

# MALDON DISTRICT COUNCIL

## INTERNAL AUDIT REPORT - DRAFT

ASSET MANAGEMENT  
JUNE 2025

Design Opinion



Moderate

Design Effectiveness



Substantial

# CONTENTS

EXECUTIVE SUMMARY .....	2
DETAILED FINDINGS.....	7
APPENDIX I - COUNCIL'S BUILD ASSET AND LAND STRATEGY.....	13
APPENDIX II - UPDATE OF THE UNIFORM SYSTEM TRANSFER PROGRESS .....	14
APPENDIX III - DEFINITIONS .....	15
APPENDIX IV - TERMS OF REFERENCE .....	16

DISTRIBUTION	
Ben Jay	Chief Finance Officer (s151)
Annette Cardy	Assistant Director - Resources
Sue Green	Assistant Director - Customer Services and Operations

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.

REPORT STATUS	
Auditors:	Aaron Winter - Partner Andrew Billingham - Audit Manager Maggie Quigg - Senior Auditor
Dates work performed:	05 February 2025 - 04 June 2025
Draft report issued:	11 June 2025
Date Management Responses Received:	20 June 2025
Final report issued:	20 June 2025

# EXECUTIVE SUMMARY

CRR REFERENCE: R11 FAILURE TO PROTECT PERSONAL OR COMMERCIAL SENSITIVE DATA.

Design Opinion



Moderate

Design Effectiveness



Substantial

Recommendations



## SCOPE

### BACKGROUND

- ▶ Local authorities hold assets for various operational or investment purposes. Maldon District Council ('the Council') maintain both land and buildings assets as well as resources assets. There was no single database in place, as assets are held departmentally with the Assistant Director - Resources, and the Assistant Director - Customer Services and Operations, holding respective responsibility.
- ▶ The Council has an Asset Management Strategy 2024-29 in place, which sets the strategic framework for the Council's estate operations over the next five years. Council owned land and property are the focus of the Strategy's scope, including guidance on disposal of surplus assets and acquisition of new property and land assets. A detailed policy matrix has not yet been developed to sit below this. All buildings and land-based assets are currently being transferred from spreadsheets to the Council's central software, Uniform. The project was due to complete by 31 March 2025, and quarterly project governance reports are being shared directly with Members.
- ▶ There are several policies in place to govern the use and maintenance of resources (IT) assets, including the Employee Code of Conduct, Information Security Policy, Acceptable Use Policy and Using Email and Digital Communications Policy. The Code of Conduct outlines that employees must take care of Council property, equipment and vehicles, and use these for authorised purposes only.
- ▶ Since the pandemic, the Council has reduced the number of resources-based assets to include mainly laptops and screens, due to factors such as increased remote working. All IT assets are recorded separately to buildings and land-based assets, on the Council's 'Fresh Service' system. The Council has the following process to log and allocate IT assets to staff:
  - When purchased, the kit is asset tagged and entered into Fresh Service (in stock).
  - When the device is allocated to staff, it is assigned to the officer (in use).
  - If the device is broken, lost or not returned, it is reclassified (missing or retired). IT specialists and caseworkers amend Fresh Service when kit is retired, as either disposed of or broken.
  - When the officer leaves, the kit is returned (in stock).
- ▶ Fresh Service allows the Council to pull data and charts regarding the Council's IT assets. As of 31 December 2024 at the time of scoping this review, the Fresh Service laptop report included the following assets:
  - 23 legacy laptops incorrectly classified in Fresh Service (to be fixed or retired).
  - 270 laptops in use.
  - 97 devices in stock. This comprises 14 laptops to be used for new staff and/or replacements, five IT-specific devices, 32 out of warranty and end of line

13/14- inch screens (available in stock if required) and 46 out of warranty and end of line 15-inch screens (available in stock if required).

- 12 retired laptops.
- One sold laptop.
- ▶ Other IT assets such as printers and photocopiers are leased by the Council and will therefore not be included within the scope of this review.

#### PURPOSE

The purpose of this audit was to provide assurance that the Council maintains a full and complete asset register. The audit also examined whether the lifecycle of assets is considered and decision-making regarding replacement equipment is future focused.

The audit further considered the progress being made on the project to transfer buildings and land-based assets to Uniform (see Added Value); however, the scope of this review did not provide assurance over the project management or project delivery.

