

Audit Committee

Agenda

Monday 16 March 2026 at 7.00 pm

145 King Street (Ground Floor), Hammersmith, W6 9XY

Watch the meeting live: youtube.com/hammersmithandfulham

MEMBERSHIP

Administration	Opposition
Councillor Patrick Walsh (Chair) Councillor Lisa Homan Councillor Callum Nimmo	Councillor Adrian Pascu-Talbure (<i>Conservative</i>) Councillor David Morton (<i>Independent</i>)
Co-opted Independent Member	
Charlotte Moar	

CONTACT OFFICER: Debbie Yau
Committee Coordinator
Corporate Services
Email: Debbie.Yau@lbhf.gov.uk
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Members of the public are welcome to attend, but spaces are limited so please contact Debbie.Yau@lbhf.gov.uk if you'd like to attend. The building has disabled access.

Date Issued: 06 March 2026

Audit Committee Agenda

<u>Item</u>		<u>Pages</u>
1.	APOLOGIES FOR ABSENCE	
2.	DECLARATIONS OF INTEREST	
	<p>If a Councillor has a disclosable pecuniary interest in a particular item, whether or not it is entered in the Authority's register of interests, or any other significant interest which they consider should be declared in the public interest, they should declare the existence and, unless it is a sensitive interest as defined in the Member Code of Conduct, the nature of the interest at the commencement of the consideration of that item or as soon as it becomes apparent.</p> <p>At meetings where members of the public are allowed to be in attendance and speak, any Councillor with a disclosable pecuniary interest or other significant interest may also make representations, give evidence or answer questions about the matter. The Councillor must then withdraw immediately from the meeting before the matter is discussed and any vote taken.</p> <p>Where Members of the public are not allowed to be in attendance and speak, then the Councillor with a disclosable pecuniary interest should withdraw from the meeting whilst the matter is under consideration. Councillors who have declared other significant interests should also withdraw from the meeting if they consider their continued participation in the matter would not be reasonable in the circumstances and may give rise to a perception of a conflict of interest.</p> <p>Councillors are not obliged to withdraw from the meeting where a dispensation to that effect has been obtained from the Standards Committee.</p>	
3.	MINUTES AND ACTION	5 - 20
	<p>To approve the minutes of the previous meeting as an accurate record and note any outstanding actions. An action sheet following the minutes provides updates on actions from previous meetings.</p>	
4.	EXTERNAL AUDIT PLAN AND AUDIT RISK ASSESSMENT 2025/26 FOR THE COUNCIL AUDIT	21 - 76
	<p>This report, for information, presents the external audit plan and risk assessment for the Council audit of the financial year 2025/26.</p>	
5.	INTERNAL AUDIT PROGRESS REPORT (APRIL 2025 TO FEBRUARY 2026)	77 - 89
	<p>This report summarises the work of Internal Audit included in the 2025/26 Internal Audit Plan up to the end of February 2026. Six audits have been finalised, five of which received positive assurance opinions. Three further audits have been issued in draft and will be finalised on receipt of the management responses.</p>	

- 6. INTERNAL AUDIT PLAN 2026/27** 90 - 105
- The Strategic Audit Plan documents significant, persistent risks that the Council faces and the associated business areas and is used to support the annual planning process to ensure that internal audit continues to provide assurance over the breadth of the Council's operations.
- The draft Annual Audit Plan has been prepared following consultation with Directors and takes into account the Council's corporate risks and priorities.
- 7. RISK MANAGEMENT UPDATE** 106 - 116
- This report provides members of the Audit Committee with an update on risk management across the Council.
- 8. CYBER SECURITY ARRANGEMENTS**
- This report contains exempt information. Discussion will require passing the proposed resolution at the end of the agenda to exclude members of the public and press.* Verbal Report
- This verbal report will cover the recent cyber incident, including actions previously taken by the Council and its response to the incident.
- 10. DATES OF FUTURE MEETINGS**
- To note the dates of future meetings:
- 8 June 2026 (Tbc)
 - 21 September 2026 (Tbc)
 - 30 November 2026
 - 15 March 2027
- 11. EXCLUSION OF THE PUBLIC AND PRESS (IF REQUIRED)**
- Proposed resolution:**
- The Committee is invited to resolve, under Section 100A (4) of the Local Government Act 1972, that the public and press be excluded from the meeting during the consideration of the following items of business, on the grounds that they contain the likely disclosure of exempt information, as defined in paragraph 3 of Schedule 12A of the said Act, and that the public interest in maintaining the exemption currently outweighs the public interest in disclosing the information.

London Borough of Hammersmith & Fulham

Audit Committee Minutes



Monday 1 December 2025

PRESENT

Committee members: Councillors Patrick Walsh (Chair), Lisa Homan, Callum Nimmo, Adrian Pascu-Tulbure and David Morton

Other Councillors: Councillor Rowan Ree (Cabinet Member for Finance & Reform)

Independent Member: Charlotte Moar

Officers:

Sukvinder Kalsi (Executive Director of Finance & Corporate Services)

James Newman (Assistant Director of Finance)

Moira Mackie (Head of Internal Audit)

Andy Hyatt (Head of Fraud)

Jules Binney (Risk and Assurance Manager)

Ian Church (Assistant Director, Corporate Property and Health & Safety)

Patrick Rowe (Senior Financial Manager - Treasury and Pensions)

Sophie Green (Treasury Manager)

Debbie Yau (Committee Coordinator)

1. APOLOGIES FOR ABSENCE

Apologise for absence were received from Sharon Lea, Chief Executive and David Hughes, Director of Audit, Fraud, Risk and Insurance.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES OF THE PREVIOUS MEETING

RESOLVED

That the minutes and exempt minutes of the meeting held on 27 October 2025 were agreed as accurate record.

In reply to the concern raised by Charlotte Moar (Independent Member), Sukvinder Kalsi (Executive Director of Finance & Corporate Services) undertook to discuss with the Governance team on keeping track of the outstanding actions to be taken for issues raised at the meetings.

ACTION: Sukvinder Kalsi and Governance

4. ANNUAL REPORT OF THE AUDIT COMMITTEE - MUNICIPAL YEAR 2024/25

Moira Mackie (Head of Internal Audit) introduced the report. She said that pursuant to the Workshop on the Review of Effectiveness of the Audit Committee held in April 2025, one of the recommendations was to enhance the Committee's effectiveness by providing an annual report to the Council on its work and performance every municipal year. This annual report, being the first prepared by this Committee to demonstrate its work and performance and to enhance transparency, was published a little later than its normal timing of June/July.

Councillor Adrian Pascu-Tulbure suggested including the cost of external audit services year-on-year for members' reference. The Chair remarked that while agreeing to the suggestion, information on audit fees should be provided in the context of the value for money achieved to justify its substantial increase in recent years. Sukvinder Kalsi (Executive Director of Finance & Corporate Services) added that the requested information was in the Audit Plan reports presented to the Audit Committee. Moira Mackie agreed to put a reference on the meeting when the audit fees were discussed.

ACTION: Moira Mackie

Noting the Committee's outstanding recommendations to review its terms of reference, to hold private meetings in respect of external and internal audits and so on, Charlotte Moar (Independent Member) considered only upon the completion of these actions would enable the Committee to be potentially compliant to the self-assessment and hence be assured that it was performing its role in line with CIPFA's best practice. In her opinion, the aforesaid recommendations plus having a work programme were just basic practices.

Moira Mackie noted that the level of compliance varied among local authorities. For example, the appointment of Independent Member was not mandatory but started getting more attention in recent years while some other recommendations were good practice carried out by various local authorities in different ways. Moira highlighted that LBHF had achieved very good scores against the standards/framework of self-assessment. Yet, there were still room for improvement in certain areas.

As regards Charlotte Moar's further questions, Moira Mackie said in line with other councils, the Committee's annual report was prepared by municipal year. She clarified that the annual report for the municipal year 2024/25 covered the Committee's review of the Council's activities during that period which included items such as the Annual Accounts and Annual Governance Statement which related to the financial year 2023/24. At members' suggestion, Moira agreed to update the progress of the recommendations for the Chair's review before presenting the report to the Full Council at its meeting in January 2026.

ACTION: Moira Mackie

The Chair took the opportunity to thank past and present members for their work and dedication as well as officers' engagement in the process. He shared Moira's view that the review process was evolving with a view to achieving the best practice in the years to come.

RESOLVED

1. That the Committee receive and approve the report.
2. That the report be forwarded to Full Council for information.

5. CORPORATE ANTI-FRAUD SERVICE HALF-YEAR PROGRESS REPORT - 1 APRIL 2025 TO 30 SEPTEMBER 2025

Andy Hyatt (Head of Fraud) gave an overview of the report. He referred to para. 1.8 of the report (page 25) and highlighted that when Corporate Anti-Fraud Services (CAFS) counter-fraud activity intervened and stopped fraud, CAFS would estimate the value of the losses that had been prevented going forward. This involved applying specific methodologies to calculate values according to the fraud type that would have been lost if the fraud had continued unchecked. For example, for a tenancy fraud costing the local authority £1,000 a week to keep someone in temporary accommodation, the future savings based on the guess estimated period that the fraud would continue before the authority intervened could then be worked out, Andy remarked that valuing counter-fraud efforts helped demonstrate the financial benefits of this activity, underlining the importance of fighting fraud, and showing possible savings achieved through prevention work.

Councillor Rowan Ree (Cabinet Member for Finance and Reform) remarked that putting the prevention figures was hugely important to give a proper perspective on the value of the services. He said that the anti-fraud report had always been the highlight of the year, reflecting CAFS' creative ways in holding people involved in wrongdoings and/or malpractices guilty and/or accountable. Councillor Ree referred to the recent use of Artificial Intelligence to launch the Fraud Recovery and Error Detection (FRED) programme which went through various data sets the council held for each individual and bring up the red flags committing potential fraud. The case of tenancy fraud – succession (case #2, appendix 1, page 31) whereby the late tenant had been receiving Single Person Discount was identified by FRED.

Noting from the tables under paras.1.4 and 1.8 (page 25) that there was a higher percentage of internal fraud (staff, contractor and agency) being proven than that for housing-related fraud, Councillor Lisa Homan sought elaboration.

Andy Hyatt explained that the housing-related fraud cases received contained quite raw information that required a lot of intelligence before they could go into live investigations. For internal cases, the managers or human resources colleagues had already identified the wrongdoings before referring the case for further actions and hence led to higher returns.

On Councillor Homan's further questions on whistleblowing, Andy Hyatt confirmed that there was none in the recent two years. He remarked that a lot of whistleblowing cases received by the independent hotline were not fraud cases in

the public interest but grievances or internal matters due to, for example, restructuring. Responding to Councillor Homan's suggestion, Andy said the CAFS did work with the gas teams to verify residency during gas checks or upon their referrals and recalled a couple of such cases highlighted in the last end of year report.

Charlotte Moar (Independent Member) appreciated the report which gave a lot of assurance, in particular the new estimated costings on the amount potentially lost to life along with the amount recovered. She sought information on the trend data, and the benchmark for fraud referrals.

Andy Hayatt remarked that the trend could be observed through the types of referrals received directly and the intelligence gathered from local authority networks/anti-fraud peers across London. The CAFS would assess whether it needed to be alert to anything in the identified trend. He added that as the recovery from tenancy fraud cases allowed more families to have access to affordable homes, they had remained CAFS' focus for a long time and together with other housing-related fraud, they accounted for 75% of all investigation cases.

On benchmarking, Andy Hyatt referred to the first survey conducted recently by the National Anti-Fraud Network, of which he was an executive board member, that looked at figures of anti-fraud activities across some 300 councils across the UK. Among the 129 responded councils, there was on average 17 recoveries from tenancy fraud per council for the surveyed year. Subject to the size and nature of the responded councils, LBHF was in a relatively good position of having recovered 14 tenancy fraud cases under this half-yearly report. Andy expected the National Anti-Fraud Network would conduct the survey regularly and hoped to get more responses from the councils with a view to giving rise to useful insights. He undertook to share the survey findings with the Committee after the meeting.

ACTION: Andy Hyatt

Charlotte Moar asked about full risk assessment around internal frauds to look at the controls and control awareness as she noticed such fraud cases might be committed through the collusion of external and internal people with certain behaviour, for example, did not take holiday leave.

Andy Hyatt referred to one of the four pillars of the Anti-fraud Corruption Strategy to help staff stay aware of the red flags, i.e. "understand and educate". He said that the Strategic Leadership Team had given green light to refresh and rescind colleagues' fraud awareness e-learning, with a particular focus on the red flags in respect of internal fraud and polygamous working (formerly known as "moonlighting") in addition to the independent whistleblowing hotline. Andy said he was finalizing the training to ensure compliant for implementation in the second half of the year.

Councillor Adrian Pascu-Tulbure noted that there was a decent amount of tenancy fraud which in his opinion might be emerging through some sort of implicit whistleblowing. He asked about the estimated number of undetected cases, if any and the resources allocated to tackle them.

Andy Hyatt highlighted that the Chief Executive was very supportive of the CAFS work and ensured sufficient resources was allocated to tackle housing-related fraud. She was keen for the CAFS to continue to work closely with the Housing teams to verify residency door by door while the housing colleagues could take the opportunity to check the conditions of the property. Nevertheless, the CAFS was aware of the need to contain the workload within the staff strength and decide to let the matter evolve naturally and slowly.

Andy Hyatt pointed out that there were delays in civil courts across the UK at the moment and the Director of Legal had spoken with local courts about reducing the waiting time. Instead of having lots of tenancy-fraud cases awaiting to be heard, CAFS had focused its efforts on investigation and presentation of solid evidence to the individuals to the point that they opted to return the keys to the property rather than going through the lengthy trials. For those cases involving court hearings, Andy, in reply to Councillor Callum Nimmo's enquiry, confirmed that the legal fees had not been factored onto the prevention and loss amounts but might do so going forward if the CAFS was unsuccessful in recovering the legal cost from the individuals concerned.

Councillor Nimmo sought elaboration on the prevention of £5,000 of a proved press release activity (para. 1.8, page 25). Andy Hyatt noted that it was a press release in a police report. The notional figure had been worked out based on different research areas by identifying the positive impact of the press release of having the deterrent of being caught.

Councillor David Morton recalled that a void property had been let for six years incurring a loss of revenue to the Council amounting to some £100,000 and asked if the incurred loss was reflected in the prevention and loss amount.

Andy Hyatt confirmed that the CAFS had taken on board his point and factored the void costs in terms of income loss during the void period into the notional value of the estimated loss of proven cases.

RESOLVED

That the Committee noted the report.

6. CORPORATE HEALTH AND SAFETY ANNUAL UPDATE 2024/25

Ian Church (Assistant Director, Corporate Property and Health & Safety) presented the report and elaborated the following:

- The strong performance of the housing team across the residential portfolio.
- Reported violence and aggression in library buildings continued to be an issue.
- The security of public meetings was being enhanced and reviewed.
- Health and safety preparation for the newly commissioned Civic Campus.

Charlotte Moar (Independent Member) asked about the target of mandatory training for staff and the achievement so far.

Ian Church noted that the target was always 100% as all staff joining the Council were mandated to take the online health and safety training course which included modules on fire safety, manual handling and workplace well-being. With the team's insistence in sending out reminders very regularly, the Council was hitting 96% at the moment, with a normal structural gap between people joining and actually undertaking the course. He said that in moving to the Civic Campus, all staff would be required to take the new mandatory health and safety refresher course before they could use their pass to access the new premises. Ian added that the relocation to Civic Campus had become a catalyst where opportunities had been taken to review and refresh risk assessments for Council activities to improve the systems and drive further employee engagement.

In response to Charlotte Moar's question about health and safety requirements for on-site contractors, Ian Church noted that before awarding the contracts, comprehensive pre-qualification checks would be conducted among shortlisted contractors to make sure only those already having compliant systems and competent people in place would be appointed.

Referring to the reported violence and aggression in library buildings, Councillor Lisa Homan was concerned about measures taken to enhance the security of the two smaller libraries, i.e. Askew Road Library and Avonmore Library. She said they were both operated by Citizens Advice of which she was a trustee. As she understood from the board meetings, staff did not feel safe in these libraries particularly the Avonmore Library which operated quite a lot of services. She was disappointed to note that only six councils had responded to the request made via London Councils on library security and asked about security practices that could be put in place further to having CCTV across all sites.

In response, Ian Church assured members that LBHF's CCTV services was unique in terms of system response and staffing capabilities. He agreed to understand more about the incidents from the staff in the two libraries and provide more information on the relationship with LBHF as well as security measures / practices that were currently in place, and what improvements could be made to help guard against violence and aggression.

ACTION: Ian Church

Councillor Adrian Pascu-Tulbure said he was worried about the violence and aggression incidents he heard about in schools and mentioned two incidents in particular involving teachers.

Ian Church said same as the situations at the libraries, more reporting and data collected would enable the health and safety team to work out helpful measures. As he noted the reporting of near misses by schools was exceptionally low, he had raised more broadly with education colleagues about its reporting. He said that near misses were a valuable source of information in the prevention of health and safety incidents in the workplace as they enabled the conduct of investigation to drive immediate improvements and lesson learnt where no personal injury or property damage had been sustained. Nevertheless, Ian agreed to find out more details about the particular incidents mentioned.

ACTION: Ian Church

RESOLVED

That the Committee noted the report

7. MID-YEAR TREASURY MANAGEMENT REVIEW 2025/26

Sophie Green (Treasury Manager) outlined the report, highlighting the Council's investment and debt positions at the beginning of 2025/26 and at the six-month point (para.3, page 80) and liability benchmark (para. 9, page 81).

Patrick Rowe (Senior Financial Manager - Treasury and Pensions) noted that during the year, the Council had not operated within all the Treasury Limits and Prudential Indicators set out in the Treasury Management Strategy, with the Capital Financing Requirement (CFR) breaching the limit. He explained that these indicators, particularly the CFR, were forecasts and affordability measures which might fluctuate throughout the year. The approved limit of the CFR at the outset was derived from the capital programme at the beginning of the year and could vary during the period. He assured members that there was breach of statute, and that the key indicators of authorised limit and operational debt boundary were met.

Councillor Adrian Pascu-Tulbure asked about the extent of difficulties in sourcing funds due to the additional requirement for borrowing.

Patrick Rowe explained the impact of the capital programme on revenue budgets through borrowing costs and planned minimum revenue provision which were incorporated into the medium-term financial plan. He also discussed the risk in making borrowing assumptions, particularly interest rate assumptions, in setting the capital budget and HRA business plan. He highlighted that there was refinancing risk.

Councillor Rowan Ree (Cabinet Member for Finance and Reform) said he was happy with the current borrowing strategy, noting the Council's good position comparable to other local authorities. He said that the Council's current borrowing strategy was prudent.

The Chair noted that the Council had approved the Community Municipal Investment (CMI) (known locally as the "Green Investment Fund") of up to £5m at the end of 2023/24 and to date £3.3m had been raised in 4 separate tranches. He asked about the Council's communication with the local residents and investors on the expected returns.

Councillor Ree thanked for the timely question as the Council had just launched the fifth tranche of this CMI, aiming to raise up to £1m at a rate of 4.1%. On communication, he emphasised the importance of publicising the good work being delivered with the capital raised to encourage future investment. He noted that the CMI was an all-win scheme for investors, the Council and the environment. Councillor Ree highlighted that the Council was the first in the country to reach 5 tranches and its success would bring positive impact to the borough.

RESOLVED

That the Committee noted:

1. The Treasury Management Strategy 2025/26 mid-year review.
2. The forecast CFR for the General Fund and the Housing Revenue Account.
3. The current split between external and internal borrowing.

8. DIGITAL SERVICES CYBER-SECURITY UPDATE

This report was deferred to a later meeting.

9. DATE OF NEXT MEETING

The Committee noted the next meeting would be held on 16 March 2025.

10. EXCLUSION OF THE PUBLIC AND PRESS (IF REQUIRED)

The exempt item was not discussed.

Meeting started: 7.00 pm
Meeting ended: 8.12 pm

Chair

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Audit Committee Action Sheet for the Municipal Year 2025/26

No.	Item	Response/Responsible Officers	Status
<u>Meeting on 9 June 2025</u>			
1.	<p><u>5. Head of Internal Audit Annual Report 2024/25</u></p> <p>-To report the progress of implementing the Climate actions at the next meeting.</p>	<p>Progress of Climate Action Plan was reported at Appendix 2 of Internal Audit Progress Report (April to August 2025) presented at the meeting on 27 October 2025 (page 507)</p>	Complete
2.	<p><u>6. Corporate Anti-Fraud Service Annual Report 2024/25</u></p> <p>-To review the coordination regarding abandoned vehicles.</p>	<p>The Council has a webpage dedicated to addressing residents' concerns regarding abandoned vehicles, enabling incidents to be reported either online via an app, or by calling 020 7371 5678.</p> <p>[https://www.lbhf.gov.uk/street-care-and-cleaning/abandoned-vehicles]</p> <p>There is also a facility on the site to follow a link to www.gov.uk where you can check what details DVLA hold regarding a vehicle.</p> <p>Once the Council receives a report, our officers visit the site and assess the vehicle. If we consider the vehicle to be abandoned, we fix a 24-hour notice to it which gives the owner</p>	Complete

	<p>time to claim it. If the vehicle is not claimed during that period, it will be removed and destroyed.</p> <p>In some cases, depending on the condition of the vehicle, a seven-day notice may be sent to the owner requiring them to remove it or contact us.</p>	
-To provide more information on removal of squatters from commercial properties.	<p>Removing squatters from commercial (non-residential) premises is a civil process, as squatting in non-residential buildings is not a criminal offence unless individuals refuse to leave following a court order.</p> <p>Landlords cannot use force or threats, as this is prohibited under the Criminal Law Act 1977.</p> <p>Legal removal requires one of two court-based routes:</p> <ol style="list-style-type: none"> 1) an Interim Possession Order (IPO), which must be applied for within 28 days of discovering the squatters and requires them to leave within 24 hours of service; or 2) a Standard Possession Order, used when the IPO window has passed or the case involves additional claims such as damages. If squatters ignore the order, enforcement must be sought through a Warrant of Possession via County Court bailiffs or High Court Enforcement Officers. 	Complete
-To provide information on calculation of loss or gain pursuant to a fraud case involving property.	<p>CAFS measures the financial impact of tenancy and housing fraud in two main ways:</p> <p>(1) the value of fraud prevented, and (2) the value of fraud loss, based on how long the property was misused.</p> <p>1. Prevention Values (What the Council Saves by Stopping the Fraud)</p> <p>CAFS estimates how much money the Council saves when a fraudulent tenancy is stopped. This includes:</p>	

		<ul style="list-style-type: none"> • Prevent Actual Values: The immediate financial loss avoided (e.g., stopping a fraudulent grant or recovering a property). • Future Loss Prevented: Savings from costs that will no longer continue, such as the cost of temporary accommodation once a property is recovered. • Upstream Prevention Values: Wider benefits where enforcement—like prosecutions—helps deter other people from committing fraud. <p>These prevention values differ depending on the size of the property and how it was recovered (e.g., keys returned voluntarily vs. court action). The tables in your document show the estimated savings for each property size.</p> <p>2. Fraud Loss Values (What the Fraud Has Cost the Council)</p> <p>Loss is calculated based on how long the property was misused before CAFS detected it and could prove the misuse.</p> <p>Each property size has a monthly cost multiplier (e.g., £390 per month for a studio, £1,950 per month for a 5-bed property).</p> <p>So: Loss = Number of months misused × (property size multiplier)</p> <p>There is no national standard for valuing tenancy fraud. CAFS therefore uses Council cost data and applies several factors to estimate a true value, including:</p> <ul style="list-style-type: none"> • average time households spend in temporary accommodation • cost of investigations • number of rooms recovered • whether recovery required court action 	Complete
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- void and repair costs
- unpaid rent

These factors help create realistic loss and prevention valuations that reflect the true financial impact of fraud on the Council.

