

To: **Governance and Audit Committee**  
**22 January 2025**

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**Internal Audit Update**  
**Head of Audit and Risk Management**

**1 Purpose of Report**

1.1 This report presents the update on progress on the Annual Internal Audit Plan.

**2 Recommendations**

**2.1 To note the update on progress on the Internal Audit Plan for 2024/25.**

**3 Reasons for Recommendations**

3.1 To ensure the Council complies with statutory requirements for internal audit.

**4 Alternative Options Considered**

4.1 There are no alternatives.

**5 Supporting Information**

**Internal Audit**

5.1 Delivery of the Council's internal audit services in 2024/25 are being delivered as follows by:

- The Head of Audit and Risk Management;
- A permanent Principal Auditor who joined on 2nd December;
- A new temporary Principal Auditor who joined on 16<sup>th</sup> December and will provide cover until our second permanent Principal Auditor joins us on 3<sup>rd</sup> March 2025;
- One apprentice; and
- Wokingham Council's Business Assurance team delivering internal audit services under a S113 agreement.

5.2 Progress against the 2024/25 Internal Audit Plan is set out in Appendix 1. Staff shortages have resulted in some delay in progressing the 2024/25 Audit Plan. The post of Internal Audit Manager is still vacant. No recruitment has taken place for this post whilst the new team is evolving as there is a need to assess the supervisory and operational requirements moving forward to determine what role is required to bring the team up to full complement.

**6 Consultation and Other Considerations**

**Legal Advice**

6.1 There are no specific legal implications arising from the recommendations in this Report.

Financial Advice

6.2 There are no financial implications arising from this report.

Equalities Impact Assessment

6.3 Not applicable.

Strategic Risk Management Issues

6.4 A robust internal audit service is essential for ensuring proper processes are in place for effective control. Resourcing pressures from vacant posts and long term sick leave have been impacting on delivery of the Annual Audit Plan over the last 2 years and continue to do so. The vacant Internal Audit Manager post has added additional pressures as the in-house team is at present reliant on inexperienced/new staff who require close supervision to deliver audits assigned to them by Head of Audit and Risk Management as the sole qualified auditor in the in-house team with knowledge of the Council.

Background Papers

Internal Audit Plan 2024/25

Internal Audit Charter

Contact for further information

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**BRACKNELL FOREST COUNCIL  
HEAD OF AUDIT AND RISK  
MANAGEMENT'S INTERIM REPORT**

**JANUARY 2025**

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## 1.BACKGROUND

- 1.1 The Council is required under the Accounts and Audit (Amendment) (England) Regulations to “maintain an adequate and effective system of internal audit of its accounting records and of its systems of internal control in accordance with the proper practices in relation to internal control.” This report summarises the activities of Internal Audit for the period 1<sup>ST</sup> April to 31<sup>st</sup> December 2024 drawing together progress on the Annual Internal Audit Plan, risk management and other activities carried out by Internal Audit.

## 2. INTERNAL AUDIT

- 2.1 The basic approach adopted by Internal Audit falls broadly into four types of audits:
- System reviews provide assurance that the system of control in all activities undertaken by the Council is appropriate and adequately protects the Council’s interests.
  - Regularity (financial) checking helps ensure that the accounts maintained by the Council accurately reflect the business transacted during the year. It also contributes directly towards the external auditor’s audit of the annual accounts.
  - Computer/IT audits, carried out by specialist audit staff, provide assurance that an adequate level of control exists over the provision and use of computing facilities.
  - Certification as required by relevant Government departments that grant monies have been spent in accordance with grant terms and conditions.
- 2.2 Recommendations are made after individual audits, leading to an overall assurance opinion for the system or establishment under review and building into an overall annual assurance opinion on the Council’s operations called the Head of Internal Audit Annual Opinion. The different categories of recommendation and assurance opinions are set out in the following tables.
- 2.3 We categorise our **audit opinions** according to our assessment of the controls in place and the level of compliance with these controls as set out below. It should be noted that from 1 April 2022 we renamed our second level assurance category from adequate to satisfactory to better reflect the positivity of this level of opinion.