#### AREAS REVIEWED

- ▶ We reviewed the Council's Asset Management Strategy 2024-2029 and any supporting policies and procedures, to confirm that these are accurate, up to date and available to all relevant staff. We also confirmed whether the Council's Strategy is sufficiently future-focused and clearly defines which assets should be included on the register.
- ▶ We reviewed the Council's policies and procedures for recording and classifying assets to ensure they are robust and clearly assign responsibility for the register. We reviewed the asset register to confirm they are accurately classified with sufficient information such as location and responsible officer.
- ▶ We reviewed the Council's accounting policies to confirm whether depreciation methods and useful economic lives were assigned to different asset categories. We reviewed the Council's fixed asset register provided by Finance to verify that assets from the register, are appropriately depreciated over time and calculations are driven by appropriate useful economic lives.
- ▶ We sought to verify the processes in place to confirm the existence, whereabouts and security arrangements for fixed assets, including whether unique identifiers have been assigned to each asset.
- ▶ We ascertained whether a process for disposals was in place providing a decision-making framework for staff to follow. For a sample of three disposals since 1 April 2024, we verified whether these were notified to Finance and that the asset register was updated accordingly.
- ▶ We confirmed that a maintenance programme is in place and approved by an appropriate governance forum. We verified whether the programme considers asset lifecycles and that decision-making regarding replacement equipment is sufficiently future focused.
- ▶ For a sample of five high value assets, we confirmed whether their future replacement had been considered and budgeted for accordingly.
- ▶ We confirmed whether the Council's fixed asset registers are regularly reconciled to the general ledger, and whether reconciliation checks would be embedded as part of the transfer of buildings and land-based assets to the Uniform System.
- ▶ We reviewed the governance structure in place and ascertain whether management reporting is received and reviewed on a regular basis, and to a sufficient depth regarding financial, operational and risk management elements. We considered whether implementing one central asset register would be beneficial to aid oversight.



## AREAS OF STRENGTH

- ▶ We reviewed the Council's Asset Management Strategy 2024-2029, approved on 21 March 2024. This strategy sets the framework for estate operations over the next five years. It guides decisions on acquiring, using, and disposing of estate assets—property and land—to ensure they are fit for purpose, efficient, and financially viable. The strategy also outlines the governance approach for decision-making on new initiatives and day-to-day estate management.
- ▶ We examined the Council's accounting policies, specifically the Property, Plant and Equipment (PPE) excerpt, available in its annual financial accounts. The policy defines threshold values for capitalising assets—when an asset should be recorded in the asset register versus expensed. It covers asset categories and classifications, such as buildings, land, vehicles, and IT equipment, along with depreciation rules for each category.
- ▶ The Council have a clear allocation and return process which uses the Fresh Service System to allocate their IT assets to assigned Officers and manage their IT assets.
- ▶ We reviewed the Council's PPE policy, confirming that depreciation methods and useful economic lives are assigned to different categories.
- ▶ We reviewed the Council's Fixed Asset Register and confirmed that asset depreciation had been calculated. The Depreciation tab on the Fixed Asset register showed calculations for the year, listing all assets and types with a depreciation code and further calculations.
- ▶ We confirmed that the Council's IT asset log on Fresh Service outlines the details of, display name, asset type, location, used by, department and who the asset is managed by. As a result, the log included all areas we would expect to be present and no issues with gaps.
- ▶ We reviewed the Fixed Asset Register and disposals list from the last 12 months, confirming that all three disposals were updated in the register. Bank statements matched the financial records for all disposal transactions. Disposals were notified to the Finance team, and the Asset register was updated accordingly.
- ▶ We reviewed the Fixed Asset Register and found that the Finance team reconciled revaluations, additions, disposals, and impairments, ensuring the register balance matches the ledger within the last 12 months. This reconciliation is done on an annual basis.
- ▶ We reviewed the Strategic Assets Working Group papers for 26 September 2024, 22 January, and 5 March 2025 to ensure that appropriate oversight and risk management has taken place. We confirmed that updates are provided as per minutes provided, with actions recorded and assigned to responsible officers.
- ▶ We selected a sample of five high-value assets from the Fixed Asset Register to check if their future replacement has been considered and budgeted for. We were informed that the standard operating procedure for these assets involves considering replacement when they are nearing the end of their life, are too costly to maintain, or have reliability issues. The asset samples are relatively new acquisitions, and a business case for replacement will be raised in the next financial year. We confirmed that the intention is for the new Uniform System to load life expectancy data with the assets, so forward maintenance planning can be accounted for. We received a copy of the 25/26 repairs and renewals monitoring spreadsheet outlining the budget needs and the Councils Budget reports for 25/26.
- ▶ We reviewed the quarterly budgetary control reports for Quarter two (September 2024) and three (December 2024) presented to the Strategy and Resources Committee. Capital monitoring was included, with capital budget forecast variances and a detailed breakdown in Appendix 2 of the report.
- ▶ We selected a sample of three P11 budgetary control reports for the Housing, Parks and Assets, and Planning departments and confirmed that the Finance team tracks capital expenditure through monthly budgeting and provides updated asset-related

financials. This confirmed that Finance have oversight and regular budget monitoring is being completed in relation to capital spend/asset spend.



