Kent County Council

Internal Audit Annual Report 2025-26

July 2026

1. Purpose and Background

1.1 This Annual Report provides a summary of the work completed by the Internal Audit service during 2025-26.

1.2 Professional Internal Audit Standards require that an annual report on the work of Internal Audit should be prepared and submitted to those charged with governance to support the Council's Annual Governance Statement (AGS), as required by the Accounts and Audit Regulations (England) 2015. This report should include the following:

- An annual opinion on the overall adequacy and effectiveness of the organisation's governance, risk and control framework;
- A summary of the audit work from which the opinion is derived;
- Any issue the Head of Internal Audit judges particularly relevant to the preparation of the Annual Governance Statement;
- A comparison of the work undertaken with the work that was planned and a summary of the performance of the Internal Audit function against its performance measures and criteria;
- A statement on conformance with professional standards and the result of the Internal Audit Quality Assurance and Improvement Programme;
- Disclosure of any qualifications to the opinion, together with the reasons for the qualification; and
- Disclosure of any impairments (in fact or appearance) or restriction in scope.

1.3 The purpose of this report is to satisfy these requirements and members are requested to note its content and the Annual Internal Audit Opinion provided.

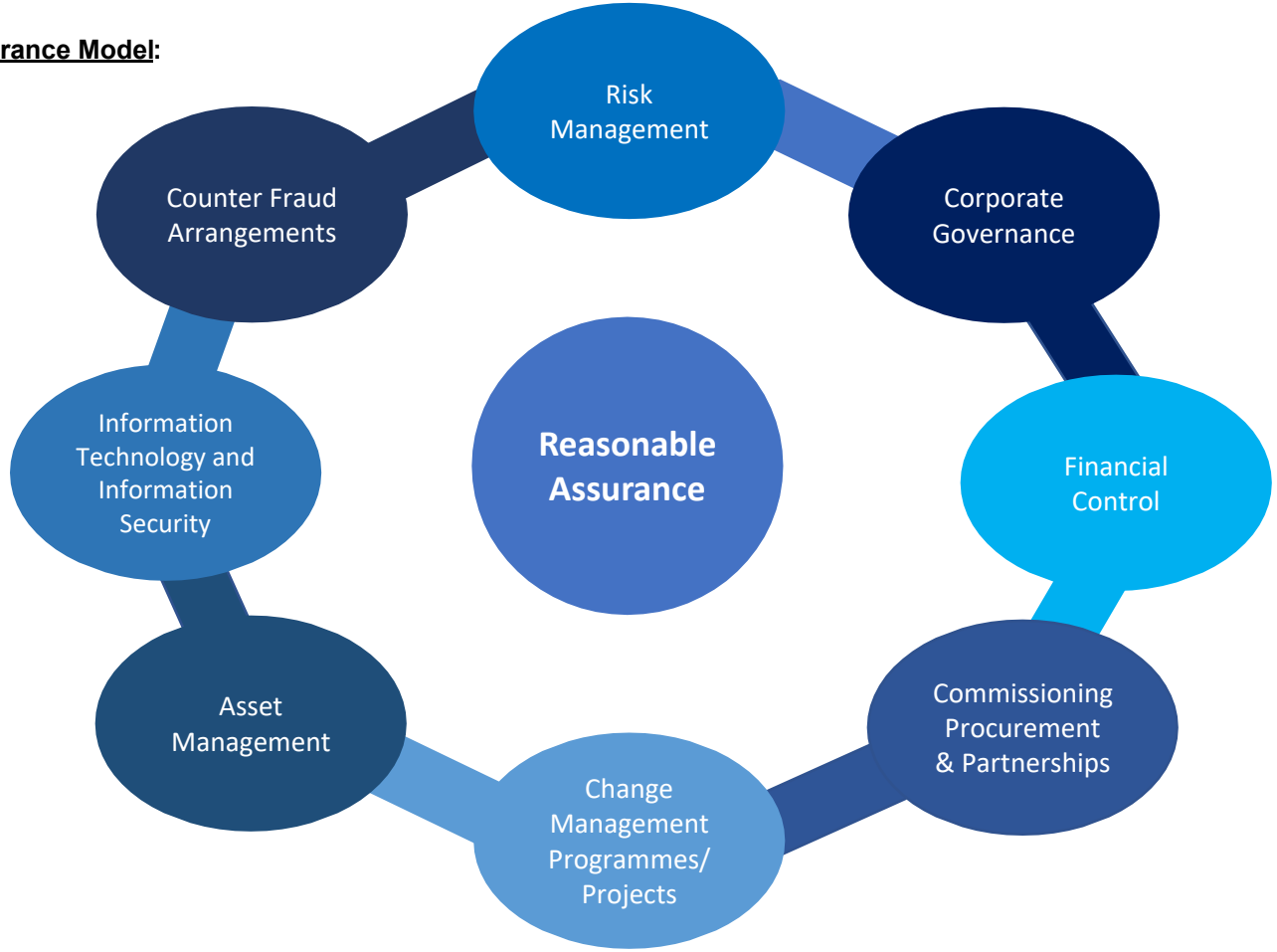
1.4 Additionally, the report highlights key messages and outcomes, issues, patterns, strengths and areas for development in respect of internal control, risk management and governance arising from work undertaken by Internal Audit.

1.5 The Annual Opinion is derived from evaluation of the outcomes of Internal Audit work with specific emphasis upon the following key factors:

- Assurance Opinions from audit assignments;
- The increased use of audit resource on advisory engagements;
- Follow Up reviews of audits assigned as Limited or No Assurance;
- Assessment of audit outcomes against key themes of corporate health (the "Reasonable Assurance" model); and
- The level of implementation by management of agreed actions to improve internal control and the management of risk.

1.6 The “Reasonable Assurance” Model evaluates the outcomes of Internal Audit and Counter Fraud work against the following 8 themes of what a healthy organisation requires to operate effectively.

Figure 1: Reasonable Assurance Model:



1.7 Internal Audit is guided by the Internal Audit Charter, which is reviewed annually. Internal Audit provides an independent and objective opinion on the Council’s control environment through the work based on the Annual Internal Audit Plan agreed by the Governance and Audit Committee.

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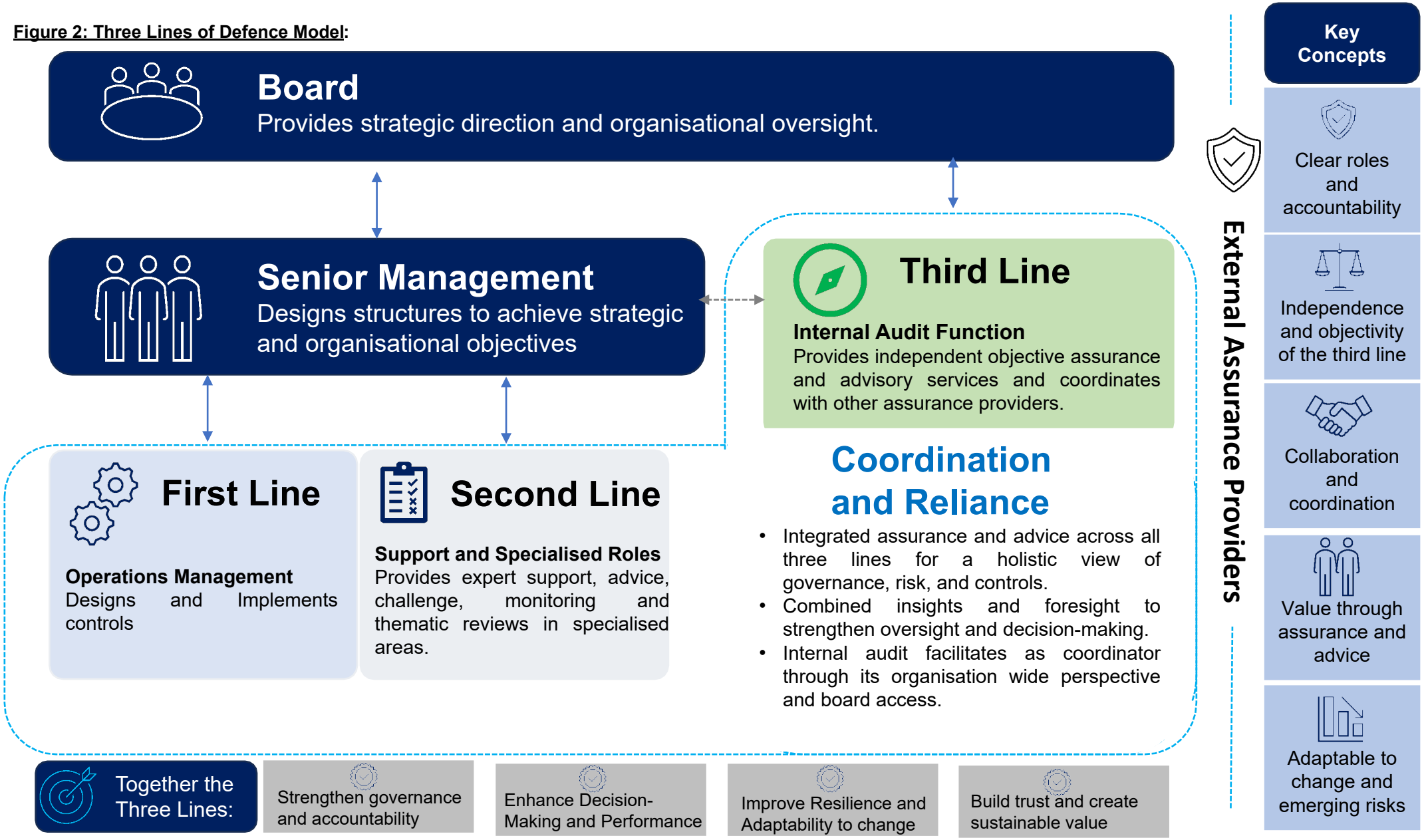
1.8 The position of Internal Audit within an organisation's governance framework is best summarised in the Three Lines of Defence Model:

