



# MALDON DISTRICT COUNCIL

## INTERNAL AUDIT REPORT

KNOWLEDGE MANAGEMENT  
JUNE 2021

LEVEL OF ASSURANCE	
Design	Operational Effectiveness
Moderate	Moderate

IDEAS | PEOPLE | TRUST



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#### DISTRIBUTION

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#### REPORT STATUS LIST

Auditors:	Chris Andre
Dates work performed:	21 January - 26 April 2021
Draft report issued:	7 May 2021
Final report issued:	7 June 2021

**EXECUTIVE SUMMARY****LEVEL OF ASSURANCE: (SEE APPENDIX I FOR DEFINITIONS)**

Design	Moderate	Generally a sound system of internal control designed to achieve system objectives with some exceptions.
Effectiveness	Moderate	Evidence of non-compliance with some controls that may put some of the system objectives at risk.

**SUMMARY OF RECOMMENDATIONS: (SEE APPENDIX I FOR DEFINITIONS)**

High	0
Medium	3
Low	0

**TOTAL NUMBER OF RECOMMENDATIONS: 3****CRR/BAF REFERENCE:**

R24: Loss of key skills and knowledge across the organisation, and failure to embrace new working cultures.

**BACKGROUND:**

The Council underwent a significant transformation in 2018/2019. The implementation of this Future Model demanded processes be re-aligned in accordance with the new structure and systems being introduced. As part of this transformation, the Council identified around 200 prioritised processes to align them with the new roles, new technology and new ways of working while making them as efficient as possible. The aim of this work was to eliminate, simplify, standardise and automate activities and processes across the high volume and high opportunity selected processes.

In order to achieve this, all processes were analysed (approximately 700), and the top 200 which had the greatest opportunity for refinement to drive efficiency, or those with the highest volume of usage were identified. A team of Business Analysts was tasked to undertake a number of mini projects where processes were to be re-designed with the support from subject matter experts and the Technology workstream. Once complete and signed off by both parties these were to be handed over to the technology workstream to build and implement. This work to enable knowledge management is still underway, despite the 'go-live' of the transformation happening in 2019.

As part of the review we spoke to Tier 2 Managers as well as the Improvement Team in order to identify the controls in place in relation to the prioritisation and improvement of processes across the Council. We reviewed a sample of five processes that had been completed to ensure there was sufficient end-user involvement and sign-off from managers confirming the processes were operating effectively. A review of the Council's draft Succession Strategy and Business Continuity Plans for completeness and relevance was also undertaken.

**GOOD PRACTICE:**

- 51 processes have been redesigned since January 2020 including:
  - Improvements to the garden waste database whereby efficiency savings of seven minutes per search have been identified. This has had a knock-on effect whereby less backlogs are being created resulting in less administrative time spent on data cleansing which was costing the Council £21,000 per annum. It is anticipated that there will be a significant saving against this previous expense
  - Cost analysis on admin time for services was also introduced which identified instances of undercharging. The increase of these charges could see an average increase of funds of £11,900 per annum.
- There is a clear methodology for the improvement of processes, including key documentation required
- Users are regularly involved in the redesign of their processes to ensure completeness as well as buy-in
- Updated recruitment procedures have allowed the Council to focus on the appointment of staff who fulfil certain characteristics, which aids the new structure
- Apprenticeships and training are offered to improve the skills of current staff as well as ensuring there are sufficient succession plans which is aided by the development of the Succession Strategy
- New 1-1 SMART templates are in place to identify continuity requirements on a day-to-day basis for individual roles as well as to identify areas of training to assist staff in their role
- Sub-processes identified are placed on a Future Opportunities spreadsheet to ensure a complete record of processes within the Council

**KEY FINDINGS:**

- The original approach to the identification of key processes across all Services of the Council was suspended due to Covid-19 and there were insufficient prioritisation methods. As a result there is a lack of robustness and audit trail in the current prioritisation process (Finding 1 - Medium)
- Of the five projects we reviewed, four did not have specific guidance for staff on the new process, two had not been fully signed off and one was missing meeting notes, as scoping was via email due to it being an urgent covid form (Finding 2 - Medium)
- Business Continuity Plans held on the Sharepoint within the Council are out of date and include reference to Officers no longer in place following the restructure (Finding 3 - Medium)

**CONCLUSION:**

Our review found that significant work has been undertaken on the redesign of processes following the transformation and the work completed by Ignite. Despite the reduction in staff, the introduction of IT software and the changes made to the structure has developed a more efficient workforce whilst improving the Council's ability to establish clear career paths and training for current staff. However, there are a significant number of processes still to review and redesign, with the prioritisation for 2020 work not covering all areas within the Council. Further difficulties arose due to the constraints placed on staff by Covid-19. A lack of documentation stored centrally and Business Continuity Plans being out of date has led to moderate assurance over both the design and operational effectiveness of controls in relation to knowledge management.

