

# Internal Audit Draft Report 2025/2026

## CORPORATE GOVERNANCE – (REF 25\_26.07)

### 1. Executive Summary

**Directorate:** Legal Services  
**Audit Owner:** Head of Legal Services (Monitoring Officer)  
**Distribution List:** Corporate Management Team,  
**Auditor:** Meng-Chee Leong  
**Audit Manager:** Philip Honeybone  
**Final Report Date:** May 2026  
**Latest Implementation Date:** November 2026

Overall Opinion  
**MODERATE ASSURANCE** ●

Number of issues relating to Control Design

- Critical
- High
- Medium
- Low

Number of issues relating to Controls Operating in Practice

- ① Critical
- ① High
- ③ Medium
- ① Low

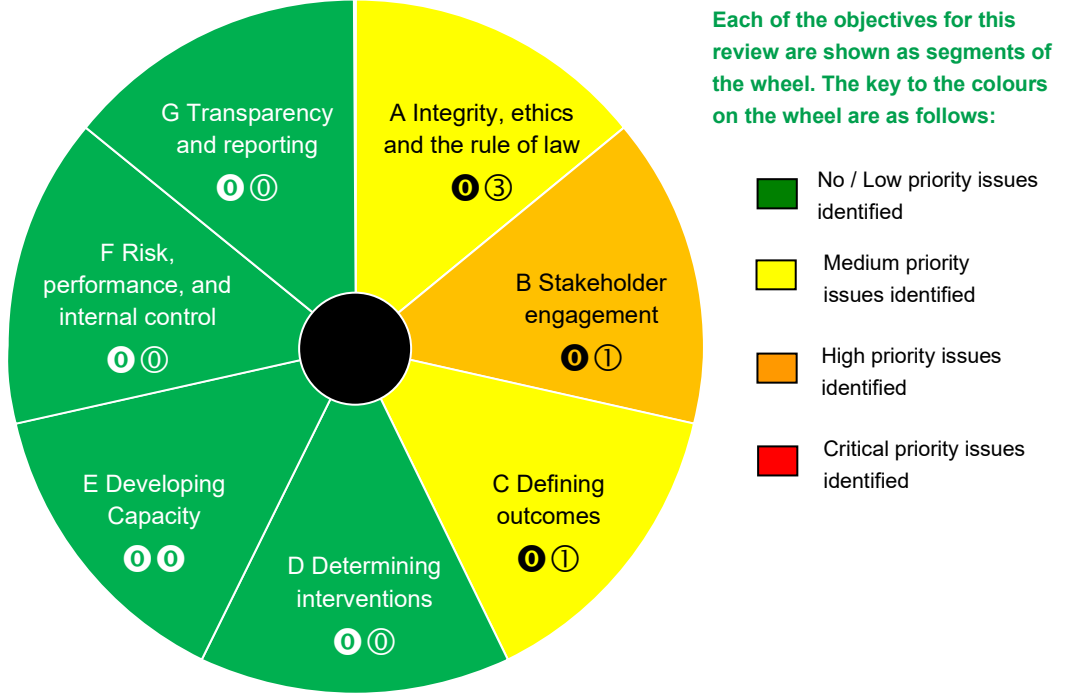
**Scope of the Review/ Limitations:** The scope of this audit is to review the Council's Corporate Governance arrangements to the CIPFA / Solace framework and evaluate its operation against each of the core principles in the framework. This audit was conducted in accordance with Global Internal Audit Standards.

**Overview**

We have reviewed the Council's governance arrangements and provide **satisfactory assurance** that they align with the "CIPFA/Solace framework Delivering Good Governance in Local Government 2016" framework. Appropriate risk management and control measures are in place to support the Council's corporate objectives and decision-making process.

We have made five recommendations to strengthen operational effectiveness:

- 1 – High (Strengthen partnership governance)
- 3 – Medium (Whistleblowing, improve community involvement and Register of Interest controls)
- 1 – Low (Update constitutional Documentation)



## 2. Detailed Findings, Recommendations and Action Plan

### Recommendation 1

#### Principle B

##### **Ensuring openness and comprehensive stakeholder engagement.**

Local government is run for the public good, organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders.

**High**

#### **Matters Arising / Findings**

This principle requires the Council to effectively engage with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably.

The Community Safety Partnership (CSP) previously under the umbrella of the Local Strategic Partnership was established under section 6 of the Crime and Disorder Act 1998, underwent a review in 2023/24 to strengthen collaboration and accountability. Following the review the CSP was reconstituted as the Responsible Authorities Group (RAG), comprising of the Police, Fire and Rescue Authorities, Local Authorities, Health Partners and Probation Service. This partnership is therefore key to the Council's local governance and service outcomes.

The RAG terms of reference (ToR) in place were updated in March 2025. However, discussion with Officers found that not all partners have formally signed up to the terms of reference indicating uncertainty regarding the content or misalignment with the partnership's crime-reduction objectives.

