



Havering

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

AUDIT COMMITTEE AGENDA

7.00 pm	Tuesday 25 November 2025	Town Hall, Main Road, Romford
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Members 6: Quorum 3

COUNCILLORS:

**Conservative Group
(2)**

David Taylor
Vacancy

**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@havering.gov.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.

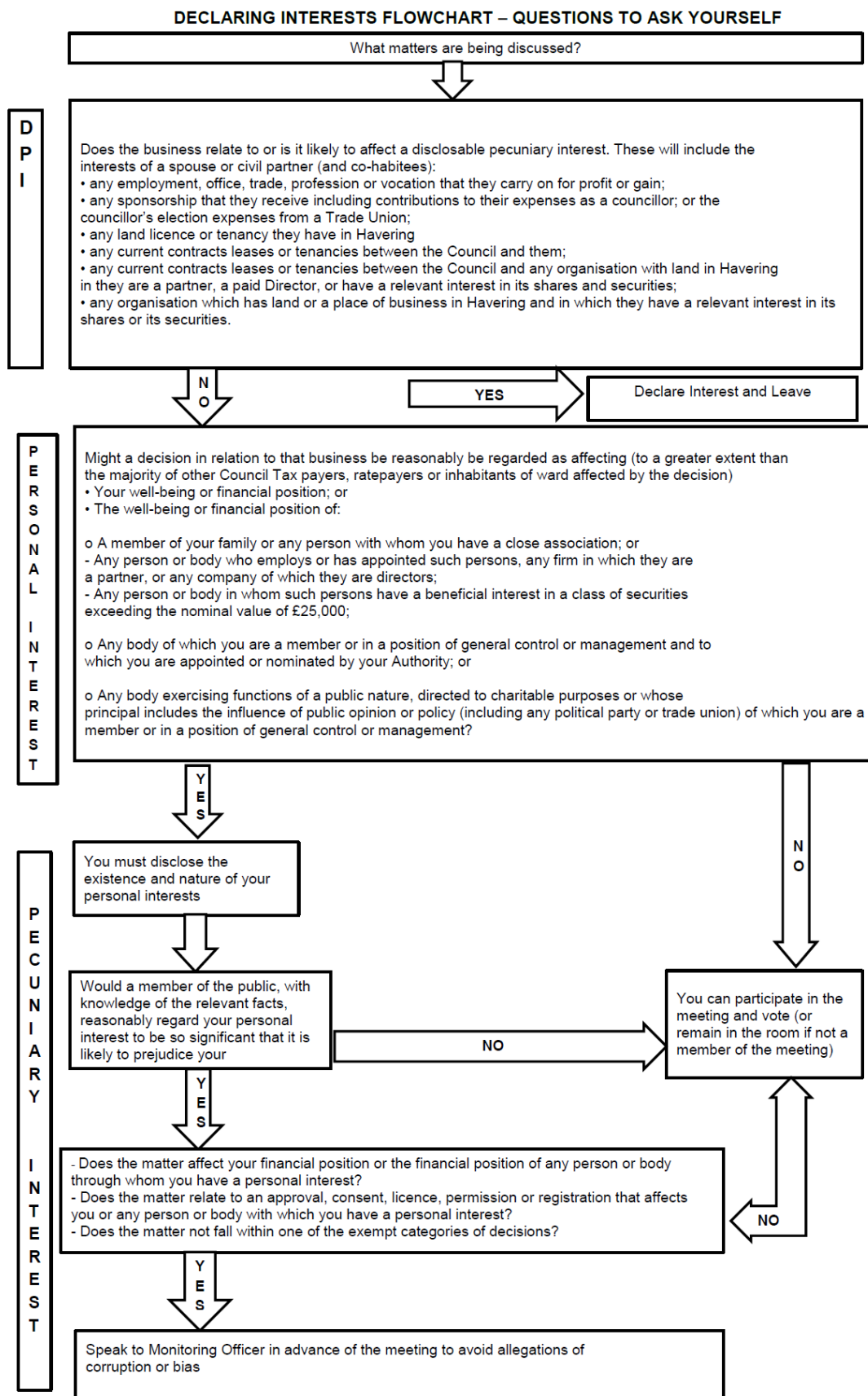
Reporting means:-

- 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) – receive.

3 DISCLOSURE OF INTERESTS

Members are invited to disclose 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 8 July 2025 and authorise the Chairman to sign them.

5 INTERNAL AUDIT PROGRESS (Pages 11 - 24)

Report and appendices attached.

6 RISK MANAGEMENT

Report to follow.

7 HALF YEAR TREASURY UPDATE

Report to follow.

Zena Smith
Head of Committee and
Election Services

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Public Document Pack Agenda Item 4

MINUTES OF A MEETING OF THE AUDIT COMMITTEE Town Hall, Main Road, Romford 8 July 2025 (7.00 - 8.22 pm)

Present:

COUNCILLORS:

Conservative Group Keith Prince and David Taylor

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

**Residents Association
Independent Group** Philip Ruck

No apologies were received for the absence of Councillors .

Through the Chairman, announcements were made regarding emergency evacuation arrangements.

22 **MINUTES OF THE MEETING**

Cllr Williams should be shown as apologies, not as present.

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

23 **EXTERNAL AUDITOR'S ANNUAL REPORT 2023/24**

The Committee received the External Auditors' Annual Report for 2023/24.

The Auditors highlighted a significant weakness in improving economy, efficiency and effectiveness. Members noted that no new messages had been issued since February and the opinion reflected that of the position as at 26th February. Members discussed the OFSETD report and the level of detail regarding the in-year overspend as well as the measure implemented to recover. Members agreed for the Temporary Accommodation and Audit Action Plan to be taken away by EY for further discussion. Lessons had been learned and written updates would be provided to members monthly.

The Committee acknowledged the ongoing pressure to reduce costs, including staff reductions, but noted that staff turnover rates had not increased significantly. It was agreed that data on the length of service lost due to staff turnover could be provided to members. Members noted that MLH commented on the CIPFA recommendations indicated in the business plans did not reflect their priorities however these were not considered risks.

The Committee agreed the recommendations as set out in the report.

24 EXTERNAL AUDIT PLAN 2024/25

The Committee received the External Audit Plan for 2024/25 covering both the Council and the Pension Fund.

