

Internal Audit Update

Medway Council

For the period:

1 December 2025 – 28 February 2026

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 team balancing finalisation of outstanding 2024-25 reviews, while also progressing the 2025-26 plan. The following reviews have been finalised.
 - Special Guardianship Orders – Opinion: **Amber** (2024-25 review finalised in 2025-26)
 - Payroll – Opinion: **Green** (2024-25 review finalised in 2025-26)
 - Street Lighting – Opinion: **Amber** (2024-25 review finalised in 2025-26)
 - St Mary’s CofE Primary School – Opinion: **Amber** (2024-25 review finalised in 2025-26)
 - Budget Monitoring – Opinion: **Green**
 - Governance Framework - Opinion: **Amber**
 - Rough Sleeping Services - Opinion: **Amber**
- 2.2 Progress up to 28 February means that only two reviews from 2024-25 remain and draft reports for both are with clients.
- 2.3 In addition, four reviews from the current year are now finalised, one has a draft report with the client, one is awaiting a supervisory review of the draft report, five are awaiting the initial supervisory review, and 11 have fieldwork underway. The remaining two are in the planning stages.
- 2.4 As a consequence of this work, plan delivery as of 28 February was 46% complete, with a further 46% 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 31 January stood at 87.5%, with 49 of 56 actions due in the period having been completed. Seven remained outstanding, two 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 the last update have been added to the analysis undertaken previously undertaken on reports issued between 1 April and 30 November to determine whether there are any new common themes or root causes. There remain similar issues across these reviews, full details of which can be found in section 7.
- 2.7 We are still projecting a loss of approximately 77 days from the projected 653 available at the start of the year. Amendments to the agreed plans for Q1-Q2 and Q3-Q4 agreed at previous meetings account for 50 days of that resource but we are not proposing further changes to the agreed plans.

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 December 2025 to 28 February 2026 amounted to 260 days and 166.5 days (62%) were spent on chargeable internal audit activity. Of this chargeable time, 166.4 days (>99%) was spent on audit assurance work and 0.1 days (<1%) 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 previous updates), 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
2	Children in Care - Savings Provision	15	N/A	Draft report with client for consideration	The review considered the following risk management objective: RMO1 - There are appropriate arrangements to manage Junior ISA and Child Trust Funds for Looked After Children.
12	Information Governance - Data Breaches	15	N/A	Draft report with client for consideration	The review considered the following risk management objective: RMO1 - Arrangements are in place to prevent, manage, report and monitor data breaches.
16	Special Guardianship Orders	15	35	Final Report Issued	<p>The review considered the following risk management objective: 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).</p> <p>The review found that while documentation exists to support financial assessments for Special Guardianship Orders, it requires updating. Eligibility processes are in place, but record-keeping is inconsistent, and some safeguards, such as signed declarations, are outdated and lack the detail needed to support potential fraud investigations.</p> <p>Arrangements are in place to help special guardians access benefits and tax credits, and this information is considered during means testing. However, audit testing identified non-compliance with assessment procedures and further inconsistencies in record maintenance.</p> <p>Financial support and ad-hoc payments are appropriately approved, but key controls, including declarations of interest and fully signed Support Plans, are not consistently completed. Although assessment outcomes are communicated, change-of-payment declarations are not always returned, and there is no process to monitor this.</p> <p>An appeals process is reported to exist, but no central record is maintained, preventing audit verification. Annual review processes are in place, though resourcing challenges resulted in no reviews being completed during 2024–25; these have since been brought up to date. Opinion: Amber.</p> <p>Overall Opinion: Amber. Actions: Three high, five medium, and one low priority.</p> <p>Actions relate to reviewing the processes and documentation that support Special Guardianship Orders – Financial Support, ensuring all procedure</p>

