

Limited Assurance Reports Introduction

This report provides the Audit Committee with an overview of the limited assurance internal audit reviews that have been completed since the Committee last met. It summarises the key findings, the assurance ratings provided, and the management actions that have been agreed to strengthen the control environment. The purpose of this report is to support the Committee in its oversight responsibilities by highlighting areas where improvement is required and ensuring that progress is monitored.

A summary of the limited assurance audit reports issued during this period are set out below. Further detail on each audit is provided in the sections that follow.

<p>Garage Allocations</p> <p>Serious weaknesses in garage allocation procedures were identified by the service during the absence of the Garage Officer, including missing records, non-compliant allocations and uncollected income. Significant inconsistencies across systems were identified during the audit. Non-compliance with established processes resulted in financial loss, data integrity issues, and operational risks, leading to a Limited assurance rating. Most affected cases have now been rectified, with income recovery underway and locks changed where needed. Management has introduced improved controls, reconciliations, and oversight processes, although these require verification through follow-up. Strategic data-integrity and system-alignment issues remain subject to separate corporate workstreams.</p>
<p>Temporary Accommodation Additional Overspend Follow Up</p> <p>The follow-up confirmed that although some progress has been made, most notably through the introduction of the ARA system and improvements to data quality and role clarity, key weaknesses remain, particularly in data management, forecasting, and supplier arrangements. Reporting functions, end-to-end procedures, and formal agreements for nightly lets are still incomplete, meaning the overall assurance rating remains Limited. Whilst three of the twelve high-risk recommendations have been fully implemented, most recommendations remain in progress and are not expected to be completed until mid-2026. Significant work is still required to finalise service budgeting processes, clarify Finance and service responsibilities, and formalise supplier documentation, before risks can be fully mitigated.</p>
<p>Tenant Management Organisations (TMO) Follow Up</p> <p>The follow-up confirmed that no progress had been made by Petra TMO in implementing any of the original recommendations, with sustained non-engagement and widespread weaknesses across governance, financial management, bank controls, documentation, and compliance. Significant risks remained unmanaged and the control environment continued to present major concerns. Due to the continued lack of progress, the Council has decided to bring Petra TMO back in-house. All original recommendations have been replaced by a single high-risk recommendation to manage the transition. A three-month wind-down period is underway, after which a further follow-up will assess the effectiveness to manage the risks identified, under Council control.</p>

Final Internal Audit Report – Garage Allocations

Background

In July 2025, Internal Audit was advised of concerns regarding the allocation of several garages by the Garage Officer without supporting documentation or corresponding entries in the housing management system. The issue was identified by service managers during the Garage Officer's absence through sickness. The service's initial review found that no formal records of allocations or tenant details had been maintained, no accounts had been created in Open Housing, and no rental charges were being applied.

Internal Audit subsequently undertook a process-mapping exercise to understand the existing garage allocation process and determine what controls were in place. This report sets out the findings from that review.

Analysis of the Garage Allocations spreadsheet identified 137 garage allocations made between April 2024 and March 2025. A comparison against the Open Housing system and Photobook confirmed the following:

- Six cases involved existing tenants who were temporarily moved to alternative garages while refurbishments were carried out; in these instances, charges continued to be applied.
- 19 garages had been demolished and could not have been let.
- Seven garages had never existed and therefore could not have been let.
- 87 garages had not been let.
- One garage had been allocated to an internal Council team.
- Three garages had been correctly let and set up on the system, with direct debits in place.
- 14 garages had been let to tenants who had no corresponding records in the system and no rental payments set up.

Of these 14 cases involving unknown tenants, nine individuals have now contacted the Council, been formally signed up, and have either settled their charges or have agreed payment plans. In the remaining five cases, the tenants have not made contact, and action to recover possession of the garages is underway.

The total rental income incurred on the 14 garages at the point of confirmation of use or identification of tenants was £15,442. As at 5th January 2026, £2,974 had been collected, £5,290 remained outstanding from the identified tenants, and £7,177 was owed by individuals who have not yet contacted the Council. Locks have been changed, and steps have been initiated to regain possession where necessary.

