

Report for: Audit Committee – 3 November 2026

Item number: 8

Title: Internal Audit Progress Report

Report

authorised by : Taryn Eves, Corporate Director of Finance and Resources

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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 2026 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 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 2030, 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 **Director for Legal & Governance: Michael Alexander Gordon – Principal Lawyer**

The Director for Legal and Governance has been consulted in the preparation of this report and on her behalf her Principal Lawyer 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

Appendix B – Outstanding High-Priority Recommendations

11. Background Information

None

12. Performance Management Information

12.1 Internal Audit has completed 13 reviews during the quarter. Whilst significant weaknesses were identified in several areas, the results largely reflect the risk-based nature of the audit plan and work undertaken in high-risk services. Management has accepted all recommendations and implementation will continue to be closely monitored.

12.2 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 26 – 31 Aug 26	Year to date	Year end Target
1	Internal Audit work (Forvis Mazars) – Days Completed vs. Planned programme	18%	18%	95%
2	Priority 1 recommendations implemented at follow up	Note 1 *	Note 1 *	95%

* Note 1. The status of recommendations is discussed in detail at section 13.3 below.

13. Internal Audit work – Forvis Mazars

13.1 The activity of Forvis Mazars for the first period of 2026/27 is detailed at Appendix A. Forvis Mazars planned to deliver 153 days of the annual audit plan (723 days) during the period (to 31 Aug 2026) and delivered 130 days audit work during this period. There has been some change to the audit plan to reflect the changing priorities within the Council.

13.2 Members of the Audit Committee receive detailed summaries of internal audits where a final report has been issued, to allow members to consider audit findings in a timely manner. Appendix A provides a list of all final reports which have been issued since the last meeting of the committee. Since its committee meeting in November, four internal audit reports have been issued. The audit areas and the level of assurance are detailed below at para 13.7.

13.3 Status of Internal Audit Recommendations

13.4 The process and responsibility for monitoring the implementation of Internal Audit recommendations operates within each of the Directorates. This process has developed over the past year and is embedded in varying degrees across service areas. Whilst embedding of the monitoring and recording updates varies across services, engagement and progress is gaining momentum.

13.4 This report introduces a revised reporting format for the Audit Committee, designed to provide clearer oversight of recommendation implementation across the Council.

13.5 The Internal Audit recommendation follow-up process is designed to ensure that agreed management actions are implemented effectively and within the timescales committed to at the conclusion of each audit review. Management are responsible for delivering and evidencing the implementation of recommendations, whilst progress is monitored through Directorate governance arrangements and reported corporately through the Internal Audit function. Internal Audit undertakes periodic validation of completed actions to assess whether recommendations have been fully implemented and the intended control improvements achieved.

13.6 The table below sets out a summary of the internal audit recommendations and their status as at the end of September 2026. For information, the status of recommendations is as follows with details of overdue priority 1 recommendations outstanding and their current status provided at Appendix 2.

Dashboard: Summary of Recommendations Raised by Year at 30 September 2026 Status

Audit Year	Total Raised	P1	P2	P3	Previously Reported	Complete (P1/P2/P3)	Overdue (P1/P2/P3)	Not Due (P1/P2/P3)
2025/26	154	24	85	45	49 (6 / 19 / 24)	5 (4 / 1 / 0)	38 (4 / 27 / 7)	65 (13 / 38 / 14)
2024/25	205	-	-	-	187	6 (0 / 2 / 4)	12 (2 / 10 / 0)	-
2023/24	116	-	-	-	104	4 (0 / 4 / 0)	8 (0 / 8 / 0)	-
2022/23	209	-	-	-	201	5 (0 / 2 / 3)	3 (0 / 3 / 0)	-
Total	684	24	85	45	547	20 (4 / 9 / 7)	61 (6 / 48 / 7)	52 (11 / 32 / 12)

13.7 Significant issues arising in Quarter 1 (to August 2026)

In this period, a total of 13 final internal audit reports were issued; four were assigned “Adequate” assurance, eight were assigned a “Limited” level of assurance and further audit area was advisory and not assigned an assurance. The nature of the service and key residual risks arising from review are noted below. Whilst a number of control weaknesses have been identified during the quarter, management has accepted all recommendations and implementation is being actively monitored. Internal Audit will continue to provide assurance over key corporate risks and will report progress to the Committee throughout the year.

