APPENDIX A - Annual Internal Audit Report 2025/26 (Including Head of Internal Audit Opinion)

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Introduction

1. Role of Internal Audit

1.1 The requirement for an internal audit function is detailed within the Accounts and Audit (England) Regulations (amended) 2015, which states that a relevant body must: *'Undertake 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.'*

1.2 Since 1 April 2025, local government internal audit functions are expected to operate in accordance with:

- Global Internal Audit Standards (GIAS) – UK Public Sector;
- Application Note in respect of the Global Internal Audit Standards in the UK Public Sector; and
- CIPFA Code of Practice for the Governance of Internal Audit in UK Local Government.

1.3 The professional standards for local authority internal audit are ultimately based on the Global Internal Audit Standards (GIAS) issued by the Institute of Internal Auditors (IIA), which is the global professional body for internal auditing and are intended to promote professionalism, quality, consistency and effectiveness of internal audit across the public sector. A requirement of the standards is for the Chief Audit Executive (Head of Internal Audit and Risk Management) to provide an annual opinion, which is based upon the internal audit work performed, on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and internal control. This report sets out the Head of Audit's opinion, by considering the work carried out by internal audit and the anti-fraud team, seeking assurances on the work of other agencies, recognising the risk management systems and the other assurance providers within the Council. For 2025/26, the internal audit plan was agreed with management and endorsed by the Audit Committee at the start of the financial year at its meeting in March 2025. It is worth noting that the internal audit plan can only provide a reasonable level of assurance over the system and internal controls operating in the Council and the level of assurance should not be regarded as absolute.

1.4 Under the GIAS, internal audit is required to have an External Quality Assessment (EQA) at least once every five years. This is to provide independent assurance over the operation of the audit function. Haringey's audit was externally assessed in April 2022 which confirmed that the Council's Audit Service **Fully Complied** with the required standards. The EQA considered annual self-assessments undertaken and the service's Quality Assurance and Improvement Plan (QAIP). A full report was presented to the Corporate Committee (precursor to the Audit Committee) in respect of the EQA and compliance with Public Sector Internal Audit Standards (the standards applicable before 1 April 2025) in July 2022. The Audit Committee was advised on the new internal audit standards in January 2025, before the new standards came into force from 1 April 2025. Key elements of the delivery of internal audit were refreshed, in particular, the internal audit strategy

and charter to ensure compliance with the new standards and presented to the audit committee most recently on 8 March 2026 with the internal audit plan.

1.5 Internal Audit, excluding the investigation of allegations of fraud and corruption and some other special review or investigations, is provided by Forvis Mazars LLP (Mazars) as part of the framework contract awarded to the London Borough of Croydon. Mazars carried out their own independent external assessment in 2024 to confirm the robustness of their methodology and compliance with standards and planning to carry out an assessment this year and the outcome was that they were **Fully Compliant.**

2. Internal Audit Approach

2.1 To assist the Council in meeting the relevant audit standards and achieving its objectives, internal audit provides a combination of assurance and advisory activities. Assurance work involves assessing how well the systems and processes are designed and working; advisory activities are available to help improve systems and processes where required.

2.2 A full range of internal audit services has been provided during the year and has been considered when forming the annual opinion. The approach to each audit review is determined by the Head of Audit and Risk Management, in discussion with Mazars and service management and will depend on, the level of assurance required, the significance of the area under review, and risks identified.

2.3 A report is issued for every assurance project completed on the annual audit plan, which provides an overall audit opinion according to the level of risk of the findings. In addition, each recommendation is given a priority rating, to assist service management in prioritising their work to address agreed recommendations. The overall classification relates to the findings at the time of the audit work. Internal Audit undertakes formal follow up work to ensure recommendations are implemented. The work completed by in house resources in the Audit and Risk Service is detailed in this document. The work completed by Mazars is detailed at Appendices B, C and F.

2.4 The internal audit approach and strategy has been to have an open and honest conversation with management to fully understand the residual risks within their services. Management have sought audit input where the service is aware of issues. This has translated into more areas being assigned a lower level of assurance and the engagement with internal audit is seen as a catalyst for improvement. This approach began a few years ago and has continued throughout 2025/26.

2.5 The approach adopted in using the internal audit service to provide independent assurance of systems and processes in areas where risks need better management is supported by the organisation including the Audit Committee. The work of internal audit captures the following key areas, using a risk based methodology:

- **Risk Assessment**: Identifying and assessing risks across various processes and functions to enhance risk management strategies;
- **Ensuring Compliance**: Ensuring adherence to laws, regulations, and internal policies;
- **Operational Efficiency**: Evaluating operational processes to improve efficiency, effectiveness, and economy. As envisaged, this area has become increasingly important with the continued financial challenges;
- **Internal Financial Controls**: Verifying financial records, transactions, and controls for accuracy and reliability; and
- **Process Improvement**: Recommending enhancements to processes, controls, and governance.

