

Audit and Governance Committee

08 April 2026



Reading
Borough Council
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Title	Internal Audit & Investigations Quarterly Update Report (Q4)
Report status	Public report
Executive Director/ Statutory Officer Commissioning Report	Director of Finance
Report author	Paul Harrington, Chief Auditor
Lead Councillor	Councillor Ellie Emberson, Corporate Services & Resources
Council priority	All
Recommendations	1. The Audit & Governance Committee is requested to consider the report.

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to provide an update on the progress made against the delivery of the Internal Audit Plan. This report provides details of audits finalised in quarter four of the 2025/2026 financial year.
- 1.2 The following document is appended:
Appendix 1 – Internal Audit & Investigations Update Report

2. SUMMARY

- 2.1 The primary objective of each audit is to arrive at an assurance opinion regarding the robustness of the internal controls within the financial or operational system under review. Where weaknesses are found, Internal Audit will propose solutions to improve controls, thus reducing opportunities for error or fraud. In this respect, an audit is only effective if management agree audit recommendations and implements changes in a timely manner.
- 2.2 A total of four audit reviews were finalised in the period between January 2026 and March 2026, with three receiving a positive opinion and one receiving a negative opinion¹.

¹ positive = substantial or reasonable assurance, negative = limited or no assurance.

2.3 **Substantial Assurance Opinion Reviews**

- 2.3.1 Internal Audit reviewed the Council's arrangements for managing and monitoring the **Capital Programme**, including governance, financial controls and compliance. The audit provided Substantial Assurance, confirming that oversight arrangements, financial reporting and monitoring are effective and supported by reliable information. A small number of low-risk recommendations were made to support continuous improvement but do not affect the overall strength of the control framework.
- 2.3.2 An audit of **Housing Benefit and Council Tax Benefit**, focusing on governance, controls, accuracy of assessments and compliance with legislation. Substantial Assurance was provided, with controls found to be operating effectively and low error rates identified. Some operational pressures and a potential financial risk linked to Supported Living accommodation were noted, with low-priority recommendations made to support ongoing improvement and risk management.

2.4 **Reasonable Assurance Opinion Reviews**

- 2.4.1 An audit of the Council's corporate arrangements for managing **Health and Safety**, provided Reasonable Assurance, noting that key policies, reporting arrangements and incident management processes are in place, but that improvements are needed to strengthen oversight and consistency. Areas for improvement include recording of mandatory training, clarity of health and safety responsibilities, governance effectiveness, and the timely review of risk assessments and audits.

2.5 **Limited Assurance Opinion Reviews**

- 2.5.1 A follow-up audit of **Commercial Leases** reviewed progress in addressing weaknesses identified in the previous commercial leases audit. Limited Assurance remains appropriate, as while some improvement has been made, weaknesses persist in rent roll management, billing controls, data quality and reconciliations. Governance and insurance arrangements also require strengthening, and a number of recommendations were re-raised to reflect the ongoing level of risk.

2.6 **No Assurance Opinion Reviews**

- 2.6.1 N/A

2.7 **Grant Certification**

- 2.7.1 There were no grant sign offs in this quarter.

2.8 **Corporate Investigations**

- 2.8.1 During the reporting period, the Corporate Investigations Team managed a wide range of referrals across fraud prevention, investigation and data-sharing activity, supporting the Council's commitment to safeguarding public funds and maintaining public trust.
- 2.8.2 A significant proportion of referrals related to Blue Badge misuse, with 177 cases received from parking enforcement contractors, the public and anonymous sources. While some lower-risk categories were paused to prioritise higher-risk work, enforcement activity resulted in one successful prosecution, a further case progressing to Crown Court, and the recovery of 19 Blue Badges. These actions generated a notional saving of £15,086 and helped protect access to parking for residents who genuinely rely on the scheme.
- 2.8.3 The team also received 81 Council Tax Support referrals, involving false information or failure to report changes in circumstances. Investigations into council tax discounts and exemptions generated combined savings of £19,963.74, helping ensure the system remains fair and equitable.
- 2.8.4 In Housing, 67 tenancy fraud referrals were received, including concerns around unlawful subletting, misrepresentation and succession claims. Completed investigations resulted in three properties being recovered and returned to housing stock, representing a notional saving of £234,900. A further 13 cases remain under investigation.
- 2.8.5 Additional work included internal investigations, parking permit checks, school admissions referrals and Social Care referrals, the majority of which were resolved with no further action or referred back to services for appropriate follow-up.
- 2.8.6 Beyond investigative activity, the team responded to over 200 statutory information requests, including Data Protection Act requests from the Police and other local authorities, and managed 12 whistleblowing referrals. The team also supported fraud prevention through the National Fraud Initiative (NFI) Fraud Hub, where all matches identified to date were assessed as low risk, providing assurance over the effectiveness of existing controls.
- 2.8.7 Overall, the work of the Corporate Investigations Team has delivered tangible financial benefits, strengthened preventative controls, and provided assurance that significant fraud risks are being effectively managed.

3. Contribution to Strategic Aims

4.1 The Internal Audit Team aims to assist in the achievement of the strategic aims of the Council set out in the Corporate Plan by bringing a systematic disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. In particular, audit work is likely to contribute to the priority of remaining financially sustainable to deliver the Council's priorities. The Council's new Council Plan 2025/28 is focussing on five priorities over the next three years to deliver its vision; *'To help Reading realise its potential and to ensure that everyone who lives and works here can share in the benefits of its success'*. These priorities are:

- Promote more equal communities in Reading
- Secure Reading's economic and cultural success
- Deliver a sustainable and healthy environment and reduce Reading's carbon footprint
- Safeguard and support the health and wellbeing of Reading's adults and children
- Ensure Reading Borough Council is fit for the future

4.2 These priorities are guided by "Our Principles and Values" explaining the ways we work at the Council:

- Putting residents first
- Building on strong foundations
- Recognising, respecting, and nurturing all our diverse communities
- Involving, collaborating, and empowering residents
- Being proudly ambitious for Reading

4.3 Full details of the Council's Corporate Plan and the projects which will deliver these priorities are published on the [Council's Website](#). These priorities and the Council Plan demonstrate how the Council meets its legal obligation to be efficient, effective and economical.

5. Environmental and Climate Implications

5.1 There are no environmental or climate implications arising from the report.

6. Community Engagement

6.1 N/A

7. Equality Implications

7.1 No equality impact implications have been identified as arising from this report.

8. Other Relevant Considerations

8.1 None

9. Legal Implications

9.1 The internal audit function is a cornerstone of good governance and effective risk management. Regulation 5 of the Accounts and Audit Regulations 2015 provides that the Council is required to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes. Internal audit provides independent assurance to both officers and Members that systems are operating properly and that identified risks are being appropriately managed.

9.2 Members of the Audit and Governance Committee have a key role in overseeing this assurance framework. The regular monitoring of internal audit recommendations is an essential part of that oversight, helping ensure that agreed actions are implemented and that the Council continues to strengthen its internal control environment.

10. The approach adopted by the Internal Audit Service — balancing formal follow-up for limited assurance reviews with a proportionate self-assessment method for others — is consistent with recognised good practice and ensures that resources are targeted according to risk. Members can be satisfied that the arrangements in place for tracking and reporting on audit recommendations meet legal requirements and support the Committee in its governance responsibilities.

9 Financial Implications

9.1 n/a

10 Timetable for Implementation

10.1 n/a

11 Background Papers

11.1 n/a