



INTERNAL AUDIT FOLLOW UP OF RECOMMENDATIONS REPORT

Maldon District Council

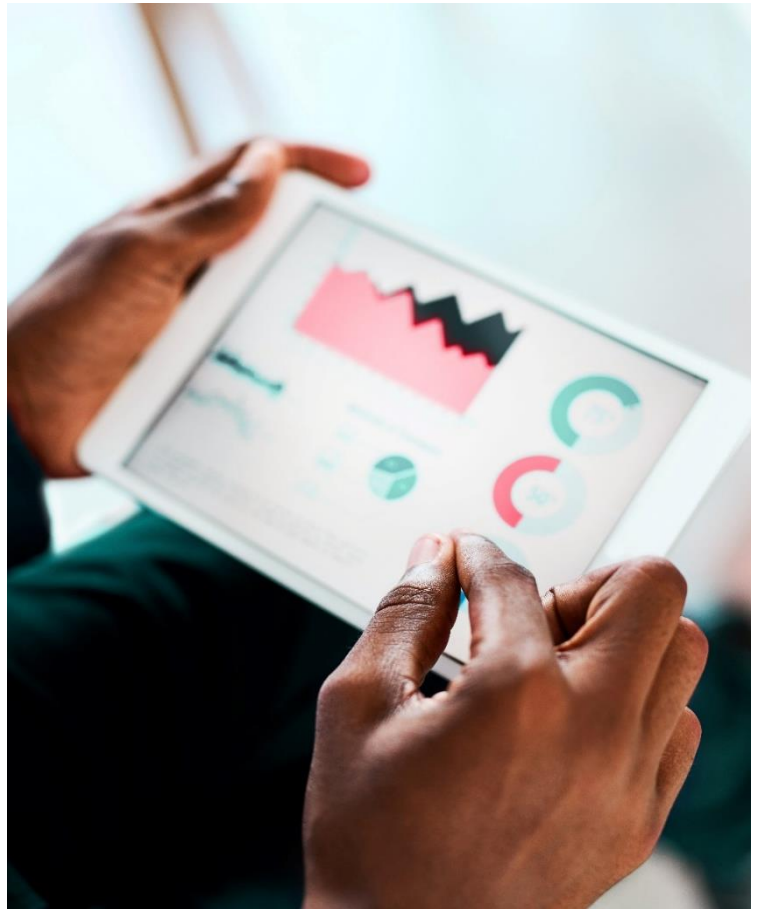
November 2022

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SUMMARY

2019/20	Total Recs	H	M	L	To follow up	Complete		Overdue		Not Due	
						H	M	H	M	H	M
Flood Risk Management	4	-	4	-	4	-	1	-	3	-	-
Total	4	-	4	-	4	-	1	-	3	-	-

2020/21	Total Recs	H	M	L	To follow up	Complete		Overdue		Not Due	
						H	M	H	M	H	M
Safeguarding	5	1	3	1	4	1	3	-	-	-	-
Affordable Housing	3	1	2	-	3	-	3	-	-	-	-
Knowledge Management	3	-	3	-	3	-	2	-	1	-	-
Total	11	2	8	1	10	1	8	-	1	-	-

2021/22	Total Recs	H	M	L	To follow up	Complete		Overdue		Not Due	
						H	M	H	M	H	M
Partnerships	4	-	3	1	3	-	3	-	-	-	-
Covid Response Plans	1	-	-	1	-	-	-	-	-	-	-
Management of Property	4	1	3	-	4	-	1	1	2	-	-
Main Financial Systems	4	-	-	4	-	-	-	-	-	-	-
Policy Review	1	-	1	-	1	-	1	-	-	-	-
Strategic Performance - Community	1	-	1	-	1	-	1	-	-	-	-
IT Strategy & Transformation	2	-	2	-	2	-	2	-	-	-	-
Customer Relationship Management	2	-	2	-	2	-	2	-	-	-	-
Workforce Management	1	-	-	1	-	-	-	-	-	-	-
Commercialisation	4	-	1	3	1	-	-	-	-	-	1
Contract Management	3	-	3	-	3	-	-	-	-	-	3
Total	27	1	16	10	17	-	10	1	2	0	4

