



Internal Audit Progress Report

Governance and Audit Committee

3rd November 2026

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

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1. Introduction

The Accounts and Audit Regulations 2015 require that the council must establish an effective internal audit service to evaluate the effectiveness of its risk management, control, and governance processes, taking into account public sector internal auditing standards or guidance.

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 is targeted towards those areas within the Council that are most at risk of impacting on the Council's ability to achieve its objectives.

This report provides members of the Governance and Audit Committee with a progress update against the audit plan agreed in July 2026 and sets out how our work to date provides assurance to the Governance and Audit Committee to enable it to fulfil its role.

Upon completion of an audit, an assurance opinion is given on the effectiveness of the controls in place. The results of our audit and consultancy engagements will contribute towards an annual opinion on the effectiveness of internal control within the organisation and this will be reported to the Governance and Audit Committee in July 2027.

Internal Audit assurance work is largely driven by the approved rolling Internal Audit Plan. Audit assignments are undertaken in accordance with this plan.

Please see **Appendix B** for the latest status for all Planned Internal Audit work for 2026/27 as at October 2026.

2. Internal Audit Progress Update

The table below contains a list of core audit and assurance activity completed as October 2026.

Each completed assurance assignment includes its respective “assurance opinion” rating together with a judgement on prospects for improvement based on the adequacy of management actions plans provided by senior management. The assurance opinion ratings have been determined in accordance with the Internal Audit “Audit Framework Definitions” as detailed on Annex D.

Core Audit and Assurance Activities completed between July 2026 and October 2026			
No	Audit	Assurance Opinion	Prospects for Improvement
RB12-2026	ASCH Re—commissioning Risk Management	Adequate	Good
RB44-2026	Oracle Cloud Programme (OCP) Phase 2 - Security of Data Migration	Adequate	Adequate
RB01-2027	Clarity System Assurance Checks and Data Quality	Limited	Adequate
RB18-2027	ASCH Achievement of Savings – Governance Follow-up	Adequate	Good

Internal Audit Advisory Activities completed between July 2026 and October 2026		
No	Advisory Activities	Status
RB02-2027	Early Years Funding - (mapping / consultancy)	Draft Report issued
RB26-2027	Risk Appetite implementation and Risk Reporting	Draft Management Letter issued
RB47-2026	OCP Lessons Learned	Draft Report issued

Further to these completions, eight audits are in Fieldwork, and eleven audits are in planning. A Rolling Audit Plan means that Internal Audit has some flexibility to prioritise internal audit activities towards areas of highest risk or value to the organisation. The pause to Local Government Reorganisation in Kent means that we continue with the approved plan and that this will be kept under review until such time that the Government releases more news on next steps and timelines.

Appendix A – Assurance Summaries

Audit: Re-commissioning Risk Management RB12-2026

Audit Opinion:
Adequate

**Prospects for
Improvement: Good**

Business Objective: To ensure that risks affecting ASCH re-commissioning and transformation activity are identified, assessed, managed, monitored and escalated effectively, enabling informed decision-making, delivery of strategic outcomes and the sustainable provision of high-quality adult social care services.

Audit Objective: As part of the 2025/2026 Audit Plan, Internal Audit undertook a review of risk management within the ASCH Commissioning and Transformation program. The aim of the audit was to provide assurance regarding the design and operational effectiveness of the risk management arrangements within the programme, focusing specifically on whether risk management arrangements are appropriately designed, consistently applied and sufficiently robust to support informed decision-making and successful programme delivery.

Issues Raised

Priority	Issues Raised	Agreed	Risk Accepted
High	1	1	0
Medium	1	1	0
Low	2	2	0

Summary of Assurance Work:

This audit was undertaken to support Corporate Risk CRR0066, which recognises the challenge of delivering efficiencies through the Adult Social Care and Health (ASCH) recommissioning programme while maintaining provider sustainability and ensuring pricing arrangements remain fair to providers and affordable to the Council.