2.6 The Internal Audit Charter endorsed by the Audit Committee in March 2026 states the following in respect of the Global Internal Audit Standard:

- *'"as an independent and objective process for evaluating and improving an organisation's operations. It's a key component of good governance."."*

Executive Summary

3. Internal Audit Opinion

3.1 The Head of Audit and Risk Management is responsible for delivering an annual audit opinion and report that can be used by the Council to help inform its statutory Annual Governance Statement. The annual audit opinion provides a conclusion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control.

3.2 Internal audit work was carried out using a risk-based approach and included reviews of those systems, projects, and establishments to discharge the Chief Financial Officer's responsibilities under s151 of the Local Government Act 1972; the 2025 Global Internal Audit Standards; and the 2015 Accounts and Audit (England) Regulations.

3.3 In providing the annual audit opinion, reasonable but not absolute assurance can be provided that there are no fundamental weaknesses in the overarching processes reviewed. In assessing the level of assurance given, I have taken account of:

- Reports on all internal audit work completed, including any advisory work, control failure investigations and briefings to management;
- Results of follow up exercises undertaken;
- Any reviews completed by external review bodies and external audit;
- Risk Management workshops undertaken to support management to better manage either existing or emerging risk areas;
- Counter-fraud activity and investigations;
- Assurance from management and governance bodies; and
- Professional judgement regarding the significance of findings and risks identified

3.4 I am satisfied that sufficient assurance work has been carried out to allow me to form a reasonable conclusion on the adequacy and effectiveness of the Council's internal control environment.

3.5 I have considered the work completed by both Mazars and the in-house team, including that of the anti-fraud investigation team for 2025/26. This includes reviews of internal audit reports, fraud investigations and briefings to management. In my opinion, with the exception of those areas where 'limited' or 'nil' assurance reports have been issued, the controls in place in other areas reviewed are adequate and effective. It is noted that areas of concern noted in prior years have not yet been fully addressed, on-going work ensures that these remain in the focus of Senior Management and Members.

3.6 Where weaknesses in controls have been identified, internal audit has worked with management to agree appropriate actions and timescales to improve controls. Internal Audit undertakes follow up reviews or further audit work to confirm their implementation.

3.7 For 2025/26, I have also considered the Council's assessment by external agencies such as Ofsted, the Housing Ombudsman etc. I have worked closely with Senior Officers to monitor these corporate workstreams throughout the year and have taken assurance from the outcomes of this work to inform the opinion.

3.8 For this financial year, my opinion is layered; I felt a single opinion may be seen to oversimplify the organisation's control environment. This approach will provide greater transparency to management and the Audit Committee and help explain how my overall opinion has been reached. The meaning of the different levels of assurance is set out below:

Adequate Assurance - This means that there is generally a sound control framework in place, but there are some specific gaps in the control framework which need to be addressed and that the system of internal control that has been in place at the Council for the year ended 31st March 2026 and accords with proper practice, except for the significant internal control issues referred to in this report.

Limited Assurance - There are significant weaknesses in the framework of governance, risk management and control such that it could be or could become inadequate and ineffective.

3.9 I have considered the following areas and provided my opinion for each:

Governance Opinion – "Adequate Assurance". This is based on the authority's decision-making arrangements, ethical framework, constitution and scheme of delegation, committee effectiveness and performance management.

Risk Management Opinion - "Adequate Assurance", based on the Council's risk framework maturity, strategic risk management, risk ownership, integration of risk into decision-making and the work carried out by Zurich Municipal in supporting the authority's risk management practice.

Internal Control Opinion – "Limited Assurance", based on effectiveness of financial controls, operational controls, compliance controls and key service controls. A summary of the key internal control matters arising from the work of internal audit is set out at paragraphs 3.13 – 3.19. This is particularly relevant in the context of internal controls over the delivery of savings and compliance with internal controls put in place to respond to the organisation's financial pressures. The issuance of a statutory recommendation by the Council's external auditors, KPMG, who highlight "unidentified savings/funding gaps in financial planning that would substantially threaten the delivery of the plan" and "persistent failure to meet savings plans or financial targets" illustrate significant weaknesses of the Council's control environment. The recommendation is published at Statutory Recommendation. It is acknowledged measures to strengthen financial governance have been put in place to improve the financial position of the authority but these have yet to realise the savings required. The response of the Council is set out at this link Response to Statutory Recommendation.

3.10 ***Overall Opinion:*** based upon the work completed during the year and the other sources of assurance available, it is my overall opinion is that ***Limited Assurance*** can be given that the Council's framework of governance, risk management and internal control was operating effectively during 2025/26 and supports the achievement of the Council's objectives. Several areas for improvement were identified, some sufficiently significant to undermine the overall effectiveness of the control environment. Management have accepted appropriate action plans to address the weaknesses reported. It is also important to acknowledge the statutory recommendation issued by the external auditor to balance Council budget.

