INTERNAL AUDIT PROGRESS REPORT
GOVERNANCE AND AUDIT COMMITTEE
28 January 2026

The engagements included were conducted in conformance with the Global Internal Audit Standards and UK Public Sector Application Note

1. Introduction

The role of the Internal Audit function is to provide Members and Management with independent assurance that the control, risk and governance framework in place within the Council is effective and supports the Council in the achievement of its objectives. The work of the Internal Audit team should be targeted towards those areas within the Council that are most at risk of impacting on the Council's ability to achieve its objectives.

Upon completion of an audit, an assurance opinion is given on the effectiveness of the controls in place. The results of the entire programme of work are then summarised in an opinion in the Annual Internal Audit Report on the effectiveness of internal control within the organisation.

This activity report provides Members of the Governance and Audit Committee and Management with 10 summaries of work undertaken between September 2025 and January 2026.

2. Key Messages

- 10 audit summaries are included from ongoing and finalised work in the period reported. **Appendix A**
- 14 audits from the 2025-26 rolling Audit Plan are either in fieldwork, ongoing embedded assurance or reporting stage. **Appendix B**
- 16 audits either in planning or on hold. **Appendix B**
- **Section 4** of the report details the amendments to the Rolling Internal Audit Plan with the inclusion of 4 new audits relating to the Oracle Cloud Programme.
- The Team has to date, audited and certified 13 government grants. **Appendix C**.
- Implementation of management actions is broadly comparable to the previous period at 64% versus 62% previously further details can be found within section 6 of the report.

3. Resources

In accordance with the Global Internal Audit Standards, Members need to be appraised of relevant matters relating to the resourcing of the Internal Audit function. The key updates are as follows:

- There is one vacancy within the Internal Audit Team.
  - The Head of Internal Audit and Counter Fraud Service left the service at the beginning of September 2025 – interim arrangements are in place; an interim Head of Internal Audit and an Interim Head of Counter Fraud have been internally resourced until a recruitment exercise is undertaken to fill the post permanently.
- A Data Analyst has been recruited into the Internal Audit Team to enhance the use of Data Analytics and continuous auditing within the service.
- An additional Principal Auditor has been recruited into the service to support delivery.

- Audit Management software development and enhancements to Internal Audit processes are ongoing.
- There is adequate technology available to support the completion of the Rolling Internal Audit Plan including data analytics tools such as PowerBi.
- The use of Artificial Intelligence is actively being explored to create efficiencies and enhance delivery.

4. 2025-26 Internal Audit Plan

The Rolling Internal Audit Plan has commenced later than typical audit years due to delay in taking the Internal Audit Plan to Governance and Audit committee for approval and, with the work required to be undertaken with the External Quality Assessment. Therefore the Rolling Internal Audit Plan is slightly behind with delivery however; sufficient coverage will be completed to provide an Annual Audit Opinion.

The Interim Head of Internal Audit has reviewed the current coverage of the Internal Audit Plan and identified revisions to the plan to support the organisation with its assurance needs relating to phase 2 of the Oracle Cloud Programme.

Discussions highlighted the following 4 additional audits for inclusion within the current Rolling Internal Audit Plan:

- Oracle Cloud Programme – Resources
- Oracle Cloud Programme – Security of Data Migration
- Oracle Cloud Programme – Communication
- Oracle Cloud Programme – Readiness for the New Payroll System

Based on the inclusion and reprioritisation of the above audits, it is proposed that the following 5 audits are deferred and re-assessed as part of preparing the 2026-27 Rolling Audit Plan:

- Economic Strategy
- New Contact Centre Contract
- Managers – People Management Responsibilities (Objective Setting and Performance Management)
- Education Health Care Plan (EHCP) Outcomes
- Recommissioning of TEP - Transition of Early years service back to KCC

The above audits were selected due to the level of risk, work of other assurance providers or delays in recommissioning arrangements.

Table 2 – Summary of Audits by Committee Meeting

	Governance & Audit Committee – 28 January 2026		
No	**Audit**	**Opinion**	**Prospects for Improvement**
3	RB33-2026 – Health and Safety – Risk Profiling App	Substantial	Very Good
4	RB31-2025 - Unaccompanied Asylum-Seeking Children (UASC) Reception Centres and Registered Children's Homes	Substantial	Very Good
5	ICT01-2026 – Backups *EXEMPT*	Substantial	Very Good
6	RB36-2026 – Property Disposals	Substantial	Good
7	RB41-2026 – Utility Works on Kent Network – Process and Alignment of Utility Works	Adequate	Good
8	RB14-2026 – ASCH Information Governance	Substantial	Very Good
9	RB18-2025 – KCC Governance Improvement Plan*	Substantial	TBC

|	**Embedded Assurance Updates**		
	Audit	**Opinion**	**Prospects for Improvement**
10	RB05-2026 – Oracle Cloud Programme – Embedded Assurance *EXEMPT*	Embedded Assurance	N/A
11	RB40-2026 – Highways Term Maintenance Contract – Embedded Assurance	Embedded Assurance	N/A
12	RB56-2026 – Public Health Service Transformation Programme	Embedded Assurance	N/A

With each Progress report, Internal Audit turns the spotlight on the audit reviews, providing the Governance and Audit Committee with a summary of the objectives of the review, the key findings, conclusions and issues; thereby giving the Committee the opportunity to explore the areas further, should it wish to do so. This report also provides an update on the work completed between September 2025 and January 2026 which 10 audit summaries are provided at **Appendix A** covering completed work and updates on ongoing embedded assurance activity.