Figure 2: Three Lines of Defence Model:



Key Concepts

- Clear roles and accountability
- Independence and objectivity of the third line
- Collaboration and coordination
- Value through assurance and advice
- Adaptable to change and emerging risks

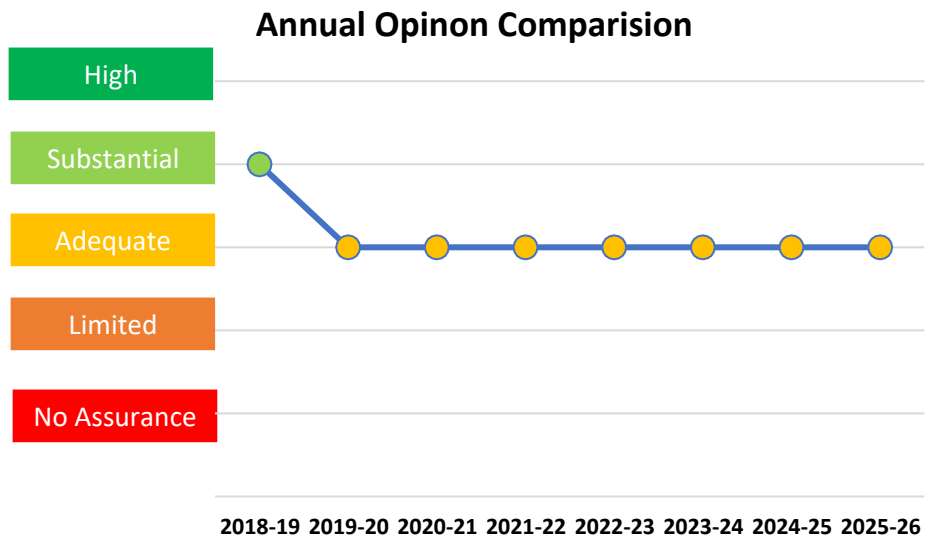
2. Annual Opinion

Overall Assurance and Opinion

2.1 Internal Audit concludes that **Adequate** Assurance can be assigned in relation to the Council's corporate governance, risk management and internal control arrangements.

2.2 This opinion is principally based upon the evaluation of the findings, conclusions and assurances from the work undertaken by Internal Audit compared to eight key indicators of corporate health, as set out in paragraphs 3.7-3.9, which concludes "**Adequate**" assurance overall.

2.3 There has been a maintained trajectory in the proportion of systems, processes or functions which are assigned an assurance level of "Substantial" or High" with 50% in 2025-26 in line with 50% in 2024-25 and 52% in 2023-24. There was a slight increase in the assigning of "Limited" assurance in 2025-26 to 17% from 15% in 2024-25.



2.4 A Significant level of audit resources cover non- assurance work such as Advisory and Programmed Follow Ups of previous audits assigned "Limited" or "No" assurance. The outcomes from this non-assurance work has highlighted improvements across 2025-26. Thus, for example, the outcome of the Programmed Follow Up work was that of 28 issues raised, 69% had been fully implemented.

2.5 The opinion is also based on the evaluation of the implementation of agreed management actions to address internal control and risk management issues identified by Internal Audit reports. In 2024-25, full implementation rates increased to 62% in 2024-25 from 34% in 2023-24. The positive trend in implementation of management actions was taken into 2025-26 with implementation reported to January (64%) and July (61%) Governance and Audit Committees. This was a positive step in the implementation of agreed management actions and should be continued to be built upon in 2026-27.

2.6 It should be emphasised that the assignment of an overall "Adequate" assurance opinion in 2025-26 is consistent with the overall opinion since 2019-20. The Adequate" assurance opinion should be considered in the context of the unprecedented challenges faced by the Council in recent years and the significant risks it continues to navigate.

2.7 Internal Audit aims to add and protect organisational value and continues to work collaboratively with stakeholders, senior management and the Governance and Audit Committee to improve governance and internal control arrangements. Examples include:

- Being a critical friend and trusted advisor for Council projects such as the Oracle Cloud programme;
- Auditing what matters and revising areas of coverage to reflect new risks and assisting the organisation in times of challenge;
- Helping the Council look back and learn from experiences with clear and targeted reports;
- Providing insight by evaluating the Council's current state of maturity and examining the strengths, weaknesses and effectiveness of risk management arrangements;
- Highlighting emerging risks and blind-spots that require monitoring and managing, for example identifying weaknesses using advanced data analytics;
- Championing effective corporate governance, strong risk management, greater efficiency of operations and effective processes and internal controls,
- Continued coverage of information technology and information governance risks;
- Attendance at various external groups to share best practice and inform horizon scanning of significant risks;
- Delivery of an effective proactive and reactive Counter Fraud service;
- Retention of income generated services delivered to external clients;
- Promoting and delivering on the ethos of talent management and development of members of the service; and
- Input to Council wide Information Governance and Risk groups.

2.8 There have been no significant limitations to the scope of Internal Audit work, but it should be noted that the assurance expressed can never be absolute and as such Internal Audit provides assurance based on the work performed using a risk-based approach to engagement planning.

3. Summary of Internal Audit Work 2025-26

Delivery Against the Internal Audit Plan

3.1 **Appendix 1** details delivery against the 2025-26 Internal Audit Plan including amendments and changes.

Assurance Opinions from Audit Assignments

3.2 Assurance levels are assigned to completed risk-based audit reviews based on the criteria in **Appendix 5**. For the 2025-26 Audit Plan, a total of 33 audit engagements were undertaken of which 26 (79%) audit opinions were given. The assurance levels assigned are set out in **Appendix 5**.

3.3 Overall, 50% of systems or functions have been assigned with "Adequate" assurance or lower with 38% assigned Adequate and 12% assigned Limited assurance. The assigning of "Substantial" or "High" assurance opinions (50%) in 2025-26 was in line with 2024-25 (50%). Furthermore, the levels of High assurance reviews (8%) has decreased from 2024-25 (20%) as illustrated in Table 1.

