INTERNAL AUDIT PROGRESS REPORT

28 January 2026

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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, **five** reviews were completed to final report stage. These include:

- One **ADVISORY** report summarising the debt discovery work undertaken to support a wider debt project.

- **One SUBSTANTIAL** assurance report: Income Generation: Business Rates

- **One REASONABLE** assurance report: Directorate Business and Financial Plans

- **One REASONABLE**/**LIMITED** assurance report and **One LIMITED** assurance report:

Documentation Security (LIMITED)	This review focused on the Council's arrangements for managing the storage and retention of physical documents, with a particular focus on document security and the impact of the Civic Centre project.
	Each service is responsible for managing their own documents, with most departments storing records locally. Spot checks revealed multiple occasions of non-compliance with physical documentation security protocols, and office moves resulted in many documents no longer stored in close proximity to the teams that use them. There are controls limiting access to the Civic Centre, however these do not prevent access from officers in other services or from other organisations renting space within the building.
	In addition to the on-site storage available, services also have the option to archive documents externally through a third-party document storage provider. It was noted some services are not maximising the use of this provider, resulting in unnecessary storage at the Civic Centre.
Savings Programme (REASONABLE / LIMITED)	In February 2025 the Council approved the Medium-Term Financial Strategy (MTFS) for 2025/26, including £34m of savings and an additional £4.8m of deliverable prior year savings. At the time of this review (Month 4), £9.0m of the savings programme had already been achieved (23%), and a further £7.1m were on track to be delivered. This is a significant achievement against the prior year, when only £7.1m was achieved by the year end. However, £9.4m of savings had also been marked as 'unlikely to be delivered' and £1.4m written off (dark red).
	There were significant challenges setting the savings programme at the beginning of the year, and this was the root cause of many of the findings identified. This has led to a large proportion of the savings not being delivered (28%) and alternative options were being pursued at the time of this review.
	Internal Audit were able to give more assurance over the ongoing scrutiny of the savings programme as there has been significant actions taken to improve the monitoring arrangements. This includes the implementation of a Savings Management App, increased information in the monthly monitoring reports, and greater engagement and accountability with individual services.

| | Therefore, Internal Audit provided two assurance ratings for this review; limited assurance in relation to Savings Development for the 2025/26 savings, however reasonable assurance in relation to the current ongoing scrutiny and monitoring arrangements. |
| | The HIA also notes the processes in place for identifying savings as part of the 2026/27 MTFS appear to address many of the findings raised in this report. As these were implemented after this review was completed they will be tested as part of the 2026/27 IA Plan. |

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 undertaken verification work for the Disabled Facilities Grant claim and Mayors Charity Account. 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:

Data Quality	This review was removed from the plan as work was already being undertaken by the Business Intelligence Team to review the performance dashboards for 2026/27. Targeted reviews into higher risk areas will be considered for 2026/27.
HR information	This review was delayed until 2026/27 due to limited capacity to support the review in the HR team and ongoing work to review the starters, leavers and change processes which will be included in the scope of this review.

Since the last Audit Committee meeting the following review was also added to the plan:

Data Protection	This review was added at management's request following discussion at the Hillingdon Information Assurance Group in relation to the action plan from the Cyber360 external review.

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 49/77 (64%) management actions due to have been implemented were marked as verified or complete. Eighteen 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.

Eleven were marked as unknown as we are waiting on responses from the responsible officer. This is something we are looking to address through our automated follow up tracker in 2026/27.

4. FORWARD LOOK

The IA team will focus on completing the remaining 2025/26 reviews outlined in Appendix A and drafting the Internal Audit Annual Report for the next Audit Committee meeting.

Over the next quarter the IA team will also begin planning for the initial reviews in the 2026/27 and ensuring any new processes, templates and guidance is in place for the beginning of the year.

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	Final Report Issued 16 December 2025	LIMITED	-	4	1	-
X1	Directorate Business and Financial Plans	Final Report Issued 28 November 2025	REASONABLE	-	3	-	-
X2	Savings Programme	Final Report Issued 1 December 2025	REASONABLE / LIMITED	1	3	-	-
F3	Income Generation: Business rates	Final Report Issued 16 December 2025	SUBSTANTIAL	-	-	2	-
X8	Debt Discovery Work	Final Report Issued 27 January 2026	ADVISORY	-	-	-	-
H3	Temporary Accommodation Action Plan	Draft Report Issued	TBC Once Finalised				
X4	Corporate Policies and Procedures	Draft Report Issued	Advisory				
C4	Housing and Social Care Collaboration	Draft Report Issued	TBC Once Finalised				
X3	Budget delivery	Under Review	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
F2	Income Generation	Under Review	*Advisory*				
H7	Housing Allocations	Under Review	*TBC Once Finalised*				
C6	Health and Safety in Schools	Under Review	*TBC Once Finalised*				
H8	Right to Buy	Fieldwork	*TBC Once Finalised*				
P7	HRA Acquisitions	Fieldwork	*TBC Once Finalised*				
H4	B&B & HRA Arrears	Fieldwork	*TBC Once Finalised*				
S3	Emergency Planning	Fieldwork	*TBC Once Finalised*				
C3	Multiagency working	Fieldwork	*TBC Once Finalised*				
H9	Awaab's Law Implementation	Fieldwork	*TBC Once Finalised*				
F5	Procurement	Fieldwork	*TBC Once Finalised*				
X6	Contract Management	Fieldwork	*TBC Once Finalised*				
F4	Key Financial Controls	Planning	*TBC Once Finalised*				
X7	Corporate Governance	Planning	*TBC Once Finalised*				
S8	Data Protection	Planning	*TBC Once Finalised*				
			Total Number of IA Management Actions Raised	5	41	7	0