## DETAILED FINDINGS

**RISK: ALL SERVICE PROCESSES HAVE NOT BEEN IDENTIFIED TO ENSURE THESE ARE CAPTURED AS PART OF THE ONGOING PROCESS REDESIGN PHASE**

Ref	Significance	Finding
1	Medium	<p>The Process Improvement Team have developed a Project Delivery Plan which details the 80 processes prioritised and currently being worked on with these then split into monthly tasks. Prior to Covid-19 the Council were undertaking workshops and Shadow Sessions in order to identify these key processes within different teams across the Council. Part of the process was to identify 'pain points' whereby the redesign could remove obstacles previously encountered. However, both of these processes were stopped following Covid-19 with any vital processes needing updating emailed through to the improvement team whereby they were prioritised via the MoSCoW approach (must have, should have, could have, will not have this time).</p> <p>Some areas, including Housing and Licensing, did not have the more detailed review of their processes completed. Further, the MoSCoW approach resulted in a significant amount of processes being classified as either a Must have or a Should have, with no comprehensive scoring or rating methods in place to clearly establish levels of priority.</p> <p>Without clear methods of prioritisation which allows for an objective review of all processes, there is an increased risk that high priority processes have not been identified.</p>

## RECOMMENDATION:

A) In order to identify the next tranche of processes to be worked on, a more robust, objective and overarching prioritisation method should be established to ensure key processes across all services are identified

## MANAGEMENT RESPONSE:

Throughout April 2021 the team have done a whole organisation-exercise to review and confirm the prioritisation list and the order of the future improvement work, so this work is well underway

Responsible Officer: Cheryl Hughes

Implementation Date: May 2021

**RISK: THOSE PROCESSES WHICH HAVE BEEN REVIEWED HAVE NOT BEEN RE-DESIGNED WITH END-USER INPUT, DOCUMENTED APPROPRIATELY OR ACCESSIBLE TO STAFF**

Ref	Significance	Finding
2	Medium	<p>The Project Delivery Plan includes a number of requirements for each of the processes being redesigned. These requirements include evidence of research, meeting notes, sign-off and process maps. These are required to ensure user needs have been taken into account during the improvement process and that the process is operating effectively before going live.</p> <p>Additionally, due to the reduction in staff within the Council, it is important not to have single person dependency in any role, therefore, guidance and documentation should be in place and stored centrally, ideally within Freshservice (the Council's internal ticketing system) in order to be accessible to all staff in the event of any absence. However, from a sample of five processes reviewed we identified:</p> <ul style="list-style-type: none"> <li>• Four had not developed new guidance. Additionally, for the one that had developed guidance it was not held on Freshservice.</li> <li>• Two did not have a fully completed final sign-off confirming the process was in place and operating effectively</li> <li>• One did not have evidence of meeting notes as it was scoped via email due to being an urgent Covid form</li> </ul> <p>The lack of guidance for new processes was noted by the Improvement Team and, in some instances, they developed guidance at the time of redesign. However, the need to develop guidance was not noted as a requirement, increasing the likelihood that it is not developed.</p> <p>Without sufficient guidance in place in relation to updated processes there is a risk of single person dependency for some actions in the event of any absence.</p>

**RECOMMENDATION:**

A) New guidance notes should be developed by the individual teams rather than the improvement team at the time of the process redesign and held centrally on Freshservice as a central repository for information, policies and guidance.

B) Evidence of research and meetings with the teams should be retained to ensure the involvement of users can be demonstrated

C) Sign off should be provided for all new processes before they can go live

**MANAGEMENT RESPONSE:**

This is all built into the future methodology for process improvement work, and all delivery from June 2021 will include these items in their final checklist.