4. Values used throughout 2025/26

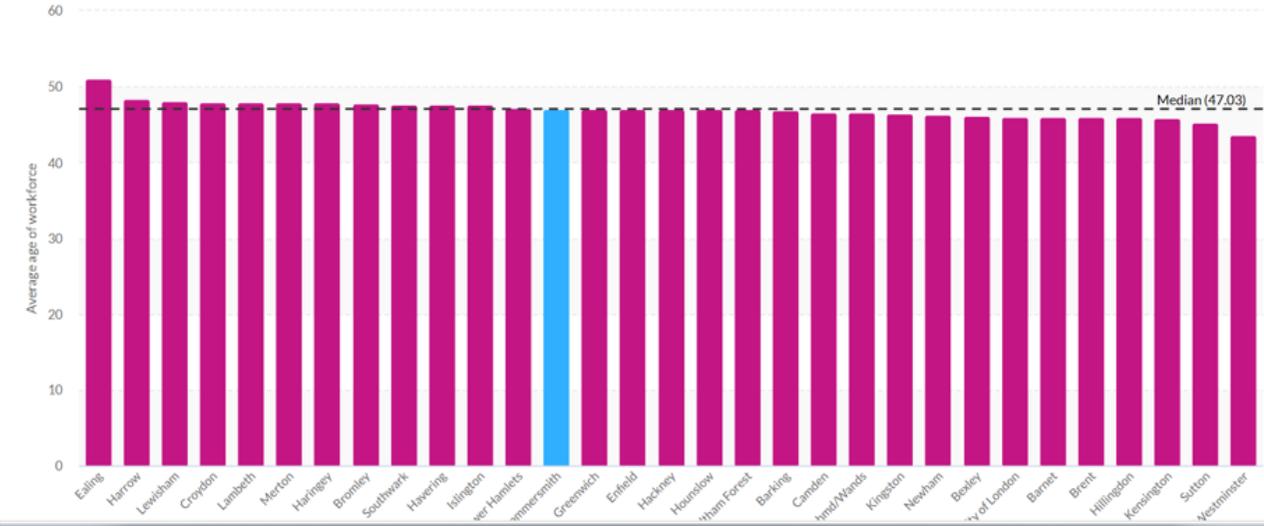
Prevention value

	1 & Studio	2-bed	3-bed	4-bed	5+
Keys returned	£17,275.00	£34,950.00	£52,625.00	£70,300.00	£87,975.00
Court possessions	£14,225.00	£31,900.00	£49,575.00	£67,250.00	£84,925.00

Loss value

The loss value depends on how long the investigation can prove (balance of probability) the misuse occurred before detection. The following multipliers apply dependent upon the size of the property.

1 & Studio	Number of months misused x £390
2-bed	Number of months misused x £780
3-bed	Number of months misused x £1,170
4-bed	Number of months misused x £1,560
5+	Number of months misused x £1,950

<p>3.</p>	<p><u>4. Statement of Accounts 2024/25, including Pension Fund Accounts and Annual Governance Statement</u></p> <p>-To provide a comparison on staff age profiles across London boroughs</p>	<p>Average age of workforce – 12 months up to 31st March 2025 Hammersmith and Fulham’s average age of workforce is 47.14, which falls into the third quartile of all London Boroughs. Source: InfiniStats Ltd.</p>  <table border="1"> <caption>Average age of workforce by London Borough (March 2025)</caption> <thead> <tr> <th>Borough</th> <th>Average Age (Approx.)</th> </tr> </thead> <tbody> <tr><td>Ealing</td><td>51</td></tr> <tr><td>Harrow</td><td>48</td></tr> <tr><td>Lewisham</td><td>48</td></tr> <tr><td>Croydon</td><td>48</td></tr> <tr><td>Lambeth</td><td>48</td></tr> <tr><td>Merton</td><td>48</td></tr> <tr><td>Haringey</td><td>48</td></tr> <tr><td>Bromley</td><td>48</td></tr> <tr><td>Southwark</td><td>48</td></tr> <tr><td>Havering</td><td>48</td></tr> <tr><td>Islington</td><td>48</td></tr> <tr><td>Greater London Authority</td><td>48</td></tr> <tr><td>Hammersmith and Fulham</td><td>47.14</td></tr> <tr><td>Greenwich</td><td>47</td></tr> <tr><td>Enfield</td><td>47</td></tr> <tr><td>Hackney</td><td>47</td></tr> <tr><td>Hounslow</td><td>47</td></tr> <tr><td>Brentford</td><td>47</td></tr> <tr><td>Barking</td><td>47</td></tr> <tr><td>Camden</td><td>47</td></tr> <tr><td>Islington/Wards</td><td>47</td></tr> <tr><td>Kingston</td><td>47</td></tr> <tr><td>Newham</td><td>47</td></tr> <tr><td>Bokley</td><td>47</td></tr> <tr><td>City of London</td><td>47</td></tr> <tr><td>Barnet</td><td>47</td></tr> <tr><td>Brent</td><td>47</td></tr> <tr><td>Hillingdon</td><td>47</td></tr> <tr><td>Kennington</td><td>47</td></tr> <tr><td>Sutton</td><td>47</td></tr> <tr><td>Westminster</td><td>47</td></tr> </tbody> </table>	Borough	Average Age (Approx.)	Ealing	51	Harrow	48	Lewisham	48	Croydon	48	Lambeth	48	Merton	48	Haringey	48	Bromley	48	Southwark	48	Havering	48	Islington	48	Greater London Authority	48	Hammersmith and Fulham	47.14	Greenwich	47	Enfield	47	Hackney	47	Hounslow	47	Brentford	47	Barking	47	Camden	47	Islington/Wards	47	Kingston	47	Newham	47	Bokley	47	City of London	47	Barnet	47	Brent	47	Hillingdon	47	Kennington	47	Sutton	47	Westminster	47	<p>Complete</p>
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Westminster	47																																																																		
<p>4.</p>	<p><u>7. Risk Management Update</u></p> <p>-To bring the Annual Complaints Report back at some point</p>	<p>The relevant report will be included in the draft Work Programme for 2026/27</p>	<p>Complete</p>																																																																

Meeting on 1 December 2025

5.	<p><u>3. Minutes of the Previous Meeting</u></p> <p>To keep track of the outstanding actions to be taken for issues raised at the meetings.</p>	<p>The outstanding issues and actions are now tracked.</p>	Complete
6.	<p><u>4. Annual Report of the Audit Committee - Municipal Year 2024/25</u></p> <p>-To put a reference on the meeting when the audit fees were discussed</p> <p>-To update the progress of recommendations for the Chair's review before presenting the report to the Full Council.</p>	<p>The updated Annual Report of the Audit Committee has been presented to the Full Council at its meeting on 28 January 2026.</p>	Complete

7.	<p><u>5. Corporate Anti-Fraud Service Half-Year Progress Report - 1 April 2025 to 30 September 2025</u></p> <p>-To provide information on the findings of the survey conducted by the National Anti-Fraud Network.</p>	<p>NAFN Local Authority Counter Fraud Report 2025</p>	Complete
8.	<p><u>6. Corporate Health and Safety Annual Update 2024/25</u></p> <p>-To provide more information on ways to guard against violence and aggression in the two smaller H&F libraries</p> <p>-To understand more about the incident(s)</p>	<p>Information for both issues have been provided directly to the Councillor concerned and also circulated to the Committee on 12 and 15 December 2025.</p>	Complete

	happened to the teachers in H&F schools		
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6 March 2026

London Borough of Hammersmith & Fulham

Report to: Audit Committee

Date: 16/03/2026

Subject: External Audit Plan and Audit Risk Assessment 2025/26 for the Council Audit

Report author: Craig Tucker – Chief Accountant

Responsible Director: Sukvinder Kalsi, Executive Director Finance and Corporate Services

SUMMARY

This report, for information, presents the external audit plan and risk assessment for the Council audit of the financial year 2025/26.

RECOMMENDATIONS

1. To note the 2025/26 External Audit Plan for the LB Hammersmith and Fulham audit as prepared by the Council’s External Auditor, Grant Thornton (Appendix 1).

2. To note the 2025/26 Informing the Audit Risk document which sets out the Council’s responses to queries regarding risk from the External Auditor (Appendix 2).

Wards Affected: All

H&F Values

Our Values	Summary of how this report aligns to the H&F Values
<ul style="list-style-type: none"> • Being ruthlessly financially efficient 	<p>As part of the financial governance of the Council, and to ensure the Council is using its resources effectively, there is a need to appoint a suitable external auditor.</p>

Financial Impact

There are no direct financial implications in relation to this report.

Legal Implications

There are no direct legal implications in relation to this report.
Verified by Glen Egan Assistant Director of Legal Services 03/03/2026

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Background Papers Used in Preparing This Report

None

External Audit Plan 2025/26

1. The Council's External Auditor (Grant Thornton UK LLP) is required to share with the Audit Committee its audit plan for the financial year subject to audit. The Pension Fund audit plan will be presented at June Audit Committee.
2. The External Auditor's proposed audit plan for 2025/26 for the Council is attached in Appendix 1. The Auditor will also be presenting this plan to the Committee.

This document provides an overview of the risks, planned scope and timing of the statutory audit. The plan identifies a number of risks that require particular audit consideration where they are considered to be the more elevated risks of misstatement/error in the financial statements.

The proposed audit fees and fees for non-audit services are also set out. Note that the audit fees are set through contract management and procurement by Public Sector Audit Appointments (PSAA).

3. Appendix 2, Informing the Audit Risk, detail the questions raised by auditors to establish areas of potential risk, and the Council's response.

As part of the audit risk assessment procedures, the Auditor is required to obtain an understanding of management processes and the Council's oversight of the following areas:

- General Enquiries
- Fraud
- Laws and Regulations
- Related Parties
- Going Concern
- Accounting Estimates.

This report includes a series of questions on each of these areas and the response provided by management. The Audit Committee should consider whether these responses are consistent with its understanding and whether there are any further comments it wishes to make.

The responses to these queries have been compiled by the Council's finance team and provided to the auditors to support their detailed understanding during the audit planning phase.

LIST OF APPENDICES:

- Appendix 1 – Grant Thornton – External Audit Plan 2025/26 (LBHF Council Audit)
- Appendix 2 – Grant Thornton – Informing the Audit Risk 2025/26 (LBHF Council)

The Audit Plan for the London Borough of Hammersmith & Fulham

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Year ending 31 March 2026

February 2026



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Introduction and headlines

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Purpose

This document provides an overview of the planned scope and timing of the statutory audit of the London Borough of Hammersmith & Fulham Council ('the Council') for those charged with governance.

Respective responsibilities

The National Audit Office ('the NAO') has issued the Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the agreed in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of the Council. We draw your attention to these documents.

Scope of our Audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the Council's financial statements that have been prepared by management with the

oversight of those charged with governance (the Audit committee); and we consider whether there are sufficient arrangements in place at the Council for securing economy, efficiency and effectiveness in your use of resources. Value for money relates to ensuring that arrangements are in place to use resources efficiently in order to maximise the outcomes that can be achieved as defined by the Code of Audit Practice.

The audit of the financial statements does not relieve management or the Audit Committee of your responsibilities. It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the Council and is risk based.

Introduction and headlines (continued)

Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- Management override of control
- Valuation of Pension Asset/Liabilities
- Valuation of Council Dwelling, Other Land & Buildings and Investment Properties

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

Materiality

We have determined planning materiality to be £18.4m (PY £18.4m) for the Council, which equates to 2% of your prior year gross operating costs for the year.

We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance.

Clearly trivial has been set at £920k (PY £920k). We design our procedures to detect errors in specific accounts at a lower level of precision which we have determined to have a materiality of £100,000 for

senior officer remuneration, this is due to a greater level of public interest in this balance.

Value for Money arrangements

Our risk assessment regarding your arrangements to secure value for money has not identified any significant weakness areas or related risks requiring separate attention. We will continue to monitor and update our risk assessment and responses until we issue our Auditor's Annual Report.

Audit logistics

Our audit planning visit took place during January and February. Our interim visit will take place in March where we will test interim samples of your months 1-10 populations in certain specific areas of the accounts to take pressure off the audit final fieldwork. Our final visit will take place in late-June through to September. Our key deliverables are this Audit Plan, our Audit Findings Report, our Auditor's Report and Auditor's Annual Report.

The upcoming backstop dates are as follows:

- for years ended 31 March 2026 by 31 January 2027
- for years ended 31 March 2027 by 30 November 2027; and
- for years ended 31 March 2028 by 30 November 2028.

As in previous years, we are working closely in collaboration with your finance team to work towards an earlier audit completion date of September 2026. Our auditor's report for 2024/25 was issued on the 30 October 2025, and our aim will be to bring this sign off date even further ahead of the above backstop date.

Our proposed fee for the audit is £483,242 (PY: £483,942) for the Council, subject to the Council delivering a good set of financial statements and working papers, no significant changes in scope to the Audit, management being responsive to audit requests and providing sufficient appropriate audit evidence when requested.

We have complied with the Financial Reporting Council's Ethical Standard (revised 2024) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Significant risk	Audit team's assessment	Planned audit procedures
<p>Management override of controls</p> <p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management override of controls is present in all entities.</p>	<p>We have therefore identified management override of controls, in particular journals, management estimates and transactions outside the course of business as a significant risk of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • gain assurance regarding the completeness of the full journals listing and its consistency with the movements in the opening and closing trial balance; • analyse the journals listing and determined the criteria for selecting high risk unusual journals; • identify and test unusual journals made during the year and the accounts production stage for appropriateness and corroboration; • use a combination of data analytic scoring tools and targeted tests to select journals of the greatest risk for testing; • gain an understanding of the accounting estimates and critical judgements applied by management and consider their reasonableness; and • review any other unusual and/or significant transactions.



“In determining significant risks, the auditor may first identify those assessed risks of material misstatement that have been assessed higher on the spectrum of inherent risk to form the basis for considering which risks may be close to the upper end. Being close to the upper end of the spectrum of inherent risk will differ from entity to entity and will not necessarily be the same for an entity period on period. It may depend on the nature and circumstances of the entity for which the risk is being assessed. The determination of which of the assessed risks of material misstatement are close to the upper end of the spectrum of inherent risk, and are therefore significant risks, is a matter of professional judgment, unless the risk is of a type specified to be treated as a significant risk in accordance with the requirements of another ISA (UK).” (ISA (UK) 315).

In making the review of unusual significant transactions “the auditor shall treat identified significant related party transactions outside the entity’s normal course of business as giving rise to significant risks.” (ISA (UK) 550).

Significant risks identified (continued)

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Significant risk	Audit team's assessment	Planned audit procedures
<p>The revenue cycle includes fraudulent transactions</p> <p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p>	<p>We have identified and completed a risk assessment of all revenue streams for the Council. The main streams being government grants, collection fund, rental income from HRA and investment properties, parking income and Investment income. We have rebutted the presumed risk that revenue may be misstated due to the improper recognition of revenue for all revenue streams.</p> <p>Having considered the risk factors set out in ISA 240, and the nature of the revenue streams of the Council, we have rebutted the presumed risk that revenue may be misstated due to the improper recognition of revenue for all revenue streams because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate revenue recognition; and • opportunities to manipulate revenue recognition are very limited. <p>Therefore, we do not consider this to be a significant risk for the Council at the time of our planning, however we will keep this assessment under review.</p>	<p>We still carry out detailed testing of the Council's revenues which are material, where we will:</p> <ul style="list-style-type: none"> • evaluate the Council's accounting policy for recognition of income for appropriateness and compliance with the Code; • update our understanding of the system for accounting for the income and evaluate the design of associated processes and controls; • agree on a sample basis relevant income and year end debtors/income accruals to invoices and cash payment or other supporting evidence; and • carry out testing on sample basis of invoices issued in the period prior to and following 31 March 2026 to determine whether income is recognised in the correct accounting period, in accordance with the amounts billed to the corresponding parties.



Management should expect engagement teams to challenge them in areas that are complex, significant or highly judgmental which may be the case for accounting estimates, going concern, related parties and similar areas. Management should also expect to provide engagement teams with sufficient evidence to support their judgments and the approach they have adopted for key accounting policies referenced to accounting standards or changes thereto.

Where estimates are used in the preparation of the financial statements management should expect teams to challenge management's assumptions and request evidence to support those assumptions.

Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
Valuation of Land and Buildings including Council Dwellings	<p>The Council revalue its land and buildings on a rolling, five-yearly basis. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (Other land and buildings £356m and for Council dwellings £1,266m in the Council's balance sheet on 31 March 2025) and the sensitivity of this estimate to changes in key assumptions. Key assumptions and judgements will include managements impairment assessments, valuations based on historic data, valuations of properties that have not been subject to inspection and those assets that have change in use in the year.</p> <p>Management will need to ensure that the carrying value in the Council's financial statements is not materially different from the current value or the fair value (for surplus assets) at the financial statements date. We therefore identified valuation of land and buildings, specifically council dwellings, other land and buildings and surplus assets, as a significant risk of material misstatement. Note as set out below on page 10, that indexation will now be applied in intervening years to assets not fully revalued in year, and we will carry out the procedures set out on that page to review management's application of this new approach now prescribed by CIPFA from the 2025/26 year onwards.</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts, and the scope of their work • evaluate the competence, capabilities and objectivity of management's expert; • write to the valuer to confirm the basis on which the valuation was carried out to ensure that the requirements of the Code are met • challenge the information and assumptions used by the valuer to assess the completeness and consistency with our understanding, which will include engaging our own valuer to assess the instructions issued by the Council to their valuer, the scope of the Council's valuers' work, the Council's valuers' reports and the assumptions that underpin the valuations • for Council Dwelling revaluations we will test the appropriateness and application of the Beacon Valuations • for Other Land and Buildings, we will test the key assumptions and application of build costs, obsolescence factors and floor plans for assets valued on a Depreciated replacement cost basis. For assets valued on an Existing Use value basis we will focus our work on yields and income of the assets • focus testing on managements impairment assessment, valuations based on historic data and where no inspections have been undertaken. Testing will also focus on any assets that have had a change in use in the year • test, on a sample basis, revaluations made during the year to see if they had been • input correctly into the Council's asset register; • evaluate the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different from current value at year end; and • where the Council opts to use any indexation approach we will assess the approach, test the application, and review the appropriateness of indices used.

Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
Valuation of Investment Properties	<p>The Council revalue its Investment Properties on an annual basis to ensure that these assets are held at Fair Value at the financial statements date. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (£118.9m in the Council's balance sheet on 31 March 2025) and the sensitivity of this estimate to changes in key assumptions.</p> <p>The key assumption for investment property is the yield rates utilised by the valuer and our testing will therefore focus on this area.</p> <p>Management have engaged the services of a valuer to estimate the current value as at 31 March 2025.</p> <p>We therefore identified valuation of Investment Properties, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to the valuation experts and the scope of their work; • evaluate the competence, capabilities and objectivity of the valuation expert; • write to the valuer to confirm the basis on which the valuations were carried out; • challenge the information and assumptions used by the valuer to assess completeness and consistency with our understanding, which will include engaging our own valuer to assess the instructions issued by the Council to their valuer, the scope of the Council's valuers' work, the Council's valuers' reports and the assumptions that underpin the valuations; • focus our testing on the yield rates used by the valuer; and • test, on a sample basis, revaluations made during the year to ensure they have been input correctly into the Council's asset register.

Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
Valuation of the pension fund net liability	<p>The pension fund net asset (as at 31 March 2025), is made up of two balances the LGPS scheme and the LPFA scheme. The LGPS scheme had a net liability of £37.1m which is reflected in the Council's financial statements, the LPFA scheme had an accounted value of nil in the accounts. The LPFA scheme on a gross basis was identified as having a gross asset position of £52.7m with liabilities of £27.6m, however, following the application of IFRIC 14 the total that can be recognised in the accounts was identified as nil. This standard reflects the fact the Council may not have full access to the benefit of an overfunded position in the same way you would for other assets such as Debtors or Investments, therefore an asset ceiling of £25.1m was applied.</p> <p>The LGPS scheme although having in total a net position that is not significantly material has gross liabilities of £1,319m and gross assets of £1,282m. These balances are therefore highly sensitive to changes in market conditions or assumptions used by the actuary which is why this balance remains an area of significant risk of misstatement.</p> <p>We therefore identified valuation of the pension fund net liability as a significant risk.</p>	<p>We will:</p> <ul style="list-style-type: none"> • update our understanding of the processes and controls put in place by management to ensure that the pension fund net liability is not materially misstated and evaluate the design of the associated controls; • evaluate the instructions issued by management to their management experts (the actuary) for this estimate and the scope of the actuary's work; • assess the competence, capabilities and objectivity of the actuary who carried out the pension fund valuation; • assess the accuracy and completeness of the information provided by the Council to the actuary to estimate the liabilities; • test the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial reports from the actuary; • undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; and • obtain assurances from the auditor of the Hammersmith and Fulham Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the Fund and the fund assets valuation in the Fund's financial statements. • review the application of IFRIC 14 and ensure the asset ceiling is correctly applied for both the asset and liability.

Other risks identified

Other risks are, in the auditor's judgement, those where the likelihood of material misstatement cannot be reduced to remote, without the need for gaining an understanding of the associated control environment, along with the performance of an appropriate level of substantive work. The risk of misstatement for another risk is lower than that for a significant risk, and they are not considered to be areas that are highly judgemental, or unusual in relation to the day-to-day activities of the business.

