

## London Borough of Hammersmith & Fulham

**Report to:** Audit Committee

**Date:** 27 October 2025

**Subject:** Internal Audit Progress Report (April to August 2025)

**Report of:** David Hughes

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

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### Summary

This report summarises the work of Internal Audit included in the 2025/26 Internal Audit Plan up to the end of August 2025. Two audits have been finalised and both received positive assurance opinions. Two 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

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### 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.

<b>Our Values</b>	<b>Summary of how this report aligns to the H&amp;F Priorities</b>
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

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## **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 .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.

### **Audit Outcomes (to 31 August 2025)**

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.
4. Two audits have been finalised in the period:
    - Registrar Service (Substantial Assurance)
    - Housing Health & Safety – Electrical (Satisfactory Assurance)
  5. One advisory review of Facilities Management Health & Safety has also been finalised.
  6. Appendix 1 shows the status of planned audits, as at the end of August 2025.

### **Follow ups**

7. Four follow up reviews have been completed in the period which confirmed that 18 (90%) of the recommendations made had been fully implemented, with 2 (10%) not fully implemented.
8. 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.
9. Details of high and medium priority recommendations not fully implemented at the time of the follow up review are contained in Appendix 2. Appendix 3 shows previously outstanding recommendations which have now been confirmed as implemented.

### **Consultation**

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

### **Legal Implications**

11. This is a regular update report on the position of internal audits as against the Internal Audit Plan.
12. 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.
- 13. 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.
- 14. 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.
- 15. There are no other legal implications arising from this report.  
*Implications verified by Grant Deg, Director of Legal Services on 9 October 2025.*

### **Financial Implications**

- 16. 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.
- 17. 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 7 October 2025.*

### **Risk Management**

- 18. 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 September 2025.*

### **List of Appendices:**

- Appendix 1 Audit Plan 2025-26 Status Report.
- Appendix 2 Status of recommendations not fully implemented at the time an audit is followed up.
- Appendix 3 Previously reported recommendations outstanding now implemented.

## Internal Audit Progress Report (1 April to 31 August 2025)

### Completed Audits

Two reports were finalised in the period.



One audit was in an area associated with a risk contained in the [Corporate Risk Register \(February 2025\)](#):

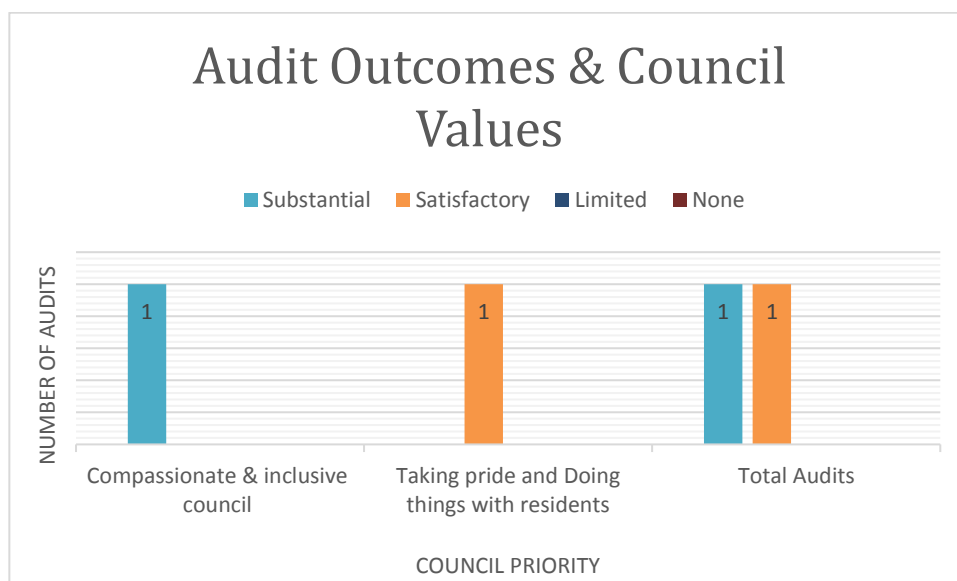
- Housing Health & Safety – Electrical (satisfactory assurance) – Risk 9.

