



# **INTERNAL AUDIT PROGRESS REPORT**

## **GOVERNANCE AND AUDIT COMMITTEE**

### **19<sup>th</sup> May 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 January 2026 and May 2026.

# 2. Key Messages

- 10 audit summaries are included from ongoing and finalised work in the period reported. **Appendix A**
- 27 audits from the 2025-26 rolling Audit Plan are either in fieldwork, ongoing embedded assurance or reporting stage. **Appendix B**
- 8 audits either in not started or on hold. **Appendix B**
- **Section 4** of the report details the amendments to the Rolling Internal Audit Plan with the inclusion of 2 new audits.
- The Team has to date, audited and certified **15** government grants. **Appendix C**.

## 3. Resources

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

- Interim arrangements for the Head of Internal Audit and the Head of Counter Fraud have been extended to September 2026. It is anticipated that an external recruitment exercise will be undertaken in the coming months.
- Following the resignation of a Principal Auditor, there is one vacancy within the Internal Audit Team. Recruitment to fill this vacancy is currently in progress. One contractor with previous experience within the team has been brought into the service temporarily to support delivery of current Audit Plans.
- Audit Management software development and enhancements to Internal Audit processes are ongoing and gathering momentum.
- Technology available to support the completion of the Rolling Internal Audit Plan is being utilised. This includes data analytics tools such as Power Bi and data-driven assurance (continuous auditing).
- The use of Artificial Intelligence is actively being explored and is already generating efficiencies and enhancing delivery.

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## 4. 2025-26 Internal Audit Plan

The Rolling Internal Audit Plan is slightly behind with delivery as reported to January Governance and Audit Committee. However, this is broadly comparable, if not slightly ahead, to this point last year. Sufficient audit coverage will be undertaken to provide an annual audit opinion.

The Interim Head of Internal Audit has reviewed the current coverage of the Internal Audit Plan and identified additional 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 additional audits for inclusion within the current Rolling Internal Audit Plan:

- Oracle Cloud Programme – Lessons Learned
- Clarity System - Management Assurance Checks and Data Quality

Status	No	%
Not Started	6	11%
In Progress	27	53%
Completed	16	32%
On Hold	2	4%
Total	51	100%

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# Table 1 – Summary of Audits by Committee Meeting

Governance & Audit Committee – 19 <sup>th</sup> May 2026			
No	Audit	Opinion	Prospects for Improvement
13	ICT04-2026 - Laptops – Asset Management ( <i>EXEMPT</i> )	Substantial	Good
14	RB10-2026 - ASCH Saving Delivery Plan Governance	Limited	Good
15	RB22-2026 - Invicta Law & Integrated Children’s Service - Personal Data ( <i>EXEMPT</i> )	Substantial	Good
16	RB38-2026 - Emissions Trading Scheme – Financial Modelling & Assumptions	Adequate	Good
17	RB31-2026 - Elective Home Education	High	Very Good
18	RB13-2026 - Direct Payments Follow-up	N/A – Follow-up	N/A – Follow-up
19	RB01-2027 – Clarity - Management Assurance Checks and Data Quality – Interim Update	TBC	TBC
Embedded Assurance Updates			
No	Audit	Opinion	Prospects for Improvement
10	RB05-2026 – Oracle Cloud Programme – Embedded Assurance	Embedded Assurance	N/A
11	RB40-2026 – Highways Term Maintenance Contract – Embedded Assurance	Embedded Assurance	N/A
20	RB24-2026 – No Purchase Order No Pay – Interim Update	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 January 2026 and May 2026, 10 audit summaries are provided at [Appendix A](#) covering completed work and updates on ongoing embedded assurance activity.

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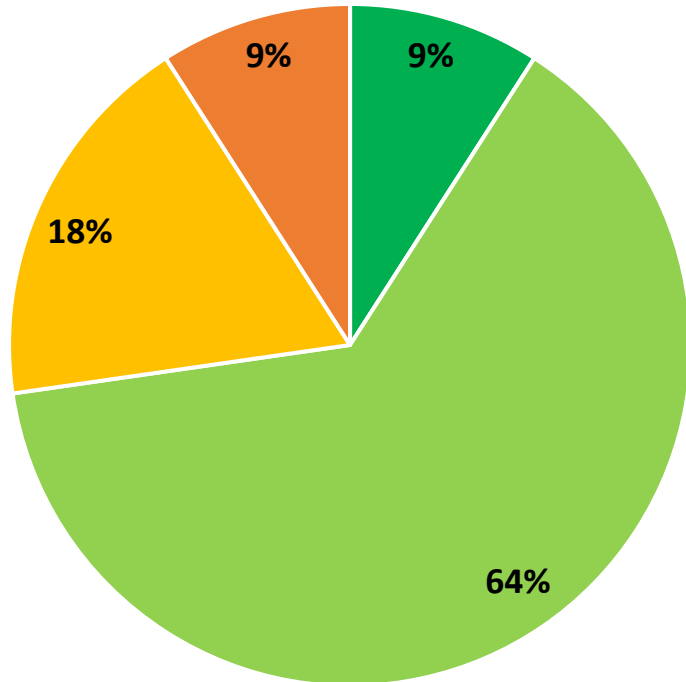
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# 2025-26 Audit Assurance Levels and Prospects for Improvement of Audits