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
					<p>documents and financial assessment forms are accurate, up to date and compliant with current legislation and benefits, rationalising existing records, implementing retention guidance for documents and creating a central log for appeals, annual declarations of interest, workflow alerts for missing documentation and escalation processes for incomplete support plans.</p>
17	Payroll	15	20.4	Final Report Issued	<p>The review considered the following risk management objective: RMO1 - There are appropriate arrangements in place to calculate and pay Medway Council staff salaries, including uplifts, allowances and overtime. The review found that online forms are generally completed by line managers to notify Payroll of starters, leavers, contractual changes, allowances and uplifts. For new starters, forms are first routed to the Recruitment Team to set up the employee on the HR and payroll system before being passed to Payroll for pay details. Unique employee reference numbers are allocated appropriately. Required evidence must be submitted where applicable, and workflow controls ensure forms are routed to designated approvers before reaching Payroll. The employee self-service portal is used for personal data changes, expenses and overtime, with built-in manager approval. Deductions are typically notified by the employee or the requesting organisation. Payroll undertakes all necessary processing ahead of the monthly cut-off, and the system calculates pay accordingly. While system access to their own records is restricted for Payroll staff, declarations to identify other potential conflicts of interest are not completed.</p> <p>Audit testing confirmed that processing was correctly completed in most sample cases; however, some gaps were identified in the storage of starter, leaver and pension opt-out documentation, along with an anomaly in how leave dates are recorded. Automated and manual exception reports are run each pay cycle, with final sign-off by two managers. These controls were found to operate effectively, and payments were accurately recorded in the general ledger within the correct accounting period. Opinion: Green.</p> <p>Overall Opinion: Amber. Actions: Four medium priority. Actions relate to, ensuring all documents relating to new starters and leavers are held in the agreed location, reviewing current practices regarding the application of leave dates, and completion of declarations of interests.</p>

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
24	Street Lighting	15	13.5	Final Report Issued	<p>The review considered the following risk management objective: RMO1 - Arrangements are in place to manage the street lighting contract. The review found that the Highways Street Lighting policy is outdated and scheduled for review as part of the 2025–26 work programme. Current working practices have evolved beyond the scope of the Highways Infrastructure Contract (HIC), and the service is working closely with the contractor to determine how these practices will be formalised following completion of the LED upgrade. The service has acknowledged these issues and plans to undertake further investigatory work before the new tendering process begins. This will include reviewing KPI's to ensure they remain relevant and effective. Regular meetings between the service and the contractor are taking place, with open dialogue to address emerging issues.</p> <p>Budget monitoring takes place and while this has identified an overspend in one cost code, this has been more than offset by savings achieved through the LED conversion, and further savings are anticipated as the project progresses.</p> <p>Opinion: Amber. Overall Opinion: Amber. Actions: One medium priority. The action relates to reviewing the policy and ensuring it captures current working procedures.</p>
28.1	St Marys Island CofE (Aided) Primary School	20	23.7	Final Report Issued	<p>The review considered the following Risk Management Objective: 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. The Governing Body's composition complies with statutory requirements, and meetings are properly quorate and minutes taken. However, the Terms of Reference are not fully aligned with current practice, particularly regarding the Pay Committee. Annual declarations of interest are not consistently completed or updated for governors or staff, and several lack adequate detail. Core financial policies are up to date, and payroll, budgeting and reconciliation processes are operating with appropriate controls. However, segregation of duties within banking, purchasing and payment processes is insufficient, and spend limits for credit card and petty cash use are not defined. Procurement documentation is generally held, though evidence of approval prior to purchasing is not always recorded. Income processes, lettings arrangements</p>

