# MALDON DISTRICT COUNCIL

# INTERNAL AUDIT
# FOLLOW UP OF RECOMMENDATIONS

**DECEMBER 2018**

**BDO**

# Summary

| Audit | Total Recs | H | M | L | To follow up | Complete H | Complete M | In Progress H | In Progress M | Not Due H | Not Due M | Overdue H | Overdue M | % Complete |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 15/16. Risk Management – High Level Review | 5 | 1 | 4 | - | 5 | - | 4 | - | 1 | - | - | - | - | 80% |
| 16/17. Cyber Crime | 7 | - | 7 | - | 7 | 7 | - | - | - | - | - | - | - | 100% |
| 16/17. Financial Systems | 3 | - | 3 | - | 3 | - | 2 | - | - | - | - | - | 1 | 67% |
| 16/17. Channel Shift | 7 | - | 7 | - | 7 | - | 1 | - | - | - | - | - | 6 | 14% |
| 16/17. Information Governance PCI/DSS | 4 | 1 | 3 | - | 4 | - | 3 | 1 | - | - | - | - | - | 75% |
| 16/17. Planning | 4 | - | 4 | - | 4 | - | 3 | - | 1 | - | - | - | - | 75% |
| 16/17. Flooding | 5 | - | 5 | - | 5 | - | 3 | - | 2 | - | - | - | - | 80% |
| 16/17. Payment and Creditors | 4 | - | 4 | - | 4 | - | 4 | - | - | - | - | - | - | 100% |
| 17/18. Main Financial Systems | 3 | - | 1 | 2 | 1 | - | 1 | - | - | - | - | - | - | 100% |
| 17/18. Economic Development/ Business Rate Growth | 4 | - | 4 | - | 4 | - | 4 | - | - | - | - | - | - | 100% |
| 17/18. Partnership Working | 3 | - | 1 | 2 | 1 | - | 1 | - | - | - | - | - | - | 100% |
| 17/18. Disaster Recovery and Business Continuity | 6 | - | 5 | 1 | 5 | - | 1 | - | 4 | - | - | - | - | 20% |
| 17/18. Contract Procurement Management and Purchasing | 6 | - | 3 | 3 | 3 | - | 3 | - | - | - | - | - | - | 100% |
| 17/18. Attendance Management | 2 | - | 1 | 1 | 1 | - | 1 | - | - | - | - | - | - | 100% |
| 17/18. Elections Improvement Plan | 6 | - | 3 | 3 | 3 | - | 3 | - | - | - | - | - | - | 100% |
| 17/18. Business Resilience | 5 | - | 3 | 2 | 3 | - | 3 | - | - | - | - | - | - | 100% |
| 17/18. Budget Setting | 1 | - | 1 | - | 1 | - | - | - | - | - | 1 | - | - | 0% |
| Total | 75 | 2 | 59 | 14 | 61 | 7 | 37 | 1 | 8 | - | 1 | - | 7 | |

# Summary

**Introduction**

We regularly follow up progress with the implementation of recommendations raised by Internal Audit and bi-annually we report to the Audit Committee. We request commentary by responsible officers on the progress towards implementation of our recommendations and for high and medium priority recommendations we verify the progress to source evidence and conclude either that the recommendation is complete or incomplete. This report represents the status of all internal audit recommendations as at 31st October 2018.

**2015/16 Recommendations**

19 high and medium priority recommendations were made in 2015/16, of which 18 were confirmed to have been implemented by March 2018 and previously reported. We identified that 1 medium priority recommendation was still in progress but there is a plan in place to implement that recommendation. The remaining recommendations have been implemented. We continue to review outstanding recommendations until they are implemented.

**2016/17 Recommendations**

For 2016/17 we raised a total of 34 high and medium priority recommendations. From this we note:

- 23 recommendations have been implemented
- 4 recommendations are in the process of being implemented
- 1 recommendation is overdue relating to Key Financial Systems
- A further 6 are overdue relating to the audit of Channel Shift. These recommendations will be implemented under the Future Council Model

**2017/18 Recommendations**

22 high and medium recommendations were raised in 2017/18. The current position of these recommendations is as follows:

- 17 (medium priority) are considered implemented relating to Economic Development, Partnership Working, Procurement & Contract Procurement Management and Purchasing, Business Resilience and Disaster Recovery, Attendance Management, Main Financial Systems, Elections improvement Plan and Business Continuity

- 4 (medium priority) are in progress relating to Disaster Recovery and Business Continuity

- 1 is not yet due for follow up relating to Budget Setting- one medium priority recommendation.

