

APPENDIX A 3

Committee: Governance, Audit and Performance Committee
Title: Internal Audit Implementation Status - UDC Internal Governance Arrangements with UNSL
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Date: Wednesday, 31 August 2022

Summary

1. In the 2021/22 Internal Audit review of UNSL Governance Arrangements, 26 recommendations across 9 risk areas (1 critical, 3 high and 5 medium priority) were made and accepted by management. Given the critical inherent health and safety risk and other significant high priority issues identified, the findings were originally indicative of a 'no assurance' audit opinion, which required urgent management action. Internal Audit assessed the status of implementation of the recommendations during May/June 2022 and this report presents the outcome of that review as at June 2022.
2. While it is understood that work has continued to be undertaken on the action plan by Officers since June, it should be noted that this has not yet been validated by Internal Audit. A final formal follow up assessment will be undertaken following the conclusion of current management interventions in this area and subsequently reported to GAP.

Recommendations

3. GAP Committee are requested to note the content of this report.

Financial Implications

4. None

Background Papers

5. None

Impact

Communication/Consultation	This report has been discussed with, and noted by, Service Managers and CMT.
Community Safety	A high priority finding relating to the Council's oversight of safeguarding has been raised in the report.
Equalities	None

Health and Safety	A critical finding relating to the Council's oversight of health and safety compliance has been raised in the report.
Human Rights/Legal Implications	Legal implications may arise from some of the findings raised in the report.
Sustainability	None
Ward-specific impacts	None
Workforce/Workplace	None

Situation

6. Internal Audit undertook an initial follow up assessment of the implementation of the original recommendations during May/June 2022, and discussions highlighted that of the 26 recommendations, 2 have been implemented (which related to high priority Communication recommendations), 21 were work in progress, 2 are outstanding, and 1 is no longer applicable.
7. This means that all 9 areas of risk originally identified, including the critical finding relating to Health and Safety, and the three high priority findings relating to Safeguarding, Roles and Responsibilities, and Communication had only been partially addressed at the point of the review and whilst some positive actions had been taken, it was not possible for Internal Audit to provide independent assurance that the control environment had significantly improved and it therefore remained indicative of a 'no assurance' opinion as at June 2022.
8. While it is understood that work has continued to be undertaken on the action plan by Officers since June, it should be noted that this has not yet been validated by Internal Audit. A final follow up assessment will be undertaken following the conclusion of current management interventions in this area and subsequently reported to GAP.

Risk Analysis

Risk	Likelihood	Impact	Mitigating actions
Lack of robust governance arrangements for the Council's oversight of arrangements with UNSL may result in a significant failure to protect the health and wellbeing of tenants and/or staff, significant penalties to the Council and/or its Directors, detrimental financial implications and significant reputational damage	3	4	See recommendations below

1 = Little or no risk or impact; 2 = Some risk or impact – action may be necessary.; 3 = Significant risk or impact – action required; 4 = Near certainty of risk occurring, catastrophic effect or failure of project.

Uttlesford Norse Governance Arrangements – Audit Implementation Status (as at June 2022)

1. Executive Summary

Original Assurance Opinion (final report issued October 2021): No Assurance	Assurance Opinion June 2022: No Assurance <i>(due to critical and high priority areas not yet fully implemented)</i>
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Audit Recommendation Management Response Lead Officer: Roz Millership, Assistant Director Housing, Health and Communities
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SUMMARY (26 recommendations across 9 areas)			
Implemented	Work in Progress	Outstanding	N/A
2 (8%)	21 (81%)	2 (8%)	1 (3%)

	Area	Priority	No. of Recs	Overall Implementation Status
1.	Council Properties Health and Safety Requirements	Critical	2	Work in Progress
2.	Safeguarding	High	3	Work in Progress
3.	Defined Roles and Responsibilities	High	6	Work in Progress
4.	Communication	High	3	Work in Progress
5.	Complaints Handling	Medium	2	Work in Progress
6.	Sub-Contractors – Data Protection and Legal / Regulatory Requirements	Medium	3	Work in Progress
7.	Risk Management	Medium	2	Work in Progress
8.	Service Standards, Targets and KPIs	Medium	3	Work in Progress
9.	Contingency/ Service Delivery Interruption or Loss	Medium	2	Work in Progress