## AREAS OF CONCERN

- ▶ **Asset Management procedures:** We reviewed the Council's Asset Management Strategy 2024-2029. We found that the scope of the Asset Management Strategy covers broad areas such as the development and maintenance of existing Council-owned land and property, disposal of surplus assets, and acquisition of new property and land assets to deliver Council objectives where affordable. However, the Council lacks detailed policies/procedures to support the strategy.

While the Finance team references the disposal procedures in the PPE section in the accounting policies for guidance, we noted that there is an absence of a documented process on the Asset Management team side, which outlines the disposals process for staff to follow. *(Detailed Finding 1 - Medium)*

- ▶ **Security:** We were informed that Parks and Maintenance equipment and vehicles are used daily and stored where staff are present. However, recorded checks to show they are physically there and building security measures are still operational are not carried out. While there was a physical and security check during the process of moving assets to the Uniform system, there is a lack of annual physical checks to verify the existence of assets and a regular review of security measures for council assets. *(Detailed Finding 2 - Low)*
- ▶ **Asset Register:** We reviewed an exported list of the Asset Register and found it details asset status, reference, address, ward, asset type, and land registration. However, although location is recorded, the register does not include a responsible officer for each asset. *(Detailed Finding 3 - Low)*
- ▶ **Reconciliations:** The Council could benefit from more frequent reconciliations of the Fixed Assets Register to the general ledger, as the potential for errors might go undetected for several months. Mid-year, or quarterly reconciliations may enhance the current control environment. *(Detailed Finding 4 - Low)*



## ADDED VALUE

- ▶ As part of the review, we carried out a comparison of the Council's Built Assets and Land Strategy against good practice identified within our client base or where such information was publicly available. Results of this work have been incorporated within the report. *(Appendix I)*
- ▶ As part of our review, we assessed the Council's progress in transferring buildings and land-based assets to the Uniform System, ensuring efficient asset management, transparency, consistency, risk management, and cost savings. *(Appendix II)*



## CONCLUSION

- ▶ Overall, we have concluded Moderate assurance over the design and Substantial assurance the operational effectiveness of the Council's controls for Asset Management.

### Control Design

- ▶ The control design is rated as Moderate as the Council has a generally sound system of internal controls for the application of Asset Management.
- ▶ We found that the Council's Asset Management Strategy could benefit from being supported with procedures to ensure that there is clear guidance to managers, budget holders, and staff, enhancing the Council's asset management practices and outlining the decision-making steps required for staff.

### Control Effectiveness

- ▶ The control effectiveness is rated as Substantial. The controls in place were generally applied consistently, with specific strengths noted in the Council's



accounting policies, calculation of depreciation, Fixed Asset Register verification, IT asset log confirmation, governance reports, and budgetary monitoring.

- ▶ While physical checks were undertaken to confirm assets exist, security measures protecting assets were not reviewed when moving assets to the Uniform system. An annual check should be completed going forward. The asset register also does not list a responsible officer for each asset. We further noted that the Council could benefit from more frequent reconciliation of the Fixed Assets Register to the general ledger.
- ▶ Therefore, we have raised one medium, and three low priority rated recommendations relating to the control design and control effectiveness for Asset Management.

# DETAILED FINDINGS

## 1 ASSET MANAGEMENT SUPPORTING PROCEDURES

<b>TOR Risk 1 &amp; 5:</b>	<p><b>Risk 1: Policies:</b> The Council does not have a clear Asset Management Strategy/Policy, outlining processes such as recording, maintaining and disposing of assets. The Council's Strategy/Policy is not sufficiently future-focused regarding equipment replacement, leading to increased costs due to emergency replacements or repairs.</p> <p><b>Risk 5: Disposals:</b> Fixed asset disposals are not completed in line with policy, notified to Finance and accurately reflected in the Councils' registers, resulting in difficulty tracking and managing assets and impacting operational efficiency.</p>
<b>Significance</b>	<div style="display: flex; align-items: center;"> <div style="width: 15px; height: 15px; background-color: #e67e22; border-radius: 50%; margin-right: 10px;"></div> <b>Moderate</b> </div>



### FINDING

We reviewed the Council's Asset Management Strategy 2024-2029, approved by the Council on 21/03/2024. This strategy sets the framework for the Council's estate operations over the next five years. It is designed to guide future decisions regarding the strategic needs of the Council concerning the acquisition, use, and disposal of estate assets (property and land) and to ensure these assets are fit for purpose, efficient, and financially viable. The strategy also outlines the governance approach that will support decision-making for both new initiatives and day-to-day management of the estate.