# Recommendations: COMPLETED

| Recommendation made | Priority Level | Manager Responsible | Due Date | Current Progress |
|---|---|---|---|---|
| **16/17. Payments and Creditors** | | | | |
| Instruct services on effective budgetary control Exception report non-compliance where this is not happening | Medium | Carrie Cox, Finance Manager | ~~September 2017~~ ~~July 2018~~ November 2018 | We confirmed exception reporting is in place to CLT which highlights retrospective orders and returned invoices which are not compliant with budgetary control procedures. |
| Identify / review spending with individual suppliers to ensure compliance with Contract Procedure Rules | Medium | Carrie Cox, Finance Manager | ~~September 2017~~ ~~July 2018~~ October 2018 | Complete as per comment below |
| **17/18. Contract Procurement Managing and Purchasing** | | | | |

# Recommendations: COMPLETED

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|---|---|---|---|---|---|
| a) | Conduct the planned review of high value expenditure to ensure compliance with Competition Requirements stated in the Contract Procedure Rules (including ensuring Contracts Finder is used for advertising contracts over £25,000, and for Invitations to Tender for contracts over £50,000) | Medium | David Rust – Faciltiies and Asset Manager | ~~July 2018~~ September 2018 | A - Review of all expenditure for 2017/18 was undertaken for all supplier expenditure over £5000 and over £25000 to ensure contract procedures were followed and also whether there was opportunity to combine orders for better VFM.  No issues were identified, and some potential areas for establishing a contract were identified and is in accordance with adopted policies |
| b) | Strengthen training and guidance on situations where there may be a cumulative breach of the guidelines and ensure future breaches are reflected in performance appraisals and, where appropriate, disciplinary action | | | | B - Complete |
| c) | Deviation from Council procedures and Procurement Regulations is reported to the Finance & Corporate Services Committee. | | | | C – Complete |

# Recommendations: COMPLETED

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|---|---|---|---|---|
| a) Review the parameters identified in the Cardholder Instruction Manual to ensure they are appropriate<br>b) Maintain oversight of compliance with issued instructions on Purchase Card usage, including requirements for provision of documents supporting expenditure. | **Medium** | **Carrie Cox Finance Manager** | ~~July 2018~~ **September 2018** | a-b) Completed. An updated version of the cardholder instruction manual and a transaction log template was sent to all card holders on 21 September 2018. |
| **17/18. Business Resilience** | | | | |
| The Council should ensure that all service functions are assigned a key officer and members of staff are informed who those individuals are | Medium | Karen Buttress (Community Safety Officer – Community Resilience) | ~~April 2018~~ October 2018 | All services have now provided a key officer. All services have been made aware that and asked to inform staff within their teams if they have added them to a plan. |
| Allocate a substitute officer to all service functions. Update Resilience Spreadsheet. | Medium | Karen Buttress (Community Safety Officer – Community Resilience) | September 2018 | All service functions have now been allocated a substitute officer. |
| **17/18. Elections Improvement Plan** | | | | |
| The council should review the plan and ensure that where it has not yet been implemented that the responsible officers complete the plan. The plan should be revised to highlight the outstanding actions and provide new deadlines for those actions to be delivered | Medium | Melissa Kelly – Legal and Democratic Services Manager | 31/07/18 | The Director of Resources meets weekly with the Legal and Democratic Services Team Manager to review the implementation of the Elections Improvement Plan. |

# Recommendations: COMPLETED

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|---|---|---|---|---|
| The leadership team should ensure that there is regular monitoring of the implementation of the Elections Improvement plan and all other such plans in place at the Council. | Medium | Melissa Kelly – Legal and Democratic Services Manager | 31/07/18 | A risk plan has been drafted identifying business critical procedures and continuity measures applicable to all elections. |
| The elections planning documentation should clearly define the election service business critical activities and the required resources, or substitute resources should be clearly set out to ensure that these are delivered. | Medium | Melissa Kelly – Legal and Democratic Services Manager | 31/07/18 | The Electoral Services Manager has produced a set of procedure notes derived from the Electoral Commission which gives detailed instructions as to the processes involved in the delivery of elections |
| **17/18. Main Financial Systems** | | | | |
| The system access controller has the opportunity to amend their own access controls, with no additional confirmation required.<br><br>Staff must not amend their own system access, but obtain Manager authority and keep audit trail. | Medium | Al Morrell Customer Solutions Manager | ~~April 2018~~ September 2018 | **The system does not have the technical capability to prevent staff with systems admin rights from amending their own user rights, but there is an audit log which records changes (automatically on the system.)**<br><br>**Also by talking to staff, they are aware that they must not amend their own systems access; this must be undertaken by another member of the team. There are only 2 people in IT and 4 people in H&B with admin access.**<br><br>**If a change is needed, whether temporarily or permanently, approval must be obtained from a Manager and the changes are carried out by another individual. The authorisation and request email is printed and kept in a folder for an audit trail purpose.**<br><br>**For temporary changes, the person who makes the amendment should always sign and date on the authorisation to evidence that they have reverted the change** |
| **17/18.  Economic Development and Business Rates Growth** | | | | |
| Enhance information (or links to information) provided via the website on funding opportunities for businesses | **Medium** | **David Burrows-Economic Development & Partnerships Manager** | **September 2018** | **A monthly funding newsletter is distributed to all business contacts and a funding link exists.** |

