individuals, the supplier should be contacted to inform them	Medium	Annette Cardy	Completed	Lead Finance Specialist who leads the team has issued a reminder to the Finance Team reminding them to ensure suppliers are requested to use the central finance team email address.

<p>of the process and note that, otherwise, they may not be paid.</p>			<p><i>Audit Comments: Email to Finance Team seen as well as an email to a supplier with the request to use the central email address.</i></p>
<p>Payment Controls Review</p> <p>The Council should ensure that best practice on how to identify phishing emails, as detailed in Appendix II, is incorporated into future training for all staff. Additionally, finance staff should be provided with training regarding how to identify suspicious transactions and invoices with training provided periodically to maintain staff awareness.</p>	<p>Medium</p>	<p>Annette Cardy</p> <p>Completed</p>	<p>A new tool called boxphish has been purchased and is in place that provides a variety of ways for employees to learn about and prevent phishing. This will also regularly run campaigns of independent checks on staff responses to phishing emails without them being aware so that extra training and help can be given to those who fail to spot the fraud.</p> <p>Egress email security has been bought and added to Microsoft outlook. This alerts users to any possible fraud, sends information securely and using artificial intelligence learns about types of email use at MDC to flag anything unusual.</p> <p>Guidance on Freshservice tells staff what to do if a suspected fraud is identified to notify IT and this is also included in the training for the above new tools.</p> <p>Communications provide feedback that the staff's help is always needed to combat fraud and the ways we have stopped fraud have been provided to staff with thanks for their help.</p> <p>IT keep up to date with all critical releases and are experienced in dealing with attacks and have security measures in place. A forensic review by an independent expert IT provider has been completed and the recommendations made put into place to increase MDC security to a very high level.</p> <p>Training for Finance staff has been provided by our bank, Barclays that provides examples and ways to combat specific finance types of fraud. A recording of this is</p>



available to all staff on Freshservice and all staff have now been asked to undertake this course and periodic training will be established.

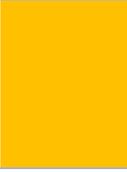
*Audit Comment:
screenshots of software
in use including Egress
and boxphish as well as
guidance and reminders
issued to the Council.*

RECOMMENDATIONS: OVERDUE

These recommendations have been marked as overdue as they missed their agreed implementation date or no update has been provided.

AUDIT	ACTIONS AGREED	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
2021/22					
Management of Property	<p>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.</p> <p>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.</p> <p>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.</p>	High	<p>Farley Norman</p> <p>Frank Britt</p>	<p>30 August 2022</p> <p>31 May 2023</p>	<p>Potential Asset Management software has been identified. A growth bid has been developed which is currently being challenged. Ongoing discussions with Procurement as well as IT to identify possible alternatives such as the system being developed in house. As well as collaborating with other local authorities. Demo of the software has been arranged a for November before further decisions can be made. Following the decision regarding the software, steps can be made to review the assets and record them formally on the new system along with repairs and maintenance schedules as well as procurement information.</p>
Management of Property	<p>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</p>	Medium	<p>Farley Norman</p>	<p>30 June 2022</p> <p>31 May 2023</p>	<p>Lack of resources has impacted this with budgetary discussions ongoing to identify additional resource. At this point, formalised arrangements as to roles and responsibilities cannot be recorded.</p>

when processes are
changed.



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MALDON DISTRICT COUNCIL

INTERNAL AUDIT REPORT

COMMERCIALISATION
OCTOBER 2022

LEVEL OF ASSURANCE	
Design	Operational Effectiveness
Substantial	Moderate

EXECUTIVE SUMMARY	3
DETAILED FINDINGS	5
STAFF INTERVIEWED	16
APPENDIX I - DEFINITIONS.....	17
APPENDIX II - TERMS OF REFERENCE	18

DISTRIBUTION

Name	Job Title
Richard Holmes	Director of Service Delivery and Head of Paid Service
Paul Dodson	Director of Strategy, Performance and Governance and Returning Office
Chris Leslie	Director of Resources
Steven Butcher	Commercial Manager

REPORT STATUS LIST

Auditors:	Helena Warnett, Senior Auditor
Dates work performed:	22 March - 07 April 2022
Draft report issued:	10 May 2022 - Reissued 15 August 2022
Final report issued:	26 October 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	3