2. Detailed Findings

Ref	Priority	Original Finding	Recommendation	Original Management Response (Provided by Roz Millership 29-9-21)	Treatment Response Plan Actions (Provided by Roger Harborough to GAP 22-11-21)	Implementation Status (Assessed by Internal Audit June 2022)
1.	Critical	Council Properties Health and Safety Requirements			Overall: Work in Progress	
		<p>Internal Audit noted from discussion with managers that insufficient procedures are in place to ensure Uttlesford Norse Services Limited (UNSL) are undertaking and completing necessary works, to the required standard, to enable UDC to meet its health and safety responsibilities in respect of Council properties.</p> <p>It is understood that requirements such as Gas Safety Certificates, Electrical Safety Testing, Fire Risk Assessments and Legionella Assessments and Tests should all be managed and/or completed by UNSL, or a contractor appointed by UNSL, within the required timeframes, however it is understood that there is currently only reporting by UNSL in respect of Gas Safety Certificates. In respect of all other work, it was noted that the Council does not have a mechanism in place to check that the work is completed on time, or to the required standard.</p>	<p>1.1 The Council should implement its own reporting/ escalation/ remedial action oversight system to identify, monitor and check that all health and safety requirements are being completed by UNSL on time. This should be risk rated to ensure that critical/high risk health and safety concerns are closely monitored and escalated to all relevant managers with health and safety responsibilities. It may also be beneficial as part of this work to instigate a post-works check to ensure that work was completed on time and to the necessary standard.</p>	<p>Agreed: Yes</p> <p>Action to be taken: The reporting/ escalation/ remedial action oversight system will be put in place under the CDM requirements for this partnership</p> <p>Responsible Officer: Lewis Merle</p> <p>Target Date: 31/12/2021</p>	<p>UDC have agreed with UNSL that they will provide a regular report to the Board containing detail of all H&S compliance requirements, including timeframes and any supporting survey data. The report will be ready for the 19th November Board meeting. UDC have also requested that this report is also provided monthly so that if there are any non-compliance concerns these can be escalated and actioned quickly and closely monitored.</p> <p>Internally, an improved reporting/ escalation/ remedial action oversight system is in the process of being implemented to identify, monitor and check that all health and safety compliance requirements are being completed by UNSL on time. This system will be in place by 12th November 2021.</p> <p>Roger Harborough will formally request at the UNSL Board Meeting on 19th November specific data</p>	<p>1.1 Work in Progress</p> <p>Internal Audit confirmed that a Procedural Note “Statutory Compliance Works – Reporting, Escalation and Post Works Clarification – UDC & UNSL” document has been produced. This includes details of the Council’s reporting and escalation procedures in relation to Statutory Compliance checks within Council properties that are due to be completed by UNSL.</p> <p>In addition, the Chief Executive reported to GAP in March 2022 that following officer investigation into the handling of health and safety aspects, improvements had been delivered in the reporting and monitoring of health and safety requirements, covering legionella, gas and electricity checks, fire checks, cladding and lift maintenance.</p> <p>Internal Audit were informed that to assist with the monitoring of compliance, UDC were to be given access to a Portal that would facilitate review and analysis of all Statutory Compliance areas, including numbers of completed</p>

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		<p>In addition, it was noted that where issues arise, either as a result of these tests or work undertaken by UNSL, or its appointed contractors, there is no robust internal process in place within the Council to ensure that matters are dealt with quickly or escalated appropriately. This could relate to critical health and safety matters, including legionella/fire risk etc, for which urgent action and robust Council oversight is paramount.</p>	<p>1.2 UNSL should report all mandatory and significant health and safety issues to the Council within the required timeframe and regular updates on remedial actions should be</p>		<p>relating to Gas Safety, Fire Safety, Legionella and Electrical Safety to ensure that UDC have the requisite confidence and reassurance relating to its critical landlord health and safety responsibilities</p>	<p>and outstanding checks as well as access to all Certificates. Whilst access to all of this information was due to be available by the 1st April 2022, it was noted at May 2022, that it was still not possible to analyse any reported figures, for either completed or outstanding checks, or access any Certificates or supporting information on the Portal.</p> <p>The Portal was implemented on 8th June and is now operation but could only be accessed at the Depot. A new surveyor was due to be appointed and part of their role will be to access and review data available on the Portal. In addition, it was also noted that no information relating to Asbestos was available on the Portal.</p> <p>Internal Audit did note, however, that this matter had been escalated in accordance with the Procedural Note – Statutory Compliance Works – Reporting, Escalation and Post Works Clarification document.</p> <p>1.2 Work in Progress</p> <p>The AD Housing, Health and Communities provided two examples of issues reported to UDC and investigated by the Council. However, it is</p>