3.11 As in previous years, the proportion of internal audits assigned a lower level of assurance is significant. In my conversations with Corporate Directors when planning the annual internal audit plan, we consider areas of risks where management have concerns or seek assurances over the arrangements in place, to make better use of the internal audit resource. I have discussed this approach with the former Chair of the Audit Committee and the Audit Committee who also believe audit resources should be focused on areas where risks are high. Inevitably, this will lead to higher proportion of audits being assigned a lower level of assurance. However, the lack of compliance with stronger controls over recruitment and spend instigated during 2025/26 is concerning, and I will continue to monitor and provide assurances to management and the Audit Committee.

3.12 In summary, the outcomes of the 2025/26 audit plan contained within this report indicate that areas where assurances were not adequate are set out below. It is important management take appropriate steps to ensure internal controls are implemented in these areas.

3.13 A number of operational internal audits within Housing have been assigned "Limited assurance" such Responsive Repairs and Management of Garages. These are known areas of risk and the service is responding to audit recommendations. At its last meeting, the Audit Committee received a presentation from management over its actions over the Management of Voids audit that had been assigned "Limited" assurance. On a positive note, the internal audits of

Disrepair cases and voluntary undertaking (six statutory requirements) both resulted in positive assurances.

3.14 In respect of Property Services where in 2021/22 “Limited” assurance opinions and management concerns were highlighted, progress continues on establishing the fundamental internal controls, though the arrangements are not finalised. In my last annual report, I explained I will monitor and formally follow up the progress to address control weaknesses in this area in 2025/26 including new audits as appropriate. I am pleased to note that the audit of Acquisition and Disposal was assigned “Adequate Assurance” after many years of being assigned “Limited Assurance”. Nevertheless, there is still a need for establishing strong internal controls in many areas of the service, including Commercial Property where gaps in governance remain.

3.15 Over the 2025/26 financial year, a number of audits were performed to allow the authority to gauge the effectiveness of new financial controls that were put in place to help respond to the financial challenges at the authority. Two area of audits are particularly relevant; an advisory audit of the Compliance with Cost Control Measures and the assurance audit of the Governance and Delivery of Savings that was assigned a “Nil” assurance. In response, further audits are planned in this financial year to provide new assurances in these areas. As noted above, the external auditors in their annual report have also highlighted delivery of savings and financial viability and my audit plan will need to be adapted to take further note of any external audit recommendation. The issuance of a recommendation under their statutory powers highlights the external auditor’s concern over the Council’s financial governance and it is important internal audit work provides assurance over the implementation of the Council’s recommendations to address the statutory and two non-statutory recommendations.

3.16 Last year, I highlighted weak internal controls is in respect of the financial controls with Adult services. Internal audit had reviewed the Brokerage function, Assessment of Client contribution and the use of the Dynamic Purchasing System to procure social care for clients. All have been assigned a low level of assurance. Moreover, the CQC inspection highlighted weakness in the operation of the service, consequently, an improvement plan was established and Board, chaired by the Chief Executive established to review and implement improvements. This work is on-going and for the financial year 2025/26, the service was yet to complete all its actions. This invariably means the service remains exposed to financial and reputational risks where the control environment is not robust.

3.17 Contracts and Procurement has been an area of concern since 2020/21 and I, along with the Corporate Director of Finance and Resources and the Audit Committee continue to monitor the progress to address control weaknesses. Both the Chief Procurement Officer and the Director of Finance and Resources have presented the Audit Committee with updates throughout the year. This work is still in progress.

3.18 The internal audit work over the governance of Homes for Haringey (HfH) and Haringey Community Benefits Society (HCBS) highlighted weaknesses in current arrangements. For both organisations, internal audit has assigned “Limited”

assurance in respect of audits of property management and raised wider concerns over the operations within the organisations.

3.19 As I reported last year that an analysis of recommendations raised in service focus reviews shows that a significant proportion of recommendations raised relate to organisation controls around management control to direct services, record keeping and the maintenance of full audit trails, supervision and management information and the need to ensure strategies, policies and procedures are up to date. In addition, the decentralised operations of some corporate systems such as procurement reduce the oversight and compliance of internal controls in the area, though this has changed from March 2025. My expectation that having identified issues following an audit, the recommendations are implemented promptly. Though there is some good progress, particularly over the creation of an organisation wide, risk based contract management arrangements, though compliance with the new procedures remain variable.

3.20 As part of producing this annual report, the recommendations falling due in year were followed up and results were adequate. Our Quality Assurance Improvement Plan (QAIP) in 2025/26 had actions to improve our follow up regime, there is good improvement in this area and with a clear record of all priority 1 recommendations. Key officers in service have also been identified and assigned the responsibility of reporting the status of recommendations to their Departmental Leadership Meetings (DLT) on a regular basis. The Deputy Head of Audit and Risk has been tasked with continue leading on this for the organisation.