Members noted that a change of audit partner for the Fund had occurred due to rotation requirements. Materiality had been set at £7.5million for the Council and £9.7million for the Fund. Officers explained the backlog of auditors was ongoing however the Fund audit had commenced with the Council audit due to start in September. No misstatements or issues had been identified and the Committee noted the government's 3-phase reset legislation aimed at reducing the backlog.

The Committee agreed the recommendations as set out in the report.

25 ANNUAL TREASURY MANAGEMENT REPORT 2024/25

The Committee received the Annual Treasury Management Report.

The base rate had fallen from 5.25% in April 2024 to 4.5% at year-end and, at the time of the meeting, stood at 4.25%. Officers explained the Council had heavily relied on internal borrowing and had deferred long-term borrowing decisions due to the expectation that rates would continue to fall. PWLB borrowing had increased by £175million during the year, while £55million was unwound, leaving a position of £110million.

The average borrowing rate was 3.7% over 12.6 years. Members noted the interest payable underspent by £3.8million due to delayed borrowing. Cash investments rose by £46million and investment performance exceeded the benchmarks by 0.44%.

The Committee agreed the recommendations as set out in the report.

26 HEAD OF ASSURANCE ANNUAL REPORT 2024/25

The Committee received the Head of Assurance Annual Report for 2024/25.

Officers highlighted the compliance issues around MMAs and raised concerns about the viability of TMOs. The assurance opinion had shifted from reasonable to limited, despite significant improvements. Instances of fraudulent activity and temporary accommodation issues had raised concerns about budget management and scrutiny. Members noted that counter-fraud referrals had reduced though Right-To-Buy discounts had skewed the data.

The Committee agreed the recommendations as set out in the report.

27 AUDIT COMMITTEE ANNUAL REPORT 24-25

Members reviewed the Committee's Annual Report which outlined the work undertaken in the year 2024/25. The wording was to be confirmed with the Chair with Cllr Wilkes' name to be corrected.

Chairman

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AUDIT COMMITTEE 25 November 2025

Subject Heading:	Head of Assurance Progress Report 2025/26
ELT 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 present a summary of the outcomes of Internal Audit and Counter Fraud work.
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 – Supporting our residents to stay safe and well	[X]
Place – A great place to live, work and enjoy	[X]
Resources – Enabling a resident-focused and resilient Council	[X]

SUMMARY

The report in appendix 1 summarises the cumulative outcomes of audit (1st April to 31st October) and counter fraud work (1st April to 30th September), including actions taken by management in response to audit and counter fraud activity, which supports the governance framework of the authority.

Limited assurance reports issued since the last Audit Committee are included in Appendix 2

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

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.

Internal audit is a key component of corporate governance within the Council. The three lines of defence model, as detailed below, provides a 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, which should provide independent assurance to senior management and the Audit Committee on how effectively the first and second lines of defence have been operating.

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.

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.

The Internal Audit Plan is designed as a dynamic, risk-based framework that remains adaptable throughout the year. Its flexibility ensures that emerging risks and changing priorities are addressed promptly. As a result, higher risk areas may be prioritised for immediate review, which can lead to the deferral of lower risk

audits to subsequent years. This approach enables Internal Audit to focus resources where they deliver the greatest value and assurance.

Appendices:

Appendix 1 – Internal Audit Progress report November 2025

Appendix 2 – Limited Assurance Report Summaries

IMPLICATIONS AND RISKS

Financial implications and risks:

There are no financial implications or risks arising directly from this report which is for information only.

By maintaining an adequate internal audit service, 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. In addition recommendations may arise from any audit work undertaken and managers have the opportunity of commenting on these before they are finalised. In accepting audit recommendations, the managers are obliged to consider financial risks and costs associated with the implications of the recommendations. Managers are also required to identify implementation dates and then put in place appropriate actions to ensure these are achieved. Failure to either implement at all or meet the target date may have control implications, although these would be highlighted by any subsequent audit work. Such failures may result in financial losses for the Council.

Legal implications and risks:

Regulation 6 of the Accounts and Audit Regulations 2015 requires the Authority to conduct a review of the effectiveness of the system of internal control which must be considered by the relevant committee or by full Council. This report seeks to comply with that statutory obligation and there are no apparent risks in considering the end of year report.

Human Resources implications and risks:

The recommendations made in this report do not give rise to any identifiable HR risks or implications that would affect either the Council or its workforce.

Climate Change implications and risks:

None arising directly from this report. Risks around this are reflected in the Corporate Risk Register, added into the Internal Audit Plan and incorporated into the scope of audits where relevant.

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.

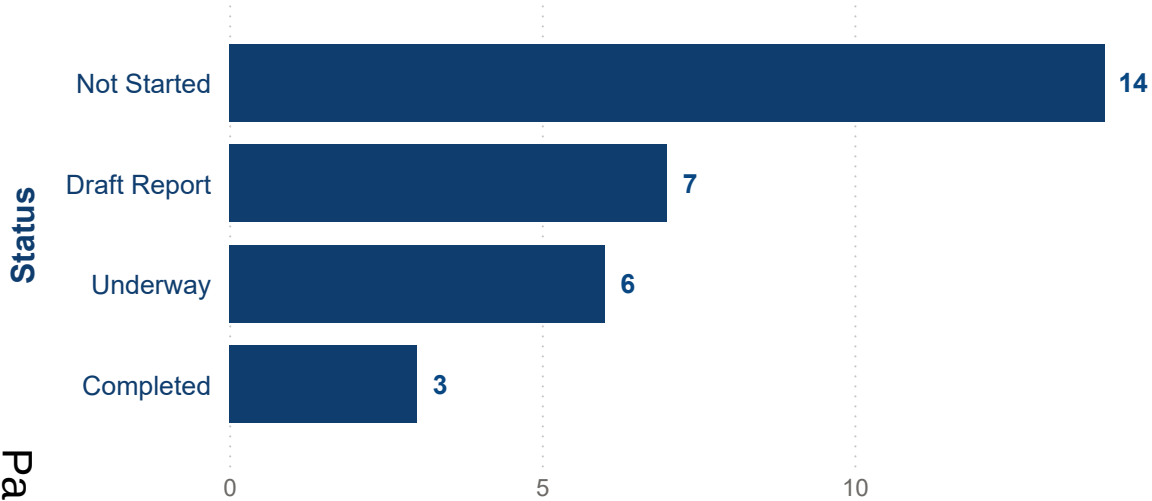
Note: 'Protected characteristics' are age, sex, race, disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment.

