

London Borough of Hammersmith & Fulham

Report to: Audit Committee

Date: 9 December 2024

Subject: Internal Audit Progress Report (April to October 2024)

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

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

Summary

This report summarises the status of work included in the 2024/25 Internal Audit Plan as at the end of October 2024. Of the six audits issued as draft reports at the time of the last report to the Audit Committee (July 2024), five have now been finalised.

The status of audits confirmed for inclusion within the Plan and audit work carried forward from 2023/24, 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.

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Background Papers Used in Preparing This Report

None

DETAILED ANALYSIS

Internal Audit Work to September 2024

1. The Audit Committee are provided with updates at each meeting on progress against the Annual Audit Plan and on any limited or no assurance audits issued in the period.
2. The Audit Plan for 2024/25 was reviewed by the Audit Committee in March 2024. To ensure that the Annual Audit Plan is more responsive to changing risks and challenges, it has been developed as a '3 plus 9-month' plan. This approach allows for the first three months to be identified in detail with the remaining nine months being more flexible to suit the needs of the Council at the time. 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 quarterly basis and any significant changes in the coverage of the Plan will be highlighted.

3. Four assurance levels are used when an audit is complete:

Assurance Level	Description
Substantial Assurance	There is a sound system of internal control designed to achieve their objectives and the control processes tested are being consistently applied.
Satisfactory Assurance	While there is generally a sound system of internal control, there are weaknesses which put some of the objectives at risk; and/or there is evidence that the level of non-compliance with some of the control processes may put some of the objectives at risk.
Limited Assurance	Weaknesses in the system of internal control are such as to put the objectives at risk; and/or the level of non-compliance puts the objectives at risk.
No Assurance	Control processes are generally weak, leaving the processes/systems open to significant error or abuse; and/or Significant non-compliance with basic control processes/systems open to error or abuse.

4. Recommendations made are categorised according to the table below:

Priority	Description
High (Fundamental)	Recommendations represent fundamental control weaknesses, which expose the organisation to a high degree of unnecessary risk.
Medium (Significant)	Recommendations represent significant control weaknesses which expose the organisation to a moderate degree of unnecessary risk
Low (Housekeeping)	Recommendations show areas where we have highlighted opportunities to implement a good or better practice, to improve efficiency or further reduce exposure to risk.

5. In the last report to the Audit Committee in July 2024, six audits from 2023/24 had been issued in draft, five of these have now been finalised, four receiving satisfactory and one receiving a substantial assurance opinion:
- Local Safeguarding Children’s Partnerships
 - Compliments & Complaints
 - Trading Standards
 - Licensing
 - NNDR (substantial)
6. The advisory review of Out of Borough Placements is still being reviewed prior to the final report being issued.
7. Since the last report to the Committee, a draft advisory report on Local Business Continuity Planning has been discussed with the relevant service areas and additional information is being added by Internal Audit prior to this review being finalised.

8. Three audits from the 2024/25 plan have also been issued as draft reports:
 - Housing Health & Safety – Asbestos Management.
 - All Saints C of E Primary School.
 - Kenmont Primary School.

Election Readiness

9. The 2024/25 audit plan included a review of Electoral Services which was due to be undertaken during the Greater London Authority (GLA) Election (May 2024) with learning applied when the General Election took place later in the year. A particular focus was on managing voter ID as this was the first time this was a requirement for those casting votes in person within the borough.
10. A review of processes in place commenced in mid-March in the lead up to the GLA Election, with further discussions held with the Electoral Services Manager covering the following areas:
 - Training for Polling Station officials
 - Voter ID and provision of Voter Authority Certificates
 - Postal Voting including handing in of votes and post-election notification of rejection of postal votes
 - Counting of votes (3-4 May)
 - Identification and confirmation of Polling Stations
 - Accounting for the costs of the election
 - Liaison with other boroughs
11. The Council worked with the three other boroughs in their designated constituency (West Central) and applied the training and accounting requirements of the GLA with the counting of votes undertaken for all three boroughs in the same location over 3 and 4 May.
12. The post-election discussions were held in mid-May with no specific issues identified following the introduction of Voter ID. The GLA Elections were a good opportunity for the staff and others involved in the election process to become familiar with the new rules on voter ID and how to manage this additional requirement efficiently and effectively.
13. Additional audit work was paused due to the announcement on 22 May that the General Election would take place on 4 July. The audit review resumed in late September to consider any lessons learned from the General Election.
14. The key findings from the review are:
 - The CEO (Returning Officer in the General Election and Deputy Returning Officer in Mayoral) was highly involved in the meticulous planning of all details of the 2024 elections from the start. This commenced with a planning meeting in March 2023 with the other two CEOs for the Mayoral election. From then the CEO chaired a monthly H&F senior officer group - cross-departmental forum that was established to plan every aspect of the elections from system and processes needed, postal voting, 68 polling stations, staffing – up to 600 people, print deadlines and engagement with candidates and agents through to the detailed management of the count including venue – staffing, systems and procedures and safety and security of polling

