

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

---

# Internal Audit Update

Medway Council

For the period:

1 August – 30 November 2025

# 1. Introduction

- 1.1 The Internal Audit & Counter Fraud Shared Service for Medway Council & Gravesham Borough Council was established on 1 March 2016. The service provides internal audit assurance and advisory, proactive counter fraud and reactive investigation services, and the Single Point of Contact between both authorities and the Department for Work & Pensions Fraud & Error Service for their investigation of Benefits Fraud.
- 1.2 The Global Internal Audit Standards (the Standards) require that: *The chief audit executive must communicate the results of internal audit services to the board and senior management periodically and for each engagement as appropriate.*

# 2. Executive Summary

- 2.1 Work has continued at pace since the last update, with the following reviews finalised.
  - Housing Rent Recovery – Opinion: **Amber** (2024-25 review finalised in 2025-26)
  - Floating Support – Opinion: **Green** (2024-25 review finalised in 2025-26)
  - Out of Hours Service – Opinion: **Green** (2024-25 review finalised in 2025-26)
  - St Augustine of Canterbury Catholic Primary School – Opinion: **Amber** (2024-25 review finalised in 2025-26)
  - Business Rates Administration & Collection – Opinion: **Green**
- 2.2 Progress up to 30 November means that of the seven remaining reviews from 2024-25, four have draft reports with clients, one is awaiting a supervisory review of the draft report, one has been subject to an initial supervisory review and is having a draft report prepared, and one is awaiting the initial supervisory review.
- 2.3 In addition, one review from the current year has a draft report with the client, one is awaiting a supervisory review of the draft report, one is awaiting the initial supervisory review, two have been subject to an initial supervisory review and are having draft reports prepared and five have fieldwork underway. The remaining 15 are in the planning stages or yet to be started.
- 2.4 As a consequence of this work, plan delivery as of 30 November was 23% complete, with a further 19% underway. Full details of the individual reviews can be found in section 5 of this report.
- 2.5 Follow up of agreed actions has continued and performance as of 30 November stood at 75.0%, with 36 of 48 actions due in the period having been completed. 12 remained outstanding, eight of which were six months or more overdue, or had failed to be implemented by revised implementation dates; these are being monitored in line with the agreed follow up process. Full details of the progress made in relation to follow up can be found at section 9.
- 2.6 All reviews finalised since 1 April have been analysed to search for common themes. Those identified include out of date policies and procedures, gaps in roles and responsibilities within contracts and internal procedures, a lack of defined KPI's or performance measures and inconsistencies in segregation of duties and approval controls. Full details can be found in section 7.
- 2.7 There has been further impact on projected resources due to the start date for one of two new Trainee Internal Auditors being later than anticipated, an underestimate in the number of training days required for the induction of the two new Trainee Internal Auditors, as well as additional time spent on some reviews to provide the necessary levels of assurance. As a consequence, we are currently projecting a loss of approximately 77 days from the projected 653 available at the start of the year. Amendments to the agreed plans have been requested to address this in section 8.

### 3. Independence

- 3.1 The Internal Audit Charter was approved by the Audit Committee in March 2025 and includes the internal audit mandate. This mandate sets out the authority for the internal audit function, and its organisational position and reporting relationships, which have been designed to ensure the team's independence and objectivity through direct reporting lines to senior management and Members, and through safeguards to ensure officers remain free from operational responsibility and do not engage in any other activity that may impair their judgement.
- 3.2 The work of the team during the period covered by this report has been free from any inappropriate restriction or influence from senior officers and/or Members, and no independence, or other issues that may compromise objectivity, have arisen.
- 3.3 Given the Head of Internal Audit & Counter Fraud's responsibilities for counter-fraud activities, the Internal Audit team cannot provide independent assurance over the counter-fraud activities of either council. Instead, independent assurance over the effectiveness of these arrangements will be sought from an external supplier of audit services on a periodic basis.
- 3.4 The most recent audit was undertaken by Tonbridge & Malling Borough Council in 2018-19. However, Medway is one of a number of Local Authorities make up a collective that has been approved by the Public Sector Fraud Authority to assess their staff against the professional requirements that form the Government Counter Fraud Profession and obtain membership to the Profession.
- 3.5 The service must be subject to peer review as part of membership audits to demonstrate that we continue to have all appropriate requirements in place to satisfy the PSFA that we are suitable to remain approved assessors and for our staff to remain part of the profession. Our peer review was undertaken by Maidstone Borough council in October 2025, and we await a report of the outcome. While this does not look at our internal controls, it does provide assurance over our investigative practice.

