



Havering

L O N D O N B O R O U G H

AUDIT COMMITTEE AGENDA

7.00 pm

**Thursday
17 April 2025**

**Appointment Centre
Room 7 & 8, Town Hall,
Romford**

Members 6: Quorum 3

COUNCILLORS:

**Conservative Group
(2)**

Keith Prince
David Taylor

**Havering Residents' Group
(3)**

Julie Wilkes (Chairman)
Jacqueline Williams (Vice-
Chair)
John Crowder

**Residents' Association
Independent Group
(1)**

Philip Ruck

For information about the meeting please contact:

**Luke Phimister 01708 434619
luke.phimister@OneSource.co.uk**

**Please would all Members and officers attending ensure they sit in their allocated seats
as this will enable correct identification of participants on the meeting webcast.**

Under the Committee Procedure Rules within the Council's Constitution the Chairman of the meeting may exercise the powers conferred upon the Mayor in relation to the conduct of full Council meetings. As such, should any member of the public interrupt proceedings, the Chairman will warn the person concerned. If they continue to interrupt, the Chairman will order their removal from the meeting room and may adjourn the meeting while this takes place.

Excessive noise and talking should also be kept to a minimum whilst the meeting is in progress in order that the scheduled business may proceed as planned.

Protocol for members of the public wishing to report on meetings of the London Borough of Havering

Members of the public are entitled to report on meetings of Council, Committees and Cabinet, except in circumstances where the public have been excluded as permitted by law.

Reporting means:-

- filming, photographing or making an audio recording of the proceedings of the meeting;
- using any other means for enabling persons not present to see or hear proceedings at a meeting as it takes place or later; or
- reporting or providing commentary on proceedings at a meeting, orally or in writing, so that the report or commentary is available as the meeting takes place or later if the person is not present.

Anyone present at a meeting as it takes place is not permitted to carry out an oral commentary or report. This is to prevent the business of the meeting being disrupted.

Anyone attending a meeting is asked to advise Democratic Services staff on 01708 433076 that they wish to report on the meeting and how they wish to do so. This is to enable employees to guide anyone choosing to report on proceedings to an appropriate place from which to be able to report effectively.

Members of the public are asked to remain seated throughout the meeting as standing up and walking around could distract from the business in hand.



Principles of conduct in public office

In accordance with the provisions of the Localism Act 2011, when acting in the capacity of a Member, they are committed to behaving in a manner that is consistent with the following principles to achieve best value for the Borough's residents and to maintain public confidence in the Council.

SELFLESSNESS: Holders of public office should act solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family, or their friends.

INTEGRITY: Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might seek to influence them in the performance of their official duties.

OBJECTIVITY: In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

ACCOUNTABILITY: Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

OPENNESS: Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

HONESTY: Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

LEADERSHIP: Holders of public office should promote and support these principles by leadership and example.

AGENDA ITEMS

1 CHAIRMAN'S ANNOUNCEMENTS

The Chairman will announce details of the arrangements in case of fire or other events that might require the meeting room or building's evacuation.

2 APOLOGIES FOR ABSENCE AND ANNOUNCEMENT OF SUBSTITUTE MEMBERS

(if any) – received.

3 DISCLOSURE OF INTERESTS

Members are invited to declare any interest in any of the items on the agenda at this point of the meeting.

Members may still disclose any interest in any item at any time prior to the consideration of the matter.

4 MINUTES OF THE MEETING (Pages 7 - 10)

To approve as correct the minutes of the meeting held on 30th January 2025 and authorise the Chairman to sign them.

5 DRAFT INTERNAL AUDIT PLAN (Pages 11 - 32)

6 ANTI-FRAUD AND CORRUPTION STRATEGY (Pages 33 - 52)

7 DRAFT ANNUAL GOVERNANCE STATEMENT (Pages 53 - 74)

Zena Smith
Head of Committee and
Election Services

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**MINUTES OF A MEETING OF THE
AUDIT COMMITTEE
Appointment Centre Rooms 7 & 8, Town Hall, Romford
30 January 2025 (7.00 - 8.18 pm)**

Present:

COUNCILLORS:

Conservative Group Keith Prince and David Taylor

Residents' Group Julie Wilkes (Chair), Jacqueline Williams (Vice-Chair)
and John Crowder

Apologies were received for the absence of Councillors Philip Ruck.

Through the Chairman, announcements were made regarding emergency evacuation arrangements and the decision making process followed by the Committee.

11 MINUTES OF THE MEETING

The minutes of the previous meeting were agreed as a correct record and signed by the Chairman.

12 STATEMENTS OF ACCOUNTS 2023/24 AND EXTERNAL AUDIT REPORTS TO THOSE CHARGED WITH GOVERNANCE

The Committee received the Statement of Accounts and External Audit Report for 2023/24.

Members noted the draft accounts had been published by 31st May 2024 and the audits had followed with the Pensions Fund audit commencing in June 2025.

Members then received a presentation from Havering's external auditors, Ernst & Young (EY).

EY officers explained they were on track to sign an unqualified opinion. The materiality had been set to £9.7million with a minimum £500k limit set to report to the Committee. EY then explained the areas of risk which included fraud. Members questioned the audit and disclosure differences to which EY responded that collection fund was at £800k and not material and there had been changes in the cash flow settlement due to its nature but it was not significant.

The Committee:

1. **Considered** the following External Auditor's reports in relation to the financial year 2023/24:
 - Draft Council Audit Results Report (Appendix A)
 - Draft Pension Fund Audit Results Report 2023/24 (Appendix B)

2. **Approved** the Statement of Accounts for the financial year ended 31st March 2024 and to delegate authority to the Section 151 Officer and the Chair of the Audit Committee to sign the Accounts on behalf of the Council following any further audit adjustments that might be required before release of the audit opinion
3. **Approved** the draft Letters of Representations for Havering Council and Havering Pension Fund and delegate authority to the Section 151 Officer and Chair of the Audit Committee to update and sign on behalf of the Council once the audit opinions are provided (Appendix D and Appendix E).
4. **Approved** the 2023/24 Annual Governance Statement, signed by the Leader and the Chief Executive, confirming the governance arrangements that were in place during the year (Appendix F).

13 **HEAD OF ASSURANCE PROGRESS REPORT 2024/25**

The Committee received the Head of Assurance progress report for 2024/25.

Members noted that the items on the future reports list were not in any particular order and some should not have been shown as they had not been started. It was noted that complaints would be reported at a future meeting.

The Committee **noted** the report.

14 **RISK MANAGEMENT UPDATE**

The Committee received a risk management update.

Members noted the summary was reported twice a year. Members questioned how the likelihood matrix was scored to which officers explained a comprehensive risk strategy and toolkit sat behind the register which showed how the scoring is applied.

Members then discussed Risk 7 – Climate Change. Officers explained some risks have a subjective nature, of which this was one of them. The risk was set at medium to reach the 2040 ambition.

Members appreciated the report was clearer to read and follow.

The Committee **considered** the current level of risk to which the Council was exposed.

15 **ACCOUNTING POLICIES 2024/25**

The Committee received the Accounting Policies for 2024/25.

The Section 151 officer was responsible for setting the policies. The main change for 24/25 was with respect to leases as CIPFA had adopted the IFRS 16. Members noted the private sector had adopted the IFRS 16 in 2019 and the public sector were due to adopt it earlier but it was delayed due to the COVID-19 pandemic. This meant the new standard was for all leases will move onto the balance sheets. Members were assured there would be limited impact on the Council and it should not cause any additional pressure. **Page 8**

The Committee **noted** the Accounting Policies to be used in the preparation of the 2024/25 Financial Statements.

16 **TREASURY UPDATE - QUARTER 3 2024/25**

The Committee received the Quarter 3 2024/25 Treasury Update.

Members were given a brief overview up until the end of December 2024 given the financial position of the Council. There had been an additional £50million of borrowing as the liquidation buffer of £40million had been reached. Interest on investments was £3.1million and Year to Date was £1.8million above the budget. Members noted the debt was below the original estimate due to large amounts of internal borrowing.

The Committee:

1. **Noted** the treasury management activities to the end of December 2024 as detailed in the report.
2. **Noted** the treasury management performance to the end of December 2024
3. **Noted** the adherence to the prudential and treasury indicators

17 **TREASURY MANAGEMENT STRATEGY STATEMENT (TMSS) AND ANNUAL INVESTMENT STRATEGY 2025/26**

The Committee received the Treasury Management Strategy Statement (TMSS) and Annual Investment Strategy for 2025/26.

Members noted this was presented to fulfil legal obligations. It had been presented to the Overview & Scrutiny Board on 29th January 2025 and was due to be presented to Cabinet in February and then to Full Council following that.

The 2027/28 capitalisation direction costs would be 12.7% of revenue. Members questioned the affordability of the costs to which officers explained that if the capitalisation direction surpassed the 16% it would be unreasonable and further action would need to be taken.

The Committee **reviewed** the TMSS for 2025/26.

Chairman

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AUDIT COMMITTEE

17 04 2025

Subject Heading:	Draft Internal Audit Plan 2025/26
ELT Lead:	Kathy Freeman, Strategic Director Resources
Report Author and contact details:	Jeremy Welburn Head of Assurance. Tel: 01708 432610 / 07976539248 E-mail: jeremy.welburn@onesource.co.uk
Policy context:	This report presents the 2025/26 Draft Internal Audit Plan to note and for comment.
Financial summary:	There are no financial implications arising from approving the audit plan/strategy. It is expected that the costs of implementing both will be contained within the revenue budget for internal audit.

The subject matter of this report deals with the following Council Objectives

People making Havering	[X]
Places making Havering	[X]
Resources making Havering	[X]

SUMMARY

The Public Sector Internal Audit Standards refer to the need to produce a riskbased Internal Audit Plan. This should take into account the requirement to produce an annual internal audit opinion and report that can be used by each Council to inform the Annual Governance Statement. The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. To support this, the risk-based plan needs to include an appropriate and comprehensive range of work. The report provides the updated and reviewed Internal Audit Charter and sets out the approach to producing the draft Internal Audit plan, inviting comment from Members.

RECOMMENDATIONS

1. To comment on the draft 2025/26 Internal Audit Plan.
2. To raise any issues of concern and ask specific questions of officers, where required.

REPORT DETAIL

1. Introduction

1.1 The Accounts and Audit Regulations require the Council to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account the Public Sector Internal Auditing Standards (PSIAS) and other guidance.

1.2 Internal audit is a key component of corporate governance within the Council. The three lines of defence model, as detailed below, provides a straightforward framework for understanding the role of Internal Audit in the overall risk management and internal control processes of an organisation:

- First line – operational management controls
- Second line – monitoring controls, e.g. the policy or system owner/sponsor
- Third line – independent assurance

The Council's third line of defence includes Internal Audit, who should provide independent assurance to senior management and the Audit Committee on how effectively the first and second lines of defence have been operating.

1.3 An independent Internal Audit function will, through its risk-based approach to work, provide assurance to the Council's Audit Committee and senior management on the higher risk and more complex areas of the Council's business, allowing management to focus on providing coverage of routine operations.

1.4 The work of Internal Audit is critical to the evaluation of the Council's overall assessment of its governance, risk management and internal control systems, and forms the basis of the annual opinion provided by the Head of Assurance which contributes to the Annual Governance Statement. It can also perform a consultancy role to assist in identifying improvements to the organisation's practices.

