



**INTERNAL AUDIT FOLLOW UP OF  
RECOMMENDATIONS REPORT**

MALDON DISTRICT COUNCIL

FEBRUARY 2020

IDEAS | PEOPLE | TRUST





## 2018/19

	Total Recs				To follow up	Complete		In progress		Overdue		No Response		Not Due		% Recommendations Implemented
		H	M	L		H	M	H	M	M	M	H	M	H	M	
18/19. Fraud Risk Assessment	1	1	-	-	1	-	-	1	-	-	-	-	-	-	-	0%
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	-	4	-	-	-	1	-	-	-	-	80%
18/19. Transformation Programme	1	-	1	-	1	-	1	-	-	-	-	-	-	-	-	100%
18/19. Local Development Plan	3	-	2	1	2	-	2	-	-	-	-	-	-	-	-	100%
18/19. Building Control	5	2	3	-	5	1	3	1	-	-	-	-	-	-	-	80%
	20	2	13	6	16	1	12	2	-	-	1	-	-	-	-	

## 2019/20

	Total Recs				To follow up	Complete		In progress		Overdue		No Response		Not Due		% Recommendations Implemented
		H	M	L		H	M	H	M	M	M	H	M	H	M	
19/20. GDPR Compliance	3	-	3	-	3	-	1	-	-	-	-	-	-	-	2	33%
19/20. Risk Maturity Assessment	5	-	5	-	5	-	3	-	1	-	-	-	-	-	1	60%
19/20. Procurement & Contract Management	6	1	3	2	4	-	-	-	-	-	-	-	-	1	3	0%
	14	1	11	2	12	-	4	-	1	-	-	-	-	1	6	

---

# Summary

We regularly follow up progress with the implementation of recommendations raised by Internal Audit and we report to the Performance, Governance & 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 13 December 2019.

## 2016/17 Recommendations

Of the remaining 21 recommendations, we note:

- 17 recommendations have been previously reported as implemented or no longer applicable\*
- 4 recommendations have been agreed as closed. These recommendations relate to Channel Shift (1 recommendation), Flooding (2 recommendations) and Planning (1 recommendation).

## 2017/18 Recommendations

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

- 15 are considered implemented relating to Economic Development, Partnership Working, Procurement & Contract Procurement Management and Purchasing, Business Resilience and Disaster Recovery, Attendance Management, Elections improvement Plan.
- 5\* (medium priority) relating to Disaster Recovery and Business Continuity which have been superseded by the IT Disaster Recovery audit which was undertaken in October 2019, with the resulting report presented to this Committee meeting.
- 1 medium recommendation relating to Economic Development has been agreed as closed.

## 2018/19 Recommendations

3 high and 13 medium recommendations have been raised in 2018/19. The current position of these recommendations is as follows:

- 4 are considered implemented as previously reported relating to Budgets and Performance Management (1 recommendation), Main financial Systems (1 recommendation) and Safe and Clean Environment (3 recommendations)
- Safe & Clean Environment- 1 recommendation is now completed and one recommendation is overdue
- Transformation Programme - 1 recommendation is now completed
- Local Development Plan- 2 recommendations are now implemented
- 1 is in progress relating to Fraud Risk Assessment- an update is required for this recommendation.
- The below recommendations are not yet due for follow up:
  - Building Control- (5 recommendations). One high rec complete, one high rec not yet due. 3 medium recommendations complete.

## 2019/20 Recommendations

12 recommendations have been raised in 2019/20:

- GDPR Compliance- 1 recommendation is complete, 2 are not yet due for follow up.
-

- 
- Risk Maturity Assessment—3 recommendations are complete, 1 is in progress and one is not yet due for follow up
  - Procurement & Contract Management- 1 high, 3 medium recommendations- not of which are due for follow up yet.

