



# MALDON DISTRICT COUNCIL

## INTERNAL AUDIT REPORT

POLICY REVIEW  
JANUARY 2022

LEVEL OF ASSURANCE	
Design	Operational Effectiveness
Substantial	Moderate

IDEAS | PEOPLE | TRUST



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#### DISTRIBUTION

Name	Job Title
Paul Dodson	Director Strategy, Performance and Governance and Returning Office
Georgina Button	Strategy, Policy and Communications Manager
Cheryl Hughes	Programmes, Performance and Governance Manager

#### REPORT STATUS LIST

Auditors:	Stef Kempster
Dates work performed:	September 2021 - December 2021
Draft report issued:	23 December 2021
Final report issued:	20 January 2022

## EXECUTIVE SUMMARY

### LEVEL OF ASSURANCE: (SEE APPENDIX II FOR DEFINITIONS)

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

### SUMMARY OF RECOMMENDATIONS: (SEE APPENDIX II FOR DEFINITIONS)

High	0
Medium	1
Low	0

### TOTAL NUMBER OF RECOMMENDATIONS: 1

### BACKGROUND:

The adoption of sound and up to date policies and procedures is a key control contributing to the Council's ability to meet its objectives and comply with legislative requirements and good practice.

They further help to set expectations and facilitate accountability. The Council's Director of Strategy, Performance and Governance has overall responsibility for ensuring adequate and effective policies and procedures are in place to support the Council's operations, although all managers maintain policies and procedures relating to their own areas of remit. Policies in place can cover both statutory and non-statutory responsibilities as well as being strategic, corporate and performance related.

This review seeks to provide assurance that the Council has effective arrangements to ensure relevant and up to date policies are in place.

### GOOD PRACTICE:

- The Corporate Plan was updated in 2021 which provides an insight into the Council's achievements over the last two years and the Council's plans going forward to 2023. Their objectives are separated into three main themes of Place, Prosperity and Community.
- The Council have a central database where policies are kept which is easily accessible for staff.
- All policies reviewed were subject to the correct authorisation prior to their publication

### KEY FINDINGS:

We selected a sample of 10 policies and found various deficiencies with the recording and monitoring procedures, including two policies that had passed their review date and one where the review date was not clear. The owner of each policy was not stated. (Finding 1 - Medium)

**CONCLUSION:**

Whilst the Council has a sound system of internal controls for key policies, we identified that these were not adhered to in relation to the updating of policies. There is a lack of clarity regarding assigned responsibility for individual policies which has led to us to conclude substantial assurance on the design of controls and moderate assurance on the effectiveness of the controls.

## DETAILED FINDINGS

RISK: OWNERSHIP AND RESPONSIBILITY FOR MAINTENANCE OF KEY POLICIES IS NOT DEFINED OR CLEAR, OR IS ALLOCATED TO FORMER ROLES OR PERSONNEL

POLICIES ARE NOT SUBJECT TO PERIODIC REVIEW OR MAINTAINED TO ENSURE THEY REMAIN UP TO DATE, AND ARE THEREFORE INADEQUATE TO ENABLE ADHERENCE TO CURRENT LEGISLATION AND GOOD PRACTICE

Ref	Significance	Finding
1	Medium	<p>Officers are assigned responsibility for individual policies and for ensuring respective policies are reviewed and maintained with up-to-date legislation.</p> <p>We selected a sample of 10 policies from the Council's suite of policies to confirm whether they are supported by owners, that there is a frequency of review which is upheld and that there is a date of last review with a log of changes made.</p> <p>We found that:</p> <ul style="list-style-type: none"> <li>• Two policies (Anti-fraud &amp; Corruption and Risk Management), published as final, were still in draft. However, in both instances they had been approved by the Council but had not been changed from draft to final.</li> <li>• Seven policies did not state a job title. However, for three of these, the department responsible was listed. In a further three instances the name of the Officer was listed and in one instance there was no information present. For one of the cases where an Officer was listed this person no longer worked at the Council.</li> <li>• One did not include the frequency of the review required and there was no evidence of when the last review was actioned.</li> <li>• Six held no log of the changes made</li> <li>• Two policies (Commissioning &amp; Procurement and Anti-Fraud &amp; Corruption), had a review date which had since passed (in December 2020 and 2018 respectively) and were therefore overdue, whilst for one further policy we were not able to identify whether or not the policy was overdue as there was not enough information recorded.</li> <li>• In all 10 policies, it does not clearly define who is the owner, but instead provides detail as to who prepared the policy.</li> </ul> <p>If the Council does not effectively maintain their policies, there is a risk that they may become outdated and are no longer relevant as responsibility and ownership is not reassigned following staff changes.</p>