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
					<p>and cash handling are appropriately managed, though the 2024 residential trip lacked retained approval evidence.</p> <p>Asset registers are maintained, but do not meet the standards set out in the Medway Council School Finance Manual. Independent asset checks are not carried out, and disposals are handled by the same staff responsible for maintaining the registers. Opinion: Amber.</p> <p>Overall Opinion: Amber. Actions: Three high, four medium, and three low priority.</p> <p>Actions relate to reviewing the Governing Body terms of reference and updating to reflect current practice; ensuring all governors and staff complete declarations of interests, with adequate detail, annually; spend limits for credit card and petty cash transactions being determined; reviewing the bank mandate and Bankline signatories to ensure segregation of duties is maintained when ordering and paying for goods; approval being obtained prior to purchasing and documented; Headteacher and Governing Body approval of trip costings being appropriately documented; updating asset registers in line with the Medway Council School Finance Manual; assets being independently checked annually, with the review being documented; and asset write-offs being independently approved, with records of approval and disposal retained.</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 complete, awaiting supervisory review	<p>The review considered the following risk(s):</p> <p>Risk One - Arrangements are not in place to maintain appropriate insurance cover.</p> <p>Risk Two – Arrangements are not in place to ensure insurance claims received by the council are appropriately processed.</p>
2	Corporate Credit Cards	20	N/A	Draft report awaiting supervisory review	<p>The review considered the following risk(s):</p> <p>Risk One – Corporate credit cards are not used / managed appropriately.</p>

Ref	Title	Number of days allocated	Number of days used	Current status	Opinion, summary of findings & actions agreed
3	Managed moves, mutual exchanges, successions	17	N/A	Fieldwork complete, awaiting supervisory review	The review considered the following risk(s): Risk One - The council fails to comply with legal requirements and/or existing policies around managed moves. Risk Two - The council fails to comply with legal requirements and/or existing policies around mutual exchanges. Risk Three - The council fails to comply with legal requirements and/or existing policies around successions.
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	<i>Business rates administration & collection</i>	20	21.5	<i>Final report issued</i>	<i>Findings reported at January 2026 Audit Committee meeting.</i>
6	<i>Building Safety Compliance (Non-HRA)</i>	17	17.8	<i>Advisory review completed</i>	<i>Findings reported at January 2026 Audit Committee meeting.</i>
7	General Data Protection Regulation	20	N/A	Draft report with client for consideration	The review considered the following risk(s): Risk One – Effective Leadership & Governance, Policy Framework and Training & Awareness arrangements are not in place to ensure compliance with GDPR. Risk Two – There are ineffective action plans in place to ensure compliance with GDPR.
8	Budget monitoring	20	17.8	Final report issued	The review considered the following risk(s): Risk One – Monitoring of the council’s revenue budget is ineffective. The review found that roles and responsibilities for budget monitoring are clearly defined and communicated to relevant staff, along with a timetable for the monthly budget monitoring process, which is largely set based on the deadlines for reporting to senior management and Members. Although some training and guidance is available, a survey of staff involved in the budget monitoring process, indicated that further training and guidance would be welcomed. Arrangements exist for Budget Managers and Service Managers to review and provide a forecast for all cost centres assigned to them, in each monthly budget monitoring cycle, including providing an explanation for any significant variances, and for Accountants to check and challenge the forecasts provided, as necessary. Rules regarding budget virements and transfers are included within the council’s Constitution, including the relevant approval limits, and testing confirmed that

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					<p>adjustments are approved and processed in an accurate and timely manner. Budget monitoring reports are produced regularly and shared with Divisional Management Teams, Corporate Management Team, Cabinet, and the Overview and Scrutiny Committees. Audit testing confirmed that all relevant reports were presented in 2024-25. Opinion: Green.</p> <p>Overall Opinion: Green. Actions: One medium and one low priority. Actions relate to introducing a more formal process for identifying changes that affect the roles assigned in Integra, and reviewing the budget monitoring training and guidance available to staff involved in this process.</p>
9	Governance Framework	15	12.3	Final Report Issued	<p>The review considered the following risk(s):</p> <p>Risk One – Arrangements are not in place to ensure Medway Council’s governance framework is effective.</p> <p>The council has a Code of Corporate Governance within its Constitution; however, the description of the local governance structure could be better aligned to the 2016 CIPFA/SOLACE Delivering Good Governance in Local Government Framework (“the Framework”). The Accounts and Audit Regulations 2015 require an annual review of the effectiveness of the internal control system and the preparation of an Annual Governance Statement (AGS). In practice, these activities are undertaken together, and a process is in place that meets these statutory requirements.</p> <p>Audit testing for the 2022–23, 2023–24 and 2024–25 AGS processes confirmed that draft statements were shared with statutory and relevant officers for comment and were approved by the Audit Committee. However, no evidence could be found that the 2023–24 AGS was presented to CMT, unlike the other years, resulting in the published version not containing the Chief Executive’s signature.</p> <p>Review of the three AGS documents confirmed that they included most elements required by the Framework, including an overview of governance arrangements. However, they were less explicit regarding the effectiveness of these arrangements in achieving the council’s planned outcomes. Audit testing confirmed that evidence was available to demonstrate compliance with a sample of Framework sub-principles and the council’s Code of Corporate Governance.</p>

