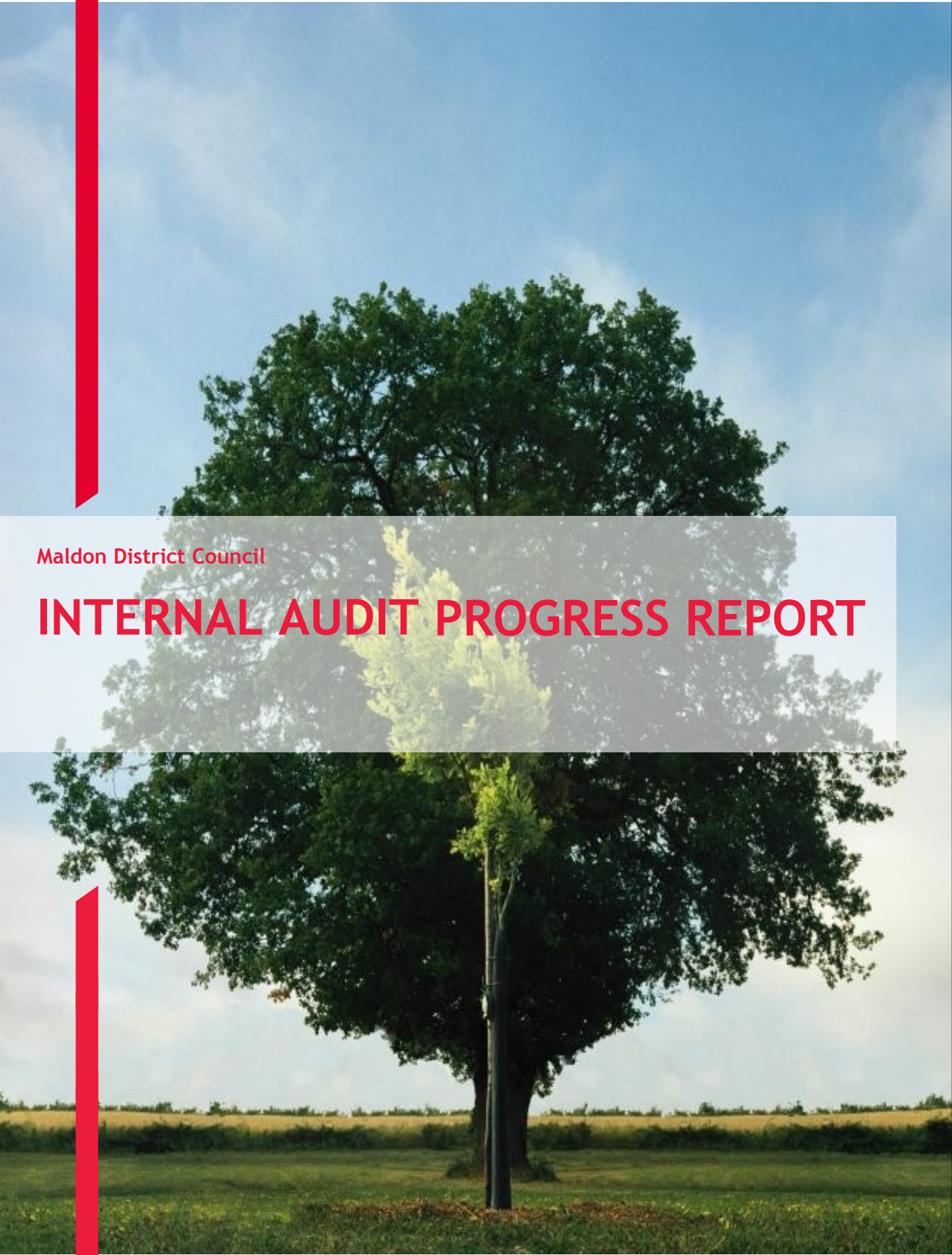




Maldon District Council

INTERNAL AUDIT PROGRESS REPORT

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SUMMARY OF 2018/19 WORK

Internal Audit

This report is intended to inform the Audit Committee of progress made against the 2018/19 internal audit plan. It summarises the work we have done, together with our assessment of the systems reviewed and the recommendations we have raised. Our work complies with Public Sector Internal Audit Standards. As part of our audit approach, we have agreed terms of reference for each piece of work with the risk owner, identifying the headline and sub-risks, which have been covered as part of the assignment. This approach is designed to enable us to give assurance on the risk management and internal control processes in place to mitigate the risks identified.

Internal Audit Methodology

Our methodology is based on four assurance levels in respect of our overall conclusion as to the design and operational effectiveness of controls within the system reviewed. The assurance levels are set out in Appendix 1 of this report, and are based on us giving either "substantial", "moderate", "limited" or "no". The four assurance levels are designed to ensure that the opinion given does not gravitate to a "satisfactory" or middle band grading. Under any system we are required to make a judgement when making our overall assessment.

2017/18

We have one piece of work outstanding from 2017/18 which is a fraud risk assessment. This is currently underway.

2018/19 Internal Audit Plan

The following audits have been issued in draft since the last audit committee and will be brought to the next committee in final;

- Budgets and Performance Management
- Safe and Clean Environment
- Main Financial Systems

Reports for this Audit Committee

- Follow Up of Internal Audit Recommendations (see Agenda Item 6)

Changes to the Plan

Audit 11. Implementation of Office 365 will be replaced by a Commercialisation review (15 days) to be conducted in quarter 4.

REVIEW OF 2018/19 WORK

Audit Area	Audit Days	Planning	Fieldwork	Reporting	Opinion Design	Effectiveness
Audit 1. Main Financial Systems	30	✓	✓	✓		
Audit 2. Transformation Programme	15	✓	✓			
Audit 3. Budgets and Performance Management	15	✓	✓	✓		
Audit 4. Capital project management	20	✓	✓			
Audit 5. Counter Fraud	10	✓	✓			
Audit 6. Building Control	15	✓	Q4			
Audit 7. Local Development Plan	15	✓	Q4			
Audit 8. Safe & Clean Environment	20	✓	✓	✓		
Audit 9. Strengthening Communities Strategy and Localism	15	✓	Q4			
Audit 10. IT Transformation	15	✓	Q4			
Audit 11. Commercialisation	15	✓	✓			

APPENDIX B

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.

FOR MRE INFORMATION:

EMMA DONNELLY

Assistant Manager, Public Sector
Ext. 552904 (Internal)
020 78552904 (Direct Line)
07923030487 (Mobile)

emma.donnelly@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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