stations staff and the count. The forum initially met monthly then weekly and then in the pre-election period moved to daily sessions in the run up to the elections. Even though the General Election was called at minimum notice due the planning and preparation that had already occurred the H&F Election team and senior leadership team were able to manage all logistical arrangements extremely well.

- Despite the very short gap between the two Elections, the service was prepared with no significant issues or concerns identified.
- The Elections Team has good relationships with those who support the successful delivery of an Election, such as Finance, Digital and Facilities Management who are fully involved in the preparation for an Election as required.
- The Chief Executive is informed of the risks associated with running an Election and how these are managed and meets regularly with the Electoral Services Manager in the lead up to an Election to discuss issues arising and how they should be managed.
- Although some members of the Electoral Services Team were relatively inexperienced at the time of the GLA Election, having experienced two Elections in a short space of time has provided them with valuable experience in preparation for the Council Elections in 2026.
- The Electoral Services Manager is very experienced and respected in her role across the sector. At the time of the GLA Elections, there was another experienced member of the Team that could step up to manage the service if required. This officer had moved to a new job outside of the authority by the time of the General Election and, although the Manager was able to call upon other experienced officers outside the core Team to support the process, business continuity arrangements had to be considered to ensure that they were suitable in the event of the Electoral Services Manager being absent for a prolonged period or at a critical time in the Elections calendar.
- The Electoral Services Manager identified that ensuring sufficient resources were available to work at polling stations and the count was a concern across the sector. The short notice and timing of the General Election meant that some people were unavailable on the relevant days and the Service had to be prepared for unexpected absences. The Electoral Services Manager ensured there were additional resources available for the General Election to fill in where there were unexpected absences and all these resources were deployed.

Internal Audit Opinion

15. Although no overall assurance opinion can be given at this stage, the S151 Officer and the Committee can be assured that sufficient internal audit work is in progress to ensure an appropriate assurance opinion can be provided by the end of the financial year.
16. Appendix 1 shows the status of the planned audits as at the end of September 2024.

Follow ups

17. A total of 38 recommendations have been followed up in the year to date. Implementation of medium and high priority recommendations has been consistently effective with 83% of medium and high priority recommendations fully implemented with a further 13% partly implemented. Further follow up will be undertaken on the recommendations partly or not yet implemented.
18. Appendix 2 shows any high or medium priority recommendations not fully implemented at the time of the follow up.

Consultation

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

Legal Implications

20. This is a regular update report on the position of internal audits as against the Internal Audit Plan.
21. 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.
22. 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.
23. The Constitution gives the Strategic Director of Finance 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.
24. There are no other legal implications arising from this report.

Implications verified by Grant Deg, Director of Legal Services on 21 November 2024.

Financial Implications

25. The Internal Audit Plan for 2024/25 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.

26. 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 Sukvinder Kalsi, Executive Director of Finance and Corporate Services on 25 November 2024.

Risk Management

27. 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 20 November 2024.