Ref	Title	Number of days allocated	Number of days used	Current status	Opinion, summary of findings & actions agreed
					<p>CIPFA/SOLACE issued an addendum to the Framework in May 2025, applying from 2025–26 AGS onwards. Some preparatory changes have already begun, including a report to the Audit Committee outlining the updates. The Committee noted the addendum and requested that the Monitoring Officer review and update the AGS process and the local Code of Governance, with any revisions requiring Full Council approval. The actions identified in this audit can be incorporated into that wider review. Opinion: Amber.</p> <p>Overall Opinion: Amber. Actions: Three medium priority.</p> <p>Actions relate to reviews of the Code of Corporate Governance and AGS template in line with the CIPFA/SOLACE Framework, and a review of the criteria for the Chief Executive’s sign-off of the AGS.</p>
10	SEND education - Education, Health & Care Plan Assessments	15	N/A	Fieldwork Underway	<p>The review will consider the following risk(s):</p> <p>Risk One - Ineffective arrangements are in place for Education, Health Care (EHC) needs assessments to be undertaken and plans prepared.</p>
11	Rough sleeping services	15	N/A	Final Report Issued	<p>The review considered the following risk(s):</p> <p>Risk One – The Rough Sleeping Strategy is not delivered effectively.</p> <p>The review confirmed that a Medway Homelessness & Rough Sleeping Strategy to 2030 is in place, supported by annual action plans. A Severe Weather Emergency Protocol (SWEP) exists but requires updating to reflect recent changes to winter provision.</p> <p>The service receives referrals from multiple sources through 24/7 mechanisms. Outreach visits take place at least twice weekly to known rough sleepers, with arrangements to verify new referrals. Once verified, initial contact and consent forms are completed, and rough sleepers are invited to undertake needs and risk assessments. The service then seeks to identify an appropriate accommodation pathway and support package.</p> <p>An approval process is in place for accommodation and support referrals, although approvals are often given verbally rather than formally recorded. Commissioned accommodation and support services are available, though some contract gaps were identified. Weekly Complex Needs Meetings support case management.</p> <p>Audit testing found that interactions and support journeys were generally well recorded. Monthly reporting to the Ministry of Housing, Communities and Local</p>

