Maldon District Council

Internal Audit Progress Report

July 2026

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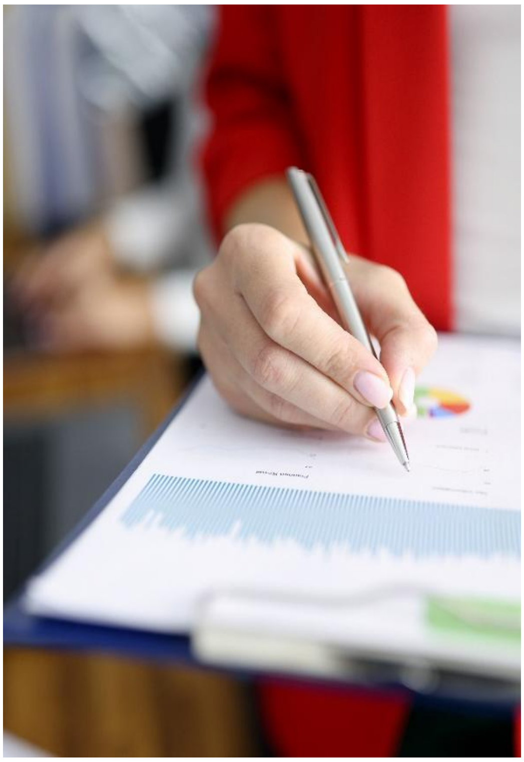
Summary of 2025/26 Work

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

Since our last report on 12 March 2026, we have completed reviews on the following and include copies of the final reports separately to the progress report:

- **IT Governance**
- **Medium Term Financial Strategy**
- **Main Financial Systems - Accounts Payable**

We have now concluded our work for the year and this informs our Annual Report and Head of Internal Audit Opinion for 2025/26, which is presented in a separate paper.

Changes to the 2025/26 internal audit plan

The **Local Government Review** audit was deferred from the 2025/26 plan at the request of management, given the status of Local Government Reorganisation and the value a review would add now. This was replaced with a review of the **Medium-Term Financial Strategy**.

Internal Audit plan 2026/27

We have started planning the delivery of the 2026/27 audit plan following its approval by the Committee on 4 June 2026. Completed reports will be presented at future Committee meetings.

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	✓	✓	✓	L	M
Safeguarding	March 2026	✓	✓	✓	M	M
Management of Property	March 2026	✓	✓	✓	M	M
Food Safety	March 2026	✓	✓	✓	S	S
IT Governance	July 2026	✓	✓	✓	M	M
Medium Term Financial Strategy	July 2026	✓	✓	✓	M	S
Main Financial Systems	July 2026	✓	✓	✓	M	S

Key Performance Indicators

QUALITY ASSURANCE	KPI	RAG RATING
1. Annual Audit Plan delivered in line with timetable	The audit plan was delivered in line with the timetable.	G
2. Actual days are in accordance with Annual Audit Plan	Actual audit days were delivered in line with the Audit Plan.	G
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.	G
4. Annual survey to PGA committee to achieve score of at least 70%	This will be issued following the presentation of the annual report.	-
5. At least 60% input from qualified staff	This target has been met for 2025/26.	G
6. Issue of draft report within three weeks of fieldwork closing meeting	This KPI has been met for the nine completed audits for 2025/26.	G
7. Finalise internal audit report one week after management responses to report are received	This KPI has been met for the nine completed audits for 2025/26.	G
8. 90% of recommendations to be accepted by management	This KPI has been met for the nine completed audits for 2025/26.	G
9. Information is presented in the format requested by the customer	This KPI has been met for the nine completed audits for 2025/26.	G
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 nine completed audits for 2025/26.	G
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. A new EQA will be completed in 2026.	G

Appendix 1

OPINION SIGNIFICANCE DEFINITION

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

RECOMMENDATION SIGNIFICANCE DEFINITION

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

FOR MORE INFORMATION:

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