

Technology 1 Enterprise Resource Package (ERP) Project - 25_26.05

1. Executive Summary

<div>Directorate: Finance, Commercialisation and Corporate Services</div> <div>Audit Owner: Strategic Director of Finance, Commercialisation and Corporate Services</div> <div>Distribution List: Director of Finance, Revenues and Benefits, Head of Finance, Finance Systems Implementation Manager, ICT Delivery Manager, Head of Transformation, Chief Operating Officer (Final Only) Chief Executive (final report only)</div> <div>Auditor: Philip Honeybone</div> <div>Audit Manager: Philip Honeybone</div> <div>Final Report Date: December 2025</div>	<div><u>Overall Opinion</u></div> <div>LIMITED ASSURANCE</div> <div></div>	<div><u>Number of issues relating to Control Design</u></div> <div><div>1</div>Critical</div> <div><div>3</div>High</div> <div><div>1</div>Medium</div> <div><div>0</div>Low</div>	<div><u>Number of issues relating to Controls Operating in Practice</u></div> <div><div>0</div>Critical</div> <div><div>1</div>High</div> <div><div>1</div>Medium</div> <div><div>0</div>Low</div>
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<div>Scope of the Review/ Limitations:</div>	<div>This audit reviewed the governance arrangements for the Technology 1 ERP Implementation Project scope of this review & limitations or exclusions</div> <div>This audit was conducted in accordance with Global Internal Audit Standards.</div>
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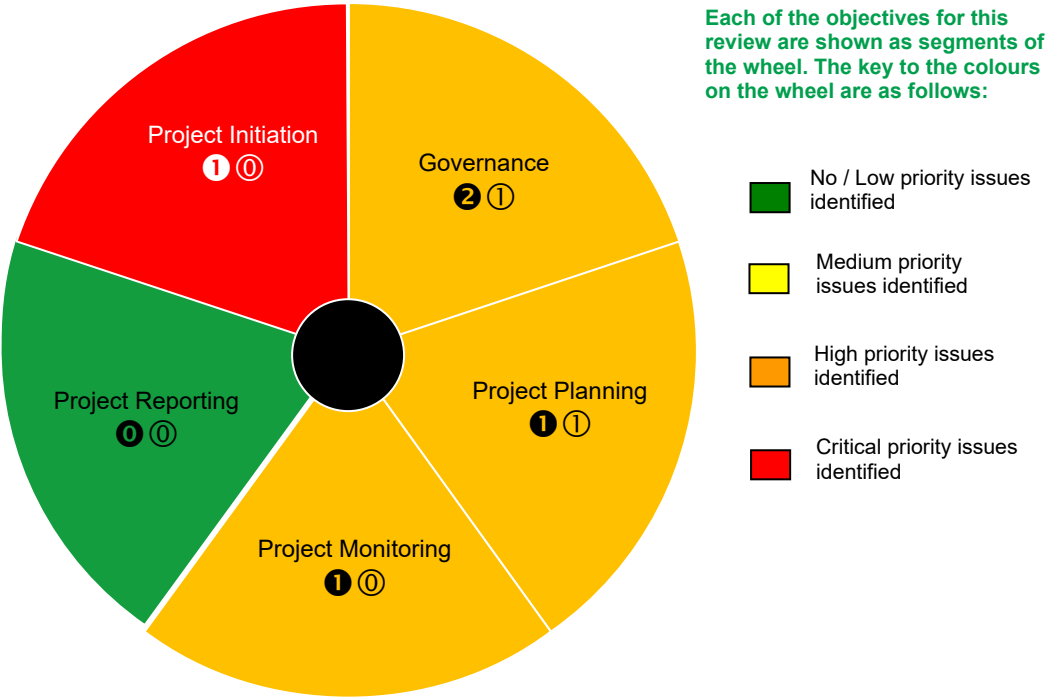
Implementation of major IT systems are complex projects that, if handled well, provide opportunities for re-imagining service delivery and improving efficiency. There was an opportunity to include a new finance system in the Blueprint Uttlesford Programme in 2023, which would have given sufficient time for the project before the original end date of the Integra contract in August 2025. This would have provided the time needed to engage fully with stakeholders, map existing processes fully and explore all opportunities for improving the efficiency of Council processes.

