

# **Internal Audit & Investigations Annual Assurance report**

**For the year ended 31 March 2025**

## **1.0      OVERVIEW**

### **1.1      Introduction**

1.1.1 This report summarises the results of the work that Internal Audit has carried out in accordance with its annual plan for 2024-25 and provides an annual opinion on the internal control environment.

1.1.2 The Accounts and Audit (England) Regulations mandate that local authorities maintain an effective system of internal audit for their accounting records and internal controls, following proper practices defined by the Public Sector Internal Audit Standards (PSIAS) and the Local Government Application Note. The PSIAS require the Head of Internal Audit (Chief Auditor) to provide a written report to governance bodies, supporting the Annual Governance Statement with an opinion on the Council's control environment. This opinion is a key assurance source for the Council's annual governance statement. The Audit and Governance Committee reviews and monitors internal audit activities through quarterly reports, ensuring the internal audit function meets statutory obligations, which is crucial for corporate governance.

### **1.2      Purpose & Scope of Report**

1.2.1 The report:

- includes an opinion on the overall adequacy and effectiveness of the Council's governance arrangements, risk management, and internal control environment.
- discloses any qualifications to that opinion, together with the reasons for the qualification.
- presents a summary of the audit and anti-fraud work from which the opinion is derived, including reliance placed on work by other assurance bodies.
- draws attention to any issues the Chief Auditor judges particularly relevant to the preparation of the Annual Governance Statement.

### **1.3      Internal Audit Effectiveness**

1.3.1 In line with good practice, the Internal Audit service should annually ensure compliance with the 2017 Public Sector Internal Audit Standards (PSIAS), reporting any non-compliance to the Audit and Governance Committee. This is further supported by an External Quality Assessment (EQA), which, as per PSIAS, must be conducted every five years by a qualified, independent external assessor. The most recent EQA, conducted in May 2022, confirmed that the Internal Audit service conforms to the PSIAS, with the results communicated to the Audit and Governance Committee in September 2022.

1.3.2 This year, efforts will begin to ensure the Internal Audit service complies with the Global Internal Audit Standards, effective from April 1, 2025. If any gaps or areas for development are identified, an action plan will be created and communicated to the Audit and Governance Committee. The Chief Auditor confirms that the service met PSIAS standards for 2024/25 and is effective.

## 2.0 ANNUAL ASSURANCE OPINION

### 2.1 Basis of the Annual Opinion

2.1.1 The outcome of the audits undertaken during the year by Internal Audit forms the primary basis of the annual audit opinion over the adequacy and effectiveness of the governance, risk, and control framework. Additionally, there has also been recourse to the following sources of evidence and assurance:

- Anti-fraud and fraud investigations
- Follow up of management actions
- The Council's governance and risk management framework
- Inspections and external reviews, including work undertaken by the external auditor.

2.1.2 When considering the opinion readers should note the following:

- This opinion is based solely upon the areas taken into consideration and it is not affected by any specific impairments or scope limitations
- Assurance can never be absolute, neither can Internal Audit's work be designed to identify or address all weaknesses that might exist
- Responsibility for maintaining adequate and appropriate systems of governance, risk management and internal control resides with the Council's management and not Internal Audit.

2.1.3 Audit work has been undertaken to obtain all information and explanations considered necessary to provide sufficient assurance that the control environment is both reasonable and effective. The Chief Auditor's opinion on the overall adequacy and effectiveness of the Council's risk management systems and internal control environment, including any qualifications to that opinion, is as follows:

Based on the evidence reviewed, the Chief Auditor has concluded that **Reasonable Assurance** can be placed on the adequacy and effectiveness of the Council's internal control framework in the areas audited during 2024/2025.



2.1.4 The audit opinion is expressed using the same scale used for internal audit report opinions. The scale ranges from 'Substantial' to 'Reasonable', through to 'Limited' and 'No Assurance'. This opinion is reflective of the number and level of assurance opinions provided throughout the year and the improvements required to the control framework in some of those areas where weaknesses were identified in the past.

2.1.5 18% of audits received limited or no assurance in 2024/2025, compared to 44% in 2023-24, and 26% in 2022-23, (see section 3). Some of the key areas for improvement identified during our audit work are set out in section 4.2. These are reviews where limited or no assurance has been given and improvements to the control environment are needed.