**Assurance Levels 2025-26**



Assurance Level	No	%
High	1	9%
Substantial	7	64%
Adequate	2	18%
Limited	1	9%
No	0	0%

Prospects for Improvement	No	%
Very Good	4	36%
Good	7	64%
Adequate	0	0%
Uncertain	0	0%

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## 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 **15 government grants** with a value of **£118,007,178**.

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

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## RB10-2026 – ASCH Saving Delivery Plan Governance

### Audit Objective

The aim of the audit is to provide assurance that lessons learnt from 2024/25 ASCH delivery plans have been identified and fed into the ASCH 2025/26 plans, and that the ASCH governance arrangements put into place were adequate to enable effective monitoring and reporting.

### Audit Scope and Scope Limitations

#### Areas Covered

Commissioning

Operations – Short-Term and Long-Term Support

Holistic ASCH Savings Oversight

Operations – Short-Term and Long-Term Support

#### Scope Limitations

None

### Audit Opinion

Limited

### Prospects for Improvement

Good

### Actions

### Number

### Agreed

### Risk Accepted

High

3

3

0

Medium

3

3

0

Low

1

1

0

### Key Strengths

#### Commissioning

- ✓ A dedicated savings team has been established with resources drawn down from across commissioning and arranging support teams to strengthen oversight and support the achievement of delivery.
- ✓ There is evidence of ongoing refinement to governance structures. Enhancements include the introduction of daily huddles, Strategic Reset Programme (SRP) Team attendance at both daily and weekly meetings, finance engagement at weekly meetings, and Director attendance at the weekly assurance meetings. This reflects a positive culture of continuous learning. During the fieldwork further changes were introduced with two of the daily huddles now being specific to the Supported Living workstream to provide dedicated focus on a high-risk area of concern.
- ✓ The Terms of Reference for the Commissioning and Pricing Savings Group are comprehensive, with a clear purpose to ensure the delivery of savings targets across commissioning workstreams and the wider interdependent Adult Social Care and Health (ASCH) workstreams.
- ✓ Weekly highlight reports are produced from the Commissioning and Pricing Week Ahead meetings, the daily huddles and end of week meeting and include progress against the individual savings targets and the activities for the week and planned activities for the next week for each.
- ✓ A comprehensive actions log has been recently developed to capture actions arising from the week ahead, daily huddles and end of week meetings. Progress is monitored at the week ahead meeting strengthening accountability.
- ✓ Since PwC's (PricewaterhouseCoopers) departure Project Management Office (PMO) support is provided by the Transformation and Delivery Team to assist with the monitoring of the commissioning saving workstreams. A project plan with tasks and milestones has been developed and progress is reviewed at the week ahead meeting.

#### Operations – Short-Term and Long-Term Support

- ✓ Operations (covering both short-term recovery and long-term sustainability) follow a structured weekly meeting cycle, comprising Week Ahead meetings, Checkpoint (Recovery) meetings, and End-of-Week review meetings. The Terms of Reference (ToR) supporting the meetings have a purpose of setting weekly priorities, providing operational oversight to ensure effective delivery of ASCH services within each area and review the performance management and escalation of key risks to achieving actions set out in the Localised Recovery Plan 2025/26.
- ✓ ASCH Savings and Recovery Programme Highlight reports are produced from the minutes of the weekly meetings. Each report provides a RAG rating against baseline KPIs targets for all workstreams, along with achievements that week, future plans, slippage and reasons, blockers, high level risks and any escalations and interdependencies.
- ✓ Copilot is used to capture minutes from the weekly Savings and Recovery Director meeting in e-mail form and is issued to the attendees.
- ✓ Savings and Recovery – Sharing Best Practice Workshops are regularly run to promote consistency, drive innovation, and embed learning across all localities with high level minutes captured and circulated.