Cabinet received the report proposing options to replace Integra nine months before the contract was due to end and the project officially commenced soon after. This meant that a project that would normally need 18 - 24 months was initiated just over six months, although that was subsequently extended. The late start and short timeframe for the project initiation was the root cause of the issues identified in the audit:

- Shortened discovery phase with initial stakeholder engagement limited to Director level. The plan for communicating with key stakeholders was not developed in the early stages of the project.
- A project board terms of reference that documents roles and responsibilities within the project including authority for expenditure, risk acceptance and change management.
- No formal project initiation documentation with clearly defined project outcomes and a plan to measure their achievement
- Initial project plans high level with risk register was not developed fully.
- Insufficient budget at project initiation and board oversight of project costs

Internal Audit recognises work commenced on the Technology 1 ERP project before the Council engaged a Head of Transformation and Project Management and started developing its programme / project management methodology. Also, the Authority did not have a contract register in 2023, which could have provided the trigger to start the project earlier.

Local Government Reorganisation will see UDC and partner authorities implementing IT systems across the new Authority's systems. It is critical that lessons learnt from this project are applied to that programme of work. The audit recognises that it is not practicable to retrofit the project to the Council's new project management methodology, but recommendations have been made where beneficial.



2. Detailed Findings - Lessons To Be Learnt

The findings for this audit fall into two categories i.e. those related solely to project initiation (see the table below) and ongoing issues where action will help mitigate project (see the table in section 2).

Ref.	Finding	Risk / Issue	Risk Rating
1.	<p>In 2023, through the Blueprint Uttlesford Programme, the Council was looking for opportunities to reshape its services so that it could save millions of pounds per year from the revenue budget. Investment in IT infrastructure (such as replacing the Finance System) provides organisations with an opportunity to find these operational efficiencies (e.g. by integrating HR / Payroll with the Finance System) and the Integra contract end date of 31 August 2025 provided a natural break point.</p> <p>Early and comprehensive stakeholder engagement (which includes users at all levels of the organisation) enables a deep understanding of current processes and exploration of all options for integrating systems.</p> <p>Cabinet received the “Finance System Procurement” paper on 18 November 2024 and the project to replace Integra was created formally soon after. The paper recognises that a lead time of 18 months would be optimal for the implementation of a new finance system but the project timeframe was constrained by the initial start date. The timeframe meant it was right to exclude integrating the HR / Payroll systems with the Finance system in the early stages of the project.</p> <p>The November 2024 Cabinet paper included a Statement of Requirements commissioned from Moore Insight which formed the basis of a Market Analysis and Options Appraisal. The Market Analysis identifies a shortlist of suitable system options for the replacement of the existing system. The Options Appraisal provided estimated cost ranges for the short-list and provided a set of recommendations for the Council. The time restrictions of the project limited meant that consultation on system specifications was limited to Director level.</p> <p>The audit recognises that the Council did not have a Transformation and Project Management lead in 2023. If it had, there would have been better support available for a project of this complexity and a drive to earlier project initiation. In addition, the Council did not have a formal contract register, which would have assisted in alerting management to the impending contract end date.</p>	<p>The shortened discovery phase limited opportunities for identifying potential efficiencies across all the Council’s processes. As a result, the Council has not maximised the benefits of streamlined processes arising from the replacement of its Finance System.</p> <p>The Local Government Re-organisation, UDC, along with partners, will be replacing / updating all its IT systems. It is critically important that the project has sufficient time for stakeholder engagement and options appraisal.</p>	Critical

