

Slough Borough Council

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| Report To: | Audit and Corporate Governance Committee |
| Date: | 21 January 2026 |
| Subject: | Internal Audit Mid-Year Progress Report |
| Chief Officer: | Ian O'Donnell – Executive Director Corporate Resources (S151) |
| Contact Officer: | Ian Kirby, Interim Head of Internal Audit |
| Ward(s): | All |
| Exempt: | No – except Appendices for Asset Management & Disposal and Leisure Services Contract |
| Appendices: | Appendix 1 - Health & Safety Audit Appendix 2 - Financial Improvement Plan Audit Appendix 3 Asset Management & Disposal (Part II) Appendix 4 - Leisure Services Contract (Part II) |

1. Summary and Recommendations

- 1.1 This report provides an overview of Internal Audit's delivery of the 2025/26 Internal Audit Plan up to and including 9 December 2025. The report highlights those reviews completed, the assurance assessment scores awarded to them together with some narrative on key findings.
- 1.2 The report also provides an update on the redesign of Internal Audit and the recruitment of a permanent Head of Internal Audit & Counter Fraud.

Recommendations:

- 1.3 The Audit and Corporate Governance Committee is recommended to:
- Note the internal audits completed throughout the year and the specific findings from those audits finalised since the last Committee meeting on 21 November.
 - To acknowledge the progress being made to implement the revised delivery model
 - To challenge and/or request further information about any matters raised.

Reasons

- 1.4 The majority of this report is for information and forms part of the required, regular reporting arrangements between the Committee and the Head of Internal Audit. Internal audit is a critical function in a local authority, helping the Council to achieve its objectives by evaluating the effectiveness of governance, risk management and internal control arrangements and promoting good corporate governance.

Commissioner Review

This report is outside the scope for pre-publication commissioner review; please check the [Commissioners' instruction 5 to CLT to sign off papers](#) for further details.

2. Internal Audit Reports Issued

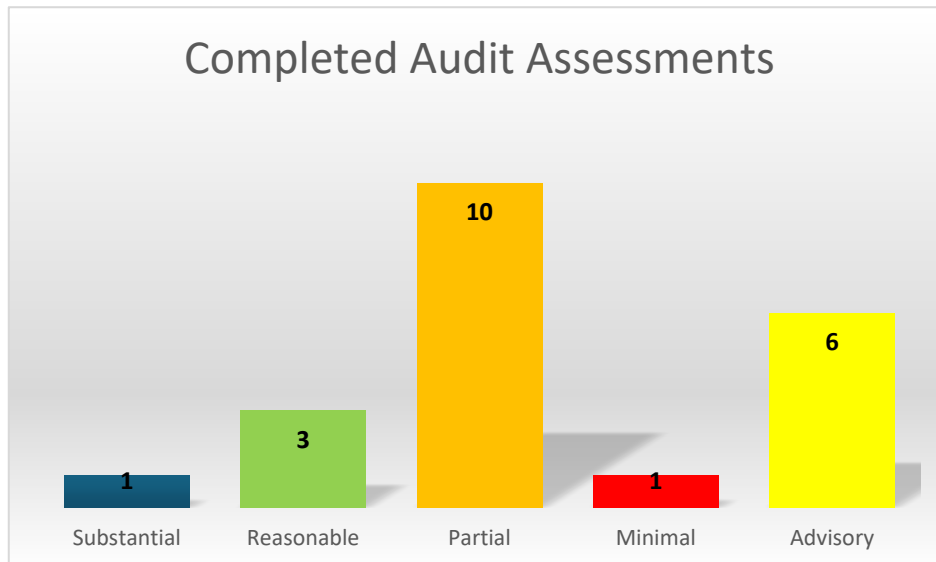
- 2.1 The Committee formally approved the 2025/26 Internal Audit Plan on 30 April 2025 and the team has now finalised 21 audits since January and a further 5 since the last progress report at Committee on 21 November 2025. Individual audits are categorised as providing substantial, reasonable, partial and minimal assurance. In addition, the team also undertakes advisory reviews, these are often rapid in nature and providing higher level feedback to management.