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			provided on time and/or on request.			understood that checks are currently being carried out by UDC appointed surveyors to confirm this status.
2.	High	Safeguarding	Overall: Work in Progress			
		Internal Audit identified that although F7.4 of the Service Agreement refers to making "sure that staff are fully trained on the equity laws, safeguarding and Prevent", UDC does not appear to have requested evidence of this. Furthermore, the November 2020 Company Board Papers state that within Q3 UNSL "will be delivering, Equality and Diversity, Customer Service and Safeguarding Training", but there is nothing within the January 2021 and May 2021 papers to confirm that this training took place. It is also not clear whether UDC have sufficient oversight of potential safeguarding issues relating to UNSL and UDC tenants, nor monitoring of any remedial actions being undertaken. In addition, Internal Audit noted that the Council's website advises residents to check an	<p>2.1 UNSL should be asked to provide confirmation / evidence that all relevant staff, including new staff as part of their induction process, have received requisite safeguarding training and obtain regular confirmation that this training remains up to date.</p> <p>2.2 UDC should request regular oversight of safeguarding issues/concerns relating to their residents and monitor any remedial actions.</p> <p>2.3 The Council should obtain details of the contractors appointed by UNSL to enable efficient checks to be made if a resident raises a query and/or amend the Website so that it is clear that the UNSL repairs option should be selected from the telephone menu and the checks made with UNSL rather than the Council.</p>	<p>Agreed: Yes</p> <p>Action to be taken: Undertake safeguarding checks to ensure the council are satisfied that correct safeguarding protocols are being followed by UNL staff and contractors.</p> <p>Ensure Safeguarding issues are regularly reported at board level</p> <p>Responsible Officer: Fleur Brooks</p> <p>Target 31/12/2021</p> <p>Date:</p>	<p>UDC will determine the safeguarding processes in place at UNSL and request formal regular oversight by the Board to ensure that correct safeguarding protocols are being followed by UNSL staff and contractors. A link will be facilitated between the UDC Safeguarding Officer and UNSL Safeguarding Lead to ensure that UDC is informed of all safeguarding concerns relating to its residents and it will be explored whether UNSL are able to connect into the UDC Safeguarding Form. A link will also be facilitated between UDC Customer Services Centre (CSC) and UNSL to support resident contractor enquiries that come via CSC.</p>	<p>2.1 Work in Progress Internal Audit were advised that the Council's Safeguarding Officer has contacted UNSL in order to undertake the relevant checks but obtaining requisite Council oversight of safeguarding issues relating to UNSL/UDC tenants is still currently work in progress.</p> <p>2.2 Work in Progress As above</p> <p>2.3 N/A - Alternative Action Decided by Management Internal Audit were advised by AD HHC that residents should in the first instance raise any concerns about a visiting contractor with UDC CSC as this needs to be co-ordinated by UDC. No further action planned to be taken on this recommendation.</p>

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		operative's identification before giving access to their property and that they should contact the Council if they are still suspicious. However, there is not currently a process in place to ensure that the Council is aware of all contractors appointed by UNSL. This may cause a delay or issue resulting in the resident allowing entry without due care having been made or a delay in the work being completed if the operative is unable to wait whilst the Council contacts UNSL to verify their appointment.				
3.	High	Defined Roles and Responsibilities				Overall: Work in Progress
		<p>Internal Audit noted that roles and responsibilities/accountabilities, including clarity over potential conflicts of interest, have not been defined or formalised between UDC and UNSL.</p> <p>As a result, the Contract Liaison Officers (and their roles) referred to within the Service Agreement between UDC and UNSL have not been identified. It is therefore unclear which Officers should be involved with aspects of the roles detailed in</p>	<p>3.1 Roles, responsibilities, and accountabilities for Officers should be defined and formalised, including information relating to the Contract Liaison Officers detailed within the Service Agreement, assessment of any potential conflicts of interest, and routes for dissemination and retention of UNSL data and information across the Council.</p> <p>3.2 Consideration should be given to centralising the co-</p>	<p>Agreed: yes</p> <p>Action to be taken: Directors to consider if co-ordination of all matters relating to UNSL including responsibility for H&S compliance, financial matters, residents' engagement and PIs are managed centrally by a project manager/project team.</p> <p>Responsible Officer:</p>	<p>Roles, responsibilities, and accountabilities for UDC Officers will be defined and formalised, including information relating to the Contract Liaison Officers detailed within the Service Agreement, assessment of any potential conflicts of interest, and routes for dissemination and retention of UNSL data and information across the Council. UDC Management will consider if co-ordination of all matters</p>	<p>3 (all) Work in Progress</p> <p>Internal Audit noted through discussion that although monthly Finance meetings have now been implemented and the UDC's Interim Finance Manager attends these, there is still concern about the lack of accuracy in the financial information being provided and the need to check the figures are correct.</p> <p>It was noted that there are often several issues to raise at Board meetings and there remain issues in obtaining 2022/23 budget</p>

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		<p>the Service Agreement, such as: discussion of operational issues including financial and budgetary issues and performance; receiving of reports in respect of the recognition of situations which may involve personal injury etc; and/or dispute resolution.</p> <p>It is understood that there are currently several Officers involved with different aspects of work relating to UNSL, without clear guidance on their role/responsibility, or an overall appointed person to coordinate all matters within the Council and to ensure that information and actions from Board Meetings are undertaken. This may lead to duplication of work, unnecessary requests for information being made, financial errors not being identified and/or overpayments being made and lack of procedures to capture, record and report any issues or failures and monitor the scale of such instances.</p> <p>Internal Audit noted that the Shareholders Agreement states that "the Business Plan, including the budget, shall be approved and adopted by both</p>	<p>ordination of all matters relating to UNSL to ensure that all issues or concerns etc., such as those relating to service delivery, finance, or provision of information, are captured, collated, and retained centrally so that information can be disseminated efficiently to all relevant staff and reported and escalated, where appropriate. Alternatively, co-ordination between all relevant officers with UNSL responsibilities should be formalised (e.g., through regular meetings), to enable more consistent dissemination of information, escalation of issues and monitoring of remedial actions. Procedures should be sufficient to ensure that any actions arising from Board Meetings, including the provision of information to the Council, are monitored to ensure completion or suitable escalation, and that Minutes from meetings are correct and fairly represent of all matters discussed.</p>	<p>Roger Harborough and Adrian Webb</p> <p>Target Date: 31 December 2021</p>	<p>relating to UNSL including responsibility for H&S compliance, financial matters, residents' engagement and PIs can be managed centrally by a project manager/project team</p>	<p>figures and lack of financial information at Board meetings.</p> <p>Internally, AD Resources is also made aware of various issues, but it can be difficult to understand some of them based on the information received.</p> <p>It is therefore understood that a plan was being put in place relating to the co-ordination of UNSL matters per the original recommendations.</p>
			<p>3.3 It may be beneficial for the Council to consider dissemination of elements of</p>			