Ref.	Finding	Risk / Issue	Risk Rating
2.	<p>The November 2024 cabinet paper led to the creation of the project. This document is effectively the business case for the project although it was preceded by a briefing paper for the Informal Cabinet Board. It provides a justification for the project (i.e. the need to replace the current financial system with a more modern system at the end of the contract), the initial project board structure, an outline project timetable and a budget. Six anticipated tangible improvements that the new system is expected to deliver were listed.</p> <p>A project initiation document, PID, (or equivalent) collates pre-existing information about a project and captures it into one document. It demonstrates the need for the project, the scope boundaries and how it will be delivered. It brings the project board up to speed on the project and can be used as a baseline against which the project can be measured. Internal Audit recognises that this was not embedded practice for UDC but the Technology 1 project is unusual in that it has a full-time project manager.</p> <p>In the standard project management documentation that the Head of Transformation and Project Management is creating, the equivalent document to the PID is the “project summary” within the “project book”. The Tech1 ERP implementation project predates the “project book” and UDC’s development of a standardised project management methodology but the principle of providing a high-level summary of the project’s purpose, resourcing, timeline and budget in a single document holds. This was not completed for this project and the Project Manager did not have access to the Cabinet paper.</p>	Without clearly defined project outcomes and a plan to measure their achievement, it is not possible to demonstrate the project has provided value for money or delivered its anticipated benefits.	High
3.	<p>In November 2024, Cabinet delegated the final decision on which of three systems to procure to the Portfolio Holder for Finance and the Economy, the Strategic Director of Finance, Commercialisation and Corporate Services and the Interim Director of Finance, Revenues and Benefits.</p> <p>The Strategic Director of Finance, Commercialisation and Corporate Services confirmed that the decision to choose Technology 1 was made in one weekly catch-up meeting with the portfolio holder. These meetings were not always recorded in the past but Internal Audit has been informed that documentation of decisions taken has now improved.</p>	The Council cannot demonstrate the decision to procure the Technology 1 finance system was within the delegated authority.	Medium

Ref.	Finding	Risk / Issue	Risk Rating
4.	<p>UDC's Contract Procedure Rules provide clear guidance for council officers procuring goods and services are compliant with the Procurement Act (2023) and provide value for money.</p> <ul style="list-style-type: none"> Three quotes are required for expenditure up to £50,000. Approval from the procurement team The procurement team at Chelmsford should be involved to assist with the route to market assessment for £50,000 to £214,904 All contracts over £100,000 will be a key decision and those above £214,904 fall under the Procurement Act (2023). <p>Exemptions are allowable for expenditure up to £214,904 e.g. if there is only one supplier able to deliver the goods or service.</p> <p>Extension to the licence for the current finance system (Integra, £83,000). Internal Audit accepts that this is a single supplier situation, but the Chelmsford Procurement Team has not received an exemption form for this contract extension.</p>	<p>The Council has not followed its procurement rules and may not be able to demonstrate it has achieved value for money.</p>	Medium
<h3>Recommendation</h3> <p>The Head of Transformation and Project Management should ensure the lessons learnt are incorporated into the Council's Project Management Methodology by:</p> <ul style="list-style-type: none"> Establishing a project register to enable CMT oversight of key project activity Establishing a project management toolkit incorporating templates and guidance Establishing a mechanism for the progress and performance of projects and programmes to be reported corporately Providing support and guidance to project leads and sponsors <p>CMT should embed project and programme management in their service areas by:</p> <ul style="list-style-type: none"> ensuring that projects are identified and established formally as early as possible with a project board, clear scope and objectives. This will allow risks and stakeholders to be identified, decisions to be recorded and the costs/benefits to be baselined and measures established. supporting the development of culture and skills required for successful project and programme delivery 		<h3>Management Response</h3> <p>Recommendation agreed? Yes</p> <p>Responsible Officer: Head of Transformation and Projects and CMT</p> <p>Target Date: Ongoing with quarterly review</p> <p>Since the Tech 1 implementation was launched, a corporate project management approach has been implemented at UDC, which incorporates all of the recommendations. The Corporate Programme has been established for 6 priority themes. The performance and progress of projects within The Corporate Programme is reported monthly to CMT and quarterly to Cabinet.</p> <p>The need for CMT to ensure that projects are identified and established formally as early as possible has been highlighted at CMT on 10 December.</p>	