Risk	Description	Planned audit procedures
Cyber incident	<p>We note the Council was affected by a cyber incident in the financial year which impacted the operations of some Council services. During this period, the council was disconnected from finance, payroll, and HR systems. The council worked with their cyber security incident response provider to isolate and protect and then secure assurance about the Council's systems.</p> <p>The Council has since restored full operations and there is no evidence of their systems being compromised. As such we have not identified this as a significant risk at the planning stage, but this may change as further developments evolve and our review is undertaken.</p>	<p>We will:</p> <ul style="list-style-type: none"> engage our specialist IT team to understand the work the council has completed with their incident response provider and the assurances obtained from that work; assess the designed effectiveness of IT general controls specifically relating to cybersecurity; understand how business processes related to the systems which were impacted/offline during the incident were changed to ensure that transactions were recorded and payments were received/made; understand what the council has done once systems were back online to ensure that all transactions were recorded completely and accurately in the General Ledger; and consider out testing strategy in areas potentially impacted by a delay in using the General Ledger e.g. creditors, cash and cash equivalents.
First time indexation of land and buildings	<p>The code now (25/26) requires indexation for land and buildings in the intervening years between revaluations. The council will be adopting this for the first time, and applying indexation to land and buildings which have not been subject to a full revaluation by the professional valuation expert in the current year (ie. those valued as part of the five-year rolling basis mentioned above on page 7.</p>	<p>We will:</p> <ul style="list-style-type: none"> check the indices used and review the appropriateness of the application to asset classes (including using advice/input from our auditor's valuation expert as appropriate); and check of accounting entries etc.

Other risks identified (continued)

Risk	Description	Planned audit procedures
<p>The expenditure cycle includes fraudulent transactions</p> <p>Practice Note 10 (PN10) states that as most public bodies are net spending bodies, then the risk of material misstatements due to fraud related to expenditure may be greater than the risk of material misstatements due to fraud related to revenue recognition. As a result under PN10, there is a requirement to consider the risk that expenditure may be misstated due to the improper recognition of expenditure.</p>	<p>As most public bodies are net spending bodies, then the risk of material misstatement due to fraud related to expenditure recognition may in some cases be greater than the risk of material misstatements due to fraud related to revenue recognition.</p> <p>We have identified and completed a risk assessment of all expenditure streams for the Council. Having considered the nature of the expenditure streams of Hammersmith and Fulham, and on the same basis as that set out above for revenue, we do not consider this to be a significant risk for the Council at the time of our planning however we will keep this assessment under review.</p>	<p>We still carry out detailed testing of the Council's expenditure which are material, where we will:</p> <ul style="list-style-type: none"> • evaluate the Council's accounting policy for recognition of expenditure for appropriateness and compliance with the Code; • update our understanding of the system for accounting for the expenditure and evaluate the design of associated processes and controls; • agree on a sample basis relevant expenditure and year end creditors and accruals to invoices or other supporting evidence; and • carry out testing on sample basis of invoices received in the period prior to and following 31 March 2026 to determine whether expenditure is recognised in the correct accounting period, in accordance with the amounts billed to the corresponding parties.

Other matters

Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read your Narrative Report and Annual Governance Statement alongside any other information published alongside your financial statements to check that they are consistent with the financial statements on which we give an opinion and our knowledge of the Council.
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with requirements set by CIPFA.
- We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.
- We consider our other duties under legislation and the Code, as and when required, including:
 - giving electors the opportunity to raise questions about your financial statements, consider and decide upon any objections received in relation to the financial statements
 - issuing a report in the public interest or written recommendations to the Council under section 24 of the Local Audit and Accountability Act 2014 (the Act)

- application to the court for a declaration that an item of account is contrary to law under section 28 or a judicial review under section 31 of the Act
- issuing an advisory notice under section 29 of the Act.
- We certify completion of our audit.

Other material balances and transactions

Under International Standards on Auditing, 'irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure'. All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Description

Determination

We have determined planning materiality (financial statement materiality for the planning stage of the audit) based on professional judgement in the context of our knowledge of the Council including consideration of factors such as stakeholder expectations, sector developments, financial stability and reporting requirements for the financial statements

Planned audit procedures

We determine planning materiality in order to:

- establish what level of misstatement could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements
- assist in establishing the scope of our audit engagement and audit tests
- determine sample sizes and
- assist in evaluating the effect of known and likely misstatements in the financial statements.

Other factors

An item does not necessarily have to be large to be considered to have a material effect on the financial statements

An item may be considered to be material by nature when it relates to instances where greater precision is required.

Reassessment of materiality

Our assessment of materiality is kept under review throughout the audit process

We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.

Our approach to materiality (continued)

Description	Amount (£)	Qualitative factors considered
Materiality for the financial statements	18,400,000	Materiality has been set at 2% of the Council's gross expenditure
Performance materiality for the financial statements	13,800,000	Set at 75% of materiality, this is an increase of 5% from the prior year
Triviality	920,000	This is set at 5% of materiality
Materiality for specific transactions, balances or disclosures	100,000	This is an area considered to be of a greater level of public scrutiny and sensitivity. We have set this benchmark as our materiality for senior office pay



Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements; Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both; and Judgments about matters that are material to users of the financial statements are based on a consideration of the common financial information needs of users as a group. The possible effect of misstatements on specific individual users, whose needs may vary widely, is not considered. (ISA (UK) 320)

Progress against prior year audit recommendations

We identified the following issues in our 2024/25 audit of the Council's financial statements, which resulted in 7 recommendations being reported in our 2024/25 Audit Findings Report. We have followed up on the implementation of our recommendations and 3 have been addressed/cleared, while 4 are in progress:

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue(s)
Addressed 	<p>HRA Beacons – valuation methodology</p> <p>Management should consider more regular reviews of the beacon valuations using comparable data that better reflects the current market conditions in the intervening years between full revaluations.</p>	<p>Management have confirmed that this will be addressed through in 2025/26 as a full revaluation will be completed in year.</p> <p>Moving forward, a percentage of beacons will be fully valued in between full inspections, and this will ensure the values applied to the housing stock are reasonable.</p>
In progress 	<p>Related parties</p> <p>Management should strengthen the related party declaration process to ensure full compliance with IAS 24 and consider amending the related party declaration to specify the need to report related parties of relevant persons with explicit inclusion of close family members and partners in the declaration forms. Management should stress the importance to members of transparency to users of the financial statements.</p> <p>Moreover, management can implement a process of periodic cross-checks with Companies House, electoral registers, and other public records to identify undeclared interests.</p>	<p>Management have revised the wording in the emails sent to councillors and senior officers to emphasise the fact that the declaration includes related parties of relevant persons explicitly including close family members and partners. This is carried through to the declaration form as well.</p> <p>Although measures have been put in place to address the issue raised, the next set of declarations are due at year end. This item has therefore been marked as 'in progress' until the audit team can verify the related parties declared include the close family members and partners of senior officers and councillors.</p> <p>In the event declarations remain incomplete for 2025/26, further measures may be required.</p>

Progress against prior year audit recommendations (continued)

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue(s)
In progress 	<p>Infrastructure Assets – Useful Asset Lives</p> <p>Management should consider regular reviews of infrastructure assets to ensure the assigned useful life is representative of the asset it relates to, by disaggregate consolidated infrastructure spend into distinct asset components and assign appropriate useful lives based on asset type and expected service potential.</p>	<p>We have discussed this with management who have agreed to provide some further analysis/consideration of the useful lives for these asset groups to demonstrate that these are reasonable and would not significantly misstate depreciation.</p> <p>We will consider and review this when available.</p>
In progress 	<p>Council Tax – Debtors and Creditors</p> <p>Management should consider the accounting treatment of these debtor and creditor balances and write off outstanding and overdue where applicable and in line the accounting policy.</p>	<p>Management have confirmed that this will be amended in the 26/27 financial year. This due to the cyber incident that happened in year.</p> <p>As a result, the Council team will not have the resources to action this recommendation ahead of the year end and work has already been completed to trace these amounts back to Academy.</p>
In progress 	<p>Joint Venture – Provision</p> <p>Management should consider the treatment of the provision added to their Joint Venture accounts and the subsequent impact this has on the Council entitlement to the profit earned by the entity and recoverability of the balances owed to it by the JV as well as the impact of it on the amount appearing as Investment in its separate financial statements.</p> <p>Moreover, Inconsistencies in year prevent comparison across financial years and for users of the accounts.</p>	<p>Management have confirmed that this recommendation is under review in conjunction with the West King Street Renewal LLP accounts and further updates will be available in March 2026.</p>

Progress against prior year audit recommendations (continued)

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue(s)
Addressed 	<p>Property, plant and equipment - Reclassifications</p> <p>Management should consider applying greater challenge to the Estates Teams on delays occurring after the completion statements have been received.</p> <p>Additionally, Council could Implement a formal checklist or sign-off process for asset readiness to trigger reclassification.</p>	<p>Management have reaffirmed the processes in place to ensure the completion of projects and subsequent transition to operational use so proper accounting treatment can be applied.</p> <p>The Council consider this to be an isolated case, and the afore stated processes will continue to operate to prevent this reoccurring.</p>
Retained as a best practice recommendation	<p>Journal entries control environment</p> <p>We have identified during our testing of journal entries that there is no two-stage authorisation process for journal entry postings in place.</p> <p>This issue had not been resolved for the 2024-25 financial period. We have upheld this recommendation as a best practice IT control to demonstrate the segregation of duties.</p>	To be discussed during the 2025/26 audit fieldwork.

IT audit strategy

In accordance with ISA (UK) 315, we are required to obtain an understanding of the IT environment related to all key business processes, identify all risks from the use of IT related to those business process controls judged relevant to our audits and assess the relevant IT general controls (ITGCs) in place to mitigate them. Our audits will include completing an assessment of the design and implementation of ITGCs related to security management; technology acquisition, development and maintenance; and technology infrastructure.

The following IT applications are in scope for IT controls assessment based on the planned financial statement audit approach. We will perform the indicated level of assessment:

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IT application	Audit area	Planned level IT audit assessment
SAP HANA	Financial reporting, General Ledger, Accounts Payable, Accounts Receivable, Payroll	<p>We will consider the design, but not the operating effectiveness of the ITGCs.</p> <p>We note that there was a system upgrade to SAP HANA during the 2025/26 year. Though this did not entail a data migration, this is considered to be a significant/major change in the IT applications, and our IT Audit team will carry out additional work here to review any changes to the system and the ITGCs.</p>
Altair	Pensions administrations (member data), Pensions Payroll	We will consider the design, but not the operating effectiveness of the ITGCs

Interim Audit Work

Details of work to be conducted at interim:

The backstop date is moving earlier in the year, as a result and to ensure that all work can be completed by this date, we will be using an interim visit as a key part of the audit approach. Interim visits should be treated with the same importance as final accounts and will include regular catch-ups between management and the audit team to facilitate this work. An indicative plan of the areas that we would cover at interim is set out below, this will be finalised and agreed with management prior to the commencement of our interim visit.

Description	Work commentary
Review of prior year recommendations	We will perform a review of the council's progress against audit recommendations we have raised in the prior year.
Payroll	<p>We will:</p> <ul style="list-style-type: none"> • Select & test a sample of starters, leavers and change of circumstances • review monthly payroll reports up to month 9-10.
Advance testing areas	<p>We will select samples and perform advance testing on:</p> <ul style="list-style-type: none"> • prior year accruals crystallisation • operating expenditure • additions and disposals testing • business rates and council tax reliefs for months 1-10
Significant / one-off transactions / changes in policy	<p>We will perform review of the significant / one-off transaction / change in policy and identify elements for further testing where appropriate.</p> <p>We will inquire/perform a review of the council's approach to PPE valuations and implementation of indexation within the revaluation cycle</p>

Value for Money Arrangements

Approach to Value for Money work for the period ended 31 March 2026

The National Audit Office updated its Code of Audit Practice in November 2024. The Code expects auditors to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are expected to report a commentary each year under the specific reporting criteria and where significant weaknesses in arrangements are identified. The new Code requires auditors to share a draft Auditor's Annual Report (AAR) with those charged with governance by a nationally set deadline each year, and for the audited body to publish the AAR thereafter. This new deadline requirement was introduced from November 2025. The three specified reporting criteria are set out below:

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Financial sustainability

How the Council plans and manages its resources to ensure it can continue to deliver its services.



Governance

How the Council ensures that it makes informed decisions and properly manages its risks.



Improving economy, efficiency and effectiveness

How the Council uses information about its costs and performance to improve the way it manages and delivers its services.



We will continue our review of your arrangements until we sign the opinion on your financial statements before we issue our AAR. Should any further risks of significant weakness be identified, we will report this to those charged with governance as soon as practically possible. Any significant weaknesses identified will be reflected in our AAR and included within our audit opinion.

Risks of significant weakness in VFM arrangements

Risk assessment of the Council's VFM arrangements

The Code of Audit Practice 2024 (the Code) sets out that the auditor's work is likely to fall into three broad areas: planning; additional risk-based procedures and evaluation; and reporting. We undertake initial planning work to inform this Audit Plan and the assumptions used to derive our fee. Consideration of prior year significant weaknesses and known areas of risk is a key part of the risk assessment for 2025/26. We will continue to evaluate risks of significant weakness and if further risks are identified, we will report these to those charged with governance. We set out our reported assessment below:

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Criteria	2024/25 Assessment of arrangements	2025/26 Risk assessment	2025/26 risk-based procedures planned
Financial sustainability	A No significant weakness identified, one improvement recommendation raised in relation to HRA and service performance	No significant weakness in arrangements identified.	As no risk of significant weakness has been identified, no additional risk-based procedures are proposed at this stage. We will undertake sufficient work to document our understanding of arrangements as required by the Code and follow up improvement recommendations made previously.

- G** No significant weaknesses or improvement recommendations.
- A** No significant weaknesses, improvement recommendation(s) made.
- R** Significant weaknesses in arrangements identified and key recommendation(s) made.

Risks of significant weakness in VFM arrangements

(continued)

Criteria	2024/25 Assessment of arrangements	2025/26 Risk assessment	2025/26 risk-based procedures planned
Governance	A No risks of significant weakness reported, and one improvement recommendations made	No risks of significant weakness identified	As no risk of significant weakness has been identified, no additional risk-based procedures are specified at this stage. We will undertake sufficient work to document our understanding of your arrangements as required by the Code and follow up improvement recommendations made in 2024/25.
Improving economy, efficiency and effectiveness	A No risks of significant weakness reported, and one improvement recommendations made	No risks of significant weakness identified	As no risk of significant weakness has been identified, no additional risk-based procedures are specified at this stage. We will undertake sufficient work to document our understanding of your arrangements as required by the Code and follow up improvement recommendations made in 2024/25.

- G** No significant weaknesses or improvement recommendations.
- A** No significant weaknesses, improvement recommendation(s) made.
- R** Significant weaknesses in arrangements identified and key recommendation(s) made.

Risks of significant VFM weaknesses

As part of our initial planning work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources where we needed to perform additional procedures. The risks we have identified are detailed on the table overleaf along with the further work we will perform. We will continue to review the Council's arrangements and report any further risks of significant weaknesses we identify to those charged with governance. We may need to make recommendations following the completion of our work. The potential different types of recommendations we could make are set out in the table below.

Potential types of recommendations



Statutory recommendation

Written recommendations to the Council under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the Council to discuss and respond publicly to the report.



Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the Council. We have defined these recommendations as 'key recommendations'.



Improvement recommendation

Auditors may also include areas for improvement or to keep in view even if they do not identify any underlying significant weaknesses in arrangements. These recommendations set out actions for consideration which are not a result of identifying significant weaknesses in arrangements, but which if not addressed could increase the risk of a significant weakness in future periods.

Logistics

The audit timeline

Key Dates

Audit committee:
16 March 2026

Year end:
31 March 2026

Close out:
31 Aug 2026

Audit committee:
September 2026
Date TBC

Sign off:
September 2026

Audit phases:

Planning – 2 weeks
w/c 26 Jan 2026

Interim – 2 weeks
w/c 09 March 2026

Final – 11 weeks
w/c 22 June 2026

Completion – 2 week
w/c 14 Sept 2026

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Key elements

- Planning meeting with management to set audit scope
- Agree timetable and deliverables with management and Audit Committee
- Issue the Audit Plan to management and Audit Committee
- Planning meeting with Audit Committee to discuss the Audit Plan

Key elements

- [Document design effectiveness of systems and processes
- Review of key judgements and estimates
- Issue Audit Progress Report and sector update to management and Audit Committee
- Any planned additional testing

Key elements

- Audit teams onsite to complete fieldwork and detailed testing
- Audit of the financial statements
- Weekly update meetings with management
- Technical review of financial statements

Key elements

- Draft Audit Findings issued to management
- Audit Findings meeting with management
- Draft Audit Findings issued to Audit Committee
- Audit Findings presentation to Audit Committee
- Auditor’s Annual Report
- Finalise and sign financial statements and audit report

Our team and communications

Grant Thornton core team

Paul Cuttle

Engagement Lead/Key Audit Partner

- Key contact for senior management and Audit Committee
- Overall quality assurance

Andy Conlan

Senior Audit Manager

- Key contact for senior management and Audit Committee
- Overall quality assurance

Louis Barber

Audit Assistant Manager

- Audit planning
- Resource management
- On-site audit team management
- Day-to-day point of contact
- Audit fieldwork

Pool of IT and other technical specialists

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	Service delivery	Audit reporting	Audit progress	Technical support
Formal communications	<ul style="list-style-type: none"> • Annual client service review 	<ul style="list-style-type: none"> • The Joint Audit Plan • The Joint Audit Findings • Joint Auditor’s Annual Report 	<ul style="list-style-type: none"> • Audit planning meetings • Audit clearance meetings • Communication of issues log 	<ul style="list-style-type: none"> • Technical updates
Informal communications	<ul style="list-style-type: none"> • Open channel for discussion 		<ul style="list-style-type: none"> • Communication of audit issues as they arise 	<ul style="list-style-type: none"> • Notification of up-coming issues

Our fee estimate

Our fee estimate

We have set out below our specific assumptions made in arriving at our estimated audit fees, we have assumed that the Council will:

- prepare good quality sets of accounts, supported by comprehensive and well-presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant estimates made during the course of preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements
- maintain adequate business processes and IT controls, supported by an appropriate IT infrastructure and control environment.
- note the fee is largely set by PSAA at £483,241. We have also included the fact that extra work on the IT control environment will be required to gain sufficient assurance in response to the cyber incident. Though we expect the work of our IT audit team around the SAP HANA system upgrade to not be extensive, we flag that there could be an additional fee if there are any unexpected issues/control deficiencies flagged in the work.
- .

Previous year

In 2024/25 the scale fee set by PSAA was £470,080. The actual fee charged for the audit, including audit of subsidiary companies (where applicable) was £470,080.

Company	Audit Fee for 2024/25 (£)	Proposed fee for 2025/26 (£)
PSAA Scale Fee	470,080	483,241
Additional IT work – cyber incident	N/A	TBC
Additional IT work – SAP HANA system upgrade	N/A	TBC
IFRS16 implementation	13,862	N/A
Total (Exc. VAT)	483,942	483,241

Our fee estimate (continued)

Relevant professional standards

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's [Ethical Standard \(revised 2024\)](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

PSAA

Local Government Audit fees are set by PSAA as part of their national procurement exercise. In 2023 PSAA awarded a contract of audits for the Council to begin with effect from 2023/24. The scale fee set out in the PSAA contract for the 2025/26 audit is £483,241.

This contract sets out four contractual stage payments for this fee, with payment based on delivery of specified audit milestones:

- Production of the final auditor's annual report for the previous Audit Year or opinion issued (but not before 1 December 2025)
- Production of the draft audit planning report to Audited Body
- 50% of planned hours of an audit have been completed
- 75% of planned hours of an audit have been completed

Any variation to the scale fee will be determined by PSAA in accordance with their procedures as set out here [Fee Variations Overview – PSAA](#)

Updated Auditing Standards

The FRC has issued updated Auditing Standards in respect of Quality Management (ISQM 1 and ISQM 2). It has also issued an updated Standard on quality management for an audit of financial statements (ISA 220). We confirm we will comply with these standards.

Independence considerations

As part of our assessment of our independence at planning we note the following matters:

Matter	Conclusions
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Council/Group that may reasonably be thought to bear on our integrity, independence and objectivity.
Relationships and Investments held by individuals	We have not identified any potential issues in respect of personal relationships with the Council.
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the Council as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and the Council.
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place for non-audit services provided.
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the Council's board, senior management or staff (that would exceed the threshold set in the Ethical Standard).

We confirm that there are no significant facts or matters that impact on our independence at planning as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person have complied with the Financial Reporting Council's Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements.

Fees and non-audit services

The following tables below set out non-audit services charged from the beginning of the financial year to the current date, as well as the threats to our independence and safeguards have been applied to mitigate these threats. The below non-audit services are consistent with the Council's policy on the allotment of non-audit work to your auditor including where the service(s) are provided by Grant Thornton International Limited network member firms who are aware of that policy and have been approved by the Audit Committee. None of the below services were provided on a contingent fee basis.

For the purposes of our audit we have made enquiries of all Grant Thornton teams within the Grant Thornton International Limited network member firms providing services to the Council. The table summarises all non-audit services which were identified.

Assurance Service Fees

Service	Fees £	Threats Identified	Safeguards applied
Teachers Pensions	12,500	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work in comparison to the total fee for the and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Certification of Housing Capital Receipts Grant	10,000	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work in comparison to the total fee for the and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
HBAP Grant	Subject to tender for the 2024/25 and 2025/26 years	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work in comparison to the total fee for the and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level. We note that we last performed this work in 2023/24 for the Council, and the subsequent years 2024/25 and 2025/26 work is subject to tender. We will confirm in our audit findings report the status on this work. The fee for the last year where this work was performed was £35,600.
Total	TBC		

This covers all services provided by us and our network to the council, its directors and senior management and its affiliates, and other services provided to other known connected parties that may reasonably be thought to bear on our integrity, objectivity or independence.

Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	●	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks and Key Audit Matters	●	
Planned use of internal audit	●	
Confirmation of independence and objectivity	●	●
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	●	●
Significant matters in relation to going concern	●	●

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Plan, outlines our audit strategy and plan to deliver the audit, while the Audit Findings will be issued prior to approval of the financial statements and will present key issues, findings and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via an audit progress memorandum.

Communication of audit matters with those charged with governance (Continued)

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

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Our communication plan	Audit Plan	Audit Findings
Views about the qualitative aspects of the Council accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures		●
Significant findings from the audit		●
Significant matters and issue arising during the audit and written representations that have been sought		●
Significant difficulties encountered during the audit		●
Significant deficiencies in internal control identified during the audit		●
Significant matters arising in connection with related parties		●
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		●
Non-compliance with laws and regulations		●
Unadjusted misstatements and material disclosure omissions		●

Escalation Policy

The Backstop

The Department for Levelling Up, Housing and Communities have introduced an audit backstop date on a rolling basis to encourage timelier completion of local government audits.

As your statutory auditor, we understand the importance of appropriately resourcing audits with qualified staff to ensure high quality standards that meet regulatory expectations and national deadlines. It is the Council's responsibility to produce true and fair accounts in accordance with the CIPFA Code by the statutory deadline and respond to audit information requests and queries in a timely manner.