# Recommendations: COMPLETED

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|---|---|---|---|---|
| Clarify the District offer and businesses which it is seeking to attract to the District | **Medium** | **David Burrows- Economic Development & Partnerships Manager** | **September 2018** | An inward investment prospectus is being produced and it will provide information for businesses interested in setting up operations in Maldon District. This information will also be available on our website following the "Locate in Maldon District" link, together with information on available business support, funding and properties |
| Enhance promotion of District/opportunities, inc. regeneration schemes, business clusters, case studies | **Medium** | **David Burrows- Economic Development & Partnerships Manager** | **September 2018** | Two newsletters are distributed per month to business contacts. One is a business newsletter containing information on council activities, upcoming events, business activities etc. The other is a funding newsletter. The Council is coordinating with the communications team to improve the effectiveness of these communications through additional channels such as social media. |
| Enhance reference to BEST Growth Hub via Business section of website inc. support offered/funding available | **Medium** | **David Burrows- Economic Development & Partnerships Manager** | **September 2018** | A specific BEST Growth hub link has been created. Additional work is expected to improve the content of the page in order to better draw attention to and promote the specific funding and business support options available on the BEST Growth Hub website.<br><br>Link to Invest Essex already exists here: https://www.maldon.gov.uk/info/20073/business under "Locate Maldon District". The next step is to include some supporting text to explain what information may be found on the Invest Essex website. There is also an "Invest in Maldon District" link that contains our inward investment offer, and a property that contains a property search function |

# Recommendations: COMPLETED

| 17/18. Attendance Management | | | | |
|---|---|---|---|---|
| Staff should be reminded of the importance of timely self certification, RTW and formal meetings and that any prolonged non-compliance will be reported to the Corporate Leadership Team<br><br>HR should undertake regular monitoring of compliance against the controls within the Policy with these reported to Committee and CLT to ensure that areas of poor performance are held to account<br><br>Consideration should be given to adding expected or required timeframes into the Managing Attendance Policy, similar to the two days for RTW to be completed, to provide a baseline expectation to measure and report against. | Medium | Dawn Moyse – Group Manager, People, Performance and Policy | 30 June 2018 | Managers were reminded at the May Manager's Forum and all staff were reminded in the May Corporate Agenda.<br><br>Internal controls have now been put in place and compliance is being monitored. This was reported at the Q1 F&CS Strategic HR Report (September 2018)<br><br>Current timeframes include completion of return to work discussion within 2 days. Consideration currently being given to adding further timeframes<br><br>No further timeframes are considered necessary. |

# Recommendations: IN PROGRESS

| Recommendation made | Priority Level | Manager Responsible | Due Date | Current Progress |
|---|---|---|---|---|
| **15/16 - Risk Management** | | | | |
| Risk Management Survey The risk management survey should be re-performed and the results summarised and reported to a round table session with the Corporate Leadership Team and Level 2 Managers | Medium | Julia Bawden, Performance and Risk Officer | ~~Nov 17~~ ~~Jun 18~~ Tbc - Future Council | The Council only approved the Risk Policy in May 2018. Managers were advised of the changes at a Managers' Forum in May. It was therefore agreed that time would be given for this to be embedded before the survey was undertaken again. This has been deferred whilst the transformation programme is underway. |
| **16/17 – Planning** | | | | |
| Determine priorities for Uniform system development and utilisation | Medium | Matt Leigh, Group Manager Planning Services | ~~March 2018~~ Tbc – Future Council | The major change has been put on hold due to Ignite /Future Council. Small 'quick fixes' have been implemented. |

