



MALDON DISTRICT COUNCIL

INTERNAL AUDIT REPORT

STRATEGIC PERFORMANCE - COMMUNITY
JANUARY 2022

LEVEL OF ASSURANCE	
Design	Operational Effectiveness
Substantial	Moderate

IDEAS | PEOPLE | TRUST



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DISTRIBUTION

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REPORT STATUS LIST

Auditors:	Lucy Burgum Chris Andre
Dates work performed:	13 December - 10 January 2022
Draft report issued:	13 January 2022
Final report issued:	19 January 2022

EXECUTIVE SUMMARY

LEVEL OF ASSURANCE: (SEE APPENDIX I 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 I)

High	0
Medium	1
Low	0

TOTAL NUMBER OF RECOMMENDATIONS: 1

BACKGROUND:

The Council's Community Strategy has recently been updated to ensure it underpins its Corporate Plan, which was refreshed in light of covid19 and sets out the vision to achieve a 'Sustainable Council - Prosperous Future', in addition to three priority strategic themes - Community, Place and Prosperity.

In order to achieve the vision of 'health, safe and vibrant communities', as noted in the Community Strategy, the Council has a total of 16 priority measures to achieve the community outcomes, of which a significant proportion will be delivered in partnership.

Performance against the targets in the Community strategy is to be reviewed by Members and the Corporate Leadership Team (CLT) on a quarterly basis and reported formally to full Council at the end of each financial year. The Strategy Theme Lead for Community is responsible for delivery of the Community Strategy and the Director of Strategy, Performance and Governance is responsible for overall accountability as well as performance reporting to CLT and full Council.

PUPORSE OF REVIEW:

The purpose of the audit was to carry out a deep dive review into effectiveness of the actions underpinning the Community theme and the success of these actions given the impact of the Covid-19 pandemic on vulnerable members of the community.

GOOD PRACTICE:

During this audit, we identified the following areas of good practice:

- The Council utilised extensive stakeholder engagement and review when developing the updated Corporate Objectives. Officers drew upon legislation, national policy and strategies, findings from the 2020 Staff Survey, Residents' and Business Survey and 2021 Members Engagement Survey to develop the objectives and a Corporate

Plan Working Group was established to distil the feedback received and ensure the updated plan had considered the input made.

- The design of the quarterly performance report Appendix allows for clear progress reporting on targets and enables easy interpretation of performance information by management.
- In our discussion with the Community Strategy Strategic lead, we identified that:
 - Those leading on the Community Thematic Strategy are proactive as well as reactive when developing action plans to continuously build relationships with partners.
 - The Community Strategy team has strong, trusting relationships with its partners which have been seen to strengthen and build as a result of Covid-19.

KEY FINDINGS:

We only identified one key finding within this review which is included below:

- There is inconsistent development of action plans when a KPI is seen to fall behind target and these action plans are not reported to the Performance, Governance and Audit Committee for scrutiny, just a headline summary (Finding 1 - Medium)

CONCLUSION:

Our review has found that the Council undertook extensive discussion and review when developing the updated corporate objectives and the Community team feel assured that the vulnerable are appropriately considered. Furthermore, we have been advised the Council has good relationships with its Community Strategy partners and we have seen evidence that strategy performance is regularly monitored. However, performance monitoring and review could be improved when KPIs fall behind target and the refreshed Strategy document currently lacks inclusion of targets and detail. We are aware that finalising the Community Strategy is already a key priority of the Community team and therefore, this has led to a final assessment of moderate assurance over the control design and moderate assurance over the control effectiveness.