*RB18-2025 – KCC Governance Improvement Plan was included in the 2024-25 Internal Audit Annual Opinion and therefore not included in the assurance levels for 2025-26.

2025-26 Audit Assurance Levels and Prospects for Improvement of Audits

Assurance Levels 2025-26

17%

83%

Assurance Level	No	%
High	0	0%
Substantial	5	83%
Adequate	1	17%
Limited	0	0%
No	0	0%

Prospects for Improvement	No	%
Very Good	4	66%
Good	2	34%
Adequate	0	0%
Uncertain	0	0%
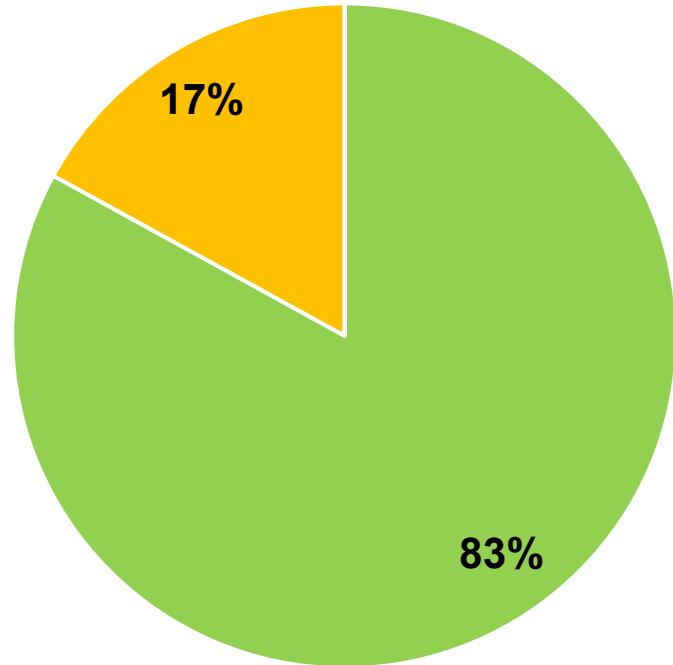
High	Substantial	Adequate	Limited	No Assurance

*RB18-2025 – KCC Governance Improvement Plan was included in the 2024-25 Internal Audit Annual Opinion and therefore not included in the assurance levels for 2025-26.

5. Grant Certification Work

Internal Audit's work on grant certification provides an essential service for the Council. Although it is not audit opinion work, the Audit team's schedule of grant certifications is an ongoing commitment of Internal Audit resources which requires adherence to strict timescales for the certification of claims submitted.

Grant work is also completed by the Internal Audit team in respect of validating expenditure of various UK Government Grants awarded for activities such as Public Health, Highways, Environment, Travel Demand Management and Bus Service Operators Grant. In 2025-26, the Team has to date, audited and certified 13 government grants with a value of **£76,135,002.**

Details of all certifications for 2025-26 can be seen at **Appendix C**.

6. Issue Implementation

Details of the current position on the 'Implementation of Agreed Management Actions' is set out at **Appendix D**. This section of the report details the current position on the 'Implementation of Agreed Management Actions'. There were 96 management actions due for implementation for the current period.

Implementation rates are broadly comparable to July 2025 (62% Implementation) to the current period 64%. Therefore, there is a maintained level of implementation which is positive and particularly due to the volume of issues followed up for January as this is significantly higher than that of the last period (96 issues vs 37 issues previously).

For 96% of actions that have been determined as "in progress" Internal Audit found that reasonable progress had been made to address the management action with only partial actions remaining to fully implemented these. For the 4% (relating to 1 management action) implementation the rationale for delay is reasonable.

The status of implementation agreed actions is summarised below:

Summary of Issue Implementation

	Total Number due for Implementation		Implemented		In Progress		Not Implemented		Superseded	
	High	**Medium**	**High**	**Medium**	**High**	**Medium**	**High**	**Medium**	**High**	**Medium**
Total	41	55	24	37	13	14	0	0	4	4
Total %			59%	67%	32%	24%	0%	2%	9%	7%
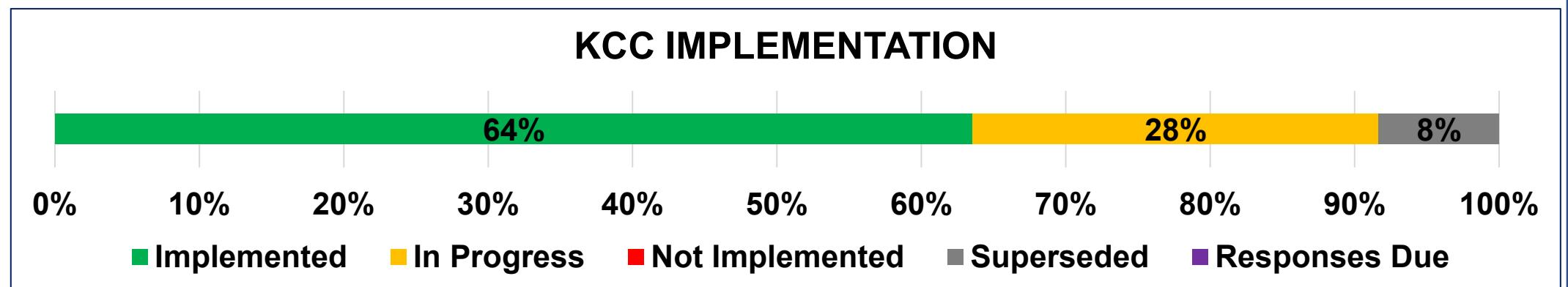
KCC IMPLEMENTATION

64% 28% 8%

0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

■ Implemented ■ In Progress ■ Not Implemented ■ Superseded ■ Responses Due

Progress on issues for the period found that 26 issues remain "in progress". Of which 1 High and 1 medium priority are longstanding issues which have remained open past their original implementation date for over 3 years and updates and revised implementation dates are detailed below.