# Recommendations: Completed

RECOMMENDATION MADE	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
2019/20 - GDPR Compliance				
Information Governance Group (IGG) should provide oversight and ensure contractual addendums are agreed as soon as possible where necessary by responsible management (i.e. contract owners).	Medium	Annette Cardy	December 2019	The IGG abolished as part of new Council transformation. Corporate oversight and ownership to ensure contracts are effectively managed with review dates etc is now achieved via Quarterly Business Scorecard Reporting. Contractual requirements are managed by Procurement and are an action under the current Procurement Audit and will be monitored via Procurement part of Scorecard. Therefore this action under GDPR will now be closed and transferred to Procurement audit actions.
2019/20- Risk Management				
<p>2a) Risk identification processes should be expanded within the Risk Management Policy to ensure staff at all levels are able to identify and escalate risks and these should be discussed in Service Level meetings on a monthly basis. Complaints should also be reviewed to identify any trends.</p> <p>2b) An updated scoring matrix (5x5) should be considered to provide a more differentiated score for the risks at all levels of the Council</p> <p>2c) All risks identified should be added to the Council's risk management software to allow for service level risk registers to be produced and maintained as well as having a centralised repository of risks to allow for greater visibility of risks across the Council</p> <p>2d) Risks should be assigned a category in order to undertake more informed trend analysis. This will become a more valuable tool when all risks are added to the Council's new risk management system.</p> <p>2e) The approach to writing a risk should be updated in the Risk Management Policy with</p>	Medium	Cheryl Hughes	December 2019	<p>2a) Reporting responsibility and levels has been addressed in the revised risk management policy, and we have also created a form mechanism in the Sharepoint to identify a risk, available to all staff</p> <p>2b) The Risk Management Strategy has been revised to account for this.</p> <p>2c) Functionality for this is established as part of the move to Sharepoint, also allowing staff to report in corporate risks. This allows for future additions of service level risks.</p> <p>2d) Reporting is now available as part of the SharePoint list format, and feed into corporate reporting at service levels.</p> <p>2e) Consideration was given as part of the review of the risk management policy. Review of the risk will take place as part of the continual monitoring going forwards</p>

current risks reviewed to ensure they are appropriate. See Appendix III for an example of how to write risks as seen at another client				
3a) All risks, including those on the Service Plans, should have associated actions with target dates and responsible officers.	Medium	Cheryl Hughes	December 2019	3a) This has been defined in the risk management policy, and future risks will be reviewed with this in mind.
3b) Actions that have completion dates that have passed should be reviewed to ensure they are still valid with dates updated where necessary. Actions due to be completed in 2029 are to be reassessed and identified if they are in fact controls and, therefore, do not require updates each quarter for the next ten years.				3b) This has been done as part of our quarterly review of risk which goes through corporate leadership team and performance, governance and audit committee
4. The Risk Management Policy should be updated to ensure that discussion of risks form a consistent part of service level meetings, perhaps through the use of a standardised agenda	Medium	Cheryl Hughes	December 2019	Policy has been revised and approved. It draws out service level versus corporate level risks, reporting mechanisms, and the responsibility of all officers to monitor risk, thus allowing for this.
<b>2018/19- Building Control</b>				
1a) Review the jobs roles on offer and consider promoting the roles externally in order to generate more uptake and interest.	Medium	Hannah Wheatley	October 2019	1a-1b) A new Building Control Specialist has been appointed (Ian Fielding) from 4-Nov, and admin activity is being undertaken within the Casework team. This activity has been documented as part of the transition work.
1b) The team should hold monthly meetings or as required in line with good practice. In addition, formal meetings with managers should be recorded with personal development plans being produced to monitor performance in addition to identifying staff training requirements.				
3a) Monthly spot checks of planning applications to ensure correct fees have been charged	Medium	Hannah Wheatley	January 2020	3a) Validations done within BC team. Recommended that Audit do annual spot checks.
3b) Where statutory deadlines are not met, the Council should gain consent from the applicants to agree and extension of the decision making process.				3b) Not an option with building regs.
3c) If overpayments or underpayments are made, the process for dealing with these should be documented on the				3c) The customer only pays the fee once told what the amount is by Building Control. Fees are checked by Building Control, so over or under payments.

---

Building Control Charges 18/19 document.