Overall, the audit provides limited assurance that the control framework is adequate to manage the risks associated with the recording, management, and allocation of garage assets.

Summary Key Findings

Weaknesses in Compliance, Oversight, and Record Management Within Garage Allocation Procedures

The garage allocation process transitioned from a manual system to digital management via Photobook in April 2024. However, during the Garage Officer's absence in July 2025, significant issues were uncovered, including missing formal records, absence of accounts in Open Housing and Photobook, and uncollected rental charges. Customer emails into the service inbox also highlighted unresolved repairs and confusion over lack of payment collection.

The Garage Officer only began using Photobook in October 2024 and completed 21 licence agreements, through the expected process. A number of allocations were only recorded on an excel spreadsheet, outside official systems, and without any identifying tenant information, suggesting the non-compliance was not due to a lack of training or procedural awareness.

There was no management oversight, with no verification of reported allocations or reconciliation of direct debit setups. Whilst the Housing Rents/Income Team's may have picked up a discrepancy between the number of monthly allocations reported against the number of requests for direct debit set up, their attendance at the monthly meeting only began after the issue was identified.

Incomplete documentation and system records hindered verification of garage allocations and tenant checks, exposing the service to reputational risk and financial loss.

Concerns also emerged regarding the garage waiting list, with no evidence that individuals from the 2019 list were transferred to the current system, raising risks of exclusion, complaints, and lack of transparency.

At the time of writing, the service informed Internal Audit that, during its investigation, two garages were discovered to have been let, without charge by a Tenant Management Organisation acting beyond its authority. The service is currently addressing this issue and charges are now being paid.

Summary Key Findings

Lack of Control and Consistency in Garage Asset Data Across Council Systems

Garage assets are currently recorded across three systems: Open Housing (tenancy and charges), Keystone (physical asset management), and Earthlight (mapping and location data). These systems differ in structure and usage, with Open Housing recording individual garages and Keystone/Earthlight recording garage blocks.

Data integrity issues are widely recognised. Garages have reportedly disappeared from Open Housing after long-term inactivity, and Keystone data was shared with caveats about its accuracy. Refurbishment projects have also led to incorrect numbering and duplicate records.

Internal Audit identified numerous discrepancies across the systems, including missing or mismatched garage records and inconsistent use of Unique Property Reference Numbers (UPRNs). Earthlight uses national UPRNs, while Keystone and Open Housing use LBH-assigned ones. A manual workaround exists to reconcile UPRNs, but it relies heavily on officer awareness and familiarity with system limitations.

No formal controls were found to ensure consistent updates across systems, increasing the risk of outdated or conflicting data. This misalignment could lead to underutilisation, missed revenue, and inaccurate insurance reporting.

The ongoing replacement of Open Housing and Keystone with a single integrated system presents a key opportunity to resolve these issues through structured data migration and validation.

The Council faces significant financial and insurance risks due to poor data integrity. Inaccurate reconciliation of garage assets across systems undermines the reliability of data provided to insurers, posing material risks to insurance coverage and financial reporting, and raising concerns about the accuracy of asset data across the wider property portfolio. These risks and expected outcomes have been outlined in a separate report.

Failure to Enforce Published Garage Rental and Charging Policies

Despite the Council's website stating that garage rent must be paid in advance and that charges apply for lost keys and lock changes, these controls are not being enforced in practice. There is no established process to ensure charges are consistently applied to tenant accounts, and tenants are not reliably paying in advance. This undermines financial controls and may result in lost revenue, reputational risk, and inefficiencies in debt recovery.

Gaps in Photobook Workflow for Communicating Garage Licence Conditions

Tenants are not provided with the full garage licence conditions at the point of sign-up. While general terms are included in Photobook, the specific conditions are expected to be sent separately in hardcopy form by the Garage Officer after the tenant has signed the agreement and received the keys. However, there is no confirmation process to ensure these conditions are consistently issued, creating uncertainty around tenant awareness and acceptance. This increases the risk of disputes, non-compliance, and challenges in enforcing the agreement.