3. Detailed Findings - Recommendations and Action Plan

In addition to lessons that the recommendations made in the action plan above, the audit identified three issues that cannot be rectified in the project but represent lessons to be learnt for the future. These are shown in the table below:

Recommendation 1		
Risk		High
Without a clearly documented terms of reference, the project board may not be able to provide effective oversight of the project and the project may not be able to deliver its objectives in a cost-effective manner.		
Matters Arising / Findings		
<p>Cabinet approved the procurement of the new finance system in November 2024. They were informed that a project board would be constituted in December 2024 to oversee the management of the project. The Strategic Director of Finance, Commercialisation and Corporate Services would be the project sponsor and the Deputy Section 151 Officer would lead the board. The board included the Head of ICT. The Head of Transformation and Project Management joined the board after her appointment. A Project Manager has been appointed for the project.</p> <p>The project was initially standalone but has now been incorporated into the Blueprint Uttlesford 2.0 programme.</p> <p>The project has a “Project Structure” document that outlines the framework for governing the project. It identifies the original board members, resources, risk management, an initial high-level plan and reporting frequency. It is not, however, a board terms of reference and does not specify the decision-making powers delegated to the project sponsor, project lead or project manager (e.g. authorising expenditure, adjustments to the plan or specifications for plans, sign-off of deliverables etc.).</p> <p>The board has met monthly and receives a progress update from the Project Manager. This includes reporting on high level project risks, issues (if applicable), decisions and a RAG status for the project. It has also seen a flow chart for User Acceptance Testing.</p> <p>The board does not receive full reports on the financial status of the project. The board has not seen the full project interdependencies.</p>		
Recommendation		Management Response
<p>i) The "project board structure" document should be reviewed and updated to become a project board terms of reference. This should include:</p> <ul style="list-style-type: none">• Updated board membership• Delegated authority for the board, project sponsor and project manager.• Change control protocols.• Reporting to programme board• Escalation points <p>UDC now has a template for a project board term of reference that could be used.</p> <p>ii) The project board reporting should include information on the full financial status of the project and project interdependencies.</p>		<p>Recommendation agreed? Yes</p> <p>Responsible Officer: Director of Finance, Revenues & Benefits</p> <p>Target Date:15/01/26</p> <p>The Tech 1 board membership has been updated and the working group has been broadened. As there was no project methodology at the time, no ToR were written up at project initiation. The Project Manager makes all day-to-day operational decisions. All non-day-to-day project issues and decisions get referred to and documented at 4-weekly Tech 1 board meetings. Any resultant procurement or agency recruitment get approved via programme board. UDC Board members now meet between full board meetings. A ToR document has now been drafted and on the agenda for T1 Board ratification. Interdependencies have been mapped. The project reports to the UDC project board regularly with a monthly slide which includes risks and financial status.</p>

Recommendation 2

Risk

Failure to identify all risks to the project and take mitigating action may result in delays or additional costs to the project.

High

Matters Arising / Findings

Effective project management requires that risks (an uncertain event or condition, that if it occurs, can have a positive or negative effect on the project objectives) and issues (a current situation or problem that has occurred) are recorded, with mitigating action taken promptly. These are normally recorded in risk registers and issue logs respectively.

The project captures risks and issues in logs in spreadsheets that are maintained by the Project Manager. A summary of active risks and issues are included in monthly reports to the project board.

The issues log had only two records. One is open (Local Government Reorganisation) and will impact on staff availability for the project. The other is closed (insufficient time to have full discovery of the current processes). Both indicated risks for the project that have not been captured on the risk register.

