

Maldon District Council
Internal Audit Progress Report
November 2025

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Summary of 2025/26 Work

Internal Audit

This report is intended to inform the Performance, Governance and Audit Committee of progress made against the 2025/26 internal audit plan. It summarises the work we have done, together with our assessment of the systems reviewed and the recommendations we have raised. Our work complies with Global Internal Audit Standards in the UK Public Sector. As part of our audit approach, we have agreed terms of reference for each piece of work with the risk owner, identifying the headline and sub-risks, which have been covered as part of the assignment. This approach is designed to enable us to give assurance on the risk management and internal control processes in place to mitigate the risks identified.

Internal Audit methodology

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



Internal Audit plan 2025/26

We are now making good progress in the delivery of the 6 audit plan approved on 20/02/2025.

We are pleased to present the following final reports to this Performance, Governance and Audit Committee meeting.

- ▶ **Waste and Recycling**
- ▶ **Corporate Governance**

Draft reports have been issued for the following audits and we await management responses:

- ▶ **HR System Review**
- ▶ **Safeguarding**

Fieldwork is in progress in respect of the following audit:

- ▶ **Management of Property**

Planning is underway in respect of the following audits:

- ▶ **IT Governance**
- ▶ **Food Safety**
- ▶ **Main Financial Systems**

We anticipate presenting these reports at future Audit Committee meetings.

Changes to the 2025/26 internal audit plan

The **Local Government Review** audit has been deferred from the 2025/26 plan at the request of management, given the current status of Local Government Reorganisation and the value a review would add at this point in time. This will be replaced with a review of the **Medium-Term Financial Strategy** with the scope currently being collated/discussed with management.

Review of 2025/26 Work

AUDIT	AUDIT COMMITTEE	PLANNING	FIELDWORK	REPORTING	DESIGN	EFFECTIVENESS
Waste and Recycling	November 2025	✓	✓	✓	S	M
Corporate Governance	November 2025	✓	✓	✓	S	M
HR System Review	March 2026	✓	✓	✓		
Safeguarding	March 2026	✓	✓	✓		
Management of Property	March 2026	✓	✓			
IT Governance	March 2026	✓				
Food Safety	March 2026	✓				
Medium Term Financial Strategy	June 2026	✓				
Main Financial Systems	June 2026	✓				

Sector Update

Our quarterly Local Government briefing summarises recent publications and emerging issues relevant to local authority providers that may be of interest to your organisation. It is intended to provide a snapshot of current issues for senior managers.

WARNING OVER LGR IMPACT ON SOCIAL CARE

Doubts have been cast over the future of social care following local government reorganisation, as a new report contests calculations made in some LGR business plans

It is the £360bn question that not enough people are asking: what happens to the Local Government Pension Scheme when the map of local government in England is redrawn?

Research **commissioned by the County Councils Network** questioned the credibility of business plans for new unitaries with fewer than 500,000 residents that promise significant savings once reorganised.

Data for the 21 two-tier regions due to undertake LGR was analysed by Newton through surveys, roundtable discussions with senior leaders and workshops with 19 county councils.

Officers told researchers the potential enhanced service integration through bringing housing services, currently managed by districts, together with adult and children's social care could "enable more coordinated support for vulnerable populations" but "only if reorganisation is delivered in the right way".

Their analysis of the cost of commissioning services by using deprivation as a gauge of need and population size as a measure for purchasing power found the conviction that smaller unitaries would drive savings is not clear cut.

The report states: "With existing county councils commissioning care worth many hundreds of millions of pounds per year, reductions in population scale will result in a very significant, material and absolute cost increase where disaggregation takes place."

The calculations suggest that if new unitary councils had a population below 300,000, this would result in additional unit costs of over £270m a year.

This is based on the assumption that smaller unitaries would have less purchasing power than those with a bigger population, despite the fact that having a higher population could mean more demand on services.

CCN chair Matthew Hicks (Con) said: "Put simply, reorganisation plans could make or break care services unless the government gets these reforms right."

Given that social care is one of the most expensive pressures on upper tier councils, he said it is "therefore vital" that "ministers must ensure they rigorously evaluate all proposals and heavily weight their decisions based on the risks to people-based services".