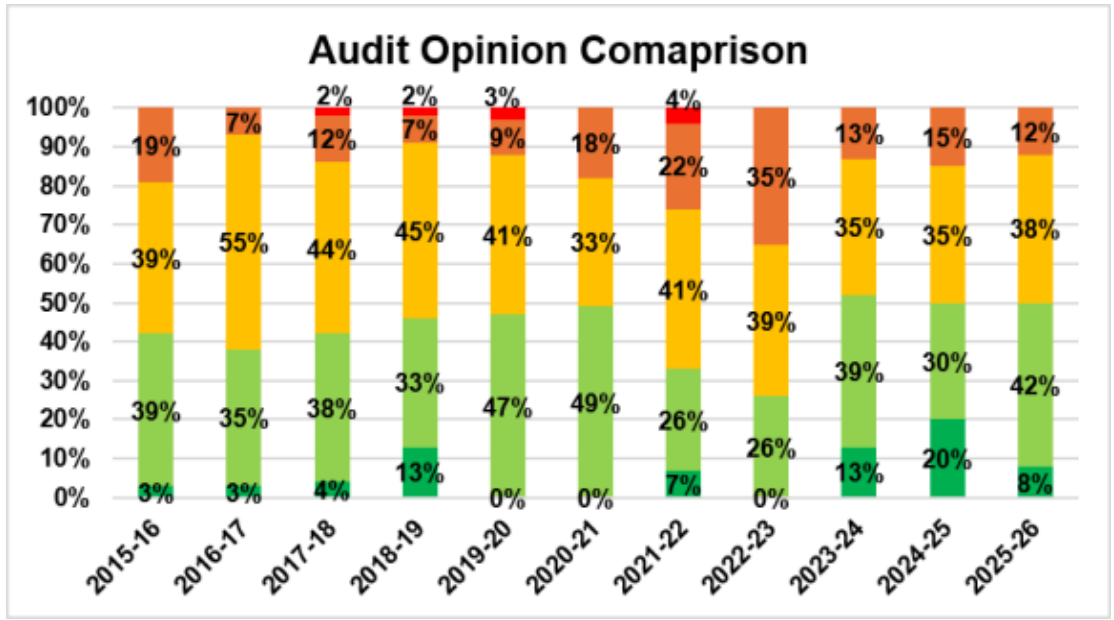
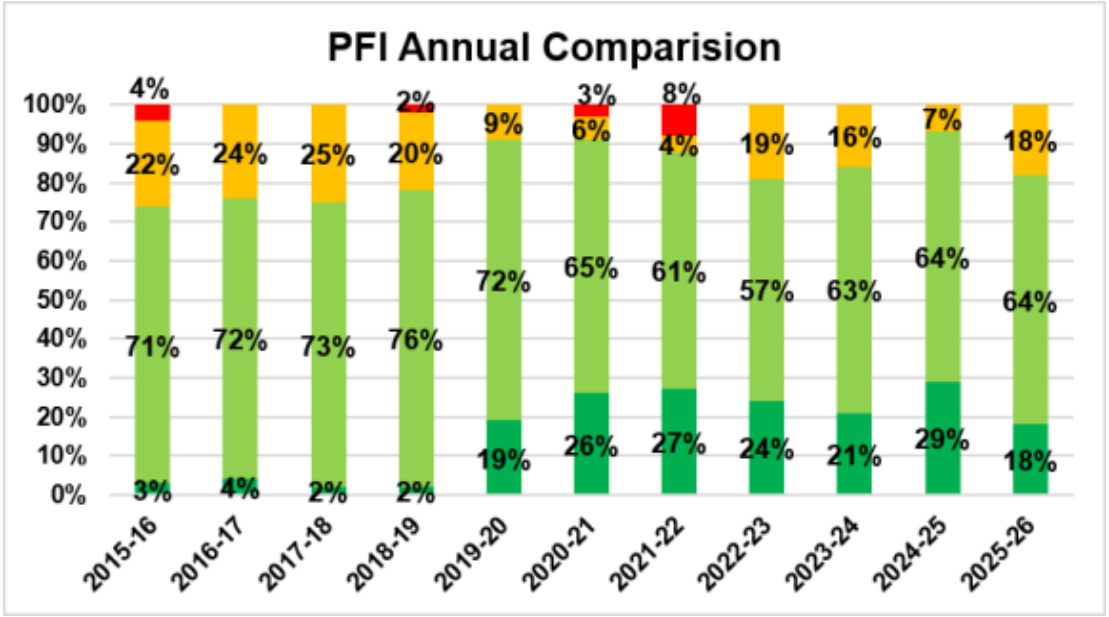


Table 1: Summary of Assurance Opinions 2015-16 to 2025-26

Assurance Level	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
High	3%	3%	4%	13%	0%	0%	7%	0%	13%	20%	8%
Substantial	39%	35%	38%	33%	47%	49%	26%	26%	39%	30%	42%
Adequate	39%	55%	44%	45%	41%	33%	41%	39%	35%	35%	38%
Limited	19%	7%	12%	7%	9%	18%	22%	35%	13%	15%	12%
No Assurance	0%	0%	2%	2%	3%	0%	4%	0%	0%	0%	0%
Substantial or Above	**42%**	**38%**	**42%**	**46%**	**47%**	**49%**	**34%**	**26%**	**52%**	**50%**	**50%**

3.4 Detailed summaries on the outcomes from Internal Audit work completed for 2025-26 Audit Plan have been reported in Progress reports to the Governance and Audit Committee throughout the year.



Prospects for Improvement

3.5 On the conclusion of each audit assignment, an assessment of the prospects for improvement is provided in the respective audit report. This is based on the criteria set out in **Appendix 5**.

3.6 Overall, 82% of systems or functions have been assessed as having good, or better, prospects for improvement. This is a slight decrease from the previous year, as illustrated in **Table 2**.

Table 2: Summary of Prospects for Improvement 2015-16 to 2025-26

Prospects for Improvement	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Very Good	3%	4%	2%	2%	19%	26%	27%	24%	21%	29%	18%
Good	71%	72%	73%	76%	72%	65%	61%	57%	63%	64%	64%
Adequate	22%	24%	25%	20%	9%	6%	4%	19%	16%	7%	18%
Uncertain	4%	0%	0%	2%	0%	3%	8%	0%	0%	0%	0%
Good or Above	74%	76%	75%	78%	91%	91%	88%	81%	84%	93%	82%

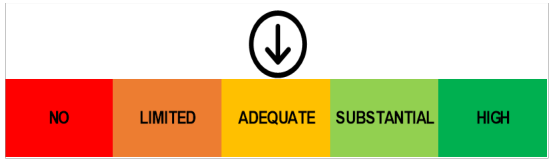
Reasonable Assurance Methodology Analysis

3.7 Evaluation of Internal Audit outcomes from audits undertaken utilising the Reasonable Assurance Model (as referred to at paragraph 1.6) provides focus on those audit activities which both assign an opinion in addition to those that make audit conclusions and observations in management letters against the 8 themes of corporate health. Thus, this analysis forms the key component of the derivation of the Head of Internal Audit Annual Opinion.

3.8 In planning to be able to conclude an opinion on the effectiveness of governance, risk management and internal control framework, Internal Audit work is assessed around the 8 key lines of enquiry. Internal Audit assessments for each theme is summarised in **Table 3**:

Table 3: Audit Outcomes Evaluated on Reasonable Assurance Model

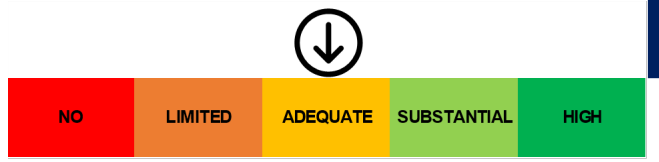
1. Corporate Governance



Direction of Travel

No.	Audit	Opinion	Prospect for Improvement	Summary to Committee
1	RB06-2026 - Oracle Cloud Programme – Programme Management Follow-up	Follow-up	N/A	September 2025
10	RB05-2026 - Oracle Cloud Programme – Embedded Assurance	Embedded Assurance	N/A	January 2026
11	RB40-2026 - Highways Term Maintenance – Embedded Assurance	Embedded Assurance	N/A	January 2026
13	RB10-2026 - ASCH Saving Delivery Plan Governance	Limited	Very Good	May 2026
16	RB38-2026 - Emissions Trading Scheme – Financial Modelling & Assumptions	Adequate	Good	May 2026
17	RB31-2025 – Elective Home Education	High	Very Good	May 2026
28	RB45-2026 - Oracle Cloud Programme – Communication & Training	Adequate	Adequate	July 2026

1. Corporate Governance



Direction of Travel

No.	Audit		Opinion	Prospect for Improvement	Summary to Committee
33	RB02-2026 - Future Operating Environment – Local Government Reorganisation Implementation		Substantial	Good	July 2026
23	RB32-2026 – Business Continuity Planning – Post Implementation System Usage (Split Opinion)	Functional System	Substantial	Good	July 2026
		ASCH	High		
		CED	Adequate		
		DCED	Adequate		
		CYPE	Adequate		
		GET	Limited		
-	RB04-2026 - Ongoing review of identified actions		Follow-up	N/A	January & July 2026

A Governance Recommendation Improvements Plan (GRIP) is in place which tracks identified improvements from Internal and External Audit, AGS and associated reports.

The ASCH Saving Delivery Plan Governance review identified that there are ongoing refinements to governance structures with several improvements however, a lack of transparency over alternative savings plans for undeliverable savings and weekly savings target review meetings also did not include savings targets for transparency. In addition, the Terms of Reference for Directorate Management Team is currently being strengthened.

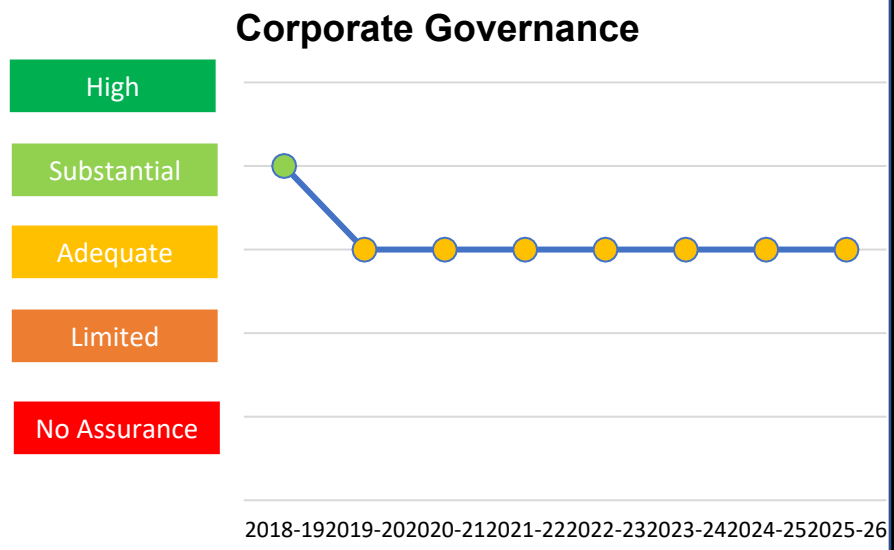
The review of Elective Home Education (EHE) found that EHE decision making criteria is evidenced to support decisions and governance arrangement to be operating effectively.