### 4. Resources

- 4.1 The Internal Audit & Counter Fraud Shared Service reports to the Section 151 Officers of Medway Council and Gravesham Borough Council. The Internal Audit team consists of; the Head of Internal Audit & Counter Fraud (0.65FTE), one Internal Audit Manager, one Principal Internal Auditor, three Internal Auditors (2.78FTE) and three Trainee Internal Auditors.
- 4.2 The Shared Service Agreement sets out the basis for splitting the available resources between the two councils, approximately 64% for Medway, with the remaining 36% for Gravesham. The establishment at the time the draft Internal Audit Plan for 2025-26 was prepared, was forecasted to provide a total of 1,020 days available for internal audit work (net of allowances for leave, training, management, administration etc.) with the share for Medway being 653 days, along with a further 83 days for management of internal audit activity.
- 4.3 Net staff days available for Medway for the period 01 August to 30 November 2025 amounted to 337.7 days and 202.1 days (61%) were spent on chargeable internal audit activity. Of this chargeable time, 195.4 days (98%) was spent on audit assurance work and 6.7 days (2%) was spent on advisory work. The current status and results of all work carried out are detailed at section 5 of this report.
- 4.4 Based on our most recent assessment, we are currently projecting a loss of approximately 77 days from the projected resources available at the start of the year. These losses are linked to the start date for one of two new Trainee Internal Auditors being later than anticipated, an underestimate in the number of training days required for the induction of the two new Trainee Internal Auditors, as well as additional time spent on some reviews to provide the necessary levels of assurance.

## 5. Results of planned Internal Audit Work

- 5.1 The Internal Audit Plans Q1-Q2 and Q3-Q4 2025-26 for Medway were approved by the Audit Committee in March 2025 and September 2025 respectively. The Plans are intended to provide a clear picture of how the council will use internal audit resources, reflecting all work to be carried out by the team for Medway during the financial year.
- 5.2 The tables below provide details of the work ongoing from 2024-25 that has continued in 2025-26 (excluding those detailed in the annual report for 2024-25), and the progress of work undertaken as part of the 2025-26 plans during the period.

## 2024-25 Planned Assurance Work Finalised in 2025-26 (since the last Audit Committee meeting)

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
1	Out Of Hours Service	15	22.1	Final report issued	<p>The review considered the following Risk Management Objective:  <b>RMO1 - There are arrangements in place to ensure that the Out of Hours service is being delivered in accordance with the contract and is giving the council value for money.</b></p> <p>The review confirmed that a rolling, annually renewed contract is in place with Kent County Council (KCC) for delivery of the Out of Hours service, managed by the Commissioning Lead for Children. At the time of audit, only an unsigned copy of the 2025–26 contract was available; however, assurances were provided that signatures from all parties were imminent.</p> <p>Roles and responsibilities for service management and monitoring are clearly defined within the contract, alongside Key Performance Indicators (KPIs). Usage and performance are monitored through quarterly meetings, and plans are in place to revise KPIs to better reflect service performance. Testing of monitoring data identified some miscoding of cases to Medway rather than other authorities.</p> <p>Annual spend is calculated based on prior-year usage and the government earnings index. Under the contract, the Council pays an agreed 18.5% share, with a 1% tolerance for over/under usage. The total contract value is apportioned between Children's and Adults services, with Children's bearing the larger share. Evidence confirmed that uplifts for usage above the agreed share are discussed and agreed by all parties.</p> <p>A process exists for quarterly contract payments, which are appropriately approved. <b>Opinion: Green.</b>  <b>Overall Opinion: Green. Actions: One low priority.</b>  <b>Action relates to checks of the monitoring data.</b></p>
2	Children in Care - Savings Provision	15	N/A	Draft report awaiting supervisory review	<p>The review considered the following risk management objective:  <b>RMO1 - There are appropriate arrangements to manage Junior ISA and Child Trust Funds for Looked After Children.</b></p>
12	Information Governance - Data Breaches	15	N/A	Fieldwork complete, awaiting	<p>The review considered the following risk management objective:  <b>RMO1 - Arrangements are in place to prevent, manage, report and monitor data breaches.</b></p>

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
				supervisory review	
16	Special Guardianship Orders	15	N/A	Supervisory review of fieldwork completed, draft report being prepared	The review considered the following risk management objective: <b>RMO1 - Arrangements are in place to manage financial support relating to special guardianship orders (SGOs) in accordance with the Special Guardianship Regulations 2005 (as amended by the Special Guardianship (Amendment) Regulations 2016).</b>
17	Payroll	15	N/A	Draft report with client for consideration	The review considered the following risk management objective: <b>RMO1 - There are appropriate arrangements in place to calculate and pay Medway Council staff salaries, including uplifts, allowances and overtime.</b>
22	Housing Rent Recovery	15	22.9	Final report issued	<p>The review considered the following Risk Management Objective: <b>RMO1 - There are appropriate arrangements to recover rent arrears, including former tenant arrears.</b></p> <p>The review confirmed that the Council has up-to-date Rent Arrears and Former Tenant Arrears Policies, supported by process documents. However, the current Rent Arrears Policy and tenant arrears process document require publication on the Council's website and intranet respectively. Detailed information on rent arrears and available support is already provided online.</p> <p>Current tenant arrears are identified using analytical software linked to the housing management system, with accounts reviewed weekly and appropriate actions taken. Audit testing confirmed that the process for managing current tenant arrears is being followed in practice. Former tenant arrears are identified through system reports; however, testing found that recovery action was not consistently undertaken in line with the documented process, despite evidence of contact with former tenants.</p> <p>Payments can be made via multiple methods using unique reference numbers, with arrangements in place to ensure correct posting to rent accounts and the General Ledger. Processes exist to monitor debt levels and identify write-offs, although these are not currently approved in accordance with the financial limits set out in the Council's Constitution. <b>Opinion: Amber.</b></p> <p><b>Overall Opinion: Amber. Actions: One high, one medium, and two low priority. Actions relate to publishing the current versions of the Rent Arrears Policy and current tenant arrears process document; reviewing responsibilities for</b></p>

