



**INTERNAL AUDIT FOLLOW UP OF
RECOMMENDATIONS REPORT**

MALDON DISTRICT COUNCIL

JUNE 2020

IDEAS | PEOPLE | TRUST



Summary

2018/19	Total Recs	H	M	L	To follow up	Complete		In progress		Overdue		No Response		Not Due		% Recommendations Implemented
						H	M	H	M	H	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	3	13	6	16	1	12	-	-	1	-	-	-	-	2	

2019/20	Total Recs	H	M	L	To follow up	Complete		In progress		Overdue		No Response		Not Due		% Recommendations Implemented
						H	M	H	M	H	M	H	M	H	M	
19/20. GDPR Compliance	3	-	3	-	3	-	3	-	-	-	-	-	-	-	-	100%
19/20. Risk Maturity Assessment	5	-	5	-	5	-	4	-	-	-	1	-	-	-	-	80%
19/20. Procurement & Contract Management	6	1	3	2	4	1	3	-	-	-	-	-	-	-	-	100%
19/20. IT Disaster Recovery	4	1	3	-	4	1	3	-	-	-	-	-	-	-	-	100%
19/20. Key Financial Systems	9	2	7	-	9	2	7	-	-	-	-	-	-	-	-	100%
19/20. Workforce Management	3	-	1	2	1	-	1	-	-	-	-	-	-	-	-	100%
19/20. Network Security	7	1	3	3	4	1	3	-	-	-	-	-	-	-	-	100%
	37	5	25	7	30	5	24	-	-	-	1	-	-	-	-	

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 3 June 2020.

2018/19 Recommendations

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

- 13 are considered implemented as previously reported relating to Budgets and Performance Management (1 recommendation), Main financial Systems (1 recommendation), Safe and Clean Environment (4 recommendations), Transformation Programme (1 recommendation), Local Development Plan (2 recommendations) and Building Control (4 recommendations)
- Safe & Clean Environment- 1 recommendation has a revised implementation date which is not yet due
- 1 is overdue relating to Fraud Risk Assessment- an update is required for this recommendation.
- The below recommendations are not yet due for follow up:
 - Building Control- One high recommendation not yet due.

2019/20 Recommendations

30 high and medium recommendations have been raised in 2019/20, 29 of these are now considered implemented.

- GDPR Compliance - 3 recommendations (one high, two medium) now implemented
- Risk Maturity Assessment - 4 medium recommendations are complete, 1 medium recommendation is overdue with a request for extension to completion date of July 2020
- Procurement & Contract Management- 1 high, 3 medium recommendations now completed
- IT Disaster Recovery - 1 high, 3 medium recommendations completed
- Key Financial Systems - 2 high and 7 medium recommendations, all considered complete
- Workforce Management - 1 medium recommendation complete
- Network Security - 1 high and 3 medium recommendations are complete

Recommendations: Completed

RECOMMENDATION MADE	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
2019/20- IT Disaster Recovery				
<p>Management should review and, where necessary update the Council's IT Disaster Recovery Plan so that it includes, but is not limited to:</p> <ul style="list-style-type: none"> • The IT resources that are required in the event of a disaster and the procedures for obtaining them following the invocation of the plan • The technical procedures for recovering critical IT infrastructure, systems and services in the event of a disaster • The procedures for returning to business as usual. <p>The plan should be approved and communicated to all members of staff and should be stored so as to be easily accessible in the event of a disaster.</p>	Medium	Grant Hulley	31 March 2020	<p>A list of IT resources has now been added to the DR plan with contact and priority details for staff required during the DR. The addition of an IT guide is also now been written to be included with the DR, this will contain step by steps on the recovery process. This will be approved by the Resources Manager and communicated and shared with all staff by 31st March 2020. A link to the plan will be added to the Corporate Sharepoint page accessible for all.</p> <p><u>IA Comments:</u> We have confirmed that the DR plan has now been updated to incorporate the recommended components.</p>
<p>Management should conduct a formally documented test of the Council's IT disaster recovery arrangements and should establish a requirement to test the arrangements on a routine basis.</p> <p>The results of the tests should be reported to Senior Management and any issues identified should be resolved in a timely manner. Furthermore, management should put in place a defined schedule for testing backups for recoverability on a routine basis.</p>	High	Grant Hulley	31 March 2020	<p>IT DR has been updated to include the required sections. A DR recovery was run on the 1st May 2020, the details of this are stored in Appendix C of the updated DR plan.</p> <p>The council will now be running a planned testing plan every 6 months, this testing plan has now been finalised and is ready to be run. It includes testing of the network and services for core functionality. First test will be run 29th Feb / 1st March. Findings and an action plan following this test will be provided to the Resources Manager and to ensure all issues addressed by 31 March 2020.</p> <p><u>IA Comments:</u> We have confirmed that the DR plan has now been implemented and a recovery plan is now in place and has been tested.</p>
<p>Management, in conjunction with appropriate stakeholders from across the Council, should determine the RTO and RPO for the Council's IT infrastructure and remaining IT systems that underpin the Council's critical</p>	Medium	Grant Hulley	31 March 2020	<p>The risk Assessment now has an updated physical server list and the recovery times links to those servers. There is also an updated Master CMDB file which completes a full list of all servers both VM and</p>

services. Management should then use the defined objectives to revise the recovery prioritisation for systems and services in the event of a disaster. The recovery objectives should be reviewed on a routine basis or following a significant change to the Council's operations. Furthermore, the Council should review the procedures that support the recovery of its IT systems on a routine basis, to ensure that backup processes are sufficient to achieve the Council's expectations for the recovery of data in the event of a disaster.