Escalation Process

To help ensure that accounts audits can be completed on time in the future, we have introduced an escalation policy. This policy outlines the steps we will take to address any delays in draft accounts or responding to queries and information requests. If there are any delays, the following steps should be followed:

Step 1 - Initial Communication with Finance Director (within one working day of statutory deadline for draft accounts or agreed deadline for working papers)

- We will have a conversation with the Finance Director(s) to identify reasons for the delay and review the Authority's plans to address it. We will set clear expectations for improvement.

Step 2 - Further Reminder (within two weeks of deadline)

- If the initial conversation does not lead to improvement, we will send a reminder explaining outstanding queries and information requests, the deadline for responding, and the consequences of not responding by the deadline.

Step 3 - Escalation to Chief Executive (within one month of deadline)

- If the delay persists, we will escalate the issue to the Chief Executive, including a detailed summary of the situation, steps taken to address the delay, and agreed deadline for responding..

Step 4 - Escalation to the Audit Committee (at next available Audit Committee meeting or in writing to Audit Committee Chair within 6 weeks of deadline)

- If senior management is unable to resolve the delay, we will escalate the issue to the audit committee, including a detailed summary of the situation, steps taken to address the delay, and recommendations for next steps.

Step 5 - Consider use of wider powers (within two months of deadline)

- If the delay persists despite all efforts, we will consider using wider powers, e.g. issuing a statutory recommendation. This decision will be made only after all other options have been exhausted. We will consult with an internal risk panel to ensure appropriateness.

Aim

By following these steps, we aim to ensure that delays in responding to queries and information requests are addressed in a timely and effective manner, and that we are able to provide timely assurance to key stakeholders including the public on the Authority's financial statements.

Financial reporting changes

Changes to the CIPFA Code of practice on local authority accounting for 2025/26

The main change is a revaluation expedient for property, plant and equipment. From 1 April 2025, revaluations are required once every five years or on a five year rolling basis with indexation in intervening years. This is a substantial change to the accounting for non current asset, that may require engagement with valuers, changes to underlying systems, asset records and accounting treatment.

New or revised accounting standards that are expected to be adopted by the CIPFA Code in future years.

Amendment to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity

The International Accounting Standards Board (IASB) issued amendments to IFRS 9 and IFRS 7 to improve the reporting of nature-dependent electricity contracts, such as power purchase agreements (PPAs). These contracts, which secure electricity from sources like wind and solar power, can vary due to uncontrollable factors like weather. The amendments clarify the 'own-use' requirements, permit hedge accounting for these contracts, and introduce new disclosure requirements to help users of the accounts understand their impact on an entity's financial performance and cash flows. The amendments are expected to be adopted by the CIPFA Code for [2026/27](#).

Amendments to IFRS 9 and IFRS 7 – Classification and measurement of financial instruments

These amendments clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities (including settling financial liabilities using an electronic payment system), adds guidance on the solely payment of principal and interest (SPPI) criteria, and includes updated disclosures for certain instruments. The amendments are expected to be adopted by the CIPFA Code for [2026/27](#).

IFRS 18 Presentation and Disclosure in the Financial Statements

IFRS 18 will replace IAS 1 Presentation of Financial Statements. All entities reporting under IFRS Accounting Standards will be impacted.

The new standard will impact the structure and presentation of the comprehensive income and expenditure statement as well as introduce specific disclosure requirements. Some of the key changes are:

- introducing new defined categories for the presentation of income and expenses
- introducing specified totals and subtotals, for example the mandatory inclusion of 'Operating profit or loss' subtotal
- disclosure of management defined performance measures
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

IFRS 18 will be effective in the UK from 1 January 2027 and so could impact the CIPFA Code from [2027/28](#).



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Appendix 2: Informing the audit risk assessment for London Borough of Hammersmith and Fulham 2025/26**Audited body: London Borough of Hammersmith and Fulham****Year ended: 31 March 2026****Inquiries of management and others****Response provided by:****Role: Chief Accountant****Date: 25/02/2026**

The purpose of this report is to contribute towards the effective two-way communication between the external auditors and the Audit Committee, as 'those charged with governance'. It consists of a set of questions posed by the auditor's to the Council's Finance Team in order to obtain an understanding of the arrangements in the following areas.

Appendix A:

- General Enquiries of Management,
- Fraud,
- Laws and Regulations,
- Related Parties,
- Going Concern; and

Appendix B:

- Accounting Estimates

The responses are provided by management of the Council.

Appendix A

Agenda

Responses

General inquiries	
1. What do you regard as the key events or issues that will have a significant impact on the financial statements for 2025/26.	In late November 2025, there was a cyber incident which meant the finance system was down until mid-January 2026. It is not expected that there will be an impact on the financial statements as work is being done to ensure all transactions which took place off the ledger during the downtime will be posted before the end of the financial year. 2025/26 has seen continued economic uncertainty and the ongoing impact of inflation above Bank of England's target rate and higher interest rates. For the financial year, the Council has managed these impacts and remained within budget. The medium-term financial outlook remains challenging following the government's Fair Funding Review and the Council continues to monitor and manage these challenges through its medium-term financial strategy (MTFS).
2. Have you considered the appropriateness of the accounting policies adopted by LBHF? Have there been any events or transactions that may cause you to change or adopt new accounting policies? If so, what are they?	Yes – the Council has reviewed the accounting policies and will undertake full professional valuations once every five years on a rolling five-year cycle. Annual indexation will be applied in the intervening years to keep asset values materially up to date which replaces the previous requirement to revalue whenever assets materially changed in value. Indexation is designed to approximate movements in value using published market-based indices.
3. Is there any use of financial instruments, including derivatives? If so, please explain	Yes – as set out in the Financial Instruments note to the Accounts; there are no derivatives.
4. Are you aware of any significant transaction outside the normal course of business? If so, what are they?	No – management are not aware of any significant transactions outside the normal course of business that would materially impact the accounts.
5. Are you aware of any changes in circumstances that would lead to impairment of non-current assets? If so, what are they?	The impact of the current economic climate continues to be closely monitored. Assets have been valued with due regard to these risks and in accordance with RICS or other industry guidelines. As at the valuation date, we are not aware of any specific impact on the value of the assets within the portfolio.
6. Are you aware of any guarantee contracts? If so, please provide further details	We are not aware of any material guarantee contracts.

7. Are you aware of the existence of loss contingencies and/or un-asserted claims that may affect the financial statements? If so, please provide further details	The Council is involved in a range of complex regeneration programmes and procurements. These are always subject to potential claims and these will be evaluated as and when they arise but are not expected to have a material effect on the financial statements.
8. Other than in-house solicitors, can you provide details of those solicitors utilised by LBHF during the year. Please indicate where they are working on open litigation or contingencies from prior years?	The Council has an internal Legal Department, supported by external solicitors and barristers procured via the LBLA framework. Where expert advice is sought, solicitors and barristers will be commissioned outside of that framework as necessary. Two firms of solicitors are working on open litigation/ potential litigation. Browne Jacobson on adult social care matters and Sharpe Pritchard on employment tribunal claims.
9. Have any of the LBHF 's service providers reported any items of fraud, non-compliance with laws and regulations or uncorrected misstatements which would affect the financial statements? If so, please provide further details	There were no reported instances of fraud or non-compliance from service providers for 2025/26 that would impact the material accuracy of the financial statements.
10. Can you provide details of other advisors consulted during the year and the issue on which they were consulted?	<ul style="list-style-type: none"> • Link Asset Services - The Council has consulted with Link who have provided treasury advice and in relation to general treasury investment. • PwC – The Council subscribes to a tax advice helpline for provision of advice regarding indirect taxation (typically VAT and SDLT). • Wilks Head & Eve – year-end property valuation • Analyse Local – Collection Fund provisions • Hymans Robertson LLP – Pension Fund Actuary • LGFutures – Collection Fund in-year monitoring and year-end accounting entries <p>Major capital and regeneration projects typically require procurement of professional advice concerning, amongst other things (and as relevant), legal and property consultation etc. Details are available from relevant services and project managers.</p>
11. Have you considered and identified assets for which expected credit loss provisions may be required under IFRS 9, such as debtors (including loans) and investments? If so, please provide further details	Expected Credit Losses on debtors are provided and reported against debtor lines using an appropriate methodology based on the nature of the debt. The Council's investments are generally short-term money market investments with no material risk (usually AAA rated). See Accounting Estimates summary within the Statement of Accounts for further information.

Fraud inquiries	
<p>1. Has LBHF assessed the risk of material misstatement in the financial statements due to fraud?</p> <p>How has the process of identifying and responding to the risk of fraud been undertaken and what are the results of this process?</p> <p>How do the Council's risk management processes link to financial reporting?</p>	<p>Although there is an on-going risk of fraud being committed against the Council, arrangements are in place to prevent and detect fraud. These include work carried out by Internal Audit and the Corporate Anti-Fraud Service on overall fraud risk across the Council which is reported to the Audit Committee on a regular basis. This includes considering the annual internal audit and counter fraud work programmes (which includes proactive anti-fraud reviews), reviewing the Council's anti-fraud policies and reporting on fraud caseloads and outcomes, including cases of interest.</p> <p>There is on-going communication between external audit and responsible officers on emerging technical issues. Financial monitoring also highlights areas of variance within the capital and revenue budgets, which helps management identify areas of material misstatement within the accounts.</p> <p>The Council maintains a fraud risk register which identifies possible frauds to which the authority is exposed. It estimates both the possible impact of a given fraud and the likelihood of it occurring. This register helps the Council to fully understand its fraud-threat landscape, remain alert to emerging issues, and ensure that risks are appropriately reviewed and managed on a regular basis. For example, we have added a new strategic risk, Economic Crime and Corporate Transparency Act, and risks associated with the new offence, "Failure to prevent fraud".</p>
<p>2. What have you determined to be the classes of accounts, transactions and disclosures most at risk to fraud?</p>	<p>The Council has a robust framework of internal controls and effective processes and policies to prevent; fraud, bribery, money laundering etc. However, there will always be certain Council services naturally carrying a higher inherent risk than others. For example, fraudulent welfare benefit claims or the misuse of disabled parking badges can lead to financial loss. Similarly, any service area that involves the handling of cash carries an elevated level of risk, although this is mitigated where possible by the ongoing reduction in cash usage.</p> <p>Internal Audit and the Corporate Anti-Fraud Service assess fraud risk across the Council and report to the Audit Committee regularly. This involves reviewing annual audit and counter fraud programmes, examining anti-fraud policies, and reporting on fraud cases and outcomes. The Council has continued to review new and emerging fraud risks.</p>
<p>3. Are you aware of any instances of actual, suspected or alleged fraud, errors or other irregularities either within LBHF as a whole, or within specific departments since 1 April 2025? If so, please provide details</p>	<p>For the first half of the financial year, 1 April 2025 to 30 September 2025, the Council processed 102 new referrals and concluded 132 investigations. Conclusions ranged from sanctionable offences to preventative measures, to actions to deter fraud, or to no further action if no wrongdoing was found.</p>

	Of the concluded cases, 79 resulted in positive outcomes, preventing fraud worth an estimated £779,530 and a notional loss of £607,423. An additional £409,000 was identified for recovery via court-issued confiscation orders under the Proceeds of Crime Act.
4. As a management team, how do you communicate risk issues (including fraud) to those charged with governance?	Counter fraud plans, policies and performance are reported to the Audit Committee who receive reports on internal and external fraud investigated by the Council. This report is intended to brief members of the Committee in respect of work undertaken by the fraud service. The Committee receives detailed reports from the anti-fraud service every six months.
5. Have you identified any specific fraud risks? If so, please provide details Do you have any concerns there are areas that are at risk of fraud? Are there particular locations within LBHF where fraud is more likely to occur?	As set out in the response to question 2, above, there are areas within the Council where the inherent risk of fraud will always be higher than other, for example locations handling cash. The fraud risk register helps to ensure these areas are reviewed and fraud risks appropriately managed. The Council reports fraud risks and detected instances of fraud through periodic fraud reporting to the Audit Committee.
6. What processes do LBHF have in place to identify and respond to risks of fraud?	The Council's Anti-Fraud & Corruption Strategy 2024-27 sets out the Council's overall policy on fraud and corruption and states that if fraud, corruption or any misconduct directed against the Council is suspected, this should be reported immediately. The Council's strategy aligns to the national strategy published by the Local Government Association (LGA). The Council has a dedicated specialist resource known as the Corporate Anti-Fraud Service (CAFS). The Service consists of trained managers, investigators, and intelligence officers. They investigate fraud allegations and conduct proactive fraud reviews of Council services. The Committee receives detailed reports from the anti-fraud service every six months. The Council publishes guidance for staff for identifying and reporting suspected fraud. This includes a dedicated and anonymous 'whistleblowing' process. Additionally, we are members of the London Fraud Hub which enables us to upload datasets to the Hub to be matches against other members data to spot anomalies that may indicate fraud or error. This is a new project that we hope will develop our counter fraud data analytics.
7. How do you assess the overall control environment for LBHF , including:	Internal controls, including segregation of duties, are in place and these controls are reviewed regularly as part of the work carried out by Internal Audit and CAFS. The majority of transactional finance services are carried out at Hampshire Integrated Business Centre which has in built system controls and provides separation of duties from Council officers. The

<ul style="list-style-type: none"> the existence of internal controls, including segregation of duties; and the process for reviewing the effectiveness of the system of internal control? <p>If internal controls are not in place or not effective where are the risk areas and what mitigating actions have been taken?</p> <p>What other controls are in place to help prevent, deter or detect fraud?</p> <p>Are there any areas where there is potential for override of controls or inappropriate influence over the financial reporting process (for example because of undue pressure to achieve financial targets)? If so, please provide details</p>	<p>Council receives a ISAE 3402 Type 2 Report on the suitability, design and operating effectiveness of controls at the IBC and also an annual confirmation from the IBC of their awareness of any fraud. Other internal controls are in place for transactions processed within the Council.</p> <p>Not applicable – internal controls are in place.</p> <p>The other controls in place include access control, supervisor review/authorisation, reconciliation, training and policies and procedures.</p> <p>No - there are not any areas where there is a potential for override of controls or inappropriate influence over the financial reporting process.</p>
<p>8. Are there any areas where there is potential for misreporting? If so, please provide details</p>	<p>None not already covered elsewhere in our risk assessment responses.</p>
<p>9. How does LBHF communicate and encourage ethical behaviours and business processes of its staff and contractors?</p> <p>How do you encourage staff to report their concerns about fraud?</p> <p>What concerns are staff expected to report about fraud? Have any significant issues been reported? If so, please provide details</p>	<p>The Council's Internal Audit & Corporate Anti-Fraud Service reviews policies, procedures and governance arrangements across the Council's Services and promotes a culture of zero tolerance in respect of fraud, corruption and mismanagement.</p> <p>Fraud awareness training is available to service areas where a need has been identified and a fraud internet page informs staff of emerging fraud risks, encourages fraud reporting and maintains awareness and includes the various channels for reporting fraud, including the fraud hotline and an online reporting form.</p> <p>Staff are encouraged and, indeed, expected to raise any concern that they may have, without fear of recrimination. This supported by an anonymous 'whistleblowing' process. The guidance is available on the council's intranet pages. Staff can report any suspected fraud or irregularity. The Council also has an independent confidential reporting system called SAFECALL.</p>
<p>10. From a fraud and corruption perspective, what are considered to be high-risk posts?</p> <p>How are the risks relating to these posts identified, assessed and managed?</p>	<p>There will, naturally, be posts which are at a higher risk of fraud and corruption than others; these will typically be posts which:</p> <ul style="list-style-type: none"> are involved in the granting of financial aid, relief and benefits etc. have access and authority to set up new customers and access to cash and bank accounts have responsibility for the award of significant contracts

	<p>We have a variety of specific controls in place including separation of duties, access control and independent reconciliation for the areas highlighted. In addition, global controls include the governance structure (as set out in the constitution), the Contracts Assurance Board, the Corporate Revenue and Capital monitoring processes and anti-bribery and anti-fraud policies. Procedures are regularly reviewed and internal controls tested and assessed through the internal audit process to ensure that they are sound enough to prevent or detect fraud insofar as is possible.</p>
<p>11. Are you aware of any related party relationships or transactions that could give rise to instances of fraud? If so, please provide details</p> <p>How do you mitigate the risks associated with fraud related to related party relationships and transactions?</p>	<p>No</p> <p>The risks are mitigated by the register of interest, the annual related parties declaration and examination of these relationships and transactions in the Statement of Accounts.</p>
<p>12. What arrangements are in place to report fraud issues and risks to the Audit Committee?</p> <p>How does the Audit Committee exercise oversight over management's processes for identifying and responding to risks of fraud and breaches of internal control?</p> <p>What has been the outcome of these arrangements so far this year?</p>	<p>Fraud risks and outcomes are reported to Audit Committee on a six-monthly basis. The Director of Audit, Fraud, Risk and Insurance has the ability to report directly to the Chair of the Audit Committee or the Chief Executive where appropriate.</p> <p>A comprehensive risk register is maintained by the Council and is reviewed each quarter. This risk registers consider all risks including fraud. A risk update report is presented to the Audit Committee each quarter and as an annual risk report, covering the Council's risk strategy and management action.</p> <p>For the first half of the financial year, 1 April 2025 to 30 September 2025, the Council processed 102 new referrals and concluded 132 investigations. Conclusions ranged from sanctionable offences to preventative measures, to actions to deter fraud, or to no further action if no wrongdoing was found.</p> <p>Of the concluded cases, 79 resulted in positive outcomes, preventing fraud worth an estimated £779,530 and a notional loss of £607,423. An additional £409,000 was identified for recovery via court-issued confiscation orders under the Proceeds of Crime Act.</p>
<p>13. Are you aware of any whistle blowing potential or complaints by potential whistle blowers? If so, what has been your response?</p>	<p>The Council's whistleblowing policy encourages and protects employees who report suspected wrongdoing or malpractice within the Council, especially when it involves a potential public interest. It provides a safe and confidential process for raising concerns, ensuring that whistleblowers are protected from retaliation and that the reported issues are appropriately investigated.</p> <p>Since 1 April 2025, CAFS has not received any new fraud referrals via the Council's whistleblowing policy, but staff continue to consistently report potential fraud through other means, such as the CAFS hotline or investigation mailbox.</p>

14. Have any reports been made under the Bribery Act? If so, please provide details	No reports have been made under the Bribery Act in 2025/26.
Laws and regulations	
<p>1. How does management gain assurance that all relevant laws and regulations have been complied with?</p> <p>What arrangements does LBHF have in place to prevent and detect non-compliance with laws and regulations?</p> <p>Are you aware of any changes to the Council's regulatory environment that may have a significant impact on the Council's financial statements?</p>	<p>Policies and procedures are established across the organisation to ensure compliance with laws and regulations. This includes an Employee and Members Code of Conduct. These are available via the Council's intranet.</p> <p>All decision reports require legal implications to be completed which include compliance with laws and regulations. The Council has an in-house legal team and a Monitoring Officer who considers legality, conduct and the proper operation of the Council's constitution and governance arrangements. The Monitoring Officer (also the Director of Legal Services) is part of the Strategic Leadership Team.</p> <p>Management are not aware of any changes to the Council's or Pension Fund's regulatory environment that may have a significant impact on the Council's or Pension Fund's financial statements.</p>
2. How is the Audit Committee provided with assurance that all relevant laws and regulations have been complied with?	Fraud risks and outcomes are reported to Audit Committee on a six-monthly basis. The Director of Audit, Fraud, Risk and Insurance has the ability to report directly to the Chair of the Audit Committee or the Chief Executive where appropriate.
3. Have there been any instances of non-compliance or suspected non-compliance with laws and regulation since 1 April 2025 with an on-going impact on the 25-26 financial statements? If so, please provide details	Not to management's knowledge.
4. Are there any actual or potential litigation or claims that would affect the financial statements? If so, please provide details	At present, there is no claim or active litigation that would materially impact the financial statements.
5. What arrangements does LBHF have in place to identify, evaluate and account for litigation or claims?	The Council's Legal Services are provided by the legal team. They review outstanding litigation and correspondence to identify and assess the likelihood and quantum of outstanding and potential claims. The legal team uses a mixture of in-house lawyers, external solicitors and barristers (as set out earlier). The Council's Finance Board are also asked to disclose any litigations and claims they are aware of as part of year-end out-turn processes.
6. Have there been any reports from other regulatory bodies, such as HM Revenues and Customs, which indicate non-compliance? If so, please provide details	There have been no such reports in 24/25 or 25/26.

Related parties	
<p>1. Have there been any changes in the related parties including those disclosed in LBHF's 25-26 financial statements?</p> <p>If so, please summarise:</p> <ul style="list-style-type: none"> • the nature of the relationship between these related parties and LBHF • whether LBHF has entered into or plans to enter into any transactions with these related parties • the type and purpose of these transactions 	<p>It is not anticipated that there will be any significant changes from the previous year.</p>
<p>2. What controls does LBHF have in place to identify, account for and disclose related party transactions and relationships?</p>	<p>All members complete a declaration of pecuniary interests under the Localism Act 2011 and the Code of Conduct (adopted July 2012) and it is the responsibility of members to inform Legal services of any new interests. The register of interests can be found on the Council's website.</p> <p>As part of the preparation of the financial statements, management also undertake a specific exercise each year to identify related party transactions and relationships and these are disclosed in the Statement of Accounts. Information for this disclosure is gathered from the Council's members and chief officers through a formal process.</p>
<p>3. What controls are in place to authorise and approve significant transactions and arrangements with related parties?</p>	<p>Members are required to declare and to excuse themselves as necessary from decision making where they have a pecuniary interest (see Appendix B – Registering Interests, Part 5 pp.215-220 of the constitution: Constitution). Internal controls are in place to ensure that finance processes and procedures are followed when a payment is being made, including segregation of duties for authorisation and payment.</p>
<p>4. What controls are in place to authorise and approve significant transactions outside of the normal course of business?</p>	<p>To our knowledge, the Council has not engaged in any transactions which could be considered outside the normal course of business. Any significant transaction would however, be captured by standing authorisation processes and limits as set out in the financial procedure rules as part of the constitution.</p>

Going concern	
1. What processes and controls does management have in place to identify events and / or conditions which may indicate that the statutory services being provided by LBHF will no longer continue?	LBHF has a medium-term financial strategy updated annually which will highlight funding gaps in future years and mitigating action will be taken to address these. In the unlikely event that statutory services can no longer be provided, the Section 151 officer will issue a Section 114 notice and no new expenditure will be permitted by the Council until a balanced budget can be set.
2. Are management aware of any factors which may mean LBHF that either statutory services will no longer be provided or that funding for statutory services will be discontinued? If so, what are they?	The Council has set a balanced budget for 2025/26, approved at Full Council in February 2025 however, the medium-term financial outlook both in respect of government funding and the wider economic climate remains significantly challenging. Despite these challenges, LBHF continues to have an adequate level of reserves and there is no indication at the current time that any statutory services will no longer be provided.
3. With regard to the statutory services currently provided by LBHF , does LBHF expect to continue to deliver them for the foreseeable future, or will they be delivered by related public authorities if there are any plans for LBHF to cease to exist?	LBHF expects to continue to deliver statutory service for the foreseeable future.
4. Are management satisfied that the financial reporting framework permits LBHF to prepare its financial statements on a going concern basis? Are management satisfied that preparing financial statements on a going concern basis will provide a faithful representation of the items in the financial statements?	Yes. The MTFS process and the reserves strategy provided elsewhere show that the Council has firm control of its allocation of resources, even given the ongoing financial pressures. Clear reporting lines and management of longer-term commitments such as Capital spend, PWLB borrowing and Pensions mean the Council has a good handle on the management of items in the statements that have a long-term impact.
Accounting estimates	
1. What are the classes of transactions, events and conditions, that are significant to the financial statements that give rise to the need for, or changes in, accounting estimate and related disclosures?	There are a number of areas in which estimates require significant judgement, for example: depreciation, valuation of assets, provisions including Business Rate appeals, the recoverability of debtors, pension liabilities, and pension asset values. Apart from the changes in PPE valuation approach by introducing indexation (as per 2025/26 CIPFA guidance and as described in section "General enquiries"), the estimates processes have not changed significantly in 2025/26.