2022/23	Total Recs	H	M	L	To follow up	Complete		Overdue		Not Due	
						H	M	H	M	H	M
Corporate Governance	2	-	2	-	2	-	-	-	-	-	2
Payment Controls	4	1	3	-	4	1	3	-	-	-	-
Flood Management	1	-	1	-	1	-	-	-	-	-	1
Total	7	1	6	-	7	1	3	-	-	-	3

SUMMARY

2019/20

Flood Risk Management - These have been followed up as part the Flood Management audit in 2022/23 with detail contained in the body of the report. Whilst one finding has been completed, three remain overdue.

2020/21

Of the 2 high and 10 medium recommendations raised in 2020/21, there has been movement as per below:

- ▶ Knowledge Management - There remains one medium priority recommendation which has a revised implementation date of December 2022. This will be followed up after this date and reported to the March 2023 PGA.
- ▶ Affordable Housing - The remaining recommendations have now been implemented and reported as complete.
- ▶ Safeguarding - Two recommendations are overdue. These were followed up as part of the 2022/23 Safeguarding audit and were found to still remain overdue. However, new recommendations have been raised in their place. As a result, the recommendations in the previous audit have been closed with the new recommendations due to be followed up from this point forward.

2021/2022

1 high and 16 medium recommendations were raised in 2021/22. Since the previous PGA there has been the following movement:

- ▶ Management of Property: One recommendation has already been completed. One has a revised date of December 2022 and will be followed up in the new calendar year. The remaining two findings have revised implementations dates and are reported as overdue below.
- ▶ Customer Relationship Management: Both recommendations have now been completed.

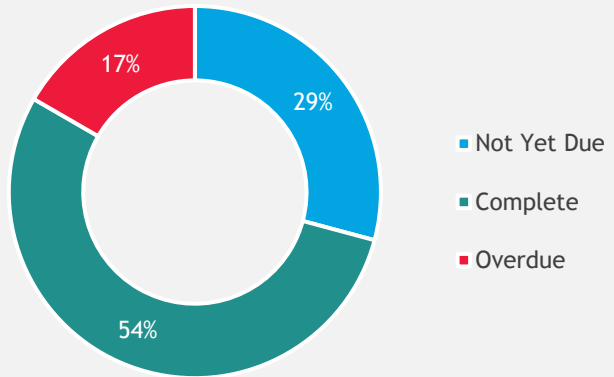
2022/2023

1 high and 6 medium recommendations have been raised as part of the 2022/23 plan to date. All are not currently due apart from those raised as part of the Payment Controls review whereby all 4 have been implemented and are reported as complete.

REQUIRED AUDIT COMMITTEE ACTION:

We ask the Audit Committee to note the progress against the recommendations.

Total Cumulative implementation 21/22 and 22/23



RECOMMENDATIONS: COMPLETE

AUDIT	ACTIONS AGREED	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
2020/21					
Affordable Housing	<p>1a) Ongoing reporting and monitoring of delivery against action plan and the affordable housing targets should be undertaken.</p> <p>1b) The Housing Strategy extension should be finalised as soon as possible.</p>	High	Damien Ghela	<p>Sept 21</p> <p>17 Dec 21</p> <p>30 April 2022</p> <p>30 Sep 2022</p> <p>Dec 21</p> <p>30 April 2022</p> <p>31 July 2022</p>	<p>A meeting was held with the Specialist Performance Lead with regard to a range of new Housing KPIs to be introduced into the Balance Scorecard system. Ongoing monitoring and reporting of Affordable Housing Delivery continues to take place - carried out by John Swords. KPI data regarding Affordable Housing will now start to appear in performance charts for Managers and Members to monitor.</p> <p><i>Audit Comment: Affordable Housing KPIs seen as part of the quarterly performance reporting</i></p> <p>Based on initial discussions it was felt the existing format of the Housing Strategy along with some of the goals are still relevant, subject to an update of some of the underlying data being updated / refreshed. The Extension to the Housing Strategy was agreed by Members on the 06/10/22 at the S&R Committee.</p> <p><i>Audit Comment: Housing Strategy 2018-2025 provided</i></p>
2021/22					
Customer Relationship Management	<p>The issues log should be updated to contain the following information:</p> <ul style="list-style-type: none"> The type of issue identified Identifier -Record who discovered the issue Timing -Indicate when the issue was identified 	Medium	Grant Hulley	1 October 2022	<p>Issues document has been put together as part of the replacement scoping, as rather than address some of these in the current system, development resource and approach is to make sure these are not the case in the new TaskSmart system that is being developed.</p>

