

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:

Name: David Hughes
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