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		<p>UDC and UNSL prior to commencement of each Financial Year". The Service Agreement also refers to "UNSL and the Council seeking to agree each Business Plan in accordance with the budget setting timeline of the Council prior to commencement of the Financial Year". However, it is understood that no budget information has been provided to the Council for the 2021-2022 year, preventing the Finance Manager from confirming whether the figures are accurate and/or whether the budget is affordable for the Council. It was also noted that figures for 2021-2022 were due to be forwarded to the Council's Directors following the Board Meeting in January 2021, however these were still not available to forward to the Finance Manager in early July 2021.</p> <p>The Service Agreement also refers to a Budget monitor report being shared with UDC finance staff on a monthly basis and open for discussion at the monthly finance meeting, however it is understood that this report has not been</p>	<p>the Board Papers to Officers to enable cross checking of information being presented to the Board with details being provided directly to Officers by UNSL, such as budget/financial information and performance/KPI data.</p> <p>3.4 The Council should also consider undertaking a review to identify the requirements detailed within the Agreements, including the Shareholders Agreement and Service Agreement, that are currently not being met, such as the various financial matters and performance information, and raise these issues formally at the Company Board Meeting.</p> <p>3.5 Evidence should be obtained to confirm that UNSL has the requisite Insurance coverage in place.</p> <p>3.6 An electronic version of the signed service agreement should be retained by the Council and accessible to relevant officers.</p>			

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		<p>frequently shared with finance staff and no meetings have yet been arranged.</p> <p>In addition, the Council's Finance Manager raised issues regarding UNSL delay in production of the monthly invoices for 2020 and 2021 and credit notes discussed in May 2021. Issues were also noted in respect of the accuracy of invoices provided for 2020, including potential double counting, additional staff costs and inability to reconcile invoice items to respective budget codes. The ongoing delay in UNSL providing the credit notes and monthly invoices may also cause cash flow pressures for the Council as well as workload issues for the Finance Team. Issues with the accuracy of invoices to the Council were also raised by the Council's Property Surveyor.</p> <p>In addition, Internal Audit were advised of an instance where problems arose with the UNSL telephone system and the Council's Customer Services Centre were taking messages for a time, whilst this issue at UNSL was resolved. Due to the current process this issue was</p>				

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		<p>not formally captured or reported. Other examples include information being requested from UNSL which are included within Board Papers, repeated requests for UNSL to provide financial invoices and set up monthly finance meetings, and the lack of opportunity to check information entered on Pentana with information being presented to the Boards, especially as supporting information is not provided to enable validation of the performance information being provide to the Council.</p> <p>During the Audit, it was not evident whether the Council had obtained evidence to confirm that UNSL has an appropriate insurance policy which provides the minimum levels of cover as stated in the Service Agreement. It is understood that this is currently being ascertained.</p> <p>Internal Audit were also advised that there is currently no electronic version of the signed Service Agreement between the Council and UNSL. Whilst it is acknowledged that the Engrossment Version is likely to</p>				

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		be the same as the signed version, the Engrossment Version is not dated and still includes the "Draft" watermark, which may cause potential issues in the event of any dispute.				
4.	High	<u>Communication</u>				Overall: Work in Progress
		Internal Audit noted that whilst UNSL have produced a Communications Plan, this only relates to some of the meetings that take place between UDC and UNSL and does not include reference to other meetings, such as the weekly void meetings, that are now also taking place. It also does not include details of the officers who attend the meetings or who provides the information at UNSL, plus it does not include other pertinent communication between UNSL and UDC, such as complaint handling, finance, or performance management. Some differences were also noted between the terminology used in the Communications Plan and in practice, which could cause confusion and inconsistencies. It was also noted that whilst	4.1 The Communications Plan should include all formal meetings/ communication channels that take place between the Council and UNSL. This should also include the officers involved and standard terminology for clarity and consistency of communications between UDC and UNSL.	Agreed: yes Action to be taken: Communication Plan to be updated Responsible Officer: Roz Millership Target Date: 31/03.2022	The UDC/ UNSL Communications Plan will be updated to include all formal meetings/ communication channels that take place between the Council and UNSL. This will also include the officers involved and standard terminology for clarity and consistency of communications between UDC and UNSL. Consideration will be given to the production of a contact list between the Council and UNSL to ensure that operations can continue in the event of any staff absence, either within UDC or UNSL	4.1 Implemented The Communication Plan has been updated. Internal Audit were advised that this Plan has been shared with UNSL.
	4.2 Consideration should be given to the production of a contact list between the Council and UNSL to ensure that operations can continue in the event of any staff absence, either within UDC or UNSL.		4.2 Implemented Internal Audit were provided with a Table of UNSL Contacts and were advised that these details include all UNSL staff that may need to be contacted in the absence of the usual UNSL Contact.			
	4.3 Differences between Service Plan expectations and operations in practice, including those relating to Customer Care should be monitored and actions raised		4.3 Outstanding Per the original recommendation, it may still be beneficial for the Council to introduce a process to enable monitoring of any differences between Service Plan			