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.

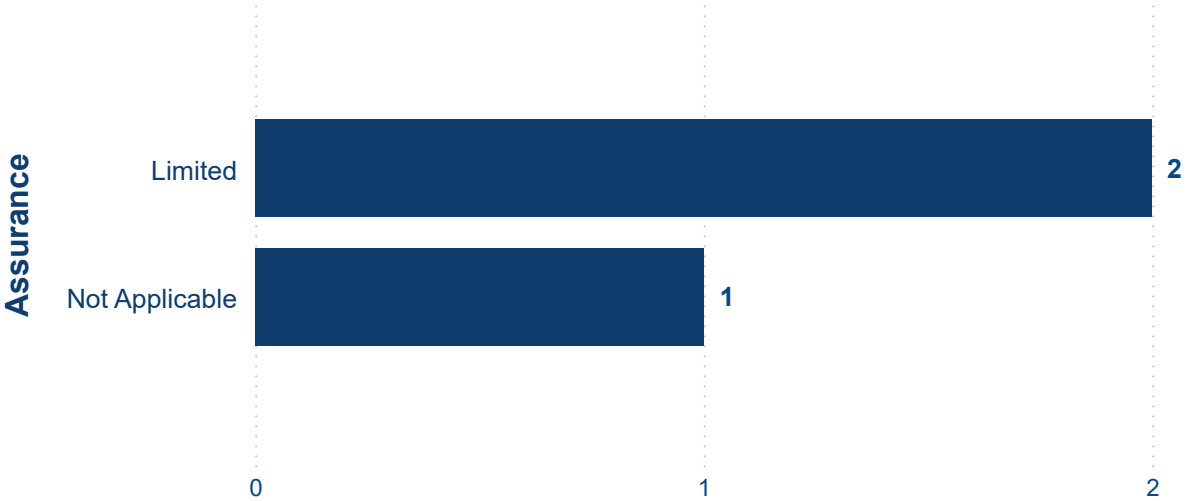
An EHIA (Equality and Health Impact Assessment) is usually carried out and on this occasion this isn't required.