Project Management of Non-Corporate Savings (Directorate) – “Limited” Assurance

The purpose of this audit was to assess whether the Council has an adequate and effective framework for the identification, planning, governance, and delivery of non-corporate savings projects, specifically directorate owned savings not subject to central corporate governance arrangements. The audit was carried out to provide assurance in respect of the Council’s corporate risk at the time of the audit, reference CORP0001 – Maintaining and strengthening financial viability/balance across the Medium Term Financial Plan (MTFP), including failure to deliver identified savings.

The audit noted sufficient evidence was on file to support the accuracy projected savings, savings plan delivery was monitored on a monthly basis and issues identified in achieving the savings plan had been escalated to Corporate Finance with action taken for each of the five savings plans in the sample.

Nevertheless, against a 2025/26 target of £29.297 million, only a fraction of the savings had been delivered at the time of the audit and the full year forecasted a significant shortfall within a number of Council directorates. This indicated the Council remained behind schedule in achieving its savings goals, raising concerns about the effectiveness of current savings plans and the risk to overall financial sustainability. I was also noted that the year to date savings were not accurately recorded in the Savings Tracker.

The auditors raised three recommendations; one “priority 1”, one “priority 2” and one “priority 3”. The priority 1 recommendation has already been implemented and the remaining recommendations were due for implementation by the end of September ’26.

Corporate Arrangements for Commissioning – “Limited” Assurance

The purpose of this audit was to assess the control framework in place to manage the risks associated with commissioning in Children’s and Young People’s Services (CYPS). This review was requested by the Commissioning Lead to provide an insight into the arrangements being made within the authority to create a robust commissioning cycle. Initially, the audit was intended to review

arrangements for commissioning at the corporate level across the Council. However, due to capacity issues in the Adult's directorate, the decision was made to focus on CYPS. A separate review is scheduled for this financial year over the Corporate arrangements.

Commissioning refers to the strategic process of planning, sourcing, and managing services to ensure they meet the needs of users and deliver the intended outcomes. Rather than focusing solely on purchasing goods or services at the lowest cost, commissioning takes a broader, more holistic view. It considers the entire journey - from identifying community or organisational needs, to designing appropriate solutions, to selecting the right suppliers, and finally ensuring that the delivered service achieves measurable value. Commissioning is therefore about shaping markets, building partnerships, and continuously improving service delivery so that outcomes - not just outputs - are prioritised.

The authority recognised it did not have a standardised framework for commissioning goods and services and there are high levels of costs associated with commissioning in the Adult's and CYPS.

Thus, the Council set out to deliver a major Commissioning Modernisation Programme, approved by Corporate Leadership Team in August 2025, to strengthen and standardise commissioning practice across all directorates. The programme was launched in response to longstanding issues such as inconsistent processes, weak data quality, unclear roles between commissioning and procurement, and variable contract management approaches. Its overarching aim is to improve outcomes for residents while ensuring that the Council's £600m annual commissioned spend is needs led, evidence-based, and delivers value for money.

A key change introduced through the Programme is the establishment of a strengthened governance and assurance framework. This included the new Council-wide Commissioning Panel, which began operating in January 2026 and now reviews and approves all commissioning activity above £160k. The Panel requires evidence of statutory need, funding arrangements, savings implications, and a clear business case before activity can proceed.