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		<p>most of the Council's Officers were in contact with a specific person or persons at UNSL, no contingency contact details had been provided to UDC to ensure continuity of operations in the absence of any key staff, such as the UNSL Operations Director or Commercial Director. In addition, whilst the Service Agreement includes details relating to Customer Care, it was noted that there were some differences between the Agreement and activities operating in practice. For example, the Service Agreement refers to "learning from the services that UNSL provides to its customers by obtaining feedback" however it is not evident from the information being provided to the Council whether this is happening in practice. Furthermore, it is understood from discussions with officers that some improvements may be beneficial in terms of operational communication between UNSL operatives and Sheltered Housing Officers to assist in completion of repairs at the appointed time.</p>	<p>where appropriate.</p>			<p>expectations and operations.</p>

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5.	Medium	Complaints Handling			Overall: Work in Progress	
		<p>During the audit, it was noted that although UNSL is mentioned on several pages of the Council's website, no information is available to residents advising how they can raise any complaints to UNSL.</p> <p>In addition, it was not evident whether all complaints received by the Council are forwarded to the UNSL complaints email or if all of the forwarded complaints are included within the data figures being reported. Currently, not all of the complaints received by the Council are recorded before being forwarded and data provided by UNSL does not include supporting information that would enable cross checking to the Council's records.</p>	<p>5.1 The Council's website should include information for residents regarding how they can raise a complaint in respect of UNSL and the handling procedure expected.</p> <p>5.2 It may be beneficial for the Council to consider implementing a process to record all complaints received by the Council in respect of UNSL and to require the Company to provide sufficient information to enable cross checking of the Councils' records to the performance data provided. This would provide the Council with a greater understanding of how the process is working and whether UNSL have the same consideration of a complaint as the Council.</p>	<p>Agreed: yes</p> <p>Action to be taken: website to be updated to include information in respect of UNSL complaints.</p> <p>All complaints to be forwarded to the Corporate Team to be recorded in the Corporate complaints register and reported as part of the suite of PIs</p> <p>Responsible Officer: Paula Evans/Bruce Tice</p> <p>Target Date: 31/03/2022</p>	<p>The other medium priority findings in the report, relating to improvements required in clarifying and defining expectations and requirements, UNSL sub-contracting of services, risk management, performance management, and contingency in case of service delivery interruption or loss, will be addressed by UDC Management, with a target date for completion of 31st March 2022</p>	<p>5 (all) Work in Progress</p> <p>Internal Audit were advised that the capturing and recording of complaints relating to UNSL had not yet been formalised and that as a result no changes had yet been made to the Council's Website. At the time of the review, it was not known whether the Council would wish to capture all complaints at the time they are made, although handling of the complaints themselves would fall to UNSL/Dodds, or if the Council only wishes to be involved and capture second tier complaints, where the complainant is unhappy with the response they have received to their original grievance.</p> <p>Internal Audit were advised that a monthly check is currently being carried out between complaints captured and recorded within UDC's Housing Team and those recorded by UNS and that any UNSL complaints that are upheld should be reported to the Council's Executive Support Team.</p> <p>In addition, Internal Audit were also advised that any complaints</p>

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						<p>reported to a Customer Services Advisor will be recorded and then emailed to the relevant complaint email address at UNSL.</p> <p>Internal Audit were advised that UNSL will be asked to provide monthly reports of complaints received and that work would be taken within UDC to agree and implement an appropriate complaint handling process.</p>
6.	Medium	<u>Sub-Contractors – Data Protection and Legal / Regulatory Requirements</u>				Overall: Work in Progress
		<p>Internal Audit noted that although there are clear agreements relating to ownership/liability for information and data security between the Council and UNSL, it is not evident whether UNSL are imposing obligations on its sub-contractors in the same terms as those imposed on it, pursuant to the Service Agreement (section 30.4.2). Agreements between the Council and UNSL state that UNSL should not disclose Personal Data to a third party, nor appoint a third party to process the Personal Data in any circumstances other than at the specific request of the Council, and that no third-party</p>	<p>6.1 The Council should consider and decide whether UNSL should be requested to obtain written consent from the Council before any contractors, that will obtain/use Personal Data to provide the services, are appointed, and whether UNSL should provide evidence that at least the same data protection obligations and other requirements as set out in the Service Agreement are being met.</p> <p>6.2 Consideration should be given to whether it would be appropriate for the Council to periodically request sight of the register of Personal Data Breaches and records and</p>	<p>Agreed: yes Action to be taken: A Data Protection Impact Assessment has been carried out that has considered the various risks. This will be monitored for compliance by the Council's DPO Responsible Officer: Tom Falconer Target Date: 31/03/2022</p>	<p>The other medium priority findings in the report, relating to improvements required in clarifying and defining expectations and requirements, UNSL sub-contracting of services, risk management, performance management, and contingency in case of service delivery interruption or loss, will be addressed by UDC Management, with a target date for completion of 31st March 2022</p>	<p>6 (all) Work in Progress Internal Audit noted that the Council's DPO had recently been provided with a completed Data Protection Impact Assessment (DPIA) Screening document and Form. However, Internal Audit were advised that no other checks or work in respect of UNSL and data protection had been undertaken. Per the original recommendation, it may be beneficial for the Council to consider whether UNSL should be asked to provide any information in respect of data protection and/or Data Breaches.</p>