The other audit was related to non-corporate risks:

- Registrar Service (**substantial assurance**)

The completed audits are aligned to the Council's Values as follows:

- Compassionate & inclusive council (Registrar Service)
- Taking pride in H&F and Doing things with residents (Housing H&S - Electrical)



### **Draft Reports**

Two draft reports have also been issued in respect of the following where responses are awaited:

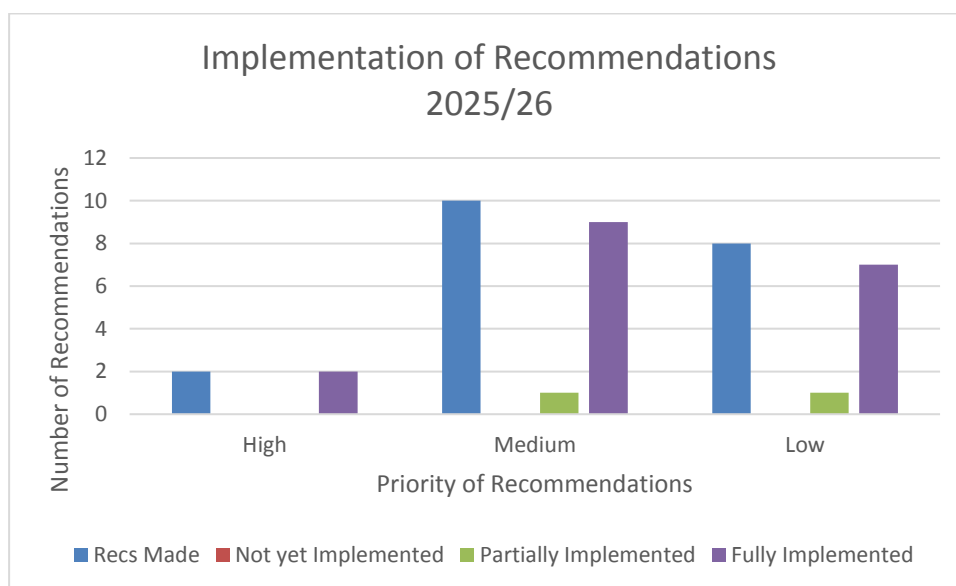
- St Paul's CofE Primary
- St Mary's RC Primary

### **Completed Follow up Reviews**

Follow up reviews have been completed in the following areas:

- HRA Cost Apportionment (1 high and 2\* medium priority recommendations)
- Direct Payments (Children's) (2 medium and 1 low priority recommendations)
- Jack Tizard School (1 medium priority recommendation)
- Kenmont Primary School (1 high, 5 medium and 7\* low priority recommendations).

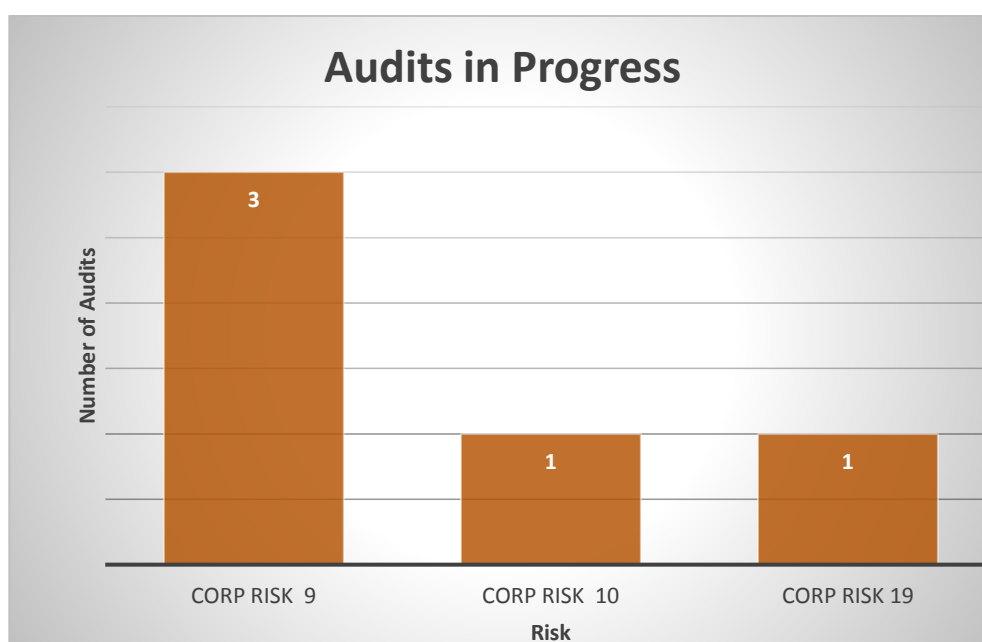
Eighteen recommendations (90%) were fully implemented with two recommendations (\*one medium and one low priority) partially implemented.



