

INTERNAL AUDIT PROGRESS REPORT

Maldon District Council

2024/25

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SUMMARY OF WORK

INTERNAL AUDIT

This report is intended to inform the Audit Committee of progress made against the 2024/2025 internal audit plans. It summarises the work we have done, together with our assessment of the systems reviewed and the recommendations we have raised. Our work complies with Public Sector Internal Audit Standards. As part of our audit approach, we have agreed terms of reference for each piece of work with the risk owner, identifying the headline and sub-risks, which have been covered as part of the assignment. This approach is designed to enable us to give assurance on the risk management and internal control processes in place to mitigate the risks identified.

INTERNAL AUDIT METHODOLOGY

Our methodology is based on four assurance levels in respect of our overall conclusion as to the design and operational effectiveness of controls within the system reviewed. The assurance levels are set out in Appendix 1 of this report and are based on us giving either 'substantial', 'moderate', 'limited' or 'no'. The four assurance levels are designed to ensure that the opinion given does not gravitate to a 'satisfactory' or middle band grading. Under any system we are required to make a judgement when making our overall assessment.

2024/2025 INTERNAL AUDIT PLAN

Since our last progress update in December 2024, we have completed the following reviews and present the final reports to the Committee alongside this progress report:

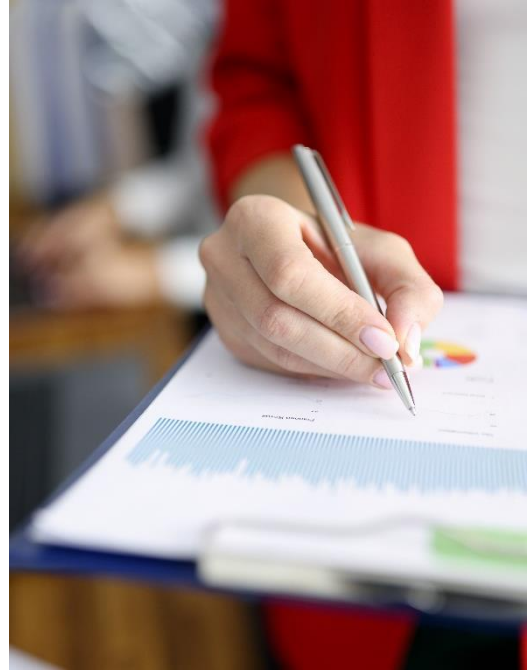
- ▶ Capital and Commercial Project Management
- ▶ Health and Wellbeing
- ▶ Contract Management

We have also issued the draft report for GDPR and await the management responses.

We have making satisfactory progress in the delivery of the remainder of the 2024/25 audit plan, and have commenced fieldwork on the following reviews:

- ▶ Business Continuity and Disaster Recovery
- ▶ Building Control
- ▶ Asset Management
- ▶ Main Financial Systems

We anticipate presenting these reports at the next Committee meeting, which will conclude our work for the year and inform our Annual Report and Head of Internal Audit Opinion.



REVIEW OF 2024/25 WORK

AUDIT	PGA COMMITTEE	PLANNING	FIELDWORK	REPORTING	DESIGN	EFFECTIVENESS
Health and Safety	December 2024	✓	✓	✓	M	L
Capital and Commercial Project Management	February 2025	✓	✓	✓	S	M
Health and Wellbeing	February 2025	✓	✓	✓	S	S
Contract Management	February 2025	✓	✓	✓	S	M
GDPR	June 2025	✓	✓	✓		
Business Continuity and Disaster Recovery	June 2025	✓	✓			
Building Control	June 2025	✓	✓			
Asset Management	June 2025	✓	✓			
Main Financial Systems	June 2025	✓	✓			

SECTOR UPDATE

Our quarterly public sector briefing summarises recent publication and emerging issues relevant to local authorities that may be of interest to your organisation. It is intended to provide a snapshot of current issues for senior managers, non-executive directors and governors.

TRANSFORMING PUBLIC PROCUREMENT - PROCUREMENT ACT 2023

Secondary legislation and go-live

On Monday 9 December, the Procurement Act 2023 (Consequential and Other Amendments) Regulations 2025 were laid in Parliament. These regulations primarily make technical amendments to references to the existing procurement regulations in other legislation and are the last that are needed to enable go-live in February 2025. The regulations and the debate can be reviewed using the link following link:

[The Procurement Act 2023 \(Consequential and Other Amendments\) Regulations 2025 Public Procurement Reform - Hansard - UK Parliament](#)

Minister Georgia Gould, Parliamentary Secretary at the Cabinet Office, also answered questions on procurement last week during Cabinet Office Orals, confirming the go-live date for the new regime in the House of Commons. It also outlined an opportunity to contact the team if organisations had further queries via the following email address: procurement.reform@cabinetoffice.gov.uk

FOR INFORMATION

For the Audit Committee Members and Executive Directors

LGA STATEMENT ON PROVISIONAL LOCAL GOVERNMENT FINANCE SETTLEMENT

The government has announced the local government finance settlement for the coming year. While the extra funding for councils is positive, local government still faces challenging financial circumstances.