Age Profile of 'In Progress' Actions

| | 3+ Years | 2-3 Years | 1-2 years | Less than a year |

(Bar chart values: 2, 2, 3, 19)
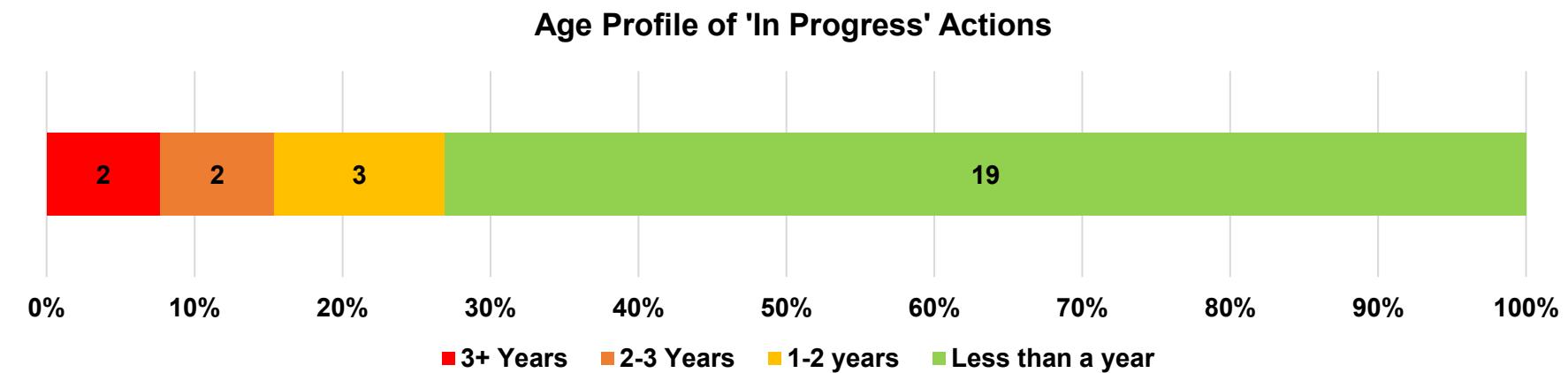
Ref	Audit	Priority	Original Date	Revised Date
CA03-2021	Records Management Issue 2 - The Information Asset Register is overdue for review	**High**	28/02/2022	Ongoing
CA03-2021	Records Management Issue 4 - Services may retain paper records beyond their statutory timescale	**Medium**	31/05/2022	Ongoing
Update - *A discussion paper is to be brought to CMT in January 2026 which will lead to the implementation of the long-standing issues*.				

Directorate	Age	Due for Implementation		Implemented		In Progress		Not Implemented		Superseded	
		High	Medium	High	Medium	High	Medium	High	Medium	High	Medium
ASCH	3+ Years	0	0	0	0	0	0	0	0	0	0
	2-3 Years	1	1	0	0	1	1	0	0	0	0
	1-2 years	2	0	1	0	1	0	0	0	0	0
	Less than a year	6	2	1	0	5	2	0	0	0	0
CYPE	3+ Years	0	0	0	0	0	0	0	0	0	0
	2-3 Years	0	0	0	0	0	0	0	0	0	0
	1-2 years	1	0	1	0	0	0	0	0	0	0
	Less than a year	4	4	2	3	2	1	0	0	0	0
CED	3+ Years	1	0	1	0	0	0	0	0	0	0
	2-3 Years	1	1	1	1	0	0	0	0	0	0
	1-2 years	0	4	0	2	0	1	0	0	0	1
	Less than a year	10	13	10	13	0	0	0	0	0	0
DCED	3+ Years	0	0	0	0	0	0	0	0	0	0
	2-3 Years	0	0	0	0	0	0	0	0	0	0
	1-2 years	2	6	2	5	0	0	0	0	0	1
	Less than a year	8	16	5	10	2	6	0	0	1	0
GET	3+ Years	0	0	0	0	0	0	0	0	0	0
	2-3 Years	2	0	0	0	0	0	0	0	2	0
	1-2 years	1	3	0	3	1	0	0	0	0	0
	Less than a year	1	2	0	0	0	0	0	0	1	2
CMT	3+ Years	1	1	0	0	1	1	0	0	0	0
	2-3 Years	0	0	0	0	0	0	0	0	0	0
	1-2 years	0	0	0	0	0	0	0	0	0	0
	Less than a year	0	2	0	0	0	2	0	0	0	0
Total		41	55	24	37	13	14	0	0	4	4

ASCH IMPLEMENTATION

17% Implemented, 83% In Progress

Legend: ■ Implemented ■ In Progress ■ Not Implemented ■ Superseded ■ Responses Due

CYPE IMPLEMENTATION

67% Implemented, 33% In Progress

Legend: ■ Implemented ■ In Progress ■ Not Implemented ■ Superseded ■ Responses Due

CED IMPLEMENTATION

93% Implemented, 3%, 3%

Legend: ■ Implemented ■ In Progress ■ Not Implemented ■ Superseded ■ Responses Due