## 2.2 Inherent qualifications to the opinion

2.3.1 The system of internal control is designed to manage risk to a reasonable level rather than to eliminate risk of failure to achieve policies, aims and objectives and therefore can only provide reasonable, not absolute, assurances of effectiveness. The Chief Auditor's assurance opinion should be considered alongside other sources, like External Audit reports and information governance reporting, to ensure the Audit & Governance Committee makes informed decisions about the Council's control environment.

## 3 SUMMARY OF THE AUDIT WORK

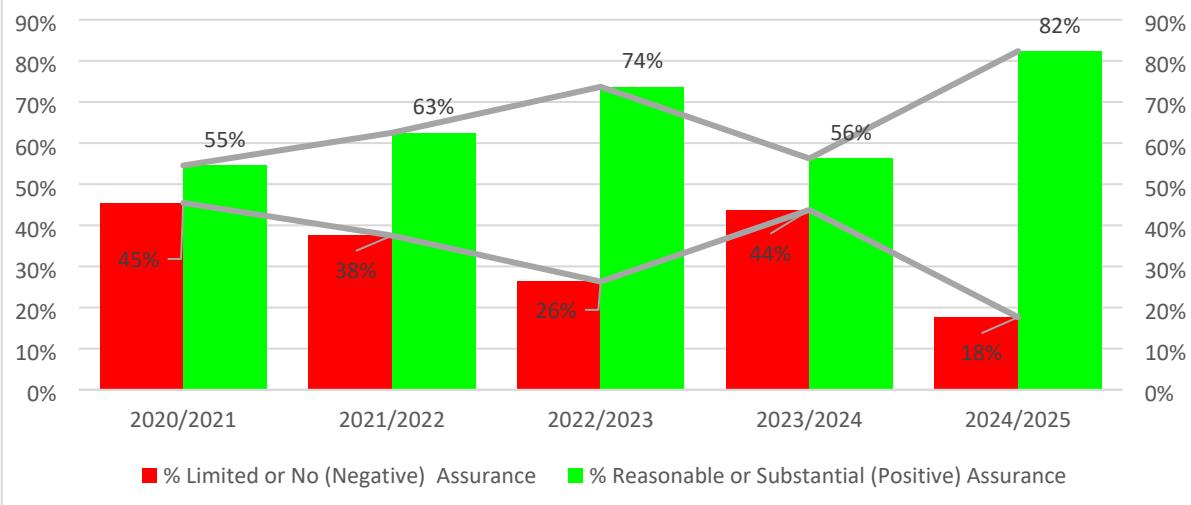
3.1 The annual 2024/25 Annual Audit Plan was developed in line with the Public Sector Internal Audit Standards for Internal Audit. We will have completed 17 audits, 2 advisory reports, and certified 8 grants. The table below summarises the report classifications.

| Report Classification (2023/24)                     | No. of Audits |
|---|---------------|
| Substantial Assurance                               | 1             |
| Reasonable Assurance                                | 13            |
| Limited Assurance                                   | 3             |
| No Assurance  | 0             |
| <b>Total<sup>1</sup></b>                            | <b>17</b>     |
| Grant Claims certified                              | 8             |
| Advisory report                                     | 2             |
| No of projects in progress, but yet to be finalised | 2             |

3.2 Full details of the audit work we have completed that has informed this opinion are in **Appendix A**, together with the assurance levels we have been able to provide for each review. As well as the results of our own work, we have also considered other sources of assurance available to us for example, management assurance statements, internal oversight function reporting and independent inspections and reviews, which we have been informed of. Graph 1 shows the percentage of positive and negative assurance opinions given, compared to previous financial years.

<sup>1</sup> This is in addition to the work undertaken for BFFC, which is reported separately to their Audit & Risk Committee

**Graph 1 Positive v Negative Assurance Opinions (trend)**



### 3.3 Priority of Recommendations

- 3.3.1 At the time of writing, we have made a total of 58 audit recommendations in our reports (both draft and finalised), of which 7 (12%) were classified as a high priority.
- 3.3.2 In the following sections we have set out the high-level key findings identified during our audit work for 2024/2025, which have helped inform the overall assurance opinion.
- 3.3.3 Details of each individual report's ratings and the priority of recommendations arising from each audit can be found at Annex 1.