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		<p>Processor should be appointed without the Council's prior written consent. There should also be a written contract which imposes the same data protection obligations, with UNSL remaining liable to the Council for compliance of any third-party Processor engaged and informing the Council of any changes concerning the addition or replacement of third-party Processors giving the Council sufficient opportunity to object to such changes.</p> <p>The Agreements also include the requirement for UNSL to inform the Council of any Data Breaches or requests for data etc., but Internal Audit identified that it is unclear whether this requirement extends to third parties to ensure that they provide such information to UNSL for onward reporting to the Council.</p> <p>The Service Agreement also states that UNSL should maintain a register of Personal Data Breaches and complete and accurate records and information including a record of processing activities to demonstrate its compliance with clause 22. However,</p>	<p>information, including a record of processing activities, that UNSL should be maintaining to demonstrate its compliance with clause 22. This could be incorporated within the suite of performance indicators, complaints / data issues etc. as recommended at Finding 4 and 7.</p> <p>6.3 The Council should be made aware of and consent to any sub-contract for any part of the Services valued at more than £25,000 per annum in line with the Service Agreement.</p>			

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		<p>Internal Audit noted that a process is not in place to request sight of this information periodically.</p> <p>In addition, the Data Protection requirements set out in the Service Agreement state that “the Company may freely sub-contract parts of the Services to members of the Norse Group but otherwise shall seek the consent of the Council before entering into a sub-contract for any part of the Services valued at more than £25,000 per annum”.</p> <p>It is understood that the Council were not consulted when UNSL appointed new heating contractors. Whilst Internal Audit were advised that it was not expected that UNSL would consult with the Council about the appointment of a new Heating Contractor as this was an operational decision for UNSL, it is noted that no details have been provided to confirm that a written contract is in place between UNSL and the contractor which imposes the same data obligations and requirements set out in the Service Agreement and the Council’s lack of involvement /</p>				

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		<p>consultation about this appointment may have resulted in the legal responsibility to inform / consult with leaseholders on any new heating contractor not being met.</p> <p>Lack of involvement also means that the Council may not know what arrangements are in place between UNSL and the heating contractor with regards to compliance with regulatory requirements, service delivery, compensation for failing performance/ issues etc. or customer service, although it is acknowledged that UNSL is responsible for overall service delivery of the services. Although mention is made of weekly performance and complaints meetings with the new contractor, it is understood that no information about these discussions is formally provided to the Council in writing. However, it is understood that some details may be provided verbally during weekly discussions between UNSL and the Council.</p>				

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7.	Medium	Risk Management				Overall: Work in Progress
		<p>Internal Audit were advised that the UNSL Risk Register in place for the Partnership, is reviewed quarterly at the Company Board Meetings. Details of a review of the Risk Register were noted in the Minutes for the November 2020 Meeting, however no other references to the Risk Register being reviewed at other Board Meetings were seen.</p> <p>Whilst it is acknowledged that details may be provided verbally during the Company Board Meetings, no information was seen within the Board Papers to show what, if any, monitoring had taken place to ensure that the mitigating actions had been implemented successfully and were managing the risks effectively. No changes were observed in the risk scores reported in January 2021 and May 2021.</p> <p>In addition, risks relating to UNSL were not seen within the Council's Corporate Risk Register 2020/2021 or within the 2020/2021 Service Level Risks recorded on Pentana, unlike the PFI Contract which</p>	<p>7.1 The Partnership Risk Register should be discussed at each Board meeting, including consideration of the mitigating actions and impact on risk scores, with details of these discussions recorded within the Minutes of the meeting. The issues identified in this report should be included on the risk register.</p> <p>7.2 Consideration should be given to including risks relating to UNSL on the Corporate Risk Register as well as Service Level Risks relating to service delivery. Incorporation of sub-contracting risks such as failure to comply with regulatory requirements and poor performance and service delivery would enable the Council to identify any potential issues and monitor the risks to prevent reputational damage and any impact on resilience of the service. It is acknowledged that the UNSL Risk Register includes a risk relating to</p>	<p>Agreed: yes</p> <p>Action to be taken: Directors to consider whether to include further risks relating to UNSL on the Corporate Risk Register</p> <p>Responsible Officer: Roger Harborough/ Adrian Webb</p> <p>Target 31/12/2021</p> <p>Date:</p>	<p>UDC Management will also consider the associated impact of the findings on the Council's own Corporate and Service Risk Registers, and whether a separate risk register for all emerging Norse issues should be developed to enable clear and transparent monitoring of risks and remedial actions implemented and the wider cultural differences between the Council and UNSL to ensure that the partnership is successful in the long term</p>	<p>7.1 Work in Progress</p> <p>Internal Audit noted that discussion of the Partnership Risk Register and recording of this in the Minutes of the Meetings is now undertaken. However, inclusion of issues identified in the original audit report on the appropriate risk register remains outstanding. Internal Audit were advised that checks would be made to ensure that the Partnership Risk Register is discussed at each Board Meeting and recorded in the Minutes.</p> <p>7.2 Work in Progress</p> <p>A new risk has been added to the Council's Risk Register in respect of Contracts and Partnership Management, with specific reference to this having been added to reflect current concerns around the Uttlesford Norse Contract.</p> <p>However, it may be beneficial for services involved in Norse operations to include service level risks to help with oversight and escalation of issues as they emerge.</p>