Physical as well as recovery times in days.

IA Comments:

We have confirmed the Risk Assessment has now been updated incorporating the above.

2019/20- Procurement & Contract Management

<p>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.</p> <ul style="list-style-type: none"> •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 	High	Annette Cardy	28 February 2020	<p>Quote Register set up on SharePoint and no order to be actioned until 3 quotes on register. Message to caseworkers in service delivery to ensure adhere to these rules. Contracts Register now monitored by Procurement for all contract renewals and on Freshservice.</p> <p>Communications sent out in One Team advising of rules and staff announcement on Freshservice, 25th September 2019 and rules now in guidance Freshservice and all staff advised in One Team to read guidance. Online quotations register set up.</p>
<p>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.</p> <ul style="list-style-type: none"> •Investigate and report on reasons for non-adherence to the Procurement rules and provide action plan to ensure compliance in future. 	High	Annette Cardy	28 February 2020	<p>Controls implemented to ensure procurement processes are followed appropriately for future exercises. New guidance issued to staff outlining correct procurement processes to follow.</p>
<p>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</p>	High	Annette Cardy	28 February 2020	<p>Spreadsheet created and linked to contracts register. New exemptions will be saved centrally.</p>

overview of all exemptions.				
<ul style="list-style-type: none"> •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).	High	Annette Cardy	28 February 2020	Financial Due Diligence Procedure, Contract Management Procedure. Procurement & Brexit One page notification. Financial Due Diligence procedure clarifies the process and responsibilities from Procurement to Contract end for financial checks.
<ul style="list-style-type: none"> •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.	High	Annette Cardy	28 February 2020	New updated contracts register and links to contracts saved in central place on shared drive / SharePoint. Guide & comms sent to and meetings arranged with managers to provide all contracts to procurement to add to contracts register and providing link to contracts register. Procurement responsible for keeping contracts register up to date based on info provided by contract managers
<ul style="list-style-type: none"> •New contracts all saved in central location. •Contract documentation to be held on Procurement drive 				
<p><u>IA Comments:</u> For recommendations 1a-1e confirmation that these have been implemented and evidence reviewed.</p>				
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	Annette Cardy	31 March 2020	Policy and guidance amended and sent to managers to ensure all contracts over 25K have meeting with procurement to agree processes. Any changes re Brexit will be amended in the guidance and policy when and if they occur

<p>•Make clear in Policy & Procedure at time of update for Brexit</p>					
2b) Ensure all contract managers receive training on the procurement and contract management procedures at regular intervals.	Medium	Annette Cardy	31 March 2020		New updated contracts register and links to contracts saved in central place on shared drive / SharePoint
2c) Develop contract management guidance or identify external sources and make available to contract managers	Medium	Annette Cardy	31 March 2020		'How to' guide on Freshservice - improvements will be made by new full time procurement lead from April 2020
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	Annette Cardy	31 March 2020		New updated contracts register and links to contracts saved in central place on shared drive / SharePoint.
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.					Procedure to be sent to all managers saved in central place on shared drive / SharePoint. Contracts will be clarified pre-procurement when identifying value, risk and subject matter of contract
3c) Clarify whether annual and total amounts should be recorded net of VAT and remove inappropriate columns from the register.					<u>IA Comments:</u> We have confirmed that the recommendations 3a-c have now been implemented and evidence reviewed..
3d) Ensure all fields are completed consistently.					
4a) Clarify criteria for classification of contracts as high value, high risk or high profile. • Work with MDC internal risk team (Strategy, Performance & Governance) to classify contracts	Medium	Annette Cardy	31 March 2020		<u>IA Comments:</u> We have confirmed that the monitoring and reporting schedule and contract monitoring checklist is now in place.
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	Medium	Annette Cardy	31 March 2020		Contract Management Procedure. Procedure to be sent to all managers saved in central place on shared drive / SharePoint <u>IA Comments:</u> We have confirmed that the monitoring and reporting

<p>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"> •Methods and evidence requirements collate with Governance team and add to Policy & Procedure and "How To" Guide •Include in Contract Management training 				<p>schedule and contract monitoring checklist is now in place.</p>
<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"> •Produce a monitoring and reporting schedule with Governance team 	Medium	Annette Cardy	31 March 2020	<p>A Monitoring & Reporting Schedule based on Crown Commercial Services template, also the Contract Management checklist already in place. The Monitoring & Reporting schedule template from CCS a specific schedule will be created to suit each contract. Contract Management Checklist will be used for all low value, low risk contracts.</p> <p><u>IA Comments:</u> We have confirmed that the monitoring and reporting schedule and contract monitoring checklist is now in place.</p>
2019/20- GDPR Compliance				
<p>All data sources and corresponding applications should be reviewed on at least an annual basis to ensure access risks, security measures and general changes are updated and managed.</p>	Medium	Emma Holmes	29 May 2020	<p>Completed for April 2020. Diarised next year's annual review to be carried out in April 2021</p>
<p>Information Governance Group should provide oversight and ensure contractual addendums are agreed as soon as possible where necessary by responsible management (i.e. contract owners).</p>	Medium	Annette Cardy	29 May 2020	<p>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</p>

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.

IA comments

Closed as part of implementation of Procurement actions.

Recommendations: Overdue

RECOMMENDATION MADE	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
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	June 2020	The new Director of Resources is commissioning external support with a view to having an outline action plan agreed with them by end June, with delivery as soon as practical.
2019/20- Risk Management				
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	28 May 2020	We've identified the KPI and they will be part of the internal balance scorecard which is going to start in July (It was due earlier but got overtaken by a COVID service report). Request for extension to July 2020.

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