While we found that the scope of the Asset Management Strategy covers key areas such as the development and maintenance of existing Council-owned land and property, disposal of surplus assets, and acquisition of new property and land assets to deliver Council objectives where affordable, the Council lacks detailed policies/procedures to support the strategy. These policies/procedures should clearly define what belongs in the Council's asset register including types of assets, and include procedures for recording, maintaining, and disposing of assets in detail.

While the Asset Management Strategy provides a broad framework, fixed asset procedures would offer detailed guidance on managing assets effectively. It would help ensure consistency in recording, maintaining, and disposing of assets, and support the strategic goals outlined in the Asset Management Strategy.

#### Disposals:

Asset disposals follow a standardised process. All disposal requests must be made via email and require approval and be documented. The Finance team then update the Fixed Asset Register and records the transaction in the general ledger at year-end. Disposal transactions are entered in the ledger at the close of the financial year to ensure financial records are aligned before reporting deadlines.

An annual verification of disposals is completed as the Finance team reconciles records at year-end. This involves ensuring the Fixed Asset Register accurately reflects removals and that disposal transactions match financial records. However, while the Finance team references the PPE policy in the accounting policies for guidance, we found that the Asset Management team lacks a documented process outlining the disposals procedure for staff to follow.

#### Associated risk:

Without clear processes for recording, maintaining, and disposing of assets there may be an increased risk of asset mismanagement. If the disposals process isn't outlined for the asset management team, it can lead to confusion and inefficiency, as team members may not know their roles or the steps needed to achieve objectives



### RECOMMENDATION

1a. The Council should implement supporting procedures to provide detailed guidance to support implementation of the Asset Management Strategy.



Each procedure should clearly outline the objectives, scope, and principles for asset management, including guidelines for acquisition, maintenance, depreciation, and disposal. Detailed procedures should support the asset management strategy, covering the recording, tracking, and reporting of assets to ensure consistency and compliance. Including responsibilities and duties of the appropriate parties.

This approach should provide clear guidance to managers, budget holders, and staff, enhancing the Council's asset management practices.

1b. The Asset Management team should document the disposal process using a flow chart. Clearly outlining the decision-making steps for staff to follow.



## MANAGEMENT RESPONSE

1a. Following the successful completion of the project to create a new Assets Register, and Councils agreement to continue to fund the resource to support the maintenance of the register, it was intended to develop a set of procedures to flow from that project. There this recommendation is welcomed, together with examples of good practice to support that work. The Constitution and Scheme of Delegation, together with the oversight of the Strategic Assets Working Group (SAWG) currently provides a framework for decision making, which will help to inform working procedures and policies. It is intended to complete this work by 30 June 2026 at the latest, with engagement with the SAWG as the procedures are developed, and any relevant Policies being approved by the Strategy and Resources Committee, and where appropriate Council.

1b. The procedures at 1.a will include the Councils disposal process, and all procedures will include a flow chart where appropriate.

**Responsible Officer:**

1a. Head of Assets, Coast and Countryside


1b. Head of Assets, Coast and Countryside

**Implementation Date:**

1a. 30 June 2026

1b. 30 June 2026

## 2 SECURITY CHECKS

<b>TOR Risk 4:</b>	<b>Security:</b> Fixed assets are not subject to physical checks to confirm their existence and current whereabouts. There are not adequate controls in place to safeguard assets from loss, damage and theft, which could lead to financial losses and potential operation disruptions.
<b>Significance</b>	 Low



### FINDING

To ensure the Council has effective security arrangements for fixed assets, we reviewed the following policies to assess whether responsibilities and obligations are clearly outlined:

- Code of Conduct
- Information Security Policy
- Acceptable Use Policy
- Using Email and Digital Communications policy

The Information Security Policy, Acceptable Use Policy and Using Email and Digital Communications Policy were all in date apart from the Code of Conduct which has not been reviewed since 29/06/2018. However, we were informed that this has been reviewed in line with any changes to legislation. This has been reviewed in line with any changes to legislation. We found there was a lack of front cover details and the latest version control for any updated details.