DETAILED FINDINGS

RISK: WHERE PERFORMANCE FALLS BELOW TARGETS, THERE ARE NO PLANS FOR REMEDIATION

Ref	Significance	Finding
1	Medium	<p><u>Inconsistent development of action plans</u></p> <p>Developing and reviewing action plans is key to successful performance management. This helps ensure actions are taking place to address issues identified, helps to evaluate the effectiveness of the actions implemented and helps decide if any further action is required. It is the responsibility of the priority measure lead to develop and review the associated action plan.</p> <p>However, we identified that whilst Member are provided with commentary about what is being done, action plans are not consistently developed when a KPI for a priority measure falls behind target. For example, the KPI “Number of community weight management sessions delivered to parishes” has an annual target of and increase of two yet the performance report shows no progress had been made towards this by the end of quarter two. Despite this, no action plan has been developed to address this target and presented to the Performance, Governance and Audit Committee (PGA) for scrutiny. However, we do appreciate that Covid has impacted the achievement of targets on many aspects of the community strategy. Whilst action plans are in place for some KPIs that have fallen behind target, these are also not reported to the PGA for oversight. For example, the Lion Barber Collective Action Plan to address the KPI ‘Promotion of Mental Health, Social Isolation and Loneliness Initiatives’. This action plan has not been presented to the PGA, despite the performance report recording this KPI to be behind target at the end of quarter one and two.</p> <p>If action plans are not developed and effectively reviewed to address the KPIs that are behind target, appropriate action may not be undertaken to address these shortcomings and actions may not be implemented in appropriate timescales. Moreover, this means that the relevant oversight group at the Council will not be made aware of this in a timely manner, further hindering progress towards meeting these targets.</p>

RECOMMENDATION:

- 1.1 Action plans should be developed when KPIs fall behind target.
- 1.2 The Council should ensure that action plans for KPIs that have fallen behind target are reported as part of the quarterly performance reports to ensure the Performance, Governance and Audit Committee have sufficient oversight over performance management.

MANAGEMENT RESPONSE:

Action plans will be developed when KPIs fall behind target and will be ready by Q4 reporting in April 2022.

Responsible Officer: Joshua Fulcher

Implementation Date: April 2022

OBSERVATIONS

LACK OF DETAIL IN THE REFRESHED 2021-23 COMMUNITY STRATEGY

The Community Strategy needs to be detailed and clearly outline the Community outcomes the Council has set to ensure it will help to deliver the Corporate Plan and support the Council's vision of 'healthy, safe and vibrant communities.

In our review, we found that whilst the priority measures were listed for the Community Strategy and a description provided, measurable targets were not given and the Strategy in general lacked the detail of its 2019-2023 predecessor.

When this was raised with the Community Strategy Strategic Lead in our meeting, we were made aware that the 2021-23 version is in its skeleton form. The full document has not been finalised yet due to limited capacity and time restraints surrounding Covid-19. They are intending to publish the finalised, more descriptive version in April 2022. We are also aware that SMART targets have been developed for each priority measure and are monitored at the quarterly Performance, Governance and Audit Committee meetings but these are not listed on the Strategy document itself.

As the Community Strategy is a publicly available document, if it is not updated to show the targets developed, there is a risk that stakeholders won't be aware of the timescales for action or extent of action planned. There is also a risk that with limited detail included the strategy that the Council will not achieve the best results as the strategy will be harder to interpret and stakeholders will not be fully informed of the good work the Council is doing.

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.

Joshua Fulcher

Strategic Theme Lead - Community

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 the audit is to carry out a deep dive review into effectiveness of the actions underpinning the Community theme and the success of these actions given the impact of the Covid-19 pandemic on vulnerable members of the community.

KEY RISKS:

The following potential key risks have been developed through discussions with management, using our collective audit knowledge and utilising the risk assessment undertaken during the development of the internal audit operational plan. These are potential risks associated with the area under review, and not conclusions drawn, which will be considered as part of the audit testing to assess whether they are actual risks to the Council:

- There was a lack of discussion and review in the identification of new objectives and they do not sufficiently target vulnerable members of the community
- Updated priority measures are not clearly detailed in the Community Strategy and targets are either not recorded or are insufficient
- Performance of priority measures in relation to the Council's Community Strategy are not regularly monitored and reported against
- Where performance falls below targets, there are no plans for remediation
- There is a lack of buy-in from key services across the Council, as well as partners, resulting in a lack of contribution towards achieving the Council's Community outcomes.

SCOPE OF REVIEW:

The following areas will be covered as part of this review:

- Review of the updates made to the strategy, ensuring sufficient consideration and emphasis was given to vulnerable members of the community
- We will review the Council's latest performance in relation to its priority measures and assess whether any areas reported as being below target to confirm whether there are any action plans in place.
- Review of the Community Thematic Strategy to ensure priority measures are included and targets are appropriate
- We will liaise with key staff involved in the strategy to ensure sufficient buy in from key services across the Council

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.

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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