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		has six Service Level Risks, two of which relate to Service Delivery, namely effective monitoring and management of the service level risks and performance monitoring.	Contractors Delivery (UNSL03) however this is owned by the Operations Director of the Partnership rather than the Council and would therefore relate to risks to the Company rather than the Council.			
8.	Medium	Service Standards, Targets and KPIs				Overall: Work in Progress
		<p>Internal Audit noted that all of the key performance indicators stated in the Service Agreement relate to the housing side of operations, even though cleaning and facilities were also transferred to UNSL, and a Cleaning and Facilities Quality Standards Table is included within the Service Agreement.</p> <p>Differing opinions of compliance by UNSL in respect of its performance reporting were observed during the Audit. For example, some Officers considered that sufficient information was being provided to them, for their purposes, and information provided to the Housing Board in December 2020 stated that “good monitoring arrangements were in place through the Pentana Indicators”. However, at the</p>	<p>8.1 Consideration should be given to the monitoring of cleaning and facilities work, specified within the Service Agreement, including compliance with the Cleaning and Facilities Quality Standards Table, perhaps by the introduction of additional performance indicators.</p> <p>8.2 In respect of the performance information being provided by UNSL, the Council should:</p> <ul style="list-style-type: none"> • Set a timeframe for completion of any requisite processes within UNSL, to ensure that the Company is in a position to provide all performance data from that date onwards. • Require UNSL to provide supporting information to enable verification of the 	<p>Agreed: yes</p> <p>Action to be taken:</p> <p>The current reporting framework will be reviewed to ensure that there is sufficient reporting of UNSL performance</p> <p>Responsible Officer: Nicola Wittman/Roz Millership/Paula Evans</p> <p>Target Date: 31/03/2022</p>	<p>The other medium priority findings in the report, relating to improvements required in clarifying and defining expectations and requirements, UNSL sub-contracting of services, risk management, performance management, and contingency in case of service delivery interruption or loss, will be addressed by UDC Management, with a target date for completion of 31st March 2022</p>	<p>8 (all) Work in Progress</p> <p>Internal Audit noted that a table of indicators proposed for 2022/2023 had been produced and shared with UNSL in March 2022, with a request for information in respect of the missing targets to be provided by 6th April. However, at the time of this Review, Internal Audit were advised that no response had been received. It was advised that UNSL would be contacted to chase for this information.</p>

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		<p>time of the Audit, information was not being provided by UNSL for all performance indicators set on Pentana and details that were provided were entered as notes with no supporting information provided.</p> <p>It was also noted that reporting by UNSL at Board Meetings includes some performance indicators not specified in the Service Agreement for Heating Servicing, Heating Repairs and complaints and compliments, which are not included within the Council's Quarterly Performance Reports.</p> <p>In addition, differences were noted between the performance indicators specified within the Service Agreement and information being reported in respect of Gas Servicing and Voids.</p> <p>It was noted that although key performance indicators have been set out in the Service Agreement, no details were included in respect of targets. However, it is acknowledged that work has since been undertaken to agree targets for most of the performance indicators.</p>	<p>performance data the Company is providing, perhaps quarterly with every data submission or periodically.</p> <ul style="list-style-type: none"> • Include details reported at Board Meetings by UNSL in respect of Heating Servicing and Repairs and Complaints and Compliments within the Quarterly Performance Reports. • Require UNSL to provide information to enable reporting of all performance indicators specified within the Service Agreement or whether the different information in respect of Gas Servicing, Voids and Complaints and Compliments is acceptable and effectively replace the specified indicators. If this is the case, then any agreed changes should be formally recorded for future reference. <p>8.3 The current reporting framework should be reviewed to ensure that there is</p>			