List of Appendices:

Appendix 1 Audit Plan 2024-25 Status Report

Appendix 2 Implementation of Recommendations 2024/25

AUDIT PLAN 2024/25 STATUS REPORT

The Plan is reviewed and updated following discussions with Directors, taking into account changing risks and priorities. The status of audits in the current Plan is shown below:

Plan Area	Draft Report Issued	In Progress/ Due to Start	Not yet Due	Deferred
Cross-cutting	<ul style="list-style-type: none"> Local Business Continuity Planning (2023/24) (Jul-24). Internal Audit updating in progress. 	<ul style="list-style-type: none"> Review of Regulatory Burdens (ongoing) 	<ul style="list-style-type: none"> Risk Management (Jan-25) Performance Reporting (TBC) Capital Programme: Governance & Pipeline (TBC) 	<ul style="list-style-type: none"> Financial Systems (no areas due for review in year)
Finance & Corporate Services (excl Digital & Housing)	<ul style="list-style-type: none"> Elections Readiness (Nov-24) 	<ul style="list-style-type: none"> FOIs/ SARs/ Member's Enquiries (Sep-24) Treasury Management (Oct-24) Housing Rents (Nov-24) People & Talent: DBS Checks (Q3) Pensions Administration: Ongoing Cyclical Review Procurement: Ongoing discussions 	<ul style="list-style-type: none"> Leaseholders Debt Management (Feb-25) Partnerships (TBC) People & Talent: Other (TBC) Third Sector/ Trustees (TBC) 	<ul style="list-style-type: none"> Revs & Bens (reviewing frequency of audit cycle and scope for future year)
Digital Services		<ul style="list-style-type: none"> Digital Services Resilience (Oct-24) IHMS Housing Improvement Programme (Nov-24) 	<ul style="list-style-type: none"> Revs & Bens Application (TBC) 	
Housing	<ul style="list-style-type: none"> H&S – Asbestos (Oct-24) 	<ul style="list-style-type: none"> H&S – Water Hygiene (Oct-24) Damp & Mould (discussions) Building Safety Regulator (discussions) Social Housing Consumer Standards (discussions) 	<ul style="list-style-type: none"> Allocations (Jan-25) H&S Electrical (Mar-25) 	

AUDIT PLAN 2024/25 STATUS REPORT

Plan Area	Draft Report Issued	In Progress/ Due to Start	Not yet Due	Deferred
People Services: Children's		<ul style="list-style-type: none"> • No Recourse to Public Funds (Sep-24) • Supporting People Claims (on-going) 		
People Services: Schools	<ul style="list-style-type: none"> • All Saints C of E Primary (Jul-24) • Kenmont Primary (Oct-24) 	<ul style="list-style-type: none"> • 		<ul style="list-style-type: none"> • James Lee Nursery (agreed with Finance, school staff changes)
People Services: Social Care & Public Health	<ul style="list-style-type: none"> • Out of Borough Placements (advisory 2023/24) (draft May-24) 	<ul style="list-style-type: none"> • Public Health Contract Management (Nov-24) 	<ul style="list-style-type: none"> • CQC Outcomes (discussions) • Direct Payments (TBC) • Client Affairs (TBC) • Homecare Contract (TBC) 	
Place		<ul style="list-style-type: none"> • Waste Contract (Nov-24) 	<ul style="list-style-type: none"> • Facilities Management H&S Compliance (Mar-25) • Building Control (TBC) • Emergency Planning (TBC) • Commercial Property Management (discussions) 	<ul style="list-style-type: none"> • Food Safety / Environmental Health (discussions)

Implementation of Recommendations 2024/25

The high (1) and medium (6) 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.

Ref	Audit	High Priority	Medium Priority	Recommendation(s) in progress/ not implemented and original implemented date	Status	Revised Implementation Date
1	<p>ASC Supervision (Satisfactory)</p> <p>Audit Issued: August 2021</p> <p>Initial follow up: September 2023</p> <p>Next follow up: In progress (Oct 2024)</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>	<p>1) Plan to complete and submit monitoring forms was instigated, however put on hold due to the Principal Social Worker (PSW) post being vacant. Now a Principal Social Worker is in post the recommendation is due to be implemented.</p> <p>2) Plan for KPIs to build into monitoring & reporting systems was put on hold due the PSW vacancy. Now that a PSW is in post the recommendation is due to be implemented.</p>	<p>1) October 2023</p> <p>2) November 2023</p>
2	<p>William Morris Sixth Form (Limited)</p> <p>Audit Issued: October 2022</p> <p>Initial follow up: February 2024</p> <p>Next follow up: In progress (Oct 2024)</p>	1	0	<p>The Voluntary Fund Account(s) should be reconciled monthly with the reconciliation signed and dated by the appropriate officer. The reconciliation should be reviewed, by a second officer with this review evidenced.</p> <p>Voluntary Fund Accounts should be audited by a registered auditor on an annual basis and presented to the FGB for review and approval (due Feb 2023).</p>	<p>The reconciliation was implemented in Feb-2022 when the new SBM joined.</p> <p>The 19-20 accounts were presented to the Finance Staffing and Resources Committee in May 2021. The accounts for 21-22 and 22-23 are still with the external auditor as the school had trouble finding paperwork for the 21-22 accounts which delayed the audit.</p>	May 2024