<p>4a) The date inspections are requested should be recorded in Uniform in order for the team to monitor that all inspections have been completed.</p> <p>4b) Once inspections are completed ensure they have been adequately recorded on file or Uniform. Spot checks should be undertaken on a monthly basis.</p>	Medium	Hannah Wheatley	January 2020	<p>4a) Activity completed</p> <p>4b) These are recorded in Uniform and booking in Outlook.</p>
<p>5. The team should outline key performance indicators or internal targets. For Example</p> <ul style="list-style-type: none"><li>• On submission of applications decisions are completed within the 5 week statutory timeframe</li><li>• The number of inspections requested and completed on time</li><li>• Dangerous structures are responded to and inspected within 24 hours</li><li>• Timeframe for acknowledgement of applications and notices receive</li><li>• Performance should be reviewed and monitored during monthly team meetings and reported to the Council</li></ul>	High	Hannah Wheatley	January 2020	This forms part of the EPSA reporting and will be included in service plans. All targets are being achieved.



# Recommendations: Completed

RECOMMENDATION MADE	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
2018/19- Local Development Plan				
1. Mitigating action completion dates should be reviewed as part of the quarterly update process to ensure they are appropriate, and the actions are still relevant.	Medium	Georgina Button	January 2020	<p><u>Management comments:</u> Review of mitigation actions and completion dates undertaken as part of the review of the corporate Risk Register.</p> <p><u>IA Comments:</u> We reviewed latest risk register and confirmed this process is now underway as part of the quarterly risk review.</p>
2. Produce a RAG report/schedule which details plans and policies to be produced as well as their milestones in order to provide better oversight of progress.	Medium	Georgina Button	January 2020	<p><u>IA Comments:</u> We confirmed a RAG Report of Local Development Scheme actions has been prepared.</p>
2018/19- Transformation				
Develop benefits profiles for each measurable benefit to support reporting of delivery of non-financial benefits from the transformation programme.	Medium	Paul Dodson	September 2019	<p><u>Management comments:</u> These benefit profiles initially have been developed through ongoing programme work and subsequently through development of service plans and ongoing monitoring. Customer Satisfaction levels for example base lined through customer survey. Number of processes reviewed and live measured. Website analysis for channel shift and customer behaviour is monitored.</p>

# Recommendations: In Progress

RECOMMENDATION MADE	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
2018/19- Building Control				
<p>2a) Implement adequate policies and procedures providing guidance on the Building Control service function, requirements and deadlines. This should cover the process once notification of planning applications, building notices, demolitions and dangerous structures are received. The timeframes that need to be met including the fees/charges requirement, the process for dealing with under/overpayments and refunds. Once completed and approved this should be made available to all staff.</p> <p>2b) Remind staff of the importance of recording the date notifications received, inspections completed, supporting notes and implement the requirement of inspectors to take photographic evidence of dangerous structures and uploaded onto Uniform</p>	High	Hannah Wheatley	<del>October 2019</del>	<p><u>Management comments:</u></p> <p>a) This information is available to Building Control through Uniform, but it's not available to all staff. Firmstep went live in October, with Building Control requests being triaged via Customer Solutions. The SLAs for Building Control have been built into Firmstep, and reporting is available via Uniform. Guidance notes will be produced from the activity analysis and hothouse materials. Policies will be reviewed by Steve Murray by the end of March.</p> <p>b) Complete.</p> <p>This is all captured on Uniform with a resolution noted for all cases.</p> <p><u>IA comments:</u></p> <p>Management have requested an extension to end of March to complete action 2a above.</p>
2019/20- Risk Management				
<p>1a) Risks should be linked to the corporate objectives of the Council</p> <p>1b) Those with risk management responsibilities should have this area of their job role reviewed during annual appraisals</p> <p>1c) Service Level Managers should be provided with refresher training to ensure a consistent approach to risk management across the Council.</p> <p>1d) Consideration should be given to establishing a formal risk appetite statement for the Council, which is reviewed on an annual basis with the Audit Committee. This will help to embed a risk aware culture and ensure a consistent reflection on</p>	Medium	Cheryl Hughes	<p>December 2019</p> <p>Requested extension: April 2020</p>	<p>1a) Complete. A run-though of the risk register and review of how this linked to the corporate plan and whether all the risks were still relevant was done as part of the quarterly updates following the audit.</p> <p>1b) Closing this action as, this will be picked up by the action in recommendation 1c.</p> <p>1c) Action not yet due for follow up until February 2020, however as per management update, the Corporate training slides will address this which are due to launch by April 2020.</p> <p>1d) Complete. We did consider this and have addressed risk</p>

