

Internal Audit & Counter Fraud Shared Service
Medway Council & Gravesham Borough Council

Internal Audit Plan 2025-26 (Q1 – Q2)

Medway Council

1. Introduction

Internal audit services are delivered to Medway Council and Gravesham Borough Council by the Internal Audit & Counter Fraud Shared Service, which was formed on 1 March 2016.

The Internal Audit & Counter Fraud Shared Service recognises and commits to adhere to the mandatory elements of The Institute of Internal Auditors' (IIA) International Professional Practices Framework (IPPF), including the Global Internal Audit Standards ('the Standards'), as well as the requirements of the Application Note: Global Internal Audit Standards in the UK Public Sector.

The Standards require that Chief Audit Executive creates, at least annually, an Internal Audit Plan that supports the achievement of the organisation's objectives. The Internal Audit Plan must be based on a documented assessment of the organisation's strategies, objectives and risks and must be informed by input from senior management and the Finance & Audit Committee, as well as the Chief Audit Executive's understanding of the organisation's governance, risk management and control processes. In particular, the Internal Audit Plan must:

- Consider the internal audit function's mandate and the full range of agreed-to internal audit services as documented in the Internal Audit Charter.
- Specify internal audit services that support the evaluation and improvement of the organisation's governance, risk management, and control processes.
- Consider coverage of information technology governance, fraud risk, the effectiveness of the organisation's compliance and ethics programs, and other high-risk areas.
- Identify the necessary human, financial, and technological resources necessary to complete the Plan.
- Be dynamic and updated timely in response to changes in the organisation's business, risks operations, programs, systems, controls, and organisational culture.

The Standards also require that the Chief Audit Executive discusses the Internal Audit Plan with senior management and the Audit Committee, and state that the Internal Audit Plan must be approved by the Audit Committee.

This Internal Audit Plan is designed to meet the requirements of the Standards and identifies the internal audit services that are anticipated to be provided over the stated period, to help improve the effectiveness of the council's risk management, control, and governance processes, and fulfil the internal audit function's purpose and mandate, as detailed in the Internal Audit Charter.

2. Preparation of the Internal Audit Plan

The Internal Audit Plan has been created in line with the Standards and is based on a risk assessment of all auditable areas within the council, which includes the following:

- Review of the council's objectives as set out in the One Medway Council Plan,
- Review of the council's key risks as set out in the Corporate Risk Register,
- Review of the council's financial plans and budgets,
- Consultation with Directorate/Divisional Management Teams on service priorities and risks,
- Horizon scanning to identify local and national issues and risks, and
- The results of previous internal audit work (including follow up work) and other sources of assurance to the council.

The risk assessment is used, along with knowledge of the council's governance, risk management and control processes, to ensure that the internal audit function's resources are directed the highest areas of risk. Although, this is also balanced against when the area was last reviewed and whether there is good coverage of areas

across the council, to contribute to the Chief Audit Executive's annual opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control.

Where the work of other assurance providers is known to the Chief Audit Executive, the internal audit function will seek to review and place reliance on that work to avoid duplication of effort and improve assurance coverage.

3. Resourcing

The Internal Audit Plan will be delivered using the in-house resources within the Internal Audit & Counter Fraud Shared Service, a total of 8.43FTE comprising of 0.65FTE Head of Internal Audit & Counter Fraud, 1FTE Internal Audit Manager, 1FTE Principal Internal Auditor, 5.78FTE Trainee/Internal Auditors (1.42FTE vacant at time of planning). All available chargeable days for the Trainee/Internal Auditors and Principal Internal Auditor are allocated on the plan; while resources spent on strategic leadership and management provided by the Head of Internal Audit & Counter Fraud and the Internal Audit Manager are not.

The results of the risk assessment dictate the level of assurance work required to deliver an overall opinion on the adequacy and effectiveness of the council's framework of governance, risk management and control. This assessment is based on:

- The professional experience of the Chief Audit Executive,
- The risk maturity of the council and the effectiveness of its governance, risk management and control arrangements, and,
- The proportion of items identified through the risk assessment considered to be of high risk.