APPENDIX 2

Ref	Audit	High Priority	Medium Priority	Recommendation(s) in progress/ not implemented and original implemented date	Status	Revised Implementation Date
3	<p>Community Safety Anti-Social Behaviour (Satisfactory)</p> <p>Audit Issued: November 2023</p> <p>Initial follow up: September 2024</p> <p>Next follow up: In progress (Nov 2024)</p>	0	2	<p>1) The Service should review their ASB and Community Trigger policies and procedures to ensure that 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> <p>2) The Council should review their Community Trigger Procedure and decide if they wish to keep the timescales as currently written and if they are feasible or adjust the Procedure so that it aligns with their current process. The Service should introduce a mechanism to monitor steps taken in community trigger review to provide an opportunity to the team to identify potential delays prior to occurring (due Oct 2023).</p>	<p>1) ASB Policy and Hate Crime Policy has been drafted and is awaiting sign-off on 24 July by Lead Members to allow for resident consultation. Current ASB Case Review Policy and process is being reviewed and updated.</p> <p>2) This work is scheduled as part of the overhaul of the ASB and Hate Crime procedures. There is a project manager in place to assist with the development of the ASB policies and procedures, of which this work is a feature.</p>	<p>1) October 2024</p> <p>2) September 2024</p>
4	<p>Children's Services Direct Payments (Satisfactory)</p> <p>Audit Issued: November 2023</p> <p>Initial follow up: July 2024</p> <p>Next follow up: January 2025</p>	0	2	<p>1) The Service should review the Direct Payment Policy to reflect that a specific 'care plan' does not exist, and it should reflect the actual process in practice. Furthermore, the Service should consider reviewing the defined requirement of parent/carer approval of the 'care plan' and consider whether the Policy should be amended to reflect the process in practice. Where the Service decides to keep the requirement of approval, the Service should ensure that they receive</p>	<p>1) The direct policy and guidance have been updated to reflect that there is no longer a requirement for a specific 'care plan' document to be in place. The policy instead notes the need for agreed outcomes. However, this amended policy is not yet implemented, partly due to the general election, but is going through appropriate governance steps for approval prior to sharing with families. It is expected that the new policy</p>	<p>1) December 2024</p>

APPENDIX 2

Ref	Audit	High Priority	Medium Priority	Recommendation(s) in progress/ not implemented and original implemented date	Status	Revised Implementation Date
				<p>approval of the finalised care package from the parent/carer by undertaking a check prior to processing the payment to confirm this has taken place. Where agreement is outstanding, the Service should take proactive steps to engage with parent/ carer to receive this (due Mar 2024).</p> <p>2) The Council should consider formulating an action plan documenting and scheduling the reviews for all direct payments. Timeliness of the six-month monitoring reviews should be monitored to provide opportunity to identify where further resourcing may be needed to complete the reviews (due Dec 2023)</p>	<p>will be implemented by end December 2024. The policy and guidance have been shared with Internal Audit.</p> <p>2) An audit started in October and individual casework actions were completed, no action plan was required. The April audit of 149 families is on-going. All 149 have been reviewed with actions for 84 completed. 22 have on-going significant actions mostly recovery of funds. The other 43 have minor issues which are in the process of being resolved (mostly explaining minor underusage).</p> <p>Some of the actions identified from the audit will be implemented alongside the new policy later this year.</p>	<p>2) December 2024</p>