2. Internal Audit Plan

- 2.1 To develop the 2025/26 audit plan, and to ensure that this reflects the Council's strategic risks, officers within the Assurance Service have been involved in discussions with the Section 151 Officer, Directors and senior management to review risks in their areas.
- 2.2 The draft plan has been developed using the Council's Vision and objectives for 2025/26. It is proposed that the 2025/26 plan is continuous and flexible to allow for changes in the risk and operational environment in which the Council operates.
- 2.3 The Draft Internal Audit Plan 2025/26 is included as Appendix 1. The Plan is exclusive of Counter Fraud investigations but there is a provision for Internal Audit staff to support Counter Fraud work on system related work.

3. Internal Audit Charter

- 3.1 The Internal Audit Charter has been reviewed and updated to reflect the Global Internal Audit Standards and is included as Appendix 2.

Appendices:

Appendix 1: Draft Internal Audit Plan 2025/26

Appendix 2: Internal Audit Charter 2025

IMPLICATIONS AND RISKS

Financial implications and risks:

There are no financial implications arising from approving the plan. The financial implications arising from implementation of the plan are predominantly staffing costs and associated resources. It is expected that costs will be contained within the budget for internal audit and any variance will be reported and addressed through budget monitoring processes. By maintaining an adequate audit service to serve the Council, management are supported in the effective identification and efficient management of risks and ultimately good governance. Failure to maximise the performance of the service may lead to losses caused by insufficient or ineffective controls or even failure to achieve objectives where risks are not mitigated.

Legal implications and risks:

There are no apparent risks in noting the content of the report. Failure to effectively manage risks is likely to have legal consequences.

Climate Change implications and risks:

None arising directly from this report. Risks around this are reflected in the Strategic Risk Register and incorporated into the scope of audits where relevant.

Human Resources implications and risks:

None arising directly from this report.

Equalities implications and risks:

None arising directly from this report.

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have 'due regard' to: (i) The need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010; (ii) The need to advance equality of opportunity between persons who share protected characteristics and those who do not, and; (iii) Foster good relations between those who have protected characteristics and those who do not. Note: 'Protected characteristics' are age, disability, gender reassignment, marriage and civil partnerships, pregnancy and maternity, race, religion or belief, sex/gender, and sexual orientation. The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants.

Audit Area	Proposed Scope/Audit Work	Proposed Timing
Core Assurances & Cross Cutting		
Governance		
General Governance Work	To include co-ordination of Annual Governance Statement and production of Audit Committee / ELT reports.	Ongoing
Assurance Work		
General Assurance Work	Advice and Consultancy, Audit Plan Management, Follow up of recommendations and Counter Fraud Support.	Ongoing
Grant reviews	To include ongoing Supported Families review and any other grants arising during the year that require audit review / sign off.	As need arises
Compliance Work		
Key financial audits	Ongoing compliance work for key financial areas as a risk- based rolling programme of work.	Q1-3
Governance & Compliance Culture	Programme of work during year to assess governance arrangements and check compliance.	Q1-4
CIPFA FM Code	To provide assurance on the progress of the CIPFA Financial Management Review	Q1-2
Outcomes from CIPFA external assurance review	Any additional work identified as a result of the CIPFA external assurance review	TBC
Risk		
Risk & Assurance Mapping	Identifying ongoing or planned work across services that provide additional assurances.	Ongoing
Joint Counter-Fraud Work	Increased Internal Audit and Counter-Fraud collaboration.	Ongoing
Contingency allowance and provision for assurance work on emerging risk		As need arises
People		
Education	School audit programme (incorporating early years reviews and school health checks)	Ongoing
Starting Well	Outcomes from Ofsted report. Assurance taken from progress of recommendations.	TBC
Starting Well / Ageing Well	High cost placements (learning disabilities and supported living payments)	Q1
Special Guardianship payments	Risks arising following NFI work	TBC
Financial Assessments & Benefits	Follow Up Review	TBC
Temporary Accommodation	Value for Money review e.g block bookings	TBC
Place		
Tenant Management Organisations (TMOs)	Follow Up Review	Q1-2
Asset Management – Corporate Landlord	Responsibilities and management of the corporate buildings portfolio (condition surveys, compliance and works)	TBC
Highways	TBC - Contract renewal/replacement at end March 2024	TBC

Contract Management - Waste	To review contract management/monitoring arrangements in place	TBC
Tree Maintenance	Increased risk based on recent insurance claim arising from a case where recommended work was not carried out.	TBC
Parking services and enforcement	Process/Assurance mapping	TBC
Marketplace management	Process/Assurance mapping	TBC
Mercury Land Holdings (MLH)	Governance arrangements	TBC
Health & Safety	Compliance review to ensure we are meeting our Health and Safety Responsibilities	TBC
Resources		
Complaints	Follow on from 2022/23 assurance memo and implementation of new system in 2024/25.	Q3
Contracts	Sample based Value for Money review	TBC
Total Audit Plan (Days)		700

INTERNAL AUDIT CHARTER

2025

London Borough of Havering

DOCUMENT CONTROL

Name	Internal Audit Charter
Version number	V1
Author	Maria Denton, Deputy Head of Internal Audit & Risk
Lead Officer	Jeremy Welburn, Head of Assurance
Approved by	Audit Committee
Scheduled review date	March 2027

Version	Change	Date	Dissemination
V0.1			
V0.2			

EQUALITY & HEALTH IMPACT ASSESSMENT

1	Title of activity	Internal Audit Charter		
2	Type of activity	Charter		
3	Scope of activity	- To define Internal Audit's purpose, authority and responsibility in accordance with the Global Internal Audit Standards (GIAS) and the CIPFA Application Note.		
4a	Are you changing, introducing a new, or removing a service, policy, strategy or function?	No	If the answer to <u>any</u> of these questions is 'YES', please continue to question 5.	If the answer to <u>all</u> of the questions (4a, 4b & 4c) is 'NO', please go to question 6.
4b	Does this activity have the potential to impact (either positively or negatively) upon people (9 protected characteristics)?	No		
4c	Does the activity have the potential to impact (either positively or negatively) upon any factors which determine people's health and wellbeing?	No		
5	If you answered YES:	Please complete the EqHIA in Section 2 of this document. Please see Appendix 1 for Guidance.		
6	If you answered NO: (Please provide a clear and robust explanation on why your activity does not require an EqHIA. This is essential in case the activity is challenged under the Equality Act 2010.) Please keep this checklist for your audit trail.	This Charter establishes internal audit's position within the Council and reporting lines; authorises access to records, personnel and physical property relevant to the performance of audit work; and, defines the scope of internal audit activities. There is no impact on protected characteristics.		

Date	Completed by	Review date
20 th March 2025	Maria Denton, Deputy Head of Internal Audit & Risk	March 2027

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INTRODUCTION

Introduction

The [Institute of Internal Audit's Global Internal Audit Standards 2024](#) (the “Standards”) define an internal audit charter as: *“a formal document that includes the internal audit function’s mandate, organisational position, reporting relationships, scope of work, types of services and other specifications”*.

This document is the internal audit charter for the London Borough of Havering (“the Council”). It will come into force alongside the new Standards on 1 April 2025 and remain until amended or replaced. It is based on a model charter under the new Standards published by the Institute of Internal Audit, adapted for the UK public sector (with reference to the UK Public Sector Application Note (the “[Application Note](#)” and CIPFA’s Code of Practice for the Governance of Internal Audit in UK Local Government (the “[Code of Practice](#)”) and further specific to the Council.

Hyperlinks are used to refer to a full copy of standards or guidance available online throughout this document, when they are first mentioned and reiterated in the glossary. Bold, coloured text will be used throughout this document to denote when a term has a specific meaning in a Standards context which is explained further in the glossary (for example, **Audit Committee**).

PURPOSE

Purpose

This Charter sets out the purpose, authority and functions of the internal audit service supporting the Council. The purpose of the internal audit service is to strengthen the Council's ability to exercise effective governance in pursuit of its objectives by providing independent, risk-based and objective assurance, advice and insight.

The internal audit service enhances the Council's:

- Successful achievement of objectives,
- Governance, risk management and control processes,
- Decision-making and oversight,
- Reputation and credibility with stakeholders, and
- Ability to serve the public interest.

The Council's internal audit service is most effective when:

- The internal audit service is independently positioned with direct accountability to the **Audit Committee**.
- Internal auditing is performed by competent professionals in conformance with the Standards, the Application Note and the Code of Practice and any additional guidance authorised for use in the UK by relevant standards-setters.
- Internal auditors are free from undue influence and committed to making objective assessments.

Commitment to Adhering to Global Internal Audit Standards and other Mandatory Guidance

The Council's internal audit service will adhere to the mandatory elements of The Institute of Internal Auditors (IIA) International Professional Practices Framework, which are the Standards and Topical Requirements (subject to their approval by relevant UK standards-setters). Mandatory elements in the UK Public Sector also include the Application Note and the Code of Practice.

The **Head of Assurance** will report at least annually to the **Audit Committee** and **senior management** regarding the internal audit service's conformance with the Standards and other mandatory guidance. The **Head of Assurance** will monitor and assess that conformance through a quality assurance and improvement programme.

MANDATE

Mandate

In local government in the UK, internal audit's authority has statutory backing through Regulation 5 of the Accounts and Audit Regulations 2015 (the "[Regulations](#)"). The Regulations affirm internal audit's right of access to all documents, records and information considered necessary by those conducting the internal audit.

Authority

The internal audit service within the Council draws authority from its direct reporting relationship to the **Audit Committee**, including unrestricted access to Members.

Senior management, with support from the **Audit Committee**, authorise the internal audit service to:

- Have full and unrestricted access to all functions, data, records, information, physical property and personnel necessary for carrying out internal audit responsibilities. Internal auditors are accountable for maintaining confidentiality and safeguarding information they obtain.
- Allocate resources, select subjects, determine scopes of work, apply analytical techniques and issue communications necessary to accomplish audit objectives.
- Obtain assurance from the necessary personnel of the Council and other services from within or outside the Council (including contractors and collaborative or arms-length service arrangements) to complete internal audit services.

Independence, Organisational Position and Reporting Relationships

The **Head of Assurance** is positioned at a level in the Council that enables internal audit services and responsibilities to be free from interference from management, thereby established the service's independence. The **Head of Assurance** will report functionally to the **Audit Committee** and administratively to the Strategic Director for Resources. This positioning provides the authority and status to bring matters direct to **senior management** and escalate to the **Audit Committee** when necessary, without interference and so supports internal auditors' ability to maintain objectivity.

The **Head of Assurance** will confirm to the **Audit Committee**, at least annually, the organisational independence of the internal audit function. The **Head of Assurance** will disclose to the **Audit Committee** any characteristics of the Council's governance structure which may limit independence and any safeguards employed. The **Head of Assurance** will also disclose to the **Audit Committee** any interference internal auditors encounter related to the scope, performance or communication of internal audit work and results. This disclosure will include communicating the implications of such interference or governance structure characteristics on the internal audit service's effectiveness and ability to fulfil its mandate.