Cllr Hicks also warned that disaggregation could affect the quality of care for users during the "significant upheaval" when services are split into smaller units.

The CCN analysis projects larger authorities are "more likely" to receive better ratings from Ofsted for children's services based on the assumption that it is linked to their capacity for "practice development, quality assurance and attracting experienced leadership".

However Barnsley MBC, with a population of 244,600 in 2021, received an **"outstanding" rating from Ofsted** in November.

The CCN chair is also leader of Suffolk CC, which has submitted a plan for a county-wide unitary as part of the devolution priority programme.

Cllr Hicks said "reorganisation has the potential to deliver significant benefits for local taxpayers and improve every day services residents rely on," but added "at the same time, councils and local taxpayers could be loaded with substantive extra costs".

Devon CC released a statement supporting the report as it backs its ambition for a single unitary covering the current county footprint.

Portfolio holder for LGR, Paul Arnott (Lib Dem) said the "report indicates that maintaining a unified council structure at scale is vital to protect the services on which our most vulnerable residents rely" but also shared his sadness that the government "has forced us to abolish the districts and county councils".

Workforce challenges

Through dividing the 21 counties into smaller unitaries, each new authority would require additional directors of adult social care, children's services and their supporting leadership teams.

With existing vacancy rates in adult social care is at 8.3%, this raises doubts over how the sector would meet the “severe” challenge of recruiting sufficient qualified professionals to fill these roles.

This CCN report estimates it could result in additional total senior staffing costs of £1m to £3m per authority created, without taking into account the cost of IT, HR and finance to support these newly formed services.

It says that if all new unitary councils had a population below 300,000, this would require over 1,000 additional roles, with an estimated annual cost of £95m.

In contrast, it says that with unitary councils with a population above 500,000 there would be a net reduction in senior management.

Association of Directors of Adult Social Services president Jess McGregor said the research “reinforces concerns” raised with ministers about the “risks local government reorganisation poses to hundreds of thousands of people who are older-aged, disabled or in vulnerable situations that draw on care and support”.

Ms McGregor, who is the director of adult services at Camden LBC, said: “New councils must be financially sustainable from day one and able to meet their legal duties to provide care and support.”

She added the findings “highlight important issues government must address” such as recruitment of directors, “a plan to address disproportionate impacts of ordinary residence decisions, and ensuring adult social care can contribute to the shift from hospital to community care”.

She said it was therefore “vital” ministers engage adult social care leaders in the process and “help assess all proposals” because “many of the people our members serve rely on us getting this right.”

Counter view

The District Councils’ Network published an report in June that instead argued disaggregating adult social care services can be “done effectively with early planning, strong leadership and realism required to make it work”.

Its research, **undertaken by Impower**, offered a more “optimistic” view on redesigning social care into a smaller footprint by highlighting the “strengths that districts and smaller councils bring through their proximity to place and focus on prevention”.

It also found evidence to counter arguments that size affects care services, stating “there is no clear link between scale and overall quality of adult social care”.

Warning over LGR impact on social care | Local Government Chronicle (LGC)

FOR INFORMATION

Audit and Governance Committee, Executive Directors, and Non-Executive Directors

OUTGOING DCN CHAIR WOULDN'T STAND FOR A "MEGA COUNCIL"

It is a role that was thrust upon him by local government reorganisation, and as Sam Chapman-Allen prepares to step down as chair of the District Councils' Network LGR is once again dominating the agenda

Speaking to LGC in his final weeks in the position, Cllr Chapman-Allen (Con) explained that when the position became vacant in 2020, there was a natural successor in the form of Selby DC leader Mark Crane (Con).

He said Cllr Crane was the "most senior, most well regarded" and "natural succession" to Lord John Fuller (Con).

However Cllr Chapman-Allen said Cllr Crane dropped out of the running due to plans for local government reorganisation in North Yorkshire.

Therefore "colleagues on the executive" came together to convince Cllr Chapman-Allen to "pick up the mantle from John and run with it".

He said: "At no point was that where I thought I was going to be when I joined the executive two and a half years earlier, but actually, I think local government is all about that."

