INTERNAL AUDIT PROGRESS REPORT

03 November 2025

HILLINGDON
LONDON

CONTENTS

The key contacts in connection with this document are:

Claire Baker
Head of Internal Audit
cbaker@hillingdon.gov.uk

1. INTRODUCTION

The Role of Internal Audit

Internal Audit (IA) provides an independent assurance and advisory service that underpins good governance, essential in helping the Council achieve its corporate objectives and realise its vision for the borough of Hillingdon. It is also a requirement of the Accounts and Audit Regulations 2015 that the Authority undertakes an effective IA to evaluate the effectiveness of its risk management, internal control and corporate governance processes, taking into account the Global Internal Audit Standards.

The Purpose of the Internal Audit Progress Report

This progress report presents the Council's Corporate Management Team (CMT) and Audit Committee with summary information on all IA work completed since the last Audit Committee meeting. In addition, it provides an opportunity for the Council's Head of Internal Audit (HIA), to highlight any significant issues which have arisen from IA work.

2. SUMMARY OF INTERNAL AUDIT ACTIVITY

Internal Audit have continued to progress through the reviews from the 2025/26 IA workplan. Since the last Audit Committee meeting, **seven** reviews were completed to final report stage. These include:

- **Three REASONABLE** assurance reports: Data Quality Homes and Communities, Agency Expenditure & Checks, and School's pre-employment checks

- **Three LIMITED** assurance reports:

Community Safety	The Community Safety Service collaborates with other agencies through partner organisations such as the Community Safety Partnership and the Safer Hillingdon Partnership (SHP) to improve the safety of the borough for residents. These include the police, fire and rescue authority, the NHS Integrated Care Board, and the probation service.
	The SHP meets every three months as a strategic forum to review and shape community safety priorities, monitor progress against the Safer Hillingdon Plan, and oversee compliance with statutory duties. However, the Safer Hillingdon Partnership had not had a Community Safety Strategy or corresponding action plan for many years at the time of this review. Without a clear strategy outlining the strategic objectives for the partnership, the roles and responsibilities for delivering these objectives, and the desired outcomes for each objective, there is an increased risk the partnership is not operating effectively to target key risk areas.
	This gap was already recognised by the service and initial action had been taken to develop a Strategy. Due to the timing of this review the Strategy was still in draft and had not been presented for discussion at the SHP, therefore we were only able to give limited assurance over the key risks. However, we acknowledge action has already been taken to implement the Strategy and develop wider action plans and monitoring arrangements which will mitigate the findings raised.
Corporate Estate	As a corporate landlord, the Council is responsible for complying with multiple pieces of legislation, including the Workplace (Health, Safety and Welfare) Regulations 1992.
	Where properties are used by the Council premise managers are responsible for carrying out daily, weekly, monthly, quarterly, semi-annual, and annual checks. These checks cover a wide range of areas, such as fire safety, escape routes, and environment & welfare. However, there were inconsistencies with completing these checks for a sample of five properties.
	IA also requested a sample of properties leased out to others however the list of Council properties received could not be filtered down to identify whether properties were leased out or used by our services. This is consistent with findings raised as part of the 2024/25 Asset Management IA review and work is already ongoing to address these findings.
	Where leases were obtained, three of ten leases reviewed were expired and there were no updated versions in the file. At the time of this review the Council was also not proactively monitoring the conditions of our leased buildings due to limited resources to conduct regular checks.

Highways	The Council's Highways Service is responsible for the management of the highways within the borough, with a few exceptions. Primary responsibilities include conducting highways inspections, safety and condition surveys, processing public liability claims, and enforcing the Highways Act 1980. Taking into consideration the significant financial challenges facing the Council, this review assessed how the service is looking to maximise its income and identifying new ways of working to reduce costs, whilst also monitoring service and contractor performance against established objectives.
	During the 2024/25 financial year the Head of Service for Highways left the organisation, which impacted on the 2025/26 budget setting and business planning process. When Internal Audit reviewed the 2024/25 budget against the 2024/25 final outturn position and the 2025/26 budget we noted the 2025/26 budget was not consistent with the previous year's performance, leading to potential budget pressures in 2025/26.
	Due to issues with the Oracle system, the Service Managers also relied on their own budget monitoring spreadsheets. This means the monthly budget monitoring figures taken from Oracle as part of the wider budget monitoring arrangements may not be a true reflection of the service's budget position. This is a known area of improvement and already being addressed as part of the wider Finance Modernisation Programme.

