

Internal Audit Interim Report

2025-26

1a. Core Assurance Work 2025-26 – Summary

This section of the plan lists the work that will be undertaken in-year to provide assurance over the Council's core/key systems and controls. Whilst there may still be a need to flex this plan in response to significant changes or risks, it is anticipated that this aspect of the plan will remain relatively stable and unchanged in-year.

System / Process		Not yet commenced	Planning	Fieldwork	Reporting	Comments
Key financial Systems	♦ Assets and Valuations			●		Review in progress. Planned to conclude end Q3.
	♦ Capital Expenditure		●			Review due to commence Q4
	♦ Debt Management			●		Draft report is currently being prepared.
	♦ Council Tax and Business Rates				●	Draft report issued, awaiting management responses.
	♦ Budgetary Control		●			Review due to commence Q4
IT Audit	♦ STS Assurance Mapping			●		Workshop delivered on 15 th October 2025. Advisory Report being prepared.
	♦ STS Asset Management		●			The review will provide assurance over key controls relating to IT asset management, including new laptop programme rollout.
	♦ IT Application - Oracle		●			The review will provide assurance over key IT/application controls within Oracle.
Inherent Risks	♦ Housing Compliance			●		Internal Audit has been liaising with Housing Management and the external consultants, Caldists, to ensure that assurance activities are coordinated. An Advisory Memo has been issued to Housing Management. Internal Audit will perform an assessment of progress made towards addressing identified risks in Q4.
	♦ Procurement – Extended Follow-up			●		To undertake an extended follow-up review of the outstanding Procurement actions and map progress made against the Procurement Improvement Plan.
	♦ Contract Management		●			Cross-cutting review of a sample of key contracts.
	♦ Children's Safeguarding			●		Review to provide assurance over key controls referenced in this area of strategic risk.

1a. Core Assurance Work 2025-26 – Summary (cont'd)

System / Process		Not yet commenced	Planning	Fieldwork	Reporting	Comments
Grant / Certification	♦ Social Housing Decarbonisation Fund – Grant Certification				●	Grant certification to ensure expenditure in accordance with terms and conditions.
	♦ Defra Food Waste Collection – Grant Certification				●	Grant certification to ensure expenditure in accordance with terms and conditions.
	♦ Brent River College – Grant Certification				●	Grant certification to ensure expenditure in accordance with terms and conditions.
	♦ Barham Park Accounts - Certification				●	Accounts certification.
School Audits	♦ Harlesden Primary School			●		Fieldwork completed before Summer holidays and interim report shared with the Headteacher. Additional work being undertaken in Q3 to resolve outstanding queries.
	♦ Ashley College		●			Review to commence in Q3.
	♦ Newman Catholic College	●				Review to commence in Q4.
	♦ School 4 - tbc	●				Fourth school to be agreed in collaboration with CYP and Finance colleagues in Q4.

1b. Core Assurance Work 2024-25 – Findings (High & Medium)

This section of the report provides a summary of findings for all *core assurance* audits completed to date.

System / Process	Assurance Provided	Summary of Findings
♦ Council Tax and Business Rates	<i>Limited</i>	<p>High Risk</p> <ol style="list-style-type: none"> Discounts and Exemptions Council's internal controls over Council Tax discounts and exemptions are currently weak, with issues identified across policy documentation, segregation of duties, and eligibility verification Delays and Omissions in Issuance of Reminder and Summons Notices Testing revealed frequent delays in issuing reminder and summons notices beyond policy timelines, with some notices not issued at all despite outstanding debts. <p>Medium Risk</p> <ol style="list-style-type: none"> Follow-up of warning discrepancies Weaknesses in follow-up, escalation, and coordination with the Valuation Office Agency (VOA) have led to long-standing discrepancies and recurring data mismatches, heightening the risk of inaccurate records and billing errors Lack of Independent Review and Authorisation of Reconciliations The quarterly property data reconciliation reports are prepared without any formal independent review or authorisation Inconsistent Recovery Actions Recovery officers prioritise accounts subjectively, focusing mainly on high-balance or "critical" cases, which causes delays or inconsistencies in pursuing lower-balance accounts and risks revenue leakage.