A summary of all audits completed to date is shown below:

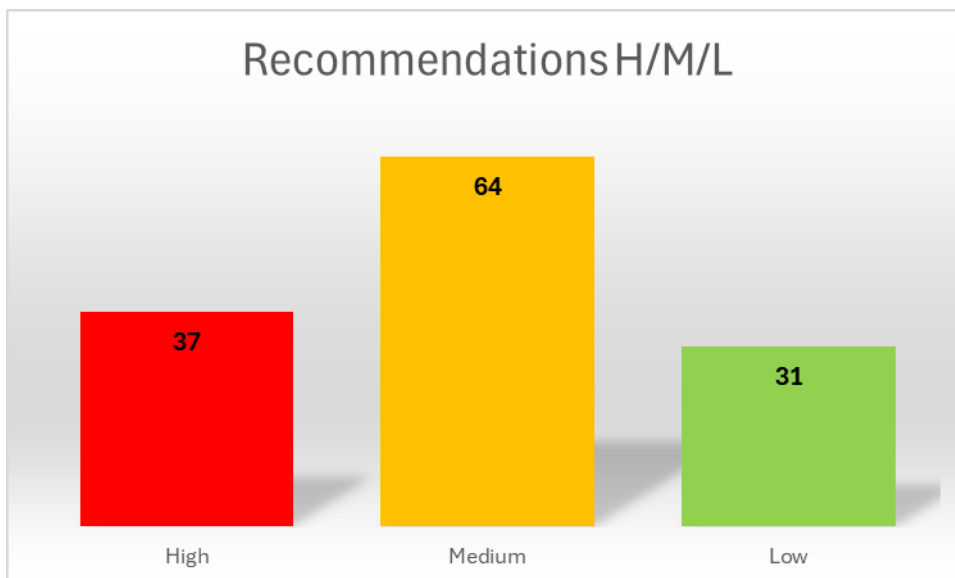
2025/26

| No. | IA Review Area | Current Status as at End of September | Final Report Issued | Assurance Level | Management Actions | | |
|-----|--|---------------------------------------|---------------------|-----------------------|--------------------|---|---|
| | | | | | H | M | L |
| 1 | Corporate Controls | Final Report Issued | 30/04/2025 | Advisory Report | 5 | | 1 |
| 2 | Contract Management | Final Report Issued | 25/03/2025 | Partial Assurance | 5 | 5 | 0 |
| 3 | SEND complaints | Final Report Issued | 25/03/2025 | Partial Assurance | 3 | 5 | 1 |
| 4 | Schools - Baylis Court Nursery | Final Report Issued | 29/01/2025 | Reasonable Assurance | | 8 | |
| 5 | Bank Reconciliations | Final Report Issued | 03/09/2025 | Minimal Assurance | 2 | 8 | |
| 6 | Our Lady of Peace Catholic School | Final Report Issued | 27/05/2025 | Reasonable Assurance | 1 | 3 | |
| 7 | Temporary Accommodation | Final Report Issued | 27/03/2025 | Advisory Report | | | |
| 8 | Schools - Priory Follow-Up | Final Report Issued | 13/03/2025 | Reasonable Assurance | | 1 | 8 |
| 9 | IT Application Change Management | Final Report Issued | 28/05/2025 | Partial Assurance | 3 | 1 | |
| 10 | Managing Sickness Absence | Final Report Issued | 03/09/2025 | Partial Assurance | 1 | 5 | 3 |
| 11 | Adults Services - Commissioning | Final Report Issued | 27/05/2025 | Partial Assurance | 3 | 2 | 4 |
| 12 | Compliance with the Prudential Code | Final Report Issued | 02/09/2025 | Advisory Report | | | |
| 13 | Cyber Crime | Final Report Issued | 02/09/2025 | Partial Assurance | 5 | 1 | 0 |
| 14 | Direct Debits (Externally Commissioned) | Final Report Issued | 02/09/2025 | Advisory Report | | 5 | |
| 15 | Health & Safety - Accidents, Incidents & Near Miss | Final Report Issued | 04/09/2025 | Partial Assurance | 2 | 5 | 9 |
| 16 | Financial Control - Procurement & Payments | Final Report Issued | 02/10/2025 | Advisory Report | | 5 | |
| 17 | Finance Improvement Plan | Final Report Issued | 14/10/2025 | Advisory Report | | | |
| 18 | Asset Management & Disposal | Final Report Issued | 06/11/2025 | Partial Assurance | 2 | 5 | 3 |
| 19 | Schools - Lea Nursery | Final Report Issued | 02/12/2025 | Substantial Assurance | | 1 | 1 |
| 20 | Schools - Cippenham Nursery | Final Report Issued | 08/12/2025 | Partial Assurance | | 2 | 1 |
| 21 | Leisure Services Contract | Final Report Issued | 05/12/2025 | Partial Assurance | 5 | 2 | |

The diagram below shows the spread of assurance scores awarded to completed audits. The majority of audits have been awarded a score of partial assurance, this is not a surprise and reflects the risk-based nature of the Plan and the need for the Council to improve its overall control environment. It is also worth noting that the substantial and reasonable assurances have only been awarded to schools.