the direction of risk management within the Council.

appetite as part of the corporate risk policy update. However, the feedback was that the organisation did not want to create an additional risk appetite statement.

IA comments:

We confirmed action 1a is now complete following review of new risk management processes and quarterly risk report.

2018/19- Fraud Risk Assessment

The Council should commission external resource to develop the risk assessment further and carry out an annual programme of work to address risks around fraud and corruption.

High

Interim s151 Officer

December 2019

In view of the current ongoing structure change in the Council, the findings and recommendations of the Advisory Report be implemented in full by December 2019 with a combination of in-house resources and tailored external support from BDO the balance of activities between the two to be determined by the Corporate Leadership Team; and that the responsibility and accountability and hence the ownership for corporate fraud prevention function overall within the Council is clearly defined to an individual resource to lead on.

IA comments:

An update is required.

## Recommendations: Overdue

RECOMMENDATION MADE	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
2018/19- Safe and Clean Environment				
Create and environmental and waste management strategy.	Medium	Damien Ghela	Request to push target completion date back	Waste Strategy has been replaced by a Climate change strategy has been taken over by the new lead community officer to finalise draft version. Performance measures of the

---

until 31<sup>st</sup>  
March.

strategy are being discussed. Once Draft strategy finalised this will be presented to S&R to approve/adopt. This is also being tracked as part of corporate performance reporting.

IA comments:

We will request a copy of the Climate Change Strategy once approved to ensure this closes off the recommendation appropriately.

---

# Recommendations: Superseded/Closed

RECOMMENDATION MADE	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
2016/17 - Planning				
<p>Determine priorities for Uniform system development and utilisation</p> <p>NB- Will be reassessed as part of 'Information Management' in the internal audit annual plan 20/21</p>	Medium	Matt Leigh	Action closed	<p><u>Management comments:</u> Uniform improvements have been scoped and mapped with stakeholders. These have been incrementally delivered as new processes and structures have gone live in Transformation. For example, creating templates to send automatic invoices to customers when planning processes hit a particular trigger.</p>
2016/17- Strategic Ownership of Flooding Responsibilities				
<p>Introduce a CIL scheme to support flood risk mitigation in the District.</p> <p>NB- Will be reassessed as part of 'Flood Management' in the internal audit annual plan 20/21</p>	Medium	Jackie Longman	Action closed	<p><u>Management comments:</u> Based on the premise the Audit action is around three years old and the overarching CIL work that is being undertaken will encompass discussion and decisioning around flood mitigation schemes.</p> <p><u>IA comments:</u> Due to length of time passed since recommendation these are no longer relevant. An audit of Flooding Risk Responsibilities and Management is currently underway and will review this risk area to confirm if a new, more relevant recommendation is required. This will be brought back to the PGA as a new recommendation under 2019/20 audit.</p>
<p>Ensure appropriate CIL/S106 obligations/planning conditions include all applicable Developments. Consider Land Trusts.</p> <p>NB- Will be reassessed as part of 'Flood Management' in the internal audit annual plan 20/21</p>	Medium	Jackie Longman	Action closed	As per recommendation above.