2a. Risk-Focussed Work 2025-26 – Summary

This section of the plan is intended to be flexible and adaptive to respond to changing risks and priorities, and to ensure audit resources are allocated efficiently and effectively to the areas with the greatest assurance needs. The audits undertaken as part of this section of the plan will be determined via a number of factors, including:

- an on-going internal audit risk assessment;
- assurance mapping against strategic and directorate risks;
- identification of new and emerging threats and risk areas; and
- on-going consultation with senior management.

System / Process	Not yet commenced	Planning	Fieldwork	Reporting	Comments
♦ Residential and Nursing Care				●	Draft report issued, awaiting management responses.
♦ Pay Policy and Allowances				●	Report finalised. See summary of findings in section below.
♦ HRA Financial Management			●		Review in progress. Planned to conclude end Q3.
♦ AI Governance				●	Draft report issued, awaiting management responses.
♦ Parking Debt Collection			●		Fieldwork concluded, draft report is being prepared.
♦ Wembley Learning Zone				●	Review completed.
♦ Deputyship / Appointees			●		Fieldwork concluded, draft report is being prepared.
♦ GLA Affordable Housing Programme			●		Review in progress. Planned to conclude end Q3.
♦ Waste Management / Enforcement		●			Review due to commence end Q3.
♦ Housing Voids		●			Review due to commence in Q4.
♦ Management of Tenancy Management Organisations		●			Review due to commence in Q4.
♦ Housing & Tenant Satisfaction Improvement Programme		●			Review due to commence end Q3.

2b. Risk-Focussed Work 2025-26 - Findings (High & Medium)

This section of the report provides a summary of findings for all *core assurance* audits completed to date.

System / Process	Assurance Provided	Summary of Findings
♦ Residential Nursing Care and	Limited	<p>High Risk</p> <ol style="list-style-type: none"> Financial Assessments Our review identified that half of the financial assessments reviewed were calculated incorrectly and issued to service users without prior approval, resulting in unnecessary costs to the Council. Furthermore, delays in completing assessments meant that in some cases, the Council funded care for up to 11 months before establishing who was financially responsible. Quality Assurance Process The evidence section of the Quality Assurance document is not structured to capture precise examples of compliance, descriptions of what qualifies as evidence, and sample sizes are not included to give context to what is being recorded. Also, where standards are unmet or partially met there is no clear process for revaluation to attest compliance. Residential and Nursing Care Oversight There is no effective oversight of all elements of the end to end residential and nursing care service to identify any failures in the process, such a forum to review the effectiveness of monitoring and reporting. <p>Medium Risk</p> <ol style="list-style-type: none"> Governance The current Adult Social Care Charging Guidance (2016) lacks key governance details, including the author, approval information, and scheduled review dates. It also does not specify when financial assessments should be completed or how they should be documented. Additionally, there is no clear requirement for Senior Officer approval before assessment outcomes are shared with service users.
♦ AI Governance	Limited	<p>High Risk</p> <ol style="list-style-type: none"> Strategy and policy framework AI is currently being introduced through isolated pilot projects under the broader Digital Strategy. However, the absence of a unified Council-wide AI strategy has led to fragmented and reactive deployment. This has resulted in inconsistent approaches and varying quality in how benefits are tracked and assessed. Governance and Oversight AI oversight is dispersed across existing forums, without a single, end to end framework or accountable owner. The ethics board is advisory only. <p>Medium Risk</p> <ol style="list-style-type: none"> Training