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

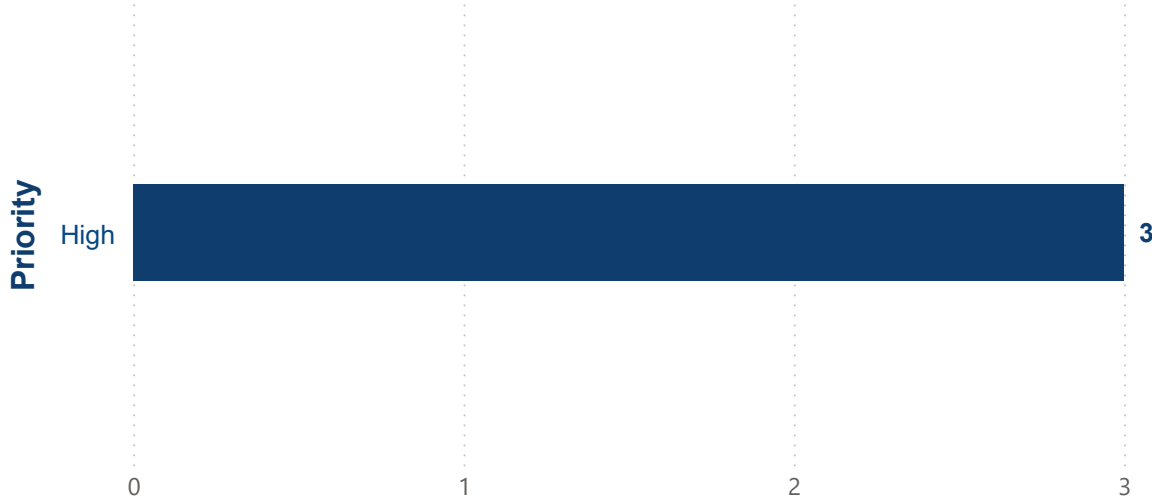
Audits by Status



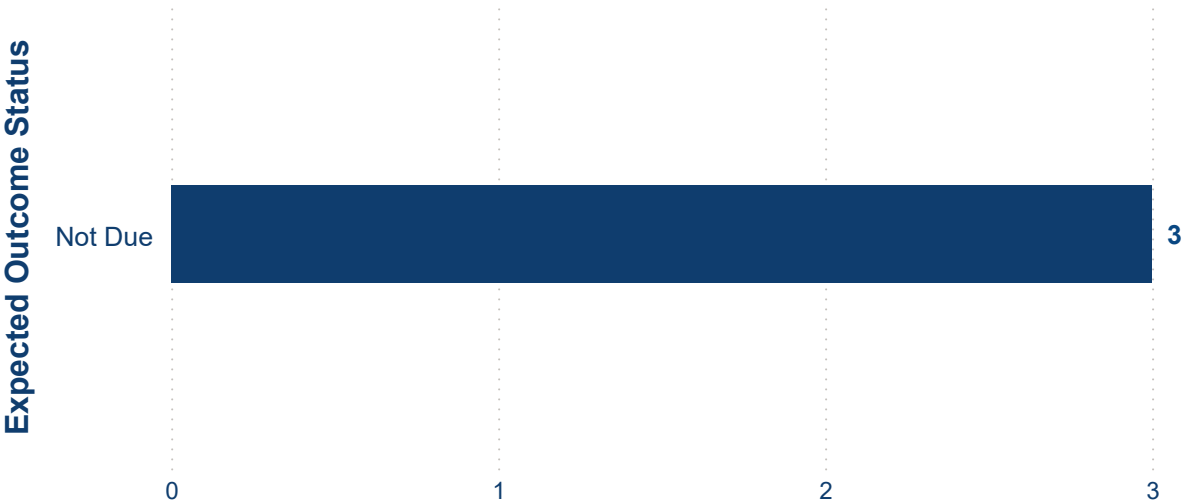
Audits by Assurance



Expected Outcomes / Recommendations by Priority



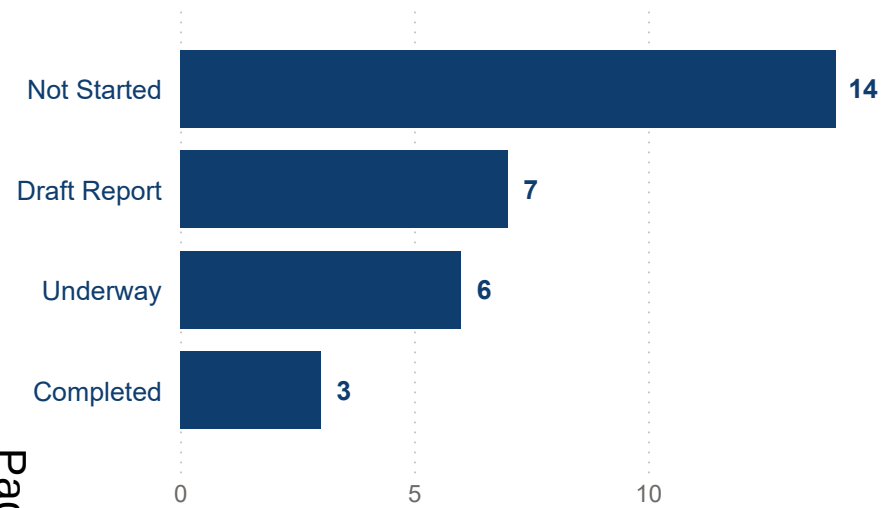
Expected Outcomes / Recommendations by Status



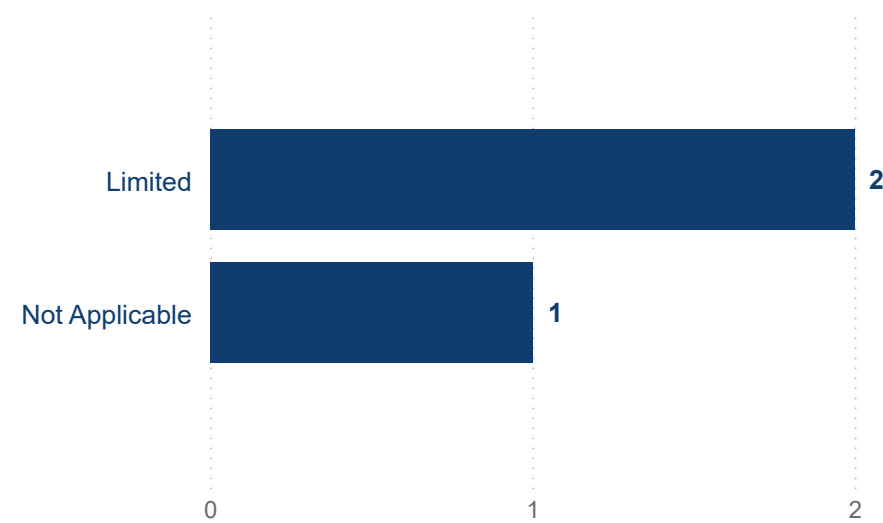
2025/2026 Audit Plan Monitoring - Systems

Appendix 1

Audits by Status



Audits by Assurance



Title	Status	Assurance
Budget Management (Parking)	Completed	Limited
Mayors Charity Fund	Completed	Not Applicable
Procurement Processes Follow Up	Completed	Limited
Asset Data	Draft Report	
Community Leasing	Draft Report	
Court of Protection: Deputyship and Appointeeships Follow Up	Draft Report	
Early Years - End of Year Output Report	Draft Report	
Garage Allocations	Draft Report	
Marketplace Management	Draft Report	
Temporary Accommodation - Follow Up	Draft Report	
Asset Management - Corporate Landlord	Not Started	
Contract Management - Waste	Not Started	
Contracts	Not Started	
Financial Assessment and Benefits Follow Up	Not Started	
Health and Safety	Not Started	
Highways - Phase 2	Not Started	
Housing Benefits	Not Started	
Mercury Land Holdings	Not Started	
Private Sector Leasing	Not Started	
Special Guardianship payments	Not Started	
Starting Well	Not Started	
Starting Well/ Aging Well	Not Started	
Tree Maintenance	Not Started	
Voids (Tenant Rechargeable Repairs) (24/25)	Not Started	
Budgetary Control	Underway	
Cipfa FM Code	Underway	
Complaints	Underway	
Council Tax (Empty Property Charges)	Underway	
Financial Assessment and Benefits	Underway	
Tenant Management Organisations Follow Up	Underway	

Monitoring of Audit Actions

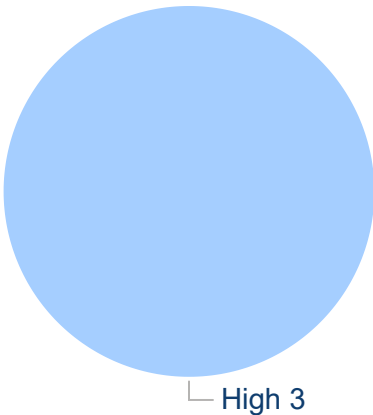
Internal Audit maintains a structured programme of follow-up work to ensure that agreed actions arising from audit findings are implemented in a timely manner. Each auditor is responsible for monitoring the progress of actions identified in their audit reports, with follow-ups scheduled according to the implementation deadlines.

For audits where limited assurance was provided, a formal follow-up review is conducted to verify that planned actions have been effectively implemented. This work is of high importance given that the Council’s risk exposure remains unchanged if management fail to implement the actions raised in respect of areas of control weakness.

