


# Internal Audit Final Report 2023/24

# Appendix 2

## Key Health & Safety Housing Landlord Duties – Reference 23\_24.04

### 1. Executive Summary

**Directorate:** Housing, Health & Communities  
**Audit Owner:** Interim Director of Property Services (Housing)  
**Distribution List:** Interim Strategic Director of Housing, Health and Communities; Projects Compliance Manager and Chief Executive (Final Report only)

**Overall Opinion**  
**LIMITED ASSURANCE** 

**Number of issues relating to Control Design**

- 0** Critical
- 1** High
- 0** Medium
- 0** Low

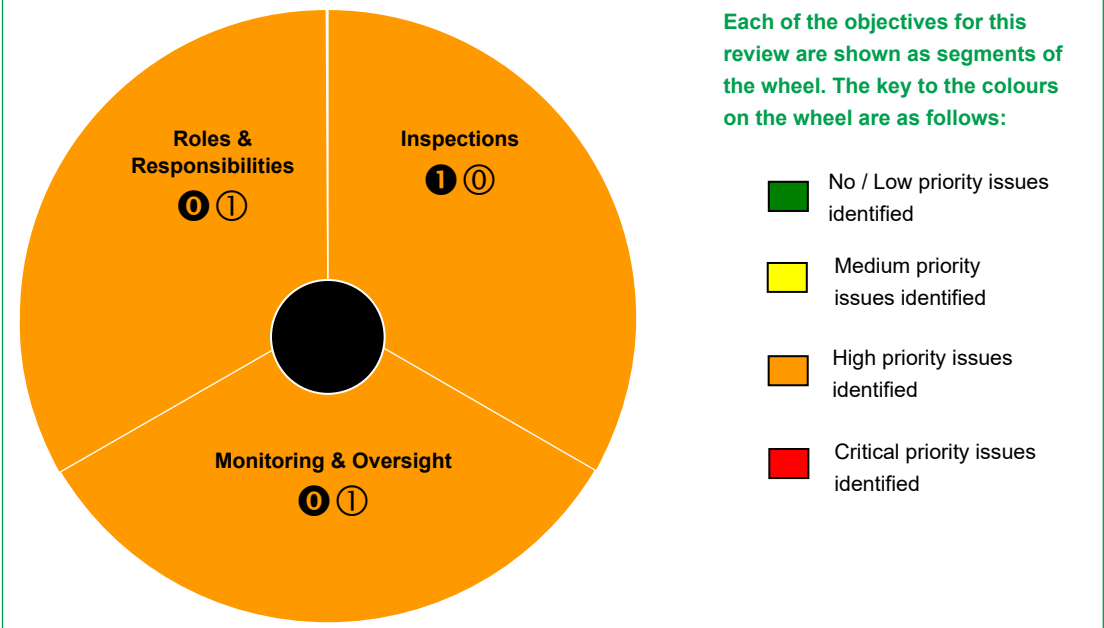
**Number of issues relating to Controls Operating in Practice**

- 0** Critical
- 2** High
- 0** Medium
- 0** Low

**Scope of the Review/ Limitations:** The scope of this Audit involved review of procedures in place to ensure checks and inspections are carried out when expected / required and suitably evidenced, and to ensure appropriate escalation where there is non-compliance with inspection schedules or where deficiencies are identified.

**Overview**  
 Considerable progress has been noted since Audit work relating to the Joint Venture with Uttlesford Norse Services Limited (UNSL) was first undertaken in 2021. As a result, no critical findings were identified during the review. Three high priority findings were identified relating to Roles and Responsibilities, Inspections and Monitoring and Oversight. It should be noted that the findings reflect the Council's collective procedures relating to its Key health and Safety Housing Landlord Duties.

**Areas of good practice identified**  
 It was noted that significant work is being undertaken within the Service to monitor operational data and progress matters of concerns, issues and non-compliance, however this is hampered by the lack of an all-encompassing system (detailing all of the Council's properties and requirements), information being held and maintained by UNSL and the number of various Reports and Spreadsheets being provided to the Council by UNSL, sometimes with differing information relating to the same data and often with insufficient information to verify all properties / details etc. included within the details.



<p><b>Auditor:</b> Wendy Lancaster  <b>Fieldwork commenced:</b> February 2024  <b>Fieldwork completed:</b> May 2024  <b>Draft report issued:</b> May 2024  <b>Management comments:</b> June 2024  <b>Final report issued:</b> July 2024  <b>Signed:</b> Dr Philip Honeybone, Audit Manager</p>	<p><b>Risk Register Updates:</b>  It is recommended that management consider including the unregistered risks identified below in the service's risk register.</p>							
<b>Issues raised and officers responsible for implementation</b>								
	<b>Name</b>	<b>Critical</b>	<b>High</b>	<b>Medium</b>	<b>Low</b>	<b>Total</b>	<b>Agreed</b>	<b>Latest Implementation Date</b>
	Director of Property Services		3				3	April 2025

<b>Risks Reviewed (as per agreed Terms of Reference)</b>		
<b>Risk Ref</b>	<b>Risk</b>	<b>Finding Risk Rating</b>
1.	<p><b><u>Roles and Responsibilities</u></b>  Roles and responsibilities, for health and safety checks and requirements and escalation, may not be defined clearly which may lead to officers being unaware of their responsibilities and ineffective oversight / escalation resulting in failure to prevent or limit health and safety hazards, lack of compliance with regulatory requirements, financial loss, reputational damage and legal proceedings.</p>	<p style="text-align: center;">● High</p>
2.	<p><b><u>Inspections</u></b>  Electrical safety inspections may not be completed on a timely basis or by suitably qualified persons which may result in non-compliance with statutory duties and tenants living in hazardous conditions.  Gas safety inspections may not be completed on a timely basis or by suitably qualified persons which may result in non-compliance with statutory duties and tenants living in hazardous conditions.  Fire safety inspections and fire alarm tests may not be completed on a timely basis or by suitably qualified persons which may result in non-compliance with statutory duties and tenants living in hazardous conditions.  Lifts may not be serviced on a timely basis or by suitably qualified persons which may result in non-compliance with statutory duties and tenants living in hazardous conditions.  Legionella tests may not be completed on a timely basis or by suitably qualified persons which may result in non-compliance with statutory duties and tenants living in hazardous conditions.  Asbestos surveys and inspections may not be completed on a timely basis or by suitably qualified persons which may result in non-compliance with statutory duties and tenants living in hazardous conditions.  Carbon monoxide monitors may not be tested on a timely basis or by suitably qualified persons which may result in non-compliance with statutory duties and tenants living in hazardous conditions.  Damp / mould inspections may not be completed on a timely basis or by suitably qualified persons which may result in non-compliance with statutory duties and tenants living in hazardous conditions.</p>	<p style="text-align: center;">● High</p>
3.	<p><b><u>Monitoring and Oversight</u></b>  Incomplete or failed inspections may not be identified in a timely manner or escalated to an appropriate level of management resulting in erroneous failure to take action, non-compliance with regulatory requirements and tenants living in hazardous conditions.</p>	<p style="text-align: center;">● High</p>