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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*
G04	Disability Facilities Grant Claim	*Ongoing*
G05	Mayors Charity Account	*Ongoing*

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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	Due February 2026
20.A31	Exclusions or Education Cases for Vulnerable Young People	-	4	-	3	-	-	-	1	-	-	-	-	New Date: February 2026
22.A42	Fraud prevention controls in tendering & contacts	-	4	-	3	-	-	-	-	-	-	-	1	Due February 2026
22.A45	Adult social care referrals and assessment	-	2	-	1	-	-	-	1	-	-	-	-	New Date: January 2026
22.C59	Care Leavers Allowances	1	1	-	-	1	1	-	-	-	-	-	-	Awaiting Evidence
23.C04	Neglect (Children's)	-	2	-	1	-	1	-	-	-	-	-	-	Awaiting Evidence
23.P06	Facilities Management	-	3	-	-	-	-	-	3	-	-	-	-	New Date: January 2026
23.F07	Fleet Damage	-	4	-	2	-	-	-	-	-	-	-	2	Due March 26
23.S13	Pool Cars	2	3	2	3	-	-	-	-	-	-	-	-	CLOSED
23.C03	SEND Data Quality	4	1	3	1	-	-	1	-	-	-	-	-	New Date: March 2026
23.D02	Performance Information	-	3	-	-	-	-	-	-	-	3	-	-	Due December 2025
23.S14	Uninspected B&Bs	2	3	2	1	-	2	-	-	-	-	-	-	Awaiting Evidence
24.S15	Overtime, Expenses & Mileage Payments	5	2	4	2	-	-	1	-	-	-	-	-	New Date: March 2026
24.S17	Section 202 & 204 Appeals review	-	3	-	1	-	-	-	-	-	2	-	-	Due September 2025
24.P4	Asset Management	2	2	-	2	-	-	-	-	-	-	2	-	Due March 2026
23-S09	Personal Appraisals	-	3	-	3	-	-	-	-	-	-	-	-	CLOSED
24-S03	Pre-employment checks	-	3	-	1	-	-	-	2	-	-	-	-	New Date: March 2026
24-S05	Decent Homes Standards	-	2	-	2	-	-	-	-	-	-	-	-	CLOSED
24-P3	Leasehold Management and Service Charges	-	2	-	-	-	-	-	-	-	-	-	2	Due January 2026
24-D05	Hillingdon First Card	-	4	-	-	-	-	-	-	-	-	-	4	Due March 2026
24-F3	Contract Management Oversight	3	1	-	-	-	-	-	-	-	-	3	1	Due January 2026
24-S18	B&B Rent Arrears	3	2	-	-	-	-	-	-	-	-	3	2	Due February 2026
24-S13	HRA Rent Arrears	1	3	-	-	-	-	-	-	-	-	1	3	Due February 2026
24-C02	Schools Finances	2	4	-	-	-	-	2	4	-	-	-	-	New Date: March 2026
24-F04	Debtors	-	3	-	-	-	-	-	-	-	-	-	3	Due April 2026

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24-F06	Budget Monitoring	-	6	-	-	-	-	-	-	-	-	-	6	Due April 2026
24-F02	Key Financial Controls (Cash Handling)	1	2	1	-	-	-	1	1	-	-	-	-	New Date: March 2026
24-S08	PEEPs in Highrise Buildings	-	3	-	-	-	-	-	-	-	-	-	3	Due March 2026
24-C01	DSG (Safety Valve Plan (Part 2))	-	1	-	1	-	-	-	-	-	-	-	-	CLOSED
24-S10	Documentation Security	-	4	-	-	-	-	-	-	-	-	-	4	Due March 2026
25-P03	Green Spaces	1	6	-	-	-	-	-	-	1	4	-	2	Due January 2026
25-P05	Highways	1	2	1	1	-	-	-	1	-	-	-	-	New Date: March 2026
25-S01	Agency Expenditure and Checks	-	3	-	3	-	-	-	-	-	-	-	-	CLOSED
	SUBTOTAL	30	95	13	31	1	4	5	13	1	9	11	37	
	TOTAL	**125**		**44**		**5**		**18**		**10**		**48**		

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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%	84%
KPI 3	Fieldwork to be completed within two months of the opening meeting, unless agreed with the relevant Review Sponsor.	80%	92%
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%	*60%*
KPI 6	Annual IA Plan delivered to final report stage by 31st March, unless agreed with Review Sponsor	80%	*51%*
KPI 7	Draft management responses to be received two weeks after the draft report is issued	80%	76%
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 agreed timescale	80%	64%
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.