## 4 SUMMARY OF THE AUDIT WORK

### 4.1 Substantial and Reasonable Assurance Reviews

- 4.1.1 The audits conducted across various council services found that governance and control frameworks were generally effective, with reasonable assurance provided in key areas. The Business Rates audit confirmed sound processes for calculation and collection, though improvements were recommended in the timely identification and inclusion of properties on the valuation list. The General Ledger audit also confirmed that effective accounting procedures are in place. In the Homelessness service, efforts to manage complex demand and supply risks were noted, including legal compliance with procurement regulations, though attention is needed to ensure rates paid are appropriate.
- 4.1.2 Other reviews highlighted progress and areas for development. The backlog of Subject Access Requests caused by COVID-19 has been cleared, and automated redaction tools are being explored to support compliance, although the Council does not currently apply allowable charges. While the Housing Complaints Policy is not yet fully compliant with the Housing Ombudsman's Code, there is awareness of the need for improvement and adequate performance monitoring. The audit of the Eligibility, Risk and Review Group found sufficient oversight, though minor discrepancies were noted between approved costs and care plans.

- 4.1.3 While housing rent increases were correctly applied, outdated policies, errors in write-offs, and gaps in audit trails and arrears monitoring were identified. The Members' Allowances and Expenses audit confirmed good controls, with recommendations to improve payroll instructions, claim timeliness, and transparency of declarations
- 4.1.4 The implementation of the e5 financial system has brought improvements in debt management and recovery. Although progress has been made, particularly in managing Adult Social Care (ASC) debt which constitutes 67% of the General Fund Debt, the updated documented policies and procedures remain incomplete and may require further resources and formal sign off. Debt monitoring and reporting have improved, with enhanced management reports and governance structures, especially for ASC and Sundry Debts. However, gaps remain in corporate oversight, such as the absence of a Corporate Debt Board and inconsistencies in responsibility for debt recovery across all service areas. The introduction of customer account statements and a more technical approach to bad debt provisions have supported recovery efforts. Internal audit testing showed clear financial records but highlighted the need for better recovery documentation and officer training. Write-off processes have become more structured, and Legal Services have taken a more active role in advanced recovery, particularly for complex ASC cases
- 4.1.5 Finally, for Accounts Payables a reasonable assurance rating was issued. This reflects the generally effective operation of AP controls, particularly in relation to segregation of duties, internal checks, and the consistent processing of transactions.

## 4.2 **Limited & No Assurance Reviews**

- 4.2.1 An audit of Residents Parking Enforcement found limited assurance of proper governance, risk management, and control systems. Issues included unclear responsibilities, poor data quality, and expired contracts, indicating the contracts might not be suitable.
- 4.2.2 An audit found Commercial Properties (rent roll) discrepancies affecting billing accuracy. Better authorisation and verification controls are needed until the system can generate invoices. Different budget responsibilities prevented a complete view of overall debt, making it hard to monitor and report on debt risk for commercial rents and leases.
- 4.2.3 An audit of Supported Living found that more work was required within the tendering process, and with financial controls between the service and finance team relating to the placements process. Likewise, governance arrangements were found lacking where providers outside of the framework were being utilised. The review process for service users was more robust, and the majority of contracts were commissioned from the framework.

***Note: an audit is a snapshot at one moment in time and therefore weaknesses may have been rectified and improvements made since the audit review. These audits will be subject to audit follow-up during the next 12-18 months or sooner.***

#### 4.3 **Follow up Audits**

- 4.3.1 Any audits where limited or no assurance has been given are subject to a follow up review to determine whether the recommendations made have been implemented.
- 4.3.2 A follow-up on Continuing Health Care (CHC) highlighted ongoing issues despite some progress. The Council still lacks clarity on why many CHC submissions are rejected by the Integrated Care Board and how many exceed the 28-day decision target. This is significant, as Health is responsible for reimbursing the Council for delays, though no charges have been raised to date.
- 4.3.3 The Coroners Service audit previously identified governance and decision-making weaknesses, resulting in a Limited assurance rating. Since then, cost-sharing arrangements have been agreed upon, and a new business case and draft agreement were developed. Monitoring controls have improved, and the body removal service was brought in-house, reducing external costs. However, formal contract management is still needed, and invoicing issues persist, particularly with Frimley Health NHS Foundation.
- 4.3.4 In Intercompany Accounting, improvements have been made since the March 2022 audit. Roles and responsibilities are now clearly defined.
- 4.3.5 The November 2023 review of Employee Gifts & Hospitality found inadequate declaration processes. At the time of our follow up review a revised Code of Conduct and policy were approved. New starters must review the Code, but declarations are only required if there is something to declare—this should shift to mandatory declarations for all. A DASH form was introduced but not widely communicated, and while a declaration process was added to iTrent, evidence of compliance—especially among agency staff—remains inconsistent.
- 4.3.6 Cyber security saw notable progress following a Limited assurance rating in 2022/2023. A new strategy and action plan addressed many risks, with improvements in policy awareness, training, and SharePoint access controls. While the threat landscape remains dynamic, overall preparedness and mitigation have improved.
- 4.3.7 Finally, the fuel system audit in 2023/2024 revealed serious weaknesses in security and accounting. A follow-up confirmed enhanced controls, including ANPR cameras, anti-siphoning devices, and restricted fuel card use. Monthly reconciliation is now satisfactory, but real-time monitoring is still needed to support timely decisions and investigations.