In delivering those audits, the team has issued a total of 132 recommendations, each prioritised as high, medium or low and summarised below:



Again, as audits have been selected on the basis of risk and the corporate risk register in particular, it is perhaps not a surprise that the majority of recommendations are in the high or medium category.

- 2.2 Summaries of the findings for the audits completed since 21 November and/or not report to Committee are set out as follows:

2.2.1 **Health & Safety – Accidents, Incidents & Near Misses – Partial Assurance**

The objectives of this review were to assess whether the Council has in place. adequate and appropriate policies, procedures, and controls in relation to accidents, incidents and near miss reporting with a view to providing an opinion on the extent to which risks in this area are managed.

Under the Health and Safety Act 1974, it is the duty of every employer to ensure, as far as is reasonably practicable, the health, safety, and welfare at work of all its employees. Accidents, incidents and near misses are covered by the

Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) 2015.

Although the review identified a number of significant findings, the score of partial assurance reflects the appointment of a new Health & Safety manager, a clear acceptance of the recommendations and confirmation that the actions are in progress or planned.

Key areas to address include:

- Timely review of relevant policies and procedures
- Health & Safety as part of corporate induction
- Insurance claims data to be included as part of accident reporting
- Health & Safety to be included as an agenda topic across all directorate team meetings.

A total of 11 recommendations have been accepted with appropriate management actions planned (or in progress).

2.2.2 Finance Improvement Plan – Advisory

This report presents the results of our Critical Friend review of the Council's Finance Improvement Plan (FIP) framework and Governance, combining findings from targeted reviews with constructive feedback on programme delivery.

The review is not a formal assurance audit but a supportive, challenge-based assessment intended to help strengthen implementation. No opinion is therefore expressed.

The review identified a number of strengths including: improved governance, compliance with the CIPFA FM Code, a structured programme management approach and a good level of engagement. In addition, the review identified a number of areas for consideration/action and these included the completion of project initiation documents (PIDs), the managing of resource risks at peak times and accelerating the implementation of project dashboards.

The Finance Improvement Plan is progressing in the right direction and the key focus remains on delivery.

2.2.3 Asset Management & Disposal – Partial Assurance

This audit considered the key issues and risks associated with property management and disposals at the Council. Effective property management is paramount for local authorities, serving as a cornerstone for delivering public services, optimising resource allocation, and ensuring financial stability.

The Council faces significant challenges in its asset management and disposals, largely stemming from historical underinvestment, inadequate data management, and staffing issues. The review acknowledged that the new management team has initiated positive changes and demonstrated good practices in certain areas, particularly in the structured approach to disposals and a growing commercial mindset, the scale of the issues requires sustained and comprehensive action.

However, the lack of a centralised asset database, an updated strategic asset management plan, consistent valuations, and a robust preventative maintenance program continues to pose substantial financial and operational risks. Addressing these systemic weaknesses through the recommended improvements will be crucial to achieving financial sustainability, optimising the asset portfolio, and effectively delivering services to the community.

In delivering a partial assurance opinion, Internal Audit has agreed 10 recommendations with management that include:

- Implementing a robust asset database
- Closer working between Finance and Property services on annual land and property valuations
- A review of future partnership arrangements

2.2.4 Leisure Services Contract – Partial Assurance

This audit report considered the Council's outsourced management of its leisure services to Everyone Active (EA), as well as its separate arrangements for specialist facilities such as tennis (GDT Slough) and athletics (TVAC). This outsourcing approach was designed to improve participation, ensure facilities are well managed, and deliver wider community benefits, such as improved health, social inclusion, and value for money.

The audit considered whether:

1. The contracts are being effectively managed.
2. The intended outcomes for residents are being achieved.
3. Risks around finance, compliance, and value for money are being appropriately controlled.