Although we were advised by the Assistant Director of Resources and the Assistant Director of Customer Services and Operations that Council buildings are secure. The Asset and Building Services Manager informed us that Parks and Maintenance equipment, and vehicles are used daily and stored where staff are present. However, recorded security checks are not carried out. Vehicles undergo a recorded daily presence check, but buildings are not subject to any security measure checks. The Assistant Director of Customer Services and Operations advised us as part of the implementation of the asset register they visited the sites of the buildings.

However, we informed by the Assistant Director of Resources and the Assistant Director of Customer Services that physical and security checks were undertaken in the process to move assets onto the Uniform System and we can confirm through evidence that this was undertaken.

#### Associated risk:

If security measures or physical checks of asset existence haven't been completed, it could result in potential risks of loss or mismanagement.



### RECOMMENDATION

2a. The Council should ensure that the Code of Conduct includes the date of review and version control details for any changes made.

2b. The Council should conduct annual physical checks to verify the existence of assets and regularly review any security measures related to Council assets.



### MANAGEMENT RESPONSE

2a. The Code of Conduct control sheet will be amended to reflect the review date and version number when legislation or administrative changes are required

2b. The project to create a new Asset Register (which was completed 31 March 2025) has included a physical check on the Councils land and Property Assets over the last 12 months. Additionally the Councils day to day working procedures include inherent checks of assets, such as regular vehicle

checks and condition survey, which include security measures. However but we recognise that these are not specifically recorded as such, therefore we will undertake an annual check using the data from our new Assets Register from April 2026, due to the majority of the Councils assets have being reviewed as part of the recently completed work to create the new Asset Register.

**Responsible Officer:**

2a. Assistant Director - Resources


2b. Asset and Building Services Manager/ Coast and Countryside Manager

**Implementation Date:**

2a. March 2026

2b. April 2026

### 3 ASSET REGISTER

<b>TOR Risk 2:</b>	<b>Additions:</b> Fixed assets are not identified at the time of purchase or are not accounted for and classified appropriately within the Council's fixed asset registers, resulting in potential non-compliance with accounting standards.
<b>Significance</b>	 Low



#### FINDING

We reviewed the Council PPE section from the Council's accounting policies, which are publicly available as outlined within its annual financial accounts. The policy sets out the threshold values for capitalising assets—when an asset should be recorded in the asset register versus expensed. It also covers asset categories and classifications, such as buildings, land, vehicles, and IT equipment, along with depreciation rules for each category.

The Finance team is responsible for ensuring assets are properly recorded in the Fixed Asset Register.

While the policy includes classification details, it lacks outlined responsibilities for the Finance team for the Fixed Asset Register. This issue has been raised in finding one, which addresses asset classification and responsibilities.

We reviewed an exported list of the Asset Register and found it details asset status, reference, address, ward, asset type, and land registration. However, although location is recorded, the register does not include a responsible officer for each asset.

#### Associated risk:

Without recording the responsible officer for each asset, accountability issues may arise, making it difficult to manage and track assets effectively.



#### RECOMMENDATION

3a. The Council should update the asset register to include the details of the responsible officer for each asset.



#### MANAGEMENT RESPONSE

3a. An accountable Officer has been added to the Fixed Asset register

<b>Responsible Officer:</b>	3a. Asset and Building Services Manager/ Coast and Countryside Manager
<b>Implementation Date:</b>	3a. Completed

## 4 RECONCILIATIONS

## TOR Risk 7:

**Reconciliation:** The Council's fixed asset registers are not regularly reconciled to the general ledger meaning that the Council's financial accounting records are inaccurate and out of date

## Significance



Low



## FINDING

We confirmed that the Finance team at year-end, perform an annual reconciliation process which reconciles revaluations, additions, disposals, and impairments to ensure the fixed asset register balance matches the ledger.

The Council could benefit from more frequent reconciliations, as the potential for errors might go undetected for several months. Mid-year, or quarterly reconciliations may enhance the current control environment. Good practice for reconciling the fixed asset register to the general ledger would consider conducting a reconciliation on a regular basis. This ensures that any discrepancies are identified and addressed promptly, maintaining accurate financial records. Regular reconciliation helps in verifying asset existence, tracking asset movements, and ensuring compliance with accounting standards

**Associated risk:**

If asset management reconciliations are only done annually, it has the potential risk to prolong inaccuracies and create potential mismanagement. Regular checks would ensure accurate records.



## RECOMMENDATION

4a. The Council should consider increasing the frequency of reconciliation checks to mid-year or quarterly.