## 2. Detailed Findings, Recommendations and Action Plan

Ref	Matters Arising	Potential Risk Implications	Recommendations	Priority	Management Response provided by Director of Property Services and agreed actions
1.	<p><b><u>Roles and Responsibilities</u></b></p> <p>In order to provide consistency and clarity to ensure health and safety responsibilities are met, the Council should have clear and up to date policies and procedures in place. These need appropriate approval and should be made available to all relevant officers.</p> <p>During the Audit, the following draft policies and procedures were provided:</p> <ul style="list-style-type: none"> <li>• Fire Safety Policy</li> <li>• Gas Safety Policy</li> <li>• Electrical Service Safety Policy</li> <li>• Damp and Mould Safety Policy</li> <li>• Water Hygiene Safety Policy</li> <li>• Wood Burning Stove and Open Fire Safety Policy</li> <li>• Asbestos Safety Policy</li> <li>• Lift Safety Policy</li> </ul> <p>These all include details of roles and responsibilities and areas for inclusion of KPI information, although these were currently incomplete.</p> <p>Upon review, it was found that some of the policies included inconsistent / unclear information as to which properties were to be included. For example, all properties owned / managed by UDC, including commercial and offices), or residential rented and communal.</p> <p>In addition, it was noted that whilst most of the Policies referred to the holding of accurate records / data and to various Management Plans / Systems, and in some cases Registers, very few of these were in existence at the time of the Audit.</p> <p>It was also noted that whilst four of the policies detailed various actions and processes that would be undertaken to ensure compliance, none of these included details of how these would be managed / monitored, for example by a Management Plan.</p>	<p>Roles and responsibilities, for health and safety checks and requirements and escalation, may not be defined clearly which may lead to officers being unaware of their responsibilities and ineffective oversight / escalation resulting in failure to prevent or limit health and safety hazards, lack of compliance with regulatory requirements, financial loss, reputational damage, and legal proceedings.</p>	<p>The Health and Safety Compliance Policies and Procedures should be reviewed, updated accordingly, and presented at the next Cabinet Meeting for approval and adoption.</p>	<p>High</p> <p>●</p>	<p><b>Recommendation agreed? Yes</b></p> <p><b>Responsible Officer:</b> Director of Property Services</p> <p><b>Target Date:</b> September 2024</p> <p>We acknowledge the importance of clearly defining roles and responsibilities for health and safety checks, requirements, and escalation procedures. There should be an overarching corporate H&amp;S policy where the procedures / arrangements for managing the compliance workstreams sit under. These procedures have been reviewed by a third-party organisation and are in the process of being amended and updated to reflect the management requirements.</p> <p>The updated procedures will provide clarity on roles, responsibilities, and escalation processes, ensuring that officers are aware of their duties and that effective oversight and escalation mechanisms are in place.</p> <p>The governance around approval of the procedure requires further review as this is an operational requirement with responsible officers rather than a cabinet decision for approval and adoption, ensuring that they are appropriately approved and made available to all relevant officers.</p>

Ref	Matters Arising	Potential Risk Implications	Recommendations	Priority	Management Response provided by Director of Property Services and agreed actions
	<p>Also, it was further noted that although the Health and Safety Compliance Policies and Procedures were due to be presented to Cabinet for approval and adoption on 19<sup>th</sup> March 2024, no such documents were provided or referred to during this meeting or the following meeting on 18<sup>th</sup> April 2024.</p>				
2.	<p><b><u>Inspections</u></b></p> <p>In order to ensure compliance with statutory duties and provide suitable housing to tenants, the Council should have robust processes in place to:</p> <ul style="list-style-type: none"> <li>Identify required inspections / tests / surveys, including any subsequent checks and actions; and</li> <li>Ensure these are completed and evidenced on a timely basis by suitably qualified persons.</li> </ul> <p>Information provided to Internal Audit during the Audit was reviewed alongside details entered on the Council's Corporate Business Information System in respect of relevant performance indicators. Following this review, it was found that there is currently more than one source of data being provided for each of the Councils Health and Safety Compliance requirements and little or no processes to enable verification of information being provided. For example, lack of supporting information to verify data added for a performance indicator, or to facilitate reconciliation between the different sources, such as lists / details of properties not being provided to support numbers entered onto Reports.</p> <p>As a result, the Council does not currently have one comprehensive and accurate record covering all of its Health and Safety Compliance responsibilities. For example, there is no property register / database detailing all inspections / tests / surveys required for each property, including when these and any actions or further works are due, and recording completion of such inspections, checks etc. and resolution of issues, both in terms of date completed and any future action dates. Examples of issues identified have been shared with the Service.</p>	<p>The following inspections / tests / surveys may not be completed on a timely basis or by suitably qualified persons which may result in non-compliance with statutory duties and tenants living in hazardous conditions:</p> <ul style="list-style-type: none"> <li>Electrical safety inspections,</li> <li>Gas safety inspections,</li> <li>Fire safety inspections and fire alarm tests,</li> <li>Lifts,</li> <li>Legionella tests,</li> <li>Asbestos surveys and inspections,</li> <li>Carbon Monoxide monitors,</li> </ul>	<p>The Council should design and implement its own comprehensive property register / database detailing all compliance requirements for each property. This should include:</p> <ul style="list-style-type: none"> <li>Recording of when inspections / tests / surveys were completed,</li> <li>Actions identified during the inspections,</li> <li>Completion of any such actions,</li> <li>Due dates for future reviews,</li> <li>Facility to upload or link to the respective Certificates / test or survey results to aid review and enable spot checks to be undertaken.</li> </ul> <p>It would be beneficial if any future contractors could access and</p>	High ●	<p><b>Recommendation agreed? Yes</b></p> <p><b>Responsible Officer:</b> Director of Property Services</p> <p><b>Target Date:</b> April 2025</p> <p>We recognise the importance of having robust processes in place to ensure that all required inspections, tests, and surveys are completed on a timely basis by suitably qualified persons. To address this, we have initiated the following actions:</p> <p>A specialist transformation consultant (compliance) has been engaged to conduct a full operational review and create an action plan to ensure the service is fit for purpose.</p> <p>Within the review a comprehensive property register/database will be developed to detail all compliance requirements for each property, including due dates, completion records, identified actions, and future review dates.</p> <p>A new procurement process is underway to engage specialist contractors for each required workstream, ensuring that inspections, tests, and surveys are carried out by suitably qualified personnel along with the appropriate contract administration / management governance. Within the procurement exercise there will be a requirement for the new contract's IT systems to interface with UDC prime IT System to ensure that ownership of the data is owned by UDC.</p> <p>Within the transformation exercise a distinct client function is being created for contract management</p>