System / Process	Assurance Provided	Summary of Findings
		<p>There is no Council-wide training programme on AI risks, role-specific expectations, or systematic tracking of completion.</p> <p>4. Procurement and Due Diligence</p> <p>The Council's procurement framework has not been adapted for AI. This increases ethical, legal, and value-for-money risks despite some oversight through existing forums and DPIAs</p> <p>5. AI Risk Management</p> <p>AI risks are captured on the digital risk register and managed largely through project level DPIAs. However, they are not included on the corporate risk register, and key enterprise level exposures such as information governance failures from AI use and the risk of shadow AI are not formally owned or mitigated.</p>
♦ Wembley Learning Zone (WLZ)	<i>Management Letter</i>	<p>Internal Audit completed a review of Wembley Learning Zone at management's request. The review identified several issues and concerns, including:</p> <ol style="list-style-type: none"> 1. Safeguarding – there is currently a lack of clarity regarding the safeguarding training and DBS status of WLZ team members. 2. Event Charges – the pricing of events is inconsistent, with lower rates charged in some instances. 3. Write-offs – a write-off credit of c£10k could not be accounted for or verified. 4. Event Bookings – the tracking of bookings was inconsistent and incomplete and did not correspond to invoices received. 5. Staffing and Job Descriptions – up to date JDs and procedures could not be located or provided during the audit. 6. Procurement – WLZ use a Council issued Credit Card that has been used to by-pass traditional procurement routes.
♦ Pay Policy and Allowances	<i>Management Letter</i>	<p>Internal Audit completed a planned review of the Council's Pay Policy and Allowances. The review has highlighted several issues regarding the consistent application of, and adherence to, the Council's Pay Policy and Procedures, including:</p> <ol style="list-style-type: none"> 1. Expenditure monitoring a controls require improvement; 2. A number of payments were found to fall outside of the agreed pay rates. 3. Some payments were processed without full authorisation. 4. Several payments lacked supporting records. 5. Legacy systems and fragmented data have made it difficult to validate payments. 6. Limited monitoring and oversight at a service level have contributed to informal practices.

2c. Risk Assessment – to inform audit activity in Q4

The table below lists the potential audit areas identified as part of the rolling internal audit risk assessment, with priority given to those areas with the highest assurance need.

This list is fluid and therefore subject to change/amendment as required by the Head of Internal Audit in respect of new, emerging and changing risks. The table does not purport to be rigid plan of audit activity that will be delivered, and instead has been included to provide assurance to the Audit and Standards Advisory Committee as to how the work of Internal Audit in Quarter 4 will be determined.

System / Process	Risk Assessment	Rationale / Suggested Scope
♦ Budget Pressures / Savings Delivery	High Risk	To perform a deep-dive into a specific area(s) of budgetary pressure and/or critical savings plan(s) to provide assurance over delivery. To potentially review enforcement of spending controls.
♦ Commissioning and Placements (Childrens)	High Risk	To provide assurance on the effectiveness of key controls surrounding commissioning and placements, including payments to providers.
♦ Child to Adult Transition	High Risk	To provide assurance on the effectiveness and robustness of the Council's arrangements for child to adult care transition including implementation of process changes.
♦ Housing Allocations	High Risk	To provide assurance that the Housing Allocations policy is operating effectively.
♦ Martyn's Law	High Risk	To provide assurance over arrangements in place to ensure compliance with new legislation.
♦ CCTV and Surveillance	Medium Risk	To review the Council's CCTV and surveillance arrangements to ensure compliance with relevant legislation.
♦ Commercial property - leases and rents collection	Medium Risk	To provide assurance that the processes and controls around the collection of rent and leases are operating robustly and effectively.
♦ Planning – compliance with regulations	Medium Risk	To provide assurance that the processes and controls around compliance with planning regulations are operating robustly and effectively.
♦ Community Grants	Medium Risk	To provide assurance over the governance and monitoring arrangements in place regarding grants and funding initiatives for voluntary organisations

3a. Follow-up Work - Summary

Internal Audit continues to operate an established follow-up process, tracking actions through to confirmed implementation, to provide confirmation that improvements in the Council's governance, risk management and control have been embedded. The table below lists the key follow-ups in-progress and planned for 2025-2026 (based on audits completed in 2024-2025).

Audit	Status	Agreed Actions				Actions Implemented at Follow-up		
		H	M	L		H	M	L
♦ General Ledger	Complete	-	7	4		-	7	2
♦ Treasury Management	Follow-up due Q4	-	-	2				
♦ VAT	Follow-up due Q4	3	3	-				
♦ Insurance	In progress	-	3	-				
♦ STS Procurement	Follow-up due Q4	3	3	-				
♦ STS Project Management	In progress	-	13	2				
♦ IT Application - Mosaic	In progress	-	8	-				
♦ Recruitment	In progress	-	4	4				
♦ True Compliance	In progress – coordinating with work of external consultants	1	-	-				
♦ Section 20/20b – Major Works and Improvement re-charges	In progress	3	1	-				
♦ Procurement	In progress	8	3	-				
♦ Social Housing Act - ASB	In progress	2	3	-				
♦ Discretionary Housing Payments	In progress	-	2	6				
♦ RLS Contract Management	In progress	-	2	2				
♦ Direct Payments - Adults	Complete	7	3			7	3	
♦ Direct Payments - Childrens	In progress	9	1	-				
♦ Public Health Contract Management	In progress	-	6	-		-	6	-
♦ S106 / CIL	In progress	-	4	3		-	4	0