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Garage Allocations - Improvement Action Plan			
	Recommendations	Management Response	Planned Completion Date
1	High: Garage allocations follow documented procedures and are consistently recorded within approved systems.	Garage Officer is using photobook to record all new garage sign ups, this is visible via the photobook dashboard. Reports can be downloaded to verify.	Complete – Will be verified by Internal Audit as part of the follow up
2	High: Garage asset and tenant records are reconciled and maintained to support transparency, service continuity and data integrity.	The garage officer has completed a full physical check, we have ascertained that Havering have 81 garage sites which contain 997 individual garages, these have been checked via earthlight and any discrepancies with open housing have been addressed.	Complete – Will be verified by Internal Audit as part of the follow up
3	Med: Robust handover and contingency arrangements are in place to ensure service continuity during staff absences.	Estate Services Manager and admin will manage garage inbox, admin will call back customers during holidays and sickness.	Complete – Will be verified by Internal Audit as part of the follow up
4	High: Management oversight and regular checks ensure compliance, data accuracy, and income recovery.	Estate Service Manager is checking 20% of all monthly garage signups, information is taken from photobook and checked via open housing to make sure garage accounts have been set up ready for rents to be collected. Screen shots are taken throughout the process to witness this procedure.	Complete – Will be verified by Internal Audit as part of the follow up
5	Med: Waiting lists are accurate, auditable, and managed through clear processes for updates and transfers.	The garage waiting list has been checked and verified as correct using the garage application emails. The garage applications are stored in folders within the garage inbox. Estates Admin member is taking the information from the application form and updating the waiting list daily.	Complete – Will be verified by Internal Audit as part of the follow up
	Med: System integration streamlines asset management, tenancy tracking, and rent charging, reducing manual workarounds.	This recommendation, along with the findings have been included in a separate report as they relate to issues identified during the audit that require input from teams outside the main scope of the original report. To keep the initial report focused and avoid sharing its detailed content unnecessarily, these findings and recommendations have been set out in a standalone document.	Not Applicable

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Recommendations	Management Response	Planned Completion Date
<p>High: Accurate and complete garage asset data across all systems, supports property valuation, usage reporting, and insurance coverage, ensuring compliance with statutory requirements.</p>	<p>This recommendation, along with the findings have been included in a separate report as they relate to issues identified during the audit that require input from teams outside the main scope of the original report. To keep the initial report focused and avoid sharing its detailed content unnecessarily, these findings and recommendations have been set out in a standalone document.</p>	<p>Not Applicable</p>
<p>6 Med: Website content and internal practices are aligned to reflect current procedures and improve customer understanding.</p>	<p>The website has been reviewed and work is underway for the necessary changes to be made.</p>	<p>March 2026</p>
<p>7 Med: Income processes ensure timely rent collection, accurate reporting, and alignment with published policies.</p>	<p>Establish a formal process to notify the Housing Rents/Income Team of applicable charges, ensuring they are correctly applied to tenant accounts. This action is completed via photobook, rents team are sent the DD forms as part of the sign up process using multimap within the form.</p>	<p>Complete – Not verified by Internal Audit</p>
<p>8 Med: Tenants have clear visibility of the garage licence terms and conditions prior to confirming acceptance.</p>	<p>The garage terms and conditions have been reviewed. The garage Officer will provide a copy of the terms and conditions during the sign up process.</p>	<p>Complete – Will be verified by Internal Audit as part of the follow up</p>

Final Internal Audit Follow Up Report – Temporary Accommodation Additional Overspend

Background

In May 2025, Internal Audit issued a memo outlining the key findings relating to the overspend within the 2024/25 Temporary Accommodation budget. The review identified significant weaknesses across three core areas:

- Data Management and Data Protection
- Budgeting and Forecasting
- Suppliers, Contracts and Rates

To address the issues and associated risks highlighted in that review, a formal Improvement Action Plan was developed. This plan sets out the required actions for both the service and the Finance Team to strengthen controls, enhance oversight, and improve overall governance.

This follow-up report provides an update on the progress made to date in implementing the agreed actions and highlights any areas where further work remains outstanding. At this stage, the overall audit opinion remains Limited. While some progress has been made, a significant amount of work is still required to fully deliver the expected improvements and ensure that the key risks identified are effectively mitigated.