#### 4.4 **Internal Audit Investigations**

- 4.4.1 Internal Audit investigated the creation and enforcement of the East Reading Red Route Traffic Regulation Order (TRO). They found that this and other TROs were improperly made and implemented, rendering enforcement actions and Penalty Charge Notices (PCNs) unlawful due to a lack of legal authority. In response, a new system involving Network Services, Parking Enforcement, and Legal Services has been introduced to review and monitor TROs. This includes pre- and post-implementation site inspections. Additionally, a digital map-based TRO management system is being developed to enhance accuracy and consistency. Governance improvements are also underway to strengthen decision tracking, transparency, and accountability.

## 5 OTHER SOURCES OF ASSURANCE

### 5.1 Third Party Assurance

5.1.1 The Chief Auditor's Opinion is also informed by the work and assurances that are available from third parties resulting from work undertaken during 2024-25, the results of which are summarised below:

#### External Audit

5.1.2 The external audit of the 2020/21 Statement of Accounts gave an unqualified opinion, reinforcing the improvements seen in the 2019/20 Statement of Accounts which were also unqualified. In addition, the external audit processes for 2021/22, 2022/23 and 2023/24 have all now been completed in line with the published audit "backstop" deadlines, albeit with "disclaimed" opinions. The Council has therefore effectively caught up and in respect of its prior years Statement of Accounts processes. Although the 2023/24 Statement of Accounts were given a disclaimed opinion, the external auditors concluded that there were no significant weaknesses in arrangements to improving economy, efficiency and effectiveness for 2023/24; the 2022/23 conclusion was that there was a significant weakness in this regard in relation to Children's Services.

#### Other Inspection Work

5.1.3 The Social Housing Regulator concluded that there are serious failings in Reading BC's delivery of the outcomes of the consumer standards and significant improvement is needed, specifically in relation to the Safety and Quality Standard, the Transparency, Influence and Accountability Standard and the Neighbourhood and Community Standard.

5.1.4 The Association for Public Service Excellence (APSE) - reviewed the handling of Traffic Regulation Orders (TRO's). APSE recommended improvements to governance, team structures, and processes. The Highways department is struggling with workload due to vacancies and a lack of experienced applicants. More demands will come from digitising TROs and consolidating Orders, requiring strong systems to avoid errors like those in 2024. Clear information, policies, and plans can guide Elected Members and the public. Internal communication issues, like those with the Bus Lane introduction, show the need for better arrangements and early involvement in proposals.

5.1.5 The Care Quality Commission conducted an onsite inspection of Adult Social Care between 16th to 19th December 2024 in relation to how we fulfil our statutory duties within the Care Act 2014. At the time of writing, the report was pending.

5.1.6 Assurances from external reviews have informed the annual opinion on the BfC control environment. The Joint Targeted Area Inspection (JTAI) identified key areas for improvement in Reading's domestic abuse response, including multi-agency coordination, data use, and risk information sharing. The Local Government Association (LGA) review of Children's Services highlighted high residential care costs driven by demand and limited provision, despite relatively low numbers of children in care. While progress was made in reducing agency staff reliance and scrutinising high-cost placements, challenges remain in SEND data quality, secondary education, and aligning demand with financial planning.

## 6.0 Performance of the Internal Audit Service

6.1 The Public Sector Internal Audit Standards documents the expected professional standards for internal audit in Local Government and are the applicable standards against which the quality of internal audit in local government is assessed. The Chief Auditor monitors compliance against the code, by self-assessment and/or external review.

6.2 Our performance during the year in relation to the performance indicators agreed for the internal audit service is shown in table B.

