

# **INTERNAL AUDIT ANNUAL REPORT AND ANNUAL STATEMENT OF ASSURANCE**

Maldon District Council

2024/25

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# EXECUTIVE SUMMARY

## Internal Audit 2024/25

This report details the work undertaken by internal audit for Maldon District Council ('the Council') and provides an overview of the effectiveness of the controls in place for the full year. The following reports have been issued for this financial year:

- ▶ Health and Safety
- ▶ Health and Wellbeing
- ▶ GDPR
- ▶ Building Control
- ▶ Main Financial Systems
- ▶ Capital and Commercial Project Management
- ▶ Contract Management
- ▶ Business Continuity and Disaster Recovery
- ▶ Asset Management

We have detailed the opinions of each report and key findings on pages 3 to 11. Our internal audit work for the period 1 April 2024 to 31 March 2025 was carried out in accordance with the internal audit plan approved by management and the Performance, Governance and Audit Committee. The plan was based upon discussions held with management and was constructed in such a way as to gain a level of assurance on the main financial and management systems reviewed. There were no restrictions placed upon the scope of our audit and our work complied with Public Sector Internal Audit Standards.

## Head of Internal Audit Opinion

The role of internal audit is to provide an opinion to the Council, through the Performance, Governance and Audit Committee, on the adequacy and effectiveness of the internal control system to ensure the achievement of the organisation's objectives in the areas reviewed. The annual report from internal audit provides an overall opinion on the adequacy and effectiveness of the organisation's risk management, control and governance processes, within the scope of work undertaken by our firm as outsourced providers of the internal audit service. It also summarises the activities of internal audit for the period. The basis for forming my opinion is as follows:

- ▶ An assessment of the design and operation of the underpinning Board Assurance Framework and supporting processes
- ▶ An assessment of the range of individual opinions arising from risk-based audit assignments contained within internal audit risk-based plans that have been reported throughout the year; this assessment has taken account of the relative materiality of these areas and management's progress in respect of addressing control weaknesses
- ▶ Any reliance that is being placed upon third party assurance.

Overall, we provide **Moderate** Assurance that there is a sound system of internal controls, designed to meet the Council's objectives, that controls are being applied consistently across various services.

In forming our view, we have considered that:

- ▶ We completed a total of nine assurance audits for 2024/25.
- ▶ For the nine assurance audits, four were rated substantial, four moderate and one limited in the design of the controls. This is similar to the prior year when four were rated substantial and four moderate in the design of the controls.

- ▶ Three were rated substantial, five moderate and one limited in their operational effectiveness. Again, this is similar to the prior year when three were rated substantial and five moderate in operational effectiveness.
- ▶ The limited opinions related to the design of the control environment of Building Control and the effectiveness of controls for Health and Safety. These reviews related to risk areas known by management and our plan was directed to the reviews in question.
- ▶ Our nine reports for the year resulted in a total of 29 recommendations (High: 4, Medium: 13 and Low: 12), compared to 29 recommendations the year before (High: 4, Medium: 15 and Low: 10). The similar numbers are reflective of the similar opinion ratings in the year.
- ▶ The Council has performed well in implementing our audit recommendations within the specified timeframes. As at the end of June 2025, all recommendation that became due have been implemented.
- ▶ As is the case across local government, the Council has faced financial and operational challenges during the year. However, it reported a surplus of £2.9m for 2024/25 compared to a previous deficit of £9.9m for 2023/24.



# REVIEW OF 2024/25 WORK

Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Conclusion and Summary of Key Findings
	H	M	L	Design	Operational Effectiveness	
Health and Safety	2	3	1	Moderate	Limited	<p>The purpose of the audit was to provide assurance over the design and operational effectiveness of the controls relating to the application of health and safety policies and practices across the Council.</p> <p>Overall, we concluded Moderate assurance over the design and Limited assurance over the operational effectiveness of the Council's controls for Health and Safety policies and practices across the Council.</p> <p><u>Control Design</u></p> <ul style="list-style-type: none"> <li>The control design is moderate because the Council generally has a sound system of internal controls to ensure consistent application of health and safety policies and practices across the Council.</li> <li>The control environment could be enhanced by: <ul style="list-style-type: none"> <li>creating a consistent approach to health and safety requirements for events at the Council.</li> <li>implementing an agreed inspection frequency with each service area head to ensure overall oversight and compliance.</li> <li>New systems, such as the Risk Assessment Database, are being developed and implemented to improve overall oversight.</li> </ul> </li> <li>We have raised one high priority and one low priority findings to strengthen the control design.</li> </ul> <p><u>Control Effectiveness</u></p> <ul style="list-style-type: none"> <li>The control effectiveness is Limited because the existing controls were not consistently applied. However, the Council had specific strengths over regular reporting of Health and Safety compliance and performance to senior officers and members to the Performance, Governance and Audit Committee.</li> </ul>

Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Conclusion and Summary of Key Findings
	H	M	L	Design	Operational Effectiveness	
						<ul style="list-style-type: none"> <li>We identified that policies and risk assessments are outdated and due for review. The current training matrix, monitoring, and oversight could be improved with regular reporting.</li> <li>This has resulted in one high priority and three medium priority findings regarding control effectiveness.</li> </ul>
Capital and Commercial Project Management	0	1	2	Substantial	Moderate	<p>The purpose of the audit was to provide assurance over the management of Capital projects, including the planning, funding, delivery, and the approach to project management to ensure there is sufficient due diligence and that projects are delivered in line with expectations.</p> <p>We focused on Capital projects as the Council has only two Commercial projects, which were previously audited in the last two years.</p> <p>Overall, we concluded Substantial assurance over the design and Moderate assurance the operational effectiveness of the Council's controls for Capital and Commercial Project Management.</p> <p><u>Control Design</u></p> <ul style="list-style-type: none"> <li>The control design is rated as Substantial as the Council has a system of internal controls for the application of Capital Project Management across the Council.</li> <li>We found that the Council's guidance and strategies could benefit from minor improvements to ensure that details of reviews are recorded.</li> <li>The Council's guidance and strategies should clearly distinguish between Capital and Commercial projects. This will provide clear guidance for staff, resource allocation, and the applicable project requirements for both project types.</li> </ul> <p><u>Control Effectiveness</u></p> <ul style="list-style-type: none"> <li>The control effectiveness is rated as Moderate as the controls in place were generally applied consistently, with specific strengths in the Council's governance over Capital projects, including risk management and monitoring of progress and expenditure. As well as the support of guidance provided by the PMO.</li> <li>However, not all business case templates were fully completed for the selected sample. Budget tracking, risk management/risk assessments were missing, and there was no section ensuring the consideration of environmental and social impacts. We also</li> </ul>

Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Conclusion and Summary of Key Findings
	H	M	L	Design	Operational Effectiveness	
						<p>did not evidence any benefits realisation for the projects. Staff should be encouraged to use the PMO templates and tools to aid project management.</p> <ul style="list-style-type: none"> <li>Therefore, we raised one medium and two low priority rated recommendations relating to the control design and control effectiveness for Capital and Commercial Project Management.</li> </ul>
Health and Wellbeing	0	0	2	Substantial	Substantial	<p>The purpose of the audit was to review the design and operational effectiveness of controls relating to health and wellbeing initiatives in place to support staff across the Council. We also considered how the success of the initiatives is monitored, how progress is reported and how staff feedback is considered.</p> <p>Overall, we concluded Substantial assurance over the design and operational effectiveness of the Council's governance, risk management, and control arrangements in relation to its health and wellbeing provision to support staff.</p> <p><u>Control Design</u></p> <ul style="list-style-type: none"> <li>The control design is Substantial because there is a sound system of internal controls to help ensure issues affecting staff health and wellbeing are identified and addressed, and there are a range of channels to communicate roles, responsibilities, resources and guidance to staff.</li> <li>The control environment could be further enhanced by finalising the administrative arrangements for the Mind Body Sole Group.</li> <li>We have therefore raised one Low priority finding to strengthen the control design.</li> </ul> <p><u>Control Effectiveness</u></p> <ul style="list-style-type: none"> <li>The control effectiveness is Substantial because we identified one instance where the processes in place could be further enhanced to ensure there is a clear golden thread between actions and outcomes.</li> <li>A key staff feedback tool is the annual staff survey; the Council analyses survey results to compile next steps for the forthcoming year. The control environment could be further enhanced by ensuring that actions resulting from the most recent staff survey (2024) are specific, measurable, assignable, relevant/realistic, and timebound (SMART). This would enable the Council to monitor progress with the actions</li> </ul>



Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Conclusion and Summary of Key Findings
	H	M	L	Design	Operational Effectiveness	
						<p>throughout the year, take stock against them at the end of the year, and ultimately evidence outcomes to staff.</p> <ul style="list-style-type: none"> <li>We therefore raised one Low priority finding to strengthen the control effectiveness.</li> </ul>
Contract Management	0	1	1	Substantial	Moderate	<p>The purpose of the audit was to consider the adequacy and effectiveness of arrangements for contract management, assessing whether arrangements are robust and transparent and that effective relationships are maintained with key partners.</p> <p>Overall, we concluded Substantial assurance over the design and Moderate assurance over the operational effectiveness of the Council's governance, risk management, and control arrangements in relation to contract management.</p> <p><u>Control Design</u></p> <ul style="list-style-type: none"> <li>The control design is Substantial because there is a sound system of internal controls, including policies, procedures and oversight arrangements to help ensure contracts are managed and monitored effectively, and these continue to be improved and consolidated in light of the Procurement Act 2023.</li> </ul> <p><u>Control Effectiveness</u></p> <ul style="list-style-type: none"> <li>The control effectiveness is Moderate because, for the sample of five contracts reviewed (three high and two low value), we identified instances where the controls and processes in place are not being consistently applied.</li> <li>The control environment could be further enhanced by ensuring that training is completed by staff as required, and the administration of contracts is updated so that the contract is in line with the monitoring arrangements required in practice.</li> <li>We therefore raised one Medium and one Low priority finding to strengthen the effectiveness of controls.</li> </ul>
GDPR	0	3	1	Moderate	Moderate	<p>The purpose of the audit was to assess the Council's compliance against key parts of UK GDPR, including training and awareness, roles and responsibilities, data breach management, data protection impact assessments, policies and procedures, and governance of information assets.</p>



Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Conclusion and Summary of Key Findings
	H	M	L	Design	Operational Effectiveness	
						<p>We raised three medium priority recommendations and one low priority recommendation to improve the Council's data protection controls for ensuring compliance with the requirements of the UK GDPR.</p> <p>We recognise the Council have been through a significant journey of improvement regarding GDPR compliance. Therefore, we expected to identify gaps in the control environment and/or its effectiveness. As part of our conclusions drawn, we also consider the positive and effective commitment the Council have to this area in the coming months to continue improving arrangements. The level of progress made by the Council to improve arrangements is commended.</p> <p>We highlighted the Council's RoPA as a medium finding due to the design being in line with ICO guidance, however it is not effectively completed at this point. This is a crucial aspect for ensuring that the Council complies with UK GDPR. As per finding 1, improvements need to be made to ensure that this contains the required information to record the Council's data processing activities.</p> <p>The Council are aware of this, and our position is that if improvement is not made within the coming months, this would change our view to a Limited Opinion as prompt action is required. However, at this point we are content and expect progress to continue and therefore are content with a Moderate Opinion.</p> <p><u>Control Design</u></p> <ul style="list-style-type: none"> <li>We rated the design of the controls as moderate as there is generally, a sound system of internal control in place, however some weaknesses were identified, primarily with the issues identified with the RoPA in Finding 1. The RoPA is key to ensuring compliance with legislation and data protection principles such as transparency, lawfulness, and data minimisation. Furthermore, there were issues identified with the lack of up-to-date details on the information sharing arrangements the Council has with third parties.</li> </ul> <p><u>Control Effectiveness</u></p> <ul style="list-style-type: none"> <li>We concluded moderate assurance over the effectiveness of the controls as we found evidence of non-compliance with some controls in our testing. This can be seen with the individual departments not having individual RoPAs in place in addition to the training compliance and the gaps identified with the response times for FOIs and SARs.</li> </ul>

Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Conclusion and Summary of Key Findings
	H	M	L	Design	Operational Effectiveness	
Building Control	2	2	1	Limited	Moderate	<p>The purpose of the audit was to review the effectiveness of the Council's approach to delivering the Building Control service, including the execution of their responsibilities and how they have implemented the recent national changes to the sector.</p> <p>We provided Limited assurance over the design of the controls in place and Moderate assurance over the effectiveness of controls that are in place to manage the Building Control function.</p> <p><u>Control Design</u></p> <ul style="list-style-type: none"> <li>The control design has been assessed as Limited because we identified the following significant gaps in the controls: <ul style="list-style-type: none"> <li>No formal process is in place regarding how Building Control fees, and any updates, are communicated to the Building Control team. There is also an incomplete understanding of whether the fees charged fully cover the Council's costs.</li> <li>The contents of the Building Control Policy and Procedures document does not reflect all the requirements of the BSR.</li> <li>Limited oversight of the performance of the Building Control function has been defined and is in place.</li> <li>The reporting functionality of the IDOX Uniform system does not meet the BSR reporting requirements nor are there alternative processes in place to report against those requirements manually.</li> </ul> </li> <li>We therefore raised two High and two Medium priority rated recommendations to support the Council mitigate the identified risks.</li> </ul> <p><u>Control Effectiveness</u></p> <ul style="list-style-type: none"> <li>The control effectiveness has been assessed as Moderate as our testing confirmed compliance with the statutory performance indicator of plan approval/decision timescales however, we identified several exceptions in our sample testing relating to local performance indicators to confirm whether Building Control applications are dealt with in accordance with documented performance standards.</li> </ul>
Business Continuity and Disaster Recovery	0	0	1	Substantial	Substantial	<p>The purpose of the audit was to provide assurance that the Council has adequate arrangements in place to recover its IT services, hardware, and infrastructure in the event</p>

Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Conclusion and Summary of Key Findings
	H	M	L	Design	Operational Effectiveness	
						<p>of a disaster, including whether the recommendations raised as part of the 2019/20 have been implemented.</p> <p>We raised one low priority recommendation to further strengthen the Council's IT disaster recovery and business continuity controls and enhance its IT network resilience and service availability in the event of an incident or disaster.</p> <p><u>Control Design</u></p> <ul style="list-style-type: none"> <li>The Council has identified, assessed, and prioritised its critical IT systems and services based on robust business impact and risk assessments and has defined recovery objectives based on this prioritisation and in line with corporate objectives. There are defined business continuity and disaster recovery plans in place, which include procedures and roles and responsibilities of members of staff, as well as technical standard operating procedures for the back-up and full recovery of critical IT systems and services in the event of an incident or disaster. Therefore, we concluded 'Substantial' assurance over the design of the Council's IT business continuity and disaster recovery controls.</li> </ul> <p><u>Control Effectiveness</u></p> <ul style="list-style-type: none"> <li>The Council has appropriate, and regularly tested, backup and recovery arrangements in place, which alongside the regular testing of the Council's IT disaster recovery and business continuity procedures and the training provided to members of staff would help to ensure that the procedures will be effectively applied in the event of an incident or disaster. Furthermore, recovery objectives have been defined for each individual system or service, and while there has not been a complete assessment of the feasibility of these objectives, the Council has a defined schedule of tests in place that includes a full assessment of all IT systems covering complete physical hardware restores, entire virtual machine restores, and full data restores. Consequently, we also concluded 'Substantial' assurance over the operational effectiveness of the Council's IT business continuity and disaster recovery controls.</li> </ul> <p>The scope of our review is limited to the areas documented under the scope and approach section of the agreed Terms of Reference (see Appendix II). Our work is therefore designed to provide an assessment of the IT disaster recovery and business continuity arrangements that are in place, and the controls assessed support a strong foundation that is informing the opinion provided, but we cannot provide absolute assurance in the event of an incident.</p>

Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Conclusion and Summary of Key Findings
	H	M	L	Design	Operational Effectiveness	
Asset Management	0	1	3	Moderate	Substantial	<p>The purpose of the 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.</p> <p>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.</p> <p>Overall, we concluded Moderate assurance over the design and Substantial assurance the operational effectiveness of the Council's controls for Asset Management.</p> <p><u>Control Design</u></p> <ul style="list-style-type: none"> <li>The control design is rated as Moderate as the Council has a generally sound system of internal controls for the application of Asset Management.</li> <li>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.</li> </ul> <p><u>Control Effectiveness</u></p> <ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>Therefore, we raised one medium, and three low priority rated recommendations relating to the control design and control effectiveness for Asset Management.</li> </ul>
Main Financial Systems	0	2	0	Moderate	Moderate	The purpose of the audit was to review the Council's general ledger controls, including:

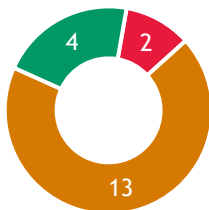
Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Conclusion and Summary of Key Findings
	H	M	L	Design	Operational Effectiveness	
						<ul style="list-style-type: none"> <li>• An annual review of control account reconciliations and journals; and</li> <li>• Key IT access controls</li> </ul> <p>We also conducted a cyclical audit of key treasury management controls</p> <ul style="list-style-type: none"> <li>• Overall, we concluded Moderate assurance over the design and operational effectiveness of the Trust's main financial systems.</li> </ul> <p><u>Control Design</u></p> <ul style="list-style-type: none"> <li>• The Trust has a generally sound system of controls designed to achieve its system of objectives, however we found an exception which related to the following: <ul style="list-style-type: none"> <li>◦ The reconciliation template for the General Bank - Income and Bank Payments does not have designated sections to include details of the preparer and the reviewer. The reconciliation packs does not embed the supporting documentation to support the review process.</li> </ul> </li> <li>• We raised a medium priority recommendation to address this exception.</li> </ul> <p><u>Control Effectiveness</u></p> <ul style="list-style-type: none"> <li>• The control effectiveness is Moderate because there is evidence of non-compliance with some key financial controls.</li> <li>• For our review of IT controls over the access to the finance system, we were not provided with evidence to support the review of their roles prior to access being granted. Additionally, we did not find formal documentation of the quarterly access log reviews to confirm its completion.</li> <li>• We raised one medium priority recommendation to address this areas of concern and to improve the effectiveness of the controls.</li> </ul>

# SUMMARY OF FINDINGS

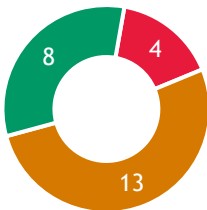
## RECOMMENDATIONS AND ASSURANCE DASHBOARD

### Recommendations

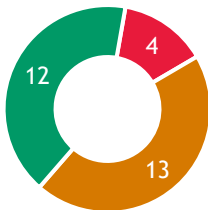
2022/23



2023/24

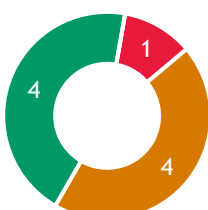
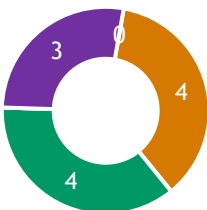
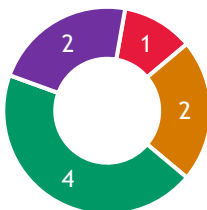


2024/25



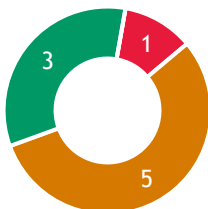
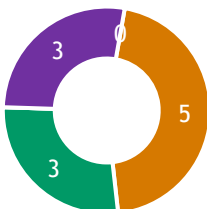
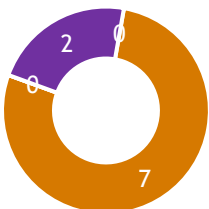
In 2024/25 there were 29 recommendations in total, which is an increase of five from the previous year.

### Control Design



In 2024/25 we completed nine assurance rated audits. The control design opinion is comparable to previous years.

### Operational Effectiveness



In 2024/25 we completed nine assurance rated audits. The operational effectiveness opinion is comparable to previous years.

■ Substantial ■ Moderate ■ Limited ■ No ■ Advisory

# ADDED VALUE



## USE OF SPECIALISTS

We used our IT specialists to deliver the GDPR and Business Continuity and Disaster Recovery reviews, drawing on their expertise and insight completing similar reviews across a portfolio of public and private clients.

All other reviews were carried out by dedicated public sector internal auditors.