3.21 Analysis of recommendations not implemented shows that in most recommendations not implemented relate to specific audit areas. The implementation of recommendations will remain an area of focus in 2025/26. The results of follow up activity completed by both in house and Mazars resources are summarised at section 6 of this report. A higher level of rigour is necessary to help close known risks quickly and improve governance in the management of Council operations, though I understand some issues will be deep routed and need longer to implement.

3.22 In respect of the Council's governance arrangements, actions to enhance its governance framework is outlined within the 2025/26 Annual Governance Statement. Key areas of improvements are: -

- We need to improve our financial sustainability by reducing our reliance on Exceptional Financial Support and identifying and delivering savings to balance our budgets;

- We need to continue to embed the planned improvements across strategic and operational Asset Management which include fully embedding robust management of our operational and Commercial Properties because audit work continues to conclude that systems and controls are inadequate;

- We need to continue our work on the Housing Improvement Programme to deliver improvements in the delivery of our housing service and implement recommendations to address weaknesses in our management systems,

including repairs and maintenance, voids management health and safety risks in Council owned residential properties that deliver improvements to housing for tenants and meets the requirements of the Social Housing Regulator including safe housing;

- Due to the high levels of FOI, SARs that are not completed in time and feedback from Ombudsman we need to continue to strengthen our information governance arrangements;

- The Council has recognised weaknesses with regards to commissioning and procurement and contract management arrangements; and

- Though the Care Quality Commission (CQC) praised aspects of our Adult Social Care provision, their review identified delays in our assessment process and accessibility and communications barriers. Our internal audits also highlighted weaknesses in our arrangements for carrying out financial assessments and collection of client contributions.

3.23 Previously, over a number of years, I have reported the proportion of audits assigned a lower level of assurance was high (excluding schools). There were a number of reasons for this; known areas of weakness in the areas being reaudited, such as procurement, property, housing and adult service. The ethos of openness has continued into the audits performed in 2025/26. The proportion of audits assigned a lower level of assurance is similar to 2024/25. The financial challenges and the need for robust financial controls that the organisation is putting in place means the services and departments continue to be challenge in improving the overall control environment in the services and departments. A summary of outcomes for 2025/26 is as follows:

- 14 audits assigned were “Adequate” assurance and none were assigned the highest level of “Substantial” assurance. A further six areas were advisory audits double that carried out last year;
- One area was assigned “Nil” assurance and 13 audits “Limited” assurance; and
- There are ten audits where the audit work has been completed and the findings will be reported at the next audit committee.

3.24 For the financial year 2025/26, a total of 154 recommendations were raised. This is lower (205 in 2024/25) than number of audit recommendations in the previous year. The percentage of priority 1 recommendation has increased by 14% from the previous year. The priority of the recommendations raised is as follows:

- Priority 1 recommendation – 23
- Priority 2 recommendations – 81
- Priority 3 recommendations – 46

3.25 In terms of follow ups, the status of recommendations raised in each financial year is set out in the table below:

Financial Year	Recommendations not fully Implemented / Total raised	Priority of Recommendations not fully Implemented		
		Priority 1	Priority 2	Priority 3
2022/23	8/209	0	8	0
2023/24	12/116	0	12	0
2024/25	18/205	3	10	5

3.26 Further details over the status of follow up, assurances and priority of recommendations is provided at section 6 below.

3.27 The original 2025/26 Audit Plan included 13 school audits, and one audit was deferred from the prior year. One audit was cancelled as the school is moving to an academy, and two audits were deferred at the request of the Head Teacher. The audit plan is cyclical with schools being audited every four to five years, some flexibility of timing is built into the planning process. I have been reporting for a number of years now that the outcomes of schools' audit have considerably improved since 2019/20 when I noted that the control environment in Haringey's schools 'required improvement'. Again, for 2025/26 no schools have been assigned 'Nil' assurance. It is noted however, as was experienced in 2024/25, we have seen a dip in performance, with seven of the eleven schools audited being assigned 'Limited' assurance, this being for all a reduced assurance from prior audits. I continue to work closely with other back-office teams supporting schools, the HEP and in conjunction with the School's Forum and Children's Services to assist schools with robust control and risk management. Appendix C provides a summary relating to the school's audit plan, information has also been provided to Senior Management and the School's Forum. A summary of the outcome from schools audits is as follows: -

- Four out of eleven schools completed received 'Adequate' or above assurance rating;
- No schools received a 'nil' rating;
- Seven schools received 'Limited' Assurance;
- No school received an improved Assurance from their last audit;
- For all but one school, there was a reduction in assurance from the last audit; these schools all received a limited assurance; and
- The number of Priority 1 recommendations remains high with 8 raised across 6 of the audits.