Internal Audit raised concerns that the risk log was not identifying key project risks in a timely manner. Key gaps in the risk registers included:

- There is a risk that additional resource may be needed at critical points in the project. This is not recorded in the risk register.
- User Acceptance Testing may identify problems
- Single points of failure in the project

The Project Manager provided Internal Audit with an updated risk register on 11 November 2025. Audit review showed this risk register was more complete and included potential problems with and identified through user acceptance testing. It reflects the risks known to the Project Manager. However, it does not consider risks that are unknown to the Project Manager that are inherent in service delivery. Risk identification would benefit insight from broader cross-section of the business.

Recommendation

A risk workshop for the project should be organised with a wide range of stakeholders in order to brainstorm all potential threats to the project. The output should be evaluated and captured in the risk log.

Management Response

Recommendation agreed? Partially, yes

Responsible Officer: Director of Finance, Revenues & Benefits

Target Date: 15/01/26

A risk log has been maintained and constantly reviewed throughout the project, so we disagree that the risk is high. However, to respond to the recommendation, a further risk workshop has been arranged. Rating this 'high' seems excessive.

Recommendation 3

Risk

Without an effective communication plan and stakeholder engagement, the new system may not be implemented effectively and some of the potential benefits of the new system may not be delivered. Key users may not be available when required for testing.

High

Matters Arising / Findings

The November 2024 cabinet paper that approved the procurement of the new finance system recognises project would result in changes to the way staff work but states that consultation would only take place once the new system is in place. As a result, stakeholder identification, consultation and engagement prior to and at the start of the project was limited. The “project structure” document shows six key stakeholders, coinciding with the initial project board (Strategic Director of Finance, Commercialisation and Commercial Services; Director of Finance Revenues & Benefits; ICT Service Delivery Manager; Director of Business, Performance and People; Project Manager).

Internal audit’s interviews with the project team indicate that there has been some improvement with internal communications, but the project has not formally identified all its key stakeholders. In May 2025, the Project Manager sent an email to all staff informing them of the project’s extension to 1 April 2026, but this did not seek to identify or engage with stakeholders on their needs. The latest version of the project plan (v9) has a placeholder for developing a Communications Strategy and notes “strategy dates need to be added and agreed”.

The Project Manager stated that he understands the communications requirements for the project (especially around user acceptance testing) but this is not documented. It is understood the Project Manager is seeking to work with the Council’s Communications Manager to develop this but teams will only be called in as and when they are requested. Until this is completed, there are key groups who will be required for User Acceptance Testing who are not aware that they will be required.

Following a suggestion from Internal Audit, the Technology 1 project was publicised at Senior Management Team in September and November 2025 and at the September 2025 staff conferences. SMT asked for information on when staff would need to be released for User Acceptance Testing.

Recommendation

Stakeholder identification and engagement should be prioritised.

- The list of stakeholders for the project should be reviewed in order to ensure all stakeholders have been identified (with a focus on groups who will be required for user acceptance testing).
- The communications strategy should be developed and implemented so that the method and timing for engaging stakeholder groups is identified and planned as part of the wider project plan.
- Advance notice should be given to those groups who will be required for User Acceptance Testing in order to ensure their availability when required.

Management Response

Recommendation agreed? Partially yes

Responsible Officer: Director of Finance, Revenues & Benefits

Target Date: 15/01/26

Communication has been regular on the project and a strategy has since been documented. The findings refer to V9 of the project plan. We are now on V10. It should be acknowledged that there have been regular updates to staff news or and with customer services and that no one in the wider business has responded to any of the email or staff news updates. We highlight that the wider business will be involved in UAT in cycle 3, staff involved will be contacted in January. Again, ‘High’ feels excessive

Recommendation 4

Risk

Inaccurate or incomplete budget monitoring may prevent the project board from effectively managing costs and the Council may not be able to demonstrate the project has provided value for money. In addition, and in the context of Local Government Reorganisation, the Council may not be able to share accurate information on the opportunity costs associated with a large scale software project with its future partners.

High

Matters Arising / Findings

In November 2024, Cabinet approved a budget of £519k for the Tech 1 implementation project. This included advice from consultants on the system specification (£40k). In August 2025, Internal Audit received a copy of the budget monitoring spreadsheet showing a revised budget of £689k excluding the £40k consultant's fee (which is now considered by the project sponsor to be pre-project expenditure).