The local government finance settlement is the annual determination of funding to local government from central government. This briefing covers the provisional local government finance settlement for 2025/26 which was announced on 18 December 2024. We expect the final 2025/26 settlement to be laid before the House of Commons, for its approval, in late January/early February 2025.

The **Governments figures** indicate that total Core Spending Power will rise by 6.0 per cent in 2025/26.

Core Spending Power consists of:

- Settlement Funding Assessment (which consists of Revenue Support Grant, and the baseline funding level).
 - Income from council tax assuming that the tax base grows, and Councils increase council tax by the maximum possible allowable under council tax referendum principles.
 - Compensation for under-indexing the business rates multiplier.
 - Social Care Grant.
 - Local Authority Better Care Grant.
 - Adult Social Care Market Sustainability and Improvement Fund.
 - Children's Social Care Prevention Grant.
 - New Homes Bonus.
 - Recovery Grant.
 - Domestic Abuse Safe Accommodation Grant will be consolidated as a new, separate line in the settlement, maintaining its existing distribution.
-

- A funding floor, to ensure that no local authority sees a reduction in their Core Spending Power in 2025/26, after accounting for council tax levels.

Core Spending Power does not include the £515 million funding for National Insurance or a £13 million uplift to the Children’s Social Care Prevention Grant.

The Government has held back some grant funding as a contingency. The Government will make clear how this contingency funding will be allocated at the final settlement. Detailed Core Spending Power figures are included in Annex A.

Employer National Insurance Contributions

The Government has announced that:

- £515 million of new funding will be provided to support Councils with the costs associated with the increase in employer National Insurance Contributions (NICs). Individual allocations will be based on 2023/24 Revenue Outturn data and published at the final settlement. A methodology note has been published as part of the provisional settlement.
- The £515 million in new funding for NICs has not been included in Core Spending Power. The Government has said this funding will be reflected in Core Spending Power figures at the final settlement.

Council tax

The Government has announced the following referendum principles for 2025/26:

- A core referendum principle of up to 3 per cent will apply to shire County Councils, shire unitary authorities, metropolitan districts and London boroughs.
- Shire districts will have a referendum principle of up to 3 per cent or £5, whichever is higher.
- Social care authorities will be able to set a 2 per cent adult social care precept without a referendum (in addition to the existing basic referendum threshold referred to above).
- Fire and Rescue Authorities will have a principle of £5.
- £14 for police authorities and police and crime commissioners (PCCs) including the PCC component of the Greater Manchester, West Yorkshire and York and North Yorkshire Combined Authorities’ precepts.
- The non-police element of the Greater London Authority (GLA) will have a referendum principle of 3 per cent.
- There will be no referendum principles for mayoral combined authorities (MCAs) except where the Mayor exercises police and crime commissioner functions. In these cases the PCC principle will apply. There are no referendum principles for parish and town Councils.

The Government has announced that where a Council in need of exceptional financial support views additional council tax increases as critical to maintaining their financial sustainability, the Government will continue to consider requests for bespoke referendum principles. Local proposals will be considered on a case-by-case basis.

The Government expects that additional increases would only be agreed in exceptional circumstances, and following careful consideration of a Councils’ specific circumstances, such as their existing levels of council tax relative to the average, the potential impact on local taxpayers, and the strength of plans to protect vulnerable people.

Provisional Local Government Finance Settlement 2025/26: On-the-day factual briefing | Local Government Association

FOR INFORMATION

For the Audit Committee Members and Executive Directors

LGA RESPONDS TO CHANGES TO NATIONAL PLANNING POLICY FRAMEWORK

This briefing provides a summary of the changes to the revised NPPF from the version consulted on earlier this year, with a focus on the areas that the LGA has lobbied

The Ministry for Housing, Communities and Local Government (MHCLG) published its revised **National Planning Policy Framework (NPPF)** on 12 December 2024.

Alongside the revised NPPF, additional documents have also been published and can be found [here](#). These include:

- Government response to the proposed reforms to the National Planning Policy Framework and other changes to the planning system consultation
- Indicative local housing need (December 2024 - new standard method)
- Updated Planning Practice Guidance (PPG)

Key reforms to the planning system or National Planning Policy Framework (This is not an exhaustive list)

▶ **Reintroduction of Mandatory Housing Targets**

The Government intend to make the changes set out in the consultation, reversing the changes made in December 2023 to what was previously paragraph 61 regarding the word ‘advisory’ and removing the reference to the exceptional circumstances in which the use of alternative approaches to assess housing need may be appropriate. Revised planning practice guidance on assessing housing needs and additional guidance on setting a housing requirement have been published.

▶ **Restoration of Five-Year Housing Land Supply Rules**

The Government confirmed that local planning authorities are again required to demonstrate a five-year housing land supply. There are many authorities whose local housing need figures will be substantially larger than their adopted or emerging local plan housing requirement figures, and to help close the gap, Government are introducing a new requirement that authorities with plans adopted under the old standard method must provide an extra year’s worth of homes in their 5-year housing pipeline.