2. How does the Council 's risk management process identify and address risks relating to accounting estimates?	The Council and the Pension Fund identify and assess the major sources of estimation uncertainties as part of the preparation of the statement of accounts. Meetings are held with all service finance leads to determine any significant issues which may impact on this assessment.
3. How does management identify the methods, assumptions or source data, and the need for changes in them, in relation to key accounting estimates?	Management consider the information available within the Council and information provided by staff and advice of external experts. The approach to significant estimates will form part of discussions at the Council's Finance Board and will be agreed by the Director of Finance.
4. How does management review the outcomes of previous accounting estimates?	Actual outcomes, when available, are compared to estimates to know and understand when estimates are materially different to actuals.
5. Were any changes made to the estimation processes in 25-26 and, if so, what was the reason for these?	PPE valuations- please see point 1 above.
6. How does management identify the need for and apply specialised skills or knowledge related to accounting estimates?	Management will periodically review the need for specialist skills in arriving at accounting estimates. The key areas remain property valuation, financial instrument valuation, assessment of pension asset/liability and estimation of business rate appeals provision and there are established processes in place for obtaining expert advice in these areas.
7. How does the Council determine what control activities are needed for significant accounting estimates, including the controls at any service providers or management experts?	Significant estimates are, generally, assessed with the support of external expertise. Consideration of control activities, process, methods and models will form part of the contracting and instruction process. Relevant in-house experts and/or the relevant client function will review method statements and outputs etc in concert with corporate finance (and the expert as necessary) prior to the inclusion of estimates in the accounts. Corporate finance undertake reasonableness checks, such as analytical review of outputs and seek explanations for changes as necessary.
8. How does management monitor the operation of control activities related to accounting estimates, including the key controls at any service providers or management experts?	See response to question 7 above.
9. What is the nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates, including: <ul style="list-style-type: none"> • Management's process for making significant accounting estimates • The methods and models used The resultant accounting estimates are included in the financial statements.	See response to question 7 above.

10. Are management aware of any transactions, events, conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement (other than those in Appendix A)? If so, what are they?	No.
11. Why are management satisfied that their arrangements for the accounting estimates, as detailed in Appendix A, are reasonable?	They are reviewed on a regular basis and experts used where appropriate.
12. How is the Audit Committee provided with assurance that the arrangements for accounting estimates are adequate?	The statements of accounts includes a disclosure on the assumptions made about the future and other major sources of estimation uncertainty which is reviewed by the members of the Audit Committee.

Appendix B – Accounting Estimates

Possible examples include land and buildings valuations, council dwelling valuations, investment property valuations, valuation of defined benefit net pension fund liability/asset, fair value estimates, level 2 and 3 investments, PFI liabilities, provisions, accruals, credit loss and impairment allowances, leases.

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Land and buildings valuations	<p>Assets valued in accordance with CIPFA Accounting Code of Practice and RICS regulations. Where full valuations are carried out, the Valuer has arrived at their opinion of Current Value and Fair Value from referring to recent comparable market transactions. For specialised properties, the Current Value has been derived using Depreciated Replacement Cost methodology.</p> <p>From 2025/26, in line with CIPFA guidance, the Council have adopted indexation method for the assets which are not subject to full valuations in the financial</p>	<p>Valuation Procedure Note 2025-26 provides detailed guidance on asset selection, appropriate valuation methodologies used and roles and responsibilities for the year-end asset valuation process. Valuation and Property Services officers ensure accuracy and integrity of the property data kept on TechForge (site plans, rental income, lease and tenure information) by performing regular reviews and reconciliations. TechForge property data is annually reconciled with the Corporate Asset Register. All year-end valuation reports are reviewed by Corporate Finance and Valuation and Property Services officers to ensure that any material fluctuations in the property values are queried with</p>	<p>Yes, external valuers Wilks, Head & Eve (WHE)</p>	<p>Impact of current economic climate (higher interest rates and inflation), Brexit and the war in Ukraine have been considered by Wilks, Head & Eve in their revaluation report. These events continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date property markets are mostly functioning normally with transaction volumes and other relevant evidence at levels where an adequate quantum of market evidence exists upon which to base opinions of value. Accordingly, and for the avoidance of doubt, our valuation is not reported as being subject to ‘material valuation uncertainty’ as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. For more detail regarding the assumptions made in valuations, please refer to the valuation year-end certificates issued by WHE.</p>	<p>Yes, indexation used for OLB and SA assets not subject to full valuation in 2025/26.</p>

	year. External valuers are used to determine the appropriate indices to be applied .	the external valuers who performed the valuations.			
Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Council dwelling valuations	Assets valued in accordance with CIPFA Accounting Code of Practice, RICS regulations and 'Stock Valuation for Resource Accounting Guidance for 2016'. Issued by DLUHC using Existing Use Value – Social Housing (EUVS-H) method of valuation	Please see previous for land and buildings	Yes, external valuers Wilks, Head & Eve	WHE valuation is not reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards, except as identified above. Componentisation of dwellings using structure, externals, roof and M&E as major components was applied. Dwellings stock valued on beacon basis. For more detail regarding the assumptions made in valuations, please refer to the valuation year-end certificates issued by WHE.	No
Investment property valuations	Assets valued in accordance to CIPFA Accounting Code of Practice and RICS regulations, using Fair Value as a method of valuation.	Please see the above for land and buildings	Yes, external valuers Wilks, Head & Eve	Please see the above for land and buildings. In addition, Fair Value hierarchy was applied to the investment properties' valuations, as required by IFRS 13.	No
Depreciation	Straight line method using opening Gross Book Value (GBV) of depreciable element of the asset over estimated Useful Expected Life (UEL)	Working papers containing calculated depreciation charges for the year are distributed to the departments for a review prior to posting on the ledger to ensure they are within their expectations but also to check that the cost centres for the charges are accurate.	Corporate Capital accountant in liaison with project management to determine UELs of non-property related assets. Property related assets' GBV and UELs are determined by the external valuers as part of year-end valuations	For the assets valued in year in value over £5m which are not componentised in our fixed asset register, the external valuer is asked to value each material component separately. Corporate Finance use this information to recalculate depreciation charges based on componentisation and to assess if there is any material difference between the depreciation charged on the asset as whole and the depreciation charge for the componentised asset. Depreciation is calculated in line with the accounting policy.	No

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?																																	
Valuation of defined benefit net pension fund liabilities	Estimation of the net liability to pay pensions depends on several complex judgments relating to the discount rates used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Fund with expert advice about the assumptions to be applied.	Officers challenge methods provided and agree reasonableness of estimates. The Strategic Investment Manager asks for confirmation of any significant movements in valuation assumptions, and the reasons why.	Yes – Actuary Hymans Robertson LLP	<p>Actuary using financial assumptions that comply with IAS26. The longevity assumptions have changed since the previous triennial valuation of the Fund. The assumptions used are those adopted for the Administering Authority’s IAS19 report and are also different as 2025 was a Triennial valuation year though the new rates will not come into effect until 1 April 2026.</p> <p>Summary of assumption changes from the draft triennial valuation report:</p> <p>Summary of assumptions</p> <p>The assumptions used in this report were agreed by officers after consideration of our paper: London Borough of Hammersmith and Fulham Pension Fund - 2025 Valuation Assumptions Advice Paper, dated 23 May 2025. Table 6 sets out a summary of these assumptions. Additionally, sample pre-retirement demographics and the experience, assumptions regarding the CPRs benefit structure and detail in the model underlying the estimation of future investment return likelihoods are also set on the following pages.</p> <p>Table 6: Summary of assumptions</p> <table border="1"> <thead> <tr> <th></th> <th>31 March 2025</th> <th>31 March 2022</th> </tr> </thead> <tbody> <tr> <td>Discount rate</td> <td>5.3% (83% prudence)</td> <td>4.4% (87% prudence)</td> </tr> <tr> <td>Benefit increases (CPI inflation)</td> <td>2.3%</td> <td>2.7%</td> </tr> <tr> <td>Salary increases</td> <td>3.3%</td> <td>3.7%</td> </tr> <tr> <td>Demographic assumptions</td> <td>VitaCurves</td> <td>VitaCurves</td> </tr> <tr> <td>Benefit longevity</td> <td>CMR 2024 model</td> <td>CMR 2021 model</td> </tr> <tr> <td>Longevity future improvements</td> <td>with core parameterisation, except: Initial addition = 0.20% (Male & Female) Long-term rate of improvement = 1.5% p.a.</td> <td>0% weight placed on 2020 and 2021 experience Initial addition = 0.20% (Male & Female) Long-term rate of improvement = 1.5%</td> </tr> <tr> <td>Commutation</td> <td>0% of maximum under HARRC limits</td> <td>0% of maximum under HARRC limits</td> </tr> <tr> <td>50/50 scheme</td> <td>0% of members elect to change scheme</td> <td>0% of members elect to change scheme</td> </tr> <tr> <td>Retirement age</td> <td>Earliest age at which members can retire with unreduced benefits</td> <td></td> </tr> <tr> <td>Family statistics</td> <td>Varying proportion have dependent at retirement/earlier death Dependent of a male is 3.5 years younger than him Dependent of a female is 0.6 years older than her</td> <td>Varying proportion have dependent at retirement / earlier death Dependent of a male is 3 years younger than him Dependent of a female is 3 years older than him</td> </tr> </tbody> </table> <p>The structure of the liabilities is substantially the same as at the latest formal valuation.</p> <p>Sensitivity analysis is undertaken on major assumptions (IAS 26).</p>		31 March 2025	31 March 2022	Discount rate	5.3% (83% prudence)	4.4% (87% prudence)	Benefit increases (CPI inflation)	2.3%	2.7%	Salary increases	3.3%	3.7%	Demographic assumptions	VitaCurves	VitaCurves	Benefit longevity	CMR 2024 model	CMR 2021 model	Longevity future improvements	with core parameterisation, except: Initial addition = 0.20% (Male & Female) Long-term rate of improvement = 1.5% p.a.	0% weight placed on 2020 and 2021 experience Initial addition = 0.20% (Male & Female) Long-term rate of improvement = 1.5%	Commutation	0% of maximum under HARRC limits	0% of maximum under HARRC limits	50/50 scheme	0% of members elect to change scheme	0% of members elect to change scheme	Retirement age	Earliest age at which members can retire with unreduced benefits		Family statistics	Varying proportion have dependent at retirement/earlier death Dependent of a male is 3.5 years younger than him Dependent of a female is 0.6 years older than her	Varying proportion have dependent at retirement / earlier death Dependent of a male is 3 years younger than him Dependent of a female is 3 years older than him	No
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Family statistics	Varying proportion have dependent at retirement/earlier death Dependent of a male is 3.5 years younger than him Dependent of a female is 0.6 years older than her	Varying proportion have dependent at retirement / earlier death Dependent of a male is 3 years younger than him Dependent of a female is 3 years older than him																																				

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Level 2 investments	Where market prices are not available, for example, where an instrument is traded in a market that is not considered to be active or where valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data.			Preparing financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the year-end and the amounts reported for income and expenditure during the year. Estimates and assumptions are made considering historical experience, current trends and other relevant factors. However, the nature of estimation means that the actual results could differ from the assumptions and estimates.	No
Level 3 investments	Where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data, such instruments would include unquoted equity investments and hedge fund of funds, neither of which the Fund currently invests in. These funds are valued according to non-exchange based market valuations. As a result of this, the final realised value of investments may differ			Preparing financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the year-end and the amounts reported for income and expenditure during the year. Estimates and assumptions are made considering historical experience, current trends and other relevant factors. However, the nature of estimation means that the actual results could differ from the assumptions and estimates.	No

	slightly from the valuations presented in the accounts.				
Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Fair value estimates	No estimates are required, the amortised cost valuation is taken at 31st March. The associated fair value where applicable is calculated based on 31st March discount rate.				
Provisions	<p>NNDR Appeals provision - Detailed analysis of information on rateable values</p> <p>Current and potential provisions are reviewed annually and if there is a likelihood (greater than 50%) that the Council will have to meet the costs, a provision is created.</p>	<p>NNDR Appeals provision - The Analyse Local estimation model has been rigorously tested during development by comparison to previously settled proposals and appeals.</p> <p>Key Council departments (including Finance leads, Legal and Insurance) are consulted as part of the year-end closedown process. Information is obtained on whether the Council has any potential provisions or need to continue with the provision on its balance sheet.</p>	<p>NNDR Appeals provision – Yes</p> <p>Other Provisions – Council employs its own experts in areas such as Legal and Insurance who are able to advise on any new or current provisions</p>	NNDR Appeals provision - Alternative estimates were not considered.	NNDR Appeals provision - No

Accruals	Significant accruals are mostly based on documented (third party) evidence and where this is not available, an analytical calculation is done to arrive at the appropriate accrual.	Documented (third party) evidence or analytical calculation.	No	Alternative estimates were not considered	No
Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Credit loss and impairment allowances	Historic risk of default	Regular reporting	Yes	N/A - no accounting entries made due to small value.	No
Leases (Right of Use Assets and Lease Liabilities)	The Council has adopted IFRS 16 Leases accounting standard in 2024/25. As a result, the methodologies used to calculate lease liabilities have been modified in line with the standard and CIPFA Code of Practice in 2024/25. The Council will continue to use IFRS 16 as basis for accounting for Leases in 2025/26 and future years.	Property leases information is taken from TechForge and NEC property database which are maintained by the property management services. Information for all other leases is collected from various lease records which are maintained by the relevant departments (including LBHF maintained schools). In addition, annual completeness checks have been done. These completeness checks include: - Review of all material new contracts registered on the Contracts portal to identify any direct or embedded leases. - Reconciliation in material terms between Leases Register and rental payments on SAP ledger. - Comparison between Leases Register and properties not on Fixed	Yes, the Council will use external valuers Wilks, Head & Eve to value newly recognised right of use assets resulting from peppercorn leases. All other estimates in relation to lease liabilities and right of use assets values have been calculated by corporate accountant using assumptions verified by the relevant service management and internal experts from the property management services.	Yes, for the temporary accommodation PSL leases which are holding over (i.e. expired but the asset is still in use by the Council with no clearly defined lease extension period), sensitivity analysis has been performed to establish how various estimated extension periods affect changes in lease liability and corresponding asset values in terms of materiality.	No

		<p>Assets Register but LBHF is paying Business Rates for.</p> <p>- Email to all Service finance contacts to review current Leases Register and add any leases they are aware off that is not present on the register.</p>			
Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
PFI Liabilities	The PFIs are valued based on the contract model and IFRS 16. They are accounted for as on-balance sheet assets and liabilities. The Liabilities are annually revalued to reflect inflationary index movements.	The discount rates used in valuing the liabilities are based on IRR calculated over the life of the PFI agreement as per the contract model.	No.	No	No

London Borough of Hammersmith & Fulham

Report to: Audit Committee

Date: 16 March 2026

Subject: Internal Audit Progress Report (April 2025 to February 2026)

Report of: David Hughes

Responsible Director: Director of Audit, Fraud, Risk and Insurance

Summary

This report summarises the work of Internal Audit included in the 2025/26 Internal Audit Plan up to the end of February 2026. Six audits have been finalised, five of which received positive assurance opinions. Three further audits have been issued in draft and will be finalised on receipt of the management responses.

The status of the planned audits is shown in Appendix 1.

Recommendations

1. For the Committee to note and comment on the report.

Wards Affected: None

H&F Values

Our Values	Summary of how this report aligns to the H&F Priorities
Building a shared prosperity	Internal audit work covers a wide range of services including those which are delivered in partnership with local and national companies. Assurance may be required over governance arrangements to demonstrate the benefit to residents of co-delivered services.
Creating a compassionate council	Internal audit provides assurance that the Council's resources are managed appropriately to provide the most effective support to the most vulnerable residents.
Doing things with residents, not to them	Where engagement with residents is part of service development, internal audit will consider how well co-production and resident access is embedded in a process.
Being ruthlessly financially efficient	The work undertaken by Internal Audit helps to ensure that management have robust controls and practices in place to safeguard the Council's assets, controlling expenditure and maximising potential income to protect and invest in essential frontline services which are in place to meet the Council's priorities.

Our Values	Summary of how this report aligns to the H&F Priorities
Taking pride in H&F	Investment in public realm services such as waste collection, street cleaning and open/park spaces is significant. The internal audit strategy identifies services for cyclical review, including contract management for outsourced services and performance delivery for in-house services.
Rising to the challenge of the climate and ecological emergency	Internal Audit consider the impact of strategies, including, the Climate and Ecology Strategy, in several different reviews that form part of the Internal Audit Plan.

Contact Officer:

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 Position: Shared Services Director for Audit, Fraud, Risk and Insurance
 Telephone: 020 7361 2389
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Background Papers Used in Preparing This Report

None

DETAILED ANALYSIS

Internal Audit Work to February 2026

1. The Audit Committee are provided with updates on progress against the Internal Audit Plan and on any limited or no assurance audits issued in the period .with the outcomes of completed audits considered as part of the Annual Assurance Opinion provided at the end of the year by the Shared Services Director for Audit, Fraud, Risk and Insurance.
2. Four assurance levels are used when an audit is complete:
 - Substantial Assurance – sound system of control.
 - Satisfactory Assurance – generally sound system of control with some weaknesses.
 - Limited Assurance – Weaknesses in the system of internal control and/of the level of non-compliance puts objectives at risk.
 - No Assurance – Control weaknesses and/ or significant non-compliance with basic controls leaving processes/ systems open to significant error or abuse.
3. Recommendations made are categorised as follows:
 - High – recommendations represent fundamental control weaknesses which expose the Council to a high degree of unnecessary risk.
 - Medium – recommendations represent significant control weaknesses which expose the Council to a moderate degree of unnecessary risk.

- Low – recommendations show areas where there are opportunities to implement good or better practices, to improve efficiency or further reduce exposure to risk.

Audit Outcomes (1 September 2025 to 28 February 2026)

4. Six audits have been finalised in the period:
 - Housing Responsive Repairs (**substantial assurance**)
 - Housing – Gas Safety (**substantial assurance**)
 - Building Control (satisfactory assurance)
 - Administration of Coroner Service (satisfactory assurance)
 - St Paul's CE Primary School (satisfactory assurance)
 - St Mary's RC Primary School (limited assurance see Appendix 1)

Substantial Assurance Audits

5. The two substantial assurance opinions were in respect of audits within the Housing directorate which concluded that appropriate controls are in place which are well designed and consistently applied to enable effective delivery of the services provided. In respect of the responsive repairs audit, strong ratings were provided for performance data, management reporting and public participation. The audit highlighted several areas of good practice including the transparency of the repairs webpages, the resident-led scrutiny provided through the Fire, Building Safety and Repairs Working Group (FRAG) and the robust monitoring arrangements in place for both contractors and the Direct Labour Organisation (DLO). No high or medium priority actions were identified with only seven low priority actions raised, all of which the service is actively addressing.
6. Appendix 1 also shows the status of planned audits, as at the end of February 2026.

Follow ups

7. Follow up work is undertaken when most of the recommendations made are expected to have been implemented as indicated in an agreed management action plan. Sometimes recommendations cannot be fully implemented in the anticipated timescales. In these cases, where appropriate progress is being made to implement the recommendations, these are identified as "in progress." Recommendations will be followed up until all high and medium priority recommendations are implemented or satisfactory progress in implementing them can be demonstrated. Where appropriate, the follow up is included in the next full audit of the area.
8. Ten follow up reviews have been completed in the period which confirmed that 47 of the recommendations made had been fully implemented, with 2 recommendations not fully implemented (one high and one medium priority).
9. In the year to date, 14 follow up reviews have been completed with 69 (100%) of all recommendations fully or partially implemented at the time of the follow up.
10. Details of high and medium priority recommendations not fully implemented at the time of the follow up review are contained in Appendix 2.

Consultation

11. The report has been subject to consultation with the Strategic Leadership Team.

Legal Implications

12. This is a regular update report on the position of internal audits as against the Internal Audit Plan.
13. Regulation 3 of the Accounts and Audit Regulations 2015 sets out the Council's responsibility for ensuring that it has a sound system of internal control which:
 - a. facilitates the effective exercise of its functions and the achievement of its aims and objectives;
 - b. ensures that the financial and operational management of the authority is effective; and,
 - c. includes effective arrangements for the management of risk.
14. Regulation 5 requires the Council to ensure that it undertakes an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, considering public sector internal auditing standards or guidance.
15. The Constitution gives the Executive Director of Finance and Corporate Services responsibility for complying with the Regulations. The Audit Committee has responsibility for advising on strategic processes for risk, control and governance and the Statement on Internal Control. This report fulfils the obligations in the Regulations and the Constitution.
16. There are no other legal implications arising from this report.

Implications verified by Grant Deg, Director of Legal Services on 5 March 2026.

Financial Implications

17. The Internal Audit Plan for 2025/26 will be delivered within the approved revenue budget for the service. Actions required as a result of audit work, and any associated costs, are the responsibility of the service managers and directors responsible for the areas which are reviewed.
18. Any resource implications from the implementation of the recommendations by services will have to be contained within the relevant Directorate approved budgets.

Implications verified by James Newman, AD Finance, 27 February March 2026.

Risk Management

19. The Internal Audit Plan is developed and delivered to cover the key risks faced by the Council, to provide assurance on the key controls in operation and the effective management of key risks.

Implications verified by Moira Mackie, Head of Internal Audit on 25 February 2026.

List of Appendices:

Appendix 1 Audit Plan 2025-26 Status Report.

Appendix 2 Implementation of recommendations 2025/26.

Internal Audit Progress Report (1 April 2025 to 28 February 2026)

The Audit Plan for 2025/26 was reviewed by the Committee in March 2025. To ensure the Annual Audit Plan is more responsive to changing risks and challenges, it has been developed as a ‘3 plus 9-month’ Plan. The Plan is reviewed and updated following discussions with Directors, taking into account changing risks and priorities. The revised Plan is reported to the Committee on a regular basis and any significant changes in the coverage of the Plan will be highlighted.