3b. Overdue High-Risk Actions

All Internal Audit reviews are subject to follow-up in accordance with the implementation dates agreed with management. If actions are not completed within the original timeframe, revised deadlines are set. It is the responsibility of management to notify Internal Audit once actions have been implemented. Where revised deadlines are missed, the actions are reported as overdue.

Audit	Finding Heading	Original Target Date	Revised Target Date	Status
Housing Voids Management	Key Performance Indicators	31 March 2023	31 July 2024	Partially Implemented
Housing Voids Management	Key Performance Indicators	31 March 2023	31 July 2024	Partially Implemented
Housing Voids Management	Key Performance Indicators	31 March 2023	31 July 2024	Partially Implemented
Kilburn Square - TMO	Budgetary Control	31 August 2024	31 March 2025	Partially Implemented
Kilburn Square - TMO	Budgetary Control	31 August 2025	28 February 2025	Not implemented
Kilburn Square - TMO	Purchasing & Expenditure	31 October 2023	28 February 2025	Not implemented
Kilburn Square - TMO	Contracts	31 March 2024	31 March 2025	Partially Implemented
Kilburn Square - TMO	Contracts	31 October 2023	31 March 2025	Partially Implemented
Watling Gardens - TMO	Budgetary Controls	31 March 2024	31 March 2025	Partially Implemented
Licensing	Inspections	31 December 2023	31 October 2024	Not Implemented
Northgate – Housing Benefits	Reconciliations	31 January 2024	31 October 2024	Not Implemented

4a. Internal Audit – Key Performance Indicators

The Head of Internal Audit is responsible for the internal audit function's conformance with the Global Internal Audit Standards (GIAS) and continuous performance improvement. This includes implementing and maintaining a quality assurance and improvement program (QAIP) that covers all aspects of the internal audit function. To complement and inform the ongoing and periodic assessments of the Internal Audit function, Key Performance Indicators (KPIs) have been defined to measure the performance of the internal audit service. Achievement scores against each of these KPIs for 2025-26 to date are set out in the table below:

KPI	Target	Achievement	Comments
KPI1 - Activity	100 % of Core Assurance Plan completed across the 3-year cycle	● On-track	100% of Core Assurance planned work completed in 2024-25. On-track to deliver all Core Assurance audits in 2025-26.
KPI2 - Activity	100 % of strategic risks/ key inherent risks covered across 3-year cycle	● On-track	100% of Core Assurance planned work completed in 2024-25. On-track to deliver all Core Assurance audits in 2025-26.
KPI3 - Delivery	Timeliness in raising issues with Management - end of fieldwork to closing meeting <10 working days.	● On-track	9 audits completed where formal report issued. End of fieldwork meeting held within 10 working days in all instances.
KPI4 - Delivery	100 % of acceptance to audit recommendations	● Met	100% of audit actions accepted in audits concluded to date.
KPI5 – Follow-up	100 % of Critical and High-risk actions followed-up within 1 month of due date	● Partially Met	Due to limited resources (auditor vacancy) the team has been unable to fulfil this KPI to date. The vacancy has now been filled and this target will be reinforced during Q4.
KPI6 – Follow-up	75% of audit actions implemented within original timescales.	● On-track	There is a limited population size for follow-ups completed thus far in 2025-26, though trends appears to be on track.
KPI7 – Quality	100% of audit satisfaction surveys rated as 'good or better'	n/a	No survey responses received.
KPI8 - Quality	Conformance to the Public Sector Internal Audit Standards	● On-track	A self-assessment against the standards will be undertaken in Q4.