

**Report for:** Audit Committee – 8 October 2024

**Item number:** 7

**Title:** Internal Audit Progress Report 2024/25 – Quarter 1

**Report authorised by :** Director of Finance

**Lead Officer:** Minesh Jani, Head of Audit and Risk Management  
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**Ward(s) affected:** N/A

**Report for Key/  
Non Key Decision:** N/A

**1. Describe the issue under consideration**

- 1.1 This report details the work undertaken by Internal Audit in the period 1 April to 31 August 2024 and focuses on progress on internal audit coverage relative to the approved internal audit plan, including the number of audit reports issued and finalised – work undertaken by the external provider (Forvis Mazars).

**2. Cabinet Member Introduction**

- 2.1 Not applicable.

**3. Recommendations**

- 3.1 The Audit Committee is recommended to note the audit coverage and follow up work completed.

**4. Reasons for decision**

- 4.1 The Audit Committee is responsible for monitoring the completion of the annual internal audit plan and the implementation of agreed recommendations as part of its Terms of Reference.
- 4.2 In order to facilitate this, progress reports are provided on a regular basis for review and consideration by the Audit Committee on the work undertaken by the Internal Audit Service in completing the annual audit plan. Where further action is required or recommended, this is highlighted with appropriate recommendations for the Audit Committee.

**5. Alternative options considered**

- 5.1 Not applicable.

## **6. Background information**

- 6.1 The information in this report has been compiled from information held within Audit & Risk Management and from records held by Forvis Mazars.

## **7. Contribution to the Corporate Delivery Plan 2024-2026 High level Strategic outcomes'**

- 7.1 The internal audit work makes a significant contribution to ensuring the adequacy and effectiveness of internal control throughout the Council, which covers all key Priority areas.

## **8. Carbon and Climate Change**

- 8.1 There are no direct Carbon implications arising from this report.

## **9. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Legal and Governance, Equalities)**

- 9.1 Finance and Procurement

### **Finance**

There are no direct financial implications arising from this report. The work completed by Forvis Mazars is part of the framework contract which was awarded to the London Borough of Croydon to 31 March 2026, in accordance with EU regulations. The costs of this contract are contained and managed within the Audit and Risk Management revenue budget. The maintenance of a strong internal audit function and a proactive and reaction fraud investigation team is a key element of the Council's system of Governance.

### **Procurement**

Strategic Procurement note the contents of this report and have been consulted on the relevant audits where required. Actions arising related to procurement and the letting of contracts are contained within the relevant audit reports and will be actioned accordingly.

- 9.2 **Assistant Director of Legal & Governance - Benita Edwards Head of Legal Services**

The Assistant Director of Legal and Governance has been consulted in the preparation of this report and advises that there are no direct legal implications arising from the report.

- 9.3 Equality

The Council has a public sector equality duty under the Equality Act (2010) to have due regard to:

- tackle discrimination and victimisation of persons that share the characteristics protected under S4 of the Act. These include the characteristics of age, disability, gender reassignment, marriage and civil

partnership, pregnancy and maternity, race, religion or belief, sex (formerly gender) and sexual orientation;

- advance equality of opportunity between people who share those protected characteristics and people who do not;
- foster good relations between people who share those characteristics and people who do not.

As contracted providers of Haringey Council, the internal audit contractor is required to demonstrate a strong commitment to equality and fairness in their actions and work practices, and adherence to the Equality Act 2010. Ensuring that the Council has effective internal audit and assurance arrangements in place will also assist the Council to use its available resources more effectively.

## **10. Use of Appendices**

Appendix A – Forvis Mazars Progress Report – Internal Audit

## **11. Background Information**

None

## **12. Performance Management Information**

- 12.1 Although there are no national or Best Value Performance Indicators, local performance targets have been agreed for Audit and Risk Management. Table 1 below shows the targets for each key area monitored and gives a breakdown between the quarterly and cumulative performance.

**Table 1 – Performance Indicators**

Ref.	Performance Indicator	1 Apr 24 – 31 Aug 24	Year to date	Year end Target
1	Internal Audit work (Forvis Mazars) – Days Completed vs. Planned programme	22%	22%	95%
2	Priority 1 recommendations implemented at follow up	100% *	100% *	95%

\* - Four Priority 1 recommendations were followed up and all four had been implemented. There are a further six recommendations to follow up and their status will be reported at the next meeting of the Audit Committee.