Areas For Development	
<b>High</b>	<p><b>Issue 1 – Lack of Transparency over ‘Alternative Savings’ plans for undeliverable Savings</b></p> <ul style="list-style-type: none"> <li>For savings deemed no longer deliverable there is an expectation for an alternative savings amount and description to be provided to the Chief Accountants team for input into the savings and income monitoring spreadsheet they maintain. Review of the September 2025 spreadsheet identified that whilst the variance explanation provides the reason for non-delivery for red rated lines, several saving lines considered no longer deliverable have no indication on how the shortfall will be managed or an alternative savings to replace the initiative.</li> <li>Whilst the SRP Slide Dec 2025 Exception Report enables the SRPB effective oversight and scrutiny, mitigating actions or alternative savings are not fed into this report which may weaken accountability and transparency.</li> </ul>
<b>High</b>	<p><b>Issue 2 – Lack of Clarity over Red BRAG Differentiations in the ASCH portfolio Reports</b></p> <ul style="list-style-type: none"> <li>The Red rating for the Blue, Red, Amber, Green (BRAG) rating scale currently defines savings as “undeliverable in 2025/26” but does not differentiate between those deferred to future years and those deemed permanently unachievable in the ASCH Portfolio Reports.</li> </ul>
<b>Medium</b>	<p><b>Issue 3 – Commissioning and Pricing and Operations (short &amp; long-term support) – Lack of Risk Log to Track Risk Ownership and Actions</b></p> <ul style="list-style-type: none"> <li>Risks and barriers are identified and noted in the weekly highlight report that is produced for senior leadership from discussions held at the Week Ahead and End of Week meetings. However, this is very high level and there is no comprehensive risk log to monitor and review the risks effectively.</li> <li>Risks and barriers are noted in the weekly highlight report that is produced from discussions held at the Week Ahead and End of Week meetings. However, this is very high level and there is no comprehensive risk log to monitor and review the risks.</li> </ul>
<b>High</b>	<p><b>Issue 4 – Root Causes Analysis and Learning from Experience</b></p> <ul style="list-style-type: none"> <li>Given the significant proportion of Red-rated saving lines (£23.1m in the BRAG breakdown for ASCH portfolio activity in the October 2025 portfolio report), it would be beneficial to undertake a structured root cause analysis and learning from experience exercise at the earliest opportunity.</li> </ul>
<b>Medium</b>	<p><b>Issue 5 – Absence of Transparency within Operations (Short-Term &amp; Long-Term Support) Weekly Saving Target Review Meetings</b></p> <ul style="list-style-type: none"> <li>Whilst the Short Term and Long-Term Support highlight reports deriving from the Week Ahead, Checkpoint and End of week Director Assurance meetings provide the RAG ratings against KPIs they do not incorporate savings targets for each workstream or demonstrate how KPI outcomes impact saving delivery. There is also no evidence that the savings target progress and impact is discussed at the weekly meetings.</li> </ul>
<b>Medium</b>	<p><b>Issue 6 – Absence of Actions Log for Operations (Short-Term &amp; Long-Term Support) Meeting Actions</b></p> <ul style="list-style-type: none"> <li>There are no consolidated actions log to monitor progress across actions arising from the weekly meetings, although we were advised that progress is discussed.</li> </ul>
<b>Low</b>	<p><b>Issue 7 – Strengthen the DMT Draft Terms of Reference</b></p> <ul style="list-style-type: none"> <li>The ToR for the DMT is currently under revision following the re-shaping to streamline the senior leadership governance. Review of the draft found that whilst the document outlines a broad purpose, it lacks defined objectives and scope.</li> </ul>

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**Audit Objective**  
 As part of the 2025/26 Internal Audit Plan, Internal Audit reviewed KCC's early ETS financial modelling and assumptions to assess whether the approach taken is appropriate for this stage of financial planning, given the high level of national uncertainty. The review considered the governance, methodology and assumptions supporting the current internal estimates. It did not examine contractual arrangements or negotiations.

**Audit Scope and Scope Limitations**

**Areas Covered**

- Governance & Decision Making
- Training & Support
- Subject Access Requests
- Privacy Notices
- Provider Contracts
- Scope Limitations: None

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

**Key Strengths**

Reliable underlying waste-tonnage Data Processes	✓ Operational waste tonnage information used to support the early ETS modelling was based on established data collection processes. Weighbridge transactions were routinely captured and consolidated into wider waste reporting dataset, and standard monthly checks were carried out between sites to confirm that recorded tonnages aligned. Although further work will be required to integrate this data formally into future ETS modelling, the underlying operational data provided a reasonable starting point for the initial estimates.
Transparent and repeatable reporting via Power Bi	✓ Power Bi dashboards present consistently structured monthly and rolling 12-month Allington Tonnages, with clear filtering and year on year comparisons. Walkthroughs and screenshots demonstrate how figures flow directly from underlying database, enabling independent re performance-on-performance totals.
Availability of authoritative assumption sources	✓ Although ETS modelling controls require further development, several reliable data sources are already in place. These include recycling datasets, fossil content benchmarks, GOV.UK carbon price forecasts and Kent Analytics' housing led population and dwelling projections. Together, these provide a reliable basis for standardising future ETS assumptions.
Clear visibility of ETS entries within Financial Planning	✓ The Medium-Term Financial Planning (MTFP) spending template app provides transparent visibility of the ETS pressure submitted into financial plan. ETS entries include supporting attachments and evidence links.
Strong engagement and openness from officers	✓ Waste, insight and finance officers engaged constructively throughout the audit, providing walkthroughs, datasets, and background information promptly. Officers also demonstrated awareness of ETS uncertainties and a willingness to strengthen modelling and governance once national guidance is finalised.