- Risk management arrangements continue to mature. Governance, oversight and reporting have strengthened, supported by the introduction of the Risk Management Advisory Group (RMAG).
- RMAG provides independent challenge, structured oversight and clear escalation routes to senior governance forums, improving visibility of risk exposure across the programme.
- Project teams actively identify and manage risks. RMAG's involvement has improved risk descriptions, identification of existing controls and ownership of mitigating actions.
- The audit identified an issue with cross-project dependencies, interrelated risks and interaction with business-as-usual activities. Management have therefore committed to a more coordinated programme-wide approach to identifying, assessing and monitoring dependencies and cumulative impacts.
- Management have also committed to improvements and updates in relation to supporting documentation such as Terms of Reference, commissioning-specific guidance aligned to corporate policy and targeted refresher training in addition to improvements in coordination between programme management, project leads and RMAG.

Appendix A – Assurance Summaries

Audit: ASCH Achievement of Savings – Governance Follow-up RB18-2027	Audit Opinion: Adequate	Prospects for Improvement: Good			
Business Objective: To ensure Adult Social Care and Health (ASCH) delivers its approved savings plans through effective governance, robust monitoring, clear accountability, and timely management of risks and delivery issues, thereby supporting the Council's financial sustainability, achievement of Securing Kent's Future objectives, and continued delivery of statutory services to Kent residents. Audit Objective: The aim of the audit is to provide assurance that the agreed management actions have been implemented and that lessons have been learnt. Where the actions have been superseded Internal Audit will work to capture and understand the changes so that a future audit can be planned and undertaken to assess any new arrangements and approach.	Issues Raised				
	Priority	Original Issues Raised	Implemented	Issues Outstanding	Risk Accepted
	High	3	2	1	0
	Medium	3	2	1	0
	Low	1	1	-	-
Summary of Follow-up work: Internal Audit’s original review of Adult Social Care and Health (ASCH) Savings Delivery Plan Governance in March 2026 to support Corporate Risk CRR0045 - 'Maintaining effective governance and decision making in a challenging financial and operating environment' originally concluded Limited Assurance and identified seven issues: three high, three medium and one low priority. • This follow-up review assessed progress against the agreed management actions and found that five actions have been implemented and two remain in progress or partially implemented. As a result, the audit opinion has improved to Adequate Assurance, with Good prospects for improvement. • Management has strengthened governance through improved management information, clearer corporate RAG definitions, greater operational transparency, action tracking and revised Directorate Management Team terms of reference. • There is evidence that learning from previous savings performance has informed a broader focus on affordability and high-value savings opportunities, which should support the Directorate’s 2026/27 financial position. • Management have acknowledged that further work is required to ensure the intended improvements are fully implemented. • Overall, good progress has been made, and the control environment has improved. Management should continue to prioritise completion of the two outstanding actions to embed consistent governance and provide stronger assurance over delivery of the savings plan.					

Appendix A – Assurance Summaries

Audit: Clarity System – Management Assurance Checks and Data Quality RB01-2027

Audit Opinion:

Limited

Prospects for Improvement:

Adequate

Business Objective: Complete, accurate and consistent booking data supports reliable information for financial reporting, budget monitoring and management decision making. Consistent, risk-based management assurance framework in place to help prevent and detect errors, fraud and mis-use.

Audit Objective: As part of the 2026/27 Internal Audit Plan, Internal Audit undertook a pilot data-driven assurance review of the Clarity system, which is used across the Council to arrange travel and accommodation for both service users and, in some cases, staff. The review was commissioned in response to management interest in the effectiveness of system controls, the reliability of management information, and the level of assurance available over travel and accommodation expenditure, particularly as future procurement arrangements for Clarity were being considered.