MANDATE

Currently, the **Head of Assurance** holds various operational roles beyond responsibility for the internal audit service. These are:

- Oversight of the Council's Anti-Fraud and Corruption Team,
- Oversight of the Council's Workplace Investigation's Team,
- Maintaining the Council's Risk Management Framework and;
- Oversight of the Council's Insurance service.

The following additional and alternative steps will feature in the audit approach to maintain independence and objectivity for these areas:

- At audit planning stage, other officers within the audit service will complete risk assessments. Where planning risk criteria are met, engagements will be longlisted in the audit plan and, at minimum, form part of the consultation draft plan shared with **senior management**.
- At audit engagement stage, the internal audit service will consider various approaches depending on the nature of the engagement. These may include having work undertaken by the Council's internal audit service but overseen by a Chief Audit Executive of another council or assigning work entirely to auditors from an external body or professional audit firm.
- At audit reporting stage, invite the independent entity that completed the engagement the opportunity to report direct to **Audit Committee** and **senior management**. That reporting will include opportunity to comment on the effectiveness of independence safeguards and any recommendations for their development.

The **Head of Assurance** will describe the specific safeguards proposed in the annual audit plan for agreement by the **Audit Committee** before implementation. Where the safeguards rely on assistance from another council, the Council may offer similar (non-reciprocal) services that the **Head of Assurance** will describe within the annual audit plan.

Changes to the Mandate, Authority or Charter

At least annually, the Head of Assurance will present a current version of this Charter for approval by the Audit Committee. Periodically, circumstances may justify more frequent or irregular amendments. These may include:

- Significant changes to Standards or other Mandatory Guidance,
- Significant reorganisation within the Council, especially changes in the Head of Assurance, Audit Committee or senior management.
- Significant changes to the Council's strategies, objectives, risk profile or operating environment.
- New laws or regulations that affect the nature of scope of internal audit.

AUDIT COMMITTEE OVERSIGHT

Audit Committee Oversight

To establish, maintain and ensure that the Council's internal audit service has sufficient authority to fulfil its duties the **Audit Committee** will:

- Discuss with the **Head of Assurance** and **senior management** the appropriate authority, responsibilities, scope and services of the internal audit service.
- Ensure the **Head of Assurance** has unrestricted access to and communicates and interacts directly with the **Audit Committee**, including in private meetings without senior management present.
- Discuss with the **Head of Assurance** and **senior management** the content of the internal audit charter.
- Participate in discussions with the **Head of Assurance** and **senior management** about the “essential conditions” described in the Standards which establish the foundation that enables an effective internal audit function.
- Approve the internal audit service's Charter, which includes the internal audit mandate and the scope and types of internal audit services.
- Review the internal audit charter at least annually to consider changes affecting the Council, such as the employment of a new **Head of Assurance** or changes in the type, severity and interdependencies of risks to the Council; and approve the internal audit charter.
- Approve the risk-based internal audit plan.
- Receive communications from the **Head of Assurance** about the internal audit service including its performance relative to its plan.
- Ensure a quality assurance and improvement program has been established and review its results annually.
- Work with the **Head of Assurance** and **senior management** in selecting an external quality assessor and defining assessment scope.
- Make appropriate enquiries of senior management and the **Head of Assurance** to determine whether actual or desired scope or resource limitations are inappropriate.
- Periodically review and assess the adequacy of specific arrangements to safeguard the **Head of Assurance's** independence and objectivity for work on other operational roles associated with the position.

AUDIT COMMITTEE OVERSIGHT

The following points are adapted from the Standards in line with requirements of the Application Note and the Code of Practice:

- Provide a view, where appropriate, on the internal audit service's human resources administration, budget and expenses.
- Provide input as requested by **senior management** on the appointment and removal of the **Head of Assurance** and ensuring that the post-holder is appropriately competent and qualified as set out in Standards and other Mandatory Guidance.
- Provide information as requested by **senior management** to inform the
- **Head of Assurance's** performance reviews and appraisal.

HEAD OF ASSURANCE ROLES & RESPONSIBILITIES

Ethics and Professionalism

The **Head of Assurance** will ensure that internal auditors:

- Conform to the Standards and other Mandatory Guidance, including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care and confidentiality.
- Understand, respect, meet and contribute to the ethical expectations of the Council and be able to recognise conduct that is contrary to those expectations.
- Encourage and promote an ethics-based culture.
- Report behaviour that is inconsistent with the Council's ethical expectations, as described in the Council's statement on values and behaviours.

Objectivity

The **Head of Assurance** will ensure that the internal audit service remains free from all conditions that may threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matter of engagement selection, scope, procedures, frequency, timing and communication. If the **Head of Assurance** determines that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgement on audit matters to others, either in fact or appearance.

Internal auditors will have no direct operational responsibility or authority over any of the activities they review. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems or engage in other activities that may impair their judgement, including:

- Assessing specific areas where they previously held operational responsibility in the previous 12 months or where the impact of that responsibility persists.
- Performing operational duties for the Council, except as may be required narrowly for managing the internal audit service itself.
- Initiating or approving transactions external to the internal audit service.
- Directing the activities of any Council employee aside from those engaged by the internal audit service.

HEAD OF ASSURANCE ROLES & RESPONSIBILITIES

Internal auditors will:

- Disclose impairments of independence or objectivity, in fact or appearance, to appropriate parties as required by internal audit service policy and procedure.
- Exhibit objectivity in gathering, evaluating and communicating information.
- Make balanced assessments of all available and relevant facts and circumstances to inform conclusions.
- Take steps to avoid conflicts of interest, bias and undue influence.

Managing the Internal Audit Function

The **Head of Assurance** has the responsibility to:

- At least annually, develop a risk-based internal audit plan that considers input from **senior management**.
- Communicate the impact of resource limitations on the internal audit plan to the **Audit Committee** and **senior management**.
- Discuss the plan with **Audit Committee** and **senior management** and submit the plan to Committee for review and approval.
- Review and adjust the internal audit plan, as necessary, in response to changes in the Council's business, risks, operations, programs, systems, controls and alternate sources of assurance.
- Communicate with the **Audit Committee** and **senior management** if there are significant interim changes to the internal audit plan.
- Ensure internal audit engagements are performed, documented and communicated in accordance with the Standards, other Mandatory Guidance and relevant laws and regulations.
- Follow up on engagement findings and confirm implementation of agreed actions as set out in internal audit service policy and procedure.
- Communicate results of internal audit services to **Audit Committee** and **senior management** periodically, and for individual engagements as appropriate.
- Ensure the internal audit service collectively possesses or obtains the knowledge, skills and other competencies and qualifications needed to meet the requirements of the Standards and other Mandatory Guidance and fulfil the internal audit mandate.
- Identify and consider trends and emerging issues that may affect the Council and communicate to **Audit & Risk Committee** and **senior management** as appropriate.

HEAD OF ASSURANCE ROLES & RESPONSIBILITIES

- Consider emerging trends and successful practices in internal auditing.
- Establish and ensure adherence to methodologies, policies and procedures designed to guide the internal audit service.
- Ensure adherence to the Council's relevant policies and procedures unless such policies and procedures conflict with the internal audit charter, Standards or other Mandatory Guidance. Any such conflicts will be communicated first to **senior management**, with resolution communicated to the **Audit Committee**.
- Co-ordinate activities and consider relying on the work of other assurance providers and advisory services.
- Set out the approach to relying on the work of other assurance providers and co-ordinating activities.
- Plan and manage the internal audit service's financial, human and technological resources in line with Council policy and procedure, raising with **senior management** and the **Audit Committee** where appropriate if those policies and procedures inhibit the ability of the service to fulfil its mandate and responsibilities under this charter.

HEAD OF ASSURANCE ROLES & RESPONSIBILITIES

Communication with Audit & Risk Committee and Senior Management

The **Head of Assurance** will report at least annually to the **Audit Committee** and **senior management** regarding:

- The internal audit function's mandate.
- The internal audit plan and performance relative to its plan.
- The internal audit budget, in line with Council budget management processes.
- Significant revisions to the internal audit plan and budget.
- Potential impairments to independence, including relevant disclosures.
- Results from the quality assurance improvement program, which include the internal audit service's conformance with Standards and other Mandatory Guidance plus action plans to address any deficiencies and opportunities for improvement.
- Significant risk exposures and control issues, including fraud risks, governance issues and other areas of focus for the Council that could interfere with achieving its strategic objectives.
- Results of assurance and advisory services.
- Resource requirements, and a view on the adequacy of resources to meet expectations of the internal audit service.
- Management's responses to risk that the internal audit service determine may be unacceptable or acceptance of a risk that the **Head of Assurance** believes is not appropriate within the Council's Risk Management Framework.

Quality Assurance and Improvement Program

The **Head of Assurance** will develop, implement and maintain a quality assurance and improvement program that covers all aspects of the internal audit service. The program will include external and internal assessments of the internal audit service's conformance with the Standards and other Mandatory Guidance. It will also include performance measurement to assess the internal audit service's progress towards achieving its objectives and promotion of continuous improvement. If applicable, the assessment will include plans to address any deficiencies and opportunities for improvement.

At least annually, the **Head of Assurance** will communicate with the **Audit Committee** and **senior management** about the internal audit service's quality assurance and improvement program. This will include the results of internal assessments and external assessments. External assessments will take place at least every five years in accordance with the requirements set out in Standards and other Mandatory Guidance.

SCOPE AND TYPES OF INTERNAL AUDIT SERVICES

Scope and Types of Internal Audit Services

The scope of internal audit services covers the entire breadth of the Council, including all of its activities, assets and personnel. The scope of internal audit activities also encompasses but is not limited to objective examinations of evidence to provide independence assurance and advisory services to the Council and management on the adequacy and effectiveness of governance, risk management and control processes.

The nature of scope of advisory services may be agreed with the party requesting the service, provided the internal audit service does not assume management responsibility. Opportunities for improving the efficiency of governance, risk management and control processes may be identified during advisory engagements. These opportunities will be communicated to the appropriate level of management.

Internal audit engagements may include evaluating whether:

- Risks relating to achieving the Council's objectives are appropriately identified and managed.
- Controls used to mitigate risk and support achievement of objectives are appropriately designed and consistently operated as designed.
- The actions of the Council's officers, contractors or other relevant parties comply with the Council's policies, procedures and applicable laws, regulations and governance standards.
- The results of operations and programs (including major projects and system changes) are consistent with established goals.
- Operations and programs (including major projects and system changes) are being carried out effectively, efficiently, ethically and equitably.
- Established processes and systems enable compliance with policies, procedures, laws and regulations that could significantly impact the Council.
- The integrity of information and the means used to identify, measure, analyse, classify and report such information is reliable.
- Resources and assets are acquired economically, used efficiently and sustainably, and protected adequately.

GLOSSARY

This charter uses the following terms in place of the terminology set out in the Standards to reflect circumstances at the Council.

- **Head of Assurance:** at the Council, this is the role defined in Standards as “Chief Audit Executive”. This means the leadership role responsible for effectively management all aspects of the internal audit function and ensuring the quality performance of internal audit services in accordance with the Standards.
- **Audit Committee:** at the Council this is the role defined in Standards as the “Board”. This means the highest-level body charged with governance. The Glossary within the Standards specifically suggests an Audit Committee in this role.
- **Senior management:** at the Council this means the Executive Leadership Team (ELT) as a collective. For many day-to-day and operational management decisions, ELT have delegated oversight of the internal audit service to the Strategic Director for Resources.