Our audit review concluded that leisure services are being delivered with several strong outcomes, including:

- High participation levels (over 1.1 million visits in 2024/25).
- Clear improvements in social inclusion (e.g. 28% increase in care-experienced memberships).
- Environmental initiatives such as solar panel installation at Langley and energy savings across sites.
- Strong partnership working between SBC and EA, with more structured contract management meetings and clearer reporting than in earlier years.

However, there remain significant risks and weaknesses, including:

- Persistent unresolved maintenance issues (e.g. damp at Langley, defective flooring at the Ice Arena).

- Customer satisfaction remains low, especially around cleanliness and accessibility.
- Health and safety incident rates at the Ice Arena are above national benchmarks.
- Weak documentation of approvals of concessionary pricing and free membership schemes, and limited benchmarking of social value delivery.

The audit acknowledged that clear processes are now in place to address these weaknesses and 7 specific recommendations have been agreed by management for implementation. The recommendations, in full are:

1. The Leisure Services Contract Management Team will strengthen governance across all Leisure agreements by establishing clear accountability, formalised oversight mechanisms, and structured reporting.
2. The Council will implement a consistent performance measurement framework across all leisure contracts that includes clear KPIs, independent verification procedures, benchmarking, and integration of feedback and compliance data to ensure transparent oversight, value for money, and continuous improvement.
3. The Council will strengthen financial oversight across all leisure arrangements by clarifying liability for asset defects, enforcing contractual obligations, requiring clear deliverables and value-for-money assessments, and monitoring hidden costs to ensure transparent, accountable, and sustainable use of Council resources.
4. Ensure all leisure facilities operate in full compliance with agreed specifications by enforcing cleanliness, safety, and accessibility standards, and formalising clear contractual requirements for TVAC to provide measurable oversight and accountability.
5. Develop and enforce a coordinated asset management strategy across all leisure facilities, including clear maintenance obligations, independent condition surveys, and lifecycle costing, to prevent deterioration, control long-term liabilities, and safeguard compliance, safety, and public confidence.
6. Strengthen contractual requirements and monitoring by mandating clear evidence of social value outcomes - including apprenticeships, workforce development, inclusive participation, and community outreach - supported by transparent reporting and independent verification to ensure resources deliver measurable benefits for all residents.
7. SBC must urgently require compliance evidence from all providers, enforce lease obligations, and remedy known hazards

2.2.5 Schools' Audits

The primary objective of our school audit reviews is to assess the adequacy of the design and operating effectiveness of key controls established to ensure compliance with applicable regulations, policies, and procedures that support the school's business administration objectives. The audits focus on the following four areas:

1. Governance

To confirm that the governance of the school is effective in providing strategic oversight and is fulfilling its responsibilities for the proper management of the school.

2. Budgetary Control

To ensure that robust processes and procedures are in place for the oversight, monitoring, and control of budgets, enabling accurate financial planning and sustainable resource management.

3. Procurement

To verify that school funds are spent in accordance with Financial and Procurement Regulations, with appropriate authorisation and evidence of value for money.

4. Recruitment & Payroll

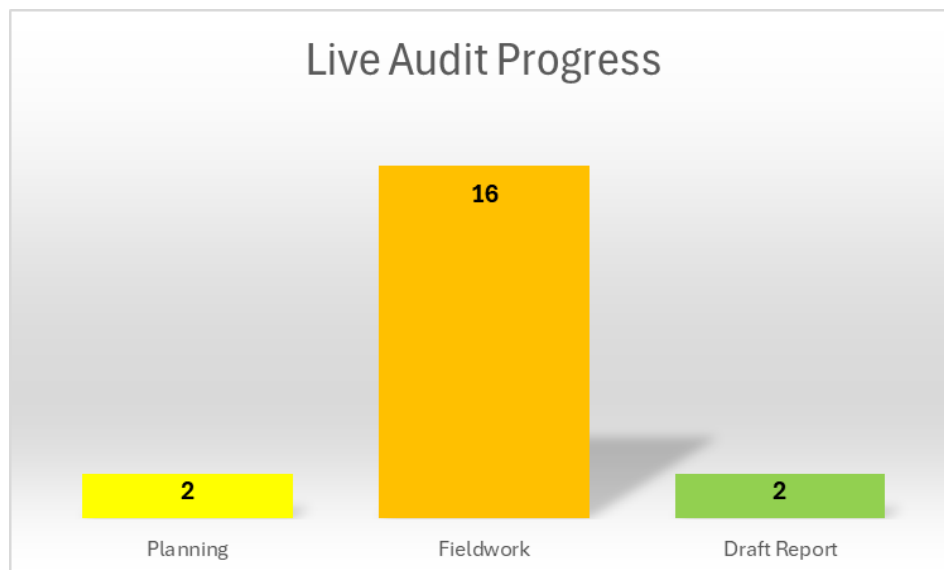
To confirm that payroll processes are controlled through appropriate authorisations and supporting documentation for new starters, changes, and temporary payments, and that safeguarding requirements are met.