**Table B: Key performance Indicators for internal audit**

| Key Performance Indicators   | Target       | Actual  |         |         |
|--|--------------|---------|---------|---------|
|  |              | 2022/23 | 2023/24 | 2024/25 |
| i. Client Satisfaction   | 90% or above | 86%     | 90%     | -       |
| ii. Production of final report within 10 days of receipt of management responses                             | 90%          | 81%     | 91%     | 86%     |
| iii. Management responses received within 15 days of issue of draft report                                   | 75%          | 39%     | 86%     | 62%     |
| iv. Number of projects completed within agreed budgeted days relative to total number of projects undertaken | 75%          | 70%     | 82%     | 56%     |
| v. Percentage of audit projects completed relative to those in the (revised) plan                            | 75%          | 81%     | 73%     | 77%     |
| vi. Actual spending of controllable budget   | 100% or less | 110%    | 109%    | 116%    |
| vii. % Of working days lost to sickness  | 2.0%         | 12%     | 0.40%   | 3.22%   |

6.3 We've been unable to obtain a satisfactory volume of responses to post-audit satisfaction surveys, with the overall response rate too low to be able to gain any meaningful analysis.

6.4 Line 'v' shows that we have completed 77% of work we set out to achieve, which is admirable, given unplanned work added throughout the year.

6.5 Actual spend against the budget shows a 16% overspend, which is attributable to agency spend, which was required to maintain sufficient internal coverage to provide the annual assurance, as resources were diverted to assist with investigations.

6.6 Annual Survey

6.6.1 Every two years we undertake a survey, with this year's survey carried out in April, which asked managers to assess the importance and quality of the service provided.

6.6.2 Managers were asked to rate a total of 42 questions against 6 service areas; the summaries of the findings are detailed in table C below on a scale of either 1 to 4 (where 1 is excellent and 4 is poor) or 1 to 5 (where 1 is strongly agree and 5 is strongly disagree).

Table C: Annual Quality Review

|   | 2022/23 Responses |             | 2024/25 Responses |             |
|---|-------------------|-------------|-------------------|-------------|
|   | Importance        | Performance | Importance        | Performance |
| <b>Internal audit coverage</b>          | 85%               | 77%         | 86%               | 75%         |
| <b>Conduct of internal audit staff</b>  | 88%               | 80%         | 89%               | 78%         |
| <b>Delivery of audit projects</b>       | 90%               | 78%         | 89%               | 81%         |
| <b>Quality of the audit report</b>      | 91%               | 80%         | 91%               | 81%         |
| <b>Customer service</b>                 | 79%               | 76%         | 87%               | 79%         |
| <b>Overall rating of Internal Audit</b> | -                 | 86%         | -                 | 83%         |
| <b>Authority specific topics</b>        | 88%               | 80%         | 90%               | 82%         |
| <b>Average</b>                          | 87%               | 80%         | 89%               | 80%         |

6.6.3 The response rate was disappointing low at 8% (10 of 133). People's expectations are slightly higher (2%) with performance remaining stable at 80%.

6.6.4 In addition to the set questions, six free text fields were made available for individuals to provide further comments.

6.6.5 The detail supporting the results are set out in Annex B of the report.

## 7.0 Counter Fraud Activity

7.1 Best practice advises that the results of corporate investigations, including the number and types of investigations undertaken, should be reported annually. Progress on investigations is reported every quarter to the Audit & Governance Committee with a summary on the types of investigations in progress. Table D below provides a high-level overview of investigations undertaken compared to previous financial years.

7.2 The counter-fraud resource consists of 3 FTE's, all of whom are experienced investigators. Amongst other things, the team will investigate referrals relating to Council Tax, Social Care (Direct Payments), Tenancy Fraud, Blue Badges, etc.