Key Documents

[Institute of Internal Audit's Global Internal Audit Standards 2024](#)

UK Public Sector [Application Note](#)

CIPFA's [Code of Practice](#) for the Governance of Internal Audit in UK Local Government

Accounts and Audit [Regulations](#) 2015

AUDIT COMMITTEE

17 04 2025

Subject Heading:	Anti-fraud & Corruption Strategy
SLT Lead:	Kathy Freeman, Strategic Director Resources
Report Author and contact details:	Jeremy Welburn, Head of Assurance Tel: 01708 432610 / 07976539248 Email: jeremy.welburn@onesource.co.uk
Policy context:	To advise the Committee on the updated Anti-fraud and Corruption Strategy
Financial summary:	There are no financial implications or risks arising directly from this report which is for information only.

The subject matter of this report deals with the following Council Objectives

People making Havering	[X]
Places making Havering	[X]
Resources making Havering	[X]

SUMMARY

This report advises the Committee on the updated Anti-fraud and Corruption Strategy for 2025/2028.

The Anti-fraud and Corruption Strategy is included in Appendix 1

RECOMMENDATIONS

1. To note the contents of the report.
2. To raise any issues of concern and ask specific questions of officers where required.

REPORT DETAIL

Introduction

This strategy document sets out the Council's arrangements to fight Fraud and Corruption and is aligned to the Fighting Fraud & Corruption Locally, a Strategy for the 2020's (A response to economic crime and fraud) which can be found here: [Fighting Fraud Corruption Locally Strategy 2020s | Cifas](#)

Appendices:

Appendix 1 – Anti-fraud and Corruption Strategy

Financial implications and risks:

This report advises the Committee on the updated Anti-fraud and Corruption Strategy for 2025/2028. There are no direct financial implications or risks arising directly from the consideration of this report, however, it is noted that the Anti-fraud and Corruption Strategy and its implementation play an important role in minimising risk (including financial) posed to the Council, by fraudulent activities.

Legal implications and risks:

None arising directly from this report.

Human Resources implications and risks:

None arising directly from this report.

Climate Change implications and risks:

None arising directly from this report

Equalities implications and risks:

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have 'due regard' to:

- (i) The need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- (ii) The need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- (iii) Foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are age, sex, race, disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment.

The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants.

An EHIA (Equality and Health Impact Assessment) is usually carried out and on this occasion this isn't required.

The Council seeks to ensure equality, inclusion, and dignity for all in all situations. There are no equalities and social inclusion implications and risks associated with this decision

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London Borough Of Havering

Anti-Fraud and Corruption Strategy

Anti-Fraud and Corruption Strategy 2025

London Borough Of Havering
2/13/2025

Document Control

Document details

Name	Anti-Fraud and Corruption Strategy
Version number	V0.3
Author	Phil Harris, Counter Fraud Manager
Lead Officer	Jeremy Welburn, Head of Assurance
Approved by	Audit Committee
Scheduled review date	February 2028

Version history

Version	Change	Date	Dissemination
V0.1	Revision	28/01/2025	Counter Fraud Manager
V0.2	Review	12/02/2025	Head of Assurance
V0.3	Approval		Audit Committee

Equality & Health Impact Assessment record

1	Title of activity	Anti-Fraud and Corruption Strategy		
2	Type of activity	Revision and update of the Anti-Fraud and Corruption Strategy		
3	Scope of activity	The Council's commitment to prevent fraud and corruption in order to protect the public purse is demonstrated by its deployment of resources to govern, acknowledge, prevent, detect, pursue and protect residents and the Council from fraud and corruption.		
4a	Are you changing, introducing a new, or removing a service, policy, strategy or function?	No	If the answer to <u>any</u> of these questions is 'YES', please continue to question 5.	If the answer to <u>all</u> of the questions (4a, 4b & 4c) is 'NO', please go to question 6.
4b	Does this activity have the potential to impact (either positively or negatively) upon people (9 protected characteristics)?	No		
4c	Does the activity have the potential to impact (either positively or negatively) upon any factors which determine people's health and wellbeing?	No		
5	If you answered YES:	Please complete the EqHIA in Section 2 of this document. Please see Appendix 1 for Guidance.		
6	<p>If you answered NO: (Please provide a clear and robust explanation on why your activity does not require an EqHIA. This is essential in case the activity is challenged under the Equality Act 2010.)</p> <p>Please keep this checklist for your audit trail.</p>	<p>This is a revision and update of an existing strategy intended to advise all members of staff of the Council's commitment to prevent fraud and corruption and the role that they play to prevent and identify fraud and corruption</p>		

Date	Completed by	Review date
February 2025	Phil Harris	February 2028

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Foreword

Whilst it is notoriously hard to quantify fraud and corruption has been estimated, by the National Fraud Authority, to cost UK Local Government at least £2.2 billion a year - money which, today more than ever, is desperately needed to safeguard valuable frontline services. This is why it is vital to have a comprehensive strategy in place to govern our anti-fraud policies and procedures.

The primary aim of this Strategy is to make it absolutely clear to residents of the Council and stakeholders that, as an organisation and as individuals, we are committed to honesty, openness, and propriety, in all our dealings. Simply put, fraud and corruption will not be tolerated.

We will do our utmost to foster a culture in which fraud and corruption can find no foothold, and any attempt to conduct illegal activity, either internally or externally, will be met with a united and resolute front. We have clear channels of reporting and transparent procedures to ensure that anyone, whether members of the public or employees, can have full confidence that any concerns raised, or reports made will be treated promptly, thoroughly and appropriately. If fraud is detected, these policies will ensure that internal controls are strengthened, safeguards are improved, and perpetrators are pursued.

We can never prevent all fraud, but this strategy has been designed to ensure robust measures are in place to prevent, detect and investigate fraud, whilst at the same time remaining adaptive and responsive to change, placing us in the strongest position possible to tackle this threat.

Executive summary

The Council's commitment to prevent fraud and corruption in order to protect the public purse is demonstrated by its deployment of resources to govern, acknowledge, prevent, detect, pursue and protect residents and the Council from fraud and corruption. The Counter Fraud team and Legal Services will take the strongest action to protect Havering's resources and assets, including the prosecution of offenders, where it is deemed to be in the public interest to do so.

The Council will not tolerate fraud or corruption by its councillors, employees, suppliers, contractors, customers or any other attacks on its resources by criminals and will take all necessary steps to investigate all allegations of fraud or corruption and pursue sanctions available in each case. This includes removal from office, dismissal, prosecution and robust recovery of losses through both civil and criminal means.

The strategy will adhere to the Council's three strategic objectives:

- Supporting our residents to stay safe and well
- A great place to live, work and enjoy
- Enabling a resident-focused and resilient Council

In addition to the three strategic objectives, the strategy is based upon the five key principles identified in the [Fighting Fraud and Corruption Locally Strategy for the 2020's](#)

Introduction

Purpose

The Anti-Fraud and Corruption Strategy outlines the London Borough of Havering's firm commitment to minimising the risk of loss to the organisation resulting from fraud and corruption both internally and externally. The purpose of the strategy is to demonstrate the Council's commitment to the highest standards of accountability and to protect its assets.

Aims, objectives and outcome

Provide a Counter Fraud service with the necessary resources to prevent, detect, investigate and recover losses from any persons found to be committing fraud against the Council.

Ensure that recommendations made as a result of counter fraud investigations are given due consideration and where appropriate, changes are implemented to protect the Council from future occurrences.

Ensure that senior managers and Members support and promote a counter fraud culture and take appropriate action where this is not supported by officers employed within the Council.

Protect all Council resources and assets to ensure that these are available for service delivery, and not lost due to fraudulent activity carried out by Members, officers, contractors, residents or customers.

Ensure that all available resources are utilised to identify fraud and emerging risks at the earliest opportunity.

Support the Council's zero-tolerance approach to fraud and corruption and ensure that all persons that utilise the whistleblowing process are afforded protection in line with relevant legislation.

Ensure that senior management support and encourage the participation in awareness exercises which are developed for officers and Members in relation to fraud, whistleblowing, money laundering

Key actions

The Strategy is designed to:

- encourage prevention
- promote detection
- ensure effective investigation
- prosecute offenders where appropriate

There is an expectation and requirement that all Members, employees, consultants, contractors, partners and service users be fair and honest and, if able to do so, provide help, information and support to assist any investigation of fraud and corruption.

This strategy explains how the Counter Fraud team will deliver this commitment and provides advice on how concerns relating to fraud and corruption can be raised.

In adopting this strategy, the Council seeks to demonstrate clearly that it is firmly committed to dealing with fraud and corruption and will deal equally with perpetrators from inside and outside the Council.

This strategy document sets out the Council's arrangements to fight Fraud and Corruption and follows the five key principles identified in the [Fighting Fraud and Corruption Locally Strategy for the 2020's](#):

Govern and have robust arrangements

- Ensure that counter-fraud measures are embedded throughout the organisation; and,
- Have a holistic approach to tackling fraud through good governance.

Acknowledge and understand fraud risks

- Assess and understand the fraud risks that the Council faces;
- Commit support and resource to tackling fraud, and take advantage of 'invest to save' opportunities; and,
- Maintain a robust counter fraud response.

Prevent and detect more fraud

- Make better use of information and technology;

- Enhance fraud controls and processes across the Council, with managers leading on this; and,
- Develop a more effective counter fraud culture which will be supported and encouraged by Members and senior management.

Pursue and be robust in punishing fraud and recovering losses

- Prioritise fraud recovery and the use of civil sanctions;
- Develop capability and capacity to punish fraudsters; and,
- Collaborate across local authorities and with law enforcement.

Protect against serious and organised crime

- Protect individuals from becoming victims of crime; and,
- Protect against the harm that fraud can do to the community.

Measures of performance

Ultimately performance will be judged by:

- A strong anti-fraud culture leading to increased confidence, internally and externally.
- The perception by the residents that Havering is committed to tackling fraud and corruption and has effective measures in place to combat it.
- An increased confidence in reporting suspected fraud and corruption.
- A reduction in the occurrence of fraud.

Statistics are maintained by the Counter Fraud team; these statistics are reported to the Audit Committee on a quarterly basis and in the Head of Assurance Annual Report.

Timescales

The Strategy will be reviewed in three years or sooner if required by changes in legislation or new guidance from Government.

Related documents

The Council has in place various relevant policies regarding fraud and corruption to support the Anti-Fraud and Corruption Strategy:

- Employee Code of Conduct
- Financial Framework / Regulations
- Contract Standing Orders
- Whistle-Blowing Policy
- Disciplinary Policy
- Anti-Bribery Policy
- Anti-Money Laundering Policy
- Prosecution & Sanctions Policy
- Declarations of Interest Explanatory Notes and
- Various I.T. Policies e.g. Access Policy, Acceptable Use, Email

Consultation

Not applicable – This is a revision and update of an existing strategy intended to advise all members of staff of the Council's commitment to prevent fraud and corruption and the role that they play to prevent and identify fraud and corruption

Authorisation and communication

The Strategy has been authorised by the Audit Committee and will be available on the Council's intranet.