Two of the 8 schools audits within this year's Plan have concluded in December with **Cippenham Nursery** receiving an overall assurance rating of Partial and **Lea Nursery** who received a Substantial rating.

Full reports are shared with the schools for management and oversight by the relevant governing body.

3. Internal Audits in Progress

- 3.1 The key source of assurance for the Head of Internal Audit's annual opinion remains the delivery of the Internal Audit plan and the level of audit coverage that can be achieved in the year. As at 30 September, and in addition to the 21 completed audits, there are a further 20 audits in progress, 2 of which are at draft report stage. This is a positive level of coverage and activity. The breakdown of current audits is as follows:



The team is working closely with Assurance Corporate Leadership Team to close the draft reports as quickly and appropriately as possible.

Accepting that an allocation of time was included in the 2025/26 Plan for carry-forward from the previous year, 23 completed audits (21 final plus 2 draft) would equate to around 52% of plan delivery.

3.2 A full list of live audits is shown, for information, in the table below:

| | |
|--|---|
| <ul style="list-style-type: none"> Emergency Planning & Business Continuity Customer Journey and Engagement Compliance with the CIPFA FM Code Debt Recovery and Write-off Health and Safety: Accidents, Incidents & Near Misses* Accounts Receivable & Accounts Payable Treasury Management Schools' Audit Programme 2025/26 (6 live; 2 completed) | <ul style="list-style-type: none"> ASC – Mental Health* ASC – Compliance with National Minimum Wage HR – Starters & Leavers Housing Allocations – (Externally Commissioned) Council Tax Discounts Housing Benefits Grants Administration |
|--|---|

*indicates audit at draft report stage

4. Redesign of Internal Audit & Counter Fraud

- 4.1 The first major milestone in the development of the Internal Audit and Counter Fraud function will be to recruit a permanent Head of Service. The role was advertised during November, with shortlisting taking place in early December. Four candidates have been invited for interview, with those interviews taking place early in 2026.

5. Implications of the Recommendation

5.1 Financial implications

- 6.1.1 There are no direct financial implications as budget, including the agreed contingency draw down to support the 2025/25 Plan, have been approved.

5.2 Legal implications

- 5.2.1 Under the Accounts and Audit Regulations, the Council must undertake an effective internal audit programme to evaluate the effectiveness of risk management, control and governance processes, considering the GIAS and sector-specific guidance. The Global Internal Audit Standards (GIAS), effective from 1 April 2025, together with the CIPFA Local Government Application Note, require the Chief Audit Executive (Head of Internal Audit) to report regularly on Plan delivery progress.
- 5.2.2 The Council has a best value duty under the Local Government Act 1999. The Government has issued guidance on this duty. In relation to governance, a characteristic of a well-functioning authority is that internal audit is seen to be challenging, robust, valued and contributing to the efficient delivery of public services. A potential indicator of failure is that internal audit does not meet the global standards and fails to consider identified high risks when planning its work programme.

5.3 Risk management implications

- 5.3.1 An effective Internal Audit function and risk-based Plan delivery contributes positively to mitigating the organisational risks of poor governance, internal control, and risk management. Assurance or mitigation, provided by Internal Audit, 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.

5.4 Environmental implications

- 5.4.1 There are no direct environmental implications in this report.

5.5 Equality implications

5.5.1 Section 149 of the Equality Act 2010 requires public bodies to have due regard to the need to:

- Eliminate unlawful discrimination, harassment, victimisation, and any other conduct prohibited by the Act.
- Advance equality of opportunity between people who share a protected characteristic and people who do not share it; and
- Foster good relations between people who share a protected character.

Background documents

None.