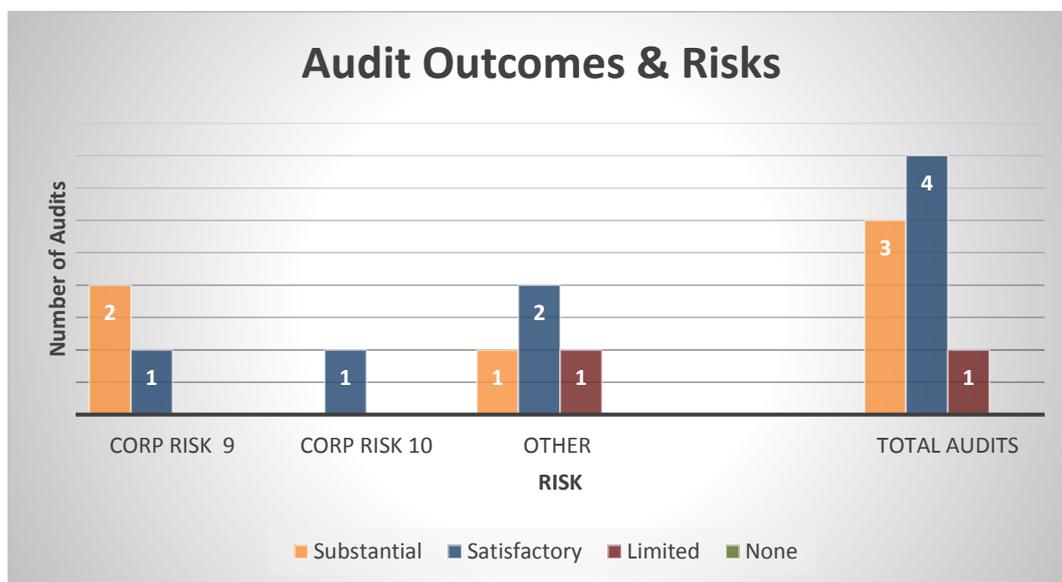
Where appropriate, audits are linked to the risks in the Corporate Risk (CR) Register which is summarised at the end of this Appendix.

Completed Audits year to date

As reported to the Committee on 27 October 2025, two reports were finalised in the period to the end of August 2025, both of which received positive assurance opinions.

A further six audits have been completed in the period 1 September 2025 to 28 February 2026:

- Housing Repairs (substantial assurance) – Corporate Risk 27
- Housing Gas Safety (substantial assurance) – Corporate Risk 9
- Building Control (satisfactory assurance) – Corporate Risk 10
- Administration of Coroner Service (satisfactory assurance) – finance & governance risk
- St Paul’s CE Primary School (satisfactory assurance) – finance & governance risk
- St Mary’s RC Primary School (limited assurance) - finance & governance risk



Corporate Risks (CR) as per the Corporate Risk Register reported to the Committee in October 2025, are summarised at the end of this Appendix for ease of reference. ‘Other’ includes areas such as governance and financial control risk areas not directly related to the Corporate Risks.

St Mary's RC Primary School (limited assurance)

Schools are audited on a cyclical basis using a programme of testing that covers the key areas of governance and financial management. The recent audit of St Mary's RC Primary School resulted in 2 high and 10 medium priority recommendations for improvements in the following areas:

- the bank reconciliation process (high)
- tracking income due from lettings (high)
- timely review of Governor's DBS checks and declaration of interest returns (medium)
- monthly budget monitoring (medium)
- evidence of an up-to-date bank mandate (medium)
- the evidence that the Governing Body and relevant Committee were aware of procurement options and best value (medium)
- purchasing of goods and services in compliance with the school's agreed policy and procedures (medium)
- evidence that HMRC (IR35) checks are undertaken for self-employed staff and invoices were approved by an appropriate officer (medium)
- expense claims being compliant with agreed processes (medium)
- improved record keeping in respect of balances (medium)
- evidence of approval of the payroll by an authorised officer (medium)
- improved record keeping on staff files for new starters (medium)

The school has accepted the recommendations who have stated that all have now been implemented and a follow up is planned prior to the end of the financial year.

Draft Reports

Since the last report to the Committee, a further three draft reports have also been issued where management responses are awaited:

- St Stephen's CE Primary School –finance & governance risk
- James Lee Nursery –finance & governance risk
- Housing Health & Safety – Lift Maintenance – Corporate Risk 9

Audits in Progress

Five audits are in progress at the time of reporting:

- Housing Fire Safety – Corporate Risk 9
- Environmental Health, Food Safety – finance & governance risk
- Housing Disrepair Claims – Corporate Risk 9
- IT Governance & Policy – finance & governance risk
- Housing Rents – Corporate Risk 19

Audits scheduled but not yet started

- Procurement Cards Data Analysis – delayed due to other priorities within the in-house team and disruption to resources available following the cyber incident – finance & governance risk.
- Flora Gardens Primary School – not due until March 2026 – finance & governance risk.

Audits removed from the Plan

The following audits have been removed from the Plan for the reasons stated:

- Avonmore Primary School – deferred to 2026/27 to accommodate changes at the school (finance & governance risk).
- Leaseholder Charges Debt Management – implementation of new systems were delayed by the cyber incident and resources were not available within the service to support an audit in the final quarter of the year (Corporate Risk 19).
- Homecare Contract Management – rather than review contracts that are due to expire, the audit has been delayed until new contracts are let and have become embedded so may be a couple of years in the future (Corporate Risk 1).
- Direct Payments for Adults – changes in the service and the work required following the cyber incident meant resources would not be free to support an audit in the final quarter of the year (Corporate Risk 33).
- IT Skills Capability & Knowledge – this audit was provisional and had not been agreed with the service and audit work has been focused on changes to the Digital Services Governance and Policy arrangements (finance & governance risk).
- Transition Services – this was due to commence in quarter 4 but an Inspection, which covered Transitions, was undertaken in late January and rather than risk duplication of effort, the outcome of this Inspection is awaited before any further work in this area is planned (Corporate Risk 33).
- Public Health Contract Management – following discussions with the service it was agreed that this would be more appropriate in the 2026/27 financial year and it will be included in the Plan for that year (Corporate Risk 1).

For information, summary of Corporate Risks (as at October 2025)

Ref	Corporate Risk (Type of Risk)	Description
1	Contracts and Procurement (Governance, Compliance, Legal)	The Council does not comply with new commercial, contract management and procurement legislation
3	Cyber Attack/ Data Breach (Technology)	IT systems are compromised and / or unable to operate in the event of a cyber-attack or data breach.
8	Fraud (Financial)	Failure to identify and address internal and external fraud.
9	Housing Health & Safety (Environmental)	Failure to ensure compliance with the statutory housing landlord duties including management of asbestos, electrical testing, fire risk, plant and equipment, water testing, legionella.
10	Building Safety Act (Governance, Compliance, Legal)	Failure to comply with the new Building Safety Act and certification of 49 Higher Risk Buildings (HRB).
12	Resourcing (People)	Loss of key personnel in a highly competitive employment market
18	Complaints & Information Requests (Governance, Compliance, Legal)	Management of complaints, requests for information, members enquiries are not completed according to our target timescales.

APPENDIX 1

Ref	Corporate Risk (Type of Risk)	Description
19	Available Funding (Financial)	The continuing pressure on the public finances (including interest and inflation rates) and the adverse impacts from the proposed Fair Funding Reforms in 2026/27.
21	Corporate Health & Safety (People)	Corporate management of health and safety does not meet statutory and Council policy requirements.
26	Climate Change Emergency (Environmental)	Failure on the part of the Council to mobilise its response to the Climate Change emergency.
32	Provider/ Market Failure (People)	Failure to maintain services to residents or progress works or development because of provider failure or market failure. (This includes a legal requirement to step in where care agencies fail even if the council does not commission them).
33	Care & Safeguarding, Adults & Children, (People)	Failure to ensure and/or identify inadequate standards and delivery of care, protection of children and adults and associated data quality and information risks.
34	SEND Financing (People)	Financial sustainability risk of the High Needs Block with demand and pressures exceeding the opportunities to mitigate.

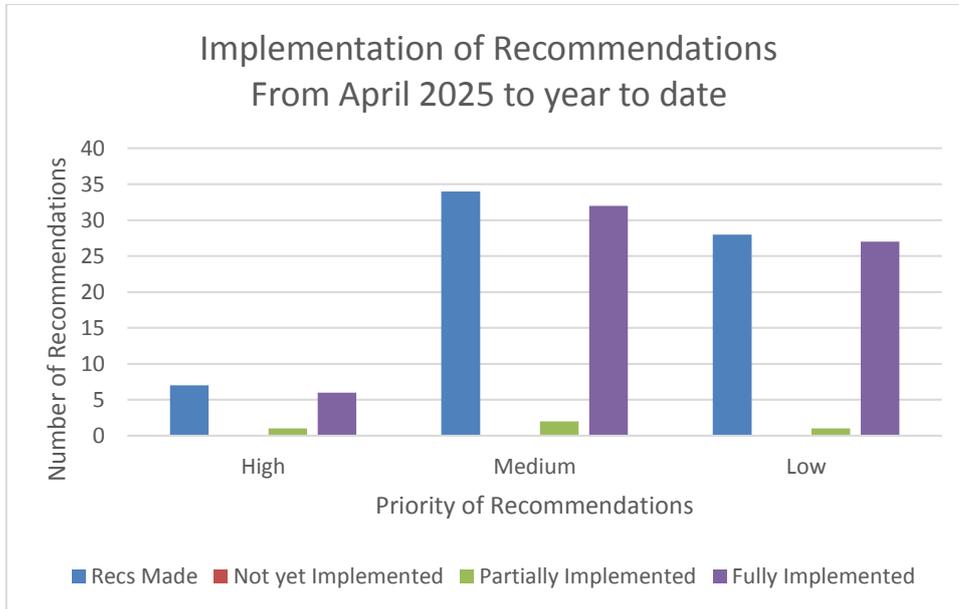
Implementation of Recommendations 2025/26

Completed Follow up Reviews (1 September 2025 to 28 February 2026)

Ten follow up reviews have been completed in the period which confirmed that 47 (96%) of the recommendations made had been fully implemented with 2 (4%) of the remaining recommendations in progress (1 high and 1 medium priority).

Audit	Recs Made	Recs Implemented	Recs in Progress	Recs O/S
Pension Investments	1	1	0	0
Supervision – compliance	4	4	0	0
Voids	10	9	1 (M)	0
Trading Standards	10	10	0	0
Adoption Services	3	3	0	0
Local Safeguarding Children Partnerships	4	4	0	0
Housing – Asbestos Management	2	2	0	0
All Saints CE Primary School	12	11	1 (H)	0
Community Safety – ASB	1	1	0	0
Cambridge School	2	2	0	0
Totals	49	47	2	0
Total High Priority	5	4	1	0
Total Medium Priority	24	23	1	0
Total Low Priority	20	20	0	0
Totals	49	47	2	0

In the year to end of February 2026, of the 69 recommendations followed up, 65 (94%) have been fully implemented and 4 (6%) partially implemented (1 high, 2 medium and 1 low priority).



APPENDIX 2

High and medium priority recommendations not fully implemented at the time of the initial follow up are summarised in the table below and further follow up will be undertaken to confirm implementation.

Department & Auditable Area	High	Med	Recommendation(s) in progress / not implemented and original implementation date	Revised Date	Status (28 February 2026)
<p>Place</p> <p>Climate Action Plan (Satisfactory)</p> <p>Audit Issued: Feb-2024</p> <p>Initial follow up: Apr-2025</p> <p>Next follow up: Sep-2025</p>	0	5	<ol style="list-style-type: none"> 1) Roles and Responsibilities across Departments assessed as not implemented. 2) Monitoring Departmental Progress against the Action Plan assessed as partly implemented. 3) Budget Process assessed as not implemented. 4) Clarity of Leadership Roles assessed as partly implemented. 5) Key Performance Indicators (KPIs) for Cabinet and SLT assessed as not implemented. <p>Due by: Oct-2024</p>	All in June 2025	<ol style="list-style-type: none"> 1) Monthly meetings with key services to be formalised & responsibilities for actions laid out in the Climate Action Plan to be delegated. 2) Service will quantify their progress against the Climate Action Plan in addition to using new and existing KPIs and qualitative updates. Revised implementation date is 31st May 2025 3) Service will measure the impact of existing governance mechanisms to incorporate climate considerations into day-to-day spending of the Council. This will be used to identify further measures, and/or support, required. 4) Further engagement with political members. 5) Review KPIs & coverage of the Climate Action Plan will continue, including opportunities to better reflect action / inaction in key areas. Development of SMART targets beyond Net Zero 2030 has been proposed. <p>Further follow up in progress.</p>
<p>Finance</p> <p>HRA Cost Apportionment (Satisfactory)</p> <p>Audit Issued: Dec-2022</p> <p>Initial follow up: Nov-2024 to Jun-2025</p>	0	1	<p>The HRA Finance Team should formalise a process of recording notes of the decisions made via email or calls to change apportionment methods. This should be recorded with sufficient detail to allow, where applicable, the Cost Apportionment Model to be updated.</p> <p>Due by: Nov-2023</p>	Dec-2025	<p>The recommendation has been partly implemented:</p> <ul style="list-style-type: none"> • There is an audit trail in the form of emails, meetings, working papers setting out the discussions and periodic review of the cost apportionment model. These all contribute to the final annual iteration of the model. However, the audit trail & steps taken in reviewing the model each year would be

APPENDIX 2

Department & Auditable Area	High	Med	Recommendation(s) in progress / not implemented and original implementation date	Revised Date	Status (28 February 2026)
Next follow up: Jan-2026					<p>easier to demonstrate & follow if formal minutes were taken at meetings setting out the decision made with sufficiently detailed rationale for the change & confirming the bases of apportionment & they align with guidance.</p> <p>Further action required • The review process next year to include formal minutes setting out clearly the changes made and the rationale for doing so with clear evidence of formal sign off by senior management.</p> <p>Further follow up due in Jan-2026.</p>
<p>*New Housing Voids (Limited)</p> <p>Audit Issued: Jun-2024</p> <p>Initial follow up: Aug-2025</p> <p>Next follow up: Apr-2026</p>		1	The Service should review the resources required/ available to allow all properties to be subject to a pre-inspection, except under specific circumstances.	Apr-2026	<p>The implementation of this action has been sporadic as the housing service has continued to go through a major restructure, including a completely new leadership team in the housing management area over the past few months. The restructure is coming to its conclusion in Qtr. 4, so should start to see this recommendation of pre-void inspections be fully implemented from Qtr. 4 onwards.</p> <p>Further follow up due post Apr-2026.</p>
<p>*New All Saints CE Primary School (Satisfactory)</p> <p>Audit Issued: Oct-2024</p> <p>Initial follow up: Nov-2025</p> <p>Next follow up: Apr-2026</p>	1	0	Purchase orders should be raised on the FMS prior to the purchase being made and agreed with the supplier. This will commit the expenditure and assist in budget management.	Apr-2026	<p>The samples tested had valid invoices which were paid promptly and goods receipted. However, we could not evidence the raising of a purchase order. We will return for a second follow up to test the progress of this recommendation.</p> <p>Further follow up due post Apr-2026</p>

Previously reported outstanding recommendations now implemented

Since the last report to the Committee, we can confirm implementation or acceptable actions have been taken in respect of the following high and medium priority recommendations which were previously reported as either partially or not implemented, and no further follow up is required:

Audit	High Priority	Medium Priority	Recommendation(s) previously outstanding	Confirmed as implemented
<p>People ASC Supervision (Satisfactory)</p> <p>Audit Issued: Aug-2021</p> <p>Initial follow up: Sep-2023</p> <p>Final follow up: Oct-2025 (delayed accommodating the CQC inspection)</p>	0	2	<p>1) Line managers should be reminded of the importance of completing and submitting their supervision monitoring form (due Nov-2021).</p> <p>2) The Council should seek to undertake reporting of supervision to senior management monthly. KPIs should be introduced, which can be used to measure current performance (due Oct-2021).</p>	November 2025
<p>Place Community Safety Anti-Social Behaviour (Satisfactory)</p> <p>Audit Issued: Nov-2023</p> <p>Initial follow up: Sep-2024</p> <p>Second follow up: Apr-2025</p> <p>Final follow up: Oct-2025</p>	0	1	<p>1) Review ASB and Community Trigger policies & procedures to ensure they reflect updates to the Anti-Social Behaviour, Crime and Policing Act where necessary, and to ensure that they reflect best practice (due Apr 2024).</p>	October 2025
<p>Schools Cambridge School (Satisfactory)</p> <p>Audit Issued: Jun-2024</p> <p>Initial follow up: Apr-2025</p> <p>Final follow up: Sep-2025</p>	0	2	<p>1) The school needs to improve on raising POs in advance of purchases.</p> <p>2) The leavers overpayment had not been recouped and actions required to reduce the risk of a re-occurrence.</p>	November 2025

Agenda Item 6

London Borough of Hammersmith & Fulham

Report to: Audit Committee

Date: 16 March 2026

Subject: Internal Audit Plan 2026/27

Report of: David Hughes, Shared Services Director for Audit, Fraud, Risk and Insurance

Responsible Director: Shared Services Director for Audit, Fraud, Risk and Insurance

Summary

The Strategic Audit Plan documents significant, persistent risks that the Council faces and the associated business areas and is used to support the annual planning process to ensure that internal audit continues to provide assurance over the breadth of the Council's operations.

The draft Annual Audit Plan (the Plan) has been prepared following consultation with Directors and takes into account the Council's corporate risks and priorities.

Audit planning is an ongoing process throughout the year to ensure that we can react to new and emerging risks and changing needs of the Council and, to ensure that the internal audit focus remains relevant, we have a quarterly planning process with regular conversations, review of risk registers and scanning of the external risk environment.

Recommendations

1. The Committee review the early draft of the 2026/27 Audit Plan, as set out in Appendix 1, and comment on the audit work due to be undertaken in the first quarter of 2025/26 and identify any specific audits to be considered during the coming year.
2. The Committee review the draft Strategic Audit Plan, as set out in Appendix 2, and consider whether it covers the persistent risks that the Council faces and outlines the business areas or themes that need to be considered as part of an audit plan.

Wards Affected: None

H&F Values

Our Values	Summary of how this report aligns to the H&F Priorities
Building a shared prosperity	Internal audit work covers a wide range of services including those which are delivered in partnership with local and national companies. Assurance may be required over governance arrangements to demonstrate the benefit to residents of co-delivered services.
Creating a compassionate council	Internal audit provides assurance that the Council's resources are managed appropriately to provide the most effective support to the most vulnerable residents.
Doing things with residents, not to them	Where engagement with residents is part of service development, internal audit will consider how well co-production and resident access is embedded in a process.

Our Values	Summary of how this report aligns to the H&F Priorities
Being ruthlessly financially efficient	The work undertaken by Internal Audit helps to ensure that management have robust controls and practices in place to safeguard the Council's assets, controlling expenditure and maximising potential income to protect and invest in essential frontline services which are in place to meet the Council's priorities.
Taking pride in H&F	Investment in public realm services such as waste collection, street cleaning and open/park spaces is significant. The internal audit strategy identifies services for cyclical review, including contract management for outsourced services and performance delivery for in-house services.
Rising to the challenge of the climate and ecological emergency	Internal Audit consider the impact of strategies, including, the Climate and Ecology Strategy, in a number of different reviews that form part of the Internal Audit Plan.

Contact Officer:

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 Position: Shared Services Director for Audit, Fraud, Risk and Insurance
 Telephone: 020 7361 2389
 Email: David.HughesAudit@lbhf.gov.uk

Background Papers Used in Preparing This Report

None

DETAILED ANALYSIS

1. The Council's internal audit service is managed by the Shared Services Director for Internal Audit, Fraud, Risk and Insurance. Audits are undertaken by the in-house audit team or through the external contractors to the service, in accordance with the Internal Audit Charter. Internal Audit is required to provide the Chief Executive, s151 Officer, the Strategic Leadership Team and the Audit Committee with an opinion on the adequacy and effectiveness of the Council's governance, risk management and control arrangements. The Audit Committee are provided with updates during the year on progress and on any limited or no assurance audits issued in the period.
2. A primary role of internal audit is to provide assurance that the Council has robust systems of governance and control in place to achieve its priorities and meet its statutory responsibilities. The Council's internal and external environment continues to evolve and the way in which the Internal Audit Service is delivered must change to keep pace with this. The traditional audit approach of planning a full year of audits in advance has become unsuitable as the original plan fails to keep pace with the organisation's needs.
3. As a result, we have implemented the following changes to the way in which we deliver the Internal Audit Service:

- A Strategic Audit Plan has been developed which documents the significant, persistent risks that the Council faces and outlines, in broad terms, themes to be covered over a three-year period. This helps to ensure that internal audit does not become a purely reactive function.
 - We work with a '3 plus 9' Annual Audit Plan – planning out the next three months in detail, taking into account key risks and priorities, whilst keeping the remaining nine months more flexible. The Plan will then be revisited each quarter to confirm the following quarter's work and will include sufficient audit coverage to enable an overall annual opinion to be reached on the Council's control framework.
 - The option of focused coverage or less formal reporting is available where the traditional approach would not provide assurance as quickly as needed.
 - We seek to increase attendance on 'working groups' to provide advice and constructive challenge where real time input to projects and initiatives would be useful.
4. The draft Audit Plan for 2026/27 is attached as Appendix 1 to this report. It should be noted that this Plan is an early draft, intended to focus on the work planned in the first quarter of 2026/27 and some changes may be required once all the planning meetings have been held.
 5. The Strategic Internal Audit Plan (2025-2028) documents significant, persistent risks that the Council faces and outlines, themes to be covered over a three-year period and is attached as Appendix 2 to this report.
 6. The Annual Audit Plan is prepared and audit work undertaken in line with the expectations of the [Global Internal Audit Standards](#) and the [UK Public Sector Internal Audit Standards Advisory Board \(IASAB\) application note](#). The Standards apply to the purpose, ethics, professionalism, governance, management and performance of an internal audit function with the application note giving regard to the seven principles of public life and applying the Standards within the public sector.

Consultation

7. The Annual Internal Audit Plan and the work undertaken by the Internal Audit Service is prepared in consultation with the Council's SLT and officers within the Council and supports the Executive Director of Finance and Corporate Services' responsibility under S151 of the Local Government Act 1972 relating to the proper administration of the Council's affairs.

Legal Implications

8. This report, in summary, recommends that the Committee (1) reviews a draft of the Audit Plan of audits to be undertaken in the first quarter of 2026/27 and (2) reviews the Strategic Internal Audit Plan which sets out persistent risks/business areas/themes over the next 3 years.
9. Regulation 3 of the Accounts and Audit Regulations 2015 sets out the Council's responsibility for ensuring that it has a sound system of internal control which:
 - a. facilitates the effective exercise of its functions and the achievement of its aims and objectives;
 - b. ensures that the financial and operational management of the authority is effective; and,
 - c. includes effective arrangements for the management of risk.