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		<p>Internal Audit also noted that whilst UNSL Quarterly Performance Reports are not currently reported to the Governance, Audit and Performance (GAP) Committee, there is a Councillor present at the Company Board Meetings, who is one of the Company Directors, and another that chairs the Liaison Board meetings. Although both of these Councillors sit on the Housing Board, which includes members from the GAP Committee, this Board only meets twice a year and there is no apparent framework in place to ensure that there is sufficient performance reporting in respect of UNSL throughout the year.</p> <ul style="list-style-type: none"> ▪ As mentioned above, information provided to the Housing Board in December 2020 indicated that good monitoring arrangements were in place through the Pentana Indicators, however gaps/missing data, lack of supporting information or queries included on the Quarterly Performance Reports were not noted. ▪ 	<p>sufficient reporting of UNSL performance within the Council and whether it would be appropriate to provide the Quarterly Performance Reports to the GAP Committee, and perhaps also the Housing Board.</p>			

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9.	Medium	Contingency/ Service Delivery Interruption or Loss			Overall: Work in Progress	
		<p>Internal Audit noted that there is currently no Contingency Plan in place within the Council to deal with any event of service interruption or loss of UNSL operations.</p> <p>In addition, although it was noted that the Service Agreement provides for the Council to serve notice to UNSL, requiring remedy, and to provide, procure or terminate the relevant part of the Service if the Company fails to remedy within the required time, there is no mention of any compensation or reduction in costs payable by the Council for any interruption or loss of service by UNSL operations.</p> <p>During the Audit it was found that the Council does not have a process in place to record or report any instances of interruption or loss of service by the Company. For example, it became known that an incident arose whereby the Company were unable to take telephone calls for a few hours one morning and staff at the Council's Customer Services Centre provided cover by</p>	<p>9.1 A Contingency Plan should be agreed and implemented between the Council and UNSL to ensure that it is able to respond to residents sufficiently in the event of service interruption or loss of UNSL operations and limit any detrimental financial impact to the Council.</p> <p>9.2 Greater protection for the Council in the event of a loss or interruption of UNSL operations should be considered. It may be beneficial for the Council to implement a process whereby any instances of loss or interruption of UNSL operations are recorded and reported, perhaps to CMT or to Directors and the Chief Executive.</p>	<p>Agreed: yes</p> <p>Action to be taken: Contingency plan agreed and implemented</p> <p>Responsible Officer: Nicola Wittman/ Roz Millership</p> <p>Target Date: 31/03/2022</p>	<p>The other medium priority findings in the report, relating to improvements required in clarifying and defining expectations and requirements, UNSL sub-contracting of services, risk management, performance management, and contingency in case of service delivery interruption or loss, will be addressed by UDC Management, with a target date for completion of 31st March 2022</p>	<p>9.1 Work In progress</p> <p>Internal Audit were advised that a Contingency Plan is in the process of being designed and implemented</p> <p>9.2 Outstanding</p>

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		<p>answering the calls and passing messages to the Company, however lack of procedures resulted in this event not been recorded or reported within the Council.</p> <p>The Service Agreement also did not include details about maintaining available phone lines or what happens if these are not available, nor about compensation / reimbursement to UDC if this service is not available and cover has to be provided by UDC staff.</p>				

Key to Risk Ratings for Individual Findings in Reports

Critical ●	<p>Financial: Severe financial loss; Operational: Cessation of core activities</p> <p>People: Life threatening or multiple serious injuries to staff or service users or prolonged work place stress. Severe impact on morale & service performance. Mass strike actions etc</p> <p>Reputational: 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>Legal and Regulatory: 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>Projects: Failure of major Projects and/or politically unacceptable increase on project budget/cost. Elected Members required to intervene.</p>
High ●	<p>Financial: Major financial loss. Service budgets exceeded; Operational: Major disruption of core activities. Some services compromised. Management Team action required to overcome medium-term difficulties.</p> <p>People: 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>Reputational: Major impact on the reputation of the Council. Unfavourable media coverage. Noticeable impact on public opinion.</p> <p>Legal and Regulatory: Major breach in laws and regulations resulting in significant fines and consequences. Scrutiny required by external agencies</p> <p>Projects: Key targets missed. Major increase on project budget/cost. Major reduction to project scope or quality.</p>
Medium ●	<p>Financial: Moderate financial loss. Handled within the team; Operational: 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>People: 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>Reputational: Moderate impact on the reputation or brand of the organisation. Limited unfavourable media coverage</p> <p>Legal and Regulatory: Moderate breach in laws and regulations resulting in fines and consequences. Scrutiny required by internal committees or internal audit to prevent escalation.</p> <p>Projects: 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>
Low ●	<p>Financial: Minor financial loss; Operational: Minor errors in systems/operations or processes requiring Service Manager or Team Leader action. Little or no impact on service users.</p> <p>People: Minor injuries or stress with no workdays lost or minimal medical treatment. No impact on staff morale.</p> <p>Reputational: Minor impact on the reputation of the organisation.</p> <p>Legal and Regulatory: Minor breach in laws and regulations with limited consequences.</p> <p>Projects: Minor delay without impact on overall schedule. Minimal effect on project budget/cost or quality.</p>

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.
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.
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.
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.

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