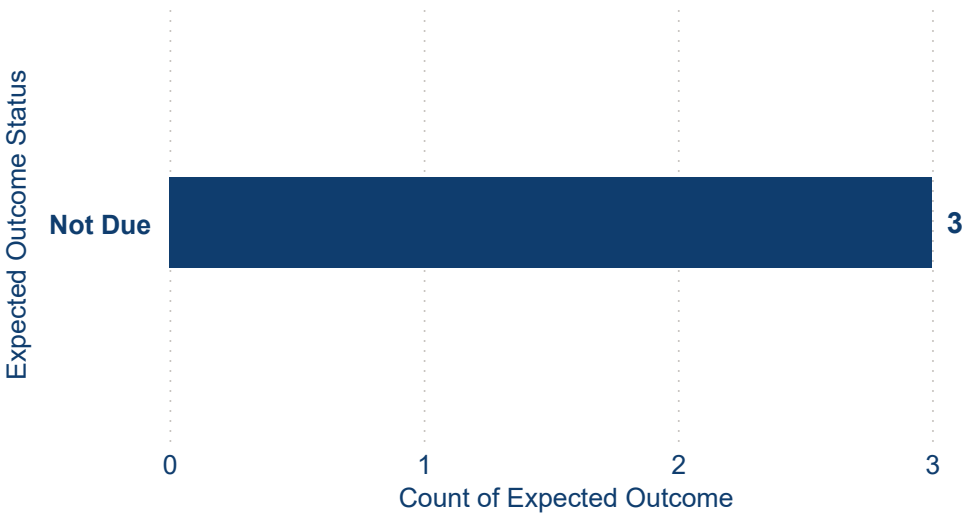
A key element of the Audit Committee’s role is to monitor the extent to which planned actions are implemented as agreed and within a reasonable timescale, with particular focus applied to any high-risk actions.

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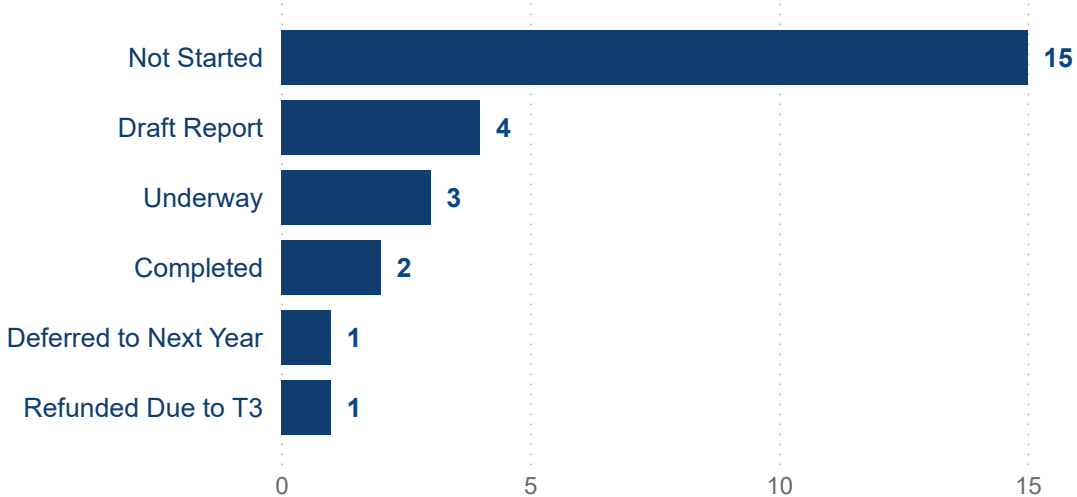
Expected Outcomes / Recommendations Raised in 2025/26 by Priority



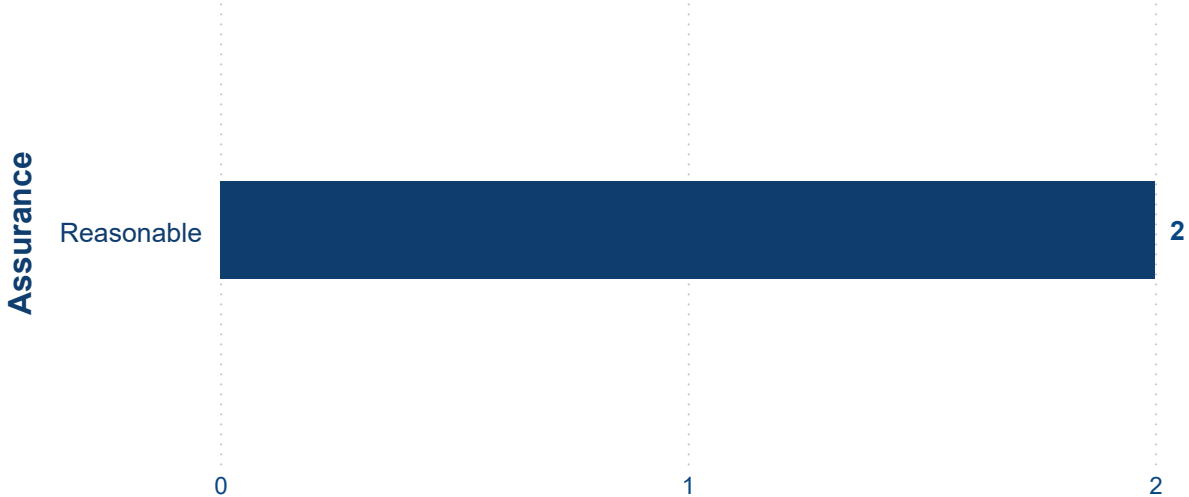
Expected Outcomes / Recommendations by Status