Issues Raised

Priority	Issues Raised	Agreed	Risk Accepted
High	2	2	0
Medium	3	3	0
Low	2	2	0

Summary of Assurance Work:

The Clarity System is not linked to a specific Corporate Risk. The system is used to book travel and hotel bookings across the Council and in 2025/26 just over £500k of bookings and fees were recorded on the system. The system was introduced to support the Council's No Purchase Order, No Pay approach and to reduce reliance on purchase cards by providing a centralised booking route. The implementation of the Clarity system took place during a period of significant organisational change, including the rollout of Oracle Cloud, development of the Supplier Incentive Programme, and implementation of the No PO No Pay policy. While this context helps explain some of the issues identified, the review highlighted the importance of robust controls, clear guidance, reliable data and effective management oversight.

The audit was informed by an initial in depth data analytics exercise, which identified areas of potential risk and inconsistency within the system. Given that over 90% of Clarity activity relates to Children, Young People and Education (CYPE) and Adult Social Care and Health (ASCH), the review focused on these service areas to assess data quality, financial coding arrangements and management assurance processes.

- The review identified potential issues and inconsistencies within the data being captured which management have since committed to fix.
- Finance and Procurement have put together a joint management action plan to address these issues some of which would be addressed through a timely re-procurement exercise.
- Since the audit concluded assurance methodologies have started to improve. Internal Audit have created an interactive dashboard and as a result Management now have access to internal audit data driven analysis and insights to help inform intelligence led assurance activities.

Appendix A – Assurance Summaries

Audit: Oracle Cloud Programme – Security of Data Migration
RB01-2027

Audit Opinion:

Adequate

Prospects for Improvement:

Adequate

Business Objective: To ensure that data is migrated from legacy systems to Oracle Cloud securely, accurately, completely and in compliance with legal, regulatory and business requirements, enabling the Council to maintain operational continuity, data integrity and effective service delivery throughout and following the migration process.

Audit Objective: As part of the 2025/26 Audit Plan, Internal Audit have reviewed the adequacy and effectiveness of controls in place to ensure the secure and accurate migration of data as part of Phase 2 of the Oracle Cloud Programme.

The aim of the audit was to provide assurance that data migration activities are appropriately governed and controlled, including the extraction, transformation, reconciliation, testing, and secure handling of data throughout the migration process.

Summary of Assurance Work:

A summary of Assurance activity is included within a separate exempt paper for members of the Governance and Audit Committee.

Appendix A – Assurance and Advisory Summaries

As part of the Rolling Internal Audit Plan, advisory or embedded assurance engagements provide insights and advisory recommendations aimed at enhancing the Council's operations. These engagements extend beyond traditional assurance activities, focusing on areas of known weakness to help management tackle specific challenges, streamline processes, and increase overall efficiency. Drawing upon their expertise in risk management, control, and governance, internal auditors deliver objective evaluations and bespoke solutions that align with the Council's strategic priorities. Advisory engagements also cultivate a cooperative relationship between internal audit and other departments, fostering a culture of ongoing improvement and proactive risk management.

This approach reduces potential issues in future audits and reinforces the overall control environment. In such cases, an audit opinion will not be rendered. The table below provides an update on the consultancy activities completed between July 2026 and October 2026.

Ref	Engagement	Business Objective	Status	Key <u>Assurance</u> Insights
RB02-2027	Early Years Funding - (mapping / consultancy)	To ensure Early Years Funding is allocated, administered, and monitored effectively, efficiently, and in accordance with statutory requirements, so that eligible children receive high-quality early education and childcare, providers are funded fairly and accurately, and public resources deliver positive outcomes and value for money.	Draft Report issued	Assurance Mapping has identified the following: - 1x second line assurance activity weakness in relation to 'provider oversight' - Lack of sufficient third line of assurance coverage for all five Early Years Funding Assessment themes
RB26-2027	Risk Appetite implementation and Risk Reporting	To establish and maintain a risk management framework that clearly defines the Council's appetite for risk, supports informed decision-making, and enables effective oversight of risks to the achievement of corporate objectives.	Draft Management Letter issued	Our advisory work identified opportunities to further strengthen the Council's risk appetite and reporting framework which when implemented would help improve governance, strengthen accountability and support decision making across the authority.
RB47-2026	OCP Lessons Learned	To identify lessons learnt to support with phase 2 of the OCP implementation.	Draft Report issued	A report is on the agenda for the G&A Committee on 3rd November 2026 that will cover a number of areas of risk and this includes a summary of the recommendations made from this internal audit advisory work. The project SRO has also requested a follow-up to provide assurance that the accepted recommendations have been implemented.