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
					<b>monitoring and managing former tenant arrears; and, ensuring write offs are approved in line with the council's Constitution.</b>
24	Street Lighting	15	N/A	Draft report with client for consideration	The review considered the following risk management objective: <b>RMO1 - Arrangements are in place to manage the street lighting contract.</b>
26	Floating Support	15	17.5	Final report issued	<p>The review considered the following Risk Management Objective: <b>RMO1 - There are arrangements in place to manage and monitor children's floating support.</b></p> <p>The review confirmed that floating support is delivered through a framework of vetted providers under a Dynamic Purchasing System (DPS), administered by the Access to Resources Team (ART). While there are no dedicated policies for floating support, Care Act 2014 guidelines are followed. Standard Operating Procedures were last reviewed in September 2023; however, the panel member list includes staff who no longer appear to be employed by the Council. Processes for requesting and authorising support are in place and operating effectively. Audit testing confirmed that decisions are appropriately documented and services monitored by Social Workers. Costs vary based on provider expertise, and ART officers demonstrated efforts to secure best value. The current DPS is slow and unsuitable for urgent requests, and a replacement system is being procured. Invoices are checked against case logs, but manual entry into Integra is required due to limited system integration. A longstanding coding issue between Mosaic and Integra results in payments being routed through a suspense account before recoding by Finance. Monthly budget monitoring arrangements are in place. <b>Opinion: Green.</b></p> <p><b>Overall Opinion: Green. Actions: One low priority.</b></p> <p><b>Action relates to procedures being reviewed and updated.</b></p>
28.1	St Marys Island CofE (Aided) Primary School	20	N/A	Draft report with client for consideration	The review considered the following Risk Management Objective: <b>RMO1 - The school has appropriate mechanisms in place to ensure it is in a sound financial position and that there are no material probity issues.</b>
28.2	St Augustine of Canterbury Catholic Primary School	20	26.5	Final report issued	<p>The review considered the following Risk Management Objective: <b>RMO1 - The school has appropriate mechanisms in place to ensure it is in a sound financial position and that there are no material probity issues.</b></p> <p>The review confirmed that the Governing Body's composition meets legislative requirements. Meetings are quorate, appropriately minuted, and annual</p>

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
					<p>declarations of interest are completed. While key policies exist, some are overdue for review, and evidence of formal approval was not always available. Payroll processes are robust, with secure storage, authorisation controls, and regular reconciliations. Annual budgets are approved, and monitoring updates are provided. Responsibilities for financial controls are clearly allocated, and records are securely maintained.</p> <p>The school operates a main bank account with an approved provider; however, weaknesses were noted in segregation of duties for purchasing and payments, including debit card usage. Spend limits for debit card and petty cash are not defined in the Finance Policy, and evidence of pre-order approvals was limited, though corrective action has begun.</p> <p>Income management is generally sound, with reconciliations in place. A voluntary fund account has not been independently audited since 2020, but steps are underway to close it. Improvements during the review included a school trip costing form and an asset register. Annual asset checks occur, but independence requires strengthening, and iPad security should be reviewed. <b>Opinion: Amber.</b></p> <p><b>Overall Opinion: Amber. Actions: Four high, two medium, and two low priority. Actions relate to ensuring Terms of Reference are in place for the Governing Body and governor committees; reviewing the Whistleblowing Policy in line with stated review date and ensuring that the Finance Policy is approved by the Governing Body following review by the Resources Committee; amending bank signatories and reviewing the use of debit/credit cards to ensure segregation of duties; documenting spending limits in the Finance Policy and ensuring Governing Body approval of purchases over the spending limit is followed up with confirmation in writing; undertaking independent annual asset checks; and, improving security arrangements for iPads.</b></p>

## 2025-26 Planned Assurance Work

Ref	Title	Number of days allocated	Number of days used	Current status	Opinion, summary of findings & actions agreed
1	Insurance	15	N/A	Fieldwork underway	The review will consider the following risk(s):