**Areas For Development**

**Medium**

**Issue 1 – Insufficient timeliness of Subject Access Request (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 Information Governance clauses and breach notification requirements, ongoing compliance monitoring was limited to annual self-assessment questionnaires and ad-hoc Data Protection Impact Assessment (DPIA) updates. There was no documented, structured process for periodic Information Governance compliance or assurance reviews within contract management, increasing the risk that non-compliance may go undetected.

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**Audit Objective**  
 The audit assessed the adequacy and effectiveness of controls within KCC's statutory remit. It did not evaluate areas outside the Council's legal powers, such as compulsory engagement or educational quality enforcement. The audit focused on how KCC supports, monitors, escalates, and plans where families choose to engage.

**Audit Scope and Scope Limitations**

**Areas Covered**

- Governance & Decision Making
- Access & Systematic Pressures
- Safeguarding & SEN
- Post-14 Progression
- Data Quality & Reporting
- Staff Capacity & Training

**Scope Limitations**      None

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

**Key Strengths**

Governance & Decision Making	<ul style="list-style-type: none"> <li>✓ A single, county-wide procedural framework is in place.</li> <li>✓ Timeliness expectations for admin processing, officer contact and review cycles are explicitly defined and generally reflected in case activity and dataset evidence reviewed.</li> <li>✓ Escalation routes are clearly set out and were evidenced as being in operation in the relevant cases reviewed.</li> <li>✓ Review of the full EHE dataset showed a high level of recorded operational activity.</li> </ul>
Access & Systematic Pressures	<ul style="list-style-type: none"> <li>✓ Timely Initial contact was evident in the cases reviewed, with early engagement following notification.</li> <li>✓ Safeguarding-linked cases reviewed showed strong escalation and multi-agency working.</li> <li>✓ Standard EHE workflows, Children Missing Education (CME) escalation were consistently observed within the sample and data reviewed.</li> <li>✓ Strategic oversight of demand and risk is supported through Divisional Management Team (DivMT) reporting, regional meetings, and Continuous Improvement (CI) forums.</li> <li>✓ Multiple data sources are used to identify and monitor system pressures.</li> <li>✓ Evidence of active service adaptation to demand was identified, including workflow automation, backlog clearance, and triage changes.</li> <li>✓ Risk management arrangements are aligned with safeguarding and ICS thresholds.</li> </ul>
Safeguarding & SEN	<ul style="list-style-type: none"> <li>✓ Safeguarding concerns were identified through multiple routes in the cases reviewed, including schools, CME, Integrated Children's Services (ICS), and non-engagement.</li> <li>✓ Strong multi-agency working was evidenced between EHE, CME, schools and social care in safeguarding-related cases sampled.</li> <li>✓ The Access to Education (A2E) Safeguarding Tracker provides structured, service-wide oversight of safeguarding concerns and actions.</li> <li>✓ Staff safeguarding training and manager oversight of complex cases were evidenced through documentation and management confirmation.</li> <li>✓ EHE officers interviewed demonstrated a clear understanding of Education, Health, and Care Plan (EHCP) processes and responsibilities within cases reviewed involving EHCPs.</li> </ul>
Post 14 Progression	<ul style="list-style-type: none"> <li>✓ CME escalation was applied appropriately in post-14 cases reviewed where non-engagement or risk was identified.</li> <li>✓ Core EHE workflows (notification, Initial contact form (ICF) issue, review scheduling) were applied consistently across the post-14 cases sampled.</li> </ul>