Appendix B – 2026-27 Rolling Internal Audit Plan Status

Ref	Audit	Planning	Fieldwork	Draft Report	Final Report	Assurance Opinion	Delivery Notes / Comments
RB01-2027	Clarity System Assurance Checks and Data Quality					Limited	Reported to G&AC November 2026
RB02-2027	Early Years Funding					Advisory	Reported to G&AC November 2026
RB04-2027	Annual Governance Statement (AGS) Directorate Action Plans						
RB05-2027	CYPE to ASCH Transitioning Arrangements						03/11/2026 - Decision to Defer
RB06-2027	Contract Management Framework Assurance						Planned Delivery – February 2027
RB07-2027	Post-Implementation Review of Commissioning					Advisory	
RB08-2027	Local Government Reorganisation					Advisory	Planned Delivery – April 2027
RB09-2027	Supporting Staff Performance						Planned Delivery – May 2027
RB10-2027	Verifying Goods and Services						Planned Delivery – May 2027
RB11-2027	Oracle Cloud Programme Embedded Assurance					Advisory	Planned Delivery – April 2027
RB12-2027	Ongoing Review of Identified Actions					Ongoing	
RB13-2027	Data Security Protection Toolkit (DSPT)						Planned Delivery – May 2027
RB14-2027	Management of Capital Projects by Schools						
RB15-2027	PCI DSS Follow-up						Planned Delivery – March 2027
RB16-2027	Data Driven Assurance - Purchase Cards						Planned Delivery – December 2026
RB17-2027	Oracle Cloud Programme – HR Connect						
RB18-2027	Achievement of Savings ASCH – Governance Follow-up					Adequate	Reported to G&AC November 2026
RB19-2027	ASCH Debt Generation Process Management						Planned Delivery – December 2026
RB20-2027	ASCH Assurance Mapping and Reporting					Advisory	
RB21-2027	Direct Payments (ASCH) – Data Driven Assurance						Planned Delivery – February 2027

Ref	Audit	Planning	Fieldwork	Draft Report	Final Report	Assurance Opinion	Delivery Notes / Comments
RB22-2027	Safeguarding – Protecting adults at risk						Planned Delivery – November 2026
RB23-2027	ASCH Contract Management (OPRN Contract)						Planned Delivery – March 2027
RB24-2027	Public Health NHS Health Checks – In-sourcing Programme						Planned Delivery – December 2026
RB25-2027	Core Financial Controls						Planned Delivery – January 2027
RB26-2027	Risk Appetite implementation and Risk Reporting					Advisory	Reported to G&AC November 2026
RB27-2027	Management of Reserves						Planned Delivery – March 2027
RB28-2027	CYPE Assurance Mapping					Advisory	
RB29-2027	Education, Health and Care Plans (EHCP)						Planned Delivery – February 2027
RB30-2027	No Recourse to Public Funds						Planned Delivery – February 2027
RB32-2027	Community Learning & Skills (CLS) - financial viability						
RB33-2027	Individual Tutoring (CYPE)						Planned Delivery – February 2027
RB34-2027	Funding of Children's Integrated Care Board (ICB) Placements						
RB35-2027	Legacy IT Works						Planned Delivery – May 2027
RB36-2027	New Contact Centre contract						
RB37-2027	Cyber Security Topical Requirements						Planned Delivery – December 2026
RB38-2027	Sickness Absence Management						Planned Delivery – November 2026
RB39-2027	Payroll						03/11/2026 - Decision to Defer
RB40-2027	Application of Data Protection Impact Assessments (DPIA)						
RB41-2027	GET Capital Investment & Asset Management						Planned Delivery – May 2027
RB42-2027	Economic Strategy						Planned Delivery – February 2027