▶ **A new Standard Method**

The Government will take forward the proposals to introduce a new standard method that uses housing stock to set a baseline figure. The method will use 0.8% of existing stock as the baseline. As noted in the consultation, over the last 10 years housing stock has grown nationally by around 0.89%. Setting a baseline of 0.8% provides a consistent base for growth, which is then increased to reflect housing affordability pressures, setting ambitious expectations across the country while directing housing to where it is most needed.

▶ **Localisation of planning fees**

The government have announced their intention to take forward measures in the proposed Planning and Infrastructure Bill to introduce a power for local planning authorities to be able to set their own fees. As part of these proposals, it will conduct a comprehensive review of all national fees in order to establish a robust baseline for full cost recovery of fees and to inform a national default fee. The government intends to pursue a model that would enable local variation from a national default fee. In varying or setting their own fees, local authorities will not be able to be set fees above costs.

▶ **Funding to support local authorities**

The Government has announced funding to support local plan delivery which will provide a direct financial contribution to local authorities that are at an advanced stage of the local plan making process (Regulation 19 stage), and that will need to revise their draft plans to accommodate the increase in their Local Housing Need figures as a result of changes in the revised NPPF. Local authorities that meet the eligibility criteria will be able to submit an Expression of Interest (EoI) to receive a share of this funding.

Revisions to the National Planning Policy Framework (NPPF) and other announcements on planning reform | Local Government Association

FOR INFORMATION

For the Audit Committee Members and Executive Directors

HOUSING, PLANNING AND HOMELESSNESS

Local government shares the collective national ambition to tackle their local housing crisis, which will only be achieved with strong national and local leadership working together. As house builders, housing enablers, and landlords; as planners, place-shapers, and agents of growth, transport and infrastructure; as responsible guardians to the vulnerable and the homeless; and as democratically accountable to communities - local government is at the heart of the housing solution.












- Council Housing Revenue Accounts (HRAs) are under severe financial strain. Owing to significant expenditure pressures councils' have not been able to reduce their operating spend in line with the fall in their income. As a consequence, debt servicing costs now account for a growing share of HRA 'surpluses' where they still exist. An increasing number of councils have had to address end of year deficits by drawing on their dwindling reserves. At the same time, councils' ability to supplement their HRA capital programmes from their revenue resources has been severely curtailed.
- We support the principle of a multi-year rent policy to give registered providers, lenders and investors more confidence to commit the investment needed for both existing and new social homes.
- To really strengthen and provide stability to Housing Revenue Accounts (HRAs), a minimum 10-year rent settlement is needed, alongside restoration of the lost revenue due to the rent cap in 2023/24, new burdens funding for new responsibilities and a review of the self-financing settlement of 2012.
- Council Housing Revenue Account's need CPI+1 per cent for 10 years as an absolute minimum, but this will still result in a national Housing Revenue Account deficit and is highly unlikely to support an uptick in new build.
- The LGA therefore strongly advocates for the reintroduction of convergence of rents to formula rents. This should be in addition to CPI+1 per cent for a minimum of 10 years.
- Rent convergence at either an additional £2 or £3 week delivers cumulative surpluses of up to £1.0 billion by 2036/37, potentially enabling all existing stock pressures to be addressed with some capacity for additional development

LGA submission to MHCLG's consultation on future social housing rent policy | Local Government Association

FOR INFORMATION





For the Audit Committee Members and Executive Directors

KEY PERFORMANCE INDICATORS




QUALITY ASSURANCE	KPI	RAG RATING
1. Annual Audit Plan delivered in line with timetable	We remain on track to deliver this for 2024/25.	
2. Actual days are in accordance with Annual Audit Plan	We are on track to meet this KPI for 2024/25.	
3. Customer satisfaction report - overall score at least 3.5 for surveys issued at the end of each audit	Since 2021 the average score received on satisfaction surveys is 4.47.	
4. Annual survey to PGA committee to achieve score of at least 70%	This will be issued following the presentation of the annual report.	
5. At least 60% input from qualified staff	We are on target to meet this KPI during 2024/25.	
6. Issue of draft report within three weeks of fieldwork closing meeting	This KPI has been met for the four completed audits for 2024/25.	
7. Finalise internal audit report one week after management responses to report are received	This KPI has been met for the four completed audits for 2024/25.	
8. 90% of recommendations to be accepted by management	This KPI has been met for the four completed audits for 2024/25.	
9. Information is presented in the format requested by the customer	This KPI has been met for the four completed audits for 2024/25.	
10. High quality documents produced by the auditor that are clear, concise and contain all the information requested	This KPI has been met for the four completed audits for 2024/25.	
11. Positive result from external review	Following an External Quality Assessment by the Institute of Internal Auditors in May 2021, BDO were found to 'generally conform' (the highest rating) to the International Professional Practice Framework and Public Sector Internal Audit Standards.	

APPENDIX 1

OPINION SIGNIFICANCE DEFINITION

LEVEL OF ASSURANCE	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION	FINDINGS FROM REVIEW
 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 DEFINITION

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.

FOR MORE INFORMATION:

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