- **One NO Assurance report:**

Greenspaces	This review was included in the plan following the departure of the Head of Service to evaluate how the Horticulture, Golf, Allotments and Crematorium services were monitoring their service objectives, maximising their current income streams, and identifying new ways of working to reduce costs.
	Internal Audit were able to get no assurance due to significant delays obtaining information, insufficient key evidence, and service structure changes at the time of this review. However, Internal Audit acknowledges this was a known area of improvement, especially as the services have been significantly impacted by key officers leaving the Council during 2024/25.
	Since the beginning of 2025/26 new senior leaders have been appointed and initial actions have been taken to review the services, including work to address historic debt and improve performance information. Internal Audit understands there has been limited capacity due to vacancies within the service which has impacted the internal control environment, however management have a plan in place to address these vacancies.

Three further reports are out in draft, and **Four** reports are at the review stage. These should all be finalised before the next Audit Committee. For details of these reviews please see *Appendix A.*

Since the last Audit Committee IA has also completed grant claim verification work for the Bus Service Operators Grant claim and completed three ad-hoc consultancy reviews. For details of the grant claims and ad hoc consultancy reviews please see *Appendix B.*

Changes to the Internal Audit Workplan

Since the last Audit Committee the following reviews have been removed from the plan:

Social Care Charges	This review was removed from the plan at the scoping stage as there had been significant action already undertaken by the relevant service to review and improve the key controls and therefore it was no longer considered a high risk.
Planning	These reviews were removed from the plan in agreement with the Director for Residents Services following the creation of the new Directorate. They were no longer considered priority areas for review as the Place Directorate has been replaced, and there were other sources of assurance in relation to Planning, Tenant Engagement and Anti-Social Behaviour.
Data Quality Place	
Anti-Social Behaviour	
Tenant Engagement	

Since the last Audit Committee meeting the following reviews were also added to the plan:

Right to Buy	This review was added at management's request due to potential concerns with the processes in place. In particular, this review will consider how the right to buy discounts are calculated.
HRA Acquisitions	This review was added to the plan in agreement with the Director of Place to expand on earlier work completed in 2024/25. It was also updated following the

	implementation of the Resident's Services Directorate to consider how the different teams can collaborate more effectively under the new structure.
Debt Discovery Work	This advisory review was added to the plan to support a wider Debt Project. This work will include identifying services across the Council where income is received and how any debt is managed.
Awabs Law Implementation	This review was added to the plan due to the importance of the new legislation. It is a high-level review to provide assurance there are appropriate actions being taken to ensure the Council is compliant with the new requirements.

3. FOLLOW UP OF MANAGEMENT ACTIONS

The table in *Appendix C* outlines the agreed management actions followed up since the last Audit Committee meeting. Actions are marked as verified once IA have received evidence to demonstrate the action has been fully implemented. Once all actions from an individual report are verified the report is marked closed and will be removed from the tracker.

In total 49/78 (63%) management actions due to have been implemented were marked as verified or complete. Eight were marked as overdue as they have not been completed by their agreed implementation date. New implementation dates will be set for these actions, and they will be followed up again until they are completed.

However, 21 were marked as unknown as we are waiting on responses from the responsible officer. In many cases this was due to the responsible officer changing, however the follow up process has also been impacted by the reduced capacity in the IA team. This is something we are already looking to address, including providing greater information on outstanding recommendations to the Corporate Management Team on a regular basis.

4. FORWARD LOOK

The IA team will continue to focus on delivering the reviews outlined in Appendix A. Whilst a lot of work has already been delivered the HIA will be continuously reviewing the plan to ensure there is sufficient capacity in the team to complete the reviews by the year end.

Over the next quarter the IA team will also begin their annual planning process to develop the draft annual plan for the next Audit Committee meeting and begin the significant sample testing required for the Housing Benefit Grant Claim.

IA would like to take this opportunity to formally thank all staff throughout the Council with whom IA had contact. There are no other matters that the HIA needs to bring to the attention of the CMT and Audit Committee at this time.