	<ul style="list-style-type: none"> Description - Details should be provided about the system limitation, and the potential impact the issue could have if it remains unresolved Priority -A priority rating should be assigned to the issue -e.g.high, medium or low priority Assignment/owner -Determine who is responsible for resolving the issue Target resolution date -Determine the deadline for resolving the issue. <p>The Council should ensure that, as part of the build and implementation of the Dynamics 365 system, the limitations of the current CRM system are reviewed to ensure they will be resolved</p>					<p><i>Audit Comment:</i> Approach from the Council appears prudent given work on procuring the new system has moved on. Issues identified on previous system and included on the log are being taken into account.</p>
Customer Relationship Management	<p>The Council should ensure a Benefits Realisation document is used as part of future projects. This includes the Dynamics 365 system which has been signed-off for development at the December 2021 Project Board Meeting. The Benefits Realisation document for the Dynamics 365 procurement, and future procurements, should include:</p> <ul style="list-style-type: none"> •A description of the expected benefits to be achieved •An outline of how expected benefits will be quantified and measured •A definition of what the combined set of benefits looks like •An outline of what system and processes will be used to record the process of the expected benefits •An outline of the governance arrangements in place throughout and post-system implementation. 	Medium	Grant Hulley Cheryl Hughes	31 July 2022	<p>The project initiation document for the for LDF Task Smart Phase 2 was taken to CLT on 1st November 2022. As part of this, a list of benefits was included.</p> <p><i>Audit Comment:</i> PID submitted reviewed and it does include a number of benefits expected to be seen. Another box notes who the beneficiaries are expected to be. It should be noted that the box on the PID asks how these will be delivered but this is not captured in the response. We would also expect to see it stated how these benefits are expected to be measured. In the instance of this particular project the benefits are self-explanatory eg. 'Unified system for Officers and Customers alike' and therefore we consider this recommendation closed. However, details</p>	

					<i>as noted above should be included in future projects.</i>
2022/23					
Payment Controls Review	<p>1. The process in both the Change to Supplier Data (Sage) Freshservice solution and Bankline payment procedure notes should state that suppliers requesting a payroll bank detail change should be contacted via a phone call only to confirm the change.</p> <p>2. To eliminate the risk that the payment is set up by an individual on the premise that another individual has verified the bank details (such as in the attempted fraud incident), we recommend that only the individual setting up the payment can verify the bank detail change.</p>	High	Annette Cardy	Completed	<p>Process notes for Freshservice and Bankline have been updated to ensure Officers are required to phone the supplier as opposed to emailing them in order to verify bank detail change requests. Procedure notes also in place to ensure the individual setting up the payment verifies the the bank details and an independent senior officer verifies all payment evidence before being submitted to a third individual for approval on Bankline.</p> <p><i>Audit Comment: Extracts from updated procedures notes provided and verified</i></p>
Payment Controls Review	<p>1. The payroll bank detail change request process should be made clearly available on the Council's Freshservice solution documents with the payroll bank detail request form easily accessible</p> <p>2. Separate process notes explaining what checks should be undertaken when a payroll bank detail change is requested should be created and made readily available to the relevant staff performing these checks. This process should state that individuals requesting a payroll bank detail change should be contacted via a phone call, video call or in person to confirm the change.</p>	Medium	Annette Cardy	Completed	<p>1.The process was not clearly available and therefore the search function has been updated with additional 'tags' and information so that these are now easily found on several areas within Freshservice</p> <p>2.Although these checks were in place they were not clearly documented. These are now described on Freshservice with a link to the 'payroll bank details change form' so that the process when receiving a bank detail change request is clearly understood and followed.</p> <p><i>Audit Comment: Freshservice link provided with additional detail for as to the expectations and processes to be undertaken</i></p>
Payment Controls Review	All suppliers should be reminded where possible to send invoices to the central finance email address. Where invoices are received by individuals, the supplier should be contacted to inform them	Medium	Annette Cardy	Completed	Lead Finance Specialist who leads the team has issued a reminder to the Finance Team reminding them to ensure suppliers are requested to use the central finance team email address.