Ref	Title	Number of days allocated	Number of days used	Current status	Opinion, summary of findings & actions agreed
					<p><b>Risk One - Arrangements are not in place to maintain appropriate insurance cover.</b></p> <p><b>Risk Two – Arrangements are not in place to ensure insurance claims received by the council are appropriately processed.</b></p>
2	Corporate Credit Cards	20	N/A	Fieldwork complete, awaiting supervisory review	<p>The review considered the following risk(s):</p> <p><b>Risk One – Corporate credit cards are not used / managed appropriately.</b></p>
3	Managed moves, mutual exchanges, successions	15 <del>7</del>	N/A	Fieldwork underway	<p>The review will consider the following risk(s):</p> <p><b>Risk One - The council fails to comply with legal requirements and/or existing policies around managed moves.</b></p> <p><b>Risk Two - The council fails to comply with legal requirements and/or existing policies around mutual exchanges.</b></p> <p><b>Risk Three - The council fails to comply with legal requirements and/or existing policies around successions.</b></p>
4	<i>Urgent Care Provision</i>	15	N/A	<i>Removed from Plan</i>	<i>Removal agreed at September 2025 Audit Committee meeting.</i>
5	Business rates administration & collection	20	21.5	Final report issued	<p>The review considered the following risk(s):</p> <p><b>Risk One – The arrangements in place to administer, bill and collect business rates are ineffective.</b></p> <p>The review confirmed that processes in place to identify chargeable properties through regular monitoring of Valuation Office Agency (VOA) schedules, planning applications and building control notifications. Weekly reconciliations between VOA and council records are undertaken, however, some long-standing discrepancies were noted without documented explanations or resolutions. Liable parties can notify the council of occupancy changes via phone, email, or an online form. Properties without a recorded liable party are monitored, though further guidance for officers on the expected level and frequency of enquiries would be beneficial. Liable parties, properties and business rates accounts are uniquely identifiable and linked within the revenues &amp; benefits system. Additional guidance for staff to ensure checks for existing Personal Identification Numbers (PINs) before creating new ones would be beneficial.</p>

Ref	Title	Number of days allocated	Number of days used	Current status	Opinion, summary of findings & actions agreed
					<p>Testing confirmed that business rates accounts are accurately maintained. Processes ensure correct calculation of business rates through system parameters, and bills are issued to all chargeable properties annually and as required. Bills contain all statutory information, and multiple payment options are available via the bill and the council's website. Payments are correctly allocated to business rates accounts and the general ledger, with regular clearance of suspense accounts. Refunds require multi-level authorisation, ensuring segregation of duties, and all sampled refunds complied with council procedures. <b>Opinion: Green.</b></p> <p><b>Overall Opinion: Green. Actions: Three low priority.</b></p> <p><b>Actions relate to investigations into long term discrepancies between VOA and council records and the creation of procedures notes for identifying liable parties and setting up liable party PINs.</b></p>
6	Building Safety Compliance (Non-HRA)	17	17.8	Advisory review completed	<p>After the audit plan for 2025-26 was agreed, a decision was taken to transition from the arrangements with Medway Norse to a new Hybrid Delivery Model for Facilities Management. As such an assurance review was no longer appropriate but an advisory review was completed.</p> <p>The new model will combine insourced services with directly managed outsourced specialist services. The change provides an opportunity to redefine roles and responsibilities between the council and its contractors, strengthen contract terms and monitoring arrangements, and ensure robust processes for building compliance checks across all non-HRA properties.</p> <p>A number of actions were recommended to the service to ensure that strong controls were in place from the outset of the new working practices.</p> <p>It should be noted that Medway Norse will continue to provide some services until 31 March 2026. As a result, risks linked to current gaps in monitoring will remain until the new arrangements are fully implemented. Every effort should therefore be made to work with Medway Norse to ensure compliance with all relevant legislation and regulations during this interim period.</p>
7	General Data Protection Regulation	20	N/A	Draft report awaiting supervisory review	<p>The review considered the following risk(s):</p> <p><b>Risk One – Effective Leadership &amp; Governance, Policy Framework and Training &amp; Awareness arrangements are not in place to ensure compliance with GDPR.</b></p>

Ref	Title	Number of days allocated	Number of days used	Current status	Opinion, summary of findings & actions agreed
					<b>Risk Two – There are ineffective action plans in place to ensure compliance with GDPR.</b>
8	Budget monitoring	20	N/A	Supervisory review of fieldwork completed, draft report being prepared	The review considered the following risk(s): <b>Risk One – Monitoring of the council's revenue budget is ineffective.</b>
9	Governance Framework	15	N/A	Draft report with client for consideration	The review considered the following risk(s): <b>Risk One – Arrangements are not in place to ensure Medway Council's governance framework is effective.</b>
10	SEND education - Education, Health & Care Plan Assessments	15	N/A	Terms of reference being prepared	
11	Rough sleeping services	15	N/A	Supervisory review of fieldwork completed, draft report being prepared	The review considered the following risk(s): <b>Risk One – The Rough Sleeping Strategy is not delivered effectively.</b> <b>Risk Two – Measures to operationally manage the service are not effective.</b>
12	Children in Need – Section 17 Financial Assistance (deferred from 2024-25 after Q1-Q2 plan agreed)	15	N/A	Fieldwork underway	The review will consider the following risk management objectives: <b>RMO1 - There are arrangements in place to ensure prompt and accurate assessment of claims for Section 17 financial assistance.</b> <b>RMO2 - There are arrangements in place to control expenditure.</b>
13	IT Asset Management	15		Terms of reference being prepared	
14	UK Shared Prosperity Fund Management	15		Terms of reference being prepared	

