

Internal Audit Final Report 2023/24

Blueprint Uttlesford

1. Executive Summary

Directorate: Chief Executive
Audit Owner: Peter Holt
Distribution List: Corporate Management Team

Overall Opinion

MODERATE ASSURANCE



Number of issues relating to Control Design

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

Number of issues relating to Controls Operating in Practice

- 0 Critical
- 0 High
- 3 Medium
- 0 Low

Scope of the Review/ Limitations:

This audit reviewed the governance and reporting arrangements for the Blueprint Uttlesford phase 1 service reviews that commenced in 2023/24.

Overview

The Council is facing challenging times and needs to reduce its budget by approximately 25% (approximately £6.6m) whilst ensuring delivery of its priorities as laid out in the Council Plan 2023-27. Blueprint Uttlesford is the Council's change programme focusing on the next five years. It has clear objectives to:

- Deliver the council's bold and wide-ranging ambitions for improving outcomes for residents.
- Deliver the best services possible as set out in the authority's annually reviewed 5 year Corporate Plan.

In June 2023, Cabinet approved a set of guiding principles for the change programme and a schedule of service reviews and eight cross-cutting workstreams.

High Priority Finding

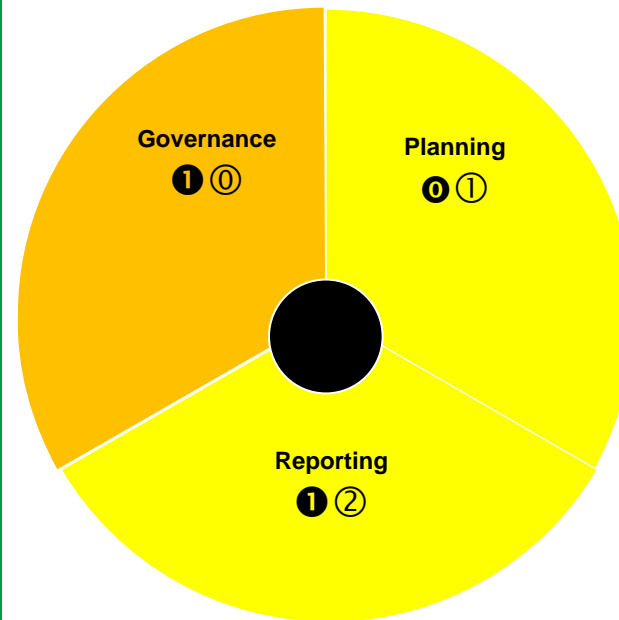
One high priority findings was identified:

CMT agreed to take ownership of Blueprint Uttlesford as the Programme Board but the roles and responsibilities as Programme Board have not been defined formally. Expectations on reporting (frequency and content e.g. highlights, risks, variances from agreed timetables) have not been documented formally. As a result, records of Programme Board meetings have not been maintained systematically.





Areas of good practice identified

The Chief Executive's calendar indicates CMT has met as the Programme Board has meet once or twice a month since it took on the ownership of the programme in July 2023.

A service review template has been created for the programme and it has been used for the majority of the service reviews. Where it has been used it provides a reasonable document for planning and monitoring projects.



Each of the objectives for this review are shown as segments of the wheel. The key to the colours on the wheel are as follows:

-  No / Low priority issues identified
-  Medium priority issues identified
-  High priority issues identified
-  Critical priority issues identified

<p>Auditor: Philip Honeybone</p> <p>Fieldwork commenced: 11 January 2024 Fieldwork completed: 21 February 2024 Draft report issued: 14 March 2024 Management comments: 20 March 2024</p> <p>Final report issued: 21 March 2024</p> <p>Signed: Philip Honeybone, Audit Services Manager</p>	<p>Risk Register Updates:</p> <p>It is recommended that management consider including the unregistered risks identified below in the programme's risk register.</p>																														
	<p>Issues raised and officers responsible for implementation</p>																														
	<table border="1"> <thead> <tr> <th>Name</th> <th>Critical</th> <th>High</th> <th>Medium</th> <th>Low</th> <th>Total</th> <th>Agreed</th> <th>Latest Implementation Date</th> </tr> </thead> <tbody> <tr> <td>Peter Holt</td> <td></td> <td></td> <td>3</td> <td>1</td> <td>4</td> <td>4</td> <td>30 April 2024</td> </tr> <tr> <td>Angela Knight</td> <td></td> <td>1</td> <td></td> <td></td> <td>1</td> <td>1</td> <td>30 April 2024</td> </tr> </tbody> </table>	Name	Critical	High	Medium	Low	Total	Agreed	Latest Implementation Date	Peter Holt			3	1	4	4	30 April 2024	Angela Knight		1			1	1	30 April 2024						
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Risks Reviewed (as per agreed Terms of Reference)		
Risk Ref	Risk	Risk managed
1	Governance	
	There may not be effective oversight of the Blueprint Uttlesford reviews resulting in slippage, scope creep and non-delivery of anticipated outcomes.	Limited ●
	Programme and project roles and responsibilities may not be defined appropriately resulting in lack of accountability and non-delivery of anticipated outcomes	Substantial ●
2	Planning	
	Projects may not be defined clearly resulting in a lack of clarity over objectives and non-delivery of anticipated outcomes.	Moderate ●
	A project timetable may not be in place resulting in delays in delivery.	Substantial ●
	Milestones may not be identified fully resulting in non-delivery of anticipated outcomes.	Substantial ●
	Key stakeholders may not be identified leading to an incomplete understanding of the consequences of the project.	Substantial ●
	Equality Impact Assessments may not be completed resulting in non-compliance with the Equality Act 2010 and which may lead to discrimination in service provision or employment.	Moderate ●
	Risks and issues may not be identified resulting in slippage and non-delivery of anticipated outcomes.	Substantial ●

