



MALDON DISTRICT COUNCIL

INTERNAL AUDIT FOLLOW UP OF RECOMMENDATIONS

MARCH 2019

Summary

Audit	Total Recs	H	M	L	To follow up	Complete		In Progress		Not Due		Overdue		% Complete
						H	M	H	M	H	M	H	M	
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	-	-	-	-	100%
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	-	-	-	-	-	-	100%
18/19. Budgets and Performance Management	4	-	1	3	1	-	1	-	-	-	-	-	-	100%
18/19. Main Financial Systems	2	-	1	1	1	-	1	-	-	-	-	-	-	100%
18/19. Safe and Clean Environment	6	-	5	1	5	-	1	-	2	-	2	-	-	33%
Total	87	2	66	19	68	7	41	1	10	-	2	-	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 28th February 2019.

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 relating to Risk Management however this will be followed up as part of the 2019/20 internal audit of Risk Maturity which is now scheduled. The remaining recommendations have been implemented.

2016/17 Recommendations

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

- 24 recommendations have been implemented
- 3 recommendations are in progress relating to Flooding (2 recommendations) and Information Governance PCI/DSS (1 recommendation) which have revised implementation dates which are not yet due for follow up
- A further 7 are overdue relating to the audit of Channel Shift (6 recommendations) and Planning (1 recommendation). 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:

- 18 (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, which have revised implementation dates which are not yet due (June 2019)

2018/19 Recommendations

7 medium recommendations have been raised in 2018/19. The current position of these recommendations is as follows:

- 3 are considered implemented relating to Budgets and Performance Management (1 recommendation), Main financial Systems (1 recommendation) and Safe and Clean Environment (1 recommendation)
- 2 are in progress relating to Safe and Clean Environment
- 2 are not yet due relating to Safe and Clean Environment

Recommendations: COMPLETED

Recommendation made	Priority Level	Manager Responsible	Due Date	Current Progress
2018/19- Budgets and Performance Management				
<p>a) The CPI rates used in the budget setting process should correlate with the Medium-Term Financial Strategy. If at the time of budget setting it is felt that this rate does not reflect the current market and a revised rate is needed, the assumptions and rationale should be documented and independently agreed. The Council should also consider including the RPIX rate in the Medium-Term Financial Strategy, or as a minimum, document any judgemental assumptions used in calculating the RPIX rate used in budget setting, the rationale for the assumption used, evidence of an independent review and authorisation that the rate is appropriate.</p> <p>b) Budget holders and Lead Accountants should work closely to determine the information which is available to both teams to allow the Finance Team to incorporate this information into the budget setting timetable. This will confirm that the most up to date information is being used when the budget is being set, and therefore increases the accuracy of the budget setting process. If information becomes known after the budget setting process, but prior to the commencement of the financial year, it should be quantified and communicated to Members at the earliest opportunity.</p>	Medium	Finance Manager	February 2019	<p>a) Complete</p> <p>b) Accountants have worked with departments to ensure data is current. Timetable and notes are to be developed for 20/21 budget process</p>
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	Internal audit verified that this was discussed at the AMWG on 1 March and an action plan is now in place which will be taken forward internally.

Recommendations: COMPLETED

Recommendation made	Priority Level	Manager Responsible	Due Date	Current Progress
2018/19 - Main Financial Systems				
Ensure all staff processing journals to include all the backing information relevant to the journal being posted. Remind staff to seek signed approval before a journal is posted.	Medium	Finance Manager	November 2018	Complete
2018/19 - Safe and Clean Environment				
<p>A review of all variations charged should be undertaken to verify whether these are correct in terms of the service being received and in line with the contract prices, after adjusting for inflation. Once this has been confirmed, a record should be maintained of all variations, when they were initiated from and the cost of the variation. This should be an ongoing record with evidence of the annual inflation uplifts. When the annual inflation rate to be used is determined, this should be added to the record to recalculate the new cost of the variances. This record should be reconciled against the invoice prior to being paid. For any additional variations, the Senior Community Protection Officer should ensure the Waste Administrator is copied in to the issuing of the contract variation notice to ensure effective oversight and a segregation of duties in the variation process.</p> <p>The thresholds for agreeing contract variations should be agreed and documented.</p> <p>The Council should retain their calculations of the invoice value adjusted for inflation to enable a comparison of this against the contract price being invoiced to evidence the correct payments are being made</p>	Medium	Waste and Street Scene Manager	Complete	<p>Internal audit verified that the error on the contract price has been identified and the council officers are looking to resolve the issue.</p> <p>All variations have been reviewed and a record is now available. Variations are reconciled against invoice prior to payment by Waste Manager.</p>

Recommendations: IN PROGRESS

Recommendation made	Priority Level	Manager Responsible	Due Date	Current Progress
2018/19- Safe and Clean Environment				
<p>Performance monitoring should be evidenced as undertaken on a set periodic basis, with any performance discussion minuted. If performance targets are not being met, and rectification notices are being issued, the contractor should be asked to provide a response for the reason for the missed targets. An action plan should be created to record the actions that need to be taken by both the Council and the contractor, who is responsible for implementing each action and the timeframes for this. The action plan should be presented at every contract monitoring meeting, so it can be updated with the actions addressed.</p> <p>b) A review of performance targets should be undertaken. If the current target for missed bins is not feasible, an additional target should be created above which performance would be deemed unsatisfactory. Other key performance indicators should be considered to identify if these would assist in the monitoring of performance, based upon management knowledge of the service and contract. Based upon our experience at other Councils, we have found the following indicators commonly used:</p> <ul style="list-style-type: none"> - Number of customer complaints - Turnaround time at delivery points - Vehicle breakdowns - Number of delayed collections - Timeliness of container deliveries 	Medium	Carol Love - Waste and Street Scene Manager	<p>31 January 2019</p> <p>TBC</p>	<p>Performance monitoring meetings are now minuted and action points noted. Performance is discussed at regular contract monitoring meetings. Action plans, as recommended, are being implemented in January 2019.</p> <p>Other performance indicators as outlined above have been considered and implemented as appropriate.</p> <p>A revised target for missed bins is to be discussed and agreed with Senior Managers and taken forward.</p>
<p>The Council should work with the contractor to determine the monitoring and performance targets to be implemented which are commensurate with the risk and value of the contract. Monitoring should then be undertaken on a set periodic basis, with monitoring reports provided by the contractor to enable an assessment of performance against predetermined targets. Any</p>	Medium	Carol Love - Waste and Street Scene Manager	<p>11 January 2019</p> <p>TBC</p>	<p>This contract is currently considered to be a low risk by the council, this is evidenced by the lack of complaints by the public and parish councils also the Community Protection Officers visually monitor the district on a daily basis. If the levels of cleanliness of the district should begin to drop then resources will</p>

Recommendations: IN PROGRESS

performance below target should result in an action plan being put in place by the contractor to enable them to meet the Council's expectations

be applied to monitoring and maintaining standards.

The contractors for Street Cleansing have carried out the service for many years and the level of performance during that time has been consistently high. All fly tipping and complaints are dealt with quickly and within expected timescales. Although no programmed monitoring is currently undertaken due to resources it is recognised that this should be implemented, and this is included in this year's Business Plan.

Internal audit confirmed that soft market testing has been undertaken to ensure the Council is getting value for money. If confirmed the SLA with the contractors will be updated to include these indicators.



FOR MORE INFORMATION:

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