| Table D Annual Summary of Investigations                                 | 2022/23  | 2023/24  | 2024/25  |
|--|----------|----------|----------|
| <b>Housing Tenancy Fraud</b>   |          |          |          |
| No. Housing Tenancy Referrals investigated                               | 46       | 39       | 56       |
| Properties Recovered   | 8        | 6        | 10       |
| Estimated saving from Recoveries <sup>2</sup>                            | £744,000 | £651,000 | £780,000 |
| Prosecutions Secured   | 0        | 0        | 0        |
| Application under the Proceeds of Crime Act                              | 0        | 0        | 0        |
| Value of POCA/Compensation award   | 0        | 0        | 0        |
| <b>Right to Buy Fraud</b>  |          |          |          |
| No. of RTB applications investigated                                     | 26       | 25       | 7        |
| No of RTB applications refused as a result of investigation <sup>3</sup> | 6        | 6        | 0        |
| Estimated savings from preventing sale of property <sup>4</sup>          | £563,448 | £576,000 | 0        |
| <b>Parking Fraud</b>   |          |          |          |
| Blue badge referrals   | 10       | 45       | 103      |
| Blue Badges recovered  | 2        | 9        | 16       |
| Prosecutions secured   | 0        | 3        | 0        |
| PCN's issued   | 5        | 19       | 12       |
| Estimated annual savings <sup>5</sup>                                    | £1,150   | £5,175   | £9,200   |
| <b>Single Person Discount</b>  |          |          |          |
| Value of fraudulent overpayments identified <sup>6</sup>                 | -        | £227,000 | -        |

<sup>2</sup> Using the notional savings multiplier is used by the Cabinet Office in its National Fraud Initiative report. Notional £93,300 (increased from £78,300) per property recovered based on average four-year fraudulent tenancy - this includes temporary accommodation for genuine applicants; legal costs to recover property; re-let cost; and rent foregone during the void period between tenancies.

<sup>3</sup> Social housing tenants who were not entitled to right to buy because of their status in the UK, or who had secured multiple tenancies unlawfully.

<sup>4</sup> The notional saving for a Right to Buy (RTB) application that has been withdrawn is calculated by the Cabinet Office based on the region in which the property is based, the increases in the maximum RTB cap and the changes in average house prices (RTB discount of £102,400 plus the rental income for the period of 12 months, which RBC would have lost if RTB approved)

<sup>5</sup> £794 (from £575) is the notional value applied by the Cabinet Office per blue badge cancelled to reflect lost parking and congestion charge revenue.

<sup>6</sup> Data matching exercise, matching address records against tracing and occupier lookup databases to determine the strength of match. This is not a saving and is an increase to the tax base.

| Table D Annual Summary of Investigations continued | 2022/23  | 2023/24  | 2024/25          |
|--|----------|----------|------------------|
| <b>Council Tax Support</b>                         |          |          |                  |
| No. CTAX Referrals investigated                    | 56       | 78       | 62               |
| Prosecutions                                       | 0        | 0        | 0                |
| Add pens   | 0        | 0        | 0                |
| Value of fraudulent overpayments identified        | £15,821  | £18,617  | £11,779.41       |
| Value of add pens                                  | 0        | 0        | 0                |
| <b>Social Care</b>                                 |          |          |                  |
| Social Care  | 35       | 18       | 1                |
| Financial value of cases <sup>7</sup>              | £153,121 | £133,730 | -                |
| <b>National Fraud Initiative (NFI)</b>             |          |          |                  |
| Matches received <sup>8</sup>                      | 4119     | -        | 2158             |
| Cases investigated                                 | 667      | 56       | 544 <sup>9</sup> |
| Financial value of cases                           | £41,211  | £3,853   | £24,614          |
| <b>Internal Investigations (see below)</b>         |          |          |                  |
| No. Internal Referrals <sup>10</sup>               | 4        | 7        | 3                |
| Number of cases investigated                       | 4        | 7        | 3                |
| Cases prosecuted                                   | 0        | 0        | 0                |
| Financial value of cases                           | 0        | 0        | 0                |

## 8.0 WHISTLE BLOWING

8.1 The Council's Whistleblowing Policy provides a safe and confidential way for staff, contractors, and suppliers to report serious concerns such as fraud, misconduct, or health and safety risks. It promotes a culture of openness and accountability, ensuring concerns raised in good faith are taken seriously and investigated appropriately. The policy outlines clear procedures for reporting—anonimously or otherwise—and offers support through HR, trade unions, and the Employee Assistance Programme. It also guides individuals on escalating concerns externally if needed, reinforcing the Council's commitment to ethical governance. Although there are multiple channels for submitting referrals, the most commonly used is [Whistleblowing@reading.gov.uk](mailto:Whistleblowing@reading.gov.uk). Referrals sent to this address are received by Internal Audit staff, who then triage the concerns and where appropriate, forward them to the relevant service for investigation.

<sup>7</sup> The values for 2022/2023 and 2023/2024 are part of a direct payment review we undertook, which found large amounts of unspent payments in users accounts – no fraud was identified.