# Recommendations: IN PROGRESS

| Recommendation made | Priority Level | Manager Responsible | Due Date | Current Progress |
|---|---|---|---|---|
| **16/17 – Flooding** | | | | |
| Introduce a CIL scheme to support flood risk mitigation in the District Ensure appropriate CIL / S106 obligations / planning conditions are included in all applicable developments Consider use of Land Trusts | Medium | Matt Leigh, Group Manager Planning Services | October 2019 | **Consultants have updated the CIL evidence base, including a review of the Infrastructure Delivery Plan. Flood mitigation is part of this. This will set out a draft Charging Schedule for consultation.**<br><br>**CIL is under review pending new CIL regulations were anticipated in Autumn.**<br><br>**CIL can be used to support flood mitigation projects where there is justification, evidence of need and is agreed by the Council to include flood mitigation in the Section 123 list.**<br><br>**Officers negotiate the appropriate use of planning conditions and S106 agreements for all relevant planning applications.**<br><br>**Where new infrastructure is to be provided by the developer or by the Councillor ECC via commuted sums, the Council has to consider the long term management and maintenance arrangements and the risk such arrangements pose to the Council and affected parties.** |
| Consider the appropriateness of the current allocation of the various flooding responsibilities and reporting lines for both officers and committees, to identify if there are opportunities to increase alignment for flooding related matters.<br>Ensure the Members and officers understand the allocation of responsibilities and reporting lines for the different aspects of flooding related matters and the rationale for those allocations. | Medium | Emma Foy Director of Resources | ~~TBC~~ April 2019 | **The Corporate Governance Working Group met in November 2018 and will be considering this and reporting back to Council in spring 2019** |

# Recommendations: IN PROGRESS

| Recommendation made | Priority Level | Manager Responsible | Due Date | Current Progress |
|---|---|---|---|---|
| **17/18. Business Continuity and Disaster Recovery** | | | | |
| Management should include Recovery Time Objectives (RTO) and Recovery Point Objectives (RPO) so that they align with the priority services mentioned within the Corporate Business Continuity Plan. Based on the defined RTO and RPO, management should prioritise the recovery of the Council's critical services and align all continuity and recovery plans to these objectives. The criticality and priority of the Council's service should be reviewed on a routine basis or following a significant change of circumstances. Define the respective RTOs and RPOs according to: <br>• The financial impact of the loss of the IT service on the Council <br>• The reputational impact of the loss of the IT service <br>• The regulatory impact of the loss of the IT service <br>• The resources required to recover the service | Medium | Community Safety Officer – Community Resilience (CCC), Phillip Cowles – Interim ICT Manager | ~~August 2018~~ ~~October 2018~~ November 2018 | Work is on-going to update all of the RPO and RTO's with services, initial email has gone out to all relevant staff in order for them to ensure they are correct. Council's objectives will then be updated. |
| Management should review and, where necessary, amend the IT Disaster Recovery Plan so that is aligned to and supports the Council's business continuity arrangements. This should include, but is not be limited to: <br>• The RTO and RPO should be aligned with the Business Impact assessment for critical IT infrastructure, hardware, and systems <br>• The procedures for invoking the Council's IT Disaster Recovery Plan <br>• Step by step recovery procedures for the recovery of critical IT services. | Medium | Phillip Cowles – Interim ICT Manager | ~~October 2018~~ November 2018 | The intention is to build disaster recovery into the systems, infrastructure and servers. The digital transformation will provide the framework to complete this task. Once the relevant hardware and software has been implemented the plan can be completed. |

# Recommendations: IN PROGRESS

| Recommendation made | Priority Level | Manager Responsible | Due Date | Current Progress |
|---|---|---|---|---|
| Management should define a Business Continuity Plan to include sufficient information to maintain continuity of business in the event of a business disruption. It should include, but not be limited to:<br>• Specific responsibilities for key individuals, including employees authorised to declare a disaster, specified responsibilities to restore IT, as well as recovery of business services<br>• Contact information for external service providers during disaster recovery and business continuity procedures implementation<br>• Recovery time objectives and recovery point objectives<br>• Access arrangements to be implemented as alternate workspaces and business processes to be followed to recover normal business operation.<br>The Corporate Business continuity plan should link to the Disaster recovery plan. | Medium | Community Safety Officer – Community Resilience (CCC), | ~~September 2018~~ November 2018 | A start has been made to identify individual staff roles within the Gold plan.<br><br>Some work and responsibility will also need to be taken on by ICT in terms of disaster recovery and aligning of the DR plan to the corporate gold plan |
| An IT Disaster Recovery scenario test on critical infrastructure and applications should take place to provide assurance that recovery could happen within the expected time frame.<br>Management should document the testing results to be able to provide an audit trail and determine the further actions required to address any issues on a timely basis.<br>Management should continue to perform tests of its continuity and recovery plans on at least an annual basis. | Medium | Phillip Cowles – Interim ICT Manager | December 2018 | Testing will take place once the future shape of IT at Maldon District Council is known following the future model. |
| **16/17. Information Governance / PCI-DSS** | | | | |
| Senior Management should establish a plan to implement the requirements of PCI-DSS across the Council's four card payment channels. The Plan should be delivered in a timely manner and residents and customers should be provided with assurance that payments made to the Council by card are secure. | **High** | **Phillip Cowles – Interim ICT Manager** | **30 September 2019** | **This is being addressed through the IT strategy. The Council will have one card payment channel which has now been procured and is awaiting implementation** |