The total chargeable resource available for 2025-26 for Medway is 651 days, which is based on an assumption that our latest recruitment exercise is successful; of this, 611 days have been allocated to assurance work. This, along with a further 83 days for management of internal audit activity, is considered sufficient to deliver the Internal Audit Plan and provide assurance over enough of the council's activities identified through the risk assessment, for the Chief Audit Executive to deliver an overall opinion on the adequacy and effectiveness of the council's framework of governance, risk management and control.

The skills and experience of the in-house team have been considered in preparing this plan and all work planned is considered to be within the capability of the in-house team. The internal auditor assigned to each activity on the plan is selected by the Internal Audit Management Team based on their skills, knowledge and experience, and any declared conflicts of interest to ensure all work is conducted effectively. If an activity planned was found to require specialist skills/experience beyond that of the team, arrangements would be put into place to secure the services of an external contractor.

The Internal Audit Plan contributes to the council's overall assurance framework and as such, where possible information will be shared, and activities coordinated with other internal and external providers of assurance to the council.

4. 2025-26 Internal Audit Plan (Q1-Q2)

The Internal Audit Plan is intended to provide a clear picture of how the council will use the internal audit function's resource and services, as defined in the Internal Audit Charter; including assurance work focusing on the council's corporate objectives and risks, with links to these noted in the plan, and advisory services.

The plan reflects all work to be carried out by the Internal Audit team for Medway during the first six months of the financial year.

In planning the number of engagements that can be undertaken with the available resource, each review has been assigned an indicative day allocation of 15 days, but the final day allocation for each individual engagement will be agreed when setting the scope during the engagement planning phase, to ensure there is

adequate time available to complete the necessary work. The total number of indicative days allocated to each area of work for the period of the plan are included in the summary on page 6.

Corporate Objective / Risk Assurance Work

| Ref | Division | Audit Title | Activity under review | Links to One Medway Council Plan | Links to Corporate Risk Register |
|-----|--------------------------------|--|--|--|----------------------------------|
| 1 | Finance & Business Improvement | Insurance | Review of arrangements to maintain appropriate insurance cover and process claims | Priorities one to five | SR03B |
| 2 | Finance & Business Improvement | Corporate Credit Cards | Review of arrangements to monitor and make payments in respect of purchase cards. | Priorities one to five | SR03B |
| 3 | Culture & Community | Managed moves, mutual exchanges, successions | Review of arrangements to process applications for managed moves, mutual exchanges and tenancy successions. | Priority Five - Living in good-quality, affordable homes | SR35 |
| 4 | Adult Social Care | Urgent Care Provision | Review of arrangements to manage & monitor the provision of urgent care. | Priority One - Delivering quality social care and community services | SR09A, SR57 |
| 5 | Finance & Business Improvement | Business rates administration & collection | Review of arrangements to administer, bill and collect NNDR. | Priority two - Benefitting from good education, quality jobs and a growing economy | SR03B |
| 6 | Regeneration | Building Safety Compliance (Non-HRA) | Review of arrangements to ensure compliance with building safety regulations in non-HRA council buildings | Priority Four - Improving health and wellbeing for all | SR58 |
| 7 | Legal & Governance | General Data Protection Regulation | Review of arrangements to ensure compliance with the General Data Protection Regulations | Priorities one to five | SR32 |
| 8 | Finance & Business Improvement | Budget monitoring | Review of the council's budget monitoring arrangements | Priorities one to five | SR03B |
| 9 | Legal & Governance | Governance Framework | Review of arrangements to ensure compliance with the local code of governance and preparation of the annual governance statement | Priorities one to five | All risks |

| | | | | | |
|----|---------------------|--|--|--|-------------|
| 10 | Education | SEND education - Education, Health & Care Plan Assessments | Review of arrangements for the completion and review of EHC Plan assessments | Priority One - Delivering quality social care and community services | SR09B |
| 11 | Culture & Community | Rough sleeping services | Review of arrangements to manage delivery of the rough sleeping service. | Priority Five - Living in good-quality, affordable homes | SR03B, SR35 |