The Crime and Disorder Act 1998 does not specifically require the responsible authorities group to have a terms of reference. However, it mandates that responsible authorities must formulate and implement strategies for reducing crime and disorder in their areas, which may include a partnership plan that outlines their approach. While a terms of reference is not a legal requirement, it is often used to guide the planning and implementation of strategies within these partnerships.

There is a requirement for RAG meeting minutes to be published on the Council's website, but publication of the minutes has not yet been implemented.

#### **Recommendation**

- It is recommended that further discussions with RAG partners take place to ensure how strategies for formulating and agreeing strategies for reducing crime and disorder in Uttlesford are agreed. This could be through the finalisation, agreement and sign-off of the RAG terms of reference as well as sharing agreements between partner organisations.
- RAG minutes should be published on the Council's website following each quarterly meeting.

#### **Management Response**

##### **Recommendation agreed? Yes**

Partners agreed the ToR at the March 2025 RAG meeting. The ToR have now been amended to remove the requirement to publish the minutes. The amended ToR will be sent out with the next RAG minutes.

We do have an information sharing agreement in place; however, it is due to be updated to reflect the new structure and meetings. The Police have refused to sign any info sharing agreements, citing that they will do their own and have not done so. We have chased them, but they do not respond.

**Responsible Officer:** Strategic Director of Housing and Communities

**Target Date:** (ToR – June 2026), (Sharing Agreement – October 2026)

# Recommendation 2

## Principle A

**Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.**

Without an effective whistle blowing policy, UDC may be non-compliant with statutory requirements as staff may not be aware of the safe route for reporting illegal, unethical or unsafe activities leading to issues not being identified and addressed promptly.

**Medium**

## **Matters Arising / Findings**

In March 2026, Audit and Standards Committee approved an update whistle blowing policy. This includes an update to the policy to ensure compliance with the Employment Rights Act 2025. Sexual harassment is now included as a qualifying disclosure.

This policy needs to be communicated effectively to all staff and incorporated into training and governance frameworks.

## **Recommendation**

- The Council should develop a process for handling all whistleblowing concerns raised by the new policy.
- The new whistleblowing policy should be communicated to all staff and incorporated into Litmos training programmes.

## **Management Response**

**Recommendation agreed?** Yes

**Responsible Officer:** Monitoring Officer

**Target Date:** June 2026

# Recommendation 3

## Principle A

**Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.**

Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that they can demonstrate the appropriateness of all their actions across all activities and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.

**Medium**

## Matters Arising / Findings

There is a requirement to demonstrate, communicate and embed the standard operating principles or values through appropriate policies and processes which should be reviewed on a regular basis to ensure that they are operating effectively. The Council therefore has implemented guidance under *HRP 62 – Gifts and Hospitality* and *HRP 38 – Code of Conduct for Employees* to manage potential conflicts of interest.

Both set of polices advise employees of their obligation to inform their manager of any matters that may impact ethical conduct. However, it was found that there are no arrangements or registers in place for recording and monitoring potential conflicts of interest or bribery or that existing registers have not been effectively communicated to the workforce. This is factually incorrect there are registers The MO has been assisted by Exec Services, following recruitment to the establishment the MO will have capacity within the legal team to maintain the registers

## Recommendation

Officers are required to report and record gifts, hospitality and interests in the Council's designated registers. Therefore, relevant associated procedures, including the requirement to record any interest, gift, or hospitality to the register, should be updated to ensure clarity, consistency with best practice and effective communication to the workforce.

## Management Response

**Recommendation agreed?** Yes

MO to review and rewrite current inherited system

**Responsible Officer:** Monitoring Officer

**Target Date:** November 2026

## Recommendation 4

### Principle C

#### Defining outcomes in terms of sustainable economic, social, and environmental benefits:

The long-term nature and impact of many of local government's responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the organisation's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available

**Medium**

### Matters Arising / Findings

One of the defining outcomes for this principle is the need to specify the intended impact on, or changes for, stakeholders including citizens and service users. These impacts may be immediate or over the course of a year or longer.

The Council has a Complaint procedure in place to support the prompt resolution of queries, complaints or suggestions as required by this principle. It also has a Statement of Community Involvement for defining outcome related changes over a longer period. The Statement of Community Involvement sets out how the Council will involve communities in a wide range of planning matters; however, it has not been reviewed or updated since its approval in 2021.

### Recommendation

- The Statement of Community Involvement (SCI) should be reviewed and, subject to any changes in government policy or advice, consideration be given to drawing up a consultation strategy for planning setting out community and key stakeholders will be involved in preparing future developing in Uttlesford.
- It is also recommended that the SCI review considers recent updates to the Council's corporate plan, as well as revision to the planning policy.

### Management Response

#### Recommendation agreed? Yes

The SCI is included in the service forward plan and due to be reviewed this summer.