DCED IMPLEMENTATION

69% Implemented, 25% In Progress, 6% Superseded

Legend: ■ Implemented ■ In Progress ■ Not Implemented ■ Superseded ■ Responses Due

GET IMPLEMENTATION

33% Implemented, 11% In Progress, 56% Superseded

Legend: ■ Implemented ■ In Progress ■ Not Implemented ■ Superseded ■ Responses Due

CMT IMPLEMENTATION

100% In Progress

Legend: ■ Implemented ■ In Progress ■ Not Implemented ■ Superseded ■ Responses Due

Appendix A - Summaries

3. RB33-2025 – Health & Safety – Risk Profiling App

Audit Objective	As part of the 2025/26 Internal Audit Plan, it was agreed that Internal Audit would review the effectiveness of the health and safety Risk Profiling Application. This review included an analysis of the utilisation of the Risk Profiling App across directorates, highlighting key differences in usage and evaluation of the risk profiles within the application. Further to this, data validation and evidence of mitigation actions were reviewed.

Audit Scope and Scope Limitations

Areas Covered	
Use of Risk Profiling App	
Training & Awareness	
Monitoring & Reporting	
Risk Profiling App Implementation	
Scope Limitations	None

Audit Opinion	Prospects for Improvement
Substantial	Very Good

Actions	Number	Agreed	Risk Accepted
High	0	0	0
Medium	1	1	0
Low	2	2	0

Key Strengths

Use of Risk Profiling App	✓ The Risk Profiling App is being utilised with 2674 risk profiles created, with 93% up to date with a review completed in the past 12 months, however there is variation in use between directorates ✓ Directorates have continued to produce new risk profiles where necessary across financial years since 2023/24.
Training & Awareness	✓ E-Learning has been created on risk assessments to address and identified gaps in learning and development. ✓ Templates and guidance for accurately utilising the Risk Profiling Application have been created by Health and Safety, and these have been communicated to management via multiple channels.
Monitoring & Reporting	✓ There are automated reminders to managers in directorates regarding updating risk profiles following 12 months. ✓ Reporting and Monitoring is completed to the HS Group and HS Committee and Annual Report, however only HS Group has been confirmed and documented due to audit timings.
Risk Profiling App Implementation	✓ The design of the Risk Profile Application was completed utilising prioritisation methods to determine key aspects of the project in collaboration with the Centre of Excellence, these have been confirmed as present within the application.

Areas For Development

Low	**Issue 1 – Underutilisation of the Risk Profiling Application** • Overall, CED and DCED have significantly lower risk profiles created on the risk profiling app, only contributing 4% for CED and 7% for DCED towards overall risk profiles. Further to this DCED have 66% of their profiles overdue for review which highlights underutilisation of the application.
Medium	**Issue 2 – Mandatory Training** • Training on Risk Assessment available on Delta has only been completed by 32 officers so far for 24/25 and there is currently no mandatory training requirement for management regarding risk assessment
Low	**Issue 3 – Risk Profiling Application Reporting** • Reporting procedures are new and therefore only one example of evidence can be provided. There are considerations for future reporting to be considered

4. RB31-2025 – Unaccompanied Asylum-Seeking Children (UASC) Reception Centres and Registered Children's Homes

Audit Objective

The audit aimed to provide assurance that:
- KCC has effective governance and operational controls to manage UASC care provision risks.
- The service complies with statutory requirements and Ofsted registration standards.
- Emergency and contingency planning is robust and responsive to changing demand.

Audit Scope and Scope Limitations

Areas Covered	
Capacity Constraints	
Workforce Instability	
Reputational Risk	
Financial Mismanagement	
Safeguarding Vulnerabilities	
Scope Limitations	None

Audit Opinion	Prospects for Improvement
Substantial	Very Good

Actions	Number	Agreed	Risk Accepted
High	0	0	0
Medium	1	1	0
Low	0	0	0

Key Strengths

Capacity Constraints	✓ Clear alignment with statutory duties and Ofsted registration. ✓ Strong safeguarding and incident escalation processes. ✓ Positive feedback from young people and professionals. ✓ Structured Independent Living Programme supporting resettlement.
Workforce Instability	✓ Clear staffing structure and role distribution across centres. ✓ Comprehensive induction and training programme aligned to UASC needs. ✓ Strong compliance with mandatory and specialist training.
Reputational Risk	✓ High volume of media enquiries handled with consistent messaging ✓ Clear escalation and approval protocols for public statements ✓ Structured stakeholder engagement with published minutes
Financial Mismanagement	✓ Multi-layered financial controls across cash, cards, and procurement – sampling reviewed to validate compliance. ✓ Competitive recruitment with documented evaluation. ✓ Structured capital planning and cost tracking.
Safeguarding Vulnerabilities	✓ Live risk registers and structured risk matrices used to assess threats. ✓ Multi-agency engagement (Prevent, Kent Police, Channel Panel).

Areas For Development

Medium	**Issue 1 – Declaration of interests** While declarations are monitored, compliance is inconsistent, especially for agency staff. The service is working with Human Resources (HR) to improve reporting and centralised record keeping.

6. RB36-2026 – Property Disposals

Audit Objective
The aim of the audit was to assess the adequacy and effectiveness of the property disposals process. In forming our conclusions, the sale of 10 properties within the last year (ranging from £190k to £6m) were assessed against the requirements of the Council's constitution and property disposal policy.

