

London Borough of Hammersmith & Fulham

Report to: Audit Committee

Date: 1 December 2025

Subject: Annual Report of the Audit Committee Municipal Year 2024/25

Report of: Councillor Patrick Walsh, Chair of the Audit Committee

Responsible Director: Executive Director of Finance and Corporate Services

Summary

This report summarises the work of Audit Committee (“the Committee”) over the municipal year 2024/25, i.e. from May 2024 to April 2025.

Recommendations

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

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 and risk management covers a wide range of services, including those which are delivered in partnership with local and national companies. Assurance may be required over risk management and governance arrangements to demonstrate the benefit to residents of co-delivered services.
Creating a compassionate council	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, audit will consider how well co-production and resident access is embedded in a process.
Being ruthlessly financially efficient	Internal Audit helps to ensure that management have robust controls and practices in place to safeguard the Council’s assets, control expenditure and maximise potential income to protect and invest in essential frontline services which are in place to meet the Council’s priorities. The Council’s accounts demonstrate their fiscal responsibility and the delivery of value for money services.

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 Officers:

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Name: Debbie Yau
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Background Papers Used in Preparing This Report

None

DETAILED ANALYSIS

Background

- On 9 December 2024, the Committee noted a proposal to undertake a Review of Effectiveness of the Committee, taking into account the CIPFA Toolkit for Effective Audit Committees and the CIPFA Skills and Knowledge Framework for Audit Committee members. The Committee agreed to participate in a workshop as part of the review, having completed individual self-assessments against the checklists in the Toolkit.
- The Workshop was held on 8 April 2025, facilitated by the Shared Services Director of Audit, Fraud, Risk and Insurance and the Head of Internal Audit.
- The purpose of the workshop was to:
 - Consider the results of the completed Toolkit self-assessment and Skills and Knowledge Framework; and
 - Identify topics for future briefings and training resources that would be of interest to the Committee.
- After the self-assessment and workshop were completed, the Committee was assured that it was performing its role in line with CIPFA's best practice.

5. One of the recommendations arising from this review was to enhance the Committee's effectiveness by providing an annual report to the Council on its work and performance every municipal year.
6. It was also agreed that the Committee would look to appoint an Independent Member for a fixed term of three years.

Committee Activity

7. The Committee's membership during the 2024/25 municipal year was as follows:
Cllr Patrick Walsh (Chair)
Cllr Florian Chevoppe-Verdier
Cllr Adrian Pascu-Tulbure
Cllr David Morton
Cllr Lisa Homan
8. The Committee's positive impact was facilitated by the officers who prepared reports and presented them at meetings of the Committee and addressed concerns raised by Members.
9. The Committee met on the following dates in the municipal year 2024/25:
 - 31 July 2024
 - 06 November 2024
 - 09 December 2024
 - 10 March 2025
10. The meetings were quorate on each occasion. The Chief Executive, The Executive Director of Finance and Corporate Services, the Assistant Director of finance, the Shared Services Director for Audit, Fraud, Risk and Insurance, the Head of Internal Audit and the Risk Manager attended relevant meetings as appropriate, along with other Executive Directors, Directors and professional colleagues in respect of specific items on each agenda.
11. The topics discussed at each meeting are contained in Appendix 1.

Internal Audit and Fraud Service Delivery Models

12. The Council's Internal Audit and Corporate Anti-Fraud service is managed by the Shared Services Director for Audit, Fraud, Risk and Insurance. The service is hosted by the Royal Borough of Kensington and Chelsea (RBKC) as part of a Shared Services Agreement, across three councils, which has been in place since April 2015. Internal Audit shared resources are drawn from an in-house team and external delivery providers, Mazars and PwC, including undertaking reviews in specialist areas.
13. In July 2024, the Committee noted the External Quality Assessment of the Internal Audit service against the Public Sector Internal Audit Standards, which had achieved the highest rating that could be given under the Standards. In March 2025 the Committee considered an update on the Service's progress towards implementing the Global Internal Audit Standards, which came into force on 1 April 2025. The Committee reviewed the Internal Audit Strategy,

which set out how the Service would deliver against the new standards, including a suite of proposed Key Performance Indicators which would feature in future update reports to the Committee. The updated Audit Charter and Mandate were also approved by the Committee in March 2025.

14. The Corporate Anti-Fraud Service (CAFS) provides a complete, professional counter-fraud and investigation service for fraud attempted or committed against the Council. All CAFS work is undertaken in line with appropriate legislation and ensures the Council fulfils its statutory obligations under the Local Government Act 1972 to protect public funds and effectively prevent and detect fraud and corruption.

Internal Audit Plan

15. The Committee reviewed the updated Strategic Audit Plan and the outline Annual Audit Plan at its meeting in March 2025. The '3 plus 9-month' approach to the Annual Plan was considered to be highly agile allowing priorities to shift in response to local and national events.
16. During the year, the Committee received reports on the progress against the Plan and on the outcomes from the individual audits undertaken. The Committee was also updated on the outcomes of follow up work and the actions taken by operational managers to implement improvements to controls.