Temporary Accommodation Improvement Action Plan

Recommendations		Progress Update
1.1	Review the data from the Temporary Accommodation spreadsheet for accuracy before transfer to ARA	Data from the Temporary Accommodation spreadsheet has been entered into the Jigsaw Accommodation module (ARA) and checked for accuracy and completeness. A full reconciliation of individuals and addresses was undertaken to ensure accuracy and remove duplication, and rates have been verified. Planned Completion Date: Complete
1.2	Implement the Housing Management system ARA	The Jigsaw Accommodation module ARA went live in October 2025. Planned Completion Date: Complete
1.3	Populate ARA with accommodation and people data	Accommodation and people data has been entered into ARA, and procedures supporting data entry have been developed and approved. Planned Completion Date: Complete

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Recommendations		Progress Update
1.4	Decommission the Temporary Accommodation spreadsheet	<p>The spreadsheet remains in use as a compensating control until assurance is obtained that all data has been accurately migrated to the new system and validation checks confirm compliance with documented procedures. While the service is keen to decommission the spreadsheet at the earliest opportunity, Finance has indicated a preference to retain it until they are satisfied that these assurances have been fully met.</p> <p>The spreadsheet remains available; however, it is retained solely as a parallel control during the transition to the new system. It is not utilised by the service for the management of people or property. On this basis, the action is assessed as complete and is now considered closed.</p> <p>Planned Completion Date: Complete</p>
1.5	Finalise the Housing Benefit interface	<p>MRI is the supplier of the Jigsaw system. Phase 1 testing has been completed. During testing, it was identified that the automated interface did not include the 'number of bedrooms' field. In response, MRI implemented an alternative interface solution, and a single manual intervention step has been introduced to address this gap.</p> <p>A project request has been raised to automate the full process, and a procedure guide has been produced and approved. Phase 2 testing, intended to achieve full automation, remains dependent on MRI and internal IT resource availability. Current timelines indicate that this phase is expected to be completed by April 2026.</p> <p>Planned Completion Date: Partially complete –April 2026</p>
2.1	Assess and define the management information necessary for effective strategic and operational control	<p>The transition from the Temporary Accommodation spreadsheet to ARA has enabled system-generated reporting. Although completion has been delayed due to system implementation, reporting training is complete and work continues to build and refine reports for business needs.</p> <p>A breakdown of management information expectations, detailing the required categories and associated data fields, has now been documented and agreed. Planned Completion Date: Complete</p>
2.2	Evaluate ARA's reporting functionality to ensure it aligns with the necessary management information needs	<p>Although the expectations for management information requirements have been fully defined, further work is needed to identify, build, and configure the reports within ARA to generate this information in the required format. This includes ongoing development activity to ensure reporting outputs meet the agreed categories and detailed information specifications.</p> <p>In the interim, reporting is underway and the service are exploring the use of tools to enable management information in ARA to interface with Power BI, which will further strengthen access to reliable service-delivery information and enhance the overall quality, accessibility, and consistency of performance reporting. Planned Completion Date: June 2026</p>

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Recommendations		Progress Update
2.3	Define roles and responsibilities for reporting functions	<p>A document has been produced that clearly defines the roles and responsibilities across the Temporary Accommodation service, including Rents, Placements, and related functions. This ensures staff understand their operational duties and where accountability sits within the service.</p> <p>Planned Completion Date: Complete</p>
3.1	Define roles and responsibilities: <ul style="list-style-type: none"> - Data Management - Financial Management - Property Management - People Management 	<p>This is addressed in section 2.3 above. Planned Completion Date: Complete</p>
4.1	Develop comprehensive set of procedures to address all aspects of the process including the transition of cases from ARA to Open Housing	<p>Procedures covering key system activities such as updating the accommodation database and setting up rent accounts within ARA, have been documented and approved.</p> <p>However, these procedures primarily focus on system-based tasks and do not yet provide full coverage of end-to-end processes, including activities that take place outside the system.</p> <p>As the service has transitioned away from off-system working practices, system-based procedures have been developed as a priority. Work will continue to review and update off-system procedures to ensure alignment and to identify any gaps requiring further procedural development. Planned Completion Date: June 2026</p>
4.2	Agree acceptable placement standards for inclusion to documented procedures.	<p>Work is underway to ensure the Placement policy guidance adequate reflects acceptable standards for placements. Planned Completion Date: March 2026</p>
5.1	Robust use and monitoring of the existing spreadsheet (until decommissioned)	<p>The original spreadsheet remains in place as a compensating control during the transition to ARA, pending assurance that all data has been accurately migrated and validated against documented procedures. While Finance has requested its retention until these assurances are met, the spreadsheet is no longer used by the service for managing people or property and serves only as a parallel control. Planned Completion Date: Complete</p>
5.2	Staff training on the use of the Housing Management system ARA.	<p>Training completed by staff in July 2025 for data entry into the system. Reporting training was completed by MRI and system user guides have been provided to support staff. Jigsaw also offers help guide videos. Planned Completion Date: Complete</p>