The August budget monitoring spreadsheet showed direct costs charged to the project (£278k) and indicated there was £411k available to spend. However, the budget monitoring spreadsheet does not include a forward plan for spend or a forecast outturn for the project. Without a projected timeline or forecast for project spend, it is not possible to understand fully the project's financial position.

In addition, officer time spent on the project represents "opportunity costs" to UDC and are not currently collated. The UDC "project book" includes a tab for financial information but would need further development to be able to show actual and opportunity costs accurately.

The project board has not seen full details of the budget.

Recommendation

- i) To support Recommendation 1 concerning inclusion of the project financial status in board reporting, the project budget should be shared including all current, planned and opportunity costs of the project. The costs tab of the project book could be used to facilitate this recommendation.
- ii) The principle of tracking opportunity costs as part of understanding the 'whole' costs of a project should be incorporated in the Council's Project Management Methodology.

Management Response

Recommendation agreed? Mainly yes

Responsible Officer: Director of Finance, Revenues & Benefits

Target Date: 31/05/26

The budget for this project is regularly monitored and costs have been well controlled. Mainly due to the utilisation of internal staff which do not need to be charged to the project. The whole cost of the project, including opportunity cost, will be calculated at the end of the project. The UDC members of the project board have seen the budget and have access to it on Sharepoint.

Recommendation 5

Risk

It may not be possible to demonstrate the project has provided value for money or delivered its anticipated benefits.

Medium

Matters Arising / Findings

When reviewing the project documentation, the audit established the project's deliverables were not defined in detail (e.g. the time / cost savings anticipated from improvements to specific finance processes). This is expanded in lessons learnt point 2 above. It is understood the Project Manager has a high-level list of deliverables and improvements that the project is expected to deliver. It is impracticable to capture these in full for this project, but the Project Manager has agreed to include this in his next paper to the project board.

Recommendation

The project book summary or an equivalent PID document should be completed for the project in order to provide a high-level summary of the project and to define the anticipated project benefits and how the delivery of these benefits will be measured. Further detail on the anticipated benefits and how/when these will be measured could be captured in the 'Benefits' tab of the Project book.

This should be approved by the project board and shared with all key stakeholders.

Management Response

Recommendation agreed? Partially yes

Responsible Officer: Tech 1 Project Manager

Target Date: 15/01/26

The findings should acknowledge that, despite the lack of a PID, the original deliverables have always been known and that the board are aware of both the original and revised deliverables. As recommended, a project book summary has now been completed.

Recommendation 6

Risk

Without a defined end, the project may not be closed in a timely manner with resultant scope creep and additional costs.

Medium

Matters Arising / Findings

The project was initiated at the start of January 2025 and the project board met for the first time later that month. The first project plan were created at that time which was an Excel spreadsheet showing (at a headline level) project tasks with an initial timeline. The plan is a live document that has undergone revision throughout the life of the project. Each month the high-level plan and milestones are brought to the project board as part of their update.

The audit reviewed of several versions of the plan (with version 9 being the most recent). This confirmed that the plan covers the key phases and milestones of the project but that it was a high-level plan (appropriate in many ways for the board) but it does not provide a breakdown of resources required to complete each of the elements or the project interdependencies. The Project Manager explained that more detailed plans for work packages were developed closer to their usage. For example, Internal Audit received a copy of the Approach to User Acceptance Testing and the rough timetable for the cycles on 14 November 2025.

In addition, the Project Manager is meeting with the Director of Finance, Revenues and Benefits on a weekly basis, and they discuss project progress and emerging issues.

Discussions between Internal Audit and the Project Manager revealed that he had not had sight of all activity pertinent to the project, which meant that project plans were not accurately capturing progress in reports to the board. The Project Manager has subsequently made sure he receives regular updates on these elements. He will include them in future board reporting.