The review of Business Continuity Plans identified that a number of plans had not been uploaded and approved within the Meridian system. The Corporate Management Team cannot obtain the assurance needed that business continuity arrangements are in place, up to date, and consistent with corporate standards across the organisation which may weaken governance.

The embedded assurance provided on the Highways Term Maintenance Contract found that there has been adequate internal governance arrangement in place for the procurement phase. There were clear programme roles and responsibilities and timely arrangements to support decision making.

Implementation of agreed management actions found that broadly more positive implementation rates had been maintained during 2025-26

Internal Audit continue to provide embedded assurance on the Oracle Cloud Programme which will continue into 2026-27. Enhancements in relation to decision making and governance have been identified This is a pivotal time for the programme and a new programme Director has been appointed to drive the programme through to implementation of phase 2.



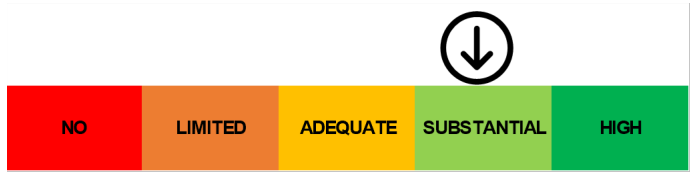
2. Risk Management

NO | LIMITED | ADEQUATE | SUBSTANTIAL | HIGH

Direction of Travel

No.	Audit		Opinion	Prospect for Improvement	Summary to Committee
1	RB06-2026 - Oracle Cloud Programme – Programme Management Follow-up		Follow-up	N/A	September 2025
3	RB33-2026 - Health and Safety		Substantial	Very Good	January 2026
4	RB31-2025 - Unaccompanied Asylum-Seeking Children (UASC) – Reception Centres and Registered Children's Homes		Substantial	Very Good	January 2026
10	RB05-2026 - Oracle Cloud Programme – Embedded Assurance		Embedded Assurance	N/A	January 2026
13	RB10-2026 - ASCH Saving Delivery Plan Governance		Limited	Good	May 2026
17	RB31-2026 - Elective Home Education		High	Very Good	May 2026
34	RB47-2026 - Oracle Cloud Programme – Lesson Learned Review		Advisory	N/A	July 2026
23	RB32-2026 – Business Continuity Planning – Post Implementation System usage (Split Opinion)	Functional System	Substantial	Good	July 2026
		ASCH	High		
		CED	Adequate		
		DCED	Adequate		
		CYPE	Adequate		
		GET	Limited		
24	RB18-2026 – ASCH Provider Failure Risk		Adequate	Good	July 2026

2. Risk Management



Direction of Travel

Review of Oracle Cloud Program (OCP) identified that risk management practices within the programme continue to embed. Internal Audit have observed an improvement in this with greater emphasis taken at the OCP Board and financial risk quantification taking place where possible.

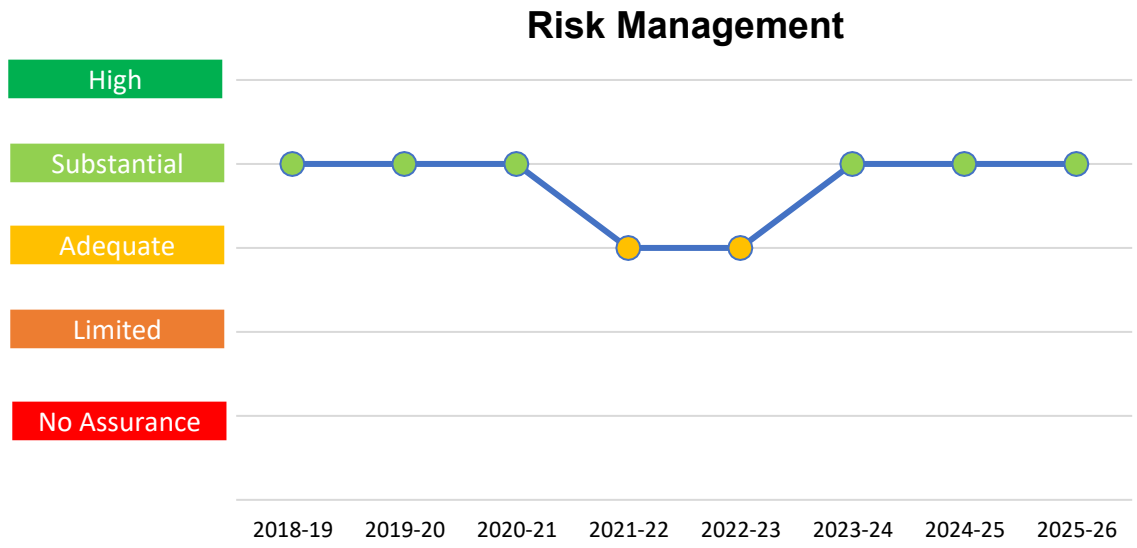
Audit assurance was provided on Health and Safety risk profiling app in which it was found to be generally working effectively utilisation of the app could be enhanced. In addition, training arrangements could be enhanced.

The review of Business Continuity Planning found that there is a robust functional processes in place however, several BCP's had not been uploaded and approved in the meridian system.

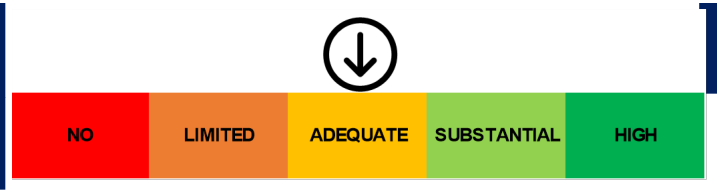
The review of unaccompanied Asylum-seeking children reception centres and registered children's homes found that reputational risks are well managed. In addition, there are live risk registers and structured risk matrices in place used to assess treats.

The review of ASCH Saving Plan Delivery Governance found that though risks and barriers are identified and noted in weekly highlight reports that there is no comprehensive risk log in place to monitor and review risks effectively.

The Corporate Risk Register and Strategy have been Committees throughout the year and have been scrutinised by Members and provide a fair reflection of the current risk landscape facing the Council. Internal Audit did not undertake a review of Risk Management during 2025-26 as the previous review found a comprehensive and formally approved framework is in place, aligned with ISO 31000 and the Orange Book. A review of Risk Management will be undertaken during 2026-27.



3. Financial Control



Direction of Travel

No.	Audit	Opinion	Prospect for Improvement	Summary to Committee
1	RB06-2026 - Oracle Cloud Programme – Programme Management Follow-up	Follow-up	N/A	September 2025
2	RB39-2026 - Help Hands Follow-up	Follow-up	N/A	September 2025
4	RB31-2025 - Unaccompanied Asylum-Seeking Children (UASC) – Reception Centres and Registered Children's Homes	High	Very Good	January 2026
10	RB05-2026 - Oracle Cloud Programme – Embedded Assurance	Embedded Assurance	N/A	January 2026
13	RB10-2026 - ASCH Saving Delivery Plan Governance	Limited	Good	May 2026
16	RB38-2026 - Emissions Trading Scheme – Financial Modelling & Assumptions	Adequate	Good	May 2026
18	RB13-2026 - Direct Payments Follow-up	Follow-up	N/A	May 2026
19	RB11-2026 - Adult Social Care Debt Recovery	Substantial	Good	July 2026
20	RB24-2026 - No Purchase Order No Pay	Embedded Assurance	N/A	July 2026
21	RB48-2026 – Local Mitigation Fund (LMF)	Advisory	N/A	July 2026
25	RB20-2026 - Budget Management	Adequate	Good	July 2026
26	RB30-2026 - Essential Living Allowance Follow-up	Limited	Adequate	July 2026
27	RB16-2026 - MOSAIC Invoice Validation	Adequate	Adequate	July 2026

3. Financial Control

NO | LIMITED | ADEQUATE | SUBSTANTIAL | HIGH

Direction of Travel

No.	Audit	Opinion	Prospects for Improvement	Summary to committee
32	RB25-2026 - Process review of SEND Payments	Advisory	N/A	July 2026

The Limited Assurance review of ASCH Saving Delivery Plan Governance found a number of enhancements in relation to savings plans. Management action plans have been determined for these areas and will be followed-up by Internal Audit during 2026-27.

Certification on a wide range of funding received by the Council has confirmed that funds had been spent in accordance with the respective conditions of the grants.

Follow-up reviews of Direct Payments and Helping Hands were undertaken which found positive implementation of previously identified actions. Further work will be explored for Direct payments during 2026-27 utilising data-driven assurance.

