Internal Audit Interim Report 2025-26 - Addendum

2025-26

1b. Core Assurance 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	Internal Audit Update - January 2026
♦ **Council Tax and Business Rates**	*Limited*	**High Risk** 1. **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 2. **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. **Medium Risk** 3. **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 4. **Lack of Independent Review and Authorisation of Reconciliations** The quarterly property data reconciliation reports are prepared without any formal independent review or authorisation 5. **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.	**Responsible Officers:** Head of Revenue and Debt; Revenues & Debt Service Manager; Service Manager – Debt Recovery **Recommendations Accepted:** High: 2	Medium: 3	Low: 1 (Total: 6) **Final Implementation Date:** All remaining actions are targeted for 31 October 2026, with the process improvements relating to reminder and summons notices and the Debt Recovery Policy update already completed. Internal Audit plan to undertake a follow-up to measure progress towards implementation of actions in Q4 2026-27.

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	Management response Summary
♦ **Residential and Nursing Care**	*Limited*	**High Risk** *1.* **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. *2.* **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. *3.* **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. **Medium Risk** *4.* **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.	**Responsible Officers:** Head of Commissioning, Contracting & Market Management; Service Manager Benefits Subsidy & Policy; Digital Programme Manager **Recommendations Accepted:** High: 3 | Medium: 1 (Total: 4 issues, 8 recommendations) **Final Implementation Date:** • Financial assessment accuracy & Mosaic uploads: 31 Jan 2026 • QA process improvements: 31 Jan 2026 (validation doc), 31 Mar 2026 (scoring redesign) • Charging Policy update & training: 30 Apr 2026 • Oversight forum: 31 Jan 2026 Internal Audit plan to undertake a follow-up to measure progress towards implementation of actions in Q4 2026-27.

System / Process	Assurance Provided	Summary of Findings	Management response Summary
• **AI Governance**	*Limited*	**High Risk** 1. **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. 2. **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. **Medium Risk** 3. **Training** There is no Council-wide training programme on AI risks, role-specific expectations, or systematic tracking of completion. 4. **Procurement and Due Diligence** 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 5. **AI Risk Management** 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.	**Responsible Officers:** Interim Head of Digital Transformation; Digital Transformation Programme Manager – AI; Head of Digital Transformation **Recommendations Accepted:** High: 2 | Medium: 3 (Total: 5) **Final Implementation Date:** • AI Strategy & Training: 30 Apr 2026 • Governance Framework & Risk Register: 31 Jul 2026 • Procurement Addendum: 31 Jan 2026 Internal Audit plan to undertake a follow-up to measure progress towards implementation of actions in Q3 2026-27.
• **Wembley Learning Zone (WLZ)**	*Management Letter*	Internal Audit completed a review of Wembley Learning Zone at management's request. The review identified several issues and concerns, including: 1. **Safeguarding** – there is currently a lack of clarity regarding the safeguarding training and DBS status of WLZ team members.	**Responsible Officers:** Head of Setting and School Effectiveness; Project Manager **Recommendations Accepted:** High: 9 | Medium: 2 | Low: 1 (Total: 12) **Final Implementation Date:**

System / Process	Assurance Provided	Summary of Findings	Management response Summary
		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.	• Safeguarding DBS renewal: Completed Oct 2025; training ongoing • Financial reconciliation & booking reconciliation: 31 Aug 2025 • BestBrent booking system: Implemented Jan 2026 • Procurement training, catering compliance, risk assessments, staff manual, marketing refresh: 1 Jan 2026 Internal Audit plan to undertake a follow-up to measure progress towards implementation of actions in Q4 2026-27.
• **Pay Policy and Allowances**	*Management Letter*	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: 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.	**Responsible Officers:** Corporate Director Finance and Resources; Director HR & Organisational Development; Deputy Director Finance; Head of Transactional Finance; Senior HR Business Partner **Recommendations Accepted:** High: 6 (systemic issues across governance, authorisation, documentation, verification, oversight) **Final Implementation Date:** Immediate actions underway via Pay & Allowances Project Review; formal follow-up scheduled Q4 2025–26 Internal Audit plan to undertake a follow-up to measure progress towards implementation of actions in Q2 2026-27.

Appendix A – Basis of our Classifications

Critical

A finding that could have a:
- *Critical impact on operational performance; or*
- *Critical monetary or financial statement impact; or*
- *Critical breach in laws and regulations that could result in material fines or consequences; or*
- *Critical impact on the reputation or brand of the organisation which could threaten its future viability.*

High

A finding that could have a:
- *Significant impact on operational performance; or*
- *Significant monetary or financial statement impact; or*
- *Significant breach in laws and regulations resulting in significant fines and consequences; or*
- *Significant impact on the reputation or brand of the organisation.*

Medium

A finding that could have a:
- *Moderate impact on operational; or*
- *Moderate monetary or financial statement impact; or*
- *Moderate breach in laws and regulations resulting in fines and consequences; or*
- *Moderate impact on the reputation or brand of the organisation.*

Low

A finding that could have a:
- *Minor impact on the organisation's operational performance; or*
- *Minor monetary or financial statement impact; or*
- *Minor breach in laws and regulations with limited consequences; or*
- *Minor impact on the reputation of the organisation.*

Appendix B – Assurance Definitions

Rating	Description
Substantial Assurance	There is a sound control environment with risks to key service objectives being satisfactorily managed. Recommendations will normally only be Advice and Best Practice
Moderate Assurance	An adequate control framework is in place but there are weaknesses which may put some service objectives at risk. There are *medium* priority recommendations indicating weaknesses, but these do not undermine the system's overall integrity. Any *critical* recommendation will prevent this assessment, and any *high* recommendations would need to be mitigated by significant strengths elsewhere.
Limited Assurance	There are several significant control weaknesses which could put the achievement of key service objectives at risk and result in error, fraud, loss or reputational damage. There are *high* recommendations indicating significant failings. Any *high* recommendations would need to be mitigated by significant strengths elsewhere.
No Assurance	There are fundamental weaknesses in the control environment which jeopardise the achievement of key service objectives and could lead to significant risk of error, fraud, loss or reputational damage being suffered.