Ref	Title	Number of days allocated	Number of days used	Current status	Opinion, summary of findings & actions agreed
					<p>Government is undertaken, with data collated on a central spreadsheet; minor inconsistencies were identified between the spreadsheet and two monthly submissions reviewed.</p> <p>Monthly budget monitoring is carried out, and central government funding has been confirmed until March 2028, supporting improved forward planning.</p> <p>Opinion: Amber.</p> <p>Risk Two – Measures to operationally manage the service are not effective.</p> <p>The review found that although a large number of procedure documents are available to staff, several do not reflect current practice, and some contain contradictions. Training records showed gaps in completion of mandatory training for managers and limited uptake of recommended courses; however, it is noted that the records provided had not been updated for some time and additional training may have since been completed.</p> <p>The service is structured into two teams, Outreach and Navigators, but these currently operate under two separate reporting lines, with three managers involved in allocating and monitoring work. While each team has distinct roles, high caseloads and limited resources often lead to overlap in duties. Opinion: Amber.</p> <p>Overall Opinion: Amber. Actions: One high, four medium, and one low priority. Actions relate to ensuring approvals of accommodation pathways and support plans / packages are documented, ensuring contracts / SLAs are in place with all providers of accommodation for rough sleepers, and introducing accuracy checks on the figures included in monthly reports to MHCLG, reviewing and consolidating all procedure documents, promoting completion of training courses identified in the Corporate Mandatory and Recommended Training Programme and ensuring training records are kept up to date, and reviewing the split of duties across the Outreach and Navigator teams.</p>
12	Children in Need – Section 17 Financial Assistance (deferred from 2024-25 after Q1-Q2 plan agreed)	15	N/A	Fieldwork underway	<p>The review will consider the following risk management objectives:</p> <p>RMO1 - There are arrangements in place to ensure prompt and accurate assessment of claims for Section 17 financial assistance.</p> <p>RMO2 - There are arrangements in place to control expenditure.</p>

Ref	Title	Number of days allocated	Number of days used	Current status	Opinion, summary of findings & actions agreed
13	IT Asset Management	15		Terms of reference being prepared	
14	UK Shared Prosperity Fund Management	15		Changing to Advisory review	This will now be completed as an advisory review rather than assurance.
15	Performance, Progression & Pay Assessments	15		Fieldwork underway	The review will consider the following risk(s): Risk One – Arrangements to undertake performance appraisals are ineffective. Risk Two – Arrangements to implement MedPay progression and pay assessments are ineffective.
16	Temporary Accommodation	20		Fieldwork underway	The review will consider the following risk(s): Risk One – The arrangements to manage temporary accommodation properties are ineffective. Risk Two – The arrangements to manage temporary accommodation placements are ineffective.
17	Procurement Compliance	15		Fieldwork underway	The review will consider the following risk(s): Risk One – The council does not have effective procedures in place to ensure compliance with the Procurement Act 2023.
18	Waste Disposal (Veolia Contracts)	15		Fieldwork complete, awaiting supervisory review	The review considered the following risk(s): Risk One – The council does not have effective measures in place to manage the waste disposal contracts.
19	Medway Adult Education - Financial Support	15		Fieldwork underway	The review will consider the following risk(s): Risk One – Arrangements are not in place to effectively administer the Discretionary Learner Support Fund. Risk Two – Arrangements are not in place to effectively administer concessions for eligible adult education courses.
20	Temporary Recruitment	15		Fieldwork underway	The review will consider the following risk(s): Risk One – Temporary recruitment procedures are ineffective. Risk Two – Vetting procedures for temporary workers are ineffective.

Ref	Title	Number of days allocated	Number of days used	Current status	Opinion, summary of findings & actions agreed
21	Transparency	15		Fieldwork complete, awaiting supervisory review	The review considered the following risk(s): Risk One - The council fails to comply with the Local Government Transparency Code.
22	STG Building Control	15		Fieldwork complete, awaiting supervisory review	The review considered the following risk(s): Risk One - Delivery of services via the South Thames Gateway Building Control Partnership is ineffective.
23	Establishment Management	20		Fieldwork underway	The review will consider the following risk(s): Risk One – The council’s staffing establishment is not managed effectively. Risk Two – The council’s staffing budget is not managed effectively.
24	<i>Local Plan</i>	<i>15</i>		<i>Removed from Plan</i>	<i>Removal agreed at January 2026 Audit Committee meeting.</i>
25	<i>Children in Care - Assessments & Reviews</i>	<i>20</i>		<i>Deferred to 2026-27</i>	<i>Deferral agreed at January 2026 Audit Committee meeting.</i>
26.1	St Peter's Infant School	20		Fieldwork underway	The objective of this audit is to provide assurance that the school has adequate and effective financial controls in place.
26.2	Abbey Court Community Special School	20		Fieldwork underway	The objective of this audit is to provide assurance that the school has adequate and effective financial controls in place.
26.3	Burnt Oak Primary	20		Fieldwork underway	The objective of this audit is to provide assurance that the school has adequate and effective financial controls in place.