Ref	Matters Arising	Potential Risk Implications	Recommendations	Priority	Management Response provided by Director of Property Services and agreed actions
		<ul style="list-style-type: none"> <li>Damp/mould inspections.</li> </ul>	share the data within the system, and provide updates, so that one true record is held for all of the council's properties for which it has Housing Landlord Duties.		and administration, enabling effective oversight and monitoring of contractor performance.  Monthly management meetings are already in place to review progress and address any issues or non-compliance.  As we decouple from UNSL, further management tools will be developed to monitor and measure the works as they occur.  We are reviewing the procurement of a sector-leading software solution for managing and tracking compliance activities. This solution will be accessible to both the contractors and the client, ensuring transparency and efficient data sharing.
3.	<p><u>Monitoring and Oversight</u></p> <p>In order to ensure any missed, inadequate or late inspections / tests / surveys, are identified, managed and escalated appropriately, the Council should have robust systems in place to detect and highlight any failings.</p> <p>The Council currently has 8 Performance Indicators in place that relate to Key Health and Safety Landlord Duties, recorded on the Corporate Business Information System. Weaknesses were identified within several of these, including issues such as missing target values, lack of correlation between information added and the outcome result shown on the system, lack of information to support data entered onto the system and lack of checks to validate the KPI results. As a result, instances were noted whereby the KPI result shown on the System did not correctly reflect the actual performance. For example, Quarter 1 2023/24 for Fire Safety shows a green tick even though a target has not been set and despite no note or information having been added to the system a 0% value is shown.</p> <p>In addition, it was noted that some elements of compliance are not being reported within the current Performance Indicators. For example:</p>	Incomplete or failed inspections may not be identified in a timely manner or escalated to an appropriate level of management resulting in erroneous failure to take action, non-compliance with regulatory requirements and tenants living in hazardous conditions.	Performance Indicators should be reviewed to ensure appropriate reporting is in place and establish whether any should be amended, or new ones added to aid management oversight and monitoring of compliance of all Key Health and Safety Duties  The current process of review and approval of the Council's Performance Indicators relating to Key Health and Safety Landlord Duties should be reviewed to ensure that data entered on the System is checked,	High ●	<p><b>Recommendation agreed?</b> Accepted.</p> <p><b>Responsible Officer:</b> Director of Property Services</p> <p><b>Target Date:</b> September 2024</p> <p>We acknowledge the importance of having robust systems in place to detect and highlight any failings in inspections, tests, or surveys, and to ensure appropriate escalation and management of such issues. To address this, we are taking the following actions:</p> <p>Data relating to Performance Indicators related to Key Health and Safety Landlord Duties are being reviewed to ensure appropriate reporting, data verification, and accurate reflection of performance is met. This is by way of a weekly review and monthly compliance meetings between UDC's compliance manager and UNSL compliance team.</p> <p>The checking process for Performance Indicators will be expanded to include reference to the various Reports and Spreadsheets received weekly by the Service, enabling correlation and identification of any</p>

Ref	Matters Arising	Potential Risk Implications	Recommendations	Priority	Management Response provided by Director of Property Services and agreed actions
	<ul style="list-style-type: none"> <li>○ The Indicator for Asbestos refers to “high priority recommendations” and yet we have none in this category. There is no indicator for “completion of the number of required surveys or works or related to late or missed actions or follow up checks”.</li> <li>○ Response times reflected by the Damp and Mould Indicator appears to only relate to new reports being received rather than all of the cases that the Council is currently aware of. Audit testing indicates damp and mould issues that have been identified have not all been resolved promptly.</li> </ul> <p>Also, it was noted that whilst the Indicator for Carbon Monoxide also includes smoke detector compliance, no information specifically relating to smoke detector checks was seen during the Audit, either by way of information added to the Council’s Corporate Business Information System or within the various Reports and Spreadsheets provided. It appears that these checks may link with Gas / Electrical inspections and, if so, perhaps the information currently being provided could be expanded. Currently the only information provided for carbon monoxide relates to Hardwiring (not inspections/checks).</p> <p>Internal Audit were also provided with a Spreadsheet used for day-to-day monitoring of non-compliance due to lack of access and referrals to Legal. It was noted that some of the information on this Spreadsheet does not agree to details recorded on other spreadsheets such the Gas Servicing Reports and CO HHSRS Spreadsheets that show differences for capped properties and CO (carbon monoxide). In addition, details for the electric, gas, oil worksheet within this Spreadsheet was not found within any of the Reports or other Spreadsheets reviewed during the Audit, even though non-compliance for these areas is inferred as being included within all of the relevant separate spreadsheets / reports.</p> <p>Due to the standalone nature of this Spreadsheet, there is potential for inaccurate / confused reporting to occur due to lack of reconciliation with other reports and spreadsheets. For example, details for some Capped Properties and CO do not show any updates for at least 6-8 months if not longer, and the</p>		<p>verified, and reflected correctly in the outcome result.</p> <p>Pending implementation of Recommendation 2:</p> <ul style="list-style-type: none"> <li>• Where applicable, the checking process for Performance Indicators could be expanded to include reference to the various Reports and Spreadsheets received weekly by the Service to ensure correlation / identify any differences between the different data sources.</li> <li>• Consideration should be given to whether information on the non-compliance Spreadsheet could be captured / maintained in a different way.</li> </ul>		<p>differences between data sources.</p> <p>Consideration is being given to whether information on non-compliance can be captured or maintained in a different way, potentially through the new sector-leading software solution being procured. This will allow the automatic auditing of certification and identify where there are areas of non-compliance. Where non-compliance is identified an alert will be sent automatically to the relevant parties.</p> <p>Benchmarking of said system is commencing in July / August to identify the best solution.</p>

Ref	Matters Arising	Potential Risk Implications	Recommendations	Priority	Management Response provided by Director of Property Services and agreed actions
	<p>electric, gas, oil Worksheet only includes updates (dated 2024) for 46 of the properties. The remaining 52 properties do not show any update details at all (expiry of electric / certificate for 1 shown on 2017, 9 shown as 2022 and remaining 36 shown as 2023).</p>				