Audit Opinion
Audit Opinion	Prospects for Improvement
Substantial	Good

Actions	Number	Agreed	Risk Accepted
High	0	0	0
Medium	1	1	0
Low	1	1	0

Audit Scope and Scope Limitations

Areas Covered	
Disposal Process	
Authorisation	
Capital Receipts	
Scope Limitations	None

Key Strengths

Disposal Process	✓ Independent pre-disposal valuations are carried out to determine open market value and help ensure the Council achieves best value. ✓ Properties are advertised on the open market to support transparency and ensure that the Council gets maximum value.
Authorisation	✓ The minimum reserve price is agreed by the delegated authority before auction to prevent artificially low offers. ✓ Progress on the property disposal programme is regularly reported to the Deputy Leader for scrutiny and challenge on behalf of Members. ✓ Two property disposals fetching in excess of £1m unexpectedly at auction were reported to elected members retrospectively.
Capital Receipts	✓ The capital receipts target for 2025/26 from property disposals is on track to be achieved, up to £20.5m is expected, compared to the target of £16 million. ✓ Proceeds from all disposals in the sample were fully recorded in the Council's financial management system.

Areas For Development

Low	**Issue 1 – Outdated Valuation Reports** Valuation reports used for decision-making were outdated, on average, 330 days old.
Medium	**Issue 2 – Post Completion Tasks** Post-completion tasks to remove 6 out of 10 disposals from ongoing asset management obligations were not consistently completed.

7. RB41-2026 – Utility Works on Kent Network – Process and Alignment of Utility Works

Audit Objective	The aim of the audit was to provide assurance on the adequacy and effectiveness of the controls in place to mitigate the risks relating to an *"increased volume of utility works taking place on the Kent network and backlog of works, and an increased work stack across all works promoters, including developers, utilities, and H&T's own work action"*.

Audit Opinion	Prospects for Improvement	Actions	Number	Agreed	Risk Accepted
Adequate	Good	**High**	1	1	0
		Medium	1	1	0
		Low	2	2	0

Key Strengths

Coordinate and prioritise permits and planned works	✓ There was a comprehensive Power BI dashboard, maintained by the Street Works Data Team, for monitoring key metrics, including the number of permits processed according to statutory timeframes. ✓ In the 2-month period September 2025–October 2025, 4 applications of 18,853 were considered "deemed" (elapsed), i.e. 0.02%. This represents that 99.98% of applications were responded to on time. ✓ Permit applications, decisions, and changes were recorded in Street Manager for transparency and coordination.
Capacity and capability	✓ Coordinators and inspectors receive accredited street works qualifications.
Complaints	✓ Complaints handling was largely effective, with an agreed 20-day Service Level Agreement between Marketing and Resident Experience (MRX) and H&T to process complaints on time, though H&T were currently slightly under target (average issue closure of 80% compared to a target of 85% for September 2025 – October 2025). ✓ MRX send performance statistics to H&T regarding complaints handling and these were used by Street Works Managers to track complaints performance. ✓ Contact details for permit queries and complaints were readily accessible via Kent County Council's (KCC) website.

Audit Scope and Scope Limitations

Areas Covered	
Coordinate and prioritise permits and planned works	
Capacity and capability	
Complaints	
Scope Limitations	None

Areas For Development

High	**Issue 1 – Kent Permit Scheme Requires Review** KCC last conducted a review of the Kent Permit Scheme in 2021, but under Regulation 16A of The Traffic Management Permit Scheme (England) Regulations 2007, authorities must evaluate their permit scheme every three years; having not had a review for 4 years, KCC risks breaching this regulation.
Medium	***Issue 2 – Training Monitoring Gaps*** There was no formal mechanism to track who holds Street Works Qualifications Register (SWQR) cards and when these require renewal. The training status of 19 of 50 staff is unknown; of the remaining staff, there were 16 members of staff whose qualifications expired over 6 months ago.
Low	**Issue 3 - Fixed Penalty Notices not actioned within 91 calendar days** There were 2 proposed fines in the Mayrise system relating to breach of permit conditions (Regulation 20) that had not been actioned in over 91 days. These fines would now be outside of the prescribed window and would be unenforceable
Low	***Issue 4 – Complaints Monitoring Gaps*** 2 of 4 Street Works Managers were not receiving the complaints performance data (Street Works East and Street Works West Central), and for Street Works West Central, complaints were being sent to an individual member of staff rather than the shared team mailbox, meaning that complaints might get missed.

8. RB14-2026 – ASCH Information Governance (Draft)

Audit Objective

The audit objective was to confirm that existing controls were appropriately designed and operating as intended. Conclusions were based on compliance with internal policies and procedures, including the KCC Information Governance (IG) Policy and Framework.

Audit Opinion	Prospects for Improvement
Substantial	Very Good

Actions	Number	Agreed	Risk Accepted
High	0	0	0
Medium	2		
Low	0	0	0

Key Strengths

Freedom of Information	✓ Strong governance oversight through the Governance & Audit Committee, which reviews quarterly FOI compliance reports, challenges exceptions, and ensures accountability for statutory performance. ✓ Sample testing requests met statutory deadlines; exemptions correctly applied.
Training & Support	✓ Mandatory training policy and guidance in place; resources accessible via Delta and KNet. ✓ Escalation routes documented; IG Leads and Data Protection Officer (DPO) oversight. ✓ Compliance consistently meets the 95% benchmark across ASCH, supported by accurate Delta reporting and governance monitoring.
Subject Access Requests	✓ Procedures documented, current, and version controlled. ✓ Identity verification and redaction steps clearly defined.
Privacy Notices	✓ Privacy Notices were compliant with GDPR/DPA, accessible, and version controlled. ✓ Roles for drafting, review, and publication were clearly defined
Provider Contracts	✓ Contracts include IG clauses, breach notification requirements (providers must immediately notify KCC of any data loss or breach), GDPR obligations, and provisions requiring providers to cooperate with KCC in completing and updating DPIAs, alongside audit rights for compliance checks.