3.28 Common themes arising from the audit of schools continue to include:

- **Governance** - Governors not providing evidence of their DBS certificate, particularly where the previous certificate requires an update.
- **Procurement** activities were not undertaken in line with quotation and tendering requirements, with insufficient evidence of competitive quotes obtained to supplier selection and also cash flow affecting payment of invoices within 30 days.

- **Information Governance** - An Information Asset Register which outlined the data collected and utilised by the schools were not maintained, in line with the guidance issued by the Information Commissioner Office.

3.29 For the financial year 2025/26, a total of 94 recommendations were raised. The priority of the recommendations raised is as follows:

- Priority 1 recommendation – 8
- Priority 2 recommendations – 43
- Priority 3 recommendations – 43

3.30 As in other years most recommendations made relate to Procurement (21%) although this is a decrease percentage wise from last year; School Governance (30%) similar to last year, Information Governance (14%) increase from last year.

4. Internal Audit Coverage and Output

4.1 The 2025/26 audit plan was informed by internal audit's own assessment of the Council's key risk areas and discussions with senior management to ensure that audit resources were aligned to agreed areas of risk. A small contingency was considered in the audit plan to ensure any emerging risks during the year could be adequately reviewed.

4.2 The approved plan for 2025/26 included 47 audit projects and 13 school's audits, which was approved by the Audit Committee on 11 March 2025. Table 1 below provides changes made to the plan, and details of audits not undertaken and new audits added to the plan in year. During the last financial year, the Audit Committee requested audits be added to the plan and expressed views more generally around key areas of risk and these suggestions are captured in the table below. Overall, a total of 46 assignments were completed to inform the Head of Internal Audit opinion. The outcome of the work, completed by Mazars, and the definitions of assurance levels are detailed in Appendix B.

Internal Audit Plan– Summary of Outcomes

4.3 When the 2025/26 plan was formulated it was recognised that the audit plan needed to be flexible to deal with changes in risks and assurance needs during the year. The decision to change a planned audit is taken by the Head of Internal Audit in consultation with key stakeholders. Changes to the plan have been reported to Members in year and Table 1 below contains details of all changes to the plan and Table 2 provides a summary of the changes. The table is presented in the same format as the original plan.

Table 1 – Changes to Plan

Audit Area / Title	Status
Corporate/Cross Cutting Risk Audits	
Forecasting, Reporting and Financial Sustainability	This audit was cancelled as the external audit provided assurance over this area.
Children's Services	
Strategic review over Children's Social Care Demand Management	The Commissioning arrangements at the authority were subject to change and it was determined a review post the change would be most beneficial.
Hornsey School for Girls	This audit was deferred.
Our Lady of Muswell	This audit was postponed.
Adults, Health and Communities	
Arrangements to Manage Transitions	This area offered savings as part of the Council's savings programme and was subject to change at the time of the audit.
Supply, Demand and Utilisation of Day Services	The service asked for this audit to be deferred as a number of changes were being instigated from the actions noted in the improvement plan.
Commissioning Social Care Services (cancelled)	The Commissioning arrangements at the authority were subject to change and it was determined a review post the change would be most beneficial.
Culture, Strategy and Engagement	
No change	

Audit Area / Title	Status
Environment and Resident Experience	
Implementation of the Customer Services Solution - Project Management and Delivery	This project has changed and the audit was deferred to a time when the project is more advanced.
Placemaking and Housing	
Management and Operation of Partnering Contracts	This a known area of risk and the service had not been implementing planned changes during the year.
Management of the Concierge Service	The service asked for this audit to be deferred and the service needed to make the changes that it needed in this area.
Leasehold Charges including Major Works	This audit was deferred and will be carried in the 2026/27 audit plan.
Arrangements to monitor and manage compliance with big six standards.	This audit was cancelled as another advisory audit was commissioned with a wider remit.
Corporate IT Audits	
Review of the Outline Business Case for SAP Replacement (cancelled)	The project had not processed to business case and the audit was deferred.
Service Modernisation Review	The service is carrying out a restructure to optimise its delivery and the audit was deferred.
Contract and Procurement Audit	
Implementation of the Source to Pay Solution (Project Management) (cancelled)	The project had not processed to business case and the audit was deferred.
Source to Pay Application Review - Key controls review (cancelled)	The project had not processed to business case and the audit was deferred.

Table 2 – Summary of changes to the audit plan.

Plan / Change	Number
Number of audit projects as per the original plan (+)	47
Number of planned schools Audits (+)	13
Total number of assignments (=)	**60**
Projects added to the plan in year (+)	12
Projects deferred / cancelled (-)	16
Total number of assignments (=)	**56**
of which Audit Assignments (incl Follow Up)	38
Advisory	7
Schools	11
Number completed by Mazars (see app B)	
of which Audit assignments totalled	28
Schools totalled	11
Advisory totalled	7
Audits completed and to be reported in 2026/27	10

4.4 Most of the audit work was geared towards providing assurance to management on the adequacy and effectiveness of the Council's internal control environment. This work provided an outcome report with an assurance rating. Other work provided advice and support to management to improve efficiency, or the effectiveness of systems, services or functions; in these cases, an outcome report or assurance rating is not provided.