## MANAGEMENT RESPONSE

4a. The Council has carefully considered this recommendation. However it has decided to retain its annual reconciliation of the asset register to its ledger. This is because the asset base value and the related depreciation calculation are not relevant for budgeting purposes. The recommendation above regarding regular review of asset register will ensure completeness ahead of the year end accounts closure exercise.

## Responsible Officer:

4a. Chief Finance Officer

## Implementation Date:

4a. N/A

## APPENDIX I - COUNCIL'S BUILD ASSET AND LAND STRATEGY

Good Practice identified at other local authorities or publicly available outlined within their Asset Management Strategies

### Council Strategies

We found that Asset Management's strategy often overlaps with various Council Strategies. The Council outlined that the asset management strategy is designed to support the Council in adopting a place-based approach. This involves optimising physical assets and collaborating with partners to ensure services are accessible to the greatest number of people.

Such as outlining key areas of the cross reference to the Council's Capital Strategy, Economic Growth Strategy, and Commercial Strategy. Detailing how the asset management plan responds to, informs, and integrates with the Council's Corporate Plan.

### Portfolio Overview

We found that the Council has included a portfolio overview, detailing the management of its asset portfolio and the current income figures generated from the investment estate. The strategy used pie charts to clearly demonstrate the importance of income generation in supporting Council services. Showing how these efforts contribute to economic growth and commercial objectives.

### Service Asset Management Plans (SAMPs)

The Councils plan outlines the Service Asset Management Plan. Highlighting that Service Asset Management Plans (SAMPs) are crucial to the success of the strategy. For them to be effective, senior managers of the services in those buildings need to be clear about their service operating model and how accommodation can be used most efficiently and effectively. SAMPs forge the link and ensure collaboration between the key drivers of service delivery and the asset-led transformation brought about through the Corporate Landlord model.

### Portfolio Categorisation and Assessment

The strategy outlines portfolio categories to help make suitable and effective property decisions for each asset. The asset base is categorised into specific portfolios, each with its own definitions and performance asset considerations.

As well as a portfolio assessment with methods varying according to category. Each category has its own assessment criteria, considerations, and outcomes, ensuring that decisions are tailored to meet the specific needs and goals of the organisation.

### Repairs and Maintenance Strategy

The strategy highlights the need for a focused repairs and maintenance approach. As a guide for portfolio management to reduce the estate, ensuring a critical mass of land and property that meets the Council's strategic objectives and remains affordable to maintain.

To achieve this, the strategy outlines the use of Condition Surveys and a Condition Programme, ensuring processes are coherent, transparent, accessible, and dynamic. Outlining that Suitability Surveys and Planned Maintenance Programmes will also be employed to support these efforts, ensuring that maintenance is efficient and effective.

### Key Performance Indicators (KPIs)

The Councils strategy outlines Key Performance Indicators (KPIs) at various levels: strategy, corporate, and service and operational. These KPIs are designed to measure success and ensure alignment with the overall objectives. At the strategy level, KPIs focus on long-term goals and the effectiveness of the strategy itself. Corporate-level KPIs assess how well the organisation is meeting its broader objectives. Service and operational-level KPIs are more detailed, focusing on the day-to-day performance and efficiency of specific services and operations. This multi-level approach ensures comprehensive monitoring and continuous improvement across all areas.



## APPENDIX II - UPDATE OF THE UNIFORM SYSTEM TRANSFER PROGRESS

The Assistant Director of Customer Services and Operations has informed us of the progress on the project to transfer buildings and land-based assets to the Uniform System. The project has been signed off, successfully transferring all relevant information into the system and updating it. The next stage involves maintaining and utilising this data. Recruitment is underway for a permanent role to support this phase. The new staff member will collaborate with the assets manager to develop procedures and undertake related tasks. The initial project has been completed and was presented to the EG&A committee 05/06/25 to confirm auditor satisfaction and closure of recommendations.

The Council's Asset and Building Services Manager advised us that the team has completed a comprehensive review of the Asset Management system. They have corrected inaccuracies, updated out-of-date information, and added missing details, including child assets like boilers and roller shutter doors, particularly where statutory inspections are required. Physical condition surveys have been conducted for each asset to ensure the most current information is available.

The team is exploring options to automate notifications for when inspections fall due to the responsible person. However, this might exceed Uniform's capabilities. Ideally, automation is preferred, but if not feasible, a monthly report will be downloaded to identify tasks and distribute this information to the relevant people. This work encompasses all built assets and open spaces.