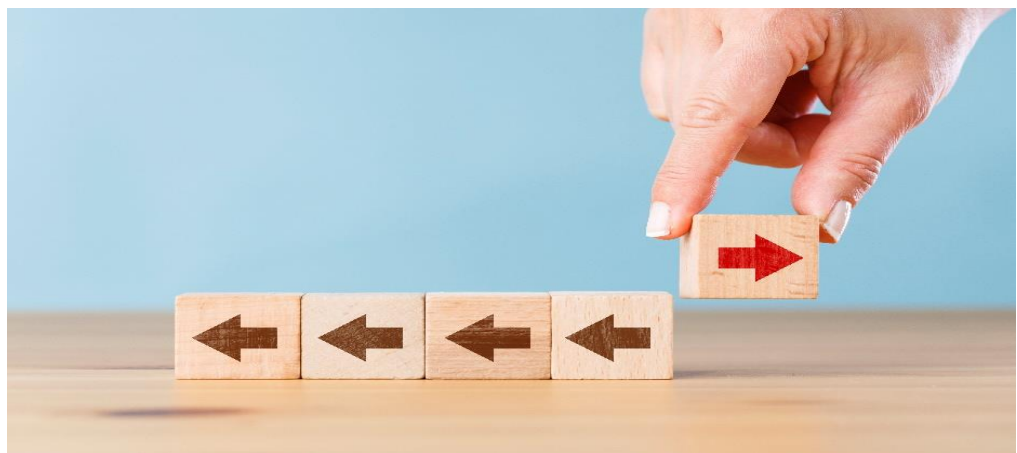
## RESPONSIVENESS

We ensured that our audit approach was responsive to the Council's needs, adjusting audit timings to enable officer's to balance our work with their existing responsibilities. - while maintaining our timeliness of delivery to comply with the required year-end reporting timescales.



## BENCHMARKING AND GOOD PRACTICE

We provided quarterly sector updates to the Performance, Governance and Audit Committee and included benchmarking / comparative analysis in individual audit reports such as GDPR and Health and Safety where applicable.





# KEY THEMES



## PEOPLE

Our audits generally found that staff are well aware of their roles and responsibilities and adequate training is provided where required although our audits of Contract Management and GDPR found compliance rates for officer and Member training could be improved.



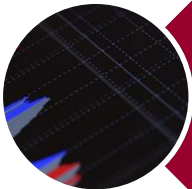
## GOVERNANCE & STRUCTURES

Overall, we found good management and governance structures to be in place, with clear reporting lines. However, some scope for improvement was identified in our audit of Health and Safety and the completion of risk assessments.



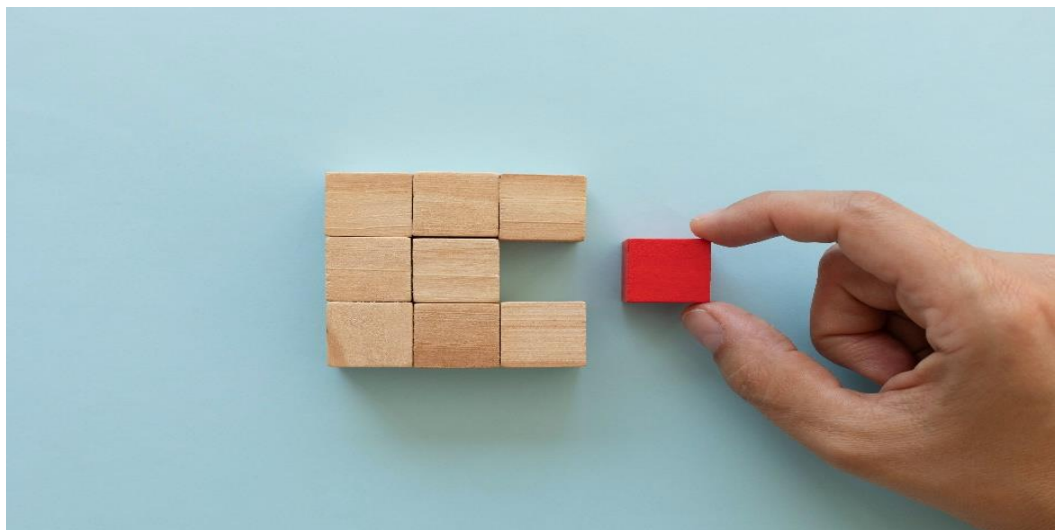
## STRATEGIES & POLICIES

Strategies, policies and procedures are generally well designed. The need for improvements in clarity in a small number of areas was identified and we found that the Building Control Policy was in need of updating to ensure it complies with the Building Safety Regulator requirements.



## SYSTEMS & PROCESSES

The Council has effective systems in place and processes are generally well followed. However we identified scope for improvement in reporting and monitoring key performance indicators in a few areas eg Building Control.



# BACKGROUND TO ANNUAL OPINION

## Introduction

Our role as internal auditors to Maldon District Council (the “Council”) is to provide an opinion to the Council, through the Performance, Governance and Audit Committee, on the adequacy and effectiveness of the internal control system to ensure the achievement of the organisation’s objectives in the areas reviewed. Our approach, as set out in the firm’s Internal Audit Manual, is to help the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Our internal audit work for 2024/25 was carried out in accordance with the internal audit plan approved by the Executive Management Team and the Performance, Governance and Audit Committee, adjusted during the year for any emerging risk issues. The plan was based upon discussions held with management and was constructed in such a way as to gain a level of assurance on the main financial and management systems reviewed. There were no restrictions placed upon the scope of our audit and our work complied with Public Sector Internal Audit Standards.

