

Appendix 1

Internal Audit & Investigations

Quarterly Update Report Q4

1.0 OVERVIEW

1.1 Purpose & Scope of Report

1.1.1 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 three of the 2025/2026 financial year.

1.2 Assurance Framework

1.2.1 Each Internal Audit report provides a clear audit assurance opinion. The opinion provides an objective assessment of the current and expected level of control over the subject audited. It is a statement of the audit view based on the work undertaken in relation to the terms of reference agreed at the start of the audit; it is not a statement of fact. The audit assurance opinion framework is as follows:

1.2.2 The assurance opinion is based upon the initial risk factor allocated to the subject under review and the number and type of recommendations we make. It is management's responsibility to ensure that effective controls operate within their service areas. Follow up work is undertaken on audits providing **limited** or **'no'** assurance to ensure that agreed recommendations have been implemented in a timely manner.



A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.



There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.



Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.



Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

2.0 HIGH LEVEL SUMMARY OF AUDIT FINDINGS

		Recs			Assurance
2.1	Capital Programme & Monitoring	0	1	3	Substantial
2.1.1	Internal Audit reviewed the Council's arrangements for managing and monitoring the Capital Programme. The audit assessed governance, financial controls, and compliance with statutory and professional requirements.				
2.1.2	The audit provided Substantial Assurance, confirming that the Council has effective arrangements in place. Governance and financial controls are generally sound, with appropriate oversight through the Capital Strategy, senior officer review, and regular reporting to Members. Capital expenditure is accurately recorded, monitored, and supported by reliable financial information.				
2.1.3	A small number of low-risk recommendations were made to support continuous improvement. These relate to finalising and dating technical guidance, improving the clarity of purchase order descriptions, and strengthening early budget profiling to better manage project slippage. These issues do not undermine the overall effectiveness of the control framework.				
2.1.4	Overall, the audit concluded that the Council has a robust framework for managing and monitoring its Capital Programme.				
2.2	Housing Benefits	0	0	3	Substantial
2.2.1	The Council's arrangements for administering Housing Benefit (HB) and Council Tax Benefit (CTB) were examined to assess the effectiveness of governance, financial controls, and compliance with legislation and guidance. The review also considered the accuracy and timeliness of benefit assessments, payments, and recoveries.				
2.2.2	The audit concluded that Substantial Assurance can be provided. This confirms that the Council has generally effective controls in place and that key processes are operating as intended, with only minor areas identified for improvement.				
2.2.3	The review found that appropriate policies, procedures, and system documentation are in place to support the administration of HB and CTB. Fraud prevention, verification, and overpayment recovery arrangements were found to be working well, and testing of benefit assessments and payments identified low error rates within expected tolerances. Performance monitoring and quality assurance processes were also assessed as effective.				

- 2.2.4 Some operational pressures were noted, including temporary staffing shortages, increased workloads linked to Department for Work and Pensions (DWP) pensioner claim reviews, and delays arising from system limitations associated with online application forms. While these issues had not resulted in significant service failure at the time of the review, they require ongoing monitoring to ensure performance standards are maintained.
- 2.2.5 The audit also highlighted a financial risk associated with Supported Living accommodation, where differences between eligible rent levels and rents charged by providers may lead to additional costs for the Council.
- 2.2.6 A small number of low-priority recommendations have been made to support continued improvement and ensure emerging risks remain under review.

		Recs			Assurance
2.3	Health & Safety	0	7	2	Reasonable

- 2.3.1 An internal audit review was undertaken to provide assurance over the Council’s corporate arrangements for managing health and safety, following a number of recent incidents and regulatory intervention. The review focused on the adequacy of governance, risk management and control arrangements at a corporate level, with limited sampling of local processes. It did not assess full compliance with all health and safety requirements.
- 2.3.2 The audit concluded that reasonable assurance can be provided. While a number of positive arrangements are in place, including an updated Health and Safety Policy, established reporting processes, and clear procedures for incident reporting and investigation, the review identified several areas where improvements are required to strengthen oversight and consistency.
- 2.3.3 Key findings included fragmented recording of mandatory health and safety training, which limits the Council’s ability to evidence compliance, particularly for higher-level and specialist training. Some job descriptions did not clearly specify health and safety responsibilities, particularly at senior levels. Governance arrangements were in place but weaknesses were identified in committee membership, attendance records, and the level of scrutiny and challenge provided.
- 2.3.4 Risk assessment and incident reporting processes were generally well understood and embedded, but a proportion of risk assessments were overdue, and the timeliness of incident reporting and investigation was not consistently monitored. The health and safety audit framework has moved to a risk-based approach; however, audits were not always completed on time or stored centrally in a consistent manner.