APPENDIX A: IA REVIEWS

IA Ref.	IA Review Area	Current Status	Assurance Level	Actions & Risk Rating			
				H	M	L	O
P2	Capital Programme	Final Report Issued 19 May 2025	REASONABLE	-	7	-	-
S8	PEEPs in Highrise Buildings	Final Report Issued 18 June 2025	LIMITED	-	3	-	-
A01	Commissioned & Direct Payments	Final Report Issued 13 June 2025	ADVISORY	-	-	-	-
C1	DSG (Safety Valve Plan (Part 2))	Final Report Issued 19 June 2025	SUBSTANTIAL	-	1	-	-
H2	Housing H&S requirements	Final Report Issued 3 June 2025	SUBSTANTIAL	-	-	1	-
H1	Data Quality H&C	Final Report Issued 21 August 2025	REASONABLE	1	1	-	-
H1	Community Safety	Final Report Issued 21 August 2025	LIMITED	-	2	1	-
S1	Agency Expenditure & Checks	Final Report Issued 17 September 2025	REASONABLE	-	3	-	-
P3	Greenspaces	Final Report Issued 22 October 2025	NO	1	6	-	-
C1	School's pre-employment checks	Final Report Issued 23 October 2025	REASONABLE	-	2	1	-
P2	Corporate Estate	Final Report Issued 24 October 2025	LIMITED	1	2	1	-
P5	Highways	Final Report Issued 4 November 2025	LIMITED	1	2	-	-
X1	Documentation Security	Draft Report Issued	TBC Once Finalised				
X1	Directorate Business and Financial Plans	Draft Report Issued	TBC Once Finalised				
X2	Savings Programme	Draft Report Issued	TBC Once Finalised				
X3	Budget delivery	Under Review	Advisory				
F3	Income Generation: Business rates	Under Review	TBC Once Finalised				
H3	Temporary Accommodation Action Plan	Under Review	TBC Once Finalised				
F2	Income Generation	Under Review	Advisory				
C2	Data Quality CSC	Fieldwork	TBC Once Finalised				
X8	Debt Discovery Work	Fieldwork	Advisory				

IA = Internal Audit	**H** = High Risk	**M** = Medium Risk	**L** = Low Risk	**O** = Observation

IA Ref.	IA Review Area	Current Status	Assurance Level	Actions & Risk Rating			
				H	M	L	O
H8	Right to Buy	Fieldwork	*TBC Once Finalised*				
H7	Housing Allocations	Fieldwork	*TBC Once Finalised*				
X4	Corporate Policies and Procedures	Fieldwork	*Advisory*				
P7	HRA Acquisitions	Fieldwork	*TBC Once Finalised*				
C4	Housing and Social Care Collaboration	Fieldwork	*TBC Once Finalised*				
C6	Health and Safety in Schools	Fieldwork	*TBC Once Finalised*				
H4	B&B & HRA Arrears	Planning	*TBC Once Finalised*				
A2	Data Quality - ASC	Planning	*TBC Once Finalised*				
S3	Emergency Planning	Planning	*TBC Once Finalised*				
F4	Key Financial Controls	Planning	*TBC Once Finalised*				
C3	Multiagency working	Planning	*TBC Once Finalised*				
S4	HR information	Planning	*TBC Once Finalised*				
H9	Awaab's Law Implementation	Planning	*TBC Once Finalised*				
X7	Effectiveness of the Corporate Governance		*TBC Once Finalised*				
F5	Procurement		*TBC Once Finalised*				
X6	Contract Management		*TBC Once Finalised*				
			Total Number of IA Management Actions Raised	4	31	4	0

IA = Internal Audit	**H** = High Risk	**M** = Medium Risk	**L** = Low Risk	**O** = Observation

APPENDIX B: IA AD-HOC ADVISORY & GRANT CLAIM VERIFICATION REVIEWS

IA Ref.	IA Review Area	Current Status
Z01	Housing Housemark return	*Completed*
Z02	Grievance Investigation	*Completed*
Z03	Internal Review with Counter Fraud	*Completed*
Z04	Adult Mental Health Service	*Completed*
Z05	Debt Project	*Ongoing*
Z06	Environment Support	*Ongoing*
Z07	P-Card Review	*Ongoing*
G01	Trading Standards Grant Verification	*Completed*
G03	Bus Service Operators Grant	*Completed*
G02	Housing Benefit Grant Claim	*Ongoing*