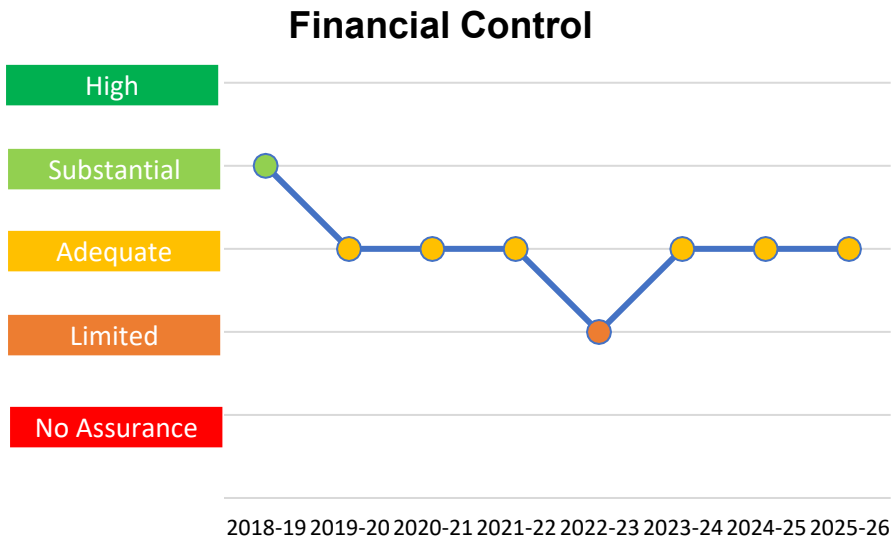
Embedded assurance work on the Oracle Cloud Programme initially identified significant weaknesses in relation to financial management however, there has been improvement on the financial monitoring and reporting of the budget position to the Programme Board.

The advisory review of the Local Mitigation Fund (LMF) provided ongoing advice throughout in which provided advice on governance, scrutiny and monitoring of the fund. The advice given resulted in strengthening of controls with all suggestions made by Internal Audit implemented.

For the UASC audit it was found that financial controls in relation to cash, cards and procurement were operating effectively.

The review of MOSAIC Invoice validation found that there was a clear structured process which was supported by detailed guidance. The issues identified in this review related to heavy reliance on manual data extraction and the calculation methods used to determine any reclaim amounts.

The Emissions Trading Scheme review found that the MTFP Spending App provides transparent visibility of the ETS financial pressure submitted into the financial plan. However, there was not a structured process for approving or tracking changes to ETS figures with no supplementary versions or evidence of prior reviews, meaning the evolution of estimates cannot be reconstructed, verified easily or independently.



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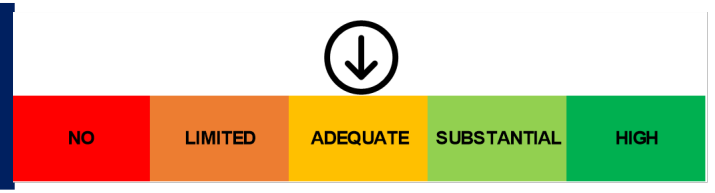
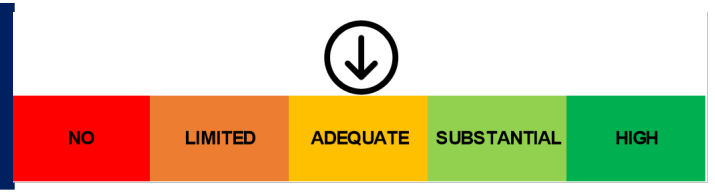
4. Change, Programme and Project Management



Direction of Travel

No.	Audit	Opinion	Prospect for Improvement	Summary to Committee
1	RB06-2026 - Oracle Cloud Programme – Programme Management Follow-up	Follow-up	N/A	September 2026
7	RB41-2026 - Utility Works on Kent Network – Process and Alignment of Utility Works	Adequate	Good	January 2026
10	RB05-2026 - Oracle Cloud Programme – Embedded Assurance	Embedded Assurance	N/A	January 2026
12	RB56-2025 - Public Health Service Transformation Programme Delivery – Embedded Assurance	Embedded Assurance	N/A	January 2026
16	RB38-2026 - Emissions Trading Scheme – Financial Modelling & Assumptions	Adequate	Good	May 2026
28	RB45-2026 - Oracle Cloud Programme – Communication & Training	Adequate	Adequate	July 2026
33	RB02-2026 - Future Operating Environment – Local Government Reorganisation Implementation	Substantial	Good	July 2026

4. Change, Programme and Project Management



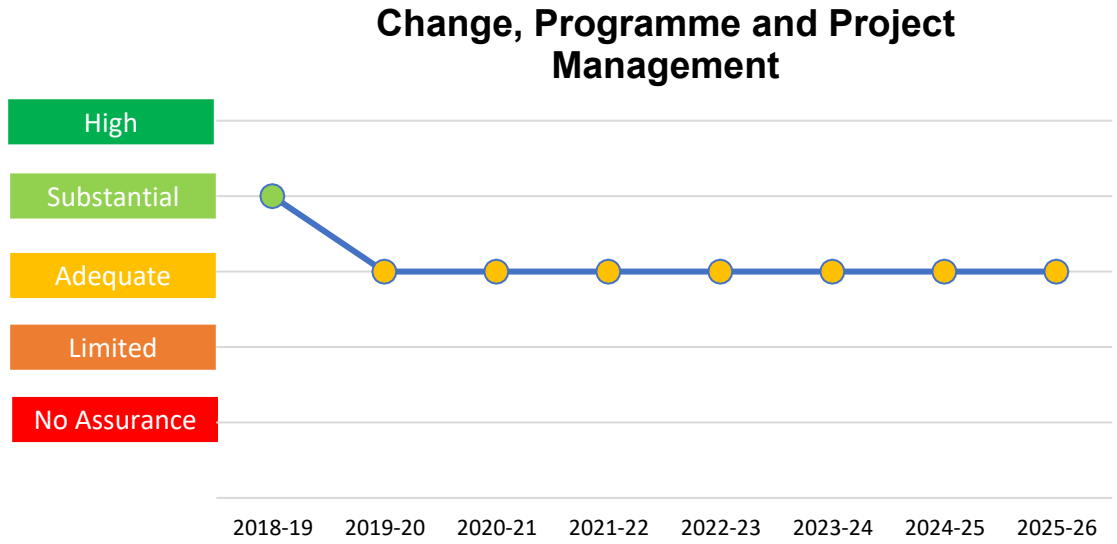
Direction of Travel

No.	Audit	Opinion	Prospect for Improvement	Summary to Committee

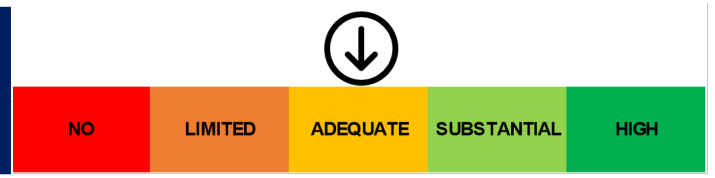
The review of Utility Works found that applications for utility works are responded to timely and that permit applications, decisions and changes are documented. However, the Kent Permit scheme had not been reviewed for 4 years which places KCC at risk of breaching regulations.

Review of Public Health Service Transformation Programme Delivery 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. 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.

Review of Local Government Reorganisation (LGR) has primarily reviewed the processes in place for service complexity assessments. The review found there to be a robust process in place with good consistency of the assessments that were undertaken. Work around LGR will continue into 2026-27 as there becomes more certainty on the future operating models.



5. Procurement, Commissioning and Partnerships



Direction of Travel

No.	Audit	Opinion	Prospect for Improvement	Summary to Committee
11	RB40-2026 - Highways Term Maintenance Contract – Embedded Assurance	Embedded Assurance	N/A	January 2026
12	RB56-2025 - Public Health Service Transformation Programme Delivery – Embedded Assurance	Embedded Assurance	N/A	January 2026
16	RB38-2026 - Emissions Trading Scheme – Financial Modelling & Assumptions	Adequate	Good	May 2026
20	RB24-2026 - No Purchase Order No Pay	Embedded Assurance	N/A	July 2026
24	RB18-2026 - ASCH Provider Failure Risk	Adequate	Good	July 2026
27	RB16-2026 - MOSAIC Invoice Validation	Adequate	Adequate	July 2026
30	RB42-2026 - Commercial & Procurement Oversight Board (CPOB)	Advisory	N/A	July 2026

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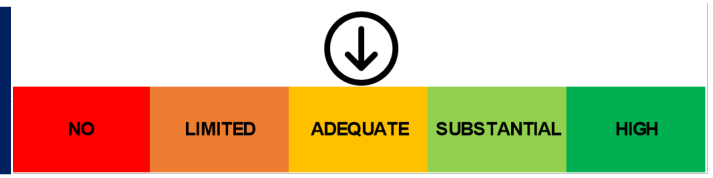
Appendix 5 – Definitions

5. Procurement, Commissioning and Partnerships



Direction of Travel

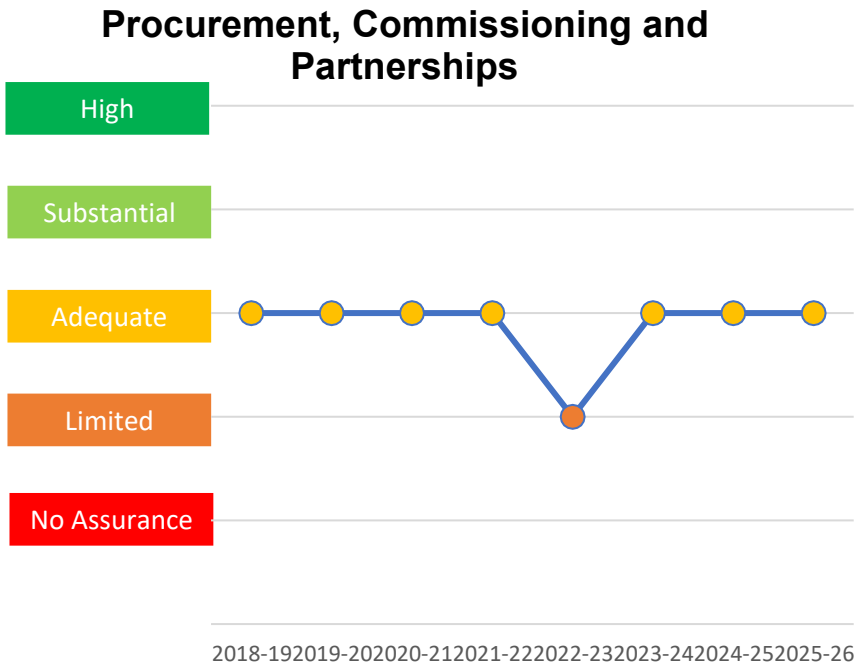
There have been a number of positive strides in relation to how KCC approaches procurement, commissioning and partnerships such as the work of the Commercial & Procurement Oversight Board and Contract Review Group.