## **13. Internal Audit work – Forvis Mazars**

- 13.1 The activity of Forvis Mazars for the first period of 2024/25 is detailed at Appendix A. Forvis Mazars planned to deliver 208 days of the annual audit plan (800 days) during the period (to 31 Aug 2024) and delivered 177 days audit work during this period. There has been some change to the audit plan to reflect the changing priorities within the Council and I will report the changes as part of my annual audit report to the Audit Committee's at its next meeting.
- 13.2 Members of the Audit Committee receive detailed summaries of all projects for which a final report has been issued to allow for any concerns which members

may have to be considered in a timely manner. Appendix A provides a list of all final reports which have been issued since the start of the financial year. Since the last Audit Committee meeting in July, 13 internal audit reports have been issued, and the majority assigned a “Limited” level of assurance. Those audit areas where the level of assurance is low are detailed below.

### 13.3 Significant issues arising in Quarter 1

In this period, there were eight final internal audit reports that were assigned either a “Nil” or “Limited” level of assurance. The nature of the service and key residual risks arising from review are noted below.

#### **Residential Placements – “Nil” Assurance**

The Council has a duty to provide support and accommodation to all children and young people if they cannot remain with their families, including accommodation to support homeless 16 - and 17 -year -olds, children aged between 10 and 17 who have been refused bail, and a young person wishing to remain in their foster placement between the ages of 18 and 25 under a Staying Put policy.

The placements arranged must meet the child’s needs, and the more complex the needs of the child, the higher the cost of the placements. Over the past few years, there has been increased demand for specialist and therapeutic placements.

Since April 2022, the Council has undertaken a restructuring of the Brokerage Team and a re -organisation of the commissioning placements process. This has resulted in the Council seeking to create new roles within the team, which at the point of audit a number of these had not yet been filled. Furthermore, prior to March 2023, the Council utilised the London Care Service framework to identify and select appropriate placement providers.

The audit highlighted the following areas of risk:

- Due diligence checks were not completed for four out of ten placements between April 2022 and May 2023.
- Lack of monitoring and reporting system for the providers on safeguarding concerns, complaints, and incidents.
- Lack of policies and procedures for the placement process. The draft 'Finding Placements Process' flowchart dated August 2022 is yet to be finalised.
- A reconciliation of the Placement Services Risk Assessment has not taken place at the time of the audit to ensure existing placement providers are included on the register.

- Testing of ten placements between April 2022 and May 2023 identified that for seven cases, the management were unable to locate a copy of the Individual Placement Agreement with the providers on the Child's case file.
- Site visits were not undertaken to assess and inspect the quality of care provided to the children and provider's safeguarding, and Health and Safety control policy; and
- Lack of a regular management reporting system highlighting the performance in relation to Residential Placements.

The auditors raised 10 recommendations; two “priority 1”, six “priority 2” and two priority 3. The Audit Committee should note this audit began in May 2023, the draft report was issued on 18 July 2023 and the final report was issued on 16 August 2024.

### **Management of Aids and Adaptations – “Limited” Assurance**

This audit was requested by the Director of Adults, Health & Communities as the Director was concerned over the operations of the service.

The Adaptations Service helps provide support to individuals with disabilities through provision of equipment, minor adaptations (such as stair rail, chair raise) and major adaptations (such as ramp for wheelchair or level access to shower) to enable them to carry out tasks as needed. The needs of the individual are identified through an assessment completed by an Occupational Therapist (OT).

The aids and adaptations budget for 2023/24 was £2.6 million for the Disability Facilities Grant (DFG) and £1.1 million for the Housing Revenue Account (HRA). Per the period six 2023-24 budget monitoring report, the actual spend as at quarter two of 2023-24 two was £779,171 for the DFG and £563,970.

The Adaptations Manager has oversight over the Contractors and Surveyors completing the works. Currently, the Council have three Surveyors completing adaptation works, these include two individuals employed by Haringey Council and one Contractor.

The audit highlighted the following key areas of risk:

- Absence of a formal approach to award works to Contractors;
- Updated policies and procedures were not in place for the management of aids and adaptations and absence of documented process and KPIs for the completion of post completion inspections;
- A formal process for monitoring costs of the Contractor's works was not in place;
- Evidence of reconciliation and authorisation of invoices for the completed adaptation works was not documented or retained;

- The correct Occupational Therapist assessments was not available/provided for four cases;
- Evidence of considering the maintenance of adaptations was not consistently available, such as through obtaining an extended warranty; and
- A lack of awareness of the process to prioritise adaptation needs and the criteria or process to follow for prioritising adaptations based on urgency and available resources.

