

Audit Committee

11 September 2025

Internal Audit Annual Report

Report from: Phil Watts, Chief Operating Officer

Author: James Larkin, Head of Internal Audit & Counter Fraud Shared Service (Chief Audit Executive)

Summary

This report informs Members of the Internal Audit work completed during 2024-25 and presents the opinion of the Head of Internal Audit & Counter Fraud Shared Service, as Chief Audit Executive, on the Council's internal control environment.

1. Recommendations

- 1.1. The Committee is recommended to note the work undertaken by the Internal Audit team for Medway during 2024-25.
- 1.2. The Committee is recommended to consider and support the opinion on the Council's internal control environment provided by the Head of Internal Audit & Counter Fraud Shared Service, as set out in Section 4 of Appendix 1, that only limited assurance can be provided that Medway Council's framework of governance, risk management, and system of internal control, contributed to the proper, economic, efficient, and effective use of resources in achieving the council's objectives.

2. Budget and policy framework

- 2.1. Council delegates responsibility for the oversight and monitoring the effectiveness of the Internal Audit and Counter Fraud Shared Service to the Audit Committee.

3. Background

- 3.1. The Global Internal Audit Standards (the Standards) require the Chief Audit Executive to prepare an overall conclusion at least annually in support of wider governance reporting, mindful of any specific sector obligations or processes. This overall conclusion must encompass governance, risk management and internal control.

4. Internal Audit Annual Report 2024-25

- 4.1. The Internal Audit team provided three update reports to Members of the Audit Committee during 2024-25. This Annual Report reproduces the findings reported in those update reports along with the results of work carried out since the last update, to provide Members with a summary of all work delivered by the team in the year.

- 4.2. The Annual Report is intended to provide Members with sufficient details of the results of the work of the team to support the opinion of the Chief Audit Executive on the adequacy and effectiveness of the Council's overall control environment.
- 4.3. The Internal Audit Annual Report for 2023-24, which can be found at Appendix 1 has been prepared in line with the requirements of the Standards.

5. Risk management

- 5.1. This report, summarising the work of the Internal Audit Team, provides a key source of assurance for the council on the adequacy and effectiveness of its internal control arrangements.

6. Climate change implications

- 6.1. There are no climate change implications in this report.

7. Financial implications

- 7.1. An adequate and effective Internal Audit function provides the Council with assurance on the proper, economic, efficient, and effective use of council resources in delivery of services.

8. Legal implications

- 8.1. The Accounts and Audit Regulations 2015 require local authorities to: undertake an effective internal audit to evaluate the effectiveness of its risk management, control, and governance processes, taking into account the Global Internal Audit Standards & guidance. The Section 151 Officer of a local authority is responsible for establishing the internal audit service.

Lead officer contact

James Larkin, Head of Internal Audit and Counter Fraud Shared Service
james.larkin@medway.gov.uk.

Appendices

Appendix 1 – Internal Audit Annual Report 2024-25

Background papers

None