The audit noted the following arrangements were in place:

- The Commissioning Framework (v9 July 2025) sets out an Analyse Plan–Do–Review cycle, supported by comprehensive templates, governance routes, and quality assurance expectations;
- The Contract Monitoring Framework (v3 July 2025) provides a risk based methodology for provider oversight, including quarterly returns, proactive and reactive monitoring routes;
- Structured coordination with Procurement via completed Procurement Initiation Forms (PIFs) in a sample of four recent contract awards, ensuring oversight by Strategic Procurement and documentation of the nature, purpose and cost of the service requirement;

- Provider performance reporting (monthly/quarterly returns) functioning as designed across a sample of five operational contracts in CYPS; and
- Governance oversight via weekly DMT meetings with timely CLT reporting.

The audit raised recommendations in respect of:

- Inadequate service user input into service assessment and specification;
- Absence of formal review of contract against original specification to confirm commissioning objectives have been met;
- Contract register was incomplete; and
- A lack of centralised storage of procurement documentation to allow for effective oversight.

The auditors raised six recommendations; one “priority 1”, three “priority 2” and two “priority 3”. All recommendations are due for implementation by the end of March '27.

Children with Disabilities – “Limited” Assurance

The Disabled Children’s Team (DCT) forms part of the Council’s wider Children’s Social Care provision and is responsible for delivering statutory and non-statutory support to children and young people with disabilities, their families, and carers. The Service provides assessment, care planning, short breaks provision, ongoing support packages, and case management oversight for children with complex needs. The DCT is structured around several core functions, including the completion of Child and Family (C&F) Assessments, the assessment and allocation of Short Breaks support, the development and review of Care and Support Plans, and the management and approval of care packages, both through the internal Disabled Children’s Team Panel (for packages under £3,000) and the Council’s Resource Panel (for packages exceeding £3,000). The service works closely with partner agencies, including education, health, and commissioned providers, and maintains regular multi-agency forums such as school meetings and MAG (Multi-Agency Group) meetings to monitor children’s progress and emerging risks. The DCT had a revenue budget of £1.8m for 2025/26.

Internal audit noted that statutory guidance was available and accessible to staff via the Council’s TriX portal and the Council’s website provided guidance for the public on how to access Disabled Children’s Team (DCT) services, including eligibility criteria, short breaks information and contact details.

The significant audit finding was that assessments were not completed within statutory timescales, with delays resulting from capacity pressures, competing operational priorities and the absence of a clearly documented local process for monitoring and escalating overdue assessments.

The auditors raised three recommendations; one “priority 1”, one “priority 2” and one “priority 3”. The priority 1 recommendation is due for implementation by the end of January '27 and the remaining recommendations are due for implementation by the end of March '27.

SEN Transport – “Limited” Assurance

Under the Education Act 1996, local authorities have a statutory duty to make free travel arrangements for eligible children of compulsory school age to enable them to attend school. Eligible children include those who attend their nearest suitable school and who cannot reasonably be expected to walk to school because of special educational needs, a disability or a mobility problem, even if accompanied, or where the route is unsafe or exceeds the statutory walking distance. The Council’s provision of transport includes taxis, minibuses and wheelchair accessible vehicles. The Council also utilises personal transport budgets and independent travel training programmes. Suppliers are sourced through the Council’s Dynamic Purchasing System (DPS). Onboarding of suppliers is completed by the Council’s DPS team which sits in the wider procurement team.

The SEN Transport Team advertise routes to suppliers through the DPS. Supplier selection for requirements is based on transport type and offer evaluation is based on cost. Applications for SEN Transport are received through an eform via the Council’s website. They are then processed through the Mission Passenger Transport Software (‘Mission’). Demand for SEN transport has increased significantly across the local government sector, driven by a growing number of children whose needs are such that they require an Education, Health and Care Plan (EHCP). Increased demand has led to increasing costs with a projected contracted services cost for the year of circa £5m as of December 2025. Given safeguarding sensitivity and the increased use of public funds, SEN Transport is a high risk and high-profile area for Councils and effective contract management, safeguarding oversight and robust internal processes are required to maintain service quality and ensure value for money.

The key risk identified from the audit was that onsite inspections of suppliers were not completed on a regular basis, arising from an absence of the Contract Compliance Manager.