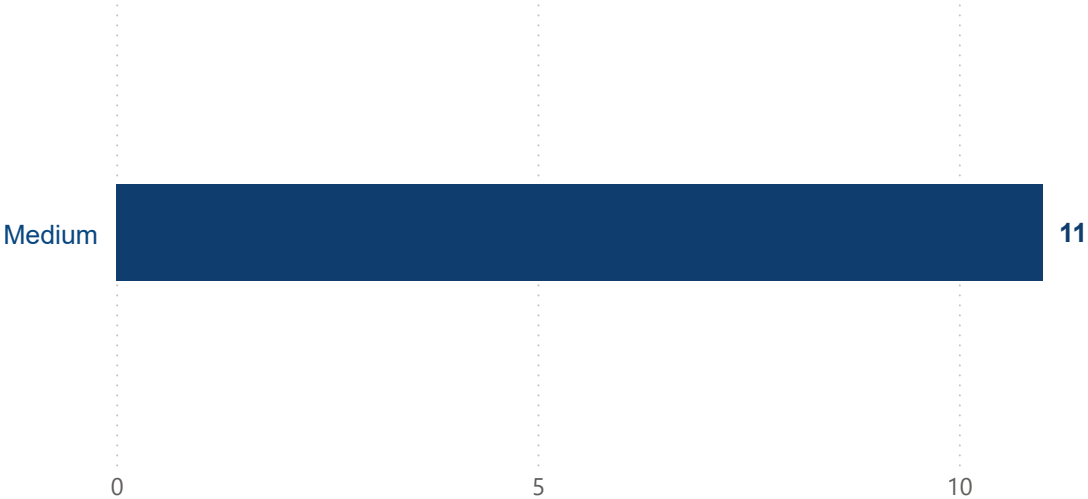
Audits by Status



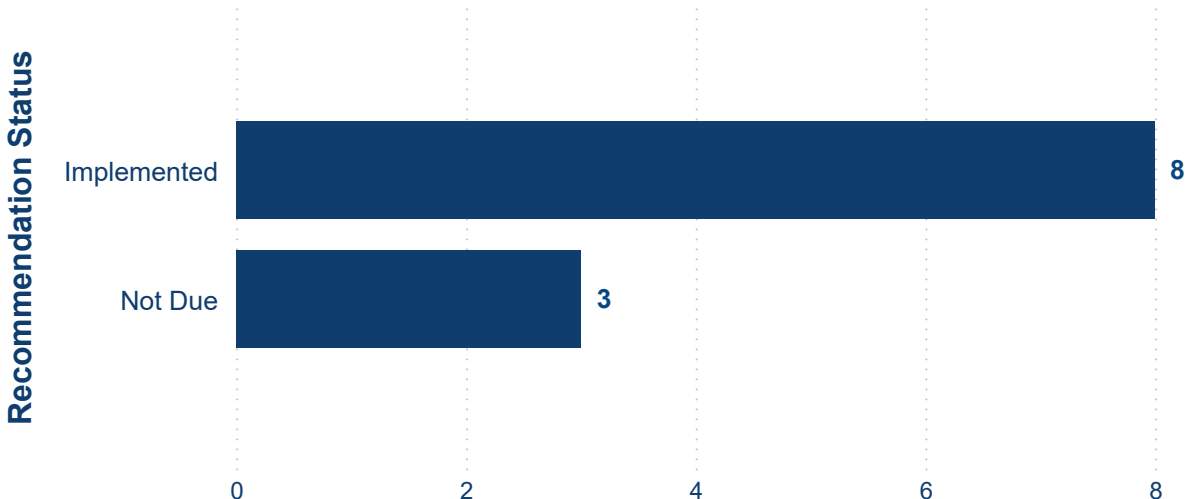
Audits by Assurance



Recommendations by Priority



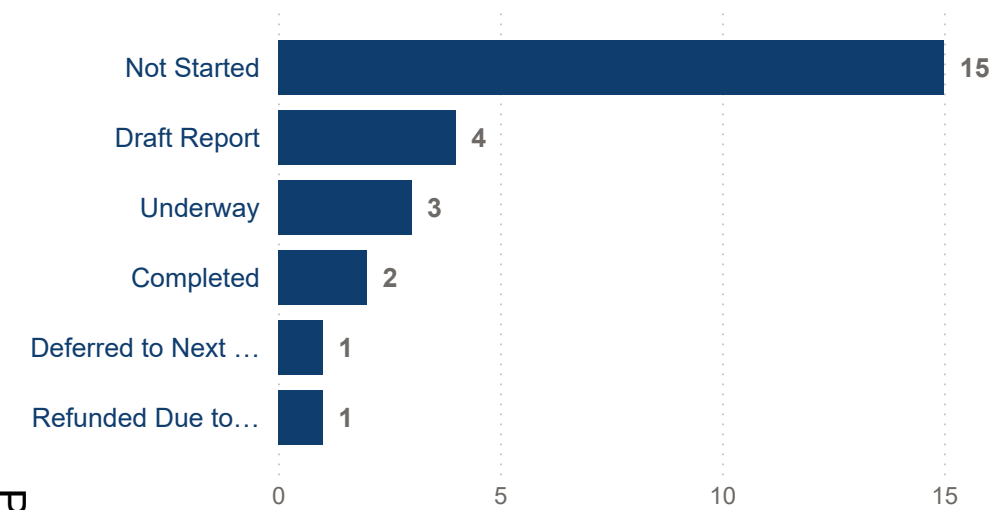
Recommendations by Status



2025/2026 Audit Plan Monitoring - Schools

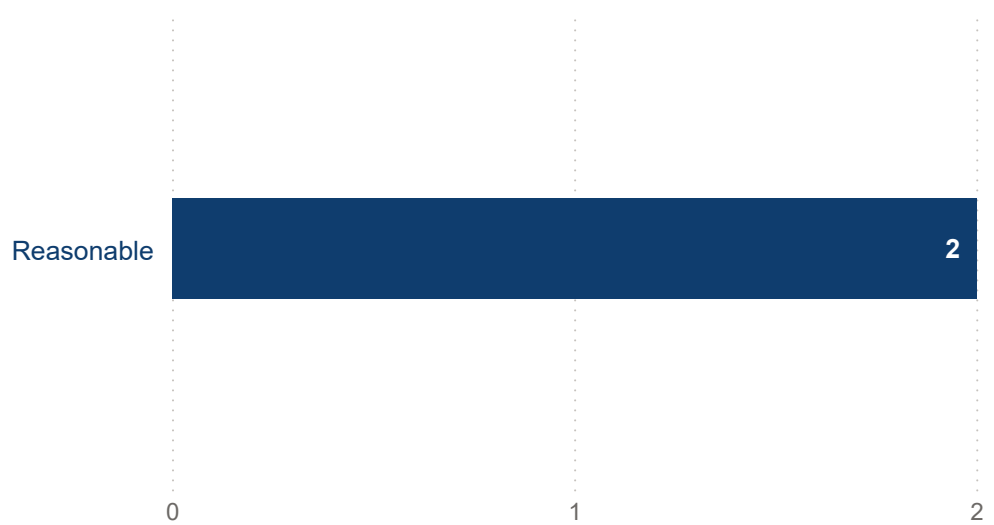
Appendix 1

Audits by Status



Triennial Audits	Status	Assurance
St Peters Catholic Primary 2425 (TR)	Completed	Reasonable
Squirrels Heath Primary (TR)	Deferred to Next Year	
Parsonage Farm (TR)	Draft Report	Reasonable
Squirrels Heath Infant School (TR)	Draft Report	
Branfil Primary (TR)	Not Started	
Clockhouse Primary (TR)	Not Started	
Corbets Tey Primary (TR)	Not Started	
Crownfield Infants (TR)	Not Started	
Hylands Primary (TR)	Not Started	
Rainham Village (TR)	Not Started	
St Edwards Primary (TR)	Not Started	
St Josephs Catholic Primary (TR)	Not Started	
St Ursulas Primary (TR)	Not Started	