## 3. Basis of our opinion and assurance statement

### Key to Risk Ratings for Individual Findings in Reports

<b>Critical</b> ●	<p><b>Financial:</b> Severe financial loss; <b>Operational:</b> Cessation of core activities</p> <p><b>People:</b> Life threatening or multiple serious injuries to staff or service users or prolonged work place stress. Severe impact on morale &amp; service performance. Mass strike actions etc</p> <p><b>Reputational:</b> Critical impact on the reputation of the Council which could threaten its future viability. Intense political and media scrutiny i.e. front-page headlines, TV.</p> <p><b>Legal and Regulatory:</b> Possible criminal, or high-profile civil action against the Council, members or officers. Statutory intervention triggered impacting the whole Council. Critical breach in laws and regulations that could result in material fines or consequences</p> <p><b>Projects:</b> Failure of major Projects and/or politically unacceptable increase on project budget/cost. Elected Members required to intervene.</p>
<b>High</b> ●	<p><b>Financial:</b> Major financial loss. Service budgets exceeded; <b>Operational:</b> Major disruption of core activities. Some services compromised. Management Team action required to overcome medium-term difficulties.</p> <p><b>People:</b> Serious injuries or stressful experience (for staff member or service user) requiring medical attention/ many workdays lost. Major impact on morale and performance of staff.</p> <p><b>Reputational:</b> Major impact on the reputation of the Council. Unfavourable media coverage. Noticeable impact on public opinion.</p> <p><b>Legal and Regulatory:</b> Major breach in laws and regulations resulting in significant fines and consequences. Scrutiny required by external agencies</p> <p><b>Projects:</b> Key targets missed. Major increase on project budget/cost. Major reduction to project scope or quality.</p>
<b>Medium</b> ●	<p><b>Financial:</b> Moderate financial loss. Handled within the team; <b>Operational:</b> Significant short-term disruption of non-core activities. Standing Orders occasionally not complied with, or services do not fully meet needs. Service Manager action will be required.</p> <p><b>People:</b> Injuries (to staff member or service user) or stress levels requiring some medical treatment, potentially some work days lost. Some impact on morale and performance or staff.</p> <p><b>Reputational:</b> Moderate impact on the reputation or brand of the organisation. Limited unfavourable media coverage</p> <p><b>Legal and Regulatory:</b> Moderate breach in laws and regulations resulting in fines and consequences. Scrutiny required by internal committees or internal audit to prevent escalation.</p> <p><b>Projects:</b> Delays may impact project scope or quality (or overall project must be re-scheduled). Small increase on project budget/cost. Handled within the project team.</p>
<b>Low</b> ●	<p><b>Financial:</b> Minor financial loss; <b>Operational:</b> Minor errors in systems/operations or processes requiring Service Manager or Team Leader action. Little or no impact on service users.</p> <p><b>People:</b> Minor injuries or stress with no workdays lost or minimal medical treatment. No impact on staff morale.</p> <p><b>Reputational:</b> Minor impact on the reputation of the organisation.</p> <p><b>Legal and Regulatory:</b> Minor breach in laws and regulations with limited consequences.</p> <p><b>Projects:</b> Minor delay without impact on overall schedule. Minimal effect on project budget/cost or quality.</p>

### Key to Assurance Levels

<b>No</b> ●	<p>There are fundamental weaknesses in the control environment which jeopardise the achievement of key service objectives and could lead to significant risk of error, fraud, loss or reputational damage being suffered. [Weighted average &gt; 3.5 on the audit scoring]</p>
<b>Limited</b> ●	<p>There are a number of significant control weaknesses which could put the achievement of key service objectives at risk and result in error, fraud, loss or reputational damage. There are High recommendations indicating significant failings. Any Critical recommendations would need to be mitigated by significant strengths elsewhere. [Weighted average 2.51-3.5 on the audit scoring]</p>
<b>Moderate</b> ●	<p>An adequate control framework is in place but there are weaknesses which may put some service objectives at risk. There are Medium priority recommendations indicating weaknesses, but these do not undermine the system's overall integrity. Any Critical recommendation will prevent this assessment, and any High recommendations would need to be mitigated by significant strengths elsewhere.[Weighted average 1.51-2.5 on the audit scoring]</p>
<b>Substantial</b> ●	<p>There is a sound control environment with risks to key service objectives being reasonably managed. Any deficiencies identified are not cause for major concern. Recommendations will normally only be advice and best practice. [Weighted average 1-1.5 on the audit scoring]</p>



## 4. Limitations and Responsibilities

### Responsibilities of management and internal auditors

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems. Internal Audit shall endeavour to plan its work so that there is a reasonable expectation of detecting significant control weaknesses and, if detected, Internal Audit shall carry out additional work directed towards identification of consequent fraud or other irregularities. However, Internal Audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected. Accordingly, the examinations of Internal Audit should not be relied upon solely to disclose fraud, defalcations or other irregularities which may exist, unless Internal Audit is requested to carry out a special investigation for such activities in a particular area.

### Limitations inherent to the internal auditor's work

Internal Audit work has been performed subject to the limitations outlined below:

- **Opinion**

The opinion is based solely on the work undertaken as part of the agreed internal audit plan. There might be weaknesses in the system of internal control that Internal Audit are not aware of because they did not form part of our programme of work, were excluded from the scope of individual internal audit assignments or were not brought to our attention. As a consequence, management and the GAP Committee should be aware that the opinion may have differed if the programme of work or scope for individual reviews was extended, or other relevant matters were brought to Internal Audit's attention.

- **Internal control**

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

- **Future periods**

Historic evaluation of effectiveness may not be relevant to future periods due to the risk that:

- The design of controls may become inadequate because of changes in operating environment, law, regulation or other; or
- The degree of compliance with policies and procedures may deteriorate.