10. Regulation 5 requires the Council to ensure that it undertakes an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.
11. The Constitution gives the Executive Director of Finance and Corporate Services responsibility for complying with the Regulations. The Audit Committee has responsibility for advising on strategic processes for risk, control and governance and the Statement on Internal Control. This report confirms therefore that the Internal Audit Plan will be presented to the Audit Committee and fulfils the requirements of the Constitution.
12. There are no other legal implications arising from this report.

Implications verified by Grant Deg, Director Legal Services on 5 March 2026.

Financial Implications

13. The Internal Audit Plan is delivered within the revenue budget for the service. Actions required because of audit work, and any associated costs, are the responsibility of the service managers and directors responsible for the areas which are reviewed.
14. The proposals contained in this paper have no additional resource implications for the audit service.

Implications verified by James Newman, AD Finance, 27 February 2026

Risk Management

15. The Internal Audit Plan is developed and delivered to cover the key risks faced by the Council, to provide assurance on the key controls in operation and the effective management of key risks. The audit of services is a crucial component of the Council's approach to Being Ruthlessly Financially Efficient. A Plan contributes considerably to the ongoing mitigation and management of financial and significant standing service risks as required by the Account and Audit Regulations and as outlined in Appendix 1 of the report.

Implications verified by Moira Mackie, Head of Internal Audit, on 27 February 2026.

LIST OF APPENDICES:

Appendix 1 Draft Internal Audit Plan 2026-27

Appendix 2 Strategic Internal Audit Plan 2025/26 to 2028/29



Draft Internal Audit Plan 2026/27

Background

- The risk based internal audit plan is prepared based on a range of inputs including the Council's Corporate Risks, discussions with service management, horizon scanning and reference to our Strategic Plan (2025-2028) which is shown in **Appendix 2**.
- The Strategic Plan, documents significant, persistent risks that the Council faces and outlines areas or themes to be covered. It is intended to support the annual planning process to ensure that internal audit continues to provide assurance over the breadth of the Council's operations over time and does not become a purely reactive function.
- Audit planning is an ongoing process throughout the year to ensure that we can react to new and emerging risks and changing needs of the Council and, to ensure that the internal audit focus remains relevant, we have a quarterly planning process with regular conversations, review of risk registers and scanning of the external risk environment.
- A plan of proposed internal audit coverage covering quarter 1 of 2026/27 and an indication of potential audits for the remainder of the year has been prepared and where possible, we have linked the audits to the Council's Corporate Risks. The Plan will be refined as we identify specific audits for quarters 2 to 4 with updates provided to the Audit Committee as part of our regular progress reporting.
- Internal audit is only one source of assurance, and throughout the delivery of our plan we will continue to identify other assurance providers to ensure that duplication is minimised and a suitable level of assurance is obtained to include in the Annual Report on Internal Audit and Internal Control which will be provided by the Head of Internal Audit at the end of the financial year.



Use of Data in Internal Auditing

During the year, the Internal Audit Service will continue to consider areas where a programme of continuous auditing can be developed. Data sources will be considered, with themes or specific risks identified from discussions with management. This type of auditing will be developed in conjunction with the Corporate Anti-Fraud Service (CAFS) to make the best use of the knowledge and resources available across both teams.

Continuous auditing (CA) is a method of performing audits on a regular basis using technology. It works by:

- Using automation to gather data from systems, processes and transactions.
- Using technology to analyse the data.
- Identifying issues including monitoring for potential fraud and compliance issues.
- Reporting findings in a timely manner to stakeholders.

Benefits of this type of auditing include:

- Reducing risk by helping to detect and address issues before they cause financial loss.
- Improving efficiency within the organisation and freeing up time for higher-level work.



Audit Plan 2026/27 (Quarter 1)

Area	Audit Title	Reason for Inclusion	Risk
Schools	School Audits	Cyclical review of the finance and governance arrangements in schools (will be undertaken over quarter 1 to quarter 4)	Finance & governance
Digital	To be confirmed	Audits will be discussed with the service (see also Q2 to Q4)	TBC
People	Public Health Contract Monitoring	Contract monitoring of the service provided for Support and Advice on Sexual Health.	CR 1
People	Adult Placements	Review to consider the value for money arrangements in place including use of spot /block purchasing.	CRs 1, 32, 33
Place	Climate Change/ Net Zero	Changes since previous audit undertaken (2023/24). Could consider other issues related to net zero targets/ Carbon Offset Fund etc.	CR 26
Finance & Corporate Service	Leaseholder Charges & Debt Management	Late Q1 start: Following data transition from SAP to NEC review of full process (delayed from previous year). Consider use of data in this audit.	Finance & Governance
Cross-cutting	Business Continuity	Review of the robustness and effectiveness of business continuity plans in place at the time of the cyber incident and how any lessons learned are being reported and managed across the Council.	CR 3

2026/27 – Potential Audits (Quarters 2 to 4)

Area	Audit Title	Reason for Inclusion	Risk	Timing
People (Schools)	School Audits	Cyclical review of the finance and governance arrangements in schools (will be undertaken over quarter 1 to quarter 4)	Finance & governance	Q1 to Q4
Digital	To be confirmed	Audits will be discussed with the service (see also Q1)	TBC	TBC
People	Mental Health Capacity Act (advisory)	Scope to be discussed.	CR 33	TBC
People	Children’s Services – Private Fostering	Assurance requested on the processes in place for recording private fostering arrangements and ensuring the appropriate support and assistance is provided.	CR 33	TBC
Housing	Damp and Mould	Not audited since the implementation of Awaab’s Law – assurance on processes in place for recording and managing severe hazards, such as damp and mould, within mandatory timeframes.	CR 9	Q2
Place	Corporate Health & Safety	Previous advisory reviews of FM Health and Safety now due for an assurance review.	CR 21	TBC
Finance & Corporate Service	Direct Payments (Adults)	Deferred from previous year.	CR 33	Q3
Cross-cutting	Risk Management	Provision and access to training and risk management toolkit across the Council	Governance	TBC

2026/27 – Potential Audits (Quarters 2 to 4) contd

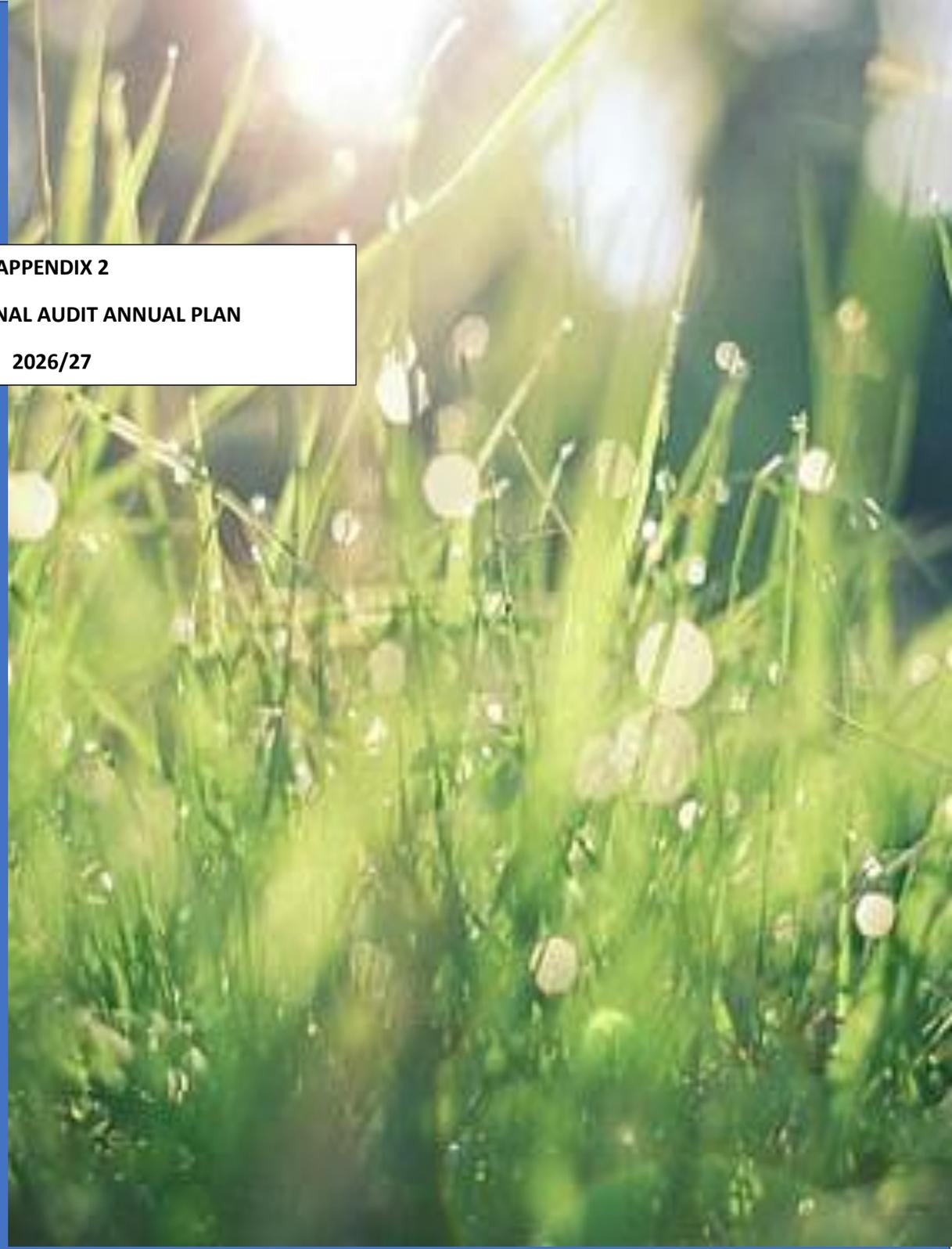
Area	Audit Title	Scope and /or Reason for Inclusion	Risk	Timing
Cross-cutting	Payroll/ HR	<ul style="list-style-type: none"> Local controls over pay (outside of IBC controls) Local controls over pay variations/ upgrading / allowances/ expenses 	Finance & governance	TBC
Cross-cutting	Use of Data	<ul style="list-style-type: none"> Further work on data available for analysis /assurance. 	TBC	Q2 to Q4
Cross-cutting	Procurement	Potential audits: <ul style="list-style-type: none"> POs process and planning – PO raising/ requisitioning process, checking for a contract and PO practice across the council. Cost management in contracts (include in contract management reviews). Financial risk management for strategic contracts/suppliers. 	CR 1	TBC
Cross-cutting	Savings and/ or Transformation	Savings programmes governance and tracking. Benefits realisation and assurance over transformation	CR 19	TBC
Cross-cutting	Resources - TBC	Areas to be considered include: <ul style="list-style-type: none"> Workforce Planning & Strategy Recruitment Performance Management Professional Training and Development Agency costs 	TBC	TBC

APPENDIX 2

TO THE INTERNAL AUDIT ANNUAL PLAN

2026/27

**London Borough of
Hammersmith & Fulham
Internal Audit
Strategic Plan 2025 to 2028**



Introduction

All Local Authorities face significant financial pressures, coupled with increasing demand for services and are taking more risks as they explore innovative solutions to bridge the funding gap and transform the organisation. There is an inevitable impact on risk, governance and the control environment, and it is important that the internal audit service continues to evolve to ensure that it remains an effective assurance provider.

A primary role of internal audit is to provide assurance that that the Council has robust systems of governance and control in place to achieve its priorities and meet its statutory responsibilities. The traditional approach of preparing an annual plan of audits is no longer considered suitable as plans either change significantly throughout the year or fail to keep pace with the organisation's needs. To provide this flexibility, the annual audit plan sets out the next three months of audit activity in detail, keeping the remaining nine months more flexible. Regular conversations, review of risk registers and scanning the external risk environment enables audit work to keep pace with the organisation.

Purpose and Structure of the Strategic Plan

The strategic audit plan has been prepared to document significant, persistent risks that the Council faces and outlines, in broad terms, business areas or themes to be covered. It also aligns internal audit with the Council's values which underpin the vision for a stronger, safer, kinder borough for everyone:

- **Building shared prosperity**
- **Rising to the challenge of the climate and ecological emergency**
- **Creating a compassionate and inclusive council**
- **Taking pride in H&F**
- **Doing things with residents, not to them**
- **Being ruthlessly financially efficient.**

The plan is intended to support the annual planning process and ensure that, in becoming more agile, internal audit continues to provide assurance over the breadth of the Council's operations and does not become a purely reactive function. However, it is not intended to be a comprehensive list of all possible audit work or a target to be achieved.

Where data can be used a programme of continuous audit will be implemented and themes or specific risks will be identified from discussions with management, and consideration given to other sources of assurance.

The plan is structured into 8 areas

1. Corporate Resources
2. Governance, Partnerships and Transformation
3. Housing
4. Information Management and Technology
5. Children
6. Adults
7. Public Health
8. Environment, Infrastructure and Leisure

The areas do not align exactly with Council departments as there are occasions where services or functions may fall under different departments for operational reasons. Maintaining the strategic plan in this way means that it will not have to change to accommodate any restructures within the Council; services will continue to be aligned with the persistent risks and values identified against each area, providing improved oversight of audit coverage over time

The Strategic Audit Plan is supported by the Internal Audit Strategy, Charter and Mandate, which set out the roles and responsibilities of internal audit in line with the Global Internal Audit Standards (GIAS).

Area	Significant Persistent Risks	Potential Audits
<p>Corporate Resources</p> <p>Back office and support functions including Finance, HR, business continuity, Risk Management, Health and Safety and Procurement.</p>	<ul style="list-style-type: none"> Internal and external fraud. Poor Financial management. Risks to staff safety and welfare. Value for money not achieved in commissioning, procurement and contract management. Supplier failure. Council reserves and pension fund not invested appropriately and effectively. Council funds not invested effectively. 	<p>Sundry Income, VAT, Pension Fund Investments, Budgets and Forecasts.</p> <p>Pension Fund Administration, Revenues & Benefits, Schemes of delegation and authorisation.</p> <p>Procurement compliance with Procurement Regulations, Procurement Cards, Contract Management.</p> <p>Expenses, Right to Work, DBS, Agency costs, Recruitment, Staff remuneration.</p>
<p>Corporate values:</p> <ul style="list-style-type: none"> Being ruthlessly financially efficient 	<ul style="list-style-type: none"> Staff do not have the skills, resources or support to discharge their roles effectively. Council unable to cope with business disruption or emergencies. 	<p>Gifts, Hospitality and Declarations/ Conflicts of Interest.</p> <p>Business continuity, Emergency Planning, Health and Safety.</p>
<p>Governance, Partnerships and Transformation</p> <p>Council Governance Functions, Key strategic partnerships, commercial ventures and transformation programmes and projects.</p>	<ul style="list-style-type: none"> Governance failures bring the Council into disrepute or lead to the aims and objectives of the Council not being achieved. Programmes and projects are not managed effectively, within the required budget and timescales, delivering all expected benefits. Ill-advised strategic partnerships or ventures entered into, or poor governance arrangements lead to objectives not being achieved. Statutory functions are not discharged effectively. Commercial activities are not managed effectively with an adverse impact on forecast income or expenditure. 	<p>Audits of specific areas of governance and or risk management based on discussions with management at either a corporate, thematic or departmental level.</p> <p>Capital Expenditure, Programme and Project Management, Risk Identification and Management, Lessons Learned</p> <p>Significant Partnerships, Joint Venture, Council Owned Companies or Commercial Ventures.</p> <p>SARS, FOIs, Members Enquiries, Complaints, Data Transparency, Electoral, Coroners and Mortuary Services.</p>
<p>Corporate values:</p> <ul style="list-style-type: none"> Building shared prosperity Rising to the challenge of the climate & ecological emergency Taking pride in Hammersmith & Fulham Being ruthlessly financially efficient 		

Area	Significant Persistent Risks	Potential Audits
<p>Housing</p> <p>Housing Services provided to Council Tenants, Leaseholders and those at risk of homelessness.</p>	<ul style="list-style-type: none"> • Dwellings are developed, acquired or disposed of that are not in line with the Council’s strategy or value for money is not achieved. • Council housing is acquired through fraud or is illegally sublet • Rent payments and service charges due are not recovered promptly and completely • Housing stock is not maintained in a satisfactory condition leading to health and safety risks and increased reactive maintenance. • Risks to the health and safety of residents are not identified and addressed promptly. • Leaseholders are not consulted and correctly charged for any works affecting their property. • Homeless and those at risk of becoming homeless in the borough do not receive the support they require. 	<p>Housing Rents, Service Charges, Responsive Repairs, Planned Repairs and Maintenance, Disrepair Claims.</p> <p>Health and Safety Compliance, Consumer Standards.</p> <p>Homelessness, Housing Allocations, Temporary Accommodation</p> <p>Requirements of the Building Safety Act and the Housing Regulator.</p>
<p>Corporate values:</p> <ul style="list-style-type: none"> • Creating a compassionate council • Taking pride in Hammersmith & Fulham • Doing things with residents, not to them 		
<p>Information Management and Technology</p> <p>Arrangements for management and security of information technology.</p> <p>Arrangements for management of data and compliance with the Data Protection Act.</p>	<ul style="list-style-type: none"> • Data security breach • Cyber Security Attack • Loss of systems or data or delayed recovery in the event of system failure. • Loss, theft or misuse of IT assets 	<p>Periodic IT audit needs assessment, horizon scanning and frequent discussions with management to understand risk areas.</p> <p>IT Strategy, Cyber Security, Asset Management, IT Disaster Recovery, Network Security, Third-Party Access Controls, Risk Management, Cloud Computing, Mobile Device Management, PCI Compliance.</p> <p>Information Governance and Data Protection.</p> <p>New system implementation, post implementation reviews and software application reviews. .</p>
<p>Corporate values:</p> <ul style="list-style-type: none"> • Creating a compassionate & inclusive council • Being ruthlessly financially efficient 		

Area	Significant Persistent Risks	Potential Audits
<p>Children</p> <p>Services provided for Children and Families including Schools, Adopting and Fostering, Looked After Children, Family Support, and SEND.</p> <p>Corporate values:</p> <ul style="list-style-type: none"> • Creating a compassionate council • Doing things with residents, not to them • Being ruthlessly financially efficient 	<ul style="list-style-type: none"> • Placements or support provided are inadequate or unsustainable for a child / family’s needs • Value for money not achieved in providing support • Failure to adequately safeguard children • Increased demands for services coupled with reduced funding. 	<p>Based on discussions with management and taking into account alternative sources of assurance.</p> <p>Direct Payments, Looked After Children, Adoption, Fostering, Placements, Transitions, Safeguarding, Transport, Schools, Early Years, Early Help / Prevention, SEND,</p> <p>Every maintained school audited once in a 5-year period, with more frequent reviews based on previous audit results and known issues.</p>
<p>Adults</p> <p>Services provided to adults including Day Care, Home Care, Direct Payments, Preventions and Mental Health services.</p> <p>Corporate values:</p> <ul style="list-style-type: none"> • Creating a compassionate council • Doing things with residents, not to them • Being ruthlessly financially efficient 	<ul style="list-style-type: none"> • Placements or support provided are inadequate or unsustainable • Value for money not achieved in providing support • Failure to adequately safeguard vulnerable adults • Financial management and governance • Preventative activity does not successfully reduce the burden on care services. • Joint working between the Council and health service is ineffective. • Increased demand for services coupled with reduced funding and a challenging care market. 	<p>Based on discussions with management and taking into account alternative sources of assurance.</p> <p>Placements, Direct Payments, Safeguarding, Client Affairs, Reablement and Preventions, Day Care Provision and Home Care Provision.</p> <p>Financial Assessments, Care Assessments and Support Planning, Joint Working with Health and Mental Health.</p>
<p>Public Health</p> <p>Public Health functions to improve health and wellbeing and reduce health inequalities within the borough.</p> <p>Corporate values:</p> <ul style="list-style-type: none"> • Creating a compassionate council • Doing things with residents, not to them • Being ruthlessly financially efficient 	<ul style="list-style-type: none"> • Public Health activity does address root causes of health and wellbeing issues or inequalities within the borough. • Value for money not achieved in commissioning, procurement and contract management • Funding provided to organisations and other Council departments does not achieve Public Health objectives. 	<p>Directly delivered Public Health functions, Commissioning, Strategic Needs Assessments, Health and Wellbeing Strategies, allocation of PH Funding.</p>

Area	Significant Persistent Risks	Potential Audits
<p>Environment, Infrastructure and Leisure</p> <p>Services provided for residents, businesses and visitors to the borough such as Planning and Building Control, Parking, Highways, Environmental Health, Community Safety, Leisure, Culture and Amenity services.</p> <p>Corporate values:</p> <ul style="list-style-type: none"> • Building shared prosperity • Rising to the challenge of the climate & ecological emergency • Creating a compassionate council • Taking pride in Hammersmith & Fulham • Doing things with residents, not to them • Being ruthlessly financially efficient 	<ul style="list-style-type: none"> • Statutory and regulatory functions are not discharged; • Development in the borough is not effectively managed through planning, building control and section 106 agreements and the CIL. • Injury to health /wellbeing of the community, businesses and visitors. • Parks, footways and highways not kept in good state of repair. • Safety of communities within the borough deteriorate. • Action taken to address climate and ecological emergency (such as recycling and energy efficiency) is ineffective. • Value for money not achieved in commissioning, procurement and contract management 	<p>Waste Management and Street Cleansing</p> <p>Parks, Leisure, Libraries, Tree Management and Grounds Maintenance.</p> <p>Planning Control, Building Control, S106 and CIL.</p> <p>Environmental Health, Food Safety, Licensing and Trading Standards</p> <p>Highways, Footways, Bridges, Street Lighting, Traffic Management</p> <p>Parking</p> <p>Community Safety, CCTV</p> <p>Utilities and Energy Management</p> <p>Cemeteries</p>

Allocation of Internal Audit Resource

Audit resource will be allocated based on the concentration of risk in each area, council priorities and alternative sources of assurance. There is no target allocation of resources, although actual audit coverage in the eight areas in the Strategic Plan will be monitored each year to ensure that it is appropriate.

Agenda Item 7

London Borough of Hammersmith & Fulham

Report to: Audit Committee

Date: 16 March 2026

Subject: Risk Management Update

Report of: Director of Audit, Risk, Fraud and Insurance

SUMMARY

The purpose of this report is to provide members of the Audit Committee with an update on risk management across the Council.

RECOMMENDATION

For the Committee to review, note and comment on the report.