Implementation and monitoring

The Council expects all individuals and organisations associated with it to be honest and fair in their dealing with Council and its service users. Members and managers are expected to lead by example in this respect, observing the Principles of Public Life as expressed by the Nolan Committee:

- Selflessness
- Integrity
- Objectivity
- Accountability
- Openness
- Honesty
- Leadership

Employees have an essential role in the prevention of fraud and corruption within their daily duties and general conduct. All employees should be aware of and understand the Council's rules and regulations set out in the Employees Code of Conduct and Financial Framework.

Stakeholder	Responsibilities
Senior Leadership Team	Have ultimate responsibility for: <ul style="list-style-type: none"> • The arrangement and oversight of the Council's prevention of fraud and corruption, and for developing and maintaining a counter fraud culture. • To ensure there is an adequate resource to effectively deliver the counter fraud activity required of the organisation.
Audit Committee	Have a duty to scrutinise the Council's counter fraud arrangements to ensure they are fit for purpose, and to review the policies that are in place to prevent and investigate fraud against the Council. The Committee receives quarterly fraud update reports regarding investigation caseload.
External Audit	Have a statutory duty to ensure that the Council has adequate arrangements in place for the prevention and detection of fraud and corruption.

Internal Audit	Are responsible for evaluating the potential for the occurrence of fraud and how the organisation manages the risk of fraud.
Counter Fraud	Are responsible for the prevention and investigation of fraud and corruption, in addition to ensuring that all efforts are made to recover any losses identified. To carry out both proactive and reactive counter fraud initiatives and to manage and maintain an oversight of emerging risks of fraud and corruption.
All Managers	Are responsible for managing the risk of fraud by ensuring that they have adequate and robust policies and procedures in place to tackle the risk of fraud and corruption. Occurrences or reasonable suspicions of fraud should be referred to the Counter Fraud team promptly. The consideration and where applicable, the implementation of recommendations made as a result of investigations should be carried out promptly.
Employees	Should always carry out all their duties with integrity and honesty and report any suspicions of fraudulent activity to their manager, who in turn should report their concerns to the Counter Fraud team. The whistleblowing process is available should officers wish to report fraud or corruption, and officers can utilise this if they wish to report matters directly to the Counter Fraud team.
Members	<p>As elected representatives, all members of the Council have a duty to residents to protect the Council from all forms of abuse.</p> <p>Elected members sign to confirm that they have read and understood the national code of conduct when they take office. These conduct and ethical matters are specifically brought to the attention of members during induction and include the declaration and registration of interests.</p> <p>The Chief Executive reminds Members annually of important points in relation to their role as a Councillor in relation to prevention and detection of fraud and corruption.</p>
Public, Partners, Suppliers, Contractors and Consultants	To be aware of the possibility of fraud and corruption against the Council and report any genuine concerns/suspicions

Action plan

The Fighting Fraud and Corruption Locally Strategy for the 2020's (FFCL) was designed for English local authorities and was the result of collaboration by local authorities and key stakeholders from across the counter fraud landscape. Its production and subsequent implementation were overseen by an independent board, which includes representation from key stakeholders.

The FFCL strategy is based on the principles detailed in the introduction to this strategy; govern, acknowledge, prevent, pursue and protect. These principles are adopted for the purpose of this strategy as follows:

Govern

- The Council has robust governance arrangements and uses a holistic approach to tackle fraud and corruption.
- Fraud risks are managed at director level and are service specific; ownership of key fraud risks is seen as essential in ensuring that the prevention and investigation of fraud is resourced appropriately.

Acknowledge

- The Council has recognised the risk of fraud and has dedicated resources in place to support management and the organisation in managing those risks and thus achieving their shared objectives.
- The risk of fraud is assessed by officers and emerging risks, where identified, are considered by the Counter Fraud team and colleagues from other relevant services. Officers employed within the Counter Fraud team are accredited investigators, with experience of investigating and managing the risks of fraud.
- The dedicated resources within the organisation review relevant publications and attend seminars to ensure they are aware of emerging and changing fraud risks and participate in London wide groups that seek to increase collaboration and share best practice.

Prevent

- Fraud awareness is an important tool for managers and officers, along with awareness of bribery, corruption, whistleblowing and money laundering. E-learning exercises will be developed by the Counter Fraud team to provide an insight into these areas. Managers should actively encourage and support officers to ensure they have availability to participate in such exercises.
- The Counter Fraud team will aid managers and officers to ensure they are aware of the associated risks and what to do where risks are identified. Where investigations or audits identify controls, policies and processes that may be subject to additional risk, these will be pointed out along with recommendations to mitigate the risk.
- Where disciplinary matters are identified during investigations, HR and management will be informed in order that they may take relevant action. Where appropriate, criminal prosecution will be considered.
- The Counter Fraud team will work with Communications to publicise all relevant counter fraud activity and criminal prosecutions in order to demonstrate the Council's zero-tolerance approach.
- Data sharing and the use of information technology are useful tools employed by the Counter Fraud team. The team uses the National Fraud Initiative, Cifas and credit reference agency information to identify the risk of fraud and where this may be taking place. The Counter Fraud team will always consider any new initiatives that use technology to manage the risk of fraud.

Pursue

- Fraud and corruption are serious offences against the Council and employees will face disciplinary action if there is evidence that they have been involved in these activities. Disciplinary action will be taken in addition to, or instead of, criminal proceedings, depending on the circumstances of each individual case, but in a consistent manner.
- Members will face appropriate action under this strategy if they are found to have been involved in fraud or corruption against the Council. Action will be taken in addition to, or instead of, criminal proceedings, depending on the circumstances of

each individual case, but in a consistent manner. Such cases, if not referred to the police, will be referred to the Councils Monitoring Officer, Governance Committee or Group Leader, as appropriate.

- Appropriate sanctions will always be considered where fraud is identified, including criminal prosecution where this is in the public interest.
- The recovery of losses and any proceeds of crime will be considered in all appropriate cases; financial investigators employed by the Counter Fraud team are available to other enforcement services within the Council to recover proceeds of crime on behalf of the Council.
- The Council has adopted a Prosecution & Sanctions Policy to ensure consistency, whilst recognising that it may not always be in the public interest to refer cases for criminal proceedings. Any matters considered for prosecution will be subject to the Code for Crown Prosecutors, the evidential test and the Public Interest test.

Protect

- All necessary actions will be taken, including working with other local authorities and fraud prevention agencies, to protect the Council from organised fraud and corruption.
- Fraud prevention measures, a key component in protecting the Council and residents from fraud and corruption, will always be employed.

Fraud Risks

Fraud risks can change on a regular basis, with fraudsters constantly identifying new ways of fraudulently obtaining financial benefits. The main risks currently facing the Council are:

- Tenancy fraud, including application fraud, subletting, succession, assignment and right to buy fraud;
- Direct payment and other types of social care fraud, such as the wilful deprivation or disposal of capital to qualify for support;
- Revenues, including Council tax support, discounts, exemptions and business rates;
- Procurement fraud;
- Blue badge fraud;
- Cyber dependent crime and cyber enabled fraud; and
- Employee and contractor fraud.
- No recourse to public funds fraud;

Counter Fraud Landscape

It is essential that officers employed within a fraud environment maintain an up-to-date knowledge of current practices and trends and is involved with organisations that operate within the counter fraud environment. To maintain an up-to-date knowledge and understanding of the key fraud risks the Counter Fraud team:

- Attend London Borough Fraud Investigation Group (LBFIG) meetings;
- Attend relevant conferences and meetings, such as National Anti-Fraud Network (NAFN), National Fraud Initiative (NFI), Cipfa and Cifas;
- Contributes to the annual Cipfa Counter Fraud and Corruption tracker;
- Has regular meetings with services to understand the risks they may be facing, or that may be emerging;
- Reviews fraud referrals to identify patterns or trends; and,
- Takes advantage of relevant training and development opportunities.

Response plan for fraud and corruption allegations

The Counter Fraud Team is responsible for the investigation of all allegations of fraud and corruption against the Council.

Investigations undertaken by the Counter Fraud Team must comply with codes of practice and other regulated powers. All interviews and gathering of evidence must be conducted in accordance with the Police and Criminal Evidence Act 1984 and the Regulation of Investigatory Powers Act 2000.

As part of any investigation, the Council will ensure that:

- Any allegation is dealt with promptly and confidentially.
- All evidence collected is recorded, stored securely and safely.
- Interviews undertaken by Counter Fraud are conducted fairly and in line with the appropriate legislation.
- Human Resources and Legal Services are consulted where appropriate.
- Relevant Directors and managers are informed of the progress of the investigation as appropriate.
- All investigations are conducted in a timely manner.

The investigation should consider whether sanctions that can be applied and redress that will be sought against individuals who commit fraud, bribery and corruption against the Council.

Each matter will be considered individually on its own facts and merits. However, applying a consistent and thorough approach in all cases will ensure that:

- Investigations are undertaken in the most effective manner, including the gathering and assessment of all relevant material which may form evidence of fraud, bribery, corruption or related misconduct;
- The most appropriate sanction or combination of sanctions is sought where fraud, bribery, corruption or related misconduct is identified.

The investigation will consider whether any of the following should apply:

- Disciplinary procedures should be initiated where an employee is suspected of being involved in a fraudulent or illegal act;
- Civil or criminal prosecution action should be taken;
- The matter should be referred to the Police;
- Changes are required to the Council's procedures; and
- Any other action should be recommended.

At the conclusion of our investigation, the investigating officer will report their findings to the relevant managers, Director, Head of Human Resources and where appropriate the Executive Director of Resources (Section 151 Officer).

Any decision to prosecute or to refer a matter to the police will be taken, in accordance with the relevant policy, by the Counter Fraud Manager in consultation with the Service Director and Director of Legal Services.

Where necessary, the individual who is subject to the investigation will be informed by the Head of Human Resources of the outcome in writing and advised of what action, if any is to be taken.

Detailed guidance for auditors relating to the conduct of investigations are included in the Counter Fraud manual.

When fraud or corruption has occurred because of a breakdown or weakness in the Council's systems or procedures, Managers will ensure that appropriate improvements in systems of control are implemented to prevent a reoccurrence.

Conclusion

The Council sets and maintains high ethical standards and a culture of openness, with core values of accountability and transparency. This strategy fully supports the Council's desire to maintain an honest Council, free from fraud and corruption.

The Council has in place a network of rules, policies, systems and procedures to assist it in the fight against fraud and corruption. These arrangements will be subject to continuous review to ensure they continue to be fit for purpose and adapt as required as risks change.

Monitoring actions and performance

Investigation activity itself does not represent the outcomes of our counter fraud work. We recognise that by preventing fraud we will reduce losses and the delivery of our counter fraud work plan will improve overall outcomes and achieve the aims & objectives of this Strategy. We will measure the effectiveness of our counter fraud arrangements by focusing on outcomes such as:

- High levels of fraud awareness (survey results/ attendance at training sessions)
- Zero tolerance to fraud (number of referrals / disciplinary results)
- Reduced losses through fraud-proofing policy and systems
- Levels of recovery
- Levels of reporting
- Delivery of the annual counter fraud work plan (ensuring best practice)
- Reducing the risk of fraud thereby protecting Council resources
- Successful prosecutions and other sanctions

We will monitor these outcomes using a range of measures which will be reported to the Council's Audit Committee and published in our Annual Counter Fraud Report.