The auditors raised eight recommendations; one “priority 1” and seven “priority 2”. The Audit Committee should note this audit began in Dec 2023, the draft report was issued on 29 Feb 2024 and the final report was issued on 4 Sept 2024.

### **Commercial Property – “Limited” Assurance**

A Commercial Property audit was previously undertaken in November 2022 at management’s request, the audit was assigned “Nil” Assurance with a total of 32 recommendations, 15 of which were fundamental (Priority 1) and 10 were significant (priority 2).

Commercial property management includes income collection, arrears management, property compliance, and repairs and maintenance. These areas are monitored through the SAP financial system, Civica Property Management (formerly Technology Forge), Monday.com and manual spreadsheets. Further, the Council has policy or procedure documents for compliance around Asbestos Management, Electrical Safety, Fire Safety, and Gas Safety, developed in September 2022. A Property Dashboard Report (as of March 2023) stated that the number of commercial units let were 915.

The audit highlighted the following key areas of risk:

- The audit identified missing and overdue Fire Risk Assessments (FRAs), though the Council’s Compliance Tracker reports FRAs as 100% compliant;
- We also identified properties with no in-date Electrical Installation Condition Reports (EICRs) or in-date gas safety certificates;
- Management did not have central oversight and storage of leases and their status. Work is currently underway as part of the Property Review;
- Roles and responsibilities for statutory compliance between the Council and tenants are not consistently clear;
- There are a lack of policies and procedures relating to key aspects of commercial property management including: arrears management, repairs and maintenance, lifts and water safety, rent setting, rent review, and lease renewal;
- Lack of a formal arrears management process for commercial properties and delays to commercial property works; and
- Delays to completion of responsive repairs works.

The auditors raised 16 recommendations; six “priority 1”, six “priority 2” and four “priority 3”. The Audit Committee should note this audit began in Jun 2023, the revised draft report was issued on 14 Mar 2024 and the final report was issued on 23 Aug 2024.

### **Children In Care – “Limited” Assurance**

Haringey Children’s Social Care Service was inspected in accordance with legislation and the new Ofsted inspection framework that became operational in December 2022. The findings from the inspection were published on 11 April 2023 which saw Haringey Children’s Social Care Service judged as a Good Children’s Service for overall effectiveness.

Permanency planning is a critical part of the Children in Care service, as achieving permanence through long-term fostering or special guardianship 5 care is an ambition of Haringey Children’s Social Care Service. When a child becomes looked after they are brought to Haringey’s Permanency Panel. The Panel is made up of five members, with either the Chair or Vice-Chair, a Haringey Social Worker, and three independent members. Children under and including five are to be reviewed every four weeks and children between six and 16 will be reviewed every 12 weeks. Social workers are expected to attend the panel for their children, unless an email update is requested instead.

As of January 2024, there were 181 children placed under the Children in Care team within Council, consisting of 44 children aged between 0-5 and 137 children aged between 6-16.

The audit highlighted the following key areas of risk:

- Children in care were not being reviewed in the permanency panel regularly and there was a lack of follow-up on social workers where the child’s update was not provided. In addition, there was an absence of monitoring and tracking system to ensure implementation of Permanency Panel decisions.
- Private fostering awareness-raising programme has not been fully rolled out across the community to meet the target of a net increase of 40% in referrals for private fostering by the end of March 2024.
- Evidence of supervision training held at least annually was not provided (i.e. training material, attendance log and training completion rate).

The auditors raised five recommendations; one “priority 1”, three “priority 2” and one “priority 3”. The Audit Committee should note this audit began in Jan 2024, the draft report was issued on 12 Mar 2024 and the final report was issued on 16 Aug 2024.



## **Policies around Damp and Mould – “Limited Assurance”**

This audit was requested by the Operational Director-Hsg & Build Safety.

Following the death of toddler Awaab Ishak in Rochdale and the subsequent coroner’s report, which found that a respiratory condition caused by long term exposure to mould had contributed, registered providers (RPs) have faced increasing scrutiny around their handling of cases of damp and mould. In October 2021, the Housing Ombudsman published its ‘Spotlight on Damp and Mould’ report which highlighted that RPs have failed to listen to and effectively act upon reports of damp and mould in their homes. In November 2022, the Ombudsman requested councils to self-assess against the 26 recommendations made in the ‘Spotlight’ report.