TOTAL NUMBER OF RECOMMENDATIONS: 4**CRR/BAF REFERENCE:****BACKGROUND:**

The Local Government Association has stated that as funding shrinks, exploring new ways to maximise income is essential. In order to protect valuable frontline services and ensure positive outcomes for local communities, Councils are increasingly thinking through a more commercial approach to their activities. Councils are using their assets wisely, trading services with others across the public and private sectors and selling commodities to generate income. As part of its work with the restructure, Ignite Consulting provided a list of potential projects the Council could explore in order to generate income. Using this, the Council developed a Commercial Strategy in 2019 which was subsequently approved. However, due to Covid, many aspects of the Strategy were unable to be undertaken and have been reviewed and updated. Whilst the level of progress has not been as expected, the Council does have live projects underway including a number with a focus on land acquisition.

GOOD PRACTICE:

The following areas of good practice were identified:

- The Commercial Strategy effectively sets out the scope for the commercialisation of assets, which includes a section on how the Council categorise and prioritise their commercial assets and their approach to commercial opportunities for the period 2022-2027
- The Commercial Strategy sets out the governance arrangements for the commercialisation of assets which includes the commercial projects governance structure
- The governance structure covers the high-level programme pipeline which confirms the Council has a process whereby new project proposals are evaluated at high level before resources are assigned to specific projects
- We sampled five commercial projects and found in all five instances a Project On A Page (POAP) documented had been created for the project

- In all five instances we were able to see the commercial projects had been appropriately researched and scrutinised and had been authorised prior to investing time and resources into the project
- Monthly Corporate Project Working Group and Highlight Reports are compiled which provide updates on commercial project options and include an outline of the project's key achievements, planned project activity going forward, key performance indicators which include milestone progress along with the scope, quality, budget, resource, risks and issues and benefits for each commercial project.

KEY FINDINGS:

- The Council's Project Management Process was not followed in all instances, as noted from our sample testing, with some instances noted of a business case not being prepared separately to the project initiation document, benchmarking not performed and risks not fully considered (Finding 1 - Medium)
- Although it is defined how the Corporate Leadership Team (CLT) and Extended Leadership Team (ELT) board act for project governance, and the role of CPWG and S&R committee with commercial projects, it could be better defined how these interact for the purposes of commercial project governance (Finding 2 - Low)
- Planned project activities in the monthly Corporate Projects Working Group and the monthly Project Highlight Reports are not allocated to a responsible officer. (Finding 3 - Low)
- The process in place to ensure that assets are regularly reviewed to ensure that they are efficiently utilised are not documented in an Asset Management Strategy (Finding 4 - Low)

CONCLUSION:

We noted good practices in relation to the research and scrutiny of commercial projects and found that from sample testing of five commercial projects, in all five cases the commercial projects had been appropriately researched, scrutinised and authorised prior to investing time and resources into the project. However, we found that the project governance boards could be better defined in terms of how they interact with each other, the monthly Corporate Projects Working Group and the monthly Project Highlight Reports are not allocated to a responsible officer. Following sample testing of five commercial projects we found that were five instances across three of the commercial projects which had not followed the project management process and there is not a formal process in place to ensure assets are regularly reviewed to ensure they are efficiently utilised.

This has led us to conclude a substantial assurance over the design and moderate assurance over the operational effectiveness of controls.