He added: "I would say that of my colleagues: none of them ever thought they'd become a councillor, ever become a cabinet member or mayor and leader of the council. It was their colleagues who probably said, 'I think you'd be really good at this and you should do it'."

Now, as he prepares to step down from his DCN role on 14 October, LGR is back in the spotlight. The government has said all two-tier areas must unitarise, and Cllr Chapman-Allen's own authority of Breckland DC in Norfolk is on the devolution priority programme.

He said he would "probably not" stand for election in Norfolk if a county-wide unitary is formed following the LGR process.

He said he would not run in unitary elections, as "that's not something I believe in".

He said: "If government derive a decision on a mega council for Norfolk, that's not something I believe in. That's not something I believe can deliver the right services and therefore I think, as I'm sat here today, I probably wouldn't want to stand for election to a mega council."

However he admitted he has "changed [his] mind" in the past "as every good politician is entitled to do," so once the LGR has been decided he acknowledged his position may change again.

So what then is the future for the District Councils' Network in a world without any district councils?

Cllr Chapman-Allen said: "DCN will be there right up until the last district member exists, but we will metamorphosise into what the sector needs as it moves forward. And our early indication is that the sector absolutely wants the DCN to continue in a different name, in a different vein, but doing the same stuff."

He added the organisation is "punching above its weight" and will continue to do so.

Looking back on his four years as chair he said: "It has been an absolute privilege to see the incredible activity, the incredible stories, the incredible people who are operating a local government across across the country."

Their work is what "makes local government special", he said: "They are absolutely the backbone of the growth and the economy agenda, but more importantly that civic and place based leadership."

This has fuelled his ambition of "making sure that government understood that we're not a delivery arm of the government" and strive for "true devolution," not the "centre dictating" to districts.

He said: "It's always been about making sure that government understood that we're not a delivery arm of the government, that me and my fellow councillors and council leaders are elected.












"We are sovereign councils. We have a mandate and we've got a job to do."

Outgoing DCN chair wouldn't stand for a 'mega council' | Local Government Chronicle (LGC)

FOR INFORMATION





Audit and Governance Committee, Executive Directors, and Non-Executive Directors

Key Performance Indicators




QUALITY ASSURANCE	KPI	RAG RATING
1. Annual Audit Plan delivered in line with timetable	We remain on track to deliver this for 2025/26.	
2. Actual days are in accordance with Annual Audit Plan	We are on track to meet this KPI.	
3. Customer satisfaction report - overall score at least 3.5 for surveys issued at the end of each audit	Since 2021 the average score received on satisfaction surveys is 4.47.	
4. Annual survey to PGA committee to achieve score of at least 70%	This was issued following the presentation of the annual report. We are awaiting responses.	
5. At least 60% input from qualified staff	We are on target to meet this KPI during 2025/26.	
6. Issue of draft report within three weeks of fieldwork closing meeting	This KPI has been met for the two completed audits for 2025/26.	
7. Finalise internal audit report one week after management responses to report are received	This KPI has been met for the two completed audits for 2025/26.	
8. 90% of recommendations to be accepted by management	This KPI has been met for the two completed audits for 2025/26.	
9. Information is presented in the format requested by the customer	This KPI has been met for the two completed audits for 2025/26.	
10. High quality documents produced by the auditor that are clear, concise and contain all the information requested	This KPI has been met for the two completed audits for 2025/26.	
11. Positive result from external review	Following an External Quality Assessment by the Institute of Internal Auditors in May 2021, BDO were found to 'generally conform' (the highest rating) to the International Professional Practice Framework and Public Sector Internal Audit Standards.	

Appendix 1

OPINION SIGNIFICANCE DEFINITION

LEVEL OF ASSURANCE	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION	FINDINGS FROM REVIEW
Substantial 	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
Moderate 	In the main, there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally, a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non-compliance with some controls, that may put some of the system objectives at risk.
Limited 	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
No 	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non-compliance and/or compliance with inadequate controls.

RECOMMENDATION SIGNIFICANCE DEFINITION

RECOMMENDATION SIGNIFICANCE	
High 	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
Medium 	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
Low 	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

FOR MORE INFORMATION:

Aaron Winter

Aaron.Winter@bdo.co.uk

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The matters raised in this report are only those which came to our attention during 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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