During this process, several areas for improvement in the data held on Uniform have been identified. Collaboration with the GIS mapping specialist has enhanced asset location plans and incorporated additional information like leases, licences, and Land Registry documents. The team is continually discovering new data to include and will keep updating this information.

Several issues and limitations with Uniform have been encountered, particularly its poor reporting function. To address this, the team has been working with the Power BI specialist to leverage that software for reporting needs. Power BI can extract relevant data from Uniform and generate the required reports, which are currently being refined to ensure they provide the necessary information.

## APPENDIX III - 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 IV - TERMS OF REFERENCE



### BACKGROUND & PURPOSE

#### BACKGROUND

- ▶ Local authorities hold assets for various operational or investment purposes. Maldon District Council ('the Council') maintain both land and buildings assets as well as resources assets. There is no single database in place, as assets are held departmentally with the Assistant Director - Resources, and the Assistant Director - Customer Services and Operations, holding respective responsibility.
- ▶ The Council has an Asset Management Strategy 2024-29 in place, which sets the strategic framework for the Council's estate operations over the next five years. Council owned land and property are the focus of the Strategy's scope, including guidance on disposal of surplus assets and acquisition of new property and land assets. A detailed policy matrix has not yet been developed to sit below this. All buildings and land-based assets are currently being transferred from spreadsheets to the Council's central software, Uniform. The project is due to complete by 31 March 2025, and quarterly project governance reports are being shared directly with Members.
- ▶ Per the Council's insurance documentation, there are 38 Council-owned vehicles on cover as at 23 May 2024. Furthermore, per the latest property schedule dated 21 August 2024, there are 63 Council-owned properties comprising a total value of £16,861,227.
- ▶ There are several policies in place to govern the use and maintenance of resources (IT) assets, including the Employee Code of Conduct, Information Security Policy, Acceptable Use Policy and Using Email and Digital Communications Policy. The Code of Conduct outlines that employees must take care of Council property, equipment and vehicles, and use these for authorised purposes only.
- ▶ Since the pandemic, the Council has reduced the number of resources-based assets to include mainly laptops and screens, due to factors such as increased remote working. All IT assets are recorded separately to buildings and land-based assets, on the Council's 'Fresh Service' system. The Council have the following process to log and allocate IT assets to staff:
  - When purchased, the kit is asset tagged and entered into Fresh Service (in stock).
  - When the device is allocated to staff, it is assigned to the officer (in use).
  - If the device is broken, lost or not returned, it is reclassified (missing or retired). IT specialists and caseworkers amend Fresh Service when kit is retired, as either disposed of or broken.
  - When the officer leaves, the kit is returned (in stock).
- ▶ Fresh Service allows the Council to pull data and charts regarding the Council's IT assets. As of 31 December 2024, the Fresh Service laptop report included the following assets:
  - 23 legacy laptops incorrectly classified in Fresh Service (to be fixed or retired).
  - 270 laptops in use.
  - 97 devices in stock. This comprises 14 laptops to be used for new staff and/or replacements, five IT-specific devices, 32 out of warranty and end of line 13/14-inch screens (available in stock if required) and 46 out of warranty and end of line 15-inch screens (available in stock if required).
  - 12 retired laptops.
  - One sold laptop.
- ▶ Other IT assets such as printers and photocopiers are leased by the Council and will therefore not be included within the scope of this review.

#### PURPOSE

- ▶ The purpose of this audit is to provide assurance that the Council has maintained a full and complete asset register. The audit will also assess whether the lifecycle of assets

has been considered and decision-making regarding replacement equipment is future focused.

- ▶ The audit will consider the progress being made on the project to transfer buildings and land-based assets to Uniform (see Added Value), however the scope of this review will not provide assurance over the project management or project delivery.

#### CRR REFERENCE

- ▶ R11 - Failure to protect personal or commercially sensitive data.



#### KEY RISKS

Based upon the risk assessment undertaken during the development of the internal audit operational plan, through discussions with management, and our collective audit knowledge and understanding the potential key risks associated with the area under review are:

- ▶ **Policies:** The Council does not have a clear Asset Management Strategy/Policy, outlining processes such as recording, maintaining and disposing of assets. The Council's Strategy/Policy is not sufficiently future-focused regarding equipment replacement, leading to increased costs due to emergency replacements or repairs. (Risk 1)
- ▶ **Additions:** Fixed assets are not identified at the time of purchase or are not accounted for and classified appropriately within the Council's fixed asset registers, resulting in potential non-compliance with accounting standards. (Risk 2)
- ▶ **Calculations:** Fixed assets are not appropriately depreciated over time in line with detailed and approved accounting policies, driven by appropriate useful economic lives, causing misleading information being used for decision making. (Risk 3)
- ▶ **Security:** Fixed assets are not subject to physical checks to confirm their existence and current whereabouts. There are not adequate controls in place to safeguard assets from loss, damage and theft, which could lead to financial losses and potential operation disruptions. (Risk 4)
- ▶ **Disposals:** Fixed asset disposals are not completed in line with policy, notified to Finance and accurately reflected in the Councils' registers, resulting in difficulty tracking and managing assets and impacting operational efficiency. (Risk 5)
- ▶ **Maintenance and replacement:** The Council does not have a defined programme in place regarding maintenance and replacement of assets, or asset lifecycles are not considered within the maintenance and replacement process, leading to an increased risk of asset failure. (Risk 6)
- ▶ **Reconciliation:** The Council's fixed asset registers are not regularly reconciled to the general ledger meaning that the Council's financial accounting records are inaccurate and out of date. (Risk 7)
- ▶ **Management Reports:** Management Reports are not completed and circulated to the appropriate Committee in sufficient detail or frequency, leading to inadequate oversight and poor risk management. (Risk 8)



#### SCOPE & APPROACH

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

- ▶ We will review the Council's Strategy and any supporting policies and procedures, to confirm that these are accurate, up to date and available to all relevant staff. We will also confirm whether the Council's Strategy is sufficiently future-focused and clearly defines which assets should be included on the register. (Risk 1)
- ▶ We will assess the Council's policies and procedures for recording and classifying assets to ensure they are robust and clearly assign responsibility for the register. For a sample of buildings and land-based assets, we will also complete an existence check to confirm that assets listed on the register exist and are accurately classified with sufficient information such as location and responsible officer. (Risk 2)
- ▶ We will review the Council's accounting policies to confirm whether depreciation methods and useful economic lives are assigned to different asset categories. For a

sample of fixed assets from the register, we will confirm they are appropriately depreciated over time and that calculations are driven by appropriate useful economic lives. (Risk 3)

- ▶ We will verify the processes in place to confirm the existence, whereabouts and security arrangements for fixed assets, including whether unique identifiers have been assigned to each asset. (Risk 4)
- ▶ We will ascertain whether a process for disposals is in place providing a decision-making framework for staff to follow. For a sample of disposals since 1 April 2024, we will verify whether these were notified to Finance and that the asset register was updated accordingly. (Risk 5)
- ▶ We will confirm that a maintenance programme is in place and approved by an appropriate governance forum. We will verify whether the programme considers asset lifecycles and that decision-making regarding replacement equipment is sufficiently future focused. (Risk 6)
- ▶ For a sample of high value assets, we will confirm whether their future replacement has been considered and budgeted for accordingly. (Risk 6)
- ▶ We will confirm whether the Council's fixed asset registers are regularly reconciled to the general ledger, and whether reconciliation checks will be embedded as part of the transfer of buildings and land-based assets to the Uniform System. (Risk 7)
- ▶ We will review the governance structure in place and ascertain whether management reporting is received and reviewed on a regular basis, and to a sufficient depth regarding financial, operational and risk management elements. We will consider whether implementing one central asset register would be beneficial to aid oversight. (Risk 8)

The scope of the review is limited to the areas documented under the scope and approach. All other areas are considered outside of the scope of this review. 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.

In delivering this review BDO may need to observe and test confidential or personal identifiable data to ascertain the effective operation of controls in place. The organisation shall only provide the Shared Personal Data to BDO using secure methods as agreed between the parties. BDO will utilise the data in line with the Data Protection Act 2018 (DPA 2018), and the UK General Data Protection Regulation (UK GDPR) and shall only share Personal Data on an anonymised basis and only where necessary.



#### ADDED VALUE

In addition to the above areas we will also:

- ▶ Review the Council's Built Assets and Land Strategy and compare this against good practice identified within our client base or where information is publicly available.
- ▶ Review the progress of the Council's ongoing project to transfer buildings and land-based assets to the Uniform System.



#### ESG COVERAGE

Our review has covered the following aspects of the organisation's Environmental, Social and Governance (ESG) agenda:

- ▶ Good governance regarding asset management should support the Council in maintaining a full and complete asset register, by providing a clear understanding of asset value and performance to inform decision-making. Furthermore, a detailed asset register should enable better management of resources, leading the Council to eliminate waste and reduce negative environmental impacts.

**FOR MORE INFORMATION:**

**AARON WINTER**

Aaron.Winter@bdo.co.uk

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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