# Internal Audit Revised Final Report 2024/25

## Corporate Governance (Ref 24\_25.01)

### 1. Executive Summary

**Directorate:** Corporate  
**Audit Owner:** Head of Legal  
**Distribution List:** CMT

Overall Opinion

**LIMITED**



Number of issues relating to Control Design

- 0** Critical
- 1** High
- 3** Medium
- 0** Low

Number of issues relating to Controls Operating in Practice

- ① Critical
- ① High
- ⑧ Medium
- ① Low

**Overview**

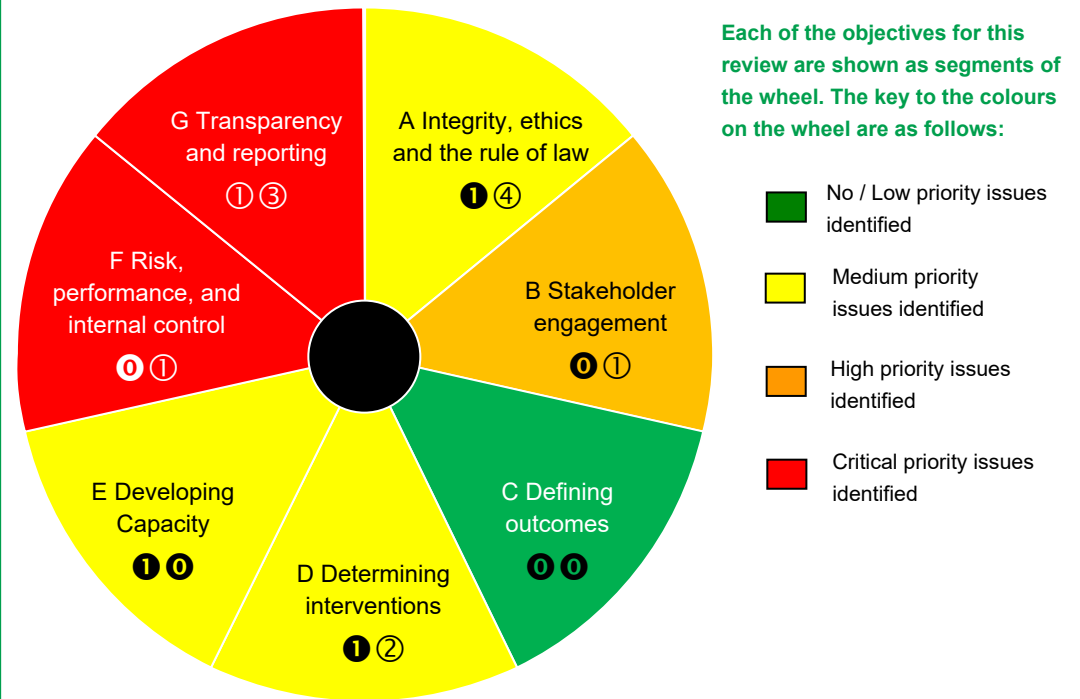
The Council's Code of Corporate Governance has ensured it has most of the key elements of the CIPFA/SOLACE framework in place. Risk Management has not been embedded in the Council and External Audit arrangements have been inadequate since the pandemic. In addition, oversight arrangements for the Local Strategic Partnership are not currently operational.

The Council has recognised these issues and work is already underway to fill these gaps in the governance processes.

**Critical and High Priority Findings**

**1** critical finding was identified. External Audit have not signed off the Council's accounts for 2019/20, 2020/21, 2021/22 and 2022/23.

**2** high priority finding was identified relating to the risk management framework and the operation and oversight of the Local Strategic Partnership.



**Scope of the Review/ Limitations:** The scope of this review involved mapping the Authority's corporate governance arrangements to the CIPFA/SOLACE framework and evaluating its operation against each of the core principles.

**Auditor:** Philip Honeybone

**Fieldwork commenced:** April 2024  
**Fieldwork completed:** April 2024  
**Draft report issued:** May 2024

**Management comments:**

**Final report issued:**

**Signed:** Philip Honeybone, Audit Manager

**Risk Register Updates:**

It is recommended that management consider including the unregistered risks identified below in the council's risk register.

<b>Issues raised and officers responsible for implementation</b>							
<b>Name</b>	<b>Critical</b>	<b>High</b>	<b>Medium</b>	<b>Low</b>	<b>Total</b>	<b>Agreed</b>	<b>Latest Implementation Date</b>
Strategic Director of Finance, Commercialisation and Corporate Services	1					1	30 September 2024
Director of Business Performance and People		1	1.5	1		2.5	31 July 2025
Interim Strategic Director, Housing, Health and Communities		1				1	30 September 2024
Head of Legal			3			3	30 November 2024
Director of Corporate Services			1.5			1.5	31 May 2025

Corporate Governance Principle Reviewed (as per agreed Terms of Reference)		
Ref	Principle	Issue Priority
<b>A</b>	<b>Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</b>	
A1	Behaving with integrity	Medium ●
A2	Demonstrating strong commitment to ethical values	Medium ●
A3	Respecting the rule of law	Low ●
<b>B</b>	<b>Ensuring openness and comprehensive stakeholder engagement</b>	
B1	Openness	Low ●
B2	Engaging comprehensively with institutional stakeholders	High ●
B3	Engaging with individual citizens and service users effectively	Low ●
<b>C</b>	<b>Defining outcomes in terms of sustainable economic, social, and environmental benefits</b>	
C1	Defining outcomes	Low ●
C2	Sustainable economic, social and environmental benefits	Low ●
<b>D</b>	<b>Determining the interventions necessary to optimise the achievement of the intended outcomes</b>	
D1	Determining interventions	Medium ●
D2	Planning interventions	Low ●
D3	Optimising achievement of intended outcomes	Low ●
<b>E</b>	<b>Developing the entity's capacity, including the capability of its leadership and the individuals within it</b>	
E1	Developing the entity's capacity	Low ●

E2	Developing the capability of the entity's leadership and other individuals	Medium ●
<b>F</b>	<b>Managing risks and performance through robust internal control and strong public financial management</b>	
F1	Managing risk	High ●
F2	Managing performance	Medium ●
F3	Robust internal control	Low ●
F4	Managing data	Low ●
F5	Strong Financial Management	Critical ●
<b>G</b>	<b>Implementing good practices in transparency, reporting, and audit to deliver effective accountability</b>	
G1	Implementing good practice in transparency	Low ●
G2	Implementing good practices in reporting	Medium ●
G3	Assurance and effective accountability	Critical ●