The embedded assurance review of Public Health Service Transformation Programme Delivery found that there has been consistent input from the Commercial & Procurement Team throughout each project. Each of the budgets for the services has been ratified by the Strategic Financial Advisor, considered the lifespan of the contract period, and has been incorporated into the 2026-27 budget build.

The Audit review of ASCH Provider Failure Risk found that though there is a quality and assurance framework in place to help identify providers at risk of failure there is an inconsistent risk assessment and rating applied to providers. Furthermore, it would be beneficial to embed early warning provider financial risk indicators.

The Embedded assurance on the Highways Term Maintenance contract found that the project has benefited from clear roles and responsibilities, strong engagement from senior officers, and timely decision-making throughout the commissioning cycle.

From November 2024, KCC has implemented a No PO No Pay Policy which should enhance the control environment. Continued emphasis in 2026-27 on Procurement, commissioning and partnerships related audits will include an audit of Contract Management Framework Assurance.



6. Information Technology and Information Security

NO | LIMITED | ADEQUATE | SUBSTANTIAL | HIGH

Direction of Travel

No.	Audit	Opinion	Prospect for Improvement	Summary to Committee
5	ICT01-2026 – Backups	Substantial	Very Good	January 2026
8	RB14-2026 - Information Governance (ASCH)	Substantial	Good	January 2026
14	ICT04-2026 - Laptops Asset Management	Substantial	Good	May 2026
15	RB22-2026 - Personal Data - Invicta Law (combined with GCSG)	Substantial	Good	May 2026
22	RB52-2025 - Data Security Protection Toolkit (DSPT)	High	Very Good	July 2026
29	RB44-2026 - Oracle Cloud Programme – Security of Data Migration	Adequate	Adequate	July 2026

For the review of Backups, it was found that there were adequate policies and standards with a clear understanding of roles and responsibilities.

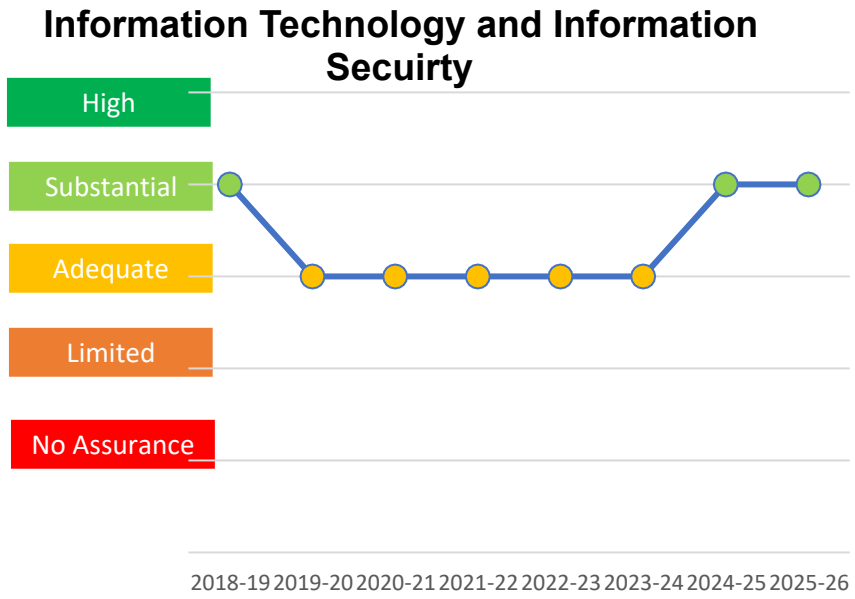
The Laptops Asset Management review found that the process for return of laptops had improved with the process embedded into HR workflows and appropriate oversight including an asset register. However, some enhancements were identified relating to the escalation path which would benefit the process.

The audit of ASCH Information Governance identified arrangements in place to be robust though further enhancements relating to the timeliness of Subject Access Request returns and assurance over third party provider compliance were identified.

The review of Personal Data also found controls for the most part to be operating effectively. Some enhancements in relation to the follow-up of data breaches and consistency of the application of data minimisation principles were identified.

The DSPT review found that the Council is compliant with required mandatory assertions and no areas for improvement were identified.

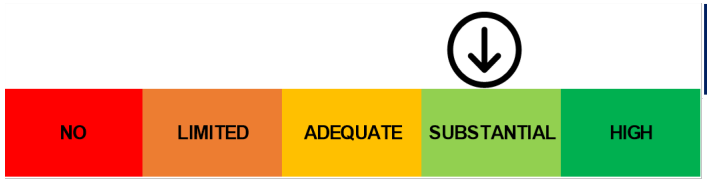
Areas for improvement were identified in the review of data migration including enhancements to the strategy and clear roles and responsibilities.



Section Navigation

1. Purpose & Background
2. Annual Opinion
3. Summary of Internal Audit Work
4. Implementation of Management Actions
5. Other Audit Work Including Grant Certification
6. Conformance with Public Sector Internal Audit Standards
7. Internal Audit Performance
8. Internal Audit Resources
9. Disclosure on Impairment and Statement of Independence
Appendix 1 – 2024/25 Internal Audit Plan Status
Appendix 2 - IIA Assessment Criteria Other Sources of Assurance
Appendix 3 - Extract of KCC Significant Risks
Appendix 4 - QAIP
Appendix 5 – Definitions

7. Asset Management



Direction of Travel

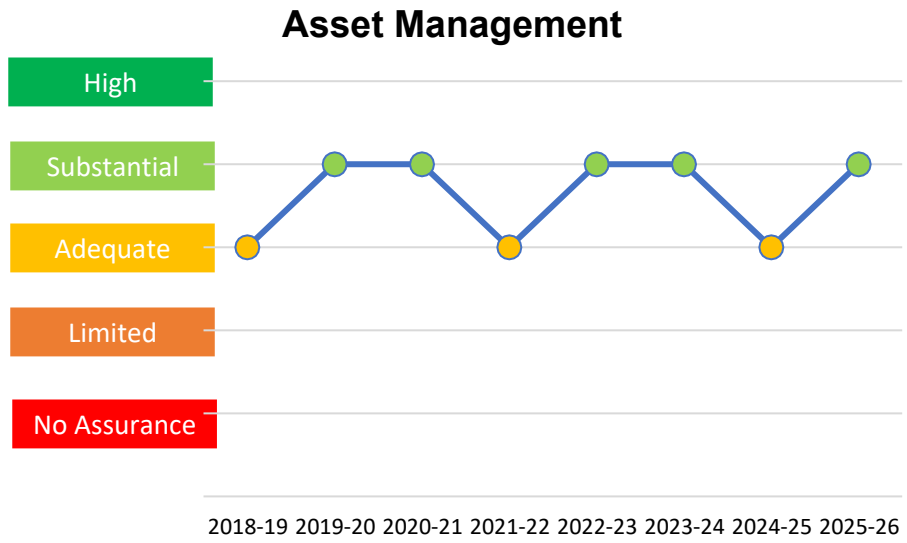
No.	Audit	Opinion	Prospect for Improvement	Summary to Committee
6	RB36-2026 - Property Disposal	Substantial	Good	January 2026
11	RB402-26 - Highways Term Maintenance Contract – Embedded Assurance	Embedded Assurance	N/A	January 2026
14	ICT04-2026 - Laptops Asset Management	Substantial	Good	July 2026
31	RB35-2026 - Restructures	Substantial	Good	July 2026
34	RB47-2026 - Oracle Cloud Programme – Lessons Learned Review	Advisory	N/A	July 2026

The review of Property Disposals found that the disposal programme is regularly reported for scrutiny and challenge to Members with all capital receipts sampled fully recorded in the Council's Financial management system. However, it was found that ongoing asset management obligations were not consistently completed.