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**Key Strengths Continued**

Post 14 Progression	<ul style="list-style-type: none"><li>✓ CME escalation was applied appropriately in post-14 cases reviewed where non-engagement or risk was identified.</li><li>✓ Core EHE workflows (notification, ICF issue, review scheduling) were applied consistently across the post-14 cases sampled.</li></ul>
Data Quality & Reporting	<ul style="list-style-type: none"><li>✓ Core dataset fields were complete and well-structured across the data reviewed.</li><li>✓ The dataset is actively used for DivMT and Continuous Improvement (CI) reporting to monitor trends and pressure points.</li><li>✓ Routine data quality checks were evidenced, including the use of Power BI dashboards, MI queries and admin review processes to identify missing, inconsistent or anomalous data and support corrective action checks.</li><li>✓ Where SEN data was incomplete, EHE mitigated this in cases reviewed through direct parental enquiry via ICFs and review discussions.</li></ul>
Staff Capacity & Training	<ul style="list-style-type: none"><li>✓ Mandatory training is monitored centrally via DELTA and compliance was evidenced by management.</li><li>✓ Extensive whole-team and role-specific training has been delivered, including Safeguarding, CME, Special education needs (SEN), and multi-agency learning.</li><li>✓ A structured induction framework is in place, including onboarding and shadowing arrangements.</li><li>✓ Officers demonstrated a clear understanding of roles, thresholds and escalation pathways through casework and interviews.</li><li>✓ Evidence of active multi-agency engagement was identified in Safeguarding and complex cases reviewed.</li><li>✓ Based on the evidence reviewed, staffing levels appear sufficient to meet statutory duties, despite high demand.</li></ul>

**Areas For Development**

<b>Low</b>	<p><b>Issue 1 – Inconsistent recording of training information</b></p> <ul style="list-style-type: none"><li>• Mandatory training for EHE staff (e.g. Safeguarding, Information Governance, Prevent) is monitored and evidenced through KCC’s corporate DELTA system, which EHE management uses to confirm compliance. However, the local EHE training log is not consistently maintained or aligned to DELTA. This means the local log cannot be relied upon as a complete record of staff training without reference to DELTA.</li></ul>
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**Introduction**

The aim of the Oracle Cloud Programme (OCP) is to replace the Council's current Oracle E-Business Suite (EBS) Solution, which is a critical system that has been in use for more than 20 years.

- Phase 1 (Finance + Procurement) went live in August 2025
- Phase 2 (HR + Payroll) was due to go live on 7 April 2026, but in January 2026 it was concluded that this date was not achievable and a revised phase 2 go-live date has not yet been set.

The Strategic Reset Programme (SRP) Programme Board agreed in April 2026 to carry out a strategic review of the OCP to support and assure decision-making on the next phase of the programme, with advice and recommendations being to inform the purpose, governance, structures, and behaviours from this point forward.

Internal Audit have continued to undertake ongoing embedded assurance providing challenge at OCP and SRP Boards.

Progress on OCP Internal Audit engagements is outlined below:

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OCP Engagement	Progress
<b>RB43-2026 - Oracle Cloud Programme (OCP) Phase 2 – Resources</b>	<ul style="list-style-type: none"> <li>• Internal Audit is waiting for the strategic review to conclude before setting the audit scope, as it may lead to changes in resourcing arrangements and reduce the value of auditing this area sooner.</li> </ul>
<b>RB44-2026 - Oracle Cloud Programme (OCP) Phase 2 - Security of Data Migration</b>	<ul style="list-style-type: none"> <li>• The audit was able to proceed despite the absence of a confirmed go-live date because it focused on the adequacy of controls and arrangements in place.</li> <li>• This audit is in the process of being finalised.</li> </ul>
<b>RB45-2026 - Oracle Cloud Programme (OCP) Phase 2 - Communication and Training</b>	<ul style="list-style-type: none"> <li>• The scope of this audit has been agreed to evaluate the design of communication and training controls.</li> </ul>
<b>RB46-2026 - Oracle Cloud Programme (OCP) Phase 2 - HR Connects Readiness for the new Payroll system</b>	<ul style="list-style-type: none"> <li>• The timing of this audit will be agreed following the strategic review, once the revised go-live date is confirmed, ensuring it is undertaken at the point of greatest insight and value.</li> </ul>
<b>RB47-2026 - Oracle Cloud Programme (OCP) Lessons Learned Review</b>	<ul style="list-style-type: none"> <li>• The initial report has been issued to Statutory Officers for review.</li> <li>• Exit and closing meetings are to be undertaken with key stakeholders to discuss the findings in detail and to check factual accuracy.</li> </ul>

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**Audit Objective**

Internal Audit undertook a review of Kent Cards and Direct Payments Policy and Practice (RB06-2024). This audit, which was reported in October 2024, identified 2 high and 7 medium risk issues, and was allocated 'Limited assurance'.

**Key Findings from Follow-up**

The follow-up work has identified that of the nine previous issues being reviewed, that seven issues have been fully implemented. Internal Audit found that some progress had been made for the remaining two issues reviewed however, these remain in progress.

Improvements have been made during 2025/26 which include the following:

- The direct payment policy has been updated and outlines various support services and includes clear guidelines on what direct payments cannot be used for.
- The updated policy includes version control and review dates for policy updates.
- A sample of direct payments were reviewed to provide assurance that people are not in receipt of double funding.
- Plans are in place to prioritise communication to individuals who are high risk.
- Workforce planning sessions commenced in the autumn using the KCC workforce planning tool.
- The number of individuals receiving Direct Payments has remained stable over the past two years, and the service has confirmed that current workloads are being managed effectively within existing resources.
- The updated policy includes timelines for direct payments review, including how the risk of misuse can alter the frequency of review.
- The policy has not yet been fully updated to reflect all agreed management actions, as the co-production and re-imagining exercise is still ongoing.