Wards Affected: None

H&F Values	Summary of how this report aligns to the H&F Values
<ul style="list-style-type: none">• Building shared prosperity	<i>Good risk management helps to: maintain and promote the Council's reputation;</i>
<ul style="list-style-type: none">• Creating a compassionate council	<i>Is an enabling tool to help protect residents and staff including some of the most vulnerable in society;</i>
<ul style="list-style-type: none">• Doing things with local residents, not to them	<i>Place people, businesses and the wider community at the heart of everything we do;</i>
<ul style="list-style-type: none">• Being ruthlessly financially efficient	<i>Ensure robust financial and information management and supports internal control, opportunity and innovation;</i>
<ul style="list-style-type: none">• Taking pride in H&F	<i>Protect valuable assets and the built and natural environment.</i>
<ul style="list-style-type: none">• Rising to the challenge of the climate and ecological emergency	<i>Enabling an approach to climate-sensitive decision making</i>

Financial Impact

The current and future strategic operating environment for local government represents a significant risk to the council with the ongoing challenge of delivering services with increased demand and legislative pressures. This is further impacted by wider economic factors leading to rising costs from inflation and reduced funding. This has seen the Council incur additional expenditure whilst at the same time seeing pressures in the level of resources and inherent demographic/legislative pressures.

There are no specific financial implications arising from this report. Services are expected to manage their risks within current budgets. Where additional funds are required to mitigate or manage risks, separate decisions reports will be required for the approval of unbudgeted expenditure. The council holds a corporate contingency budget and adequate levels of reserves to enable it to manage unforeseen costs.

A standing corporate risk, Financial Management and Medium-Term Planning, identifies the risks to balancing the budget in response to continued government funding and demand pressures faced by the Council and the sector more generally and is assessed as high risk. The in-year position is reported in the Corporate Revenue Monitor to Cabinet and includes financial risks. Other corporate risks also identify financial pressures arising from demand and complexity of service provision which need to be managed.

Comments verified by Sukvinder Kalsi, Strategic Director of Finance and Corporate Services, 13 October 2025

Legal implications

There are no particular legal implications arising from this report.

Comments verified by Grant Deg, Director Legal Services, 13 October 2025

Background Papers Used in Preparing This Report

None

DETAILED ANALYSIS

Background

1. To achieve the ambitions, outcomes and priorities set out in our Business Plan, it is essential that we continue to understand, manage and communicate the diverse range of risks and challenges that could threaten the organisation and vital services. Risks originate from a variety of sources, many of which are out of our direct control for example global events, economic or market shocks, austerity or from climate change. More localised incidents can impact on residents, individuals, services and infrastructure.

2. It is paramount that all risks are clearly identified, managed and reported through the relevant channel. Risks can never be eliminated entirely but proportionate and targeted action can be taken to reduce risks to an acceptable level. Furthermore, the work of the Council's Policy and Accountability Committees is acknowledged as a source of robust and additional assurance for the management of risk across its services.
3. Effective governance and management of risks are particularly significant as funding for local government has diminished authorities' objectives and are becoming increasingly fundamental and relate, for instance, to continuing to meet statutory service obligations. Arrangements must therefore be effective in a riskier, more time-pressured and less well-resourced context.
4. Local authorities are required to maintain a sound system of internal control, including risk management, internal audit, and whistleblowing arrangements. Risk management is the application of Council strategies, governance, policies and processes to identify and manage risks that are unacceptable to the Council. Managing risk processes effectively enables the Council to safeguard against potential threats and take advantage of potential opportunities to improve services whilst continuing to provide better value for money for residents, visitors, local businesses and service users.
5. The Council is accountable to the public for its performance and financial management. This means that the Council naturally has a low appetite for risk, however as financial challenges continue the Council will need to take carefully considered risks to develop new and innovative ways to deliver services, support communities and ensure the long-term wellbeing of communities is not impaired by decisions made in the short term. This makes good risk management essential.
6. As part of its governance arrangements, the Council's approach to risk management requires Strategic Directors, managers and staff, through their departmental management teams to; identify risks; assess the risk; agree and take action to manage the risk and; monitor, review and escalate risks.
7. The Council has robust risk management arrangements in place which feed into the Corporate Risk Register, which is set out in Appendix 1. This register contains the most significant cross-cutting risks that could impact on the outcomes that are set out in the Council's priorities. These risks can be internal or external facing. The Corporate Risk Register is reviewed on a regular basis by the Council's Strategic Leadership Team (SLT) and then presented to the Audit Committee.
8. Last year, work took place with risk owners and directors to amend the structure and content of the Register with the aim of providing a clearer and more targeted focus on current assurance over risks and on planned mitigations. This enables a better understanding of whether current and planned mitigations are providing the necessary effect or whether a different or further corrective action is required. The Register presented at this meeting shows this change including showing the process by clearly setting out the current position (including controls) and planned mitigations for each risk. In addition, changes include determination of the risk type, and a clearer mitigation action and its type.

9. This report provides the Committee with an updated Corporate Risk Register, presenting a suite of risks as reviewed by SLT Assurance in March 2026.

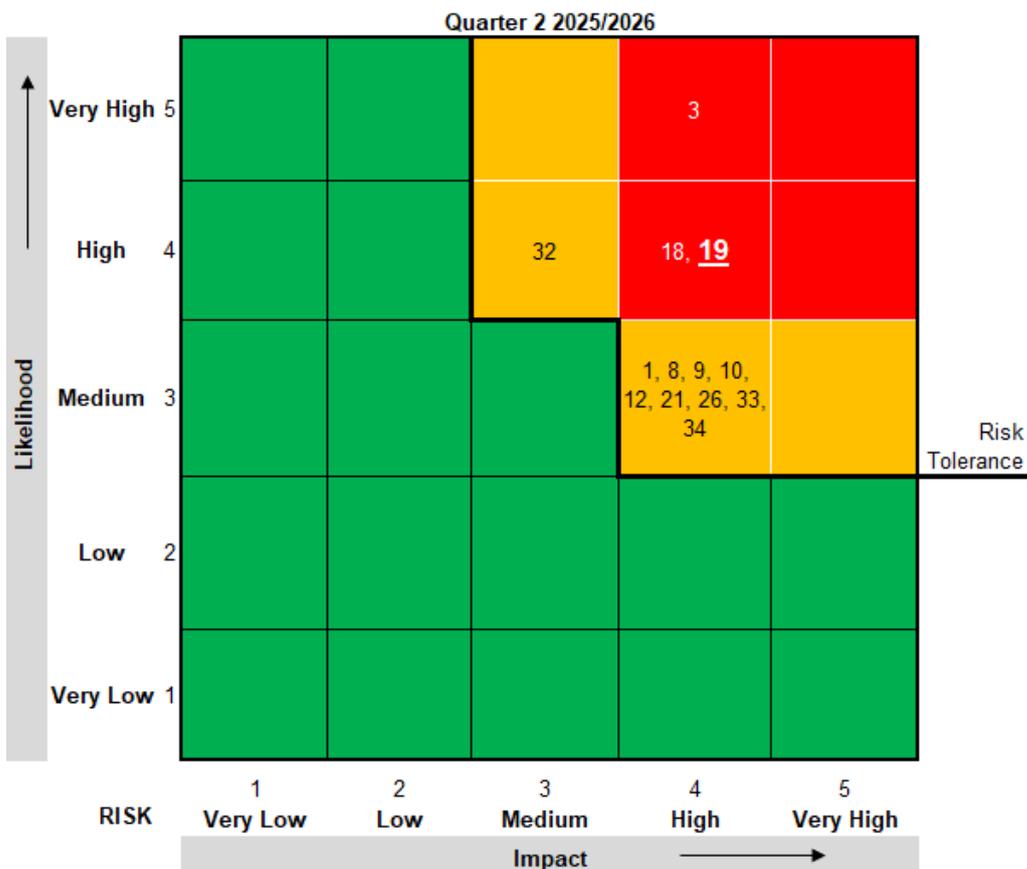
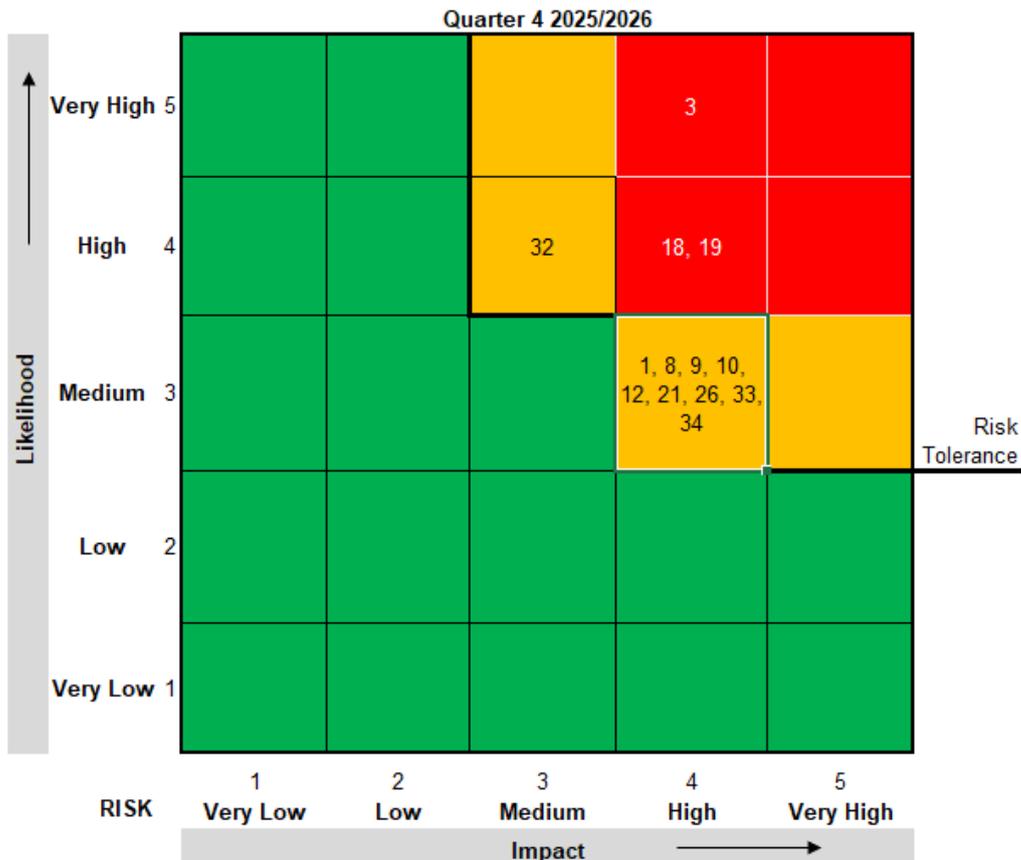
Changes made to the Corporate Risk Register

10. SLT members and Risk Owners have reviewed the Corporate Risk Register and agreed a number of changes which are reflected in the updated Risk Register provided in Appendix 1.
11. SLT Assurance reviewed and agreed the Corporate Risk Register on 4 March 2026. While risk mitigations were updated, there were no changes in risk score proposed or agreed. SLT Assurance recognise that many of these risks are inherently long term in nature and there will be little or no movement in scores from one period to the next. They are focussed on ensuring that robust risk mitigations in place and working, they are regularly reviewed and new mitigations are added as and when required.
12. In respect of Risk 19, SLT continues to monitor and manage the impact of the Fair Funding Reforms for 2026/27 announced by the Government which will have a significant impact on grant funding for the next three years. The Council will be asked to approve a balanced budget taking account of this and other pressures.
13. A briefing for Risk 3 will be provided to the Committee as an exempt item, as has been done at previous meetings when reporting on this risk.
14. SLT Assurance will continue to keep the escalating events in the middle east under review, to consider the impacts on the Council and any mitigations which can be put in place.

Corporate risk register – heat map

15. The Corporate Risk Register is set out in Appendix 1 and summarised in the following Heat Map as at Quarter 5 for 2025/26, with the Heat Map for Quarter 2 for 2025/26 provided for comparison. Risks which have been subject to change since the Quarter 2 2025/26 Risk Register are shown in the larger bold underlined type:

OVERVIEW RISK HEAT MAP



Risk appetite

17. The Council remains accountable to the public for its performance and financial management. This means that the Council naturally has a low appetite for risk, however with the ongoing challenges faced by the Council, there is a need to continue to develop new and innovative ways to continue to deliver services, support and ensure the long-term wellbeing of communities is not impaired by decisions made in the short term. This makes good risk management essential.
18. The recent escalation of the situation in the middle east is causing economic uncertainty. There is also ongoing pressure arising from the cost of domestic and business energy costs and fuel costs for activities such as transport and heating. Inflation has reduced from a very high level but the cumulative effect, along with the current level of interest rates continues to put pressure on local authority finances. The cost of living crisis will continue to drive increased demand for services where residents will need more support.
19. These factors impact on the Council in several ways including its staffing costs (including the level of pay awards and the national insurance increase for employers), the cost of borrowing (particularly where it is needed for ongoing/planned capital works), cost pressures on contractors providing Council services (staffing, fuel, materials). The impact will also be felt by partner organisations (such as schools and the voluntary and community sector, where officers will closely monitor the impact and consider any support the Council will be able to provide.
20. A key concern for the Council is the impact that the cost of living crisis being experienced by residents through inflation and rising energy costs as well as the ongoing economic uncertainty (including the potential for rising unemployment). A [range of support measures](#) are being offered to residents and officers will continue to assess the situation and consider what further actions can be taken.
21. These and other factors are kept under regular review by SLT. This is done to ensure that ongoing impacts are recognised, and appropriate mitigations put in place to protect Council services and local residents.
22. This report provides assurance on the Council's corporate risk management arrangements, explaining the internal control arrangements in place at a strategic level. It provides one of the sources of assurance the Committee can consider when approving the Annual Governance Statement. It also enables the Committee to fulfil its roles under the Committee's Terms of Reference to review the adequacy of Council's Corporate Governance arrangements, including matters such as internal control and risk management.

LIST OF APPENDICES

Appendix 1 – Corporate Risk Register

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Ref	Type / Corporate Objective	Description	Impact of Risk	Inherent Impact	Inherent Likelihood	Risk Mitigation	Mitigation Action / Update	Residual Impact	Residual Likelihood	Owner
1	Governance, Compliance, Legal risk Being ruthlessly financially efficient	The Council is non-compliant with new commercial, contract management and procurement legislation	Possible financial penalties, court proceedings, service disruption, extra costs and reputational credibility	3	4	Reduce	The Council has a well-established Corporate Procurement Team. The Contracts Assurance Board meets weekly to ensure governance compliance, consider new future procurement legislation, the major medium-term procurements that are in progress and to update our policies e.g. Social Value Policy, as necessary. A Forward Plan is also regularly considered by SLT, and work continues by Departments to refine their forward planning processes. The Council is also strengthening the reporting of performance against the main contracts in line with the new procurement regulations.	3	3	Sukvinder Kalsi
3	Technology risk Being ruthlessly financially efficient	IT systems are compromised and / or unable to operate in the event of a cyber-attack or data breach.	Major and sustained operational disruption, data theft and damage to public trust. Disruption or cessation of services to residents. Potentially, considerable financial losses and associated safeguarding risks from the loss of personal information.	5	4	Reduce	H&F maintains strong cyber resilience through a set of layered security controls. Regular vulnerability scanning helps identify and fix weaknesses before they can be exploited. The council follows guidance from the National Cyber Security Centre. Business continuity is supported by tested Disaster Recovery and Cyber Incident Response plans. Supplier risks are managed through security checks and ongoing monitoring. H&F also works closely with regional and national partners to stay prepared for emerging cyber threats.	5	3	Sukvinder Kalsi
8	Financial risk Being ruthlessly financially efficient	Failure to identify and address internal and external fraud.	The consequences of failing to manage fraud risk include: Financial losses: Fraud can lead to significant monetary damages. Reputational damage: Fraud incidents harm brand trust and stakeholder relationships.	3	4	Reduce	Policies are reviewed bi-annually at SLT Assurance and the Audit Committee. Refreshed Fraud Response Plan, with robust Anti-Money Laundering and Bribery Policies in place. Fraud Awareness training is available on the Learning Platform to all staff LBHF is a member of the London Fraud Hub (LFH). The LFH matches a number of data sets across councils in London to highlight potential fraud cases for investigation.	3	3	David Hughes

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9	Environmental risk Taking pride in H&F Doing things with, not to, residents	Failure to ensure compliance with the statutory housing landlord duties including management of asbestos, electrical testing, fire risk, plant and equipment, water testing, legionella.	Significant risks to the health and safety of our residents, including loss of life. Possible financial penalties, court proceedings, service disruption, extra costs and reputational credibility.	4	3	Reduce	External and internal reviews are undertaken to ensure compliance with regulations (and reflected in records management) Compliance based fire safety works continue across properties in the Borough with the necessary Gateway 2 applications to the Building Safety Regulator for validation. Fire Risk Assessments (FRAs) are undertaken in line with fire safety management system. There is consistent good performance, with close to 100% Big Six compliance. Tenant perception of safety has also increased, as evidenced through the TSM scores.	3	2	Richard Shwe
10	Governance/ Compliance/ Legal risk Taking pride in H&F Doing things with, not to, residents	Failure to comply with the new Building Safety Act and certification of 49 Higher Risk Buildings (HRB)	Possible financial penalties, court proceedings, service disruption, extra costs and reputational credibility	3	4	Reduce	Responding to Building Safety Regulator (BSR) to certify our High Rise Blocks. Submission of information required by BSR and commissioned testing of the concrete in response to the requirements from the BSR. Additional staffing resources recruited to improve capacity and resilience.	4	2	Richard Shwe
12	People risk Creating a compassionate Council	Loss of key personnel in a highly competitive employment market	Loss of knowledge and skills that could have a major impact on the Council's ability to maintain delivery of services and to continue to improve/innovate	3	4	Reduce	Ensuring competitive terms and conditions for our workforce. Improving our succession planning and long-term work force plans. Establishing strong career pathways (particularly children/adult social care) and working with local residents/businesses to promote LBHF as a prestigious employer and working across London Councils to broaden the appeal of local government in the employment market. Developing forward looking employment practices and apprentice programmes. The Council is committed to staff wellbeing, learning and development and continues to deliver online and virtual wellbeing and learning and development events including Get Ahead, World Class Managers, Aspiring World Class Managers and Emerging Leaders.	3	3	Grant Deg

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18	Governance/ Compliance/ Legal risk All Council Values	Management of complaints, requests for information, members enquiries are not completed according to our target timescales.	Reduced confidence by residents/other local & national stakeholders in the Council and an adverse impact on our reputation within the sector. Potential additional costs to rectify service shortfalls and consequential impact on existing services.	4	4	Reduce	The Council has established a central team lead by a senior leader to oversee these matters (this includes a Disputes Resolution Team). Comprehensive and timely reporting of performance, analysis of complaints to inform amendments to operational policies. The use of modern technologies/workflow/case management systems to assign requests to officers to progress. Maintaining regular communications with sector Regulators (Housing Ombudsman, Local Government Ombudsman) to ensure an up to date understanding of the Council's performance, actions and plans. Improvement continues under the central team, and has been evidenced externally through regulators and improved TSM scores.	3	3	Nicola Ellis
19	Financial risk Being ruthlessly financially efficient	The continuing pressure on the public finances (including interest and inflation rates) and the adverse impacts from the proposed Fair Funding Reforms in 2026/27	Impact on our ability to deliver valued discretionary services. There will be wider implications on the work of the Council with our externally contracted services and may affect the morale of employees due to the uncertainties. Longer term effect on our overall financial resilience as reserves may be depleted.	4	4	Reduce	Continue to use the established and well-developed medium term financial planning process (for revenue, capital, and treasury management) and the strong financial leadership by Members and Officers. Working with the sector (LGA/London Councils and MHCLG) to secure the long-term finances of the sector. Ensure the timely reporting of financial performance, identification of risks and implementation of recovery plans (the revenue, capital and HRA outturns for 2024/25 were in line with approved budgets and plans). Significant work is already in progress to ensure a balanced budget for 2026/27.	4	3	Sukvinder Kalsi

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21	People risk All Council Values	Corporate management of health and safety is incomplete	Negative impact to staff wellbeing.	3	4	Reduce	<p>Health and Safety Board meet every eight weeks. Annual health and safety at work report highlighting the council's activities and performance presented to the Council's Audit Committee.</p> <p>Staff training programmes and activities extended to include a risk assessment training course which has been added to the learning zone.</p> <p>Numerous teams across the council have successfully completed the course and achieved IOSH accreditation. Teams taking up the training include HR, Events, Housing, Fire Teams, and Adult Social Care.</p> <p>The Employee Protection Register reviewed and updated weekly or as required.</p> <p>Fire Marshal and First Aider Training continues and at present we have 145 Fire Marshals and 204 First Aiders across our sites.</p>	3	3	Bram Kainth
26	Environmental risk Rising to the challenge of the climate and ecological emergency	Failure on the part of the Council to mobilise its response to the Climate Change emergency	Failure to meet climate commitments reading to negative findings, additional costs and reputational damage.	3	4	Reduce	<p>The Climate Emergency Unit and climate strategy for a net zero borough by 2030 are in place along with a Climate Strategy Implementation Group to increase scrutiny and deliver actions quickly.</p> <p>Annual audit of the Council's carbon footprint in place.</p> <p>Quick win workstreams to influence emissions through policy have been progressed, including emissions-based policies on parking, council fleet, energy procurement, and wider procurement.</p> <p>Engagement underway with local businesses and organisations through the H&F Climate Alliance, and H&F has been a leader in designing and implementing the UN's climate education programme.</p> <p>Flooding has expedited the need for a climate adaptation plan to prepare residents, businesses and the council for more extreme weather including heavy rainfall and heatwaves.</p>	3	3	Bram Kainth

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33	People risk Creating a compassionate council	Failure to ensure and/or identify inadequate standards and delivery of care, protection of children and adults and associated data quality and information risks.	Impact on residents' wellbeing and safety, increased cost, reputational damage, adverse inspection outcomes.	3	4	Reduce	Adult Social Care Transformation and Assurance Board operating to hold corporate leadership and oversight of the major programme to ensure sufficient pace in delivering the change agenda. Chaired by Exec Director of People. Programme priorities identified and agreed. Departmental Improvement Plan in place and overseen via the Transformation and Assurance Board. Action plan developed and being implemented in response to the CQC inspection. SEF signed off via Partnership Board along with SEND Action Plan for areas for development. Inspection briefing provided to key partners, and at All Staff Education and SEND Briefing. Inspection Readiness update provided to SLT Assurance.	3	3	Jacqui McShannon
34	People risk Creating a compassionate council	Financial sustainability risk of the High Needs Block with demand and pressures exceeding the opportunities to mitigate.	Leading to impact on residents' wellbeing and safety, increased cost, reputational damage, adverse inspection outcomes (leading to potential intervention), legal disrepair cases.	3	4	Reduce	Whilst funding is increasing at a higher rate in 2025/26 there is minimal headroom and wider system pressures following Operational Guidance of sustainable Special School MFG at 0%. High Needs Reference Group in place with Headteachers to support Phase 4.	3	3	Jacqui McShannon