### **Audits in Progress**

We are currently reviewing areas where data is available that could be used in continuous audits such as purchase card expenditure, expenses data. In addition, five audits are in progress at the time of reporting which are in areas associated with risks contained in the [Corporate Risk Register \(February 2025\)](#):

- Housing Health & Safety: Gas, Lift Maintenance and Fire Safety – all Risk 9
- Building Control – Risk 10
- Housing Rents - Risk 19



The audits in progress are aligned to the Council's Values as follows:

- Compassionate & inclusive council (Building Control)
- Taking pride in H&F and Doing things with residents (Housing Health & Safety: Gas Safety, Lift Maintenance and Fire Safety)
- Ruthlessly financially efficient (Housing Rents).

### **Audits not yet due**

The Audit Plan for 2025/26 was reviewed by the Committee in March 2025. 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. 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.

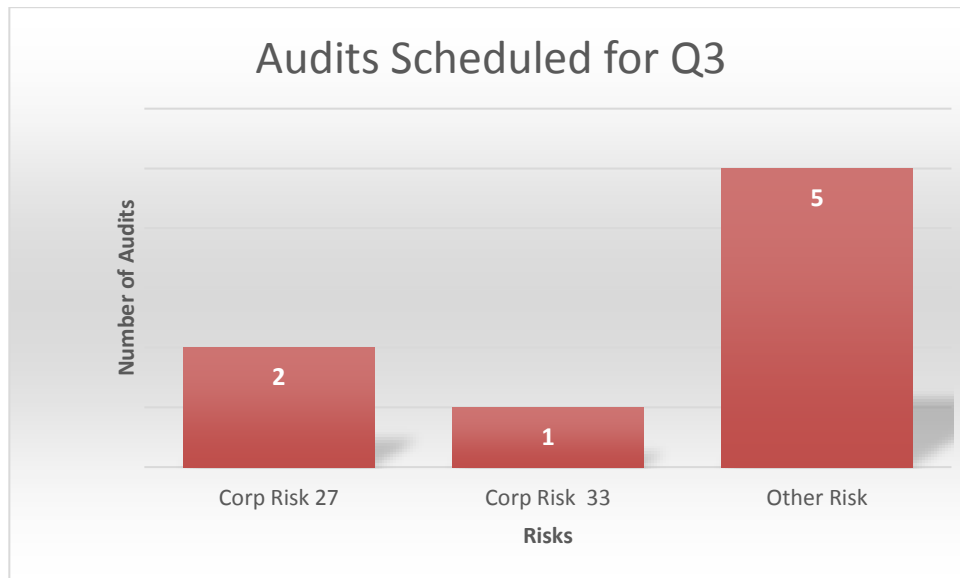
### **Audits scheduled to commence in Quarter 3**

Eight audits are currently scheduled to commence in Quarter 3 with three of the audits in areas associated with risks contained in the [Corporate Risk Register \(February 2025\)](#):

- Disrepair and Housing Repairs – both Risk 27
- Direct Payments to Adults- Risk 33

Five audits are related to other non-corporate risks such as governance and financial control:

- Coroner Service
- St Stephen's Primary School
- James Lee Nursery School
- Procurement Cards
- Food Safety