2016/17 - Channel Shift & Customer Strategy

Develop new ICT strategy to strategy 16/17	Medium	IT Manager	Action closed	<p><u>Management comments:</u></p> <p>A new ICT strategy is in place, and actions for this theme have been completed as part of the Transformation programme, for example; New website which promotes two clicks to get to transactions is in place. New forms and end to end digital processes have been put in place as part of Transformation. New model focuses on channel shift methodology.</p>
<p><b>NB Closed as per management comments</b></p>				

2016/17- 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.	Medium	IT Manager	Action closed	<p><u>Management comments:</u></p> <p>This is linked to one of our current projects: Pay360. We currently have a single payment channel in use and this does currently require the PSI audit however Capita have implemented pay360 for us which takes this requirement offsite. Due to this the audit action is no longer required and as our system is now secured externally through capita.</p>
<p><b>NB Closed and dealt with externally.</b></p>				

2018/19- Safe and Clean Environment

Monitor air pollution more effectively and put actions in place to address areas of concern.	Medium	Damien Ghela		<p><u>Management comments:</u></p> <p>There is an established `BAU` process in place owned by environmental services that tracks the air pollution across the district. This process encompasses regular tube/location maintenance &amp; reviews, tubes being sent for testing and monthly data collection. Process also supports an annual reporting cycle governed legally (DEFRA).</p>
<p><b>NB This action is closed and addressed through a DEFRA process. Additional audit actions are still being reported.</b></p>				

2017/18 - Economic Development & Business Rate Growth

Conduct Brexit impact scenario planning to assess impact on districts economic growth	Medium		Post Brexit.	All Brexit planning has now been descoped..
---	--------	--	--------------	---

# Recommendations: Not due

RECOMMENDATION MADE	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
2019/20 - Risk Management				
5. Identify KPIs in order to measure the effectiveness of risk management activity at the Council. This can include the proportion of risks operating at the target level and/or the overall effectiveness of risk management (current risk versus target risk etc	Medium	Cheryl Hughes	<del>February 2020</del> May 2020	This is not yet due for follow up, however per the latest management response, the target implementation date has moved to May 2020. Extension to recommendation requested as per below.  <u>Management comment:</u>  This will be addressed as part of the balance scorecard reporting - due May 2020
2019/20 - Procurement & Contract Management				
1a) The procurement team should be involved in the process for all contracts with a total value of £25k or above and should have an overview of the process for all other contracts. Ensure all operational staff involve the procurement team in the tendering of contracts, or inform them of their actions to increase assurance of the approved process being followed.  •Reminder for all staff to involve Procurement in all processes for over £25k by Team Talk inclusion, also to include in Fresh serve as an article/reminder •Online Quotations register, to be set up & reviewed by Procurement regularly to ensure rules are adhered to •Monitor Contract Register to ensure all contracts due for renewal have Procurement involvement  1b) Review the reasons for the Verge Mowing contract not having a re-tender/ procurement exercise carried out in 2017 and determine whether the appropriate process was followed.  •Investigate and report on reasons for non-adherence to the Procurement rules and provide action plan to ensure compliance in future.	High	Paula Jarvis	March 2020	1a) Not due  1b) Not due but reported as complete.  1c) Not due  1d) Not due  1e) Not due. Awaiting delivery of the SharePoint file structure.

1c) Ensure an internal list of all exemptions is maintained and updated. It should detail all the relevant information for exemptions applied, to provide an accurate and summary overview of all exemptions.

- Create formal spreadsheet to log exemptions and link to contracts register. Copy of exemption to be saved in contract folder

1d) Clarify in the policy and procedure who has the responsibility for financial and quality checks at the procurement stage and during the contract. Evidence of the checks should be saved in the contract file. Ensure that contract managers are aware of their due diligence responsibilities (please refer to recommendation 2 on training for contract managers).

- Make clear in Policy & Procedure at time of update for Brexit
- Evidence to be saved in contract folder at time of tender by Procurement and by Contract Manager during life of Contract
- Contract Manager training in 3 sessions (ALL Contract Managers)

1e) Ensure all contract documents are saved in a central location, including procurement documents, contract agreements and contract management records. Contract managers and the procurement team should be aware of the location and the need to keep the file up to date.