As a result, Internal Audit will seek to provide additional coverage in 2026-27 utilising data driven assurance.

	Original Issues Raised	Implemented	Issues Outstanding	Risk Accepted
<b>High Risk</b>	2	1	1	0
<b>Medium Risk</b>	7	6	1	0
<b>Low Risk</b>	0	0	0	0

Issue	Risk Rating	Status
<b>Issue 1</b> – Areas of Policy are Vague or Ambiguous	Medium	Implemented
<b>Issue 2</b> - No written timeframe for identified amendments needed to Direct Payments	Medium	In Progress
<b>Issue 3</b> – No guidance on monitoring separate Bank Account	Medium	Implemented
<b>Issue 4</b> – Direct Payments Review Frequency	Medium	Implemented
<b>Issue 5</b> - Manual Reporting Procedures	Medium	In Progress
<b>Issue 6</b> - Insufficient Resources	High	Implemented
<b>Issue 7</b> - Ambiguity when offering Direct Payments	Medium	Implemented
<b>Issue 8</b> - Difficulties in evidencing Equitable Choice	Medium	Implemented
<b>Issue 9</b> - Inconsistencies with Service Users Management or Use of Direct Payments	High	In Progress

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**Audit Objective**

Internal Audit is engaged on a consultancy basis, acting as a critical friend to provide embedded assurance and advice on the ongoing development of the Delivery plan to embed the “No PO, No Pay” Policy.

This is an interim update. The management letter will be reported to a later Audit committee.

Audit Opinion	Prospects for Improvement	Actions	Number	Agreed	Risk Accepted
Advisory	N/A	High	An action plan will be developed for any outstanding areas for development at the end of the engagement.		
		Medium			
		Low			

**Audit Scope and Scope Limitations**

**Areas Covered**

- Post-Go-Live Issue & Root Cause Analysis
- Tracking Success to Shape Actions
- Building Clear, Achievable Actions
- Ensuring Adequate Resourcing
- Review Expectations and Defining Clear Exception Criteria
- Governance, Communication & Change Management

**Scope Limitations** None

**Key Strengths**

Post-Go-Live Issue & Root Cause Analysis	<ul style="list-style-type: none"> <li>✓ Issue logging is now underway, with Finance and Procurement building a consolidated list of issues.</li> <li>✓ Early categorisation is being added to support triage.</li> <li>✓ Workarounds/technical items are being identified and separated for technical discussion.</li> <li>✓ Risks and impacts are being captured against issues in the action plan.</li> </ul>
Tracking Success to Shape Actions	<ul style="list-style-type: none"> <li>✓ Compliance reporting is recognised as necessary and has actions underway.</li> </ul>
Building Clear, Achievable Actions	<ul style="list-style-type: none"> <li>✓ Progress tracking fields exist in the draft plan.</li> </ul>
Communication & Change Management	<ul style="list-style-type: none"> <li>✓ Training is acknowledged as a key dependency, with concrete training actions underway.</li> </ul>

**Area that are being progressed during the engagement**

- Root cause analysis and consistent issue categorisation are not yet fully evidenced.
  - Reporting of circumventions to Counter Fraud needs confirming and evidencing.
  - Implementation indicators and targets are not yet defined; for example, the retrospective PO rate target. These will need to feed into issue prioritisation decisions
  - Some outcomes are too vague to evidence whether their related actions have been completed
  - Exception criteria must be documented, agreed, and communicated, and a periodic review of exceptions (including Procurement Act 2023 exemptions) needs to be built into the plan.
- Note:** It has been acknowledged that monitoring and refresher training not yet completed due to the issues still arising with Oracle Cloud will be included in the action plan.

**Audit Objective**

This audit on the Clarity System is the first data-driven assurance audit and sits within the Council’s wider approach to improving data quality, preventing fraud and strengthening financial controls. During the period February 2024 to March 2025 £516,734 of expenditure was processed using the Clarity System to purchase hotels and travel arrangements with over 90% of transactions being generated within social care. This audit will use advanced data analytics to assess risk which will lead to an assessment on whether key controls are functioning sufficiently.

**Audit Scope and Scope Limitations**

**Areas to Cover**

- Assurance Checks
- Data Quality
- Accounting Controls

**Scope Limitations**

This audit will not provide an assessment of value for money in relation to the cost of purchasing direct verses the cost of purchasing from Clarity.