DETAILED FINDINGS

RISK: COMMERCIAL ACTIVITIES WERE NOT SUFFICIENTLY SCRUTINISED PRIOR TO THEIR ESTABLISHMENT

Ref	Significance	Finding
1	Medium	<p><u>Project Management Process</u></p> <p>The Council's Commercial Project Governance and Programme Structure sets out the mandatory project documentation which is a requirement of the Project Management Process.</p> <p>The mandatory project documentation listed is:</p> <ul style="list-style-type: none"> • Project on a Page (POAP) - This document contains a high-level project scope/risks and cost estimates • New: Corporate Projects Working Group Committee Report - This document contains further detail than the POAP - It sets out the first stage of the project costs and sets the foundations for the Project Initiation Document (PID) • Strategy and Resources Committee Report - Includes recommendations from the Corporate Projects Working Group Committee Report • Project Initiation Document (PID) - This document includes the project scope, key risks and issues, project milestones, forecast budgets and project stakeholders • Project Business Case - Refinement of the PID - This documents budget details and the delivery plan • RAID Log - This document sets out the project risks, actions, issues and dependencies log • Project Highlight Report - This document is a monthly progress report which provides an update on the project's progress • Project Closure Report - This document reports on the project's delivery, lessons learnt and post-projects benefits schedule <p>We selected five active projects from the commercial project pipeline spreadsheet to review in order to assess whether the Project Management Process had been followed.</p> <p>We found:</p> <p><u>Land Acquisition Project: Business Case</u></p> <ul style="list-style-type: none"> • The Project Initiation Document and outline Business Case has been completed together within a detailed document <p><u>Land Acquisition Project PID</u></p> <ul style="list-style-type: none"> • The Project Initiation Document (PID) refers to the sensitivity and confidentiality of the acquisition, however, the PID does not specify how communications will be

managed. Whilst the PID does make reference to an Officer from the Council's Communications Team being involved in project communications, their specific involvement in the project is not referenced.

Land Acquisition Project Benchmarking

We confirmed that the Council have not carried out a benchmarking exercise or undertaken discussions with other Local Authorities in order to gather best practice on this type of estates project. We were unable to obtain evidence from the Council of information to be had from other local authorities on land acquisition from which learning could be used to assess best practice and better inform the delivery of the Council's own Land Acquisition Project.

Houseboats Project: Project Risk Management

We carried out a full assessment of the Business Case for the Houseboats project.

- The Business Case for the Houseboat project sets out a range of different levels of mooring fees, but it assumes there will always be full occupancy which appears to be an over optimistic assumption
- Specific risks do not appear to have been considered, such as:
 - The risk that a sudden fall in demand for berths which would lower the income has not been considered
 - The risk that the pile driving uncovers geological problems has not been considered
 - The risks to construction have not been considered
 - The risks of a contractor going into liquidation have not been considered
 - The risks of issues occurring with materials supply have not been considered

If a business case has not been prepared, benchmarking performed and a comprehensive lists of risks considered, there is a risk that the objectives of the project will not be clearly defined, value for money will not be achieved and risks properly mitigated.

RECOMMENDATION:

- A) The Council should ensure that the Project Management Processes are adhered to when undertaking commercial projects with approvals for project commencement only given on receipt of sufficient documentation in line with the process
- B) A checklist could be utilised to ensure all appropriate documentation has been developed at the relevant stages of the project initiation process.
- C) Ensure future projects retain separate Business Case and Project Initiation Documents

MANAGEMENT RESPONSE:

- A) I think the sample of projects reflects the PMO at its early stages without clarity & consistency in approach to projects. Over the last 2 years improvements have been made & feel that project documents & templates are now consistent. The PID for the land acquisition was incredibly detailed & completed to a business case level. Acknowledge that benchmarking could've been undertaken & we are doing so as the project progresses seeking specialist knowledge where required & identifying what other local authorities are doing to realise benefits with this type of project
- B) A project checklist has been implemented by the PMO & is available on SharePoint - this was introduced after the audit documents were collated.
- C) Given the diverse range of projects the council undertakes some projects will not require full business cases (e.g. if very low value) however larger scale project will continue to adopt the PMO templates that have been developed over recent months. In addition to this by adopting the checklist (above) will ensure that all larger projects have a consistent approach in the documentation that they use.

Responsible Officer: Steven Butcher Commercial Manager

Implementation Date: February 2023

RISK: THERE ARE INSUFFICIENT LEVELS OF CONTROLS IN PLACE TO BE ABLE TO APPROPRIATELY MONITOR AND REPORT ON COMMERCIAL ACTIVITIES RESULTING IN A LACK OF OVERSIGHT REGARDING PERFORMANCE AND PROFITABILITY