The Aspire Federation (TR)	Not Started	
The Learning & Achieving Federation (TR)	Not Started	
Nelmes Primary (TR)	Underway	
Scotts Primary (TR)	Underway	

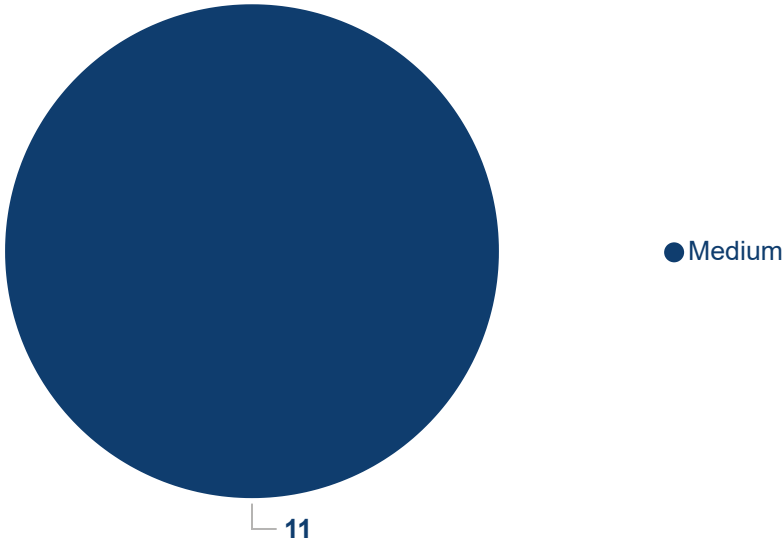
Audits by Assurance



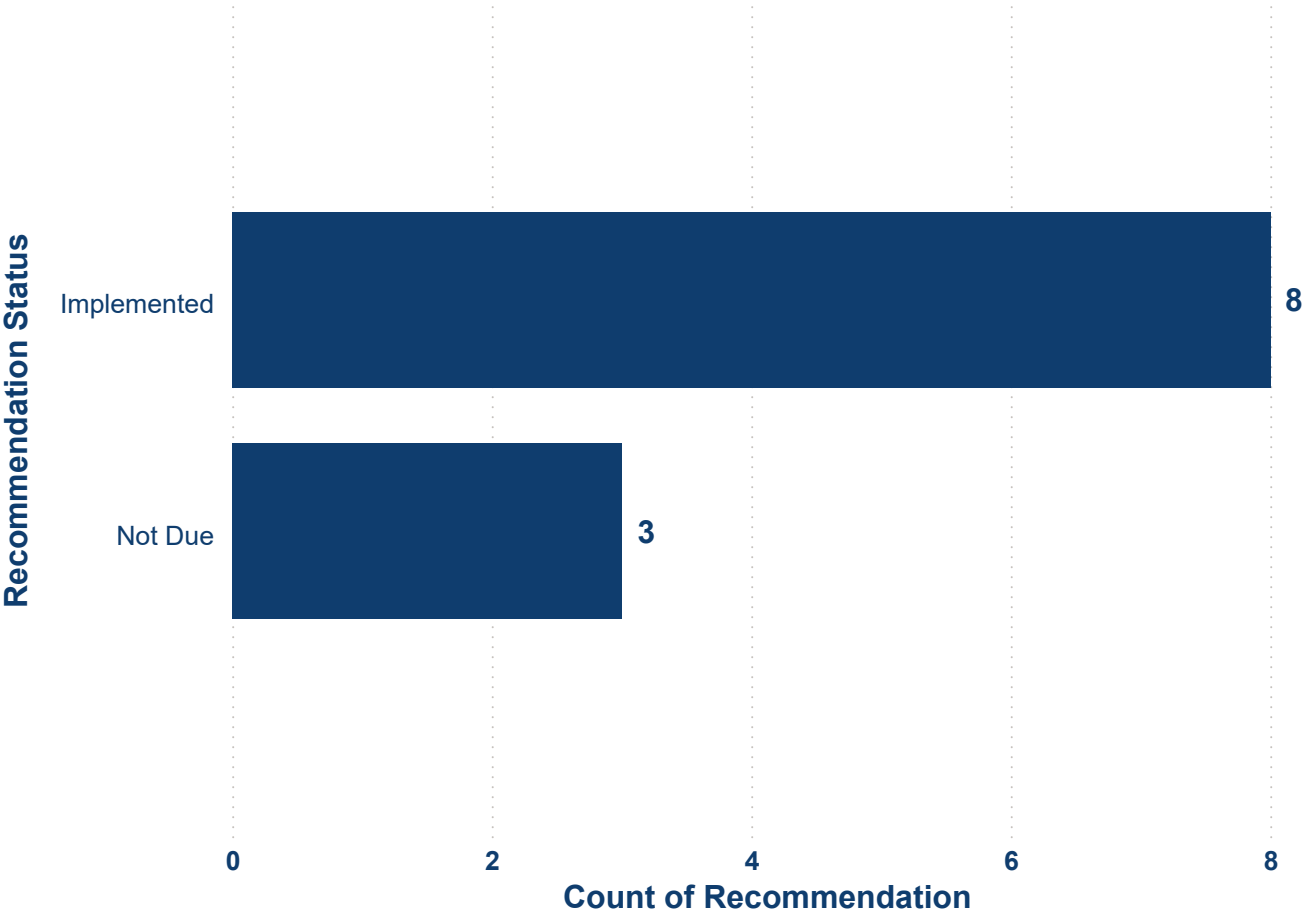
Health Checks	Status	Assurance
Corbets Tey Primary 2425 HC	Completed	Reasonable
James Oglethorpe (HC)	Draft Report	Reasonable
Shaw Academy (HC)	Draft Report	Reasonable
Engayne (HC)	Not Started	
Hilldene Primary (HC)	Not Started	
St Patricks (HC)	Not Started	
Towers Federation (HC)	Not Started	
Clockhouse (HC)	Refunded Due to T3	
Emerson Park Academy (HC)	Underway	

Similarly to systems audit recommendations, Internal Audit follows up all audit recommendations when the deadlines for implementation are due. Where schools buy in an annual Health Check, the scope would include following up on the implementation of recommendations raised during the previous audit.