2.3.5 A total of nine recommendations were made, primarily graded as medium priority, focusing on improving training records, clarifying roles and responsibilities, strengthening governance and scrutiny, ensuring timely review of risk assessments and audits, and improving monitoring and reporting arrangements. Management has accepted the recommendations and actions are in progress to address the identified weaknesses.

		Recs			Assurance
2.4	Commercial Leases Rent Roll - follow-up	0	9	3	Limited

2.4.1 This follow-up internal audit reviewed progress in implementing recommendations from the previous audit of the Council's commercial leases rent roll, which had received limited assurance. The review assessed whether controls over the management, billing and monitoring of commercial rental income had improved sufficiently.

2.4.2 The audit concluded that limited assurance remains appropriate. Although some progress has been made, weaknesses persist in several key areas. Where previous recommendations had been closed but were not operating effectively, they were re-raised and, where appropriate, assigned a higher priority.

2.4.3 Weaknesses remain in core processes. Comprehensive and embedded procedures for managing the rent roll and billing are still not in place, and routine reconciliations between Civica, the rent roll and the financial system are not consistently performed. Ongoing discrepancies indicate unresolved data integrity issues, limiting assurance that all rental income due is being accurately identified, billed and accounted for.

2.4.4 Work to cleanse lease data within Civica has progressed but is incomplete, and inspections of commercial properties have only recently recommenced, with limited evidence available at the time of the review. Governance arrangements require strengthening, particularly in relation to declarations of interest, which were not consistently documented or evidenced.

2.4.5 Billing processes continue to present a material risk. The service relies on a mix of automated and manual billing, with insufficient review and approval controls, limited segregation of duties, and a lack of documented procedures for manual processes. In addition, insurance arrangements for commercial properties remain weak, with out-of-date reinstatement valuations, unclear roles and responsibilities, and delays in recharging insurance premiums where appropriate.

2.4.6 The review identified twelve recommendations, mainly of medium priority, aimed at strengthening governance, improving data quality and reconciliations, clarifying roles and responsibilities, improving billing controls, and ensuring adequate insurance coverage. Management has agreed action plans, and progress will be monitored through the Council's normal audit follow-up arrangements.

2.8 Grant Certifications

2.8.1 There were no grant certifications in this quarter

2.9 School Audits

2.9.1 Two school audits have been completed in quarter four, Coley Primary and Blagrove Nursery school. Both audits agreed with the school's own self-assessment of their control environment, resulting in a Reasonable assurance opinion in both cases. In addition to the school's own identified improvements, four recommendations were made to further improve the control environment in both cases.

3.0 2025/2026 INTERNAL AUDIT PLAN

Key: No Assurance: ■ Limited Assurance: ■ Reasonable Assurance: ■ Substantial Assurance: ■

Audit reviews carried over from 2024/2025

Audit Title	Timing				Start Date	Draft Report	Final Report	Res			Assurance
	Q1	Q2	Q3	Q4				P1	P2	P3	
Accounts Payable	●				Aug-24	Jun-25	Jun-25	0	7	1	Reasonable
Deputies and Appointeeships	●				Feb-25	Sep-25	Oct-25	0	4	0	Reasonable
Residents Parking Permits	●				Jan-25	April-25	Jun-25	4	2	3	Limited
Housing Rents	●				Oct-24	May-25	Jun-25	0	6	4	Reasonable
Right to Buy*	●				Feb-25	Jun-25	Jun-25	0	5	1	Reasonable
IT Disaster Recovery	●				Jan-25	May-25	Aug-25	0	3	2	Reasonable
Debt Management	●				Aug-24	May-25	Jun-25	0	6	1	Reasonable

Audit reviews for 2025/2026 (revised to include Children's Services)

Audit Title	Timing				Start Date	Draft Report	Final Report	Res			Assurance
	Q1	Q2	Q3	Q4				P1	P2	P3	
Health & Safety	●				May-25	Jan-26	Mar-26	0	7	2	Reasonable
Electoral register and elections	●				May-25	Sep-25	Oct-25	0	0	4	Substantial
Financial Assessments & Benefits Team (FAB)	●				May-25	Jul-25	Jul-25	3	4	0	Limited
Fleet Management**	●				Jun-25	Jul-25	Jul-25	-	-	-	N/A