3	Reporting	
	Project updates may not be reported to the Blueprint Uttlesford board on a timely basis resulting in an incomplete understanding and/or an inability for the board to take corrective action where necessary.	Moderate ●
	Evolving risk and issues may not be reported to the Blueprint Uttlesford board on a timely basis resulting in an incomplete understanding and/or an inability for the board to make contingency arrangements where necessary.	Moderate ●



2. Detailed Findings, Recommendations and Action Plan

Ref	Matters Arising	Potential Risk Implications	Recommendations	Priority	Management Response provided by Peter Holt(CE) and agreed actions
Governance					
1	CMT agreed on 18 July 2023 that it would take ownership of Blueprint Uttlesford and become the Blueprint Uttlesford Board. However, the roles and responsibilities as Programme Board have not been documented formally.	Without a terms of reference defining its roles and responsibilities as Programme Board, there may be inconsistent oversight of the service reviews which may lead to slippage and non-delivery of programme objectives.	CMT's role as Programme Board should be documented formally in a terms of reference. This should: <ul style="list-style-type: none"> define roles and responsibilities for the Board, Chief Executive, Lead and Support for each review. *set out standard agendas approval for each phase of reviews expectations on reporting on highlights, exceptions, risks and variances from agreed timetables. 	High ●	Recommendation agreed? [yes] Responsible Officer: Angela Knight Target Date: end April 2024
Reporting					
2	There is at least one calendar entry per month since July 2023. The auditor only found records of two Board meetings (18/7/23 and 24/1/24). CMT minutes show evidence of discussion of the Blueprint Uttlesford reviews.	Without records of its meetings as Programme Board, CMT cannot demonstrate it has taken appropriate action in overseeing Blueprint Uttlesford.	Records should be maintained of all Blueprint Uttlesford board meetings, alongside versions of documents upon which any decisions were made.	Medium ●	Recommendation agreed? [yes] Responsible Officer: Peter Holt Target Date: April 2024

Ref	Matters Arising	Potential Risk Implications	Recommendations	Priority	Management Response provided by Peter Holt(CE) and agreed actions
Planning					
3	<p>The Chief Executive has designed a “service review template” that acts as a project plan template for the Blueprint Uttlesford Programme.</p> <p>The template has generally been used for service reviews, albeit with three instances of non-compliance. Environmental Health and Licensing - deferred. One of these was very early (Senior Staffing) and one very straightforward (Local Highways Panel).</p>	<p>Without appropriate project planning documentation that sets out how they will operate, cross-cutting elements may not be considered fully during the Blueprint Uttlesford reviews and some of the anticipated benefits may not be achieved.</p>	<p>There should be a project plan, service review document or equivalent for each review that outlines the key milestones and timetable that can be used to monitor against.</p>	<p>Medium</p> <p>●</p>	<p>Recommendation agreed? [yes]</p> <p>Responsible Officer: Peter Holt</p> <p>Target Date: April 2024</p>
4	<p>The service review document includes a prompt for the completion of Equality and Health Impact Assessments (EqHIA). There is an EqHIA template in place which covers:</p> <ul style="list-style-type: none"> *Scope of activity *Potential impact on those with the 9 protected characteristics *Background / context *Assessment of impact on each protected characteristic with sections for evidence and sources *Health and wellbeing impact *Outcome of the assessment <p>The EqHIA template covers the requirement appropriately.</p> <p>EqHIAs only found for 5 of the reviews and (including one cross-cutting).</p>	<p>The Council may not comply with its duties under Equality Act 2010.</p>	<p>EqHIAs should be completed for all reviews. If the lead determines this is not appropriate, this should be documented on the service review template and service review document.</p>	<p>Medium</p> <p>●</p>	<p>Recommendation agreed? [yes]</p> <p>Responsible Officer: Peter Holt</p> <p>Target Date: April 2024</p>

Ref	Matters Arising	Potential Risk Implications	Recommendations	Priority	Management Response provided by Peter Holt(CE) and agreed actions
5	<p>Milestones are included where the service review template has been used.</p> <p>Noted that there are service reviews (e.g. Revenues and Benefits Review) have two phases. At the time of the audit, only one phase had entered the discovery phase. Phase 2 would be added by including additional text to the document.</p>	<p>Using one service review document for all phases of a multiphase document means this will be very long and may make it harder for the board to review progress effectively.</p>	<p>Consideration should be given to separate documents for each phase of multiphase reviews in order to make it easier to see the progress on each stage.</p>	<p>Low ●</p>	<p>Recommendation agreed? [yes]</p> <p>Responsible Officer: Peter Holt</p> <p>Target Date: April 2024</p>

3. Basis of our opinion and assurance statement

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.

4. Limitations and Responsibilities

Responsibilities of management and internal auditors

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

Limitations inherent to the internal auditor's work

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

- **Opinion**

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

- **Internal control**

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

- **Future periods**

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

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