4.5 Some audits started later in the year and will conclude in 2026/27, were the result of request from services and considered by the Head of Internal Audit. There continues to be some delay in management responding to the draft report. I have contacted the directors and sought assurances the audit reports will be responded to, for timely reporting of audit findings.

4.6 I do not consider the audits now scheduled for 2026/27 has had an adverse impact on my overall opinion for 2025/26. An analysis of the audit outcomes for work completed by Mazars is included in Appendix B and C.

4.7 The audit work where formal assurances were provided, as advisory work is noted in table below:

Audit Title	
Capital Works Programme	Head of Audit sign off to claim the grant following confirmation of the expenditure.
Completion of Grant Claim form for Public Health Adults Weight Management Grant.	Head of Audit sign off to claim the grant following confirmation of the expenditure.

5. Annual Internal Audit Report & Opinion Statement 2025/26

Scope of Responsibility

5.1 The Council is responsible for ensuring its business is conducted in accordance with the law and proper standards and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The Council also has a duty, under the Local Government Act 1999, to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. In discharging this overall responsibility, the Council is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of the Authority's functions, and which includes arrangements for the management of risk. Specifically, the Council has a statutory responsibility for conducting a review of the effectiveness of the system of internal control on at least an annual basis.

5.2 Management is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. The Accounts and Audit Regulations require the Council to review, at least annually, the effectiveness of its system of internal control. Internal audit plays an important role in advising the Council that these arrangements are in place and operating effectively. The Council's response to internal audit activity and recommendations should strengthen the control environment and ultimately contribute to achieving the organisation's objectives.

The Purpose of the System of Internal Control

5.3 The Council's system of internal control is designed to manage risk to a reasonable level rather than to completely eliminate the risk of failure to achieve policies, aims and objectives. Consequently, it can only provide a reasonable, and not absolute, assurance of effectiveness.

5.4 The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's vision, strategic priorities, policies, aims and objectives. It also is designed to evaluate the likelihood

of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

Annual Opinion Statement on the Effectiveness of the System of Internal Control

5.5 The Internal Audit (IA) Plan for 2025/26 was developed primarily to provide the Corporate Leadership Team and the Audit Committee with independent assurance on the adequacy and effectiveness of the systems of internal control, including an assessment of the Council's corporate governance arrangements and risk management framework.

5.6 The Head of Internal Audit's (HIA) opinion is based primarily on the work carried out by the Council's IA service during 2025/26, as well as a small number of other assurance providers. Where the work of internal audit has identified weaknesses of a systematic nature that impact on the system of internal control, this has been considered in forming the HIA opinion.

Basis of Assurance

5.7 All the IA reviews carried out in 2025/26 have been conducted in accordance with the UK PSIAS, based on the annual assessment carried out by Mazars as part of their annual internal peer review challenge.

5.8 In line with the UK GIAS, the Head of Audit and Risk Management is professionally qualified and suitably experienced. The skills mix within the contractor's team has evolved during the year though every single member of the IA team is either fully qualified or actively studying for a relevant professional internal audit or accounting qualification. As a result, the 2025/26 IA resources fulfilled the UK GIAS requirements in terms of the combination of professionally qualified and suitably experienced staff.

Qualifications to the Opinion

5.9 During 2025/26 the Council's IA service:

- had unrestricted access to all areas and systems across the authority;
- received appropriate co-operation from officers and members; and
- had sufficient resources to enable it to provide adequate coverage of the authority's control environment to provide the overall opinion. A benchmarking review of local authorities' internal audit service has revealed Haringey Council has on average fewer internal audit days than other London boroughs. Though the appointment of the Deputy Head of Audit and Risk Management has increased the level of resource available to devote to Internal Audit, there has been continued pressure in the delivery of the Council's anti-fraud work that, in reality, impacted on the proportion of internal audit work. The Head of Audit and Risk Management is continuing to look at how the authority can obtain an adequate level of business assurance and maintain vigilance over the level of

resources available. Appendix D sets out the outcome of the Anti-Fraud Activity during 2025/26.

Other Assurance Providers

5.10 In formulating the HIA overall opinion on the Council's system of internal control, the Head of Audit and Risk Management has considered the work undertaken by other sources of assurance, and their resulting findings and conclusions. These other assurance providers which included:

- Risks identified on the Directorate Risk Registers;
- The work of Feedback and Information Governance Group;
- The Statutory Officer Group
- The IT Security Group;
- The work of the Health & Safety Group;
- Reports from Government Agencies and inspections;
- External Audit Plan and their ISA 260 report.