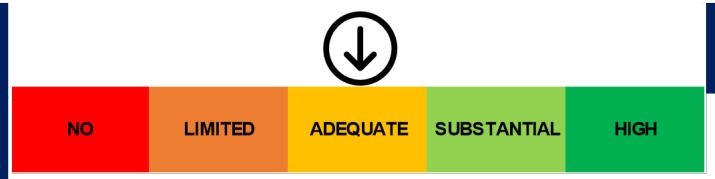
The Oracle Cloud Programme – Lessons Learned review identified areas in which resources are managed should be enhanced such as the overarching Programme Plan.

The Laptops Asset Management review found that the process for return of laptops had an improved process embedded since the previous audit undertaken in 2020/21.

The review of restructures found that proposals are subject to senior management challenge, scrutiny and approval ahead of implementation. There are support mechanisms in place for those affected by restructures. However, enhancements were identified relating to business cases and resourcing capacity.



8. Counter Fraud Arrangements



Direction of Travel

No.	Audit	Opinion	Prospect for Improvement	Summary to Committee
6	RB36-2026 - Property Disposal	Substantial	Good	January 2026
10	RB05-2026 - Oracle Cloud Programme – Embedded Assurance	Embedded Assurance	N/A	January 2026
14	ICT04-2026 - Laptops Asset Management	Substantial	Good	May 2026
18	RB13-2026 - Direct Payments Follow-up	Follow-up	N/A	May 2026
20	RB24-2026 - No Purchase Order No Pay	Embedded Assurance	N/A	July 2026
27	RB16-2026 - MOSAIC Invoice Validation	Adequate	Adequate	July 2026
26	RB30-2026 - Essential Living Allowance Follow-up	Limited	Adequate	July 2026

8. Counter Fraud Arrangements

The Annual Counter Fraud Report was presented to Governance and Audit Committee which identified an increase of 25% from the previous financial year in the number of published irregularity referrals. There manly centred around referrals contract management, blue badge and theft. The increase in referrals demonstrates greater awareness within the services of the reporting requirements into Internal Audit. There has been an increase in irregularity referrals contract management, blue badge and theft

The Counter Fraud Team received a positive peer review during 2025-26 in which they were found to be conformant with the Counter Fraud Professional standards.

A fraud risk assessment was performed within the Local Mitigation Fund which identified additional areas that had not been previously considered e.g. segregation of duties in the administration of the scheme. The fraud risk assessment has been used to update the application process. This was completed alongside Internal Audits consultancy work on the scheme as covered within the Internal Audit plan.

Key Fraud Risks within the Older Person Residential & Nursing services have been shared with management to embed into their risk management framework. This focused on procurement and contract management risks associated to this high value service

The Group of States against Corruption (GRECO) evaluation has been completed with the draft report having gone through the European Councils plenary committee for adoption. The evaluation reviewed national legislation and frameworks alongside local authorities' policies and practices. The final report has been received and is subject to Ministry of Justice Ministerial review prior to publication. Work is underway to address recommendations relevant to KCC with key officer which the outcomes reported to the next Governance and Audit Committee. Outcomes of this report will be considered as part of the 2026-27 Annual Audit Opinion.

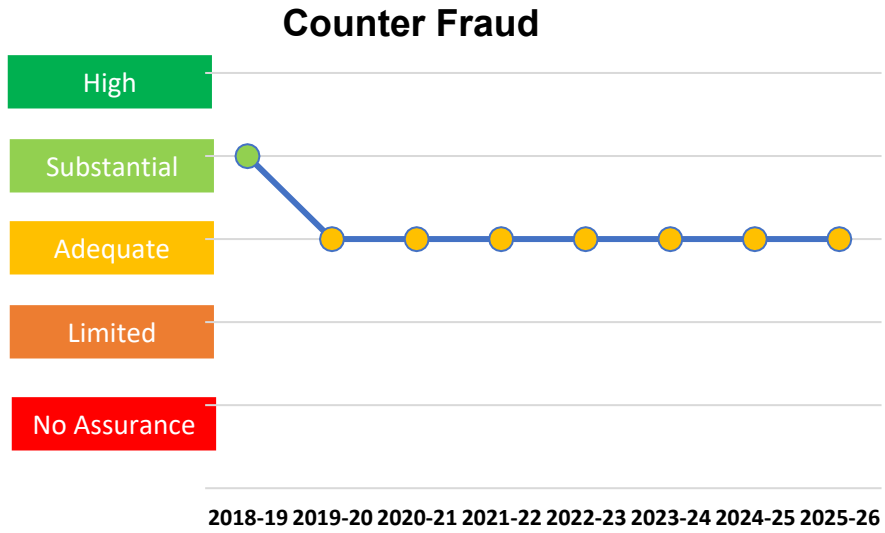
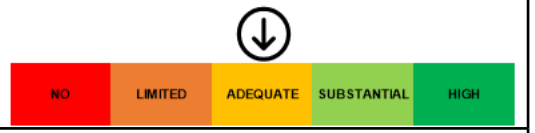
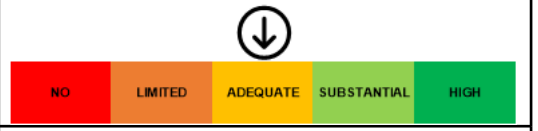
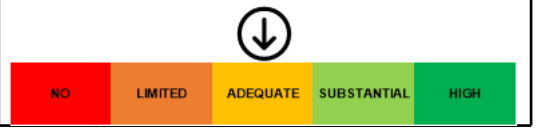
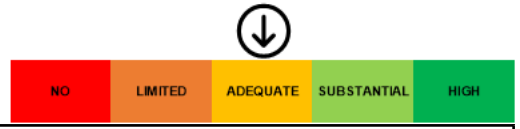
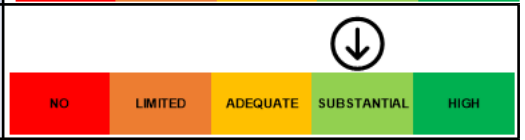
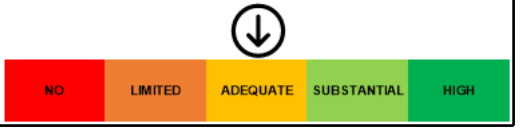
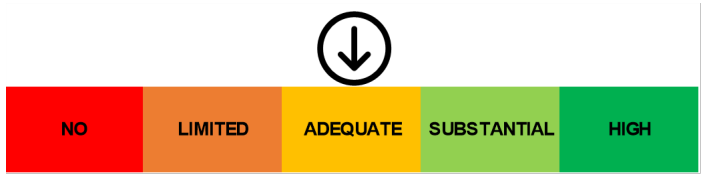


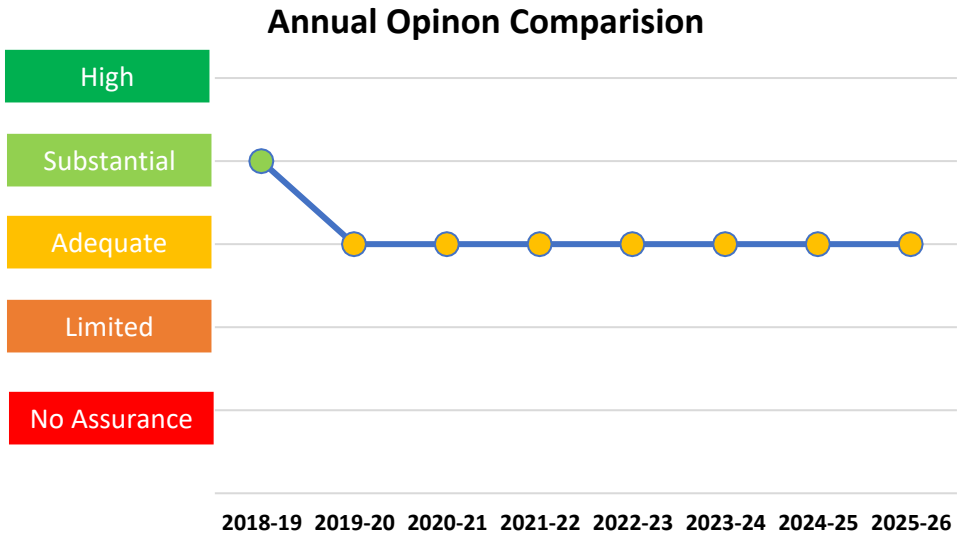
Table 4: Audit Opinion based on Reasonable Assurance Model

No.	Theme	Overall Opinion
1	Corporate Governance	
2	Risk Management	
3	Financial Control	
4	Change, Programme and Project Management	

No.	Theme	Overall Opinion
5	Procurement, Commissioning and Partnerships	
6	Information Technology and Information Security	
7	Asset Management	
8	Counter Fraud	