	of the process and note that, otherwise, they may not be paid.				<i>Audit Comments: Email to Finance Team seen as well as an email to a supplier with the request to use the central email address.</i>
Payment Controls Review	The Council should ensure that best practice on how to identify phishing emails, as detailed in Appendix II, is incorporated into future training for all staff. Additionally, finance staff should be provided with training regarding how to identify suspicious transactions and invoices with training provided periodically to maintain staff awareness.	Medium	Annette Cardy	Completed	<p>A new tool called boxphish has been purchased and is in place that provides a variety of ways for employees to learn about and prevent phishing. This will also regularly run campaigns of independent checks on staff responses to phishing emails without them being aware so that extra training and help can be given to those who fail to spot the fraud.</p> <p>Egress email security has been bought and added to Microsoft outlook. This alerts users to any possible fraud, sends information securely and using artificial intelligence learns about types of email use at MDC to flag anything unusual.</p> <p>Guidance on Freshservice tells staff what to do if a suspected fraud is identified to notify IT and this is also included in the training for the above new tools.</p> <p>Communications provide feedback that the staff's help is always needed to combat fraud and the ways we have stopped fraud have been provided to staff with thanks for their help.</p> <p>IT keep up to date with all critical releases and are experienced in dealing with attacks and have security measures in place. A forensic review by an independent expert IT provider has been completed and the recommendations made put into place to increase MDC security to a very high level.</p> <p>Training for Finance staff has been provided by our bank, Barclays that provides examples and ways to combat specific finance types of fraud. A recording of this is</p>



available to all staff on Freshservice and all staff have now been asked to undertake this course and periodic training will be established.


*Audit Comment:
screenshots of software
in use including Egress
and boxphish as well as
guidance and reminders
issued to the Council.*

RECOMMENDATIONS: OVERDUE

These recommendations have been marked as overdue as they missed their agreed implementation date or no update has been provided.

AUDIT	ACTIONS AGREED	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
2021/22					
Management of Property	<p>A) The Council should undertake a review of all the assets to ensure they are correctly recorded within the existing system so that accurate records can be migrated when needed.</p> <p>B) The Council should review its assets portfolio to identify its responsibilities to undertake cyclical repairs. A programme of work should be drawn-up and prioritised which should be regularly monitored to ensure that the required work is appropriately scheduled and completed to satisfactory standards.</p> <p>C) Where work is contracted out, the Council should ensure that procurement procedures have been appropriately followed and contracts have been authorised and recorded. Copies of all contracts should be retained centrally, and work completed by contractors should be monitored and checked and held with the respective asset on their central register.</p>	High	<p>Farley Norman</p> <p>Frank Britt</p>	<p>30 August 2022</p> <p>31 May 2023</p>	<p>Potential Asset Management software has been identified. A growth bid has been developed which is currently being challenged. Ongoing discussions with Procurement as well as IT to identify possible alternatives such as the system being developed in house. As well as collaborating with other local authorities. Demo of the software has been arranged a for November before further decisions can be made. Following the decision regarding the software, steps can be made to review the assets and record them formally on the new system along with repairs and maintenance schedules as well as procurement information.</p>
Management of Property	<p>The Council should arrange for an appropriate policy and procedure document to be drawn up to provide clear procedural guidance and details of the specific responsibilities within each role. This document should be readily accessible to all staff and should be subject to annual review or updated</p>	Medium	<p>Farley Norman</p>	<p>30 June 2022</p> <p>31 May 2023</p>	<p>Lack of resources has impacted this with budgetary discussions ongoing to identify additional resource. At this point, formalised arrangements as to roles and responsibilities cannot be recorded.</p>

when processes are
changed.



FOR MORE INFORMATION:

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