The auditors raised six recommendations; one “priority 1”, four “priority 2” and one “priority 3”. The priority 1 recommendation is due for implementation by the end of October '26 and the remaining recommendations scheduled for implementation by the end of April '27.

Management and collection of clients contributions – “Limited” Assurance

The purpose of this audit was to assess the adequacy of controls in place to manage the collection of income via client contributions for the provision of care packages following a financial assessment.

Client contributions form a significant element of Haringey Council's Adult Social Care (ASC) funding model and represent the portion of care costs that residents are assessed as able to pay under the Care Act 2014. The Council provides information on financial assessments through its public facing website, supported by detailed guidance issued to service users during the assessment process. Financial assessments are performed to determine an individual's ability to contribute towards the cost of their care. These assessments consider income, capital, disability-related expenditure, and applicable allowances. The resulting client contribution is then recorded within the Liquidlogic Adults' Social Care System (LAS) and the associated finance module, ContrOCC. Client contribution data was held primarily within LAS and ContrOCC.

As at the time of the audit, the Council continued to face challenges (as reported by the dashboard) relating to the timeliness of financial assessments (178 average days to complete assessments). There were 473 clients that had not had a financial assessment, with a cumulative weekly cost of over £200k. Financial assessments were not consistently completed in a timely manner with a need to prioritise clearing of the longstanding backlog of financial assessment cases that resulted in delays in completing financial assessments to the 28-day target.

The level of outstanding ASC debt remained materially high at over £16m and reflected long-standing issues in end-to-end processes, from assessment through to collection. Despite previous internal improvement initiatives, performance had not significantly improved, indicating the need for a coordinated, strategic approach to strengthen financial controls, improve data accuracy, and enhance collection activity.

Overall, the robustness of client contribution processes is central to securing income that offsets ASC expenditure. Weaknesses in these processes expose the Council to ongoing financial risk and may affect the sustainability of service delivery unless addressed through targeted and sustained management action.

The auditors raised four recommendations; one “priority 1” and three “priority 2”. All recommendations are due for implementation by the end of January'27.

Management of Garages – “Limited” Assurance

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. Council-owned garages are allocated through an application-based process, with

applicants assessed against defined prioritisation criteria, placed on a waiting list and offered Garages subject to availability and eligibility. This process is intended to ensure garages are allocated consistently and fairly, while supporting effective utilisation of the Council's Garage stock.

At the time of the review, there were approximately 734 garages generating rental income and 700 void garages across the Borough according to Business Objects and NEC (housing management software). The Head of Estates and Neighbourhoods advised that the Council are undertaking an exercise to review and inspect all void garages, to better establish their condition, assess suitability for re-letting, and improve the accuracy and completeness of garage records. This work is intended to support improved oversight of the Garage estate and inform future decisions regarding management, prioritisation, and resource planning.

Performance information indicated that the Council have set a 2025/26 target of collection of 99.50% of Garage rent against the amount due. A Garage rent collection report showed that for the period of week one to week 30 of the 2025/26 financial year, the Council had collected £413,929.63 against total charges of £433,617.40, representing a year-to date collection rate of 95.46%.

The internal audit noted that Garage voids not effectively monitored, prioritised, or managed. More generally, Garage management data is inaccurate, incomplete, or not consistently reconciled across systems. There is significant 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. 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.

The auditors raised eight recommendations; two "priority 1", two "priority 2" and four "priority 3". All recommendations are due for implementation by the end of December '26.

Repairs and Maintenance of Commercially Leased Property – "Limited" Assurance

The purpose of this audit was to assess the design and effectiveness of the control framework, processes and governance arrangements in place to ensure repairs, maintenance and statutory compliance are appropriately managed across its commercially leased property portfolio. The audit was designed to provide assurance over the management of a key risk, reference CORP0008 - Failure to instigate arrangements for the proper management of Council property (including commercial and administrative buildings).

The Council is responsible for repairs, maintenance and statutory safety across its commercially leased properties, alongside tenants whose responsibilities are defined within lease agreements.