Other Assurance Activity

| Ref | Division | Title | Activity under review |
|-----|------------------------|---|--|
| | Council Wide | Finalisation of 2024-25 Planned Work | Allowance to finalise work from the 2024-25 plan not completed at 31 March 2025. |
| | Council Wide | Grant Validations | Allowance to conduct independent checks of grant expenditure as per award conditions. |
| | | LATCo Self-Assessment Validation | Allowance to conduct independent validation of LATCo Assurance Self Assessments |
| | Council Wide | FIT Plan Validation | Allowance to conduct independent validation of evidence for completion of FIT Plan objectives |
| | Children's Social Care | Supporting Families Assessment Validation | Allowance for validation of self-declarations of results for MHCLG Supporting Families claims. |
| | Council Wide | Responsive Assurance Work | Allowance to conduct responsive assurance work unknown at the time of planning. |

Follow Up Work

| Ref | Division | Title | Activity under review |
|-----|--------------|-----------------------------|--|
| | Council Wide | Follow-up of Agreed Actions | Allowance to monitor and report on the implementation of agreed Actions. |

Advisory Work

| Ref | Division | Title | Activity under review |
|-----|--------------|--|---|
| | Council Wide | Attendance at Corporate Working Groups | Allowance for attendance at Corporate Working Groups |
| | Council Wide | Responsive Consultancy Work | Allowance to conduct responsive consultancy work unknown at the time of planning, as directed by senior management and including the provision of advice & information. |

Summary

| Ref | Area of Work | Resource Days | Timescale |
|-----|--|---------------|-----------|
| | Corporate Objective / Risk Assurance Wok | 185 | Q1-Q2 |
| | Other Assurance Activity | 116 | Q1-Q2 |
| | Follow up Work | 7.5 | Q1-Q2 |
| | Advisory Work | 12.5 | Q1-Q2 |

5. Monitoring & Review

To meet the requirements of the Standards, arrangements are in place to capture performance data across all aspects of the internal audit function.

Arrangements to monitor progress against delivery of the agreed Internal Audit Plan are built into the working processes of the team and progress will be reported to senior management and the Audit Committee as part of the team's progress update and annual reports, that will include outturns against the following performance indicators.

| Ref | Indicator | Target |
|-----|--|--------|
| IA1 | Proportion of available resources spent on chargeable work | 70% |
| IA2 | Proportion of chargeable time spent on: | |
| | a) Assurance work | 95% |
| | b) Consultancy work | 5% |
| IA3 | Proportion of agreed assurance reviews: | |
| | a) Delivered | 95% |
| | b) Underway | |
| IA4 | Number of agreed actions that are: | |
| | a) Not yet due | N/A |
| | b) Implemented | |
| | c) Outstanding | |
| IA5 | Proportion of agreed actions implemented | 90% |

The level of available resource will also be monitored, with any resource limitations impacting on delivery of the Internal Audit plan or internal audit coverage, reported to senior management and the Audit Committee. Resource limitations may require amendment to the agreed plan but in the event that removal of an assurance engagement from the plan is proposed, it will be accompanied by a rationale for doing so, particularly where it relates to an assurance engagement in a high-risk area.

Any proposed changes to the agreed Internal Audit Plan, which may also include changes to the type of activity, e.g., an assurance engagement changing to an advisory engagement, will be communicated as soon as possible as part of the progress update reports to senior management and the Audit Committee.

Regardless of any other proposed changes, in July 2025, a review of available resources will be undertaken to determine the level of internal audit resource available for the remainder of the financial year and the risk assessment used to inform the 2025-26 plan for Q1-Q2 will be reviewed and updated as necessary to determine whether there have been any changes in the council's risk landscape.

A refreshed plan showing the intended activity for the second half of the financial year will then accompany the first progress update report to senior management and the Audit Committee (September 2025). This approach allows the service to be more dynamic and responsive to changes in the council's business, risks operations, programs, systems, controls, and organisational culture, and ensure internal audit services continue to be directed to the right areas.