Ref	Significance	Finding
2	Low	<p><u>Governance Structure</u></p> <p>A Governance Structure should clearly define the policies, processes, standards, procedures and guidelines that determine how projects are led, run and controlled. It is the framework within which a project progresses and should also include named individuals/roles and responsibilities for all aspects of the project. It explains to all stakeholders how the project is to be overseen.</p> <p>From our review of the Commercial Project Governance and Programme Structure in place for the Council's Commercialisation Projects the following was noted:</p> <ul style="list-style-type: none"> • The process for senior sign-off of projects is not set out in the Commercial Project Governance and Programme Structure • The Commercial Project Governance and Programme Structure does not set out how the various groups interact with each other and adequately detail what their specific roles are in decision making for the Extended Leadership Team (ELT), Corporate Leadership Team (CLT) Project Board, the Corporate Projects Working Group and the Strategy and Resources Committee. <p>Should an issue arise during the course of the project it is important that the chain of escalation is clear which is why the requirement for clear accountabilities within the project structure is important.</p>

RECOMMENDATION:

The Commercial Project Governance and Programme Structure should be updated to include details of how the Extended Leadership Team (ELT), Corporate Leadership Team (CLT) Project Board, the Corporate Projects Working Group and the Strategy and Resources Committee interact with each other and adequately detail the groups specific roles in decision making.

MANAGEMENT RESPONSE:

The structure can be updated to incorporate the detail as per the recommendation.

Currently the process isn't clearly defined for which projects go where & can be subjective from CLT and the corporate projects working group.

At this time there is no desire to change existing working practices, but all projects will be subjected to CLT project board. If approved at this stage the governance route (depending on values, timescales, etc.) will then be defined. There may be some cross reference between specific committee and or working groups terms of reference to confirm the best governance route but this is difficult to define ahead of meeting(s)

The process for senior sign-off of projects to allocate resources is also completed at the Corporate Leadership Team.

Responsible Officer: Steven Butcher Commercial Manager

Implementation Date: February 2023

RISK: THERE ARE INSUFFICIENT LEVELS OF CONTROLS IN PLACE TO BE ABLE TO APPROPRIATELY MONITOR AND REPORT ON COMMERCIAL ACTIVITIES RESULTING IN A LACK OF OVERSIGHT REGARDING PERFORMANCE AND PROFITABILITY

Ref	Significance	Finding
3	Low	<p><u>Reporting</u></p> <p>The Corporate Projects Working Group meets on a monthly basis and review the following areas:</p> <ul style="list-style-type: none"> • The minutes and actions from the previous meetings • Updates on commercial project options • The commercial project status reports and updates on active commercial projects <p>The Corporate Projects Working Group is attended by the following officers:</p> <ul style="list-style-type: none"> • A selection of members chosen at Council at the start of the term • CLT • Commercial Manager • Project Manager • Other officers on an ad hoc basis depending on need e.g. Legal or Planning. <p>The Project Highlight Reports are reported at the Corporate Projects Working Group on a monthly basis and report on the following areas:</p> <ul style="list-style-type: none"> • Provide a status summary and activity on active commercial projects • Outline the active projects key achievements • Outline the planned project activity for the next period • Key Performance Indicators which include milestone progress, scope and quality, budget, resource, risks and issues and benefits • A RAG rating against each milestone • Planned project end dates • Total approved budgets • Actual spend to date • Revenue expected against latest project forecast. <p>We reviewed the latest Corporate Projects Working Group and Highlight reports and identified that the planned project activities are not allocated to a responsible officer.</p> <p>If the information provided to the Corporate Projects Working Group and the highlight reports is insufficient it could lead to approvals and actions taken by the Corporate Projects Working Group not being the best possible option.</p>

RECOMMENDATION:

- A) Update the reports for the Corporate Projects Working Group and the Highlight

reports to ensure that actions are allocated to a responsible officer.