The annual report from internal audit provides an overall opinion on the adequacy and effectiveness of the organisation’s risk management, control and governance processes, within the scope of work undertaken by our firm as outsourced providers of the internal audit service. It also summarises the activities of internal audit for the period.

## Audit Approach

We have reviewed the control policies and procedures employed by Maldon District Council to manage risks in business areas identified by management set out in the 2024/25 Internal Audit Annual Plan which was approved by the Performance, Governance and Audit Committee. This report is made solely in relation to those business areas and risks reviewed in the year and does not relate to any of the other operations of the organisation. Our approach complies with best professional practice, in particular, Public Sector Internal Audit Standards, the Chartered Institute of Internal Auditors’ Position Statement on Risk Based Internal Auditing.

We discharge our role, as detailed within the audit planning documents agreed with the Council’s management for each review, by:

- ▶ Considering the risks that have been identified by management as being associated with the processes under review
- ▶ Reviewing the written policies and procedures and holding discussions with management to identify process controls
- ▶ Evaluating the risk management activities and controls established by management to address the risks it is seeking to manage
- ▶ Performing walkthrough tests to determine whether the expected risk management activities and controls are in place
- ▶ Performing compliance tests (where appropriate) to determine that the risk management activities and controls have operated as expected during the period.

The opinion provided on page 3 of this report is based on historical information and the projection of any information or conclusions contained in our opinion to any future periods is subject to the risk that changes may alter its validity.

### **Reporting Mechanisms and Practices**

Our initial draft reports are sent to the key contact responsible for the area under review to gather management responses. In every instance there is an opportunity to discuss the draft report in detail. Therefore, any issues or concerns can be discussed with management before finalisation of the reports.

Our method of operating with the Performance, Governance and Audit Committee is to agree reports with management and then present and discuss the matters arising at the Performance, Governance and Audit Committee meetings.

### **Management actions on our recommendations**

Management were engaged with the internal audit process and provided considerable time to us during the fieldwork phases of our reviews, in some cases providing audit evidence promptly and allowing the reviews to proceed in a timely manner, including opportunities to discuss findings and recommendations prior to the issue of draft internal audit reports. Management responses to draft reports were mostly within our requested time frame.

### **Recommendations Follow-up**

Implementation of recommendations is a key determinant of our annual opinion. If recommendations are not implemented in a timely manner, weaknesses in control and governance frameworks will remain in place. Furthermore, an unwillingness or inability to implement recommendations reflects poorly on management's commitment to the maintenance of a robust control environment.

Management have responded in a timely manner for requests to provide information to support the implementation of audit recommendations. Where initial implementation action dates were missed, revised dates were provided and generally appropriate action has been taken.

### **Relationship with External Audit**

All our final reports are available to the external auditors through the Performance, Governance and Audit Committee papers and are available on request. Our files are also available to external audit should they wish to review working papers to place reliance on the work of internal audit.

## Report by BDO LLP to Maldon District Council

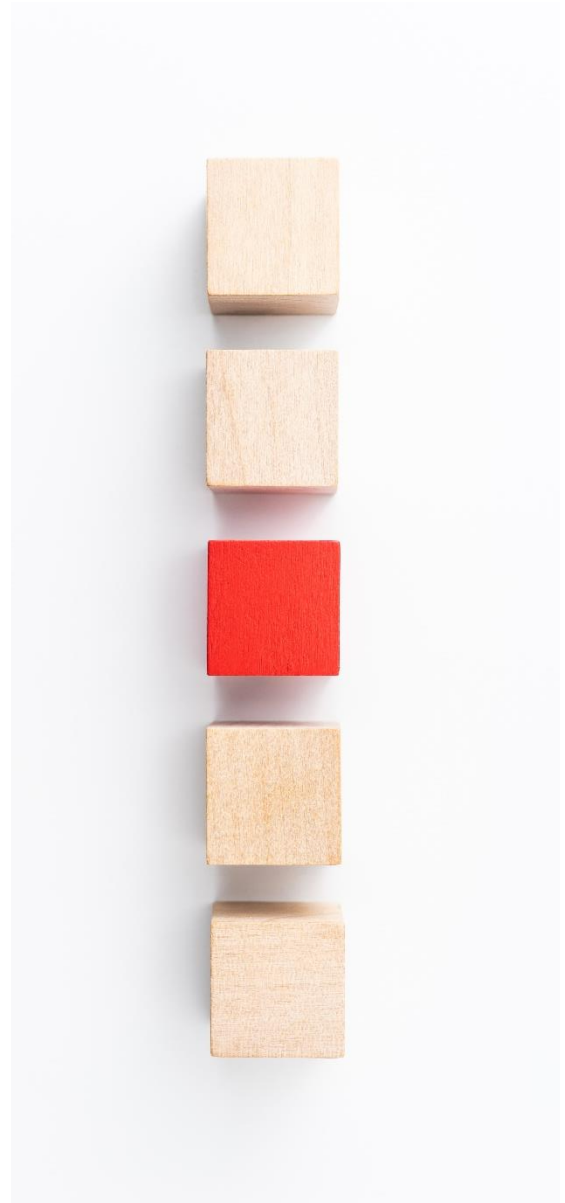
As the internal auditors of the Council we are required to provide the Performance, Governance and Audit Committee, and the Executive Management Team with an opinion on the adequacy and effectiveness of risk management, governance and internal control processes, as well as arrangements to promote value for money.