Audit Scope and Scope Limitations

Areas Covered

- Freedom of Information
- Training & Support
- Subject Access Requests
- Privacy Notices
- Provider Contracts

Scope Limitations	None

Areas For Development

Medium	**Issue 1 – Insufficient timeliness of SAR responses** Although SAR procedures were robust and extensions were documented, timeliness performance was low, with only 52% of SARs completed within statutory time limits, 29% completed late, and 6% still overdue. This increases the risk that compliance failures may persist and affect service users.
Medium	*Issue 2 - **Insufficient ongoing assurance over third party provider compliance*** Although provider contracts include IG clauses and breach notification requirements, ongoing compliance monitoring was limited to annual self-assessment questionnaires and ad-hoc DPIA updates. There was no documented, structured process for periodic IG compliance or assurance reviews within contract management, increasing the risk that non-compliance may go undetected.

9. RB18-2025 – KCC Governance Improvement Plan

Audit Objective	As part of the 2024/25 Audit Plan, it was agreed that Internal Audit would undertake a review of progress against the Council's governance improvement action plan. Internal Audit held discussions with key members of staff and examined supporting documentation to determine whether the agreed governance improvement actions have been implemented.

Audit Opinion	Prospects for Improvement	Actions	Number	Agreed	Risk Accepted
		High	0	0	0
Adequate	Good	**Medium**	2	2	0
		Low	0	0	0

Key Strengths

Governance improvement actions - Progress updates for scrutiny and challenge, and assurance.	✓ GRIP is also available on the Governance and Audit Committee's Microsoft Teams site, allowing Members to monitor progress throughout the year. ✓ Governance Recommendations Improvement Plan (GRIP) is in place to track and monitor findings or recommendations arising from governance reviews. ✓ Members, through the Governance and Audit Committee, receive at least an annual progress update, providing an opportunity to scrutinise, challenge, and gain assurance on improvements to governance issues.
Governance improvement actions - Sufficient and appropriate evidence.	✓ Sufficient and appropriate evidence is retained to support the completion of each governance improvement action. ✓ The majority of findings and recommendations from the three governance reviews within the scope of this audit have been implemented.

Audit Scope and Scope Limitations

Areas Covered

Governance improvement actions - Assigned owners, defined success criteria, and target completion dates.

Governance improvement actions - Progress updates for scrutiny and challenge, and assurance.

Governance improvement actions - Timescales and/or priorities.

Governance improvement actions - Sufficient and appropriate evidence.

Scope Limitations	None

Areas For Development

Medium	***Issue 1 – Ownership and Accountability*** The Governance Recommendations Improvement Plan (GRIP) lacks action owners, deadlines, and predefined measure of success.
Medium	**Issue 2 - Action Implementation - Medium** 6 out of the 25 governance issues requiring action have not been fully addressed.

11. RB40-2026 – Highways Term Maintenance Contract Embedded Assurance

Introduction

The aim of the Highways Term Maintenance contract (HTMC) project was to ensure KCC procured a new HTMC which was fit for purpose, held the latest industry specifications, offered value for money and was innovative. The options analysis of delivery models helped to achieve this.

Internal Audit provide ongoing embedded assurance with the objective to provide an independent opinion on the adequacy and effectiveness of the governance and risk management of the project.

In line with our agile audit approach to provide timely assurance Internal Audit have provided a formal update to senior management in November 2025 and this will be reported through to Governance and Audit Committee in January 2026. The status update and Internal Audit key observations are summarised below:

Procurement Status:
- Final stage completed; letters issued to three contractors on **7th November 2025**.
- **Ringway Infrastructure Services** was identified as preferred bidder.
- **Standstill period** ended **18th November**; no legal challenges received so contract has been signed.
- Mobilisation period has now started and contract go-live **1st May 2026**.

Mobilisation Status
- Governance log and risk register has been compiled; workstream leads have been identified for demobilisation and mobilisation.
- Office space secured at **Worrell House, Kings Hill** for co-location with Ringway.
- A Project Initiation Document (PID) for mobilisation in progress; HTMC Programme Board will continue with updated Terms of Reference.
- Service Performance Measures to be discussed with **Ringway Infrastructure Services.**
- The newly constructed mobilisation risk register **could be improved** by ensuring it is fully complete, risk status is captured, risk descriptions improved, and more focused actions or controls captured.

Governance Assurance
- The Project Development Report contains all the details of the commissioning process over the last 2+ years and demonstrates due process through the whole commissioning cycle.
- There were suitable internal governance arrangements in place for the procurement phase of the HTMC.
- Governance and confidentiality were maintained throughout (delegated authority, declarations signed).
- There were clear programme roles and responsibilities.
- Timely reporting arrangements in place to support decision making.
- Good engagement, support and challenge at Programme Board Meetings was observed. For example, in October 2025 good use of internal legal expertise to help navigate the communication and contract award phase.
- Risk register was used effectively and was regularly monitored.

Financial Position:
- Original budget: **£1.2m over three years for Project Management support**. Total spend to date: **£1.8m**, including consultancy, legal, QS, and project management costs. The adjusted budget of £1.8m was due to an underestimation of commissioning support required to support the project.
- Approx. **50 staff** contributed; **4 seconded full-time**. Large-scale procurement required approximately **28 months** and significant internal/external support.
- Actual costs covered by Highways budget across service areas (legal, procurement, infrastructure, depot leases).