In addition, the Council will seek assurance from External and Internal Audit to ensure best practice is followed and sufficient resources are available.

Evaluation and review

The strategy will be reviewed every three years with the policies that relate to the team operationally, taking into account any legislative changes, best practice and any organisational learning.

The Strategy will be updated by the Counter Fraud Manager and authorised by the Audit Committee.

Further information

The latest version of the Strategy and all supporting documents can be obtained from either contacting the Head of Assurance or the Corporate Fraud Manager or fraud@havering.gov.uk

CIPFA's Code of Practice on Managing the Risk of Fraud and Corruption –
www.cipfa.org/policy-and-guidance/reports/code-of-practice-on-managing-the-risk-of-fraud-and-corruption

The Anti-Fraud and Corruption Strategy does not have a mandatory training requirement but the following training is recommended:

- [Anti-bribery and Corruption](#)
- [Anti-Money Laundering](#)
- [Fraud Prevention](#)
- [The Bribery Act 2010](#)
- [Whistleblowing](#)

Regulations and Legislation

Relevant acts and legislation are listed below. Current legislation of direct relevance includes, but not restricted to:

- Fraud Act 2006
- Theft Act 1968 and 1978
- Bribery Act 2010
- Computer Misuse Act 1990
- Police and Criminal Evidence Act 1984
- Regulation of Investigatory Powers Act 2000

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AUDIT COMMITTEE

17 04 2025

Subject Heading:	Draft Annual Governance Statement 2024/25
ELT Lead:	Kathy Freeman, Strategic Director Resources
Report Author and contact details:	Jeremy Welburn Head of Assurance. Tel: 01708 432610 / 07976539248 E-mail: jeremy.welburn@onesource.co.uk
Policy context:	This report presents the 2024/25 Draft Annual Governance Statement to note and for comment.
Financial summary:	N/A

The subject matter of this report deals with the following Council Objectives

People making Havering	[X]
Places making Havering	[X]
Resources making Havering	[X]

SUMMARY

This report provides the background for the requirement to produce an Annual Governance Statement (AGS).

The report will update the Committee on progress against the significant governance issues monitored during 2024/25, the status of these issues and the new issues arising for monitoring in 2025/26.

RECOMMENDATIONS

To note the contents of and comment on the 2024/25 Annual Governance Statement, attached as Appendix 1.

REPORT DETAIL

1. The Accounts and Audit Regulations (England) 2015 require the Council to conduct at least annually a review of the effectiveness of its system of internal control and to approve an Annual Governance Statement, prepared in accordance with proper practices in relation to internal control.
2. The Annual Governance Statement (AGS) is prepared in accordance with the requirements of 'Delivering Good Governance in Local Government: Framework' (CIPFA/SOLACE, 2016).
3. The Council must review its systems of internal control and governance annually and assure itself that its internal control environment is effective. The assurance framework sets out the sources of assurance that are relied upon on to enable preparation of the Annual Governance Statement. These include the work of the internal auditors and of directors and managers within the Council who have responsibility for the development and maintenance of the internal control environment, and also the comments made by the external auditors and other review agencies and inspectorates. The Head of Assurance opinion, set out in the internal audit annual report, forms a key element of the review, as does the Council's work on risk and performance management.
4. The AGS covers all significant corporate systems, process and controls, spanning the whole range of the Council's activities, including in particular those designed to ensure that:
 - the Council's policies are implemented in practice;
 - high quality services are delivered efficiently and effectively;
 - the Council's values and ethical standards are met;
 - laws and regulations are complied with;
 - required processes are adhered to;
 - financial statements and other published performance information are accurate and reliable;
 - human, financial, environmental and other resources are managed efficiently and effectively.
5. The AGS is required to disclose any issues that the Council consider to be significant governance issues. The four significant governance issues identified in the 2024/25 Annual Governance Statement were:
 1. Delivery of a balanced budget 2024/25

2. Council's ability as a data controller to comply with, and demonstrate compliance with, all the data protection principles, UK GDPR requirements and ensuring compliance of our data processor(s);
3. Procurement;
4. Inadequate judgement outcome of Starting Well's Social Care Department following Ofsted's Inspection of Local Authority Children's Services (ILACS) in December 2023 – and corresponding Children's Services Improvement Plan.

The first two significant governance issues have been closed as ELT have concluded that sufficient action has been taken during the year to close them.

Two new issues have been raised during 2024/25 and will be addressed during 2025/26. These two issues are:

1. Delivery of a balanced budget 2025/26; and
 2. Council's ability to successfully end the existing onsource IT shared service with LBN by 31st December 2025. This includes both the required technical disaggregation and return of staff.
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6. Approval of the Annual Governance Statement should be at a corporate level and should be confirmed by the most senior officer (CE) and member (Leader) signing the statement on behalf of the Council. The Audit Committee is required as part of its role to consider any corporate governance related issues that need to be referred to the Governance Committee for review.
 7. The Annual Governance Statement is subject to audit alongside the Statement of Accounts. The auditors do not give an opinion on the statement as such, but consider whether it reflects their understanding of the Council's governance arrangements obtained through all aspects of their work. They also form a view as to whether the statement adequately discloses any significant governance issues.

The Draft AGS for 2024/25 is attached as appendix 1.

IMPLICATIONS AND RISKS

Financial implications and risks:

There are no financial implications arising directly from commenting on/agreeing the Annual Governance Statement. However implementation of the planned actions set out in the AGS may have financial implications. The expectation is that these will be contained within existing resources. Where this is not the case issues will be raised through the appropriate channels.

Failure to produce a robust AGS could result in adverse comments from the Council's External Auditors.

Legal implications and risks:

The Authority is statutorily obliged to conduct a review into the effectiveness of its systems of internal control prepared in accordance with proper practices and to prepare an Annual Governance Statement, which must be approved by the relevant committee (Regulation 6 Accounts and Audit Regulations 2015). Approval of the Annual Governance Statement (subject to any comments on the draft) complies with that requirement.

Climate Change implications and risks:

None arising directly from this report. Risks around this are reflected in the Strategic Risk Register and incorporated into the scope of audits where relevant.

Human Resources implications and risks:

None arising directly from this report.

Equalities implications and risks:

None arising directly from this report.

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have 'due regard' to:

- (i) The need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- (ii) The need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- (iii) Foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are age, disability, gender reassignment, marriage and civil partnerships, pregnancy and maternity, race, religion or belief, sex/gender, and sexual orientation.

The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants.

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Havering Annual Governance Statement 2024/25

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ANNUAL GOVERNANCE STATEMENT 2024/25

This statement, from the Leader and Chief Executive, provides reasonable assurance to all stakeholders, that within the London Borough of Havering, processes and systems have been established which ensure that decisions are properly made and scrutinised, and that public money is being spent economically and effectively to ensure maximum benefit to everyone who is served by the Borough.

The Annual Governance Statement is co-ordinated within the Assurance Service and the production and progress of the statement is monitored by the Executive Leadership Team (ELT).

Scope of responsibility

The London Borough of Havering is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The London Borough of Havering also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the London Borough of Havering is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The London Borough of Havering is committed to operating in a manner which is consistent with the seven principles of the CIPFA/SOLACE Delivering Good Governance in Local Government Framework 2016 Edition. This statement outlines how the London Borough of Havering has complied with these principles and meets the requirements of regulations 6(1) (a) and (b) of the Accounts and Audit Regulations 2015, requiring all relevant bodies to prepare an annual governance statement.

The purpose of the governance framework

The governance framework comprises the systems and processes, culture and values by which the Authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the London Borough of Havering's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework, available on the Havering website and provided in the link below, has been in place at the London Borough of Havering for the year ended 31 March 2024 and up to the date of approval of the statement of accounts. This framework is due for review, and this will take place in 2025. www.havering.gov.uk/code_of_governance

Review of governance effectiveness

Outlined below are the arrangements in place to review the effectiveness of the governance framework and the sources of information and assurance on which this statement is based.

Constitution

The Monitoring Officer keeps the Constitution under continual review, having delegated powers to make amendments arising from organisational changes and legal requirements and to correct errors. Other amendments are recommended by the Governance Committee for decision by Full Council.

A cross party constitutional working group (including officers) is currently up and running and is systematically reviewing various sections of the constitution to ensure it is fit for purpose. Amendments to the scheme of delegations and main constitutional articles were presented to governance committee in February 2025 and thereafter approved by Full Council in March 2025.

The Constitution Working Party reviews the Constitution and includes representation from each political group in its membership. The lead officer for the working party is the Council's monitoring officer.

Executive Leadership (ELT and ELG)

ELT (formerly SLT, Senior Leadership Team) is Executive Leadership Team and members are the CE, Strategic Directors & Directors.

ELG (formerly CLT, Corporate Leadership Team) is Executive Leadership Group and members are ELT and Assistant Directors / Business Partners.

ELT meetings generally take place weekly, running on a rolling basis by theme (People, Place, Resources & Performance). The Themed Board for each theme then follows two weeks after the ELT meeting. ELG meetings happen every 6 weeks.

Governance Committee

The Council's Governance Committee, attended by the Leader of the Council and most other Group Leaders, is charged with overseeing the organisation's governance arrangements including the review of the Constitution and the Code of Conduct for Members. The Governance Committee oversees the Council's complaints process.

Audit Committee

The Audit Committee is responsible for monitoring the adequacy and effectiveness of internal audit, the risk management environment, fraud and corruption arrangements and the provision of the external audit service. They receive regular reports in line with this remit and agree the annual audit plan, draft Annual Governance Statement and revisions to related policies. This monitoring is integral in the process to compile a robust Annual Governance Statement, which is approved by the Audit Committee. Significant governance issues are escalated to the Governance Committee by the Chair of the Audit Committee as required. Approval of the annual Statement of Accounts also falls under the remit of the Audit Committee.

Overview and Scrutiny

The Overview and Scrutiny function reviews and challenges decisions made by the Executive and other bodies e.g. National Health Service organisations and the Police to assist in the development of policy.

An overarching Board undertakes all call-in functions and acts as a vehicle by which the effectiveness of scrutiny is monitored and where work undertaken by themed sub-committees is co-ordinated to avoid duplication and to ensure that areas of priority are being pursued.

The Overview and Scrutiny Board and its sub-committees have the opportunity to consider performance information within their area of responsibility using relevant performance data and other tools such as the Council's Forward Plan.

Each year Overview and Scrutiny is tasked with identifying areas of the Council's work that it wishes to consider in detail, for which purpose task and finish groups comprised of members of the Board or its sub-committees are set up to research the issue with the assistance of officers and sometimes external bodies and report their findings and recommendations.

Local Pension Board

The role of the Local Pension Board is to assist Havering as the Administering Authority to ensure compliance with the LGPS regulations and any other legislation relating to the governance and administration of the LGPS.

This established Board holds quarterly meetings and an annual general meeting. During 2024/25 the Board met on 4 June 2024, 17 September 2024, 3 December 2024 and a meeting scheduled for 4 March 2025. An Annual General Meeting is yet to be arranged. The Board produced an Annual Report for 2022/23, which sets out the work and training activities undertaken during the year. This report was presented to the Pensions Committee, for noting, at its meeting on the 7 November 2023. The report for 2023/24 is in production and expected to be presented to the Pension's Committee later in 2024.