In giving our opinion it should be noted that assurance can never be absolute.












The internal audit service provides Maldon District Council with **Moderate assurance** that there are no major weaknesses in the internal control system for the areas reviewed in 2024/25. Therefore, the statement of assurance is not a guarantee that all aspects of the internal control system are adequate and effective. The statement of assurance should confirm that, based on the evidence of the audits conducted, there are no signs of material weaknesses in the framework of control.

In assessing the level of assurance to be given, we have taken into account:

- ▶ All internal audits undertaken by BDO LLP during 2024/25
- ▶ Any follow-up action taken in respect of audits from previous periods for these audit areas
- ▶ Whether any significant recommendations have not been accepted by management and the consequent risks
- ▶ The results of regulatory reviews and other assurance providers
- ▶ The effects of any significant changes in the organisation's objectives or systems
- ▶ Matters arising from previous internal audit reports to the Council
- ▶ Any limitations which may have been placed on the scope of internal audit - no restrictions were placed on our work.







# KEY PERFORMANCE INDICATORS

Quality Assurance	KPI	RAG Rating
Annual Audit Plan delivered in line with timetable	We have completed the 2024/25 plan in time to inform our Annual Reporting timetable.	
Actual days are in accordance with Annual Audit Plan	We have met this KPI for 2024/25.	
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.	
Annual survey to PGA committee to achieve score of at least 70%	This will be issued following the presentation of the annual report.	
At least 60% input from qualified staff	We have met this KPI during 2024/25.	
Issue of draft report within three weeks of fieldwork closing meeting	This KPI has been met for the nine completed audits for 2024/25.	
Finalise internal audit report one week after management responses to report are received	This KPI has been met for the nine completed audits for 2024/25.	
90% of recommendations to be accepted by management	This KPI has been met for the nine completed audits for 2024/25.	
Information is presented in the format requested by the customer	This KPI has been met for the nine completed audits for 2024/25.	
High quality documents produced by the auditor that are clear, concise and contain all the information requested	This KPI has been met for the nine completed audits for 2024/25.	
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 I

ANNUAL OPINION DEFINITION	
<b>Substantial - Fully meets expectations</b>	Our audit work provides assurance that the arrangements should deliver the objectives and risk management aims of the organisation in the areas under review. There is only a small risk of failure or non-compliance.
<b>Moderate - Significantly meets expectations</b>	Our audit work provides assurance that the arrangements should deliver the objectives and risk management aims of the organisation in the areas under review. There is some risk of failure or non-compliance.
<b>Limited - Partly meets expectations</b>	Our audit work provides assurance that the arrangements will deliver only some of the key objectives and risk management aims of the organisation in the areas under review. There is a significant risk of failure or non-compliance.
<b>No - Does not meet expectations</b>	Our audit work provides little assurance. The arrangements will not deliver the key objectives and risk management aims of the organisation in the areas under review. There is an almost certain risk of failure or non-compliance.

REPORT OPINION SIGNIFICANCE DEFINITION				
Level of Assurance	Design Opinion	Findings	Effectiveness Opinion	Findings
<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 noncompliance 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 DEFINITION	
<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.

**FOR MORE INFORMATION:**

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