	Good - There is a sound system of internal control designed to achieve the objectives of the system/process and manage the risks to the achievement of objectives and this is being complied with. Recommendations will only be of low priority.
	Satisfactory - there is basically a sound system of control but there are some areas of minor weakness and/or some areas of non- compliance which put the system/process objectives at risk. Recommendations will only be low or moderate in priority.

	Partial - there are areas of weakness and/or non-compliance with control which put the system/process objectives at risk and undermine the system's overall integrity. Recommendations may include major recommendations but could only include critical priority recommendations if mitigated by significant strengths elsewhere.
	Inadequate - controls are weak across a number of areas of the control environment and/or not complied with putting the system/process objectives at significant risk. Recommendations will include major and/or critical recommendations.
	None - There is no control framework in place and management is inadequate leaving the system open to risk of significant error or fraud.

2.4 We categorise our recommendations according to their level of priority as set out below:

	Critical - Critical and urgent in that failure to address the risk could lead to factors such as significant financial loss, significant fraud, serious safeguarding breach, critical loss of service, critical information loss, failure of major projects, intense political or media scrutiny. Remedial action must be taken immediately.
	Major - failure to address issues identified by the audit could have significant impact such as high financial loss, safeguarding breach, significant disruption to services, major information loss, significant reputational damage or adverse scrutiny by external agencies. Remedial action to be taken urgently.
	Moderate - failure to address issues identified by the audit could lead to moderate risk factors materialising such as medium financial loss, fraud, short term disruption to non-core activities, scrutiny by internal committees, limited reputational damage from unfavourable media coverage. Prompt specific remedial should be taken.
	Low - failure to address issues identified by the audit could lead to low level risks materialising such as minor errors in system operations or processes, minor delays without impact on service or small financial loss. Remedial action is required.

### 3. SUMMARY OF INTERNAL AUDIT RESULTS TO DATE

- 3.1 The Annual Internal Audit Plan for 2024/25 was considered and approved by the Governance and Audit Committee on 21st March 2024. The departure of the Internal Audit Manager is being reassessed to determine what form this should take moving forward. The delivery of the individual audits during 2024/25 is being undertaken by:
- The Head of Audit and Risk Management;
  - A permanent Principal Auditor who joined on 2nd December;
  - A new temporary Principal Auditor who joined on 16<sup>th</sup> December and will provide cover until our second permanent Principal Auditor joins us on 3<sup>rd</sup> March 2025;
  - One apprentice; and
  - Wokingham Council's Business Assurance team delivering internal audit services under a S113 agreement.
- 3.2 The Council had 2 vacant Principal Auditor posts for several years, covered intermittently by agency staff. The external quality assessment undertaken by CIPFA in 2022 acknowledged auditor recruitment challenges to be a national problem and recommended the Council go down the apprenticeship route to help address this. The 2 apprentices who joined in November 2022 have now completed their level 4

apprenticeship and one has been retained to commence level 7 apprenticeship training.