However, the current project plan does not include project closure. It will be up to the board to define what will constitute formal closure of the project. The Project Manager has agreed to include this in the next report to the project board.

Recommendation

Project closure should be included in the project plan.

Management Response

Recommendation agreed? Yes]















Responsible Officer: Tech 1 Project Manager

Target Date: Implemented









This has been completed as the 'Project close' was an issue discussed at the last Tech 1 board meeting.

4. Residual Risk Assessment

The table provides an assessment of the residual risk against each scope point identified within the audit terms of reference.

Risks Reviewed (as per agreed Terms of Reference)		
Risk Ref	Risk	Finding Risk Rating
Risk 1: Governance		
1.1	There may not be effective oversight of the Tech 1 ERP Implementation Project resulting in slippage, scope creep and non-delivery of anticipated outcomes.	 Medium
1.2	Project roles and responsibilities may not be defined appropriately resulting in lack of accountability and non-delivery of anticipated outcomes.	 High
1.3	Completion of project phases / work packages / deliverables may not be signed-off by the board resulting in non-delivery of anticipated outcomes.	 High
Risk 2: Project Planning		
2.1	Projects may not be defined clearly resulting in a lack of clarity over objectives and non-delivery of anticipated outcomes.	 High
2.2	Work packages / other deliverables may not be defined in sufficient detail resulting in slippage, scope creep and non-delivery of anticipated outcomes.	 High
2.3	Interdependencies between work packages / deliverables may not be identified which may result in additional delays.	 High
2.4	A project timetable may not be in place resulting in delays in delivery.	 High
2.5	The project budget may be unrealistic and may not include lifetime costs of the new system.	 High
2.6	Project risks and issues may not be identified and recorded resulting in failure to take action.	 Medium
Risk 3: Project Monitoring		
3.1	Progress in delivery of work packages against the original plan may not be recorded which may result in delays not being identified at an early stage.	 High
3.2	Risks and issues may not be identified resulting in slippage and non-delivery of anticipated outcomes.	 Medium
3.3	Project costs may not recorded and monitored which may result in increased costs.	 High
Risk 4: Project Reporting		
4.1	Project updates may not be reported to the project board on a timely basis resulting in an incomplete understanding and/or an inability for the board to take corrective action where necessary.	 Low
4.2	Evolving risk and issues may not be reported to the project board on a timely basis resulting in an incomplete understanding and/or an inability for the board to make contingency arrangements where necessary.	 Low

5. Basis of our opinion and assurance statement

Key to Risk Ratings for Individual Findings in Reports		
Critical 	Strategic Objectives: Extreme impact / delay / difficulty / difficulty. Compliance: Very serious of sustained non-compliance Safety: Critical injury (hospital stay) Reputation: Substantial or long-term damage Service Delivery: Complete loss of service / widespread inconvenience	Finance: Very serious loss (>£100,000)
High 	Strategic Objectives: Considerable impact/delay/ overspend/ difficulty Compliance: Significant or medium-term noncompliances Safety: Significant injury (professional intervention) Reputation: Significant or medium-term damage Service Delivery: Considerable impact/ inconvenience	Finance: Sizeable loss (£50,000-£100,000)
Medium 	Strategic Objectives: Small impact/ delay/overspend/ difficulty Compliance: Small or short-term non-compliance Safety: Small injury (local intervention) Reputation: Marginal or short-term damage Service Delivery: Moderate impact/ inconvenience	Finance: Moderate loss (£20,000-£50,000)
Low 	Strategic Objectives: Minor impact/ delay/overspend/ difficulty Compliance: Trivial or very short-term non-compliance Safety: Insignificant injury (no intervention) Reputation: Negligible damage Service Delivery: Minor impact/unnoticed by service users	Finance: Slight loss (£5,000 – £20,000)
Key to Assurance Levels		
No 	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 > 3.5 on the audit scoring]	
Limited 	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]	
Moderate 	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]	
Substantial 	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]	

6. 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 Audit and Standards 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