IA = Internal Audit	**H** = High Risk	**M** = Medium Risk	**L** = Low Risk	**O** = Observation

APPENDIX C: IA FOLLOW UP OF MANAGEMENT ACTIONS

Ref	Review	Number of Actions		Current Status of Actions:										Comments
				Verified		Completed		Overdue		Unknown		Not Due		
		H	M	H	M	H	M	H	M	H	M	H	M	
20.A03	Cemeteries: Bereavement Service and Ground Maintenance	2	4	-	-	-	-	2	4	-	-	-	-	New Date: February 26
20.A31	Exclusions or Education Cases for Vulnerable Young People	-	4	-	3	-	-	-	-	-	1	-	-	Due September 2025
22.A42	Fraud prevention controls in tendering & contacts	-	4	-	3	-	-	-	-	-	-	-	1	Due December 2025
22.A45	Adult social care referrals and assessment	-	2	-	1	-	-	-	-	-	-	-	1	Due October 2025
22.C59	Care Leavers Allowances	1	1	-	-	-	-	-	-	1	1	-	-	Due June 2025
23.C04	Neglect (Children's)	-	2	-	1	-	1	-	-	-	-	-	-	
23.P05	Climate Action	1	1	1	1	-	-	-	-	-	-	-	-	CLOSED
23.P06	Facilities Management	-	3	-	-	-	-	-	-	-	-	-	3	Due October 2025
23.S01	IT Application Review	-	2	-	2	-	-	-	-	-	-	-	-	CLOSED
23.S02	Workforce Planning, Establishment & Recruitment	2	2	2	2	-	-	-	-	-	-	-	-	CLOSED
23.F07	Fleet Damage	-	4	-	2	-	-	-	2	-	-	-	-	New Date: March 26
23.S13	Pool Cars	2	3	1	2	1	1	-	-	-	-	-	-	
23.C03	SEND Data Quality	4	1	2	1	-	-	-	-	-	-	2	-	Due December 2025
23.D02	Performance Information	-	3	-	-	-	-	-	-	-	-	-	3	Due December 2025
23.S14	Uninspected B&Bs	2	3	2	1	-	2	-	-	-	-	-	-	
24.S15	Overtime, Expenses & Mileage Payments	5	2	4	-	-	-	-	-	-	-	1	2	Due December 2025
24.S17	Section 202 & 204 Appeals review	-	3	-	1	-	-	-	-	-	2	-	-	Due September 2025
24.P4	Asset Management	2	2	-	-	-	-	-	-	-	-	2	2	Due February 2026
23-S09	Personal Appraisals	-	3	-	2	-	-	-	-	-	-	-	1	Due December 2025
24-S03	Pre-employment checks	-	3	-	-	-	-	-	-	-	3	-	-	Due August 2025
24-S05	Decent Homes Standards	-	2	-	1	-	-	-	-	-	1	-	-	Due September 2025
24-P3	Leasehold Management and Service Charges	-	2	-	-	-	-	-	-	-	2	-	-	Due April 2025
24-D05	Hillingdon First Card	-	4	-	-	-	-	-	-	-	4	-	-	Due August 2025
24.S02	Induction and mandatory training	1	2	1	2	-	-	-	-	-	-	-	-	CLOSED

IA = Internal Audit	**H** = High Risk	**M** = Medium Risk	**L** = Low Risk	**O** = Observation

Ref	Title												Status
24-F3	Contract Management Oversight	3	1	-	-	-	-	-	-	-	-	3	1	Due January 2026
24-S18	B&B Rent Arrears	3	2	-	-	-	-	-	-	-	-	3	2	Due November 2025
24-S13	HRA Rent Arrears	1	3	-	-	-	-	-	-	-	-	1	3	Due November 2025
24-C03	Schools Admissions	1	4	1	4	-	-	-	-	-	-	-	-	CLOSED
24-C02	Schools Finances	2	4	-	-	-	-	-	-	2	4	-	-	Due August 2025
24-F04	Debtors	-	3	-	-	-	-	-	-	-	-	-	3	Due April 2026
24-F06	Budget Monitoring	-	6	-	-	-	-	-	-	-	-	-	6	Due April 2026
24-F02	Key Financial Controls (Cash Handling)	1	2	-	-	-	-	-	-	-	-	1	2	Due December 2025
24-S08	PEEPs in Highrise Buildings	-	3	-	-	-	-	-	-	-	-	-	3	Due March 2026
24-C01	DSG (Safety Valve Plan (Part 2))	-	1	-	1	-	-	-	-	-	-	-	-	CLOSED
	SUBTOTAL	33	91	14	30	1	4	2	6	3	18	13	33	
	TOTAL	**124**		**44**		**5**		**8**		**21**		**46**		