<sup>8</sup> The National Fraud Initiative (NFI) is a data matching exercise in the UK aimed at preventing and detecting fraud. It involves comparing electronic data held by public and private sector organizations to identify inconsistencies that may indicate fraudulent activity. The Cabinet Office is responsible for conducting the NFI, using its powers under the Local Audit and Accountability Act 2014

<sup>9</sup> Cases investigated to date (31 May 2025)

<sup>10</sup> Internal investigations are formal inquiries conducted by an organisation to examine allegations of misconduct or wrongdoing. They aim to uncover the facts, determine if any rules have been violated, and identify appropriate actions. These investigations can involve various methods, including interviewing witnesses, collecting and preserving evidence, and reviewing relevant documentation.

8.2 It is not possible to provide specific details of each whistleblowing allegation, as doing so could compromise the anonymity of either the whistleblower or the individuals or teams involved. Instead, the nature of each allegation is summarised in the table E below. This outlines whistleblowing allegations that were either submitted via the dedicated Whistleblowing email account or referred to the Chief Auditor by another individual or team.

8.3 During the 2024/25 period, a total of ten whistleblowing allegations were received. Notably, five of these related to the same underlying issue.

**Table E**

|     | <b>Directorate</b> | <b>Type</b>   | <b>Treated as WB</b> | <b>Outcome</b>  |
|-----|--------------------|---|----------------------|---|
| 1-5 | BFFC/DACHS         | An anonymous external referral alleging discrimination, concerns about staff competency, management bias and culture                                | Yes                  | Concerns raised fell outside LADO's remit. Reading LADO logged and closed the enquiry following investigation but remains open to reviewing any future referrals with specific safeguarding concerns. |
| 6   | DACHS              | Alleged inappropriate staff behaviour outside of work   | Yes                  | Following investigation by the corporate investigations team and on advice of the Police, allegations considered vexatious.   |
| 7   | DACHS              | Non-compliance with contracted rates  | No                   | Not deemed whistleblowing and referred to Adult Social Care commissioning team.   |
| 8   | DEGNS              | Concerns that financial risks and inaccuracies related to contract were not disclosed.  | Yes                  | The investigation found no evidence of deliberate concealment but highlighted miscommunication, differing views on financial risk reporting.  |
| 9   | DEGNS              | Former employee, alleged they have received threats from a current Reading Borough Council staff member, raising concerns for their personal safety | Yes                  | Numerous attempts made to contact whistleblower. No evidence found to support claim. Case closed.   |
| 10  | DOR                | Non-compliance with Council recruitment policies and practices  | Yes                  | Referred to HR; the recruitment process was restarted, and the manager was instructed to adhere to established policies and procedures.   |

## ANNEX A: Detailed analysis of internal audit reviews 2024/25

| Audit Title   | Opinion     | Status      |
|---|-------------|-------------|
| Members Allowances and Expenses                               | Substantial | Final       |
| Fuel (follow up)  | Reasonable  | Final       |
| Intercompany accounting (and follow up)                       | Reasonable  | Final       |
| Business Rates  | Reasonable  | Final       |
| Cyber Security – (follow up)                                  | Reasonable  | Final       |
| Housing Complaints  | Reasonable  | Final       |
| General Ledger  | Reasonable  | Final       |
| Accounts Payable (creditors)                                  | Reasonable  | Draft       |
| Debt Management   | Reasonable  | Draft       |
| Housing Rents and Service Charges                             | Reasonable  | Draft       |
| Coroners Service (follow up)                                  | Reasonable  | Final       |
| Eligibility, Risk, & Review Group*                            | Reasonable  | Final       |
| Continuing Health Care (CHC follow up)                        | Reasonable  | Final       |
| Employee Gift & Hospitality, and Declarations (follow up)     | Reasonable  | Final       |
| Commercial Lease/rent reviews (Rent Roll)                     | Limited     | Final       |
| Supported Living  | Limited     | Final       |
| Residents Parking Enforcement                                 | Limited     | Draft       |
| ZEBRA 2 grant sign off  | Certified   | Final       |
| Contain Outbreak Management Fund grant*                       | Certified   | Final       |
| Local Transport Plan Capital Settlement (Grant Certification) | Certified   | Final       |
| Local Authority Bus Subsidy Grant (BSOG)                      | Certified   | Final       |
| High Street Heritage Action Zone (HSHAZ) Grant*               | Certified   | Final       |
| TSOG Grant*   | Certified   | Final       |
| Multi Funding Year 3 Grant Verification*                      | Certified   | Final       |
| Food waste – Capital Grant Certification                      | Certified   | Final       |
| Traffic Regulation Orders*                                    | N/A         | Final       |
| RE3*  | N/A         | Final       |
| IT Disaster Recovery and Business Continuity                  | N/A         | In Progress |
| Deputyship and Appointeeship (follow up)                      | N/A         | In Progress |