Ref	Title	Number of days allocated	Number of days used	Current status	Opinion, summary of findings & actions agreed
15	Performance, Progression & Pay Assessments	15		Not yet started	
16	Temporary Accommodation	20		Terms of reference being prepared	
17	Procurement Compliance	15		Terms of reference being prepared	
18	Waste Disposal (Veolia Contracts)	15		Terms of reference being prepared	
19	Medway Adult Education - Financial Support	15		Terms of reference being prepared	
20	Temporary Recruitment	15		Terms of reference being prepared	
21	Transparency	15		Fieldwork underway	The review will consider the following risk(s): <b>Risk One - The council fails to comply with the Local Government Transparency Code.</b>
22	STG Building Control	15		Fieldwork underway	The review will consider the following risk(s): <b>Risk One - Delivery of services via the South Thames Gateway Building Control Partnership is ineffective.</b>
23	Establishment Management	20		Terms of reference being prepared	
24	Local Plan	15		Proposal to remove	The draft Local Plan has now been submitted to Central Government, where it will be subject to independent scrutiny. As such, there is little to be gained from an assurance review at this point in time. Given the loss in projected resources, it is therefore proposed that the review is cancelled and removed from the plan.

Ref	Title	Number of days allocated	Number of days used	Current status	Opinion, summary of findings & actions agreed
25	Children in Care - Assessments & Reviews	20		Proposal to defer to 2026-27	Due to the loss in projected resources, it is proposed that this review is deferred to 2026-27, where it will be included in the Q1-Q2 plan.
26.1	St Peter's Infant School	20		Terms of reference being prepared	
26.2	Abbey Court Community Special School	20		Terms of reference being prepared	
26.3	Burnt Oak Primary	20		Terms of reference being prepared	

## Other Assurance Work

Ref	Title	Number of days allocated	Number of days used	Current status	Opinion, summary of findings & actions agreed
	Finalisation of 2024-25 Planned Work	70	N/A	Underway	All outstanding fieldwork is complete, and seven reviews await finalisation, four of those already have draft reports with clients for consideration. We are aiming to finalise all remaining reviews by 31 January.
	Grant Validations	10	N/A	Underway	<p>Validation work has been completed in relation to the following grant funding streams to enable sign off by appropriate officers:</p> <ul style="list-style-type: none"> <li>Local Authority Bus Subsidy (Revenue) Grant: Determination 2024/25: No 31/7227.</li> <li>Local Transport Capital Block Funding (Integrated Transport and Highway Maintenance Blocks) Specific Grant Determination (2024/25): No.31/7318 and Local Transport Capital Block Funding (Pothole Fund) Specific Grant Determination (2024/25): No.31/7319.</li> <li>Local Transport Network North Reallocated HS2 Capital Funding 2024-25</li> <li>2024-25 The Disabled Facilities Capital Grant (Dfg) Determinations 317271 and 317605.</li> </ul>

Ref	Title	Number of days allocated	Number of days used	Current status	Opinion, summary of findings & actions agreed
	LATCo Self-Assessment Validation	15	N/A	Underway	Completed self-assessments have been received from Medway Norse, Medway Development Company and Kyndi. Validation of the Medway Development Company self-assessment has been completed and a summary report issued. The summary report will be presented to the Shareholder Board at its next meeting. Validation of the Medway Norse self-assessment has also been completed, and a summary report is being prepared. Validation of the Kyndi self-assessment is in progress.
	FIT Plan Validation	7.5	N/A	Not yet started	As of 30 November, there were no key actions identified as complete, so no validation required.
	Supporting Families Assessment Validation	6	N/A	Not yet started	There were no requests for validation during the reporting period.
	Responsive Assurance Work	7.5	N/A	Underway	During the period Internal audit has provided advice to St Mary's Island School regarding IR35 requirements and also attended a meeting about a new non-purchase order invoice approval system, offering advice on internal control arrangements in the new processes.

## Follow Up Work

Ref	Title	Number of days allocated	Number of days used	Current status	Opinion, summary of findings & actions agreed
	Follow Up of Agreed Actions	7.5	N/A	Underway	Responsible officers are contacted about outstanding actions on a monthly basis, with all updates/evidence of completion recorded. Full details of the outcomes from follow up activity can be found in section 9.

## Advisory Work

Ref	Title	Number of days allocated	Number of days used	Current status	Opinion, summary of findings & actions agreed
	Attendance at Corporate Working Groups	2.5	N/A	Underway	The Head of Internal Audit & Counter Fraud has attended the Corporate Risk Management Working Group.

Ref	Title	Number of days allocated	Number of days used	Current status	Opinion, summary of findings & actions agreed
	Responsive Advisory Work	10	N/A	Not yet started	No activity in the period.