Significant Internal Control Weaknesses

5.11 Internal audit is required to form an opinion on the quality of the internal control environment, which includes consideration of any significant risk or governance issues and control failures which arise during the year.

5.12 There were several significant internal control weaknesses identified by internal audit during 2025/26. The risks identified from the audit work have been raised with management and work is ongoing to strengthen the Council's control environment in relation to the risks identified.

5.13 For the audits assigned "Limited" or "Nil" assurance by Mazars, it was noted the internal controls had been designed to mitigate risks, though in practice, some of these controls were not operating. As in the previous year, the "second line of defence" alerts management where internal controls are not designed or operating as intended but for several audit areas, the second line of defence was not effective in identifying the weakness in the operation of the controls at the service level (in the "first line of defence"), though some improvements were noted. Examples of internal controls in the second line of defence include checks over the robustness of business cases to inform decision making, quality assurance and monitoring arrangements, performance management and key performance indicators, and supervisory controls to ensure compliance with Council policy and procedures. An area of focus is the work around the Council's procurement processes and the change in the operating model at the Council to ensure compliance with the Council's contract standing orders. There are a number of audits planned in this financial year to review and advise on changes to current arrangements.

5.14 Senior management have agreed to respond to the significant internal control weaknesses identified for internal audits carried out in 2025/26.

6. Analysis of Audit Work

6.1 A review of the work of internal audit is summarised in the table below. Please see Appendix B, and C for more information.

Table 3 analysis of audit outcomes (including Schools)

Assurance Level	2025/26 Reports	2024/25 Reports	2023/24 Reports
Substantial	0 (0%)	6 (13%)	2 (4%)
Adequate	17 (33%)	14 (26%)	20 (36%)
Limited	21 (39%)	22 (40%)	16 (29%)
Nil/No	1 (2%)	1 (2%)	2 (4%)
Advisory / Risk Work	7 (13%)	3 (6%)	2 (4%)
Follow Up / reporting in 25/26	6 (13%)	6 (13%)	13 (23%)
Total	**52 (100%)**	**52 (100%)**	**55 (100%)**

Recommendations raised in 2025/26 and Follow Ups in 2024/25

6.2 An analysis of the recommendations raised as part of the 2025/26 audits is set out below. The figures are based on 39 assurance reports Details of the recommendations raised for 2025/26 is set at paragraph 3.20 above.

Table 4 - 2025/26 recommendations by priority (excluding Schools)

Risk	Number of recommendations		Percentage	
	2025/26 (28 Audits)	2024/25 (44 Audits)	**2025/26 (28 Audits)**	2024/25 (44 Audits)
Priority 1 – High	**23**	28	**15%**	14%
Priority 2 – Medium	**81**	104	**53%**	51%
Priority 3 - Low	**46**	73	**32%**	35%
Total	**154**	205	**100%**	100%

6.3 All recommendations raised are tracked until closure this has in the past been part of the audit plan activity although directorates were expected to maintain their own records of recommendations for management monitoring. The results of follow up have informed this year's opinion and 2025/26 audit planning.

6.4 In 2025/26 a project to review all open audit actions has been completed and the actions raised in year will all be tracked using a system accessible to both services and audits in order to streamline the follow up process.

6.5 My area of focus for 2025/26 will continue to be priority one recommendations as although these are often more complex actions to close, they do pertain to the highest risk findings of our work. It should be noted that these actions are often significant in terms of resources and whilst the actions are not fully embedded the follow up process looks to ensure interim mitigations are put in place where possible. The areas where priority one recommendations remain open are Contracts and Procurement, Housing, Commercial Property and Digital Services.

7. Consultancy Audits 2025/26

7.1 The trend for continued support and advice is likely to continue into the future. Mazars provide strengthened specialist input into areas such as: IT, Project Management; Housing and Schools and the Head and Deputy Head of Audit have continued to offer advice to services throughout the year.

8. Significant issues arising in Quarter 4

8.1 For completeness, audits finalised relating to quarter 4 are detailed in this section. In this period, 11 reports were finalised, the profile of the assurances is as follows:-

- Four audits were assigned "Adequate" Assurance;
- Four audits were assigned "Limited" Assurance
- One audit was assigned "Nil" Assurance; and
- Two audits were consultancy audit and not given an assurance.

8.2 For further details of the audits, please refer to Appendix B.

8.3 The nature of the service and key residual risks arising from review are noted below.

- Compliance with Management of Agency Staff - “Adequate” Assurance
- Arrangements for the Acquisition and Disposal of Assets - “Adequate” Assurance
- Digital Transformation – Resident Connect Project - “Adequate” Assurance
- Business Rates Billing, Collection and Administration “Adequate” Assurance
- Cyber Security – Insider Threat Risk Management - “Limited” Assurance
- Arrangements for Improving Contract Management “Limited” Assurance
- High Road West Regeneration Scheme - “Limited” Assurance
- Management of Garages - “Limited” Assurance
- Governance over Delivery of Savings - “Nil” Assurance
- Compliance with Cost Control Measures – Advisory
- ICT Needs Assessment – Advisory

8.4 Key findings arising from the audit area assigned “Limited Assurance” are set out below.

Cyber Security – Insider Threat Risk Management – “Limited” Assurance

8.5 The objective of the audit was to assess and evaluate the design and implementation of controls over the key domains of third-party access, insider threat management, remote access security and monitoring and detection.