MANAGEMENT RESPONSE:

Noted, whoever given the size of the organisation in most instances the project manager will be responsible to ensure actions have been completed in a timely manner

Responsible Officer: Steven Butcher Commercial Manager

Implementation Date: February 2023

RISK: THERE ARE NO PROCESSES IN PLACE TO APPROPRIATELY ASSESS EXISTING ASSETS FOR POTENTIAL DEVELOPMENT IN LINE WITH COMMERCIAL EXPECTATIONS, WITH A LACK OF APPROVAL MECHANISMS

Ref	Significance	Finding
4	Low	<p><u>Asset Management Strategy</u></p> <p>An Asset Management Strategy should define how the Council intends to manage its current future-planned property requirements and establish clear objectives for its land and buildings. The Asset Management Strategy should include a schedule of annual reviews to ensure that the contents of the strategy adequately reflect the priorities of the Council.</p> <p>Through discussions with Officers, we established that the key driver for the Council's projects is to review assets on a one-by-one basis based on historical information and Officer experience to ascertain what might be suitable for a development opportunity. Part of the Council's current process for assessing assets is to use opportunistic sites without the benefit of an Asset Management Strategy. All ideas for assessing and utilising current assets are reviewed and validated before a high-level project proposal is presented to the Corporate Leadership Team Steering Board for consideration and allocation of resources.</p> <p>Whilst we acknowledge that the Council has a process in place for reviewing assets and that ideas for the use of assets are reviewed and validated before a project proposal is established, without a formal Asset Management Strategy in place there is a risk to the maintenance of existing processes if key personnel were to leave and the process has not been formally documented.</p> <p>A finding was raised in the Management of Property audit report dated January 2022 which stated that there was no Asset Management Strategy in place. It was agreed in Management responses that the Council would start a working group within January/February 2022 to identify an MDC Assets Strategy regarding the use of its property and that they would identify any risks or changes and ensure these are documented and if needed key decisions are made at appropriate Director level.</p>

RECOMMENDATION:

In addition to Finding 3 in the 2021/2022 Management of Property Audit Report (noted in italics below) the Council should ensure the review and approval processes for current assets being used for potential commercial uses are documented in the Asset Strategy.

- 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:

Agree with the recommendation - however resource needs to be identified to deliver the strategy.

Responsible Officers: Farley Norman, Steven Butcher & Frank Britt

Implementation Date: February 2023

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
Katy Moore	Project Manager
Steven Butcher	Commercial Manager
Cheryl Hughes	Programmes, Performance and Governance 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.

APPENDIX II - TERMS OF REFERENCE

PURPOSE OF REVIEW:

To review the Council's governance arrangements to enable it to deliver its commercial strategy and project pipeline.

KEY RISKS:

- The updated Commercial Strategy has not taken into account the original data from Ignite and reviewed this to ensure feasible commercial activities have been identified
- There are insufficient levels of controls in place to be able to appropriately monitor and report on commercial activities resulting in a lack of oversight regarding performance and profitability
- Commercial activities were not sufficiently scrutinised prior to their establishment
- There are no processes in place to appropriately assess existing assets for potential development in line with commercial expectations, with a lack of approval mechanisms established.

SCOPE OF REVIEW:

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

- Review of the data from Ignite and actions taken to verify the suitability of it and how this has been led by the Commercial Strategy. We will then review the schedule of future works and assess the feasibility of them through discussions with Officers
- Review a sample of current commercial activities to ensure there was sufficient research undertaken and scrutiny provided prior to their approval
- Review of the governance structure in place to provide oversight of the commercial activities and the quality of progress monitoring reports as well as the challenge exercised on these
- Review of the controls in place regarding asset development and if sufficient processes have been established to ensure a fair and equitable review of resources and potential opportunities

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

APPROACH:

Our approach will be to conduct interviews to establish the controls in operation for each of our areas of audit work. We will then seek documentary evidence that these controls are designed as described. We will evaluate these controls to identify whether they adequately address the risks. We will seek to gain evidence of the satisfactory operation of the controls to verify the effectiveness of the control through use of a range of tools and techniques.

BAF/CRR REFERENCE:

R9: Failure to have a co-ordinated approach to supporting inward investment and maximising business rates growth

FOR MORE INFORMATION:

Greg Rubins

Greg.Rubins@bdo.co.uk

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

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MALDON DISTRICT COUNCIL

INTERNAL AUDIT REPORT

2022/23 FLOOD MANAGEMENT
OCTOBER 2022

Design Opinion	● Moderate
Design Effectiveness	● Moderate

CONTENTS

EXECUTIVE SUMMARY	2
DETAILED FINDINGS	4
APPENDIX I - DETAILED RESULTS OF FOLLOW UP	6
APPENDIX II - DEFINITIONS.....	9
APPENDIX III - TERMS OF REFERENCE.....	10

DISTRIBUTION

Richard Holmes	Director of Service Delivery and Head of Paid Service
Damien Ghela	Lead Specialist Community

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.