## 6. Themes & Root Causes

6.1 Standard 11.3 - Communicating Results of the Standards includes a section on 'Themes', which states *"The findings and conclusions of multiple engagements, when viewed holistically, may reveal patterns or trends, such as root causes. When the chief audit executive identifies themes related to the organisation's governance, risk management, and control processes, the themes must be communicated timely, along with insights, advice, and/or conclusions, to the board and senior management"*.

6.2 The findings from the 11 reviews finalised since 1 April 2025 (including those commenced in 2024-25) have been analysed to search for any common themes and this has identified the following:

### Governance Themes

6.3 A number of areas lack up-to-date, formally approved policies or clear review cycles, as well as missing or out of date procedures, undermining clarity and accountability. Additionally, there are gaps and ambiguities in roles and responsibilities within contracts and internal processes, which weaken oversight and decision-making.

### Risk Management Themes

6.4 Several services lack defined KPIs or performance measures, making it difficult to monitor service effectiveness.

### Internal Control Themes

6.5 Segregation of duties and approval controls remain inconsistent, with issues such as weak bank signatory arrangements in schools, unclear write-off approval routes, and irregular authorisation checks.

6.6 Appropriate actions have been identified and agreed in individual reviews to address the weaknesses identified. The new Policy Team is assisting various services with improvements in their policy governance and will likely lead to significant improvements in these areas, although the policies are still the responsibility of individual services to maintain.

## 7. Performance Monitoring

7.1 The Standards require that: *The chief audit executive must develop objectives to evaluate the internal audit function's performance.*

7.2 To meet this requirement, arrangements to monitor progress against delivery of the agreed Internal Audit Plan(s) are built into the working processes of the team, including progress against the performance indicators in the table below.

Ref	Indicator	Target	Outturn for period
IA1	Proportion of available resources spent on chargeable work	70%	61%
IA2	Proportion of chargeable time spent on:		
	Assurance work	95%	98%
	Consultancy work	5%	2%
IA3	Proportion of agreed assurance reviews:		
	Delivered	95%	23%
	Underway	N/A	19%
IA4	Number of agreed actions that are:		
	a) Not yet due	N/A	22
	b) Implemented	N/A	36
	c) Outstanding	N/A	12



Ref	Indicator	Target	Outturn for period
IA5	Proportion of agreed actions implemented	90%	75.0%

## 8. Review of the Internal Audit Plan

- 8.1 Monitoring of the delivery of planned work is built into the team's processes with individual officer time recording data feeding into an automated performance monitoring workbook; this tracks the performance of the team against the Internal Audit Plan(s) and enables the Internal Audit Manager to plan and support officers to deliver their individual work plans.
- 8.2 Projection of the resources that will be available to the year-end are calculated at least quarterly and compared to the original forecasts. This determines any impacts on projected resources that would impact on delivery of the Internal Audit Plan(s).
- 8.3 As noted in paragraph 4.4, we are projecting a loss of approximately 77 days from the estimated resource. A previous revision to the Q1-Q2 plan accounts for 15 days but we are proposing amendments to the Q3-Q4 plan that will account for a further 35 days in order to address the increased resource losses.
  - Item 24 – Local Plan: It is proposed to cancel this review as the draft plan is now subject to independent scrutiny from central government.
  - Item 25 – Children in care – Assessments & reviews: It is proposed to defer this review to 2026-27.

## 9. Follow up of Agreed Actions

- 9.1 Where the work of the team finds opportunities to strengthen the council's governance, risk management and/or internal control arrangements, the team agree actions for improvement with Heads of Service. The Standards require that: *Internal audit must confirm that management has implemented internal auditors' recommendations or management's action plans following an established methodology.*
- 9.2 Heads of Service are asked to provide an update on action taken towards implementing all actions due on a monthly basis and are also asked to supply evidence in respect of all completed High priority actions, which is verified by the Internal Audit team.
- 9.3 The first of the two tables below details the current position in relation to the follow up process and the second details actions that are now more than six months over their planned implementation date; along with an update from the relevant Head of Service/Assistant Director/Director. Some may also contain details of request for revised implementation dates.