## ANNEX B: Detailed analysis of Annual survey

### Coverage

| Importance | where would you like to see them concentrate their efforts and how well do they currently perform? | Performance |
|------------|--|-------------|
| 80%        | Advice and guidance on policies/procedures   | 77%         |
| 90%        | Review of compliance with policies/procedures  | 77%         |
| 89%        | Internal Control Reviews   | 77%         |
| 81%        | Review of completed capital projects   | 67%         |
| 86%        | Value for money reviews  | 69%         |
| 89%        | Review of security of corporate assets   | 80%         |
| 89%        | Audit of IT systems and controls   | 73%         |
| 85%        | Facilitating the risk management process   | 70%         |
| 91%        | Investigation of allegations   | 82%         |
| 86%        |  | 75%         |

### Conduct of audits

| Importance | Based on your experience how well does Internal Audit plan and carry out individual audits? | Performance |
|------------|---|-------------|
| 89%        | The timing of audits is appropriate   | 75%         |
| 93%        | Audit objectives and procedures are discussed prior to commencement of the audit            | 87%         |
| 91%        | Opportunity is given to change/comment on the audit brief                                   | 85%         |
| 93%        | Audit's focus on significant risks  | 81%         |
| 83%        | Business concerns and perspectives are adequately considered                                | 77%         |
| 88%        | Auditors take care to minimise disruption to operations                                     | 81%         |
| 89%        | Auditors' requests for information are reasonable   | 85%         |
| 87%        | Auditors discuss issues with managers as they arise   | 80%         |
| 86%        | The auditor offers a closure meeting to discuss audit findings                              | 81%         |
| 89%        |   | 81%         |

### Audit Staff

| Importance | Based on your contact with internal audit staff in the past year how well do you rate them in the following areas? | Performance |
|------------|--|-------------|
| 93%        | Professionalism  | 84%         |
| 89%        | Positive attitude  | 83%         |
| 95%        | Unbiased and objective   | 86%         |
| 90%        | Ability to establish positive rapport  | 84%         |
| 86%        | Knowledge of key policies and procedure  | 71%         |
| 90%        | Knowledge of the operation   | 69%         |
| 79%        | Knowledge of the IT system   | 70%         |
| 89%        |  | 78%         |

### Audit Reporting

| Importance | The final product of an audit is the report. How do you rate our reporting process? | Performance |
|------------|---|-------------|
| 90%        | Reports are well written and easily understood                                      | 80%         |
| 97%        | Reports are factually correct   | 80%         |
| 85%        | There is no delay in issuing reports  | 88%         |
| 92%        | Conclusions are appropriate and supported by adequate evidence                      | 85%         |
| 92%        | Recommendations are constructive, practical and cost effective                      | 75%         |
| 90%        | Responses to issues raised are appropriately reflected in the report                | 80%         |
| 91%        |   | 81%         |

**Customer service**

| Importance | The Internal Audit service aims to have a flexible and approachable manner, how do you rate: | Performance |
|------------|--|-------------|
| 87%        | The degree of interaction with Internal Audit management                                     | 85%         |
| 85%        | Fostering of service department participation  | 72%         |
| 83%        | Response to special requests   | 79%         |
| 89%        | The extent to which Internal Audit meet your needs   | 81%         |

|     |     |
|-----|-----|
| 87% | 79% |
|-----|-----|

| Importance | Authority specific topics   | Performance |
|------------|---|-------------|
| 93%        | Does the current style of audit report meet your requirements           | 89%         |
| 85%        | Time allocated to individual audits is sufficient                       | 72%         |
| 95%        | Audit role in combating fraud and corruption                            | 88%         |
| 90%        | Audit's role in contributing to the improvement of governance           | 82%         |
| 90%        | Audit's role in contributing to the improvement of control processes    | 83%         |
| 87%        | Audit's role in contributing to promoting appropriate ethics and values | 81%         |

|     |     |
|-----|-----|
| 90% | 82% |
|-----|-----|

| Overall rating of Internal Audit               | Performance |
|--|-------------|
| What is your overall rating of Internal Audit? | 83%         |