REPORT STATUS

Auditors:	Freya Beard - Assistant Manager
Dates work performed:	25/08/2022 - 09/09/2022
Draft report issued:	4 October 2022
Final report issued:	26 October 2022

EXECUTIVE SUMMARY

BAF REFERENCE:



SCOPE

BACKGROUND

- ▶ The Department for the Environment, Food and Rural Affairs (DEFRA) leads on flood and coastal erosion risk management in England. The Environment Agency has a strategic overview of all sources of flooding and is responsible for risk management activities on main rivers and the coast, regulating reservoir safety and working in partnership with the Met Office to issue flood forecasts and warnings. Essex County Council is the Lead Local Flood Authority
- ▶ Local Authorities work closely with Lead Local Flood Authorities and other Risk Management Authorities to perform flood risk management work that provides a reflection of the local knowledge around land drainage and flooding risks in the district. Key partners include the Environment Agency and Anglian Water.
- ▶ Flooding remains a risk for the Council and the internal audit, completed in 2020, identified four findings. The significant actions required included updating the Strategic Flood Protection Plan, providing training, liaising with external stakeholders and updating of strategies.

AREAS REVIEWED

- ▶ We reviewed the previous recommendations made in the 2019/20 Flooding Risk Management audit to follow up on the progress made on these. Where work had been completed, we obtained evidence of this to assess whether the changes had been implemented as described. Additionally, we reviewed the current communication arrangements with Essex County Council (ECC), Members, Anglian Water and the Environment Agency. We obtained meeting minutes from a sample of flood boards to assess whether these were in place and operating effectively.

AREAS OF STRENGTH

Our review noted the following areas of strength:

- ▶ The Council runs a Coastal & Flooding Group board on a bi-annual basis. Membership includes representatives from MDC, ECC and the Environment Agency. Meetings had been held as planned in September and March during 2021 and 2022. Detailed meeting minutes are retained and show that a range of presentations and updates are given on flood related issues across the district
- ▶ An Essex Flood Partnership Board is in place which is organised and chaired by ECC but attended by MDC, along with other District and Borough Councils, the Environment Agency, Anglian Water, Essex Highways, Essex Fire & Rescue and the NFU. Meetings are held quarterly,

and minutes are retained, which showed updates were provided for a range of local flood programmes and current issues

- ▶ The Council have introduced a Master Strategic Flood Protection Action Plan which details all of the current projects and maintenance plans for 2022/23, along with the action owner, details of the work and current status.

 **AREAS OF CONCERN**

Our review noted the following key finding:

- ▶ Communication with one of the key partners, Anglian Water, has been ineffective, with no updates or attendance from them at the last three MDC flood board meetings (covering a period of 18 months from September 2021 to March 2022). Additionally, there was one Essex County Council flood board which MDC did not attend (Finding 1 - Medium).
- ▶ In our follow up review work we noted the following results:

Total Recs	ORIGINAL REPORT			FOLLOW UP STATUS		
	H	M	L	Complete	In Progress	Incomplete
5	0	5	0	2	0	3

The three that are incomplete are:

- The need for comprehensive, rather than ad hoc training, on flood management (partly delayed by the issues engaging with Anglian Water, noted above)
- Discussing training requirements with external partners
- The need for a sustainable drainage systems (SuDS) strategy

For full details of these please see appendix I.

 **CONCLUSION**

The Council has adequate arrangements in place to have regular communications and updates with key partners, with bi-annual MDC flood board meetings and quarterly ECC flood boards which MDC also attend. Both boards have generally good attendance and include adequate discussion of current projects and issues. However, it was noted that Anglian Water, a key partner, do not regularly attend these.

Of our five audit recommendations previously made only two were noted as completed. We have included further actions and amended time frames in appendix I.

In conclusion, we have reported one medium finding and three incomplete recommendations. Additionally, against a complete recommendation we have identified further room for improvement. We have therefore concluded a moderate design opinion and moderate operational effectiveness opinion.