Key: No Assurance: ■ Limited Assurance: ■ Reasonable Assurance: ■ Substantial Assurance: ■

Audit Title	Timing				Start Date	Draft Report	Final Report	Res			Assurance
	Q1	Q2	Q3	Q4				P1	P2	P3	
Closing the Gap 2 Funding**	●				Apr-25	May-25	May-25	-	-	-	N/A
Lone Working (Children's)	●				Apr-25	May-25	Jul-25	5	2	0	No Assurance
Children's Savings Accounts & Junior ISAs – follow up	●				Jun-25	Oct-25	Dec-25	1	5	0	Limited
Traffic Regulations Orders		●			Sep-25	Nov-25	Dec-25	1	3	0	Reasonable
Local Transport Plan Capital Settlement (Grant Certification)		●			Jul-25	n/a	Jul-25	-	-	-	Certified
Local Authority Bus Subsidy Grant (BSOG)		●			Jul-25	n/a	Jul-25	-	-	-	Certified
Coroners**		●			July-25	Aug-25	Sep-25	-	-	-	N/A
Joint Legal Team (JLT) Billing process		●			Oct-25	Dec-25	Dec-25	1	7	1	Limited
Land Charges*		●			Jun-25	Sep-25	Oct-25	1	6	0	Reasonable
Project Management (PMO)		●			POSTPONED						
Housing Repairs Materials		●			POSTPONED						
Disabled Facilities Grants		●			Jul-25	Sep-15	Nov-25	2	3	0	Limited
Unaccompanied Asylum-Seeking Children – follow up		●			Aug-25	Apr-26					
Payments against orders (children's)		●			Jul-25	Apr-26					
Purchasing Cards*			●		Sep-25	Nov-25	Dec-25	0	5	3	Reasonable
ARCUS system implementation			●		Jun-25	Nov-25					
Capital Programme and monitoring			●		Dec-25	Feb-26	Mar-26	0	1	3	Substantial
Housing Benefits			●		Nov-25	Feb-26	Mar-26	0	0	3	Substantial
Contract Management – Corporate			●		POSTPONED						
Looked After Children commissioning Placements***			●		POSTPONED						

Key: No Assurance: ■ Limited Assurance: ■ Reasonable Assurance: ■ Substantial Assurance: ■

Audit Title	Timing				Start Date	Draft Report	Final Report	Res			Assurance
	Q1	Q2	Q3	Q4				P1	P2	P3	
Commissioning of SEND Placements & Alternative provision ***				●	POSTPONED						
Accounts Receivable				●	Feb-26						
Housing Repairs (Responsive Repairs)				●	Feb-26						
Occupational Therapy Waiting Lists (Adults)				●	Jan-26	Feb-26					
Cemeteries and Crematorium*				●	Nov-25	Mar-26					
IT Application Security				●	CANCELLED						
Recruitment (Pre-employment checks)				●	POSTPONED						
Caseload Management (incl ASC Front door)****				●	CANCELLED						
Commercial Lease/rent follow up				●	Jan-26	Feb-26	Mar-26	0	9	3	Limited
Synergy Follow up				●	POSTPONED						
School audits – half a dozen schools will be reviewed on a cyclical basis			●	●							

* Additional to plan and undertaken by apprentice

** Added to the plan following whistleblowing allegations

*** These were added to the plan, but have now been Audit postponed, now assisted PMO officer on Gold transformation projects in these areas.

**** The audit has been cancelled because it is based on a historic, pre-CQC action plan that has been overtaken by more recent improvement plans, meaning it would require disproportionate effort and is unlikely to provide meaningful assurance in the current context.

To date, the Corporate Investigations Team has received a range of referrals across several categories. These include:

4.1 Blue Badge Fraud

- 4.1.1 During the reporting period, 177 referrals relating to potential Blue Badge misuse were received. Most referrals were submitted by Trellint Parking Services, with additional reports from members of the public and anonymous sources. Blue Badge fraud typically involves the misuse of disabled parking permits, including the use of forged or expired badges or the display of a badge when the registered holder is not present. Such misuse undermines the integrity of the scheme and disadvantages those who genuinely rely on accessible parking.
- 4.1.2 Owing to capacity constraints and competing priorities, some lower-risk categories of Blue Badge investigations have been temporarily paused. These arrangements have been reviewed and remain in place to ensure resources continue to be directed towards higher-risk cases.
- 4.1.3 Despite these constraints, one successful prosecution was secured for the use of a Blue Badge belonging to a deceased person. A further case is scheduled for a Crown Court hearing on 17 March 2026, following the defendant's decision to opt for this venue; no plea has yet been entered.
- 4.1.4 In addition, 19 Blue Badges were recovered and destroyed during the period. This represents a notional saving of £15,086, based on Cabinet Office guidance which estimates the cost of lost parking and associated revenue at £794 per badge.