IA = Internal Audit	**H** = High Risk	**M** = Medium Risk	**L** = Low Risk	**O** = Observation

APPENDIX D: INTERNAL AUDIT KEY PERFORMANCE INDICATORS

The Key Performance Indicators (KPIs) for IA quarterly reporting to CMT and the Audit Committee in 2025/26 are set out below:

KPI	Performance Measure	Target	Current Status
KPI 1	Planning to be initiated at least six weeks before the planned fieldwork start date to allow the relevant service to prepare documents and ensure staff availability.	80%	89%
KPI 2	The final terms of reference for the review to be agreed before the planned fieldwork start date.	80%	83%
KPI 3	Fieldwork to be completed within two months of the opening meeting, unless agreed with the relevant Review Sponsor.	80%	89%
KPI 4	Draft Reports to be issued three weeks after the end of fieldwork meeting with the key contact	80%	100%
KPI 5	Annual IA Plan delivered to draft report stage by 31st March, unless agreed with Review Sponsor	90%	*41%*
KPI 6	Annual IA Plan delivered to final report stage by 31st March, unless agreed with Review Sponsor	80%	*32%*
KPI 7	Draft management responses to be received two weeks after the draft report is issued	80%	71%
KPI 8	Review Sponsor to approve the management responses two weeks after the updated report is issued.	80%	75%
KPI 9	HIGH and MEDIUM risk IA recommendations completed within the original timescale	80%	63%
KPI 10	IA folders with fully completed compliance checklists identified through spot checks	90%	*TBC*

Key for future reporting on actual KPI performance:
- **RED** = currently this performance target is not being met (significantly [>5%] short of target performance).
- **AMBER** = currently not meeting this performance target (just short [<5%] of target performance).
- **GREEN** = currently meeting or exceeding this performance target

APPENDIX E: ASSURANCE LEVELS AND ACTION RISK RATINGS

ASSURANCE LEVEL	DEFINITION
SUBSTANTIAL	There is a **good level of assurance** over the management of the key risks to the Council objectives. The control environment is robust with no major weaknesses in design or operation. There is **positive assurance** that objectives will be achieved.
REASONABLE	There is a **reasonable level of assurance** over the management of the key risks to the Council objectives. The control environment is in need of some improvement in either design or operation. There remains **some risk** that objectives will not be achieved.
LIMITED	There is a **limited level of assurance** over the management of the key risks to the Council objectives. The control environment has significant weaknesses in either design and/or operation and the level of residual risk to the objectives is not aligned to the relevant risk appetite. There is a **significant risk** that objectives will not be achieved.
NO	There is **no assurance** to be derived from the management of key risks to the Council objectives. There is an absence of several key elements of the control environment in design and/or operation leading to a substantial variance between the risk appetite and the residual risk to objectives. There is a **high risk** that objectives will not be achieved.

FINDING RATING	DEFINITION
HIGH	The finding relates to **a significant threat** that could impact the Council's corporate objectives. i.e. a high number of key business risks remain unidentified and/or unmanaged as control systems do not exist and/or do not operate effectively. **The risk requires senior management attention as soon as possible**.
MEDIUM	The finding relates to **a potentially significant threat** that could impact on either corporate or operational objectives. This includes weaknesses in the control systems that are not considered serious but may have some impact on the service. **The risk requires management attention** and should be addressed within six months to ensure full compliance with expected controls.
LOW	The finding relates to **a minor threat** that impacts on operational objectives, this includes non-compliance with best practice or local procedures, and minimal impacts on the Service's reputation or budget. **The risk may be tolerable in the medium term** but management should take action within the next year to improve the control framework to ensure full compliance with expected controls.
OBSERVATION	This includes any items Internal Audit would like to highlight that may not directly relate to a finding. This includes notable performance and innovative controls that **should be shared with others,** potential concerns raised during the audit that are **outside the scope of the review** and will be considered separately, and any areas of improvement that had already been addressed by management at the time of the review.