12. Public Health Service Transformation Programme

Introduction

Kent County Council (KCC) Public Health is leading a Public Health Services Transformation Programme (PHSTP) to improve service delivery to communities, particularly targeting underserved communities. The transformation work aims to ensure that new service models are efficient, evidence-based and deliver Public Health outcomes for best value.

It was subsequently agreed that Internal Audit would continue to provide advice as the PHSTP progressed. An advisory, embedded assurance approach was agreed with a focus on a selection of specific projects being recommissioned within the PHSTP. The projects reviewed were selected by the Public Health Service and were:

- Sexual Health;
- Therapeutic Support Services; and
- NHS Health Checks.

These were selected as they were procured through different routes: Direct award, open procurement, and in-sourcing, respectively.

It was agreed that Internal Audit would initially review three areas; Cost management, project resources, and time management. In the course of completing fieldwork, it was identified that the suggested scope area for cost management was not yet applicable to these services which were in the process of being recommissioned, and as such the review looked more broadly at the financial considerations being taken during the recommissioning of the given services.

Scope Limitations

To avoid duplication with RB15-2025 Public Health service Transformation, Internal Audit has focused its review on activity since the initial report was published.

Conclusion

Internal Audit reviewed time management, resource allocation and financial oversight across the three commissioning projects: Sexual Health Services, CYP Therapeutic Support and NHS Health Checks.

Overall, the audit found that projects are being delivered effectively, with no evidence of significant missed milestones or negative outcomes. Roles and responsibilities were generally well understood, escalation routes were clear, and budgets had been verified by the Strategic Financial Advisor and incorporated into future planning.

While approaches varied slightly between teams—reflecting their small size and resource constraints—these differences did not adversely affect delivery. There are, however, opportunities to strengthen consistency and resilience through proportionate improvements, such as ensuring project plans are regularly refreshed, and embedding key financial risks into RAID logs. These enhancements will provide greater assurance, improve visibility for governance bodies and help teams manage future workload peaks without introducing unnecessary administrative burden.

Appendix B – 2025-26 Rolling Internal Audit Plan Status

No	Ref	Audit	Status	Assurance	Prospects for Improvement	Committee
	RB01-2026	Fulfilling Best Value Statutory Duty	Planning			
	RB02-2026	Future Operating Environment – Local Government Reorganisation Implementation	Ongoing			
	RB03-2026	New Contact Centre Contract	Deferred			
	RB04-2026	Ongoing Review of Identified Actions	Ongoing	Follow-up	N/A	January 2026 GAC
10	RB05-2026	Oracle Cloud Programme - Embedded Assurance	Ongoing	Embedded Assurance	N/A	January 2026 GAC
1	RB06-2026	Oracle Cloud Programme - Programme Management – Follow up	Complete	Follow-up	N/A	September 2025 GAC
	RB07-2026	Payment Card Industry Data Security Standards (PCI DSS) Follow up	Not Started			
	RB08-2026	Annual Governance Statement – Directorate Action Plans	Not Started			
	RB09-2026	Contract Management & Monitoring	Not Started			
	RB10-2026	Achievement of Savings ASCH – Securing Kents Future	Draft Report			
	RB11-2026	Adult Social Care Debt Recovery	Planning			
	RB12-2026	Commissioning and Transformation – Embedded Assurance	Ongoing			
	RB13-2026	Direct Payments including Follow up	Fieldwork			
8	RB14-2026	Information Governance - ASCH	Draft Report	Substantial	Very Good	January 2026 GAC
	RB15-2026	ASCH Contract Management and Future Planning of Contracts	Planning			
	RB16-2026	MOSAIC Pay Portal	Planning			
	RB17-2026	Safeguarding – Protecting adults at risk	On Hold			
	RB18-2026	ASCH Provider Management	Not Started			
	RB19-2026	Public Substance Misuse Health Campaigns	Not Started			
	RB20-2026	Budget Management	Not Started			
	RB21-2026	Post-Implementation Review of Commissioning	Not Started			
	RB22-2026	Personal Data - Invicta Law (combined with GCSG)	Planning			

No	Ref	Audit	Status	Assurance	Prospects for Improvement	Committee
	RB23-2026	Core Financial Controls	Planning			
	RB24-2026	No Purchase Order No Pay	Ongoing			
	RB25-2026	Process review of SEND Payments	Planning			
	RB26-2026	Recommissioning of TEP - Transition of Early years service back to KCC	Removed			
	RB27-2026	CYPE Assurance Map	Planning			
	RB28-2026	Education Health Care Plan (EHCP) Outcomes	Deferred			
	RB29-2026	All Pay (Replacement of Kent Card) - Card Payments	Planning			
	RB30-2026	Essential Living Allowances - Follow-up	Fieldwork			
	RB31-2026	Elective Home Education	Fieldwork			
	RB32-2026	Business Continuity Planning	Planning			
3	RB33-2026	Health and Safety	Complete	Substantial	Very Good	January 2026 GAC
	RB34-2026	Managers - People Management Responsibilities (Objective Setting and Performance Management)	Deferred			
	RB35-2026	Restructures	Planning			
6	RB36-2026	Property Disposals	Complete	Substantial	Good	January 2026 GAC
	RB37-2026	Economic Strategy	Deferred			
	RB38-2026	Emissions Trading Scheme	Fieldwork			
2	RB39-2026	Helping Hands Follow up	Complete	Follow-up	N/A	September 2025 GAC
11	RB40-2026	Highways Term Maintenance Contract – Embedded Assurance	Ongoing	Embedded Assurance	N/A	January 2026 GAC
7	RB41-2026	Utility Works on Kent Network – Process and Alignment of Utility Works	Complete	Adequate	Good	January 2026 GAC
	RB42-2026	Commercial & Procurement Oversight Board (CPOB)	Ongoing			
5	ICT01-2026	Backups	Complete	Substantial	Good	January 2026 GAC
	ICT02-2026	Legacy IT Works	Not Started			
	ICT03-2026	Cyber Security Topical Requirements	Planning			
	ICT04-2026	Laptops – Asset Management	Fieldwork			