Audit Opinion	Prospects for Improvement	Actions	Number	Agreed	Risk Accepted
TBC	TBC	High	An action plan will be developed. Data quality improvements will be tracked and reported as part of our ongoing data driven assurance programme of work		
		Medium			
		Low			

**Progress to Date**

Assurance Checks	<ul style="list-style-type: none"> <li>Potential weaknesses highlighted in the robustness of the management assurance checks.</li> </ul>
Data Quality	<ul style="list-style-type: none"> <li>Potential significant weaknesses in relation to data quality with the clarity system.</li> </ul>
Accounting Controls	<ul style="list-style-type: none"> <li>Still to be established.</li> </ul>

**Area that are being reviewed during the engagement**

- Assess the effectiveness of methodologies used to undertake management assurance checks across all directorates.
- Assess whether methodologies used to undertake management assurance checks represent good value for money.
- Use data analytics tools to identify data quality issues.
- Assess the design of data quality controls in place within the Clarity System.
- Assess the impact of any data quality issues raised through internal audit work and explore ongoing data led assurance options to track data quality progress.
- Use data analytics tools to identify poor or inconsistent accountancy coding controls.
- Assess the design of accountancy coding controls in place within the Clarity System.

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**Audit Objective**

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 has provided ongoing embedded assurance over the past two years with the objective to provide an independent opinion on the adequacy and effectiveness of the governance and risk management over the project. A decision was taken in January 2026 for internal audit to continue supporting the project over the mobilisation phase which is due to end on 1st May 2026.

In line with our agile audit approach Internal Audit provided a timely update to senior management in November 2025 followed by the Governance and Audit Committee in January 2026. Since the last update in January 2026 Internal Audit has helped management refine the format of the mobilisation risk register to help support greater transparency and decision making and these changes have been implemented. Recently Internal Audit have also provided some informal procedural advice on how to align its WAMs financial and assurance checking procedure with KCC Financial Regulations ahead of the new contract go-live in May 2026.

Internal Audit will now cease supporting the project with the mobilisation phase coming to an end and this Management Letter marks the end of the embedded assurance and consultancy process.

Audit Opinion	Prospects for Improvement
Advisory	Advisory

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

**Internal Audit Findings and Observations – Governance and Risk Management**

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- The Project Development Report contain 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 and confidentiality was maintained throughout (delegated authority, declarations signed).
- There were clear programme roles and responsibilities and 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 was very positive and helped to mitigate emerging risks.
- Risk registers and governance logs were used effectively during the mobilisation phase however some improvements to the mobilisation risk register format were suggested and implemented prior to the mobilisation phase. **Issue 1 - closed.**

## Internal Audit Findings and Observations – Mobilisation Phase

- Since the decision to award the contract to Ringway the Programme Board has met monthly and is tracking progress and emerging risks through the mobilisation phase. Roles and responsibilities are well documented and the timelines are clear.
- Communication between teams leading work strands has been an area of focus for management during March 2026 which is helping to ensure successful co-ordination between teams during mobilisation.
- As at March 2026 mobilisation is progressing well and key issues and risks are being discussed and tracked at the Programme Board.

## Other Observations

- In March 2026 Internal Audit were asked to provide some informal advice on the design of the current WAMs financial and assurance checking procedure and as a result of that work, misalignments with the KCC Financial Regulations have been highlighted by Internal Audit to take forward.

## Financial Position

- In March 2026 Internal Audit were asked to provide some informal advice on the design of the current WAMs financial and assurance checking procedure and as a result of that work, misalignments with the KCC Financial Regulations have been highlighted by Internal Audit to take forward.
- Actual costs were covered by Highways budget across service areas (legal, procurement, infrastructure, depot leases).

## Conclusion

- In March 2026 Internal Audit were asked to provide some informal advice on the design of the current WAMs financial and assurance checking procedure and as a result of that work, misalignments with the KCC Financial Regulations have been highlighted by Internal Audit to take forward.

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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	On Hold			
	RB08-2026	Annual Governance Statement – Directorate Action Plans	Not Started			
	RB09-2026	Contract Management & Monitoring	Not Started			
13	RB10-2026	ASCH Saving Delivery Plan Governance	Complete	Limited	Good	May 2026 GAC
	RB11-2026	Adult Social Care Debt Recovery	Draft Report			
	RB12-2026	Commissioning and Transformation – Embedded Assurance	Ongoing			
18	RB13-2026	Direct Payments including Follow up	Complete	Follow-up	N/A	May 2026 GAC
8	RB14-2026	Information Governance - ASCH	Complete	Substantial	Good	January 2026 GAC
	RB15-2026	ASCH Future Planning of Contracts	Planning			
	RB16-2026	MOSAIC Invoice Validation	Fieldwork			
	RB17-2026	Safeguarding – Protecting Adults at Risk	On Hold			
	RB18-2026	ASCH Provider Failure Risk	Fieldwork			
	RB19-2026	Public Substance Misuse Health Campaigns	Not Started			
	RB20-2026	Budget Management	Planning			
	RB21-2026	Post-Implementation Review of Commissioning	Not Started			
15	RB22-2026	Personal Data - Invicta Law (combined with GCSG)	Complete	Substantial	Good	May 2026 GAC