## 2. Detailed Findings, Recommendations and Action Plan

Ref	Matters Arising	Potential Risk Implications	Recommendations		Management Response provided by CMT and agreed actions
1.	<p><u>External Audit</u> UDC (like many other Councils) has a backlog of unaudited accounts that covers 2019/20, 2020/21, 2021/22 and 2022/23. The current deadline set by the Secretary of State for these accounts to be audited and signed-off is 30 September 2024. Whilst the Council has a duty to assist external audit, sign-off of the accounts is outside its direct control</p> <p>The Council have appointed new External Auditors who take on responsibility from 2023/24 financial years.</p>	<p>Non-compliance with statutory duties. Without audited accounts, errors or financial irregularities may go undetected, resulting in financial loss to the authority.</p>	<p>The Council should promptly respond to enquires made by BDO as they seek to complete their audit work and sign-off of the 2019/20, 2020/21, 2021/22 and 2022/23 accounts by the statutory deadline in order to ensure it cannot be held responsible for any further delays.</p>	<p><b>Critical</b> ●</p>	<p><b>Recommendation agreed? yes</b></p> <p><b>Responsible Officer:</b> Strategic Director of Finance, Commercialisation and Corporate Services</p> <p><b>Target Date:</b> 30 September 2024</p>
2.	<p><u>Risk Management</u> The Council has a risk management policy that was finalised in 2017 but it is need of an update and risk management is not embedded within the Council.</p> <p>A Corporate Risk Register Update was reported to Governance, Audit and Performance Committee in March 2023. Responsibility for oversight of the Corporate Risk Register was then transferred to Cabinet in May 2023 but it did not receive an update in 2023/24. Corporate Management Team (CMT) received a Corporate Risk Register update in March 2024.</p> <p>The Service Plan Template was completed by each service manager in November 2023 for the 2024/25 financial year. It captures risk at service level, but these were not reviewed during the year are not linked to the corporate risk register or vice versa.</p>	<p>Without a risk management policy and procedure that is embedded, the Council may not be able to respond effectively to emerging risks which may have a critical impact on one or more of its core activities.</p>	<p>The current review of the risk management policy and procedures should be concluded. The new processes should be embedded within the Council, with Directors and heads of service held accountable for the management of risks in their areas.</p>	<p><b>High</b> ●</p>	<p><b>Recommendation agreed? yes</b></p> <p><b>Responsible Officer:</b> Director of Business Performance and People</p> <p>An updated risk register has been produced and a risk policy is currently being finalised, this was presented to CMT on the 10 July and will be represented in August. It is on the forward plan to be presented to the October Cabinet meeting and additionally has been agreed it will then go to Audit and Standards Committee (next one November). Senior Managers will be required to refer to the register as part of their service planning and risk appraisals where applicable.</p> <p><b>Target Date:</b> 31 October 2024</p>

Ref	Matters Arising	Potential Risk Implications	Recommendations		Management Response provided by CMT and agreed actions
	<p>The potential revocation of the Operator's Licence was not on either the Corporate or Service-Level Risk Registers whilst the waste collection service was operating under a grace period. Effective risk management would have ensured timely escalation of the issue and may have allowed effective action to have been taken.</p> <p>The risk management processes are currently under review to update the policy and ensure it becomes embedded at CMT and service level.</p>				
3.	<p><u>Partnerships</u></p> <p>Uttlesford Futures was the Local Strategic Partnership (LSP). The aim of the LSP is to facilitate public bodies working together on projects they would not be able to do on their own. There are four themed working groups (Children and Families group, Community Safety Partnership, Employment Economy Skills Environment and Transport Group, Health &amp; Wellbeing Board).</p> <p>The LSP board has been in place for several years and formal partnership agreements do not exist for all the subsidiary partnerships. It is understood the Interim Strategic Director, Housing, Health and Communities is working on a report for the CEO and Leader to clarify the roles and expectations of the partnership groups.</p>	<p>Without a functioning LSP board, the Council may not be able to work effectively with partners to achieve common goals efficiently and effectively.</p>	<p>The Council should work with its partners to clarify roles and expectations with all its partners.</p> <ul style="list-style-type: none"> <li>• Formal partnership agreements should be put in place where appropriate.</li> <li>• Partnership board membership and terms of reference should be agreed, Action plans should be agreed for all partnerships.</li> <li>• It should be clear how responsibility for risks are shared by the partners.</li> <li>• There should be transparent reporting on partnership activity.</li> </ul>	<p><b>High</b></p> <p>●</p>	<p><b>Recommendation agreed? yes</b></p> <p>The interim Strategic Director, Housing, Health and Communities has engaged in high-level discussions with Essex Police on the need to create a new LSP/Responsible Authorities Group.</p> <p>A meeting has been scheduled in June 2024 to develop these discussions further, including exploring best practice examples in other local authority areas, so that a proposed framework/TOR can be presented to CMT and then Lead Members for discussion and agreement on taking this forward.</p> <p><b>Responsible Officer:</b> The interim Strategic Director, Housing, Health and Communities</p> <p><b>Target Date:</b> 30 September 2024</p>

Ref	Matters Arising	Potential Risk Implications	Recommendations		Management Response provided by CMT and agreed actions
4.	<p><u>Behaving with Integrity</u></p> <p>a) Member induction included code of conduct training. However, 10 members have yet to attend (also noted 6 have not attended). The Democratic Services Manager confirmed there were no further sessions, but the Monitoring Officer has plans to provide training in 2024/25 and achieve 100% turnout.</p> <p>b) The Constitution includes the Gifts and Hospitality guidance. This covers both officers and members. Work is underway to separate the guidance for clarity. The Head of Legal has not seen the member register of gifts and hospitality.</p> <p>c) The Councillors Code of Conduct sets expectations on Councillor behaviour. This was last reviewed in September 2023. This is in line with the latest guidance from the Local Government Association. However, the complaints process was not updated at the same time.</p>	<p>The Council may not be able to demonstrate it has taken all the steps necessary to embed ethics at the heart of its decision-making processes.</p>	<p>a) Catch-up sessions should be arranged for those members who have not completed Code of Conduct and other mandatory training)</p> <p>b) The current reviews of member and officer gifts and hospitality should be completed, and it should ensure the Head of Legal has sight of all declarations. Members should be reminded of the need to ensure the Head of legal is aware of all gifts and hospitality in accordance with the policy.</p> <p>c) The complaints process should be reviewed and updated.</p>	<p><b>Medium</b> ●</p> <p><b>Medium</b> ●</p> <p><b>Medium</b> ●</p>	<p><b>Recommendation agreed?</b> yes</p> <p><b>Responsible Officer:</b> Head of Legal</p> <p><b>Target Date:</b></p> <p>a) September 2024</p> <p>b) November 2024</p> <p>c) September 2024</p>
5.	<p><u>Contractors and outsourced services</u></p> <p>Members of the public will expect external providers of services on behalf of the Council to maintain the same ethical standards as for services provided direct. This would normally be embedded within contract terms and conditions.</p>	<p>The Council may not be able to ensure outsourced services are delivered to the same ethical standards as those delivered directly.</p>	<p>The council should consider standard phrases that can be included in contracts to ensure that contractors work to UDC's ethical standards.</p>	<p><b>Medium</b> ●</p>	<p><b>Recommendation agreed?</b> yes</p> <p><b>Responsible Officer:</b> Head of Legal</p> <p><b>Target Date:</b> October 2024</p>