The Pension Fund's Governance Compliance statement also incorporates the Local Pension Board, which is reviewed annually and reports the extent of compliance against a set of principles, this was presented to the Pensions Committee on the 5th November 2024.

Internal Audit (Assurance Services)

Internal Audit is an independent assurance function that measures, evaluates and reports upon the effectiveness of the controls in place to manage risk. In doing so Internal Audit supports the Chief Finance Officer in their statutory role as Section 151 Officer. Annually the Head of Internal Audit Opinion and annual report provides assurance to officers and Members regarding the system of internal control; this assurance has also been considered in the production of this statement.

Risk Management

The strategic risks to the achievement of the Authority's objectives are captured within a strategic risk register which is overseen by ELT and progress reported to the Audit Committee. Work has continued during 2024/25 to review risk registers, fully embed the process and to ensure that the strategic risk register continues to reflect the risks facing the Council.

The risk management strategy and supporting policies are reviewed regularly to ensure they remain relevant to the Council's systems and procedures and will be approved by the Audit Committee.

External Inspectors

The Council is subject to review and appraisal by a number of external bodies; results of such reviews are considered within the performance management framework. The work of the Council's External Auditor, currently Ernst and Young (EY) is reported to the Audit Committee.

The council is required to publish its draft statement of Accounts for 2024/25 by 30 June 2025. The audit opinion and completion certificates for the 2020/21, 2021/22 and 2022/23 accounts were issued on 10 December 2024. The audit opinion for the 2023/24 accounts was received on 26 February 2025. The Council and Group financial statements for 2021/22, 2022/23 and 2023/24 received disclaimed opinions; this was as a direct result of the Government's introduction of statutory backstop dates for local audit. No governance issues have been raised.

Information Commissioner's Office

The Council must comply with the UK General Data Protection Regulation, Data Protection Act 2018, and Freedom of Information Act 2000. In the financial year 2024/25, all data breaches that met the required threshold were reported to the Information Commissioner's Office (ICO) and no fines were imposed for weak controls. There were:

- 95 data breaches reported between 1st April 2024 and 31st January 2025
- 3 breaches reported to the ICO (ICO are taking no further action on these but have made recommendations)

Although a number of data breaches did occur, staff followed the necessary processes to report these and ensure appropriate controls were in place to mitigate any impact.

We continue to develop and improve processes and use mistakes and data breaches to inform those improvements to ensure we uphold Individual Information Rights (IIR) and process all personal data compliantly. Furthermore, we continually strive to improve processes and compliance with Freedom of Information Act requests. We also focused on improving staff awareness of GDPR and cyber security responsibilities through the mandatory L&D material. An average of 85% of staff have completed all required modules. The aim is 95% completion rate with a 5% tolerance for changes in staff numbers. This is monitored at the Information Governance board and a renewed push to complete this training will commence with the next round of PDR setting.

Complaints

In 2024, following the transformation programme initiated in 2023, it became clear that modifications were necessary. While our services have continued and a corporate system has been successfully implemented, certain areas were identified as needing restructuring. Measures were put in place, and an informal structure was implemented in mid-2024. As a result, we have seen improvements in service delivery. Although ongoing efforts are required to keep the service on track, the Senior Management Team is rolling out plans for 2025 to further enhance the service experience. Below are some of the areas that have been improved and are planned for further improvement:

1. **Team Structure:** The team has remained centralized and has been divided into three areas focusing on specialist knowledge and skills. Officers have received training to ensure as much as possible, that they are equipped to handle complaints and are knowledgeable about service areas. This training will continue throughout 2025.
2. **Policy:** The new consolidated Policy was implemented on December 1, 2023. An annual review was scheduled for November 2024. A new draft has been completed, aligning the Policy with the Housing Ombudsman Compliance Code for handling complaints, effective since April 2024. Additionally, it will align with the Local Government Social Care Ombudsman Compliance Code, due in April 2026, and the Social Housing Regulator. The new Policy is expected to be approved and published in the first quarter of 2025.
3. **Reporting:** Following the centralization of all teams into one corporate team, we have seen improvements in timely responses, particularly for Stage Two and Ombudsman cases. Power BI reporting was implemented in 2024 to provide instant live data reporting from the corporate system and to enhance learning from complaints. Power BI will be further enhanced in 2025 to publish our learnings on the website for stakeholders to view.
4. **Improvements:** Improvements initiated in 2024 include reviewing the corporate system to ensure effective data use and compliance in complaints handling. Annual reports have been completed centrally to meet compliance with legislation and governance.

Complaint handling feedback surveys are being designed to be sent with every complaint to ensure continuous learning and improvement. Further improvements are planned for 2025.

Overall, the service faced challenges in the first two quarters of 2024, but significant improvements were implemented and observed in the last two quarters. We will continue to drive enhancements to provide a robust, fair, and transparent service to our customers.

Ombudsman

All Council Services with the exclusion of Housing (except Housing Demand) falls under the jurisdiction of the Local Government and Social Care Ombudsman (LGSCO). In the year 2024/25, a total of 63 Ombudsman cases were received from the LGSCO.

- **Adult Social Care Services:** Seven cases were received, with the LGSCO reaching a determination on three cases. One case was closed after initial enquiries, and two cases were upheld.
- **Children's Social Care Services:** Thirteen cases were received, with the LGSCO reaching a determination on four cases. Two cases were closed after initial enquiries, one case was declined as outside of LGSCO jurisdiction, and one case was upheld.
- **Other Areas (including parking, homelessness, and education):** Forty-three cases were received, with the LGSCO reaching a determination on twenty-three cases. Nineteen cases were not upheld, and four cases found failures in the services.

Modern Slavery

Councils have a statutory key role to play in tackling modern slavery including the duty to notify the Home Office of any individual encountered who we believe is a suspected victim of modern slavery or human trafficking. Part of the commitment to the modern slavery Act 2015 requires an annual transparency statement is to be written by every company with an annual turnover of £36m or more- which includes us. The statement should set out what it has done to ensure that slavery and human trafficking is not taking place in the Council or its supply chain. In summary the Councils role can be separated into four distinct areas:

1. identification and referral of victims
2. supporting victims – this can be through safeguarding children and adults with care and support needs and through housing/ homelessness services
3. community safety services and disruption activities
4. ensuring that the supply chains councils procure from are free from modern slavery

The 2024/25 annual statement was published in July 2024 following approval at Governance board. The statement outlines the risks identified in relation to modern slavery and planned steps to ensure the importance of Modern Slavery is being considered more widely across the whole organisation. This was our second annual transparency statement and work is already underway reviewing and updating this for 2025/26, which will be published by July 2025 in line with legal requirements of within 6 months of our financial year-end.

Progress of significant governance issues raised in the 2023/24 AGS

The issues identified in the 2023/24 Annual Governance Statement have been monitored by management and the Executive Leadership Team (ELT) throughout the year with review periodically to challenge actions and progress. Whilst progress has been made during 2024/25 in each of the areas identified in the 2023/24 AGS, and the decision made to close two issues, all other issues were considered to have remained significant enough to be carried forward into the action plan for 2024/25, with some amendments, and with the addition of a further two Significant Governance Issues.

The issues closed as at the end of 2023/24 and actions taken to address these are included below:

1. Delivery of a balanced budget 2024/25:

The Council was able to set a balanced budget for the 2023/24 financial year. The Councils monitoring process of the 23/24 budget identified at an early stage that there would be a likely ongoing overspend due to the continued pressures on the social care budgets and the emerging temporary accommodation pressure. The MTFS process reviewed the ongoing nature of these pressures and ensured that the development of the 24/25 budget included full recognition of those ongoing pressures. The process included the development of £15.3m of savings which were included in the 24/25 budget.

It became apparent at an early stage that as an efficient Council with low unit costs the Council was going to struggle to balance the 24/25 budget without requesting exceptional financial support from the Government. The Council acted quickly and entered into continued dialogue with DLUHC on this subject. The development of the budget set out the future pressures of the Council and the savings and increases in Government support from the 24/25 finance settlement. Despite £15.3m of savings the Council had a remaining £32.5m budget gap which was presented to DLUHC in a request for exceptional financial support. DLUHC agreed to this request and the budget is underpinned using this Capitalisation directive

It should be noted the Council has taken a sensible and prudent approach to budget setting and included a most likely and worst case scenario in its forecasting. The Capitalisation directive sensibly was based on the worst case scenario but the Council will be aiming over the coming months to contain spend towards the most likely scenario which will reduce the level of exceptional financial support it may ultimately need at year end. This will be monitored very closely as it will be also pivotal to the development of the 2025/26 budget

Actions taken during 2024/25

- Monthly reports provided to the Executive Leadership Team outlining anticipated outturn for the financial year, assisting in identification of Medium-Term financial pressures and opportunities.
- Regular update of the Medium-Term Financial Strategy and overarching financial position provided to Cabinet throughout the year.
- Detailed monitoring of the financial standing of the Council and MTFS included as part of the corporate monthly monitoring process, and compliance with the reporting requirements on expenditure, loss of income and impact on savings proposals was achieved.
- Quarterly reports to Cabinet on revenue and capital monitoring
- Close monitoring of the revenue and capital plans and scrutiny of the balances and reserves of the council is included in the monitoring reporting, including the potential impact on the collection fund and forecast for year-end position.
- Regular reporting to Cabinet and Overview and Scrutiny Board on the sustainability of the MTFS has taken place including the position in reserves, taking in to account the impact on the base assumptions and the changing demographics and demand.

- Continue to monitor the impact of the changing demographics and increasing demand on the financial standing of the organisation and the MTFS which is reviewed as part of the corporate monthly monitoring process.
- The budget and MTFS reviewed as required to verify key assumptions/delivery plans.
- Continued focus on the delivery of savings and close monitoring of the revenue and capital plans.
- Challenge and review of the adults and children's social care budget assumption and continued updates on the pressures facing temporary accommodation
- Senior Leadership continue to monitor the MTFS and the recovery plan to ensure the sustainability of the Council's finances.
- A series of spending controls put in place to contain spend.
- Controls include a recruitment panel to oversee all posts to be recruited to and regular reviews of agency spend
- All managers to review and curtail any non-essential spend
- All managers to hold vacancies where possible and cover internally rather than recruiting or getting agency cover
- Production and delivery of the Council's Transformation and Productivity Plan which will include:
 - Full analysis and updates on saving and efficiencies the Council is currently delivering
 - Robust data driven forecasting of future pressures to enable accurate modelled financial forecasting
 - Continued transformational activity to modernise the Council's outputs including a digital strategy which will in the medium term deliver efficiencies
 - A capital strategy to deliver the accommodation and regeneration needed to meet future needs which will ultimately relieve pressure on the general fund
 - A robust response on the actions taken following the recent OFSTED judgement setting out the Council's approach to the recommendations in that report
 - A Communications strategy to raise awareness with the Public and Key stakeholders of improvements to Council Services and how to access them
 - Robust baselining of all budgets including metrics
 - Accurate monitoring of the cost drivers linked to financial pressures to fully understand emerging budget pressures
 - Action plans set up where necessary to ensure delivery of the savings included in the 24/25 budget
 - Robust planning approach to future years testing all MTFS assumptions and enabling timely service options to generate savings and efficiencies
 - Monthly reporting of the revenue budget position to Councillors
 - Quarterly monitoring reports to cabinet on capital and revenue
 - Ongoing dialogue with MHCLG to raise awareness of the Councils continued financial position
 - Reports to MHCLG as required to meet all requirements of the Capitalisation Directives
 - Forward planning of the 25/26 position including dialogue with MHCLG at an early stage the likelihood of a further requirement for exceptional financial support
 - S151 Challenge meetings set up to provide service challenge on revenue and capital budgets.