Ref	Audit	Planning	Fieldwork	Draft Report	Final Report	Assurance Opinion	Delivery Notes / Comments
RB43-2027	Strategic Workforce Planning						03/11/2026 - Decision to Defer
RB44-2026	Oracle Cloud Programme (OCP) Phase 2 - Security of Data Migration (Part 1)					Adequate	Reported to G&AC November 2026
RB12-2026	ASCH Re-commissioning Risk Management					Adequate	Reported to G&AC November 2026
RB47-2026	OCP Lessons Learned					Advisory	Reported to G&AC November 2026
RB44-2027	No PO No Pay KPI and Dashboard Development Consultancy (NEW)					Advisory	Planned Delivery – December 2026
RB45-2027	Employee Mileage Policy Change Consultancy (NEW)					Advisory	Planned Delivery – December 2026

Appendix C - Approved Changes to the Rolling Internal Audit Plan

Internal Audit will regularly re-visit and adjust our rolling programme of audit work to ensure that it matches the changing risk profile of the organisation's operations, systems, and controls. Details of our current work areas are provided in Appendix B. Our rolling plans are agreed with the Senior Leadership Team quarterly from the list of unscheduled audit areas that constitutes the rolling Audit Plan. Members of the Audit Committee are welcome to identify area where they need assurance for priority work to assist in their role in seeking assurance. The following table highlights some changes to the rolling audit plan with a rationale.

Engagement	Amendment	Rationale
Payroll	Defer & Replace	Due to delays relating to the implementation of OCP Phase 2 it is not possible to audit the new payroll arrangements until at least 2027/28. A deferral allows for Internal Audit to replace this audit with some No PO No Pay consultancy work detailed below.
No PO No Pay KPI and Dashboard Development Consultancy	New Inclusion / Replacement	Data Driven Consultancy to be included in to audit plan for 2026/27 as this will build on the Internal Audit consultancy work completed in 2025/26 and help the Finance Function design and implement key performance indications and dashboards using our Data Analytical capabilities.
GET Strategic Workforce Planning	Defer	Due to LGR uncertainty there are other higher priority higher risk areas to focus on within the rolling Internal Audit Plan and the closer we get to LGR the less benefit the organisation will get from this audit.
CYPE to ASCH Transitioning Arrangements	Defer & Replace	With the LGR uncertainties and the likelihood that service re-designs are likely in the near future it has been decided that our audit resource would be best placed focusing on other areas and key risks. ASCH has a lot of assurance coverage in this year's plan so we would propose to replace this with an advisory piece on Employee Mileage Policy Change – Consultancy.
Employee Mileage Policy Change Consultancy	New Inclusion / Replacement	The objective of this consultancy is to use advanced data analytics to analyse relevant mileage claims data and present clear, reliable information on the estimated financial impact of the proposed £0.10 per mile increase for both the Council and employees, including key assumptions, limitations and variations across the organisation.

Appendix D - Definitions

Audit Opinion		Prospects for Improvement	
High	Controls are well designed, consistently applied, and operating effectively. No significant weaknesses were identified, and objectives are highly likely to be achieved.	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.
Substantial	A sound control framework is in place and operating effectively. Only minor weaknesses were identified, with limited impact on the 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	Controls are generally in place and operating effectively, but some weaknesses exist that could affect the achievement of objectives. Improvements are recommended.	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
Limited	Significant control weaknesses exist and there is a high risk that objectives may not be achieved. Improvements are required to address identified deficiencies.	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.
No Assurance	Fundamental weaknesses in governance, risk management, or controls mean objectives are unlikely to be achieved. Immediate management action is required.	Issue Risk Ratings	
Advisory/ Embedded Assurance	In addition to our opinion-based work we will provide consultancy services. The “advice” offered by Internal Audit in its consultancy role may include risk analysis and evaluation, developing potential solutions to problems and providing controls assurance.	Each issue has been given a priority rating at a service level with the following definitions:	
		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.
		Advisory	These are recommendations proposed by Internal Audit as part of advisory/ Embedded Assurance work proposed to improve the control environment.