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

Internal Audit Plan 2026-27 (Q3 – Q4)

Medway Council

1. Introduction

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

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

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

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

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

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

2. Preparation of the Internal Audit Plan (Q3-Q4)

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

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

The risk assessment is used, along with knowledge of the council's governance, risk management and control processes, to ensure that the internal audit function's resources are directed at the highest areas of risk. Although, this is also balanced against when the area was last reviewed and whether there is good coverage of areas across the council, to contribute to the Chief Audit Executive's annual opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control.

The risk assessment undertaken in January 2026 has been updated to take into account any known changes to risks within specific council services as well as sector knowledge of wider control risk areas. This is to ensure that our resources continue to be directed to the areas where they are considered to be of most effective use to the council in helping to ensure the achievement of its objectives, improvement of the governance, risk management and internal control processes, and the efficiency of service delivery.

Where the work of other assurance providers is known to the Head of Internal Audit & Counter Fraud, the team will seek to review and place reliance on that work to avoid duplication of effort and improve assurance coverage.

3. Resourcing

The Internal Audit Plan will be delivered using the in-house resources within the Shared Service, a total of 8.43FTE comprising of 0.65FTE Head of Internal Audit & Counter Fraud, 1FTE Internal Audit Manager, 1FTE Principal Internal Auditor, 5.78FTE Trainee/Internal Auditors (0.22FTE vacant at time of planning). All available chargeable days for the Trainee/Internal Auditors and Principal Internal Auditor ('internal auditors') are allocated on the Plan; while resources spent on strategic leadership and management provided by the Head of Internal Audit & Counter Fraud and the Internal Audit Manager are not.

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

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

When preparing the Plan for Q1-Q2, the total chargeable internal audit resource forecast to be available for 2026-27 for Medway was 651 days, along with a further 78 days for management of internal audit activity. There has been a loss of approximately 24 days from the original projections, primarily linked to annual leave carried forward from 2025-26 exceeding the level assumed in the 2026-27 resource estimates.

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

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

4. Independence & Ethical Conduct

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

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

The skills and experience of the in-house team have been considered in preparing this Plan, and all planned work is within the capability of the team. The internal auditor assigned to each activity is selected by the Head of Internal Audit & Counter Fraud and the Internal Audit Manager based on their skills, knowledge, experience, discipline, and any declared conflicts of interest. This ensures that all work is conducted independently, objectively, and in accordance with ethical standards.

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

5. 2026-27 Internal Audit Plan (Q3-Q4)

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

The Plan reflects all work to be carried out by the Internal Audit team for Medway during the second half of the financial year.

In planning the number of assurance engagements that can be undertaken with the available resources, each engagement has been assigned an indicative day allocation, but the final day allocation for each individual engagement will be agreed when setting the scope during the engagement planning phase, to ensure there is adequate time available to complete the necessary work. The total number of indicative days allocated to each area of work for the period of the Plan are included in the summary on page 6.

Corporate Objective / Risk Assurance Work

Ref	Division	Audit Title	Activity Under Review	Links to One Medway Council Plan	Links to Corporate Risk Register
13	Finance & Business Improvement	Risk Management Framework & Reporting	Review of arrangements to manage corporate and service risks in accordance with the council's Risk Strategy.	All Priorities	SR32
14	Adult Social Care	Children & Adults - Self Directed Support (Direct Payments)	Review of arrangements to manage direct payments.	Priority One - Delivering quality social care and community services	SR03B, SR09A, SR09B
15	Education	Student Services - Home to School Transport	Review of arrangements to manage applications for free home-to-school transport, and to procure, monitor, review and account for transport provision.	Priority One - Delivering quality social care and community services	SR56
16	Finance & Business Improvement	Financial Statements (Final Accounts) Preparation	Review of arrangements to produce the council's financial statements in line with best practice and the required deadlines.	All Priorities	SR03B
17	Finance & Business Improvement	Performance Management Framework & Reporting	Review of arrangements to monitor & report on performance in respect of agreed One Medway Council Plan performance indicators.	All Priorities	SR32
18	Finance & Business Improvement	Debtors	Review of arrangements to administer, collect and recover sundry debts.	All Priorities	SR03B
19	Finance & Business Improvement	Creditors	Review of arrangements to administer and process creditor payments.	All Priorities	SR03B
20	Finance & Business Improvement	Capital Accounting (General Fund)	Review of arrangements to account for the council’s general fund capital programme.	All Priorities	SR03B
21	Finance & Business Improvement	Recruitment	Review of arrangements to recruit staff (including advertising, application, appointment, vetting and induction).	Priority two - Benefitting from good education, quality jobs and a growing economy	SR54

22	Finance & Business Improvement	Ethics	Review of arrangements to maintain standards of conduct among staff.	All Priorities	SR54
23	Finance & Business Improvement	Settlement Agreements	Review of arrangements to manage settlement agreements.	All Priorities	SR03B, SR54
24	Schools	Remote Sites Financial Management - Including Schools	Allowance to carry out school's audit work including site reviews and/or thematic review to be based on an assessment of risk (two schools).	Priority two - Benefitting from good education, quality jobs and a growing economy	SR03B, SR09B

Other Assurance Work

Ref	Division	Title	Activity
	Council Wide	Grant Validations	Allowance to conduct independent checks of grant expenditure as per award conditions.
	Council Wide	FIT Plan Validation	Allowance to conduct independent validation of evidence for completion of FIT Plan objectives.

Follow Up Work

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

Advisory Work

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

Summary

Appendix 1

Ref	Area of Work	Resource Days	Timescale
	Corporate Objective / Risk Assurance Work		Q3-Q4
	Other Assurance Work		Q3-Q4
	Follow up Work		Q3-Q4
	Advisory Work		Q3-Q4

6. Monitoring & review

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

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

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

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

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