Audit and Governance Committee

15 July 2026

Reading Borough Council
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Title	Internal Audit & Investigations – Quarter 1 Update 2026/27
Purpose of the report	To note the report for information
Report status	Public report
Executive Director/ Statutory Officer Commissioning Report	Director of Finance
Report author	Paul Harington, Chief Auditor
Lead Councillor	Councillor Ruth McEwan, Corporate Services and Resources
Council priority	All
Recommendations	That the Committee: 1. Notes the outcomes of Internal Audit work completed in Quarter 1 2026/27. 2. Notes investigation activity and associated outcomes.

1. Executive Summary

1.1 This report provides an update on progress in delivering the 2026/27 Internal Audit Plan and summarises the outcomes of audits completed during Quarter 1.

1.2 Five audits were finalised during the period, all receiving **Reasonable Assurance**, indicating that a generally sound control environment is in place across the areas reviewed. These included Occupational Therapy Waiting List Management, Cemeteries and Crematorium, Payments Against Orders (Children), Accounts Receivable, and a follow-up review of Unaccompanied Asylum-Seeking Children (UASC). Collectively, these reviews found that core systems and processes are operating effectively, supported by established frameworks, professional standards, and experienced staff. However, common improvement themes include the need to strengthen documentation, enhance consistency in the application of controls, improve data quality and reporting, and reduce reliance on individual officers. In several areas, capacity pressures and increasing demand continue to impact service performance, although staff are working proactively and actions have been agreed to address these issues.

2. Policy Context

2.1. Internal Audit operates in accordance with professional standards and forms a key element of the Council's assurance framework. Audit assurance opinions provide an objective assessment of the effectiveness of governance, risk management and control arrangements across services.

2.2. The work programme is aligned to organisational risk and supports the Council in meeting its statutory responsibility to maintain an effective system of internal control. Investigation activity also supports the Council's counter-fraud framework and compliance with national initiatives, including the National Fraud Initiative.

3. Overview of Audit Findings

Five audits were finalised during the quarter, all concluding with **reasonable assurance** opinions.

3.1 Occupational Therapy Waiting List Management

The Occupational Therapy service supports residents to live independently but continues to face high and variable demand. The audit found a sound control framework with overall reasonable assurance; however, some inconsistencies in triage and prioritisation mean higher-risk cases are not always clearly evidenced as prioritised. Data quality and reporting improvements are needed to strengthen oversight, and ongoing capacity pressures have contributed to backlogs. Despite this, staff are working proactively, and agreed actions are in place to improve consistency, risk management and timeliness.

3.1 Bereavement Services

3.1.1 The Cemeteries and Crematorium audit confirmed sound financial and operational controls, supported by effective long-term planning. Improvements are required to strengthen documentation, reconciliation processes, and audit trails to enhance transparency and oversight.

3.2 Children's Services Payments

3.2.1 The Payments Against Orders audit confirmed that payments are generally accurate and compliant, with effective budgetary control. Areas for improvement relate to documentation standards, guidance updates, and reducing reliance on a small number of staff.

3.4 Accounts Receivable

3.4.1 The accounts receivable service plays a key role in supporting the Council's financial management, with established processes, experienced staff and generally effective controls, particularly around payment processing and reconciliation. The audit found a broadly sound control framework; however, opportunities exist to improve consistency and resilience, including developing comprehensive documented procedures, strengthening customer account and invoicing controls, and improving the retention of supporting documentation.

3.5 Follow-Up Work (UASC)

3.5.1 The follow-up audit of Unaccompanied Asylum-Seeking Children (UASC) arrangements identified positive progress, with most recommendations implemented. However, inconsistencies remain in recording approvals and maintaining audit trails.

3.6 Other Activity

3.7.1 A fact-finding review of the Arcus system was undertaken, identifying governance, delivery, and implementation challenges. A further audit is planned once improvements have been embedded.

3.7.2 School audits confirmed reasonable assurance in each case, with sound governance and control frameworks in place.

3.8 Investigation Activity

3.8.1 Investigation work during the period included:

- Council Tax Support: 19 investigations, with one case generating savings and 4 ongoing criminal investigations.
- Housing Tenancy Fraud: 16 investigations, with 2 properties recovered and returned to stock and ongoing cases continuing.
- Blue Badge misuse: 17 referrals, with enforcement action including seized badges and warning letters.
- Internal Investigations: 2 referrals, including one resulting in resignation and notional savings.
- Data sharing: 19 requests processed in support of Thames Valley Police.
- Fraud Hub: 63 referrals processed, generating financial savings.

3.8.2 These activities demonstrate continued proactive work to detect, prevent, and respond to fraud and misconduct.

4 Contribution to Strategic Aims

4.1 This work supports the Council’s priority to ensure it is fit for the future, by:

- Strengthening governance, risk management and control frameworks.
- Promoting transparency, accountability, and value for money.
- Supporting effective service delivery across key areas, including Adult Social Care and financial management.
- Enhancing fraud prevention and detection capability.

5 Environmental and Climate Implications

5.1 There are no direct environmental or climate implications arising from this report, as it relates to assurance and oversight activity.

6 Community Engagement

6.1 No direct community engagement has been undertaken as part of this report.

7 Equality Implications

7.1 There are no direct equality implications arising from this report. However, several audits (e.g. Adult Social Care and UASC) relate to services supporting vulnerable groups, and improvements identified aim to enhance fairness, access, and consistency of service provision.

8 Other Relevant Considerations

8.1 Risk Management: The report provides assurance over key operational and financial risks and identifies areas requiring improvement.

8.2 Governance: Findings support ongoing strengthening of corporate governance arrangements.

8.3 Fraud and Compliance: Investigation activity contributes to reducing fraud risk and improving compliance.

9 Legal Implications

9.1 The Council has a statutory duty to maintain an effective internal audit function. This report supports that duty by providing assurance to Members on the adequacy of internal controls.

10 Financial Implications

10.1 Internal Audit activity supports value for money by identifying inefficiencies, strengthening controls, and reducing financial risk. Investigation work has generated identifiable savings and protected Council resources

11 Timetable for Implementation

11.1 Not applicable.

12 Background Papers

12.1 There are none.

Appendices – delete if there are none

1. Appendix 1 – Internal Audit & Investigations Quarterly Update Q1 2026/27