Recommendations Raised in 2025/26 by Priority



Recommendations by Status



The counter fraud service is continuing to follow up, fraud referrals, desk-based intelligence checks and investigations with doorstep visits and Interviews under Caution where necessary. The Council take a zero tolerance approach to tenancy fraud and currently have 92 open investigations.

Thirteen non-housing referrals were brought forward from the previous period; three have been investigated and concluded and nine are still under investigation.

During the period 01/04/2025 to 30/09/2025, eight non-housing referrals were also received; four of which were Whistleblowing referrals. All eight cases have been investigated and concluded.

Proactive Counter Fraud Investigations
Proactive work undertaken between 01/04/2025 and 30/09/2025

Area	Description	Number Recieved
Advice to Other Local Authorities	All Data Protection Act requests via Local Authorities, Police etc.	26
National Fraud Initiative	The NFI is an exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud and is conducted every two years.	Matches have been released and are being investigated.

Reactive Investigation Cases

Thirteen referrals were brought forward from the previous period three have been investigated and concluded and nine are still under investigation.

During 01/04/2025 to 30/09/2025 eight referrals were received; four of which, information was provided by Whistle-blowers. All eight cases have been investigated and concluded.

Housing Cases

The following table illustrates the work undertaken in relation to housing fraud and right to buy (RTB) applications:

Description	2023/24	2024/25	2025/26
Number of referrals for investigation	127	110	113
Notional Saving *	588000	294000	294000
RTB referred and reviewed	94	333	11
RTB stopped	3	50	0
Notional Saving	383820	6820000	0
Properties recovered	14	7	7
Total Notional Saving	971820	7114000	294000

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Notional saving recommended method uses a standard formula to arrive at an average national cost to the taxpayer per detected tenancy fraud of £42,000

Mutual Exchanges and Successions

Housing Services refer Mutual Exchanges and Succession to the Counter Fraud Team to review. A total of 22 Mutual Exchanges and 13 Successions have been referred and reviewed.

One Mutual Exchange and four Successions were denied.

Housing Cases

The following table illustrates the breakdown of cases:

Description	2025/26
Number of referrals currently under investigation	92
Number of referrals brought forward	84
Passed to Legal Services for Criminal / Civil Proceedings	8
Properties Recovered	8
Open Investigations	79
Number of new referrals retained for investigation *	29
Number of completed / closed investigations	21
Notice To Quit (NTQ) issued	2
NFA / No Offence	13
Awaiting Court Hearing	1
Awaiting Eviction	1
Pending bailiff action / Eviction	1

Key:

Key: ** Total number of referrals received and triaged was 79. Twenty nine are being investigated as the remaining referrals do not get investigated by the Counter Fraud Team, e.g. Housing Benefit, other LA's.

*** From the 21/11/2024 the maximum RTB discount dropped from £136,400 to £38,000 this originally resulted in the large increase in applications submitted and reviewed. Since the reduction in discount the number of applications submitted has therefore reduced.

Final Internal Audit Follow Up Report – Procurement Processes

Background

A review of consultant engagement undertaken in 2023/24 identified recurring risks in procurement practices across the Council. These findings were detailed in a separate report, which resulted in a Limited assurance opinion and included three high priority recommendations to address the identified issues. Management accepted all recommendations.

This report provides a follow-up assessment of the progress made in implementing those recommendations, with a focus on improving governance, transparency, and compliance within procurement processes.

Assurance Opinion - Limited

The overall audit opinion remains limited on the basis that whilst progress has been made, such as the drafting of revised Contract Procedure Rules and the proposal to introduce a formal procurement board, these changes have not yet been fully approved or implemented. As a result, the underlying risk remains that procurement activities may not consistently meet governance expectations, and mechanisms to prevent and detect non-compliance may still be insufficient.

Recommendation

High: A control process should be established to ensure that all procurements are subject to appropriate governance (sufficient control, transparency, scrutiny, visibility and challenge) and that there are sufficient mechanisms in place to prevent and detect non-compliance with these expectations.

Progress Update

The recommendation has not yet been fully implemented, but progress is underway. The Council has acknowledged the risk posed by fragmented procurement processes and has proposed the establishment of a formal procurement board to replace the Gateway Review Group. This board aims to streamline governance, reduce duplication, and improve compliance.

The proposed changes are embedded within the redraft of the Contract Procedure Rules (CPRs), which were presented to the Executive Leadership Team in August 2025 and will now be presented to the Constitution Working Party and Full Council.

Until these changes are formally approved and operationalised, the recommendation remains in progress.

Priority: High
December 2025

Status: In progress – completion due end of

Appendix 2 – Limited Assurance Reports

Recommendation	Progress Update
High: The Council's intranet, oneSource intranet and any other applicable sources of information / documents should be updated to incorporate any changes or additional information gathered and documented as part of this review. This should include any supporting documents and should clearly signpost users to other applicable governance processes. Consideration should also be given as to the clarity of guidance available to officers and if there is a risk that this is left open to interpretation.	This recommendation will be marked as implemented following the launch of the new Intranet. Any additional work will be addressed as part of the rollout of the new procurement regulations. Priority: High Status: Implemented
High: A decision should be made as to whether non-compliance with any of the governance processes referred to in this report, would be deemed unacceptable and if so, how will non-compliance be reported and addressed. This should also include consideration as to whether the Council can meet its statutory obligations through the current processes.	Significant cases of non-compliance will be reported by Procurement to the Executive Leadership Team. Priority: High Status: Implemented