Responsible Officer: Cheryl Hughes

Implementation Date: July 2021



**RISK: WHERE THOSE PROCESSES HAVE NOT YET BEEN REVIEWED, THERE ARE NO CONTINUITY MECHANISMS IN PLACE TO ENSURE THAT THESE CAN BE DONE IF THE CURRENT STAFF IN THOSE ROLES WERE UNAVAILABLE**

Ref	Significance	Finding
3	Medium	<p>The Council's Business Continuity Plans (BCPs) are held on Sharepoint and are required to be reviewed annually. They are the responsibility of the Tier 2 Managers to develop and keep up to date and are informed by the new process of reviewing the continuity plans of all staff on an individual basis through their new SMART objectives which requires them to detail this information.</p> <p>However, having reviewed the BCPs for all areas we identified that all were last reviewed in either 2018 or 2019 and referred to either the CEO or Strategic Director who are no longer in place since the transformation.</p> <p>Without up-to-date BCPs there is an increased risk that staff are unaware of their roles and responsibilities in the event of an incident which may impact the operational effectiveness of the Council.</p>

**RECOMMENDATION:**

A) Ensure all BCPs are updated and held centrally

**MANAGEMENT RESPONSE:**

Hannah Wheatley and Grant Hulley to complete update of all BCP's in liaison with service leads and ensure all available on a shared area.

Responsible Officer: Grant Hulley

Implementation Date: December 2021

**STAFF INTERVIEWED**

BDO LLP APPRECIATES THE TIME PROVIDED BY ALL THE INDIVIDUALS INVOLVED IN THIS REVIEW AND WOULD LIKE TO THANK THEM FOR THEIR ASSISTANCE AND COOPERATION.

Name	Job Title
Annette Cardy	Resources Specialist Services Manager
Cheryl Hughes	Programmes, Performance and Governance Manager
Al Morrell	Resources Casework Manager
Sue Green	Customer, Community and Casework Manager
Leigha Jones	Business Analyst
Rachel Hawkrigde	Specialist ICT - Applications
Grant Hulley	Lead ICT Specialist
Helen Tarling	Specialist - Human Resources



APPENDIX I - DEFINITIONS				
LEVEL OF ASSURANCE	DESIGN OF INTERNAL CONTROL FRAMEWORK		OPERATIONAL EFFECTIVENESS OF CONTROLS	
	FINDINGS FROM REVIEW	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION
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.

RECOMMENDATION SIGNIFICANCE	
High	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
Medium	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
Low	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

## APPENDIX II - TERMS OF REFERENCE

### PURPOSE OF REVIEW:

The purpose of this audit is to review the Council's approach to knowledge management and how it is stored and shared

### KEY RISKS:

- All service processes have not been identified to ensure these are captured as part of the ongoing process redesign phase
- Those processes which have been reviewed have not been re-designed with end-user input, documented appropriately or accessible to staff
- Staff do not have the flexibility to take on new skills and knowledge, with narrowly defined roles that limit flexibility, development and multi-skilling, causing problems in periods of unexpected leave or vacancies
- The IT infrastructure does not support knowledge management across all services
- Where those processes have not yet been reviewed, there are no continuity mechanisms in place to ensure that these can be done if the current staff in those roles were unavailable
- There is no overarching succession strategy or individual service continuity planning arrangements in place to plan for both expected and unexpected workforce losses from key services

### SCOPE OF REVIEW:

The following areas will be reviewed as part of this audit:

- Review of the Council's process improvement plan to assess whether all identified high risk processes have been appropriately captured to ensure knowledge has been transferred as intended, including knowledge gap assessments and training plans where necessary
- Confirmation that appropriate resources are in place to complete documentation of all identified high risk service processes and ongoing service improvement and re-design
- Confirmation that staff structures support knowledge management through development of multi-skilled roles and specialist roles where required
- Confirmation that staff in multifunctional areas have been appropriately trained and upskilled to carry out different processes where specialists are not required
- Review the Council's draft succession strategy to assess if this supports knowledge retention and development for key roles for example, through use of apprenticeship programme, recognising top performers and promoting from within

However, Internal Audit will bring to the attention of management any points relating to other areas that come to their attention during the course of the audit. We assume for the purposes of estimating the number of days of audit work that there is one control environment, and that we will be providing assurance over controls in this environment. If this is not the case, our estimate of audit days may not be accurate.

**APPROACH:**

Our approach will be to select a sample of information asset owners and conduct interviews to establish the controls in operation for our areas of audit work. We will then seek documentary evidence that these controls are designed as described and to identify whether they adequately address the risks. Any opportunities identified to improve arrangements will be offered for consideration alongside recommendations to resolve any weakness in controls.

**CRR REFERENCE:**

R24: Loss of key skills and knowledge across the organisation, and failure to embrace new working cultures.

**FOR MORE INFORMATION:****Greg Rubins**

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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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