Ref	Matters Arising	Potential Risk Implications	Recommendations		Management Response provided by CMT and agreed actions
6.	<p><u>Scheme of Delegation</u></p> <p>At the Annual Council Meeting the Scheme of Delegation was agreed. The Head of Legal's view is that the Scheme of Delegation is unclear in places, particularly in relation to what is to be reported to which committee. The cover paper to the scheme of delegation for the Audit and Standards Committee states the corporate risk monitoring function of the former Governance, Audit and Performance (GAP) Committee was transferred to Cabinet. The Audit and Standards Committee's terms of reference still includes monitoring and effective development of audit and risk functions.</p> <p>The Delegation to Officers has not been updated in line with the current responsibilities at Director level e.g. in relation to the Director of Business Performance and People still retains responsibility for Revenues and Benefits, Director of Digital Innovation and Commercialisation still retains responsibility for performance and risk, and the Director of Finance, Revenues and Benefits has not been delegated responsibility for Revenues and Benefits.</p> <p>There is also no central register of all delegations where responsibility has been delegated further.</p> <p>The Head of Legal commented officers are often sending documents to legal for sealing are without the authority to seal.</p> <p>Need to train officers so they understand their responsibilities.</p>	<p>Ambiguity or lack of understanding in scheme of delegation may result in unauthorised decisions being made.</p>	<p>There scheme of delegations within the Council's Constitution should be reviewed to ensure there is clarity on the duty of each committee and officer and that this is reflected in Council practice.</p> <p>Training should be arranged for all key officers, so they understand their responsibilities.</p>	<p><b>Medium</b></p> <p>●</p>	<p><b>Recommendation agreed?</b> yes</p> <p><b>Responsible Officer:</b> Head of Legal</p> <p><b>Target Date:</b> September 2024</p>

Ref	Matters Arising	Potential Risk Implications	Recommendations		Management Response provided by CMT and agreed actions
7.	<p><u>Developing the capabilities of members to achieve effective leadership.</u></p> <p>The Council does not have a member development strategy. This would typically include:</p> <ul style="list-style-type: none"> <li>• Assessment of training needs;</li> <li>• Succession planning;</li> <li>• Effectiveness reviews of leadership / committees;</li> <li>• Identification of training needs by individual members.</li> </ul> <p>An induction programme was organised for members elected in 2023. Attendance records were maintained, and catch-up sessions have been arranged for some members.</p> <p>The Council received a peer review report on Development Management (with a focus on the quality of decision making) from Local Government Association and Planning Advisory Service in June 2023. This had arisen due to the Council being “designated” as underperforming in this area by the Secretary of State. There have been no other similar effectiveness reviews in 2023/24.</p>	<p>Without a strategy to develop the leadership capabilities of members, the Council may not be able to respond effectively to all changes in legal or policy demands or in the risk environment.</p>	<p>The Council should work with members to initiate a strategic approach for continual development of leadership capability.</p>	<p><b>Medium</b></p> <p>●</p>	<p><b>Recommendation agreed? Yes</b></p> <p><b>Responsible Officer:</b> Director of Corporate Services</p> <p><b>Target Date:</b> 31 May 2025</p>

Ref	Matters Arising	Potential Risk Implications	Recommendations		Management Response provided by CMT and agreed actions
8.	<p><u>Effective Interventions</u></p> <p>a) The Council has developed a range of policies, procedures and strategies in order to ensure its objectives are met (e.g. for member and officer conduct, Human Resources, welfare, environmental health, housing allocation, pay, risk management, health and safety counter-fraud and corruption, safeguarding, document retention, equality, financial regulation, information governance). However, there is no central list that can be monitored to ensure they are reviewed on a timely basis.</p> <p>b) In addition, the Council is subject to inspection and review by external bodies such as the local ombudsman. There is currently no system used to track recommendations made to ensure issues identified are addressed.</p>	<p>Key policies, procedures and strategies may become out of date if they are not reviewed on a timely basis.</p> <p>Issues identified by external inspections or reviews may not be addressed.</p>	<p>a) The Council should ensure all its key policies, procedures and strategies are recorded in one place. This record should include ownership and review dates. Ideagen (Pentana) actions might be suitable for this task.</p> <p>b) A system should be put in place to track actions made by external inspections and reviews. Ideagen (Pentana) might be suitable for this task.</p> <p>c) Arrangements should be made to ensure all relevant officers have been trained on the relevant Ideagen modules.</p>	<p><b>Medium</b></p> <p>●</p> <p><b>Medium</b></p> <p>●</p> <p><b>Medium</b></p> <p>●</p>	<p>Ideagen is a competent system for this type of recording and monitoring and is currently being used by a number of service areas to track and report on performance.</p> <p>A project can be launched to assess how these activities could be managed and the capabilities of the system to do this effectively.</p> <p>It should be noted that I would accept responsibility for assessing the administration of this audit action, but it would fall to the owners of the workstreams to ensure they comply with the requirements and ensure updates are entered for this to be successfully.</p> <p><b>Responsible Officer:</b> Director of Business Performance and People</p> <p><b>Target Date:</b> 31 July 2025</p>

Ref	Matters Arising	Potential Risk Implications	Recommendations		Management Response provided by CMT and agreed actions
9.	<p><u>Implementing Good Practice in Reporting</u></p> <p>a) Each year the Council updates the Corporate Plan. This is approved by Council and Cabinet and is published on the website. This identifies the priorities for the Council over the four-year period.</p> <p>b) Cabinet receives quarterly reports on performance on its core indicators, but this is not linked to the Council's Corporate Plan. These are timed to coincide with financial reporting, but the financial statements to the June Cabinet was not accompanied by performance data.</p>	<p>Without an annual report, the Council's stakeholders may not be able to understand the progress the Council has made in achieving the priorities it set out in its Corporate Plan.</p>	<p>a) The Council should publish an annual report each year that summarises progress against the Corporate Plan.</p> <p>b) The year-end core indicator performance reporting should accompany the year-end financial statements.</p>	<p><b>Medium</b> ●</p> <p><b>Medium</b> ●</p>	<p>The Director of Corporate Services will raise the suggested annual report with CMT agenda.</p> <p><b>Responsible Officer:</b> Director of Corporate Services <b>Target Date:</b> 24 August 2024</p> <p>Performance will provide the author of the financial statements with the information required annually from June 2025.</p> <p><b>Responsible Officers:</b> Director of Business Performance and People, Strategic Director of Finance Commercialisation and Corporate Services, Director of Finance Revenues and Benefits</p> <p><b>Target Date:</b> 30 June 2025</p>
10.	<p><u>Openness and Transparency</u></p> <p>The Council has a legal duty to publish sets of data under the Local Government Transparency Code (2015).</p> <p>Audit review showed that whilst some parts are up to date, others (e.g. corporate risk register, counter-fraud fraud activity, invoices paid within 30 days) were not.</p>	<p>The Council is not compliant with the Local Government Transparency Code.</p>	<p>The Council should ensure responsibility for updating each element of the transparency code is delegated to an appropriate manager so that it is updated annually. This could be tracked as an action on Ideagen (Pentana).</p>	<p><b>Low</b> ●</p>	<p><b>Recommendation agreed? yes</b></p> <p>The finance and counter-fraud information has now been published. The risk register will be published after it has been presented to Cabinet in October 2024.</p> <p><b>Responsible Officer:</b> Director of Business Performance and People <b>Target Date:</b> 31 October 2024</p>

