

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:

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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