- 3.3 Consistent with other Berkshire authorities, the in-house model at Bracknell Forest is based on a Head of Audit supported by 4 qualified auditors undertaking fieldwork. Under mandatory Public Sector Internal Audit Standards, the Head of Internal Audit is required to bring to the Governance and Audit Committee's attention where the level of agreed resources may impact on the delivery of audit work needed to provide the annual audit opinion. "Where the chief audit executive believes that the level of agreed resources will impact adversely on the provision of the annual internal audit opinion, the consequences must be brought to the attention of the board."
- 3.4 Since the Internal Audit Service was brought in-house the service in 2020, there has been significant pressure on resources to complete audit work. The recruitment of apprentices in 2022 provided invaluable support but they did require considerable supervision and support even in the last year of their apprenticeship. Staff retention and attracting suitable candidates to qualified auditor posts has been very challenging with limited candidates in the market coupled with the Council not offering competitive salaries for these roles. The agreement to offer a market premium has now enabled us to recruit to the Principal Auditor posts. Following approval for market premium, two Principal Auditors have been recruited, one of whom started on 2 December with the other due to start in early March which is a positive move forward. In the interim, a new agency worker has been taken on to fill the gap before the second permanent post holder arrives,
- 3.5 However, there is currently a backlog of work against the audit plan due to delays in recruiting and long term sick leave of both one apprentice and one agency staff who both subsequently left the Council in November after long periods of absence. The remaining apprentice has also recently been on long term sick leave and is due to return to work in January. The recruitment of the 2 Principal Auditors is a positive step but the vacant Internal Audit Manager post has added additional pressures. It will take some time to clear the backlog. The in-house team is at present reliant on inexperienced/new staff who require close supervision to deliver audits assigned to them by the Head of Audit and Risk Management as the sole qualified auditor with knowledge of the Council. Delivery against the Audit Plan is progressing but at a relatively slow pace.
- 3.6 Between April 2023 and February 2024, 4 grant audits and 13 memo/reports were finalised, 1 reports/memos were issued in draft awaiting management responses and 3 draft report has been issued as a report for discussion. Nine audits are work in progress. Details on the status and outcome of all audits are attached at Appendix 1. A summary of the outcome of finalised and audits with reports issued in draft are set out below.

2024/25 TO DATE ASSURANCE LEVELS	NUMBER OF AUDITS YEAR TO DATE IN 24/25	2023/24 ASSURANCE LEVELS	NUMBER OF AUDITS
Good	1 (23/24:1)	Good	1
Satisfactory	0 (23/24:3)	Satisfactory	10
Partial	5 (23/24:5)	Partial	9
Inadequate	0 (23/24:0)	Inadequate	0
No assurance	0 (23/24:0)	No assurance	0
<b>Total for Audits with an Opinion</b>	<b>6 (23/24:9)</b>	<b>Total for Audits with an Opinion</b>	<b>20</b>
Memos and reports with Critical/Major Recommendations/Observations and no Opinion	4 (23/24:4)	Memos and reports with Major Recommendation and no Opinion	8
Other Follow Up Memos/ Reports with no Opinion	4 (23/24: 3)	Other Follow Up Memos/ Reports with no Opinion	5
<b>Total Audits</b>	<b>14 (23/24:16)</b>	<b>Total Audits</b>	<b>33</b>
Grant Certifications/Submissions	4 (23/24:5)	Grant Certifications	8
<b>Overall Total</b>	<b>18 (23/24:21)</b>	<b>Overall Total</b>	<b>41</b>

### Identified High Priority Control Issues

- 3.7 Audits which have identified high priority recommendations will generally be revisited in 2025/26, to ensure successful implementation of agreed recommendations.

AUDITS WHERE HIGH PRIORITY ISSUES HAVE BEEN IDENTIFIED SINCE THE LAST UPDATE TO THE COMMITTEE		
<ul style="list-style-type: none"> <li>COUNCIL TAX AND BUSINESS RATES</li> </ul>	At the latest audit, four Major recommendations were raised again in regard to the inspections process, discounts, reliefs, etc, write-offs and refunds.	PARTIAL ASSURANCE OPINION

<ul style="list-style-type: none"> <li>● WAYMEAD - SHORT TREM CARE AND DAY SERVICES</li> </ul>	Two major recommendations relating to agency staff and the need for a case load management system to comply with CQC requirements	<b>PARTIAL ASSURANCE OPINION</b>
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### **Summary of Internal Audit Performance**

3.9 As shown below, only 5 completed client questionnaires have been received to date for 2024/25 which were all satisfactory. For the draft audits to date, the first draft report has been produced within 15 days of the exit meeting in 76% of instances.