DETAILED FINDINGS

1 FINDING TITLE	
TOR Risk:	There is not effective communication with the Lead Local Flood Authority (Essex County Council) as well as key partner organisations such as the Environment Agency and Anglian Water, in the management of surface water flooding risk in the District.
Significance	

 FINDING
<p>As part of our testing of flood management we examined the communication arrangements between MDC, the Lead Local Flood Authority (Essex County Council), the Environment Agency, Anglian Water and other key partners. We were advised there are two main Flood Boards, the Coastal & Flooding Group, run by MDC, and the Essex Flood Partnership Board, run by ECC. The Coastal and Flooding Group Board meet on a bi-annual basis and the Essex Flood Partnership Board meet quarterly. Minutes are formally documented for both Boards and we obtained these for a sample of recent meetings to examine the timing, attendance and effectiveness of discussions.</p> <p>We obtained minutes from a sample of three Coastal and Flooding Boards covering the period from September 2021 to March 2022. Within our review of the meeting minutes, we noted that, whilst there was generally good representation from key partners, Anglian Water were absent from all of these last three Boards. The Board meeting includes an item for Anglian Water to provide an update, however, this was also not available in any of the three meetings observed, a follow up action was noted for MDC to request a written update prior to the next meeting however this had not been successful. Whilst a representative attended the Essex Flood Board, they were unable to provide the update requested by management and in November 2021 members specifically noted they were experiencing difficulties contacting the required representatives. We have therefore evidenced that this is not an issue faced solely by MDC.</p> <p>We discussed this further with management and were advised there are no issues with Anglian Water other than the communication difficulties. We were informed that they are much more responsive and proactive in the event of flood emergencies, therefore the difficulties relate mainly to the ongoing prevention and management strategies.</p> <p>Additionally, we noted that at the January 2022 Essex Flood Partnership Board there were no MDC councillors or flood team managers in attendance, meaning MDC did not have representation. We understand this was due to conflicting commitments with other work within the Council for all usual MDC representatives.</p> <p>There is a risk that the communications between the Council and Anglian Water are not effective at present and as a result the Council Flood Board have been unable to obtain and provide suitable updates in relation to Anglian Water related projects. There is also a risk that not having MDC representation at the Essex Flood Partnership Boards could impact communications and relationships.</p>

 RECOMMENDATION
A. Continue to work on the relationship with Anglian Water by requesting that they attend or provide adequate updates in advance of the Coastal and Flooding Group

meetings. Where MDC include actions to follow up and request information from Anglian Water in the next Coastal and Flooding Board, ensure this follow up is documented in the meeting minutes at the subsequent meeting

- B. Ensure that there is sufficient MDC representation at all Essex Flood Partnership Boards going forwards.



MANAGEMENT RESPONSE

Maldon Council acknowledges the comments made in relation to its flood partnership meetings.

Service Delivery (Community) has brought in extra resource to help both support Maldon's flooding work and refresh its partnership meetings.

The resource takes the form of the previous Officer who managed and promoted Maldon Districts flood work. As such, the Officer is best placed to immediately identify failing areas and consider appropriate actions.

The Officer will continue to try and secure meaningful involvement from Anglian Water at the Coastal and Flood Board.

The Officer will seek to provide representation for Maldon District at the Essex Flood Partnership Meetings. Where this is not possible, the Lead Specialist (Community) will endeavour to attend.

For context it should be noted that the Responsible Authority for flood response is Essex County Council and the Environment Agency. As such, our direct influence on the flooding workstream can be limited.

Responsible Officer:	Damien Ghela / Shirley Hall
Implementation Date:	31/05/23

APPENDIX I - DETAILED RESULTS OF FOLLOW-UP

Ref	Priority	Recommendation	Original Implementation Date	Management Update	BDO Conclusion	Status
1	Medium	The Council should ensure all staff across the Council workstreams involved in managing flooding risks undertake and complete training on flooding risk management. The Council should consider involvement and representation from external flooding agencies to lead on specific training as required.	September 2021	Training is currently provided on an ad-hoc, informal basis. ECC have regular discussions with the Council but don't provide any formal training. Anglian Water are still absent from discussions and the Essex County Council portfolio holder has still been unable to get any meaningful engagement from them. The previous Flooding Workstream Officer has been asked to get involved with some flood risk work again and MDC have recently taken on a Climate Change Officer, with the aim this will link in with flooding work.	With this new expertise within the workstream the Council should look to discuss what support could be provided in terms of training, to ensure knowledge is captured and shared with service delivery officers. We will extend the deadline of this to follow up in December 2022.	Incomplete - we have agreed a revised target date of December 2022