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Recommendations		Progress Update
6.1	Assess and define the management information necessary for effective budget management	This is addressed in section 2.1 above. Planned Completion Date: Complete
6.2	Look for an effective tool to assist Budget Managers in managing the budget. <ul style="list-style-type: none"> - Smartview excel add in from PBCS - Actuals and Budget report - Management budget dashboard 	ARA is fully functioning and can support budget management via PBCS. Work is now underway to develop the management information and this will also feed into the budget management and forecasting process. Couple this with the work that will be done by Finance (Council wide) after the Finance restructure is complete. Planned Completion Date: July 2026
6.3	Updated and reconcile forecasts using the new system	<p>Forecasts are currently prepared by the Finance Business Partner using data provided by the service, applying forecast assumptions and trend analysis. These forecasts are ultimately approved by the Assistant Director of Housing Demand.</p> <p>This is a complex service area that involves analysing large volumes of data through formulae, spreadsheets, and reconciliations. To improve understanding of the factors driving forecasts, the service needs to play a more active role in their production. Moving forward, the service and the Finance Business Partner will continue to work collaboratively, leveraging newly available system data to enhance the forecasting process and increase the service’s involvement. The Service Level Agreement to be implemented post Finance Review will also confirm responsibilities for budget management processes. Planned Completion Date: Complete</p>
6.4	Training for Budget Managers (including generating reports)	ARA is fully operational and supports budget management through PBCS. Work is progressing on improved management information to strengthen budgeting and forecasting. Organisation-wide training will be delivered after the Finance restructure, with interim support offered by the Finance team and experienced system users. Planned Completion Date: July 2026
6.5	Build dedicated time into work schedules to support proactive budget monitoring and control.	The Finance Business Partner assigned to this service spends a significant proportion of their part-time hours each month supporting budget management and retains full responsibility for forecasting. Although the cycle is monthly, the work involved is substantial and already forms a core part of their role. Planned Completion Date: Complete

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Recommendations		Progress Update
7.1	<p>Define and document the scope of responsibilities and accountabilities of both services and Finance in relation to budget management in a self-service model including:</p> <ul style="list-style-type: none"> - Reconciliation of the system (ARA and Open Housing) against the general ledger; and - Failure to promote forecasts within PBCS. 	<p>Service Level Agreement to be implemented post Finance Review. Planned Completion Date: July 2026</p>
7.2	<p>Integrate the documented roles into relevant procedures, policies or service level agreements – This is reliant on wholesale programme for the Finance Offer and Budget Holder Responsibility Definition.</p>	<p>Service Level Agreement to be implemented post Finance Review. Planned Completion Date: July 2026</p>
7.3	<p>For high complex budgets review the capacity of resources available to meet sharp deadlines</p>	<p>Action has been taken to understand the needs of the service and temporary resource identified for Housing Demand, however this will be addressed across the wider organisation as part of the Finance Review. Planned Completion Date: July 2026</p>
8.1	<p>Review the intranet guidance and procedures to ensure it is up to date, accurate and accessible</p>	<p>A review has been undertaken, and improvements have been identified. Action will be taken to strengthen the guidance and procedures once the Finance Review has been completed. Planned Completion Date: July 2026</p>