The audits scheduled to commence in Quarter 3 are aligned to the Council's Values as follows:

- Compassionate & inclusive council (Coroner's Service and Direct Payments to Adults)
- Taking pride in H&F (Food Safety)
- Taking pride in H&F and Doing things with residents (Disrepair and Repairs)
- Ruthlessly financially efficient (St Stephen's and James Lee schools and Procurement Cards)

### **Audits scheduled to commence in Quarter 4**

Three audits are currently scheduled to commence in Quarter 4:

- Flora Gardens Primary School
- Leaseholder – Debt Management
- Social Care Transitions

Other audits for inclusion in Quarter 4 have not yet been confirmed.



### Implementation of Recommendations 2025/26

The 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 (31 August 2025)
<b>ASC Supervision</b> (Satisfactory)  Audit Issued: Aug-2021  Initial follow up: Sep-2023  Next follow up: In progress (Oct 2025 but delayed accommodating the CQC inspection)	0	2	1) Line managers should be reminded of the importance of completing and submitting their supervision monitoring form (due Nov-2021).  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).	1) Oct-2025  2) Nov-2025	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.  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.  Follow up to be restarted now CQC inspection has been completed.
<b>Place Community Safety Anti-Social Behaviour</b> (Satisfactory)  Audit Issued: Nov-2023  Initial follow up: Sep-2024  Next follow up: Due Q2 2025/26	0	2	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).  2) Review the Community Trigger Procedure and decide whether to keep the timescales as currently written and if they are feasible or adjust the Procedure so that it aligns with their current process. 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).	1) Oct-2025  2) Sep-2025	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.  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.  Further follow up in progress.

## APPENDIX 2

Department & Auditable Area	High	Med	Recommendation(s) in progress / not implemented and original implementation date	Revised Date	Status (31 August 2025)
<b>Schools Cambridge School</b> (Satisfactory)  Audit Issued: Jun-2024  Initial follow up: Apr-2025 Next follow up: Sep-2025	0	2	1) The school needs to improve on raising POs in advance of purchases.  2) The leavers overpayment had not been recouped and actions required to reduce the risk of a re-occurrence.	July 2025	1) The school is increasing the number of orders raised in advance of purchases and approval is obtained before all purchases.  2) Governors have been informed and a plan for recouping overpayments is to be agreed and improvements still being made to the process to avoid future instances.  Further follow up in progress.
<b>Place Climate Action Plan</b> (Satisfactory)  Audit Issued: Feb-2024  Initial follow up: Apr-2025 Next follow up: Sep-2025	0	5	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.  Due by: Oct-2024	All in June 2025	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 31 <sup>st</sup> 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) Reviews of KPIs & their 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.  Further follow up in progress.

## APPENDIX 2

Department & Auditable Area	High	Med	Recommendation(s) in progress / not implemented and original implementation date	Revised Date	Status (31 August 2025)
<b>Corporate Services (Finance) HRA Cost Apportionment</b> (Satisfactory)  Audit Issued: Dec-2022  Initial follow up: Nov-2024 to Jun-2025  Next follow up: Jan-2026	0	1	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.  Due by: Nov-2023	Dec-2025	The recommendation has been partly implemented: • 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 and steps taken in reviewing the model each year would be easier to demonstrate and follow if formal minutes were taken at meetings. These minutes should clearly set out the decision made with sufficient detail to explain the rationale for the change as well as confirming the bases of apportionment and that they align with the available guidance.  <b>Further action required •</b> The review process next year to include formal minutes setting out clearly the changes made and the rationale for doing so. • This should include clear evidence of formal sign off by senior management.  Further follow up due in Jan-2026.

**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
Children's Direct Payments (Satisfactory)  Original audit: Nov-2023  Follow up: Jul-2024 Follow up: Jun-2025	0	2	1) Service should review Direct Payment Policy to reflect the actual process in practice. (due Mar-2024).  2) Should consider an action plan documenting and scheduling the reviews for all direct payments. Timeliness of the 6-month monitoring reviews should be monitored to provide opportunity to identify where further resourcing may be needed to complete the reviews (due Dec-2023).	June 2025