8.6 The auditors raised four recommendations; one “priority 1”, two “priority 2” and one “priority 3”. The key issues was a lack of a Security Operations Centre.

Arrangements for Improving Contract Management – “Limited” Assurance

8.7 The purpose of this audit was to assess the control in place at the authority for managing contracts. The audit noted that while the Procurement Code of Practice has been updated, the operational issues identified in 2024 - such as inconsistent contract monitoring, weak documentation, limited performance reporting, and unclear responsibilities - continued to appear in this audit. The audit reinforces that these problems stem from a lack of a corporate contract management framework, insufficient training, and fragmented systems. In particular, missing signed contracts, poor configuration of the Contract Register, and low awareness of the Procurement Act requirements demonstrate that the improvements made at a policy level have not yet translated into practice.

High Road West Regeneration Scheme – "Limited" Assurance

8.8 The purpose of this audit was to assess whether the High Road West (HRW) regeneration scheme has in place adequate and appropriate policies, procedures, and controls to oversee programme management and delivery. The programme has a sound governance framework, but weaknesses in core delivery controls (action tracking, change control and workstream reporting) reduce visibility and increase risk to delivery, particularly during the current restructuring phase.

8.9 The auditors raised four recommendations; two "priority 2" and two "priority 3". The key issues were:

- Inadequate programme control architecture; and
- No documentation outlining lessons learned.

Management of Garages – "Limited" Assurance

8.10 The purpose of this audit was to assess the control framework in place for the management of garages. This area has historically suffered from poor performance which has been subject to an improvement plan. A planned organisational restructure affecting the garages service was not fully implemented. Garage management forms part of the Council's wider Housing and Estates function and relates to the provision, allocation, maintenance, and income collection associated with Council-owned garages. Garages are provided as a Council service to residents to support local parking and storage needs.

8.11 The auditors raised eight recommendations; two "priority 1", four "priority 2" and two "priority 3". The key issue was that garage voids not effectively monitored, prioritised, or managed. Moreover, where garage management data is inaccurate, incomplete, or not consistently reconciled across systems, there is a risk that rental income is not fully identified, garages are incorrectly recorded/classified as occupied, or voids and management decisions are made based on unreliable information.

8.12 The auditors noted the root cause as being that garage voids have been deprioritised relative to housing repairs activity due to greater regulatory pressures within housing services, combined with capacity issues and the absence of formal monitoring arrangements. Garage management data lacks consistency and reliability due to a fragmented and siloed service model, where responsibility for garage records is split across multiple teams/systems without clear ownership, standardisation or coordination.

Governance over Delivery of Savings - "Nil" Assurance

8.13 The purpose of this audit was to assess the design and effectiveness of the control framework for the Governance over Delivery of savings within the Council. It was noted the authority has a strategic objective to deliver a programme of savings and there were concerns over the progress of the identification and delivery of savings.

This risk based audit was to give assurance over the Council's corporate risk "CORP0001 – Maintaining and strengthening financial viability/balance across MTFP including failure to deliver identified savings".

8.14 The audit noted that new savings initiatives were actively discussed and developed during the 2025 budget planning cycle. These were formalised into Savings Proformas following engagement with key stakeholders, who assessed their feasibility and potential impact. Proposals deemed deliverable were subsequently approved by Full Council. However, the audit view was that the Council was not on track to meet its savings target for 2025/26 and there was insufficient documented evidence of regular review and robust challenge regarding progress against savings plan targets. The audit also noted the lack of robust monitoring mechanisms and accountability structures to scrutinise monthly savings updates and a fragmented accountability with delivery responsibilities spread across departments, making it hard to challenge centrally.

8.15 The auditors raised Seven recommendations; two "priority 2" and three "priority 2" and two "priority 3".

9. Quality Assurance and Improvement Programme (QAIP)

9.1 The Public Sector Internal Audit Standards' (PSIAS) set out the need for internal audit to develop a quality assurance and improvement programme (QAIP) which seeks to ensure the internal audit service conforms to the PSIAS and provides a means of maintaining continuous improvement.

9.2 The areas for development for Internal Audit on the QAIP for 2025/26 will continue to be monitored and reported to the Audit Committee and Senior Management. The QAIP is attached at Appendix E.

Minesh Jani

Head of Audit and Risk Management

13 July 2026