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Recommendations		Progress Update
9.1	Include budget management (including but separate to PBCS) as part of essential training requirements for all existing staff and as part of the on boarding of new starters	The Council is currently planning to deliver a program of training across the organisation This will be delivered following a Finance restructure. Staff who have immediate needs are offered support by finance and experienced system user colleagues. Planned Completion Date: July 2026
9.2	Provision of comprehensive, mandatory and ongoing training	The Council is currently planning to deliver a program of training across the organisation This will be delivered following a Finance restructure. Staff who have immediate needs are offered support by finance and experienced system user colleagues. Planned Completion Date: July 2026
9.3	Issue a formal reminder to staff that comprehensive training materials and guidance on budget management and use of PBCS is available via Fusion. Encourage all relevant personnel to review these resources to ensure consistency, accuracy, and compliance in budgeting practices.	An email was issued to all PBCS budget holders which included links to materials. Finance have partnered to deliver PO training courses. Planned Completion Date: Complete
10.1	Review of existing rates within the Temporary Accommodation spreadsheet to ensure accuracy	All rates have now been reviewed and verified (see 1.1 above). Planned Completion Date: Complete
10.2	Record all negotiations with suppliers and formalise agreements	<p>A PIN Form in Teams is used to record details of nightly rates, which the Placements Team then enters into ARA. However, there is no formal document outlining the agreed Terms and Conditions for the use of nightly lets. This gap exposes the Council to potential liability risks.</p> <p>As part of implementing this action, the service should review the current arrangements for nightly lets, considering the Council’s risk exposure in the absence of agreed Terms and Conditions.</p> <p>Planned Completion Date: March 2026</p>

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Recommendations		Progress Update
10.3	Robust recording and monitoring of all rates within the system	Work is underway to audit and upload relevant documents and agreements into the accommodation section of the system. An audit monitoring period is in place to ensure data is clean and accurate, and this will continue until sufficient assurance is achieved to confirm compliance with expectations. Reports generated from ARA are being used to support the monitoring of data accuracy. Planned Completion Date: April 2026
11.1	Develop a comprehensive set of procedures to address all aspects of service delivery including the recording and formalising negotiation practices	See 4.1 above. Planned Completion Date: June 2026
11.2	Produce a pro forma to ensure all necessary information is being collected and recorded consistently	See 10.2 above. Planned Completion Date: Complete
12.1	Staff to be robustly trained in on boarding properties and their rates	Staff have completed negotiation testing, and step-by-step guidance has been developed to ensure clarity of expectations. Planned Completion Date: Complete

Internal Audit Follow Up Report – Petra Tenant Management Organisations (TMO)

Background

There are three Tenant Management Organisations (TMOs) in operation within Havering, they provide management services to relevant estates (Betra, Delta, Petra). The management of the estates should be carried out in accordance with Modular Management Agreements (MMA) between each TMO and Havering.

A review of the management of the TMOs was undertaken in 2024/2025 which highlighted weaknesses in the control environment across all three of the TMOs resulting in a limited assurance report being issued. Following the completion of that audit an action plan was put in place for each of the TMOs, with progress against implementing the proposed recommendations being monitored by the Local Authority.

During the follow-up review, it was noted that Petra’s engagement with the Council continued to be limited, and steps were being taken to escalate this matter. Due to the differing circumstances between Petra and the remaining two TMOs, progress on the recommendations for Betra and Delta has been addressed in greater detail within a separate follow-up report.

All recommendations related to Petra TMO from the original report remained outstanding. While this report was being finalised, the decision was made to bring Petra back in-house. A new high-risk recommendation has been raised to reflect this, superseding previous recommendations but with an expectation that these risks are acknowledged and managed during the transition period.

The original limited assurance rating will remain in place to allow for a further follow-up within three months to assess progress on the transition of Petra back in-house.

Petra Tenant Management Organisations (TMO) Improvement Action Plan

Recommendation	Management Response	Planned Completion Date
<p>1 High Service to produce and implement an action plan to bring Petra back in-house, ensuring the original risks highlighted in the detailed action plan provided to the service, are adequately addressed.</p>	<p>Agreed</p>	<p>April 2026</p>