	Client Questionnaires		Draft Report /Memo Produced within 15 Days of Exit meeting
	Received	Satisfactory	
<b>1<sup>st</sup> April to 31<sup>st</sup> December 2024</b>	<b>5</b>	<b>100%</b>	<b>76%</b>
<b>2023/24</b>	<b>10</b>	<b>100%</b>	<b>62%</b>

## 4. PROGRESS ON INTERNAL CONTROL ENVIRONMENT 204/25

4.1 Progress to improve the control environment is being monitored based on the outcome of the audits undertaken and in particular identifying whether agreed management actions for areas previously found to have significant control weaknesses have been implemented as this has been a key factor in the Head of Audit and Risk Management’s annual opinion on the control environment for the last 4 years.

## 5. RISK MANAGEMENT

5.1 During 2024/25, the Strategic Risk Register has been reviewed by the Strategic Risk Management Group (SRMG) in May , August and November 2024 and by the Corporate Management Team in September 2024 before being presented to the Governance and Audit Committee for feedback.



## 6. COUNTER FRAUD UPDATE

### 6.1 NATIONAL FRAUD INITIATIVE

The NFI is a biennial data matching exercise first introduced in 1996 and conducted by the Cabinet Office to assist in the prevention and detection of fraud and error in public bodies. Data on the following areas was submitted for the latest exercise in October 2024 and matches are due back in quarter 4 for investigation by the relevant service areas:

- payroll
- pensions
- trade creditors' payment history and trade creditors' standing data
- housing (current tenants) and right to buy
- housing waiting lists
- housing benefits (provided by the DWP)
- council tax reduction scheme
- transport passes and permits (including residents' parking, blue badges and concessionary travel)
- licences – taxi driver

In addition, the following data has been submitted in January for the following areas where data is submitted annually:

- council tax (required annually)
- electoral register (required annually)

### 6.2 HOUSING BENEFIT AND COUNCIL TAX REDUCTION

On 1st December 2014, the Council's Benefit Fraud Investigation Officers transferred to the Single Fraud Investigation Service (SFIS) within the Department for Work and Pensions (DWP) as part of the national government programme of centralising the investigation of welfare benefit fraud. The Welfare Service passes cases of overpayments in excess of £3k and cases where fraud is suspected to SFIS for investigation. Members of the public are directed to contact the DWP directly where fraud is suspected and so SFIS refers further fraud information requests where fraud has been reported from another source. During the period 1 April 2024 to 2 January 2025 there were 21 referrals to SFIS. We have not received any outcomes for these 2024/25 cases so far. During the financial year 2023/24 19 cases were referred however in response to the Covid-19 crisis and redeployment of their staff, the DWP suspended all Compliance and Investigation activity from March 2020 which has resulted in a backlog of cases. Compliance activity has since resumed from January 2021 and Investigation activity from approximately September 2021, and we have been notified of 8 outcomes relating to these cases however these have not resulted in any administration penalties or prosecutions.

From 1st April 2014, if a claimant is notified that they have been overpaid Housing Benefit by £250 or more, which must have occurred wholly after 1st October 2012, Bracknell Forest Borough Council has been able to impose a set Civil Penalty of £50 and a Council Tax Penalty of £70. The Civil Penalty applies if benefit is overpaid because the claimant negligently gave incorrect information and didn't take reasonable steps to correct their mistake or failed to tell the Council about a change or failed to give them information without a reasonable excuse. Between 1 April 2024 and 2 January 2025, the service has applied 3 Civil Penalties and 5 Council Tax Penalties.