A Commercial Property internal audit conducted in March 2024 concluded with a “Limited” Assurance rating. The auditors noted a number of recurring findings in this review from our previous report:

- A formal process for completing post inspections on high-value responsive repairs was not in place;
- Where a tenant is responsible for completing Landlord Health & Safety checks, the Council did not consistently gain assurance that the checks have been completed;
- There were no policies or procedures for the following commercial property management areas: repairs and maintenance, lifts and water safety;
- Some responsive repairs were not completed within the expected timeframe, with delays ranging from short hold-ups to several weeks; and
- A substantial number of responsive repairs had no recorded completion date and were already significantly overdue at the time of the audit, with their statuses listed as exported, open, on hold, or cancelled.

The internal audit highlighted the service lacked a central compliance monitoring system preventing the Council from evidencing full health and safety compliance across its commercial estate. The Head of Property explained that the Commercial Property Team does not hold statutory health and safety certificates or track related remedial works, as some these responsibilities rest with tenants under the terms of their leases.

A Sample review of ten Corporate Landlord managed properties found 24 missing certificates out of 60, covering six statutory compliance areas. These included, seven Landlord Gas Safety Record, two Electrical Installation Condition Report (EICR), two asbestos inspections, four Water Regulations Approval Scheme, six Lifting Operations and Lifting Equipment Regulations, and three Fire Risk Assessments.

The auditors raised 11 recommendations; two “priority 1”, and nine “priority 2”. All recommendations are due for implementation by the end of March ‘28.

Non-spend Control Panel Spending (Essential Spend) – “Limited” Assurance

As the Council responds to the significant financial challenges, the purpose of this audit was to assess the design and effectiveness of the control framework for the approval of essential spend. A new process whereby Directors are required to approve essential spending was recently introduced and spend over £1,000 that is deemed essential must be logged as essential via the Spend Control Panel form.

The authority introduced enhanced spending controls in response to significant financial pressures and the requirement to strengthen financial governance following the receipt of Exceptional Financial Support from the Government. As part of these arrangements, a revised essential spend process was implemented from 12 March 2026, requiring all expenditure over £1,000 to be submitted via the SCP. Directors are permitted to approve expenditure deemed “essential” outside of panel consideration through the SCP e-form. Approval is required to be recorded through the e-form, using the “Panel Decision Not Required” option. The essential spend process is intended to ensure that only expenditure meeting defined criteria bypasses the SCP, thereby supporting financial sustainability and alignment with the Medium-Term Financial Strategy. Essential spend is defined as expenditure relating to the delivery of core statutory services, emergency planning or critical response arrangements, approved legal services, coroners’ services, or health and safety matters where risks must be addressed.

This review focused on assessing whether essential spend categories were clearly defined and consistently applied, whether Director approvals were appropriately evidenced and challenged, and whether sufficient records were retained to demonstrate compliance with the new arrangements. These controls were selected because inconsistent application of essential spend criteria or insufficient documentation of Director challenge increases the risk that non-essential expenditure bypasses scrutiny, undermining the Council’s financial recovery objectives.

The internal audit noted that the Council’s Essential spend criteria was well defined and communicated through centrally issued guidance. A standardised Spend Control Panel (SCP) e-form was developed to capture key information, including description of expenditure, dates, amounts, expenditure codes, directors responsible, and a field for why the spend was deemed essential. The audit found that for the majority of transactions tested, a SCP e-form was not held, resulting in insufficient evidence of approval, challenge, and justification for essential spend. The Spend Control Panel process has not been consistently embedded across directorates, with inadequate oversight and monitoring to ensure that all qualifying expenditure is submitted through the SCP e-form workflow before transactions are processed. Consequently, there is a risk the new arrangements do not have the desired impact arising from cases of non-compliance and the organisational culture has not adapted to increased scrutiny over expenditure.

The auditors raised four recommendations; one “priority 1”, two “priority 2” and one “priority 3”. All recommendations were due for implementation by the end of September ‘26.