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	Two reviews remain outstanding but draft reports are with the client service, and we hope to have these finalised shortly.
	Grant Validations	10	N/A	Underway	No activity in the period.
	LATCo Self-Assessment Validation	15	N/A	Underway	The summary report for the validation of the Medway Norse self-assessment is currently awaiting a supervisory review. Validation of the Kyndi self-assessment is in progress.
	FIT Plan Validation	7.5	N/A	Underway	The team has provided validation of key actions identified as complete in FIT plan monitoring to provide CMT with independent assurance of progress.
	Supporting Families Assessment Validation	6	N/A	No longer required	Funding has changed and this work is assurance work is no longer required
	Responsive Assurance Work	7.5	N/A	Underway	No activity in the period.

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	No activity in the period.

Ref	Title	Number of days allocated	Number of days used	Current status	Opinion, summary of findings & actions agreed
	Responsive Advisory Work	10	0.6	Not yet started	Ad hoc advice & guidance has been provided to a number of services during 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 seven reviews finalised in the period have been added to the analysis of those finalised between 1 April 2025 and 30 November 2025 (including those commenced in 2024-25) to determine whether these findings alter any of the themes previously identified:

Governance Themes

6.3 A number of reviews again highlight out of date, inconsistent or incomplete policies and procedures, which weaken clarity, direction and accountability. Examples include outdated operational policies in Street Lighting, conflicting or obsolete procedures in the Rough Sleeping Service, and outdated or overly complex guidance in Special Guardianship Orders.

6.4 Gaps and ambiguities in roles and responsibilities continue to feature, most notably where contract documentation is unsigned, missing or unclear. Examples include missing or expired accommodation contracts within Rough Sleeping provision, gaps in third party housing enforcement arrangements and fee updates, and incomplete governance descriptions in the council's own Code of Corporate Governance compared to the CIPFA/SOLACE Framework.

6.5 Across several areas, contractual arrangements or SLAs are incomplete or outdated, impacting assurance over service delivery (e.g., Rough Sleeping accommodation providers, Out of Hours contract signatures, housing enforcement templates).

Risk Management Themes

6.6 As identified in earlier updates, several services continue to operate without defined KPIs or performance measures, making it difficult to assess service effectiveness or trends. This includes Street Lighting (KPIs misaligned post LED upgrade), and Private Housing Enforcement, where no performance timescales exist and delays were identified in inspections and notices.

6.7 In some areas, existing metrics do not reflect actual activity, such as Rough Sleeping Services where new contracts are intended to introduce KPIs, but current arrangements lack structured performance monitoring.

6.8 Additionally, several audits highlight that overall assessments of effectiveness are insufficiently evidenced, including within the Annual Governance Statement (AGS), where the council's governance framework is described but does not fully evaluate its effectiveness as required by CIPFA/SOLACE.

Internal Control Themes

6.9 Segregation of duties and approval controls remain inconsistent across a number of service areas. Examples include:

- Weak bank signatory and purchasing controls within schools, with inadequate separation of ordering, processing and authorising payments, and insufficiently robust credit card controls
- Unclear or inconsistent write-off approval routes, particularly within Adult Social Care debt recovery (approvals misaligned to Constitution; write-offs unprocessed since 2022), and former tenant arrears within Housing Services.
- Verbal-only approvals in Rough Sleeping accommodation decisions, resulting in missing audit trails and insufficient justification for decisions.

- 6.10 Internal control weaknesses also continue to relate to data quality and documentation, including incomplete case records, missing evidence of approvals, inaccuracies in statutory MHCLG returns for rough sleeping, and multiple instances of outdated or inconsistent document storage.
- 6.11 Appropriate actions have been identified and agreed in individual reviews to address the weaknesses identified.