The Verify Earnings and Pensions (VEP) Alerts service provides local authorities with the capability to prevent fraud and error arising through real time identification of changes in income. The service provides Alerts to users to prompt them to access the service when there is a change in the claimants or partner's employment or pension. Between 1 April 2024 and 10 December 2024, 146 changes of circumstances to Housing Benefit were recorded as actioned due to VEP of which approximately 42.5% resulted in a decrease to Housing Benefit, and approximately 31.5% resulted in an increase to Housing Benefit. The Department for Work and Pensions have advised that Bracknell Forest Council's VEP performance compared to the South East Region was in the top quartile for the financial year 2023/2024.

Since April 2022 all local authorities are required to participate in the DWP Housing Benefit Award Accuracy Initiative (HBAA). Local authorities are required to undertake full case reviews on cases that have been identified by the DWP via a risk model that predicts the probability of a housing benefit case having a change of circumstance. This ensures benefit awards are correct and that those who are entitled receive the right amount. From 1 April 2024 to 2 January 2025, 514 changes of circumstances to Housing Benefit were recorded as actioned due to the service undertaking a HBAA full case review of which approximately 22.6% resulted in a decrease to Housing Benefit, and approximately 40.3% resulted in an increase to Housing Benefit. The Department for Work and Pensions have advised that Bracknell Forest Council's HBAA performance was in the top quartile for the financial year 2023/24 and has maintained top quartile status going in to the 2024-2025 financial year.

APPENDIX 1

**2023/24 INTERNAL AUDIT PLAN OUTCOMES NOT REPORTED IN 2023/24**

\*Key indicator- Draft report issued within 15 days of exit meeting

AUDIT	Start Date	Date of Draft Report	*Key Indicator Met	Assurance Level				Recommendation Priority				Status
				Good	Adequate	Partial	Inadequate	Critical	Major	Moderate	Low	
Public Health – utilisation of funding	04/12/23	30/8/24	X	Follow up Memo with no opinion						2	1	Finalised
Braccan Walk	13/03/24	14/06/24	X	Advisory memo with no opinion with one critical and three major recommendations.				1	3	9		Finalised

**2024/25 INTERNAL AUDIT PLAN**

AUDIT	Start Date	Date of Draft Report	Key Indicator Met*	Assurance Level				Recommendation Priority				Status
				Good	Satisfactory	Partial	inadequate	Critical	Major	Moderate	Low	
<b>GOVERNANCE</b> Complaints Follow Up												Quarter 4 audit
O&S Reviews Project Management Follow Up												Quarter 4 audit
<b>Grant Certifications</b> Bus Service Operator	16/9/24	16/9/24	✓	Grant certification audit								Certified
Integrated Transport Block Allocation	7/9/24	23/9/24	✓	Grant certification audit								Certified
Troubled Families - June	17/06/24	19/06/24	✓	Payments by Results grant audit completed								Finalised
Troubled Families - September	13/09/24	24/9/24	✓	Payments by Results grant audit completed								Finalised
Troubled Families - December												Deferred at management

AUDIT	Start Date	Date of Draft Report	Key Indicator Met*	Assurance Level				Recommendation Priority				Status
				Good	Satisfactory	Partial	Inadequate	Critical	Major	Moderate	Low	
												request. This will now be combined with the March submission
Troubled Families - March												Quarter 4 audit
<b>COUNCIL WIDE</b> Updating of Council Records from Death Lists												Quarter 4 audit
Monitoring of Staffing Budgets	28/10/24											Work in progress
Budgeting Follow Up												Quarter 4 audit
MOSAIC – IT/Finance/CSC												Deferred at management request
<b>DELIVERY</b> Debt Management - Delivery												Quarter 4 audit
Registration Services	25/11/24											Work in progress
Minor Capital Works	18/12/24											Work in progress
Landscaping and Street Cleansing												Quarter 4 audit
Change Control in IT and Digital Services												Quarter 4 audit
Life Cycle Review of IT Hardware	7/6/24											Work in Progress
Access Management - additional	7/8/24											Work in Progress
<b>PLACE</b> The Look Out	7/11/24											Work in progress
Debt Management - Property	May 24	11/07/24	✓			✓			3	3	1	Finalised