## Status of Agreed Actions

Title	Overall opinion and number of actions of each priority agreed with management	Proportion of actions due for implementation where a positive management response has been received
Tree Service	<b>Opinion: Red</b> Eight actions agreed: Seven <b>high</b> and one <b>medium</b> priority.	Although eight actions were originally agreed, one has since been cancelled with the service tolerating the level of risk. Seven actions due, six completed. One <b>high</b> priority outstanding.
Petty Cash	Opinion: <b>Amber</b> . One <b>high</b> priority action agreed.	One action due, none completed. One <b>high</b> priority outstanding.
Adult Social Care Supported Living	Opinion: <b>Amber</b> . Five actions agreed: Four <b>high</b> and one <b>medium</b> priority.	All actions completed.
Staff Travel & Subsistence	Opinion: <b>Red</b> . Two actions agreed: One <b>high</b> and one <b>low</b> priority.	Two actions due, none completed. One <b>high</b> and one <b>low</b> priority outstanding.
Fostering Payments	Opinion: <b>Amber</b> . Five actions agreed: One <b>high</b> , three <b>medium</b> and one <b>low</b> priority.	Five actions due, four completed. One <b>low</b> priority outstanding
St Marys Catholic Primary School	Opinion: <b>Amber</b> . Nine actions agreed: Six <b>high</b> , two <b>medium</b> and one <b>low</b> priority.	Nine actions due, eight completed. One <b>high</b> priority outstanding.
Health & Safety	Opinion: <b>Red</b> . Nine actions agreed: Two <b>high</b> and seven <b>medium</b> priority.	All actions completed.
Complaints	Opinion: <b>Amber</b> . Five actions agreed: Three <b>high</b> , one <b>medium</b> and one <b>low</b> priority.	All actions completed.
Residential Mobile Home Site Licencing	Opinion: <b>Amber</b> . Five actions agreed: Two <b>high</b> and three <b>medium</b> priority.	Five actions due, three completed. One <b>high</b> and one <b>medium</b> priority outstanding.
Homes for Independent Living Scheme	Opinion: <b>Amber</b> . Six actions agreed: One <b>high</b> , three <b>medium</b> and two <b>low</b> priority.	All actions completed.
Adult Social Care – Debt Recovery	Opinion: <b>Red</b> . Five actions agreed: Four <b>high</b> and one <b>medium</b> priority.	Five actions due, three completed. Two <b>high</b> priority outstanding.
Housing Benefit & CTR Administration	Opinion: <b>Green</b> . Two actions agreed: One <b>medium</b> and one <b>low</b> priority.	Two actions due, one completed. One <b>low</b> priority outstanding.
Unregistered Placements	Opinion: <b>Green</b> . One <b>medium</b> priority action agreed.	No actions due in reporting period.
Private Housing Enforcement	Opinion: <b>Red</b> . Ten actions agreed: Eight <b>high</b> , one <b>medium</b> and one <b>low</b> priority.	Two actions completed before report finalised. One action due, none completed. One <b>low</b> priority outstanding.
Housing Rent Recovery	Opinion: <b>Amber</b> .	Two actions completed before report finalised.

Title	Overall opinion and number of actions of each priority agreed with management	Proportion of actions due for implementation where a positive management response has been received
	Four actions agreed: One <b>high</b> , one <b>medium</b> and two <b>low</b> priority.	One action due, one completed.
Business Rates Administration & Collection	Opinion: <b>Green</b> . Three <b>low</b> priority actions agreed.	No actions due in reporting period.
Out Of Hours Service	Opinion: <b>Green</b> . One <b>low</b> priority action agreed.	No actions due in reporting period.
Floating Support	Opinion: <b>Green</b> . One <b>low</b> priority action agreed.	No actions due in reporting period.
St Augustine of Canterbury Catholic Primary School	Opinion: <b>Amber</b> . Eight actions agreed: Four <b>high</b> , two <b>medium</b> and two <b>low</b> priority.	No actions due in reporting period.

### Actions Outstanding More Than Six Months After Scheduled Implementation Date

Directorate	Title	Action	Priority	Planned implementation date	Management update
RCE	Tree Service	The Tree Policy should be updated to include the council's commitment to tackling climate change, recognising Norse as the council's contractor and any other relevant changes.	<b>High</b>	<del>31 March 2023</del> Revised <del>31 December 2023</del> Revised 31 March 2025	While the audit recommendation required a refresh of the tree policy; following discussions with the Portfolio Holder for Climate Change & Strategic Regeneration, and relevant stakeholders, it is recognised there should be a council wide tree strategy produced. This strategy will centre trees and the urban forest as a part of the council's long-term climate, planning, and placemaking priorities. The service has engaged the support of the councils new Policy Team to prepare this new strategy, which is expected to be completed by December. We therefore request a revised implementation date of 31 December 2026.
BSD	Petty Cash	Decision to be made on whether the council will continue the use of petty cash. If the use of Petty cash is to remain the following points will be addressed:	<b>High</b>	<del>30 June 2024</del> Revised 30 June 2025	Updates to the cash advance form and guidelines available on Topdesk are the only element of this action still outstanding. The implementation is taking