4.2 Council Tax Support

- 4.2.1 During the reporting period, 81 referrals relating to Council Tax Support were received from members of the public, internal services and external partners, including the Police. These referrals concerned cases where individuals provided false information or failed to report changes in circumstances in order to reduce their council tax liability.

4.2.2 Combined savings arising from investigations into Single Person Discount fraud, Council Tax Reduction fraud and Student Discount or Exemption fraud amounted to £19,963.74. These fraud types typically involve misrepresentation of household composition, income or eligibility, and undermine the fairness of the council tax system.

4.3 Housing Tenancy Investigations

4.3.1 Sixty-seven housing tenancy referrals were received from Housing staff, members of the public and anonymous sources. Common concerns included unlawful subletting, inaccurate information provided on applications, and inappropriate succession claims.

4.3.2 As a result of completed investigations, three properties were recovered and returned to housing stock, representing a notional saving of £234,900. A further 13 cases remain under investigation and are progressing through the appropriate stages.

4.4 Other Investigations

4.4.1 Eleven internal investigations have been completed during the period. Eight cases were closed with no further action, two cases were referred to the relevant service area for internal action, and one case was closed following the employee's resignation.

4.4.2 Two Parking Permit Fraud Applications, both cases involved suspected attempts to obtain permits using false information, such as incorrect residency details or forged documents. These checks help prevent misuse of parking spaces and ensure fair allocation.

4.4.3 One referral relating to school admissions was received, raising concerns about the accuracy of address information provided. In addition, three Social Care referrals were received, two from an accredited informant and one through the National Fraud Initiative (NFI). All Social Care cases have now been concluded, with two requiring no further action and one referred back to the service area for appropriate follow-up.

4.4.4 These figures exclude cases initiated prior to April 2025. In addition, the team has responded to 193 Data Protection Act (DPA) requests from Thames Valley Police, and 13 requests from other Local Authorities. Further, the team has also responded to 1 request from Social Work England under Schedule 2, section 5(1) of The Social Workers Regulations 2018.

4.4.5 Since April, 12 whistleblowing referrals have been reported to the Internal Audit & Investigations Team. This does not include internal disciplinary and grievance investigations, which continue to add to the overall workload.

4.5 National Fraud Initiative (NFI) – Fraud Hub

4.5.1 The National Fraud Initiative (NFI) Fraud Hub is a data-matching tool used under statutory powers to help councils identify potential fraud, error and irregularities across services. It compares data from multiple sources and risk-rates matches so investigative work can focus on areas of greatest concern.

4.5.2 A range of datasets have been submitted to the Fraud Hub, including parking permits, creditor payments, payroll, housing and Right to Buy. All matches identified to date have been assessed as low risk.

- **Parking permits:** Only low-risk matches were identified, and a small sample review will be undertaken, as the current permit system limits the value of detailed investigation.
- **Creditor data:** Low-risk matches relating to possible duplicate payments and VAT issues have been referred to Finance for verification, with responses awaited.
- **Payroll:** All low-risk matches were reviewed and closed. One case of dual employment was identified through another authority, resulting in the employee's resignation and a notional saving of £23,970.
- **Right to Buy:** No matches were identified.
- **Housing:** Low-risk matches have been identified but are yet to be reviewed due to resource constraints.

4.5.3 Deceased persons data identified 42 low-risk matches relating to housing tenants and housing benefit. Thirty cases have been reviewed, with two confirmed where tenants had passed away without the Council's knowledge. Once fully verified, these properties can be returned to housing stock, representing a notional saving of £78,300 per property.

4.5.4 Overall, the Fraud Hub has strengthened the Council's ability to protect public funds. No medium- or high-risk matches have been identified, providing assurance that controls across the areas reviewed are operating effectively and that there is no evidence of significant fraud risk.