### 3. Basis of our opinion and assurance statement

Key to Risk Ratings for Individual Findings in Reports	
<b>Critical</b> 	<p><b>Financial:</b> Severe financial loss; <b>Operational:</b> Cessation of core activities</p> <p><b>People:</b> Life threatening or multiple serious injuries to staff or service users or prolonged workplace stress. Severe impact on morale &amp; service performance. Mass strike actions etc</p> <p><b>Reputational:</b> Critical impact on the reputation of the Council which could threaten its future viability. Intense political and media scrutiny i.e. front-page headlines, TV.</p> <p><b>Legal and Regulatory:</b> Possible criminal, or high-profile civil action against the Council, members or officers. Statutory intervention triggered impacting the whole Council. Critical breach in laws and regulations that could result in material fines or consequences</p> <p><b>Projects:</b> Failure of major Projects and/or politically unacceptable increase on project budget/cost. Elected Members required to intervene.</p>
<b>High</b> 	<p><b>Financial:</b> Major financial loss. Service budgets exceeded; <b>Operational:</b> Major disruption of core activities. Some services compromised. Management Team action required to overcome medium-term difficulties.</p> <p><b>People:</b> Serious injuries or stressful experience (for staff member or service user) requiring medical attention/ many workdays lost. Major impact on morale and performance of staff.</p> <p><b>Reputational:</b> Major impact on the reputation of the Council. Unfavourable media coverage. Noticeable impact on public opinion.</p> <p><b>Legal and Regulatory:</b> Major breach in laws and regulations resulting in significant fines and consequences. Scrutiny required by external agencies</p> <p><b>Projects:</b> Key targets missed. Major increase on project budget/cost. Major reduction to project scope or quality.</p>
<b>Medium</b> 	<p><b>Financial:</b> Moderate financial loss. Handled within the team; <b>Operational:</b> Significant short-term disruption of non-core activities. Standing Orders occasionally not complied with, or services do not fully meet needs. Service Manager action will be required.</p> <p><b>People:</b> Injuries (to staff member or service user) or stress levels requiring some medical treatment, potentially some workdays lost. Some impact on morale and performance or staff.</p> <p><b>Reputational:</b> Moderate impact on the reputation or brand of the organisation. Limited unfavourable media coverage</p> <p><b>Legal and Regulatory:</b> Moderate breach in laws and regulations resulting in fines and consequences. Scrutiny required by internal committees or internal audit to prevent escalation.</p> <p><b>Projects:</b> Delays may impact project scope or quality (or overall project must be re-scheduled). Small increase on project budget/cost. Handled within the project team.</p>
<b>Low</b> 	<p><b>Financial:</b> Minor financial loss; <b>Operational:</b> Minor errors in systems/operations or processes requiring Service Manager or Team Leader action. Little or no impact on service users.</p> <p><b>People:</b> Minor injuries or stress with no workdays lost or minimal medical treatment. No impact on staff morale.</p> <p><b>Reputational:</b> Minor impact on the reputation of the organisation.</p> <p><b>Legal and Regulatory:</b> Minor breach in laws and regulations with limited consequences.</p> <p><b>Projects:</b> Minor delay without impact on overall schedule. Minimal effect on project budget/cost or quality.</p>
Key to Assurance Levels	
<b>No</b> 	<p>There are fundamental weaknesses in the control environment which jeopardise the achievement of key service objectives and could lead to significant risk of error, fraud, loss or reputational damage being suffered.</p>
<b>Limited</b> 	<p>There are a number of significant control weaknesses which could put the achievement of key service objectives at risk and result in error, fraud, loss or reputational damage. There are High recommendations indicating significant failings. Any Critical recommendations would need to be mitigated by significant strengths elsewhere.</p>
<b>Moderate</b> 	<p>An adequate control framework is in place but there are weaknesses which may put some service objectives at risk. There are medium priority recommendations indicating weaknesses, but these do not undermine the system's overall integrity. Any Critical recommendation will prevent this assessment, and any High recommendations would need to be mitigated by significant strengths elsewhere.</p>
<b>Substantial</b> 	<p>There is a sound control environment with risks to key service objectives being reasonably managed. Any deficiencies identified are not cause for major concern. Recommendations will normally only be advice and best practice.</p>

## 4. Limitations and Responsibilities

### Responsibilities of management and internal auditors

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems. Internal Audit shall endeavour to plan its work so that there is a reasonable expectation of detecting significant control weaknesses and, if detected, Internal Audit shall carry out additional work directed towards identification of consequent fraud or other irregularities. However, Internal Audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected. Accordingly, the examinations of Internal Audit should not be relied upon solely to disclose fraud, defalcations or other irregularities which may exist, unless Internal Audit is requested to carry out a special investigation for such activities in a particular area.

### Limitations inherent to the internal auditor's work

Internal Audit work has been performed subject to the limitations outlined below:

- **Opinion**

The opinion is based solely on the work undertaken as part of the agreed internal audit plan. There might be weaknesses in the system of internal control that Internal Audit are not aware of because they did not form part of our programme of work, were excluded from the scope of individual internal audit assignments or were not brought to our attention. As a consequence, management and the GAP Committee should be aware that the opinion may have differed if the programme of work or scope for individual reviews was extended or other relevant matters were brought to Internal Audit's attention.

- **Internal control**

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

- **Future periods**

Historic evaluation of effectiveness may not be relevant to future periods due to the risk that:

- The design of controls may become inadequate because of changes in operating environment, law, regulation or other; or
- The degree of compliance with policies and procedures may deteriorate.