Status as of 31st March 2025

The Council set its budget for 2024/25 including a Capitalisation Directive of £32.5m. The budget process leading up to the tax setting process had identified at an early stage that additional support would be needed despite £15.3m of savings proposals and a 4.99% Council Tax increase. The Government provisionally approved the Capitalisation directive subject to the development of a transformation plan and an independent review of the Council's finances.

In June 2024 CIPFA we commissioned to undertake a 6 week review of the Councils finances. This review was completed and the results were eventually released by the Government in

February 2025. The Council will be proactively actioning the recommendations of the report over the next year. The Council submitted a transformation plan to full Council in July 2024

The Council has taken a sensible and prudent approach to budget setting and included a most likely and worst case scenario in its forecasting. The Capitalisation directive sensibly was based on the worst case scenario of £32.5m. The Council has actioned spending controls and continually reviewed efficiency measures but despite this the monitoring position forecast throughout the year has projected spend at or around the worst case figure of £32.5m. The Council is finalising the outturn position at present to determine the extent of the capitalisation directive required.

The pressures are all caused by underlying cost issues across Social Care and Homelessness and as these are all ongoing the Council has prudently fully included them in the development of the 2025/26 budget. The Council has taken every measure it can to contain spend in 2024/25 including the set up of recovery boards and recruitment panels to monitor all staffing including agency. A number of actions listed above will continue into the 2025/26 financial year.

Lead Officer: Strategic Director, Resources

2. Council's ability as a data controller to comply with, and demonstrate compliance with, all the data protection principles, UK GDPR requirements and ensuring compliance of our data processor(s).

Actions taken during 2024/25

- Established Information Governance Board meets regularly, presented reports on data breaches to understand trends
- Review and update of Information Governance policies
- Monitoring of completion of mandatory GDPR training and Information Governance policy acceptance
- Continuation of information risk project
- Enhanced audit and validation of BCP arrangements and Application Management/Ownership at Directorate and Service level during 2024/25.
- Further actions will be included within the mitigation plans within the Strategic and Directorate Risk Registers, monitored through ELG.
- Creation of fit-for-purpose Records of Processing Activity (RoPA) and Information Risk management processes agreed with Directorates.

Status as of 31st March 2025

This significant governance issue is considered closed, based on the actions taken above. Delivery risks will continue to be managed and monitored through the risk register process.

Significant governance issues 2024/25 (to be addressed in 2025/26)

1. Delivery of a balanced budget 2025/26: The Council was only able to set a balanced budget for 25/26 with exceptional financial support, through the form of a capitalisation direction. MHCLG approved a capitalisation direction of a maximum of £88m, which was on a worst-case basis. On a mid-case basis, the Council will need to spend an additional £70.2m in addition to the net budget requirement of £205m. This represents borrowing of c35% on our annual revenue expenditure. The position includes over £10m of savings agreed for 25/26. Heads of service, assistant directors and directors will be asked to sign off a budget assurance statement, confirming they will do everything in their control to manage their budgets within the existing financial envelope allocated to them. It has been made that budgets will be allocated within the mid-case scenario, so not to increase the Council's structural budget deficit. Managers will also be asked to develop their commissioning/procurement pipeline on the Corporate Contracts register, seeking better value in re-procurement exercises.

The Council's unit costs have increased compared to where we were in previous years to bring our costs more in line with other boroughs, however, compared to the national average, Havering's unit costs are still lower.

More work is needed to embed the financial management culture throughout the Council. Managers will be asked to continually deep dive into overspending areas and Finance recovery boards will continue to hold directors to account on delivery of savings, actions and actions being taken to reduce their expenditure and increase income.

Actions taken during 2024/25

- Robust baselining of all budgets including metrics
- Accurate monitoring of the cost drivers linked to financial pressures in order to fully understand emerging budget pressures
- Action plans set up where necessary to ensure delivery of the savings included in the 24/25 budget
- Robust planning approach to future years testing all MTFS assumptions and enabling timely service options to generate savings and efficiencies
- Monthly reporting of the revenue budget position to Councillors
- Quarterly monitoring reports to cabinet on capital and revenue
- Ongoing dialogue with DLUHC to raise awareness of the Councils continued financial position
- Reports to DLUHC as required to meet all requirements of the Capitalisation Directives
- Forward planning of the 25/26 position including dialogue with DLUHC at an early stage the likelihood of a further requirement for exceptional financial support
- S151 Challenge meetings set up to provide service challenge on revenue and capital budgets

Planned actions for 2025/26

- Continue to lobby the Government and proactively contribute to the forthcoming Local Government Finance reforms
- Recruitment panels in place to control all new staff placements
- Continuation of recovery boards to closely monitor and control all council spend
- Star Chamber process to systematically review all services to identify efficiencies and savings moving forward
- Robust procurement to maximise benefit of new and existing contracts
- Delivery of the Capital programme to create longer term Housing solutions to mitigate the Councils temporary accommodation pressures
- Joint work with Health to achieve common aims and priorities whilst ensuring a fair distribution of funding
- Robust baselining of all budgets including metrics

- Accurate monitoring of the cost drivers linked to financial pressures to fully understand emerging budget pressures
- Action plans set up where necessary to ensure delivery of the savings included in the 25/26 budget
- Robust planning approach to future years testing all MTFS assumptions and enabling timely service options to generate savings and efficiencies
- Monthly reporting of the revenue budget position to Councillors
- Quarterly monitoring reports to cabinet on capital and revenue
- Debt Board to operate to review debt collection methods and processes
- Review of all reserves and balances to both test adequacy but also to allow any surplus funds to be released to support the overall revenue position
- Budget sign offs of 2025/26 budgets by managers to ensure full ownership of both monitoring and savings delivery
- Savings delivery to be reviewed through the year and reported to Overview and Scrutiny

Lead Officer: Strategic Director, Resources

2. Council's ability to successfully end the existing onesource IT shared service with LBN by 31st December 2025. This includes both the required technical disaggregation and return of staff.

Actions taken during 2024/25

- Established Havering specific programme governance to review progress and programme/project related risks.
- Joint split programme board with LB Newham to monitor progress as a whole.
- Sign off of Havering target operating model for Digital and IT sovereign service.
- Consultation started.
- Havering technology roadmap agreed to deliver both technical disaggregation work from LB Newham and to also modernisation activities.
- Award of Havering specific MS License agreement.

Planned actions for 2025/26

- Continued delivery of Havering technology roadmap – progress monitored via continued Havering specific and joint split programme governance
- People change activities for staff returning to the borough

Lead Officer: Strategic Director, Resources

<p>3. Procurement: Weaknesses in the governance arrangements for procuring goods and services may be compounded by resourcing issues, effective link in with commissioning, and changes to the scheme of delegation and new regulations during 2024.</p>
<p>Actions taken during 2024/25</p> <ul style="list-style-type: none"> • Since the Council's Constitution has been re-written, the CPRs can now be reviewed and changes proposed. • In line with the upgrade of the Council's intranet platform, there will be renewed focus on self-service and training for managers across the Council in their obligations around procurement and compliance for procurements above and below threshold. Initiate training, videos, drop-in sessions etc. Training has been run for new managers, provide regular drop-in sessions when we launch new guidance or processes, review intranet pages and ensure templates and guidance notes are up to date and processes are as streamlined as possible. • Constitution review to include procurement aspects. • Implementation of a Corporate Procurement and Commissioning Board to replace GRG. • A new process for Procurement Initiation Forms and waivers, utilising new technology and governance arrangements has been developed and will be launched in early 2024/25. • Launch of a Procurement Forward Plan for Havering, to increase visibility, reduce bureaucracy and manage demand within the team, following Director approval early 24/25. • We will adopt a new approach to monitoring Value for Money and Social Value delivered against what is promised • We will review roles and responsibilities to ensure the Havering Procurement Team meet the business requirements in terms of Contract monitoring and management, and links with transactional services and HR to ensure end-to-end processes are as efficient as possible. • Implementation of Internal Audit recommendations • Learning from best practice • We will plan and prepare for the new Procurement regulations that are due to come into place later this year.
<p>Planned actions for 2025/26</p> <ul style="list-style-type: none"> • Centralisation of social value will be adopted underpinned by the new social value policy to enable clear understanding of the commitments made, the ability to track and record outputs and finally to enable accurate reporting. • Implementation of a new e-procurement tool that will look end to end in the procurement and contract management cycle to enhance visibility in the process and governance. • Complete the re-draft of the Contract Procedure Rules (CPR's) to include new legislative requirements under the Care Act 2022 and the Procurement Act 23.
<p>Lead Officer: Strategic Director, Resources</p>

<p>4. Inadequate judgement outcome of Starting Well's Social Care Department following Ofsted's Inspection of Local Authority Children's Services (ILACS) in December 2023 – resulting in the corresponding Children's Services Improvement Plan which will continue until full LACS inspection, likely to be in 2025-26.</p> <p>Ongoing monitoring by Ofsted and DfE. Ofsted monitoring visit reports will be published from April 2025. An Area SEND Inspection is also due alongside the ILACS framework.</p>
<p>Actions taken during 2024/25</p>
<ul style="list-style-type: none"> • Development of fully costed Improvement plan through workshops with staff, partners and parent forums to be submitted to Ofsted and the DfE by end of May 2024 ratified by full council by July 2024. • Further corporate investment of £13.2m. • Completion of Phase one of Starting Well reorganisation to deliver improvements by July 2024. • Recruitment to permanent AD posts within Starting Well by August 2024. • Launch of Phase two of the Starting well reorganisation by October 2024. • Review of processes and forms within the Case Management System (Liquid Logic) to reduce inefficiencies. • Development and rollout of a programme of thematic training for staff, managers and supervisors to support practice improvements. • Improvement programme in line with improvement plan delivered before Ofsted first monitoring visit in October 2024.
<p>Planned actions for 2025/26</p>
<ul style="list-style-type: none"> • Completion of Phase Two of the Starting Well reorganisation to deliver improvements within the Early help services by end of May 2025 • Following the review of Case recording System in 2024-2025, corresponding remedial work by December 2025 • Development of AI apps to support managers and staff to improve • Improvement programme in line with improvement plan delivered with overview from the practice improvement board and practice Improvement oversight board • Further corporate investment of £xx
<p>Lead Officer: Tara Geere, Director of Starting Well</p>

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Conclusion

To the best of our knowledge, the governance arrangements, as defined above, have been effectively operating during the year. We did not find any matters that needed addressing during our review other than those that were previously identified and on which action has been taken to address.

Signed:

Leader of the Council Date.....

Chief Executive Date.....

DRAFT

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