Cumulative Assurance

17. The Committee received the draft Annual Governance Statement (AGS) for 2023/24 in December 2024, along with the annual accounts. The AGS established that the Council has arrangements in place to meet the requirements of the CIPFA/ SoLACE Delivering Good Governance in Local Government Framework.
18. The Head of Internal Audit's Annual Report on Internal Audit work and the Council's internal control arrangements for 2023/24 confirmed that overall satisfactory internal control arrangements and procedures remain in place across the Council with 89% of audits receiving a positive assurance opinion for 2023/24. In addition, management had fully implemented 91% of previously agreed recommendations and partially implemented a further 6%.
19. The Committee gained a level of assurance from the External Auditor that, in their view, the Council continued to have a strong control environment in place and the accounts considered to be of excellent quality. The External Audit also provided unqualified opinions on the Council and Pension Fund Accounts.
20. Within the audit of the main statement of accounts, the External Auditor made two medium priority and five low priority recommendations, with one prior year recommendation on which to follow up. The pension fund accounts had one new recommendation (already implemented) and one prior year recommendation to implement.

Risk Management

21. The Committee received regular reports on risks across the Council throughout the year and noted the work being undertaken to enhance the risk management process and the detail contained within the Corporate Risk Register.
22. The Risk Management Strategy 2025 to 2028 was noted and approved by the Committee in March 2025 and it was agreed that an annual risk management report will be provided to the Committee for 2025/26.

Fraud Updates

23. The Committee received reports on the Council's anti-fraud activity and welcomed the continuing high-profile focus of the anti-fraud resources on housing related fraud including illegal sub-letting, temporary accommodation and other tenancy related fraud.

Statement of Accounts and External Audit

24. The Committee is required under its Terms of Reference, to recommend for approval the Council's Annual Statement of Accounts and to consider whether appropriate accounting policies have been followed.
25. The Committee was encouraged that the External Auditor (Grant Thornton) continued to find the accounts and supporting working papers to be a high standard.
26. The 2023/24 statement of accounts (including pension fund accounts) and annual auditor's report (AAR, previously known as the VFM opinion) were received at the committee's November 2024 meeting. The External Auditor was broadly through its fieldwork at that point, and was able to indicate to the committee it expected to provide an unmodified opinion for both the main accounts and pension fund accounts which subsequently followed. There were two medium recommendations for the main accounts and three medium/one low recommendations for the pension fund accounts.
27. Within the AAR, the External Auditor made one improvement recommendation for the year 2023/24 (indicating that the Council should include more scenario planning in developing its annual budget). This was in positive contrast to two key recommendations and seven improvement recommendations made for the previous report covering 2021/22 and 2022/23.
28. The Council also received regular reports on the Council's Treasury Management activity.

Independent Member

29. The guidance provided by CIPFA in their Position Statement 2022: Audit committees in local authorities and police advises that the audit committees of local authorities should include co-opted independent members. Following the Review of Effectiveness Workshop in April 2025, the Committee agreed to appoint an Independent Committee Member to the Committee for a fixed term of three years.

Conclusion

30. Throughout the 2024/25 municipal year, the Audit Committee has consistently delivered robust scrutiny of the Council's governance structures and financial reporting processes.
31. The Committee will continue to evaluate and assess risk management across the Council, promoting the consistent application of best practices across the Council. The Committee will also remain committed to upholding strong internal controls and ensuring accountability for failures to meet these standards.

Consultation

32. The report has been subject to consultation with the Chief Executive, the Executive Director of Finance and Corporate Services, the Monitoring Officer and the Shared Services Director for Audit, Fraud, Risk and Insurance.

Legal Implications

33. There are no legal implications arising from this report.
Implications verified by Grant Deg, Director of Legal Services on 17 November 2025.

Financial Implications

34. There are no direct financial implications emanating from this report, but some of the content is financial in nature given subject matter.
Implications verified by Sukvinder Kalsi, Executive Director of Finance and Corporate Services on 13 November 2025.

Risk Management

35. There are no risk management implications arising from this report.
Implications verified by Jules Binney on 13 November 2025.

List of Appendices:

Appendix 1 Audit Committee Meetings – Municipal Year 2024/25

AUDIT COMMITTEE MEETINGS – MUNICIPAL YEAR 2024/25

Date of meeting	Accounts & External Audits	Internal Audits	Risk Management	Anti-fraud	Treasury Management	Other
31 July 2024	<ul style="list-style-type: none"> External Audit Plan 2023/24, Audit Risk Assessment and Statement of Accounts Update External Audit Programme & Sector Update 	<ul style="list-style-type: none"> Head of Internal Audit Annual Report 2023/24 	<ul style="list-style-type: none"> Risk Management Update 	<ul style="list-style-type: none"> Corporate Anti-fraud Service Annual Report 2023/24 		
06 Nov 2024	<ul style="list-style-type: none"> Statement of Accounts 2023/24 Annual Audit Report (Value for Money) 2023/24 				<ul style="list-style-type: none"> Treasury Management Outturn Report 2023/24 	<ul style="list-style-type: none"> Health & Safety Update April 2023 to March 2024 Annual Complaints Report 2023/24
09 Dec 2024		<ul style="list-style-type: none"> Internal Audit Update 2024/25 	<ul style="list-style-type: none"> Risk Management Update 	<ul style="list-style-type: none"> Corporate Anti-fraud Service Half-Year Report 1 April to September 2024 	<ul style="list-style-type: none"> Mid-year Treasury Management Review 2024/25 	
10 Mar 2025		<ul style="list-style-type: none"> Internal Audit Strategy 2025-2028, Internal Audit Charter & Mandate Global Internal Audit Standards Internal Audit Plan 2025/2 	<ul style="list-style-type: none"> Risk Management Strategy 2025-2028 Risk Management Update and Corporate Risk Register 2024/25 			