**Responsible Officer:** Strategic Director of Planning and Building Control

**Target Date:** September 2026

# Recommendation 5

## Principle A

**Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.**

Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that they can demonstrate the appropriateness of all their actions across all activities and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law

**Low**

## **Matters Arising / Findings**

The testing for the requirement that members take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood built on the Seven Principles of Public Life (the Nolan Principles) are found to be satisfactory. There is an ongoing obligation of the Monitoring Officer to maintain an up-to-date constitution to meet the operational requirements of the organisation.

A low-risk recommendation has been raised in relation to the change in job title from Director of Housing and, Health and Communities to Strategic Director in Part 3 of the Constitution –“Responsibility for Functions” to ensure consistency with the organisation’s current structure.

## **Recommendation**

All job titles in the Constitution be reviewed to confirm their alignment with the organisation’s established structure.

To be published June following Council AGM

## **Management Response**

**Recommendation agreed?** Yes

Amends pursuant to the MO delegation are about to be published

**Responsible Officer:** Monitoring Officer









**Target Date:** Publication of amends to constitution June 2026 following AGM aligned to annual Councillor training

### 3. Residual Risk Assessment

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

Principles Reviewed (as per agreed Terms of Reference)		
Ref	Principle	Finding Risk Rating
A	Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	● Medium
B	Ensuring openness and comprehensive stakeholder engagement	● High
C	Defining outcomes in terms of sustainable economic, social, and environmental benefits	● Medium
D	Determining the interventions necessary to optimise the achievement of the intended outcomes	● Low
E	Developing the entity's capacity, including the capability of its leadership and the individuals within it	● Low
F	Managing risks and performance through robust internal control and strong public financial management	● Low
G	Implementing good practices in transparency, reporting, and audit to deliver effective accountability	

## 4. Basis of our opinion and assurance statement

Key to Risk Ratings for Individual Findings in Reports	
<b>Critical</b> 	<p><b>Strategic Objectives:</b> Extreme impact / delay / difficulty / difficulty.</p> <p><b>Compliance:</b> Very serious or sustained non-compliance</p> <p><b>Safety:</b> Critical injury (hospital stay)</p> <p><b>Reputation:</b> Substantial or long-term damage</p> <p><b>Service Delivery:</b> Complete loss of service / widespread inconvenience</p> <p><b>Finance:</b> Very serious loss (&gt;£100,000)</p>
<b>High</b> 	<p><b>Strategic Objectives:</b> Considerable impact/delay/ overspend/ difficulty</p> <p><b>Compliance:</b> Significant or medium-term non-compliances</p> <p><b>Safety:</b> Significant injury (professional intervention)</p> <p><b>Reputation:</b> Significant or medium-term damage</p> <p><b>Service Delivery:</b> Considerable impact/ inconvenience</p> <p><b>Finance:</b> Sizeable loss (£50,000-£100,000)</p>
<b>Medium</b> 	<p><b>Strategic Objectives:</b> Small impact/ delay/overspend/ difficulty</p> <p><b>Compliance:</b> Small or short-term non-compliance</p> <p><b>Safety:</b> Small injury (local intervention)</p> <p><b>Reputation:</b> Marginal or short-term damage</p> <p><b>Service Delivery:</b> Moderate impact/ inconvenience</p> <p><b>Finance:</b> Moderate loss (£20,000-£50,000)</p>
<b>Low</b> 	<p><b>Strategic Objectives:</b> Minor impact/ delay/overspend/ difficulty</p> <p><b>Compliance:</b> Trivial or very short-term non-compliance</p> <p><b>Safety:</b> Insignificant injury (no intervention)</p> <p><b>Reputation:</b> Negligible damage</p> <p><b>Service Delivery:</b> Minor impact/unnoticed by service users</p> <p><b>Finance:</b> Slight loss (£5,000 – £20,000)</p>
Key to Assurance Levels	
<b>No</b> 	<p>There are fundamental weaknesses in the control environment which jeopardise the achievement of key service objectives and could lead to significant risk of error, fraud, loss or reputational damage being suffered.</p> <p>[Weighted average &gt; 3.5 on the audit scoring]</p>
<b>Limited</b> 	<p>There are a number of significant control weaknesses which could put the achievement of key service objectives at risk and result in error, fraud, loss or reputational damage. There are High recommendations indicating significant failings. Any Critical recommendations would need to be mitigated by significant strengths elsewhere.</p> <p>[Weighted average 2.51-3.5 on the audit scoring]</p>
<b>Moderate</b> 	<p>An adequate control framework is in place but there are weaknesses which may put some service objectives at risk. There are Medium priority recommendations indicating weaknesses, but these do not undermine the system's overall integrity. Any Critical recommendation will prevent this assessment, and any High recommendations would need to be mitigated by significant strengths elsewhere.</p> <p>[Weighted average 1.51-2.5 on the audit scoring]</p>
<b>Substantial</b> 	<p>There is a sound control environment with risks to key service objectives being reasonably managed. Any deficiencies identified are not cause for major concern. Recommendations will normally only be advice and best practice.</p> <p>[Weighted average 1-1.5 on the audit scoring]</p>

## 5. 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