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	RB23-2026	Core Financial Controls	Planning			
20	RB24-2026	No Purchase Order No Pay	Ongoing			
	RB25-2026	Process review of SEND Payments	Fieldwork			
	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	Draft Report			
17	RB31-2026	Elective Home Education	Complete	High	Very Good	May 2026 GAC
	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			
16	RB38-2026	Emissions Trading Scheme – Financial Modelling & Assumptions	Complete	Adequate	Good	May 2026 GAC
2	RB39-2026	Helping Hands Follow up	Complete	Follow-up	N/A	September 2025 GAC
11	RB40-2026	Highways Term Maintenance Contract – Embedded Assurance	Complete	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	Very Good	January 2026 GAC
	ICT02-2026	Legacy IT Works	Not Started			
	ICT03-2026	Cyber Security Topical Requirements	Planning			
14	ICT04-2026	Laptops – Asset Management	Complete	Substantial	Good	May 2026 GAC

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	RB43-2026	Oracle Cloud Programme – Resources	Not Started			
	RB44-2026	Oracle Cloud Programme – Security of Data Migration	Fieldwork			
	RB45-2026	Oracle Cloud Programme – Communication & Training	Planning			
	RB46-2026	Oracle Cloud Programme - Readiness for the New Payroll System	Planning			
	RB47-2026	Oracle Cloud Programme – Lessons Learned Review	Draft Report			
	RB48-2026	Local Mitigation Fund (LMF)	Draft Report			
	RB49-2026	Data Security and Protection Toolkit	Draft Report			
12	RB56-2025	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

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## Appendix C – Grant Certification

Government Department	Description	Amount	Current Status
Department of Transport	Bus Service Operators Grant (BSOG) – Annual grant to support local bus services (reported Previously)	£1,100,000	Complete
Department of Transport	Integrated Transport & Maintenance Block (Reported Previously)	£47,000,000	Complete
Department of Transport	Local Transport Block Funding – Pothole Fund (Previously Reported)	£4,300,000	Complete
Department of Transport	Bus Service Operator Grant for Walmer in Dover	£2,000,000	Complete
Department for Culture, Media & Sport	Sport England 2023-24	£900,000	Complete
Department for Health	Supplementary substance Misuse Treatment & Recovery (SSMTRG) 2024-25 (mid year & end of year review)	£2,200,000	Complete
Department for Health	SSMTR – Housing Support Fund 2024-25 (mid year & end of year review)	£809,000	Complete
Department for Health	Inpatient Detoxification Treatment (IPD) 2024-25 (mid year & end of year review)	£814,000	Complete
Department for Health	Individual Placement Support (IPS) 2024-25 (mid year & end of year review)	£257,000	Complete
Department for Health	Rough Sleeping Drug & Alcohol Treatment 2024-25 (mid year & end of year review)	£586,000	Complete
Department for Culture, Media & Sport	Sport England	£832,002	Complete
Department for Transport	Bus Services Improvement Grant (BSIP) 2023-24	£18,985,735	Complete
Department for Transport	Bus Services Improvement Grant (BSIP) 2024-25	£18,985,735	Complete
Department for Health	OHID Substance Misuse Grant (DATRIG & IPD)	£3,701,746	Complete
Department for Health	Individual Placement Support (IPS) 2025-26	£198,960	Complete
<b>Total</b>		<b>£118,007,178</b>	

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## Audit Opinion

<p><b>High</b></p>	<p>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.</p> <p>Processes are robust and well-established. There is a sound system of control operating effectively and consistently applied to achieve service/system objectives.</p> <p>There are examples of best practice. No significant weaknesses have been identified.</p>	<p><b>Limited</b></p>	<p>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.</p> <p>Certain weaknesses require immediate management attention as there is a high risk that objectives are not achieved.</p>
<p><b>Substantial</b></p>	<p>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.</p> <p>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.</p>	<p><b>No Assurance</b></p>	<p>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.</p> <p>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</p>
<p><b>Adequate</b></p>	<p>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.</p> <p>There are some significant matters that require management attention with moderate impact on residual risk exposure until resolved.</p>		

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Prospects for Improvement		Issue Risk Ratings	
<b>Very Good</b>	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.	<b>High</b>	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.
<b>Good</b>	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.	<b>Medium</b>	There are weaknesses in internal control arrangements which lead to a moderate risk of non-achievement of service or system objectives.
<b>Adequate</b>	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	<b>Low</b>	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.
<b>Uncertain</b>	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.		

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