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%	62%
IA2	Proportion of chargeable time spent on: Assurance work Consultancy work	95% 5%	99% 1%
IA3	Proportion of agreed assurance reviews: Delivered Underway	95% N/A	46% 46%
IA4	Number of agreed actions that are: a) Not yet due b) Implemented c) Outstanding	N/A N/A N/A	51 49 7
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. Revisions to the agreed plans for Q1-Q2 and Q3-Q4 agreed by the Committee in September and January account for 50 days of that lost resource, and we are not proposing the removal of any further reviews. However, the review of Uk Shared Prosperity Fund will now be completed as an advisory review due to changes within the service.

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 Due to the timing of report deadlines, the first of the two tables below details the position in relation to the follow up process as of 31 January 2026 and the second details actions were more than six months over their planned implementation date as of 31 January 2026; 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	Opinion: Red Eight actions agreed: Seven high and one medium priority.	Although eight actions were originally agreed, one has since been cancelled with the service tolerating the level of risk. The one remaining high priority action had a revised implementation date agreed by the Audit Committee in January 2026.
Petty Cash	Opinion: Amber . One high priority action agreed.	The one remaining high priority action had a revised implementation date agreed by the Audit Committee in January 2026.
Staff Travel & Subsistence	Opinion: Red . Two actions agreed: One high and one low priority.	The one remaining high priority action had a revised implementation date agreed by the Audit Committee in January 2026
Fostering Payments	Opinion: Amber . Five actions agreed: One high , three medium and one low priority.	Five actions due, four completed. One low priority outstanding
St Marys Catholic Primary School	Opinion: Amber . Nine actions agreed: Six high , two medium and one low priority.	Nine actions due, eight completed. One high priority outstanding.
Residential Mobile Home Site Licencing	Opinion: Amber . Five actions agreed: Two high and three medium priority.	Three actions due, three completed.
Adult Social Care – Debt Recovery	Opinion: Red . Five actions agreed: Four high and one medium priority.	All actions completed.
Housing Benefit & CTR Administration	Opinion: Green . Two actions agreed: One medium and one low priority.	All actions completed.
Unregistered Placements	Opinion: Green . One medium priority action agreed.	One action due, none completed One medium priority outstanding.
Private Housing Enforcement	Opinion: Red . Ten actions agreed: Eight high , one medium and one low priority.	Two actions completed before report finalised. One action due, one completed.
Housing Rent Recovery	Opinion: Amber . Four actions agreed: One high , one medium and two low priority.	All actions completed.
Business Rates Administration & Collection	Opinion: Green . Three low priority actions agreed.	Two actions due, two completed.
Out Of Hours Service	Opinion: Green . One low priority action agreed.	No actions due in reporting period.
Floating Support	Opinion: Green .	No actions due in reporting period.

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
	One low priority action agreed.	
St Augustine of Canterbury Catholic Primary School	Opinion: Amber . Eight actions agreed: Four high , two medium and two low priority.	One action completed before report finalised. Four actions due, none completed. Two high , one medium and one low priority outstanding.
Homelessness	Opinion: Green . Three actions agreed: Two medium and one low priority	One action completed before report finalised. No actions due in reporting period.
Payroll	Opinion: Green . Four medium priority actions agreed.	One action completed before report finalised. No actions due in reporting period.
Governance Framework	Opinion: Amber . Three medium priority actions agreed.	No actions due in reporting period.
Street Lighting	Opinion: Amber . One medium priority action agreed.	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
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. Latest update from Finance is that this will hopefully be resolved by the end of March.
People	Fostering Payments	Arrangements will be made to review the service's business continuity plan and make available to staff.	Low	31 March 2025	The last update provided indicated this action was expected to be complete by the end of January 2026. Internal Audit are aware that responsibility for this action moved to a new Head of Service in January, but we have received no further update on progress.

Definitions of Audit Opinions & Action Priorities

Opinion	Definition
Green – 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.
Amber – 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.
Red – 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
High	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.
Medium	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.
Low	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.