The audit highlighted the following key areas of risk:

- We identified a lack of evidence in our sample to confirm that instances of suspected damp and mould have been acted upon;
- Operational roles and responsibilities in relation to damp and mould are not clearly defined and allocated;
- The Housing Repairs team does not monitor training of colleagues who are involved in the management or identification on damp / mould; and
- There is lack of recording of operative and staff visits to properties and lack of evidence of regular reporting and monitoring of damp and mould cases.

The auditors raised five recommendations; three “priority 1”, six “priority 2” and two “priority 3”. The Audit Committee should note this audit was carried out in a timely manner.

Since the audit, the Auditors have been advised that since the audit fieldwork, further action has been taken to improve arrangements to identify, rectify and report on instances of damp and mould. This includes:

- Appointment of a Continuous Improvement Damp and Mould Manager;
- Implementation of a Customer Relationship Management (CRM) system for damp and mould; and
- Appointment of four further qualified surveyors.

## **Management of Council Purchase Cards – “Limited Assurance”**

As of April 2024, there were 259 active purchase cards across the seven directorates within the Council. The Council has a purchase card agreement with the financial services, NatWest, which allows for a maximum annual expenditure of £66m. The total Pcard expenditure during the period of April 2022 to December 2022 was £3.04m, while from April 2023 to December 2023,



found a total of £4.35m. This marks a significant increase (43%) in Pcard expenditure from 2022/23 to 2023/24.

The audit highlighted the following key areas of risk:

- Inadequate strategic oversight of Pcard usage within each directorate, including the absence of ongoing assessment of Pcard usage and spending limits, a lack of spending analysis and no regular audit of Pcard expenditure;
- The list of Pcard with cash withdrawal access was not maintained and needs to be requested from the financial service provider, NatWest; and
- Monthly Pcard transactional audit performed by the Financial Compliance Officer to identify anomalies or irregularities was not formally documented.

The auditors raised three recommendations; one “priority 1” and two “priority 2”.

### **Tenancy Management – “Limited Assurance”**

Tenancy management is supported by tenancy audits, each Housing Officer is assigned a patch of tenancies that they are responsible for assessing. The Head of Tenancy and Community Services advised that there have been historic resourcing issues, which has led to a significant backlog of tenancy audits. A Tenancy audit should be conducted at a property every five years, this has not been the case for the Council’s tenancies and a Housing Improvement Plan (February 2024) has been put into place to address the issues. The Housing Improvement Plan outlines the actions taken to address the backlog; it states that 20% of the backlog is to be cleared each year, meaning the full backlog should be cleared in five years. However, in 2023 only 1,400 audits from a 2,622 target were completed by the Tenancy Management team, this represented 10% of the backlog. Tenancy audit progress is monitored weekly by the Head of Tenancy and Community Services who receives email updates from the Head of Housing IT.

The audit highlighted the following key areas of risk:

- Anti-fraud activity is not sufficiently prioritised, fraud referrals are not triaged for completion as part of tenancy audits. Referrals are provided by the Housing Information Team randomly rather than prioritised by risk;
- There is insufficient training - Tenancy audit training programmes and schedules are not in place for staff and staff training is informal, without oversight and support;
- The Council is behind in its programme of tenancy audits and not progressing as planned against the backlog;
- Our view is that the service can achieve better value for money in a variety of areas; and
- Policies are outdated and lack key procedures.

The auditors raised 12 recommendations; five “priority 2” and seven “priority 3”.

### **Homeownership Service (Right to Buy) – “Limited Assurance”**

The statutory Right to Buy (RTB) was initially introduced by the Housing Act 1980 in England and Wales. The legislation established a legal right for most secure tenants of at least three years to purchase their home in most instances where the landlord was a council, new town, non-charitable housing association or other public sector body. The Housing Act 1985 allowed secure tenants of local authorities to preserve their RTB on the change of landlord to a housing association.

Tenants can apply to buy their council home at a discounted cost, if they meet the following conditions such as, it is their principal home and is self-contained, they are a secure tenant, and they have been a public sector tenant for at least three years.

RTB enquiries are made via the Council’s website, at which point prospective applicants are provided with the necessary forms, RTB1, and have access to links for appropriate independent financial advice and buying advice. The Council aims to acknowledge all enquiries within two days and respond within five days, as per the Council’s Service Standards.

The audit highlighted that the Section 125s are not sent out within the statutory deadline. This notice gives the purchaser the value of the property, determined by the Council’s internal Valuation team, the terms and conditions of the sale, the discount calculation, and the sales price. A due diligence check is then performed by the Risk and Assessment team who verify the purchasers’ financial circumstances.

The auditors raised 3 recommendations; one “priority 1” and two “priority 3”.