Directorate	Title	Action	Priority	Planned implementation date	Management update
		<ul style="list-style-type: none"> <li>Investigations to be undertaken into maintaining the existing or purchasing a new safe to ensure that the safe code can be changed in line with a set frequency and/or when a member of staff no longer requires access.</li> <li>Arrangements to be made to ensure that all cash is kept in one secure location, ensuring this is in line with insurance cover.</li> <li>Arrangements to be made to update the New Cash Advance Form and review the Petty Cash Account Regulations and Guidelines available on TopDesk to reflect that staff reimbursements are now the usual method for reimbursement, rather than petty cash.</li> <li>Procedures for chasing receipts for cash advances to be reviewed, including introducing an escalation process where needed.</li> <li>The arrangements for processing cash advances / reconciling the main 'petty cash' tin to be reviewed to ensure segregation of duties.</li> </ul>			longer than anticipated due to the number of service improvements currently underway. These changes are interconnected with other strands within the service, which means progress on the action is dependent on wider developments. We therefore request a revised implementation date of 31 March 2026.
BSD	Staff Travel & Subsistence	Historic reclaimable VAT reports to be reviewed to determine the value of VAT previously claimed for electric vehicles and ensure appropriate action is taken accordingly, in liaison with the Finance team.	Low	<del>31 December 2023</del> Revised 31 December 2024	Although outstanding as of 30 November, this action is now complete.
BSD	Staff Travel & Subsistence	A review to be undertaken to ensure that there is an appropriate framework to support authorising managers in ensuring that travel & subsistence claims are only paid in appropriate circumstances.	High	<del>31 December 2023</del> Revised 28 February 2025	A review of the Subsistence Policy and Car & Travel Allowance guidance is the only element of this action currently. This is more complex than initially envisaged particularly with LGR on the horizon as the council will wish to ensure any changes are in line with best practice in local government. A sounding board was established in the Autumn which includes representatives

Directorate	Title	Action	Priority	Planned implementation date	Management update
					from the Gun Wharf project, Transport Initiatives, Climate Response and Environmental Protection teams to ensure any HR policy change is aligned to wider council policies and aims. The review of the policy is likely to be complete by the end of April with the implementation date for any policy changes likely to be summer 2026, following consideration by Employment Matters Committee and full consultation. A revised implementation date of 30 November 2026 is requested.
People	St Mary's Catholic Primary School	Arrangements will be made to review the bank signatories and online bank account, ensuring that there is a third signatory available.	High	31 October 2024	There has been updates to the banking arrangements and the school is working with the council finance team to finalise changes that will apply to all schools. This has been delayed by the bank and is out of the school/council control.
People	Fostering Payments	Arrangements will be made to review the service's business continuity plan and make available to staff.	Low	31 March 2025	Business Continuity Plans across Children's Services are being updated as a consequence of this action, this is expected to be completed by the end of January 2026.
RCE	Residential Mobile Home Site Licencing	Procedure documents for all stages of the licensing process and ongoing duties to be put in place.	Medium	30 April 2025	All documents will be completed by March 2026 with new policies to go to Cabinet for sign off and implementation. HMO licensing, DFGs and Selective & Additional licensing have been given service priority. A revised implementation date of 30 April 2026 is requested to enable this work to be completed.
RCE	Residential Mobile Home Site Licencing	Service to discuss with senior management the implications / risks of not fully performing the council's duties (both directed and implied by legislation and best	High	30 April 2025	Pressures within the service have delayed this activity but a risk matrix is now being created. Funding has been identified to complete the work required to implement during 2026/27.

Directorate	Title	Action	Priority	Planned implementation date	Management update
		practice guidance) in terms of both overseeing / inspecting relevant protected sites and also undertaking enforcement action should that become necessary; the decisions made will be documented and plans put in place to implement the decisions as necessary.			A revised implementation date of 30 September 2026 is requested to enable this work to be completed.

## Definitions of Audit Opinions & Action Priorities

Opinion	Definition
<b>Green</b> – Risk management operates effectively, and objectives are being met	Reasonable assurance can be provided that effective governance, risk management and control processes are in place within the activity under review. The combination of control weaknesses identified (if any) are considered to present minimal risk to the achievement of the objectives for the activity under review, or the council's wider strategic objectives.
<b>Amber</b> – Key risks are being managed to enable the key objectives to be met	Reasonable assurance can be provided that governance, risk management and control processes are in place within the activity under review, but improvements are required to ensure their effectiveness and/or to address gaps in coverage. The combination of control weaknesses identified are considered to present moderate risk to the achievement of the objectives for the activity under review, or the council's wider strategic objectives.
<b>Red</b> – Risk management arrangements require improvement to ensure objectives can be met	Limited assurance can be provided that effective governance, risk management and control processes are in place within the activity under review. The combination of control weaknesses identified is considered to present significant risk to the achievement of the objectives for the activity under review, or the council's wider strategic objectives, and/or expose the council to significant risk of legal / legislative / regulatory breaches, unacceptable levels of fraud / loss / error, or reputational damage.

Priority	Definition
<b>High</b>	The action addresses a control weakness that presents a significant risk (i.e. the likelihood of the risk occurring and/or impact on the council's governance, risk management and control processes is considered to be high). Management should address the action as a matter of priority.
<b>Medium</b>	The action addresses a control weakness that presents a moderate risk (i.e. the likelihood of the risk occurring and/or impact on the council's governance, risk management and control processes is considered to be medium). Management should address the action within a reasonable timeframe.
<b>Low</b>	The action addresses a control weakness that presents a small risk (i.e. the likelihood of the risk occurring and/or impact on the council's governance, risk management and control processes is considered to be low). Management should address the action as resources allow.