# Recommendations: OVERDUE

| Recommendation made | Priority Level | Manager Responsible | Due Date | Current Progress |
|---|---|---|---|---|
| **16/17. Main Financial Systems** | | | | |
| Policies are prepared to clarify the Council approach to acquisition, transfer and maintenance of Council properties and assets | Medium | David Rust Facilities and Asset Manager | ~~March 2018~~ 31 December 2018 | This will be discussed at the next AWG on 7th December 2018. |
| **16/17. Channel Shift – included as individual actions – total of 6 recommendations still outstanding** | | | | |
| Include actions and targets in the final Customer Strategy for each of the 8 priorities | Medium | Sue Green, Group Manager, Customers | ~~June 2018~~ October 2018 | As a result of the Council deciding to implement the Future Model, the current Customer Strategy will need to be reviewed/replaced. Until a firm decision is taken on a future Customer Strategy these recommendations will not be taken forward. Agreement will need to be reached with Ignite about how these recommendations will be fed into any future Customer Strategy |
| Develop new ICT Strategy to include measurable targets | Medium | Sue Green, Group Manager, Customers | ~~June 2018~~ **Tbc - Future Council** | This plan will need revision as the Digital Transformation will have an impact on ICT strategy. The shape and type of ICT strategy will be fully known towards the end of the transformation. |
| Include how progress will be measured/monitored in final Customer and Digital Strategies | Medium | Sue Green, Group Manager, Customers | ~~June 2018~~ **Tbc - Future Council** | Action plan now completed and final version with CLT and Ignite. The final version will be reviewed following the Ignite Blue Print work, which may change priorities and action plan. |
| Identify alternative options to measure customer contact data | Medium | Sue Green, Group Manager, Customers | ~~June 2018~~ **Tbc - Future Council** | Interim processes have been put in place to measure customer contact, including face to face and telephone calls. A longer term solution will be procured as part of the Ignite Future Model project, and a pre tender evaluation exercise has been undertaken. |
| Identify targets for online services to include in Customer Strategy | Medium | Sue Green, Group Manager, Customers | ~~June 2018~~ **Tbc - Future Council** | The Ignite Future Model project will include targets, so not being taken forward separately at this time. |

# Recommendations: OVERDUE

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|---|---|---|---|---|
| Develop plan for proactive customer satisfaction feedback | Medium | Sue Green, Group Manager, Customers | ~~June 2018~~ **Tbc - Future Council** | Low cost Interim solution identified, however as this will form part of the Ignite Future Model work the solution will not be implemented at this time. |

# Recommendations: OVERDUE

| Recommendation made | Priority Level | Manager Responsible | Due Date | Current Progress |
|---|---|---|---|---|
| Programme of training to include customer journey mapping, lean systems etc. | Medium | Sue Green, Group Manager, Customers | ~~June 2018~~ **Tbc - Future Council** | This will be taken forward through Ignite Future Model project. |
| Develop targets for Customer Strategy Action plans (to be included in business plans) | Medium | Sue Green, Group Manager, Customers | ~~June 2018~~ **Tbc - Future Council** | To be developed as part of the Ignite Future Model project |
| Identify and allocate resources to implement channel shift plans | Medium | Sue Green, Group Manager, Customers | ~~June 2018~~ **Tbc - Future Council** | This work will be undertaken as part of the Ignite Future Model project |
| Analysis of outcomes and efficiencies for every service review | Medium | Sue Green, Group Manager, Customers | ~~June 2018~~ **Tbc - Future Council** | Q1 18/19 - This work will be undertaken as part of the Ignite Future Model project. |
| Develop programme of service reviews with priority on services with high volumes of customer demand | Medium | Sue Green, Group Manager, Customers | ~~June 2018~~ **Tbc - Future Council** | This work is now being undertaken as part of the Ignite Blue Print work. A full review of all 600 processes has been undertaken and the processes prioritised for review on the basis of high volume and high opportunity. |
| LT/Transformation Board to consider resource requirements for programme of work | Medium | Sue Green, Group Manager, Customers | ~~June 2018~~ **Tbc - Future Council** | This work will be taken forward as part of the Ignite Future Model project. |

FOR MORE INFORMATION:

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