2	Medium	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.	March 2021	Management have now completed this in the form of the flood master plan which is now in place.	<p>We have obtained the Master Strategic Flood Protection Action Plan (March 2022 version). This details all of the current projects by the organisation that owns it (Environment Agency, ECC, Anglian Water etc.), details of the scheme and project, intended outcome, planned or actual date of completion and current status. We note that the current action plan does not directly link the actions to risks and controls in a risk register format.</p> <p>Recommendation: The Council should review the Action Plan to assess whether it could be further improved to incorporate the details noted above, to ensure that the projects sufficiently cover all of the specific flooding risks faced by the Council.</p> <p>Priority: Medium</p> <p>Responsible Officer: Damien Ghela</p> <p>Implementation Date: December 22</p>	<p>Completed - However, further improvements have been identified with a recommendation made</p>
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3a	Medium	The newly appointed community lead specialist should contact the key members from each organisation and members within the Council to discuss flooding risks in the short term and ensure the Council are well placed to manage potential risks. Due to the Covid-19 pandemic, if formal face-to-face meetings cannot take place, virtual meetings should be held.	September 2021	This is now completed and is covered as part of the flood boards and communications	Communications have been carried out through the Coastal Flood Boards run by MDC. We have examined the meetings for these to confirm they have taken place and have been attended by representatives of MDC, Essex County Council and the Environment Agency.	Completed
3b	Medium	Discussion should be held with external bodies on the training support they may be able to provide (Finding 1) and discussions should also be held with the service delivery officers on the elements they would like covered in training.	September 2021	See recommendation 1 above	See recommendation 1 above	Incomplete - we have agreed a revised target date of December 2022
4	Medium	The Council should design and implement a formal SUDS strategy that includes the designated responsibilities and formal governance arrangements to manage and monitor SUDS. Training should be provided where necessary potentially incorporating this as part of the wider flooding risk management training (finding 1)	September 2021	The Council haven't completed a SUDS strategy yet. There is an Essex wide SUDS strategy and flood strategy which ECC control. MDC have introduced their own master list but this hasn't been translated into a formal SUDS/MDC flood strategy yet due to the time needed and the fact they're not the lead flood authority (this is ECC), it is not seen as essential.	We have agreed to amend this recommendation to a smaller contained strategy document which will include details of the lead agencies, their governance arrangements, and links to the existing flood master plan. We have agreed to extend the deadline of this to December 2022 and will include it as part of our follow up.	Incomplete - we have agreed a revised target date of December 2022

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.

APPENDIX III - TERMS OF REFERENCE



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 are:

- ▶ There is not effective communication with the Lead Local Flood Authority (Essex County Council) as well as key partner organisations such as the Environment Agency and Anglian Water, in the management of surface water flooding risk in the District
- ▶ Recommendations made as part of the 2019/2020 Flooding Risk Management have not been actioned resulting in key risks having not been mitigated.



SCOPE & APPROACH

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

- ▶ Confirm if the Council communicates with ECC at an agreed level and provides ECC with details of initial flooding investigations
- ▶ Confirm if there is appropriate communication with Members, Partnerships (including Anglian Water and the Environment Agency) and flood boards regarding the Council's responsibilities for flood risk
- ▶ Confirm that the recommendations raised within the 2019/2020 audit report have been implemented sufficiently

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. 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.

It is intended that this audit will be completed through a combination of remote working and onsite meetings and testing, based upon the most effective way of carrying out the work.

In delivering this review BDO may need to observe and test confidential or personal identifiable data to ascertain the effective operation of controls in place. The organisation shall only provide the Shared Personal Data to BDO using secure methods as agreed between the parties. BDO will utilise the data in line with the General Data Protection Regulations 2016 (GDPR) and the Data Protection Act 1998, and shall only share Personal Data on an anonymised basis and only where necessary.

FOR MORE INFORMATION:

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

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