Overall Assurance Opinion



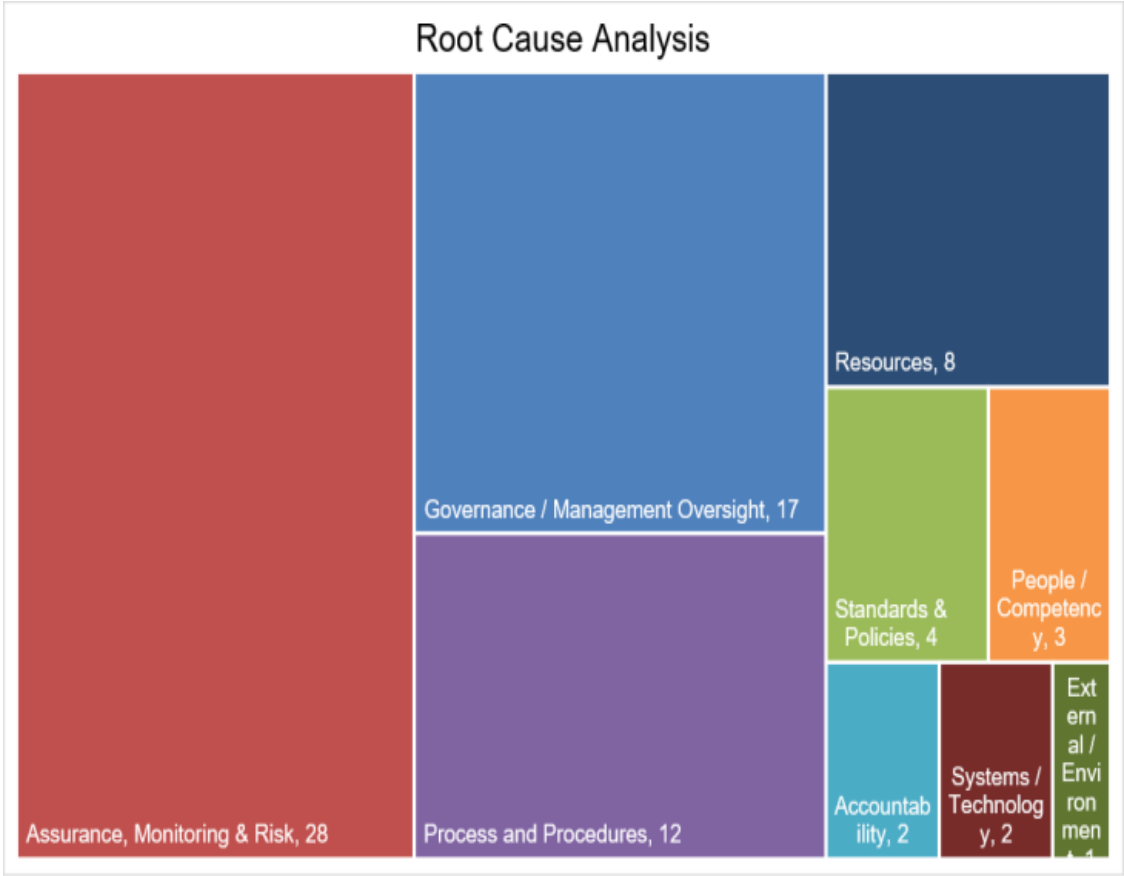


Root Cause

3.7 Root cause analysis (RCA) is a technique for identifying the underlying key causes behind audit findings and is an integral part of the internal audit process. Various tools and techniques are used to identify and address root causes, ensuring that the findings from Internal Audit work are meaningful and actionable. Providing management with an understanding of the root causes means they can then take action to prevent the recurrence of negative outcomes and to promote recurrence of positive ones. The use of RCA, and resulting management action, helps mitigate preventable risk exposure and demonstrates how Internal Audit adds value to KCC. This approach aims to prevent recurring failures, leading to stronger systems, better performance, and potential savings. A breakdown of the root causes of the 77 issues raised in 2025-26 are as follows:

3.8 The four areas with the most significant underlying causes are:

- **Assurance, Monitoring & Risk** (6 High, 15 Medium and 7 low issues) – findings were linked to a lack of internal or external mechanisms to monitor and assure service quality.
- **Governance/ Management Oversight** (3 High, 15 Medium and 7 Low issue) - findings were linked to governance arrangement in place.
- **Processes and Procedures** (2 High, 6 Medium and 4 Low issue) – evaluation of the effectiveness and clarity of established processes and procedures; and
- **Resources** (3 High, 2 Medium and 3 Low Issues) – Linked to the adequacy and/ or availability of resources available.



Root Cause Category	High	Medium	Low	Total
Governance / Management Oversight	3	11	3	17
Assurance, Monitoring & Risk	6	15	7	28
Standards & Policies	0	3	1	4
Process and Procedures	2	6	4	12
Accountability	1	0	1	2
People / Competency	0	2	1	3
Resources	3	2	3	8
Systems / Technology	0	2	0	2
External / Environment	0	1	0	1
Total	15	42	20	77

Other Sources of Assurance

3.9 In line with Global Internal Audit Standards (GIAS) standard 9.5, the Chief Audit Executive (Head of Internal Audit) must consider relying on the work of internal and external assurance providers. Institute of Internal Auditors' Practice Guidance, there is a criteria, summarised in **Appendix 2**, which should be utilised for Internal Audit to be able to place reliance upon other assurance providers, which maybe either internal or external sources of assurance.

3.10 All sources of assurance identified are taken at a point in time and based on the criteria, absolute assurance for the vast majority of other assurances cannot be derived from these pieces of work undertaken.

3.11 During the course of the 2025-26 Internal Audit plan, the Group of States against Corruption (GRECO) undertook a review of KCC as part of their evaluation of the effectiveness of measures adopted by authorities of the United Kingdom. The review covered the following areas:

- Governance Structure
- Anti-corruption/ integrity policy and risk management
- Standards of conduct and ethics
- Conflicts of interest prevention
- Transparency, access to information and public participation
- Control mechanisms, oversight and accountability

3.12. The GRECO review is in the process of being finalised and published and themes will be considered in the 2026-27 Head of Internal Audit Opinion.

3.13 During 2025-26 Internal Audit have not placed reliance on the work of other assurance providers. However, Internal Audit actively co-ordinate with other assurance activities where appropriate to do so. For example, the audit of **Safeguarding – Protecting Adults at Risk** was not undertaken as Management at the time were undertaking an internal review and CQC had previously provided some coverage.

3.13 In order to identify gaps in assurance, prevent duplication in the assurance process and record the outcomes of the assessment of the adequacy and effectiveness of the service's internal control, risk management and corporate governance arrangements, assurance mapping processes are undertaken each year to ensure it reflects developing processes and procedures. A number of assurance mapping exercises have been undertaken across the Council by Internal Audit. The maps currently completed are as follows in Table 5:

Table 5: Summary of Assurance Mapping

Risk	Last Reviewed	Risk Register		1st Line of Defence				2nd Line of Defence				3rd Line of Defence					
		Current	Tolerance	Policies & Procedures	Training	Mgmt. Info	Self Assess Process	Compliance/ Financial Control	Quality	Internal Groups	Risk Mgmt.	3rd Parties	Partners	Regulators	Internal Audit	External Audit	Other
Information Governance	2021-22	High	Medium														
Cyber Security	2024-25	High	Medium														
Safeguarding Children	2020-21	Medium	Medium														
Safeguarding Adults	2020-21	Medium	Medium														
Simultaneous Response, Recovery & Resumption	2022-23	Medium	Medium														
Fraud & Error	2022-23	Medium	Low														
Public Health	2023-24	Medium	Low														

RAG Rating	No Assurance Available	Some Assurance Available	Assurance Available	N/A

3.14 Previous assurance mapping exercises to date have highlighted a number of areas for further enhancements such as Cyber Security Training which was reviewed as part of the 2024-25 Audit plan. More broadly, the maps have highlighted there are internal working groups to provide oversight for each risk reviewed. Risk management is also present for each area. No additional assurance mapping has been completed as part of the 2025-26 Rolling Internal Audit Plan however; there is planned work included for 2026-27.

Strengths and Areas for Development

3.15 The annual review of audit outcomes has highlighted the following key strengths and areas for development:

Strengths:

- 49% of systems and functions that were assigned a High or Substantial Assurance opinion;
- The Overall Opinion assigned for the Information Technology and Information Security theme of Corporate Health has remained substantial overall in 2025-26;
- The Overall Opinion assigned for the Asset Management theme of Corporate Health has increased to substantial overall in 2025-26; and
- Adequate arrangements in place to manage the risk of fraud and financial control.

Areas for further development:

- Positive progress has been made in the level of full implementation of agreed actions to address internal control and risk management issues identified by Internal Audit however, this needs to be built upon moving forward.
- Root cause analysis of the issues raised during 2025-26 identified themes relating to **Governance/ Management Oversight , Assurance, Monitoring & Risk, Processes & Procedures and Resources.** These themes may suggest that enhancements in the second line are required and would improve the control environment particularly surrounding monitoring arrangements (see three lines model figure to section 1: Purpose and background).

Assessment against Significant Risks at KCC

3.16 **Appendix 3** details the significant risks with a risk rating of 25 at KCC as reported to the Governance and Audit Committee in July 2025 with identification of relevant Internal Audit work undertaken against these risk areas. Reliance is placed against the work undertaken by the Corporate Risk Team in the identification of, assessment, recording and reviewing of risk mitigations, updating and monitoring of and their regular reporting of the