- New contracts all saved in central location.
- Contract documentation to be held on Procurement drive

2a) Update the policy to include the need for operational staff to involve the procurement team in all procurement processes for contracts with a total value >£25,000 and for the procurement team to have an overview of all other tenders (please refer to recommendation 1a)	Medium	Paula Jarvis	August 2020	2a-2c) Not yet due.
--	--------	--------------	-------------	---------------------



---

•Make clear in Policy & Procedure at time of update for Brexit

2b) Ensure all contract managers receive training on the procurement and contract management procedures at regular intervals.

•Contract Manager training (ALL Contract Managers)

2c) Develop contract management guidance or identify external sources and make available to contract managers

•Create Procurement / Contract Management "How To" guide

3a) The procurement team should be responsible for completing and updating the contract register to ensure it is accurate and up to date. Contract managers should ensure the procurement team is aware and have overview of changes (please refer to recommendation 1.1).

Medium

Paula Jarvis

August 2020

3a-b) Not yet due.

3c-d) Not yet due but reported as complete.

•Create new Contract Register, including links to Contract documents

3b) Where a contract was renewed or extended, the original procurement date should be recorded on the register and a further column should be added to record extensions or renewals. If further services are provided by the same supplier, these should be recorded separately.

•Create new Contract Register, including links to Contract documents

3c) Clarify whether annual and total amounts should be recorded net of VAT and remove inappropriate columns from the register.

•Create new Contract Register, including links to Contract documents.

3d) Ensure all fields are completed consistently.

• Create new Contract Register, including links to Contract documents

<p>4a) Clarify criteria for classification of contracts as high value, high risk or high profile.</p> <ul style="list-style-type: none"> <li>• Work with MDC internal risk team (Strategy, Performance &amp; Governance) to classify contracts</li> </ul>	Medium	Paula Jarvis	May 2020	4a-4c) Not yet due.
<p>4b) Clarify the method for monitoring and evidencing contract monitoring in terms of performance, value for money, compliance with specification and contract cost and user satisfaction and risk management. The Council policy should clearly clarify the need for annual reporting, report requirements and specify where annual reporting is not applicable. This could be part of the procedure or a separate guidance document (please refer to recommendation 2c)</p> <ul style="list-style-type: none"> <li>•Methods and evidence requirements collate with Governance team and add to Policy &amp; Procedure and “How To” Guide</li> <li>•Include in Contract Management training</li> </ul>				
<p>4c) Ensure there is clear monitoring and reporting requirements for every contract, to provide adequate overview of all contracts. The procurement team should create a separate document/plan for all contracts that will contain the classification (in terms of value/risk/profile), the level and kind of monitoring and meetings required for each (and, if different, what currently happens and why), which Director/committee performance is reported to and a RAG rating for performance/overall relationship status (please refer to recommendation 5b).</p> <ul style="list-style-type: none"> <li>•Produce a monitoring and reporting schedule with Governance team.</li> </ul>				

FOR MORE INFORMATION:

**Emma Donnelly**

07923030487

Emma.donnelly@bdo.co.uk

This publication has been carefully prepared, but it has been written in general terms and should be seen as broad guidance only. The publication cannot be relied upon to cover specific situations and you should not act, or refrain from acting, upon the information contained therein without obtaining specific professional advice. Please contact BDO LLP to discuss these matters in the context of your particular circumstances. BDO LLP, its partners, employees and agents do not accept or assume any liability or duty of care for any loss arising from any action taken or not taken by anyone in reliance on the information in this publication or for any decision based on it.

BDO LLP, a UK limited liability partnership registered in England and Wales under number OC305127, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. A list of members' names is open to inspection at our registered office, 55 Baker Street, London W1U 7EU. BDO LLP is authorised and regulated by the Financial Conduct Authority to conduct investment business.

BDO is the brand name of the BDO network and for each of the BDO Member Firms.

BDO Northern Ireland, a partnership formed in and under the laws of Northern Ireland, is licensed to operate within the international BDO network of independent member firms.

© 2019 BDO LLP. All rights reserved.

[www.bdo.co.uk](http://www.bdo.co.uk)