## RECOMMENDATION:

The Council should undertake a review of their policies to ensure:

- Finalised policies clearly state on the policy they are final
- The owner of the policy is recorded as a job title and they are clearly recorded as the owner
- The frequency of the reviews are recorded
- A brief summary of the changes made to the previous policy should be included.

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The Council should also maintain a Policy Framework document which contains all the policies providing details as to who is responsible and the review due date. (See Appendix 2 for a template with examples)

#### MANAGEMENT RESPONSE:

Each officer will be responsible for updating their respective policy.

In relation to updating and maintaining the framework there isn't a specific post where we would be able to attach the work to. Instead it will be managed by ELT managers for each area, and strategies built into the annual service plan work to keep on top of this housekeeping exercise.

Responsible officer: Paul Dodson

Implementation Date: April 2022, annually thereafter

**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.

<b>Name</b>	<b>Job Title</b>
Cheryl Hughes	Programmes, Performance and Governance Manager
Georgina Button	Strategy, Policy and Communications Manager

## APPENDIX I - TEMPLATE FOR MAINTAINING POLICIES

Policy	Council/Committee approval	Effective date	Review period	Review date	Responsibility/Comment
Example <i>Code of Conduct</i>	Example <i>Committee Approval</i>	Example <i>Approved at Committee meeting 13<sup>th</sup> February 2020</i>	Example <i>13<sup>th</sup> February</i>	Example <i>Three years</i>	Example <i>Head of HR</i>
<i>Risk Management Strategy</i>	<i>Council</i>	<i>Approved at Council meeting 8<sup>th</sup> Jan 2020</i>	<i>8<sup>TH</sup> Jan</i>	<i>Four years</i>	<i>Senior Risk officer</i>
...					



## APPENDIX II - DEFINITIONS

LEVEL OF ASSURANCE	DESIGN OF INTERNAL CONTROL FRAMEWORK		OPERATIONAL EFFECTIVENESS OF CONTROLS	
	FINDINGS FROM REVIEW	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION
<b>Substantial</b>	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.
<b>Moderate</b>	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.
<b>Limited</b>	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.
<b>No</b>	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

<b>High</b>	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.
<b>Medium</b>	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.
<b>Low</b>	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 III - 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:

- The Council's key plans and activities are not supported by adequate policies, leading to a risk that corporate objectives will not be met
- Ownership and responsibility for maintenance of key policies is not defined or clear, or is allocated to former roles or personnel
- Policies are not subject to appropriate authorisation prior to implementation
- Policies are not subject to periodic review or maintained to ensure they remain up to date, and are therefore inadequate to enable adherence to current legislation and good practice
- Non-compliance with policy is not identified or recorded, and reasons for non-compliance are not determined or resolved

### SCOPE OF REVIEW:

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

- The following areas will be covered as part of this review:
- We will review the Council's Corporate Plan and establish whether its corporate objectives are supported by a comprehensive suite of policies and procedures. We will establish whether the Council has a central directory in place which lists all policies and establish whether this is accessible to all Council staff.
- We will review the Council's suite of policies and confirm whether policies are supported by (i) owner(s) (ii) frequency of review (iii) date of last review with a log of changes made. We will also perform sample testing to confirm whether regular reviews are taking place and the policies have been appropriately reviewed and authorised prior to publication and dissemination.
- We will establish whether there is a process whereby non-compliance with the Council's policies are reported, logged and investigated, with reasons for non-compliance and resolution clearly noted.

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 conduct interviews to establish the controls in operation for each of our areas of audit work. We will then seek documentary evidence that these controls are designed as described. We will evaluate these controls to identify whether they adequately address the risks.

We will seek to gain evidence of the satisfactory operation of the controls to verify the effectiveness of the control through use of a range of tools and techniques.

FOR MORE INFORMATION:

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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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