No	Ref	Audit	Status	Assurance	Prospects for Improvement	Committee
	RB43-2026	Oracle Cloud Programme – Resources	Not Started			
	RB45-2026	Oracle Cloud Programme – Communication & Training	Planning			
	RB44-2026	Oracle Cloud Programme – Security of Data Migration	Planning			
	RB46-2026	Oracle Cloud Programme - Readiness for the New Payroll System	Planning			
12	RB56-2026	Public Health Service Transformation Programme	Complete	Embedded Assurance	N/A	January 2026 GAC
4	RB31-2025	Unaccompanied Asylum-Seeking Children (UASC) Reception Centres and Registered Children's Homes	Complete	Substantial	Very Good	January 2026 GAC

Appendix C – Grant Certification

Grant Type	Description	Amount	Current Status
Department for Transport	Bus Service Operators Grant (BSOG) - Annual grant to support local bus services (reported previously)	£1,100,000	Complete
Department for Transport	Integrated Transport & Maintenance Block (reported previously)	£47,000,000	Complete
Department for Transport	Local Transport Block Funding - Pothole Fund (reported previously)	£4,300,000	Complete
Department for Transport	Bus Service Operator Grant for Walmer in Dover	£2,000,000	Complete
Sport England	Sport England 23-24	£900,000	Complete
Department of Health	Supplementary Substance Misuse Treatment & Recovery (SSMTRG) 24-25 (mid-year & end of year review)	£2,200,000	Complete
Department of Health	SSMTR - Housing Support Fund 24-25 (mid-year & end of year review)	£809,000	Complete
Department for Health	Inpatient Detoxification Treatment (IPD) 24-25 (mid-year and end of year review)	£814,000	Complete
Department of Health	Individual Placement Support (IPS) 24-25 (mid-year and end of year review)	£257,000	Complete
Department of Health	Rough Sleeping Drug & Alcohol Treatment 24-25(mid-year and end of year review)	£586,000	Complete
Department for Transport	Core Growth Hub - Midyear review	£200,000	Complete
Department for Transport	Local Transport Capital Funding - PotHole Fund	£15,137,000	Complete
Department for Culture Media & Sport	Sport England Grant	£832,002	Complete
Total		**£76,135,002**	

Appendix D - Definitions

Audit Opinion

High

Internal control, Governance and the management of risk are at a high standard. The arrangements to secure governance, risk management and internal controls are extremely well designed and applied effectively.

Processes are robust and well-established. There is a sound system of control operating effectively and consistently applied to achieve service/system objectives.

There are examples of best practice. No significant weaknesses have been identified.

Limited

Internal Control, Governance and the management of risk are inadequate and result in an unacceptable level of residual risk. Effective controls are not in place to meet all the system/service objectives and/or controls are not being consistently applied.

Certain weaknesses require immediate management attention as there is a high risk that objectives are not achieved.

Substantial

Internal Control, Governance and management of risk are sound overall. The arrangements to secure governance, risk management and internal controls are largely suitably designed and applied effectively.

Whilst there is a largely sound system of controls there are few matters requiring attention. These do not have a significant impact on residual risk exposure but need to be addressed within a reasonable timescale.

No Assurance

Internal Control, Governance and management of risk is poor. For many risk areas there are significant gaps in the procedures and controls. Due to the absence of effective controls and procedures no reliance can be placed on their operation.

Immediate action is required to address the whole control framework before serious issues are realised in this area with high impact on residual risk exposure until resolved

Adequate

Internal control, Governance and management of risk is adequate overall however, there were areas of concern identified where elements of residual risk or weakness with some of the controls may put some of the system objectives at risk.

There are some significant matters that require management attention with moderate impact on residual risk exposure until resolved.

Prospects for Improvement

Very Good	There are strong building blocks in place for future improvement with clear leadership, direction of travel and capacity. External factors, where relevant, support achievement of objectives.
Good	There are satisfactory building blocks in place for future improvement with reasonable leadership, direction of travel and capacity in place. External factors, where relevant, do not impede achievement of objectives.
Adequate	Building blocks for future improvement could be enhanced, with areas for improvement identified in leadership, direction of travel and/or capacity. External factors, where relevant, may not support achievement of objectives
Uncertain	Building blocks for future improvement are unclear, with concerns identified during the audit around leadership, direction of travel and/or capacity. External factors, where relevant, impede achievement of objectives.

Issue Risk Ratings

High	There is a gap in the control framework or a failure of existing internal controls that results in a significant risk that service or system objectives will not be achieved.
Medium	There are weaknesses in internal control arrangements which lead to a moderate risk of non-achievement of service or system objectives.
Low	There is scope to improve the quality and/or efficiency of the control framework, although the risk to overall service or system objectives is low.