AUDIT	Start Date	Date of Draft Report	Key Indicator Met*	Assurance Level				Recommendation Priority				Status
				Good	Satisfactory	Partial	Inadequate	Critical	Major	Moderate	Low	
<b>RESOURCES</b>	<b>9/9/24</b>											<b>Work in progress</b>
Supplier Payments – Follow Up												<b>Quarter 4 audit</b>
Establishment Costs – Follow Up												<b>Quarter 4 audit</b>
Council Tax and Business Rates	<b>May 24</b>	<b>16/10/24</b>	✓			✓			<b>4</b>	<b>6</b>	<b>2</b>	<b>Finalised</b>
<b>PEOPLE</b>												<b>Rescheduled to start Quarter 4</b>
Debt Management - People												<b>Rescheduled to start Quarter 4</b>
Emergency Duty Service- <b>-NEW ADDITIONAL AUDIT</b>	<b>16/12/24</b>											<b>Work in progress</b>
Timeliness of Updating LAS												<b>Quarter 4 audit</b>
Direct Payments for Audit												<b>Quarter 4 audit</b>
Blue Badges – New Processes	<b>11/11/25</b>	<b>15/1/25</b>	✓									<b>Draft report issued for discussion</b>
Drug and Alcohol Team	<b>10/06/24</b>	<b>16/08/24</b>	✓			✓			<b>4</b>	<b>12</b>	<b>4</b>	<b>Finalised</b>
Waymead	<b>24/06/24</b>	<b>25/9/24</b>	✓			✓			<b>2</b>	<b>10</b>	<b>3</b>	<b>Finalised</b>
Financial Assessments												<b>Quarter 4 audit</b>
Larchwood - Follow Up	<b>22/07/24</b>	<b>6/11/24</b>	✓	<b>Follow up Memo with no opinion.</b>						<b>1</b>	<b>4</b>	<b>Finalised</b>
Housing Benefit and CTR	<b>July 24</b>	<b>16/12/24</b>	X	✓								<b>5</b> <b>Draft report issued</b>
Services to Schools Follow Up												<b>Quarter 4 audit</b>
<b>SCHOOL AUDITS</b>	<b>April 24</b>	<b>29/8/24</b>	✓	<b>Follow up Memo with no opinion.</b>								<b>Finalised</b>
School B – Desk Top Follow Up												
School T – Desk Top Follow Up	<b>April 24</b>	<b>11/07/24</b>	X	<b>Follow up Memo with no opinion.</b>							<b>3</b>	<b>Finalised</b>
School U – Desk Top Follow Up	<b>April 24</b>	<b>27/06/24</b>	✓	<b>Follow up Memo with no opinion.</b>					<b>2</b>	<b>6</b>	<b>1</b>	<b>Finalised 12/07/24</b>

AUDIT	Start Date	Date of Draft Report	Key Indicator Met*	Assurance Level				Recommendation Priority				Status
				Good	Satisfactory	Partial	inadequate	Critical	Major	Moderate	Low	
School R – Desk Top Follow Up	14/11/24		✓									Draft report issued for discussion
School S – Desk Top Follow Up	May 24	16/07/24	✓	Follow up Memo with no opinion.					2	5	1	Finalised 22/07/24
School E – Desk Top Follow Up	4/11/24											Work in progress
School N – Desk Top Follow Up	April 24	13/05/24	✓	Follow up Memo with no opinion.					1	3	2	Finalised 07/06/24
School D – Desk Top Follow Up	May 24	29/8/24	X									Draft memo for discussion issued 29/8/24.
School G – Desk Top Follow Up												Quarter 4 audit
Audit Following Self Assessments Due – School A	12/06/24	10/07/24	✓			✓			4	3	4	Finalised 15/08/24
Audit Following Self Assessments – School F												School have asked for deferral to quarter 4.