

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

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# Internal Audit Plan 2025-26 (Q3 – Q4)

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 the 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 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 Finance & Audit Committee, and 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 (Q3-Q4)

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 at 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.

The risk assessment undertaken in January 2025 has been updated to take into account any known changes to risks within specific council services as well as sector knowledge of wider control risk areas. This is to ensure that our resources continue to be directed to the areas where they are considered to be of most effective use to the council in helping to ensure the achievement of its objectives, improvement of the governance, risk management and internal control processes, and the efficiency of service delivery.

Where the work of other assurance providers is known to the Head of Internal Audit & Counter Fraud, the team 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 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 (0.22FTE vacant at time of planning). All available chargeable days for the Trainee/Internal Auditors and Principal Internal Auditor ('internal auditors') 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.

When preparing the Plan for Q1-Q2, the total chargeable internal audit resource forecast to be available for 2025-26 for Medway was 651 days, along with a further 83 days for management of internal audit activity. However, there has been a loss of approximately 45 days from the original projections, which is linked to the start date of a new Trainee Internal Auditor being later than originally anticipated, and an underestimate in the number of training days required having taken on two new Trainee Internal Auditors, which was obviously an unknown at the time the original projections were completed.

The Plan for Q3-Q4 takes into account the projected changes to available resource and other impacts during Q1-Q2, while still ensuring a sufficient level of planned assurance work takes place to provide assurance over enough of the council's activities for the Head of Internal Audit & Counter Fraud to deliver an opinion on the effectiveness of the overall control environment of the council.

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. Independence & Ethical Conduct

The Standards emphasise the dual responsibility of internal auditors to both personally uphold ethical conduct and to actively encourage and promote an ethics-based culture within the organisation. This commitment to ethical behaviour is particularly significant in the UK public sector, where officers serve not only as professionals but also as servants of the public and stewards of public resources.

The Seven Principles of Public Life (the Nolan Principles): selflessness, integrity, objectivity, accountability, openness, honesty, and leadership, are embedded in the delivery of internal audit activity, alongside all other relevant ethical frameworks, such as the council's code of conduct.

The skills and experience of the in-house team have been considered in preparing this Plan, and all planned work is within the capability of the team. The internal auditor assigned to each activity is selected by the

Head of Internal Audit & Counter Fraud and the Internal Audit Manager based on their skills, knowledge, experience, discipline, and any declared conflicts of interest. This ensures that all work is conducted independently, objectively, and in accordance with ethical standards.

Where an internal audit activity requires specialist skills or experience beyond those available in-house, arrangements will be made to secure the services of an external contractor, ensuring that independence and ethical standards are maintained.

## 5. 2025-26 Internal Audit Plan (Q3-Q4)

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 second half of the financial year.

In planning the number of assurance engagements that can be undertaken with the available resources, each engagement 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 Risks Assurance Work

Ref	Division	Title	Activity Under Review	Links to One Medway Council Plan	Links to Corporate Risk Register
13	Finance & Business Improvement	IT asset management	Review of the arrangements to manage the council's IT assets.	Priorities one to five	SR37
14	Regeneration	UK Shared Prosperity Fund Management	Review of arrangements to manage applications under the UK Shared Prosperity Fund and monitor contractual delivery.	Priority two - Benefitting from good education, quality jobs and a growing economy	SR03B, SR17, SR46
15	Finance & Business Improvement	Performance, Progression & Pay Assessments	Review of arrangements to manage moves within career progression frameworks.	Priorities one to five	SR53
16	Culture & Community	Temporary Accommodation	Review of arrangements for the management of temporary accommodation, including collection of rent.	Priority Five - Living in good-quality, affordable homes	SR35
17	Legal & Governance	Procurement Compliance	A review of the arrangements to ensure compliance with the Procurement Act 2023.	Priorities one to five	SR03B
18	Front Line Services	Waste Disposal (Veolia Contracts)	Review of arrangements to manage the Veolia Contracts for Waste & Recycling disposal.	Priority Three - Enjoying clean, green, safe and connected communities	SR03B
19	Regeneration	Medway Adult Education - Financial Support	Review of arrangements to manage financial support offered to adult learners.	Priority two - Benefitting from good education, quality jobs and a growing economy	SR09A
20	Finance & Business Improvement	Temporary Recruitment	Review of arrangements to recruit temporary workers, inc. compliance with procurement regulations.	Priority two - Benefitting from good education,	SR54

				quality jobs and a growing economy	
21	Legal & Governance	Transparency	Review of arrangements to ensure compliance with the Local Government Transparency Code 2015 and the new Procurement Act 2023	Priorities one to five	SR32
22	Culture & Community	STG Building Control	Review of arrangements to deliver the South Thames Gateway Building Control Partnership	Priority Five - Living in good-quality, affordable homes	SR17
23	Finance & Business Improvement	Establishment Management	Review of arrangements to manage the staffing establishment, including accounting.	Priorities one to five	SR03B, SR54
24	Culture & Community	Local Plan	Review of arrangements for the development and implementation of the Local Plan.	Priorities one to five	N/A
25	Children's Social Care	Children in Care - Assessments & Reviews	Review of arrangements for statutory assessments and reviews of care plans.	Priority two - Benefitting from good education, quality jobs and a growing economy	SR09B
26	Schools	Remote Sites Financial Management - Including Schools	Allowance to carry out school's audit work including site reviews and/or thematic review to be based on an assessment of risk (three schools).	Priority two - Benefitting from good education, quality jobs and a growing economy	SR03B, SR09B

## Other Assurance Activity

Ref	Division	Title	Activity
	Childrens Social Care	Supporting Families Assessment Validation	Allowance for validation of self-declarations of results for MHCLG Supporting Families claims.
	Council Wide	Grant Validations	Allowance to conduct independent checks of grant expenditure as per award conditions.
	Council Wide	FIT Plan Validation	Allowance to conduct independent validation of evidence for completion of FIT Plan objectives.

	Council Wide	Responsive Assurance Work	Allowance to conduct responsive assurance work unknown at the time of planning.
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## Follow Up Work

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

## Advisory Work

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

## Summary

Ref	Activity	Resource Days	Timescale
	Corporate Objective / Risk Assurance Work	270	Q3-Q4
	Other Assurance Work	25.5*	Q3-Q4
	Follow up Work	5	Q3-Q4
	Advisory Work	7.5*	Q3-Q4

\*Includes unused budgets carried forward from Q1-2.

## 6. 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) Advisory work	5%
IA3	Proportion of agreed assurance engagements:	
	a) Delivered	95%
	b) Underway	
IA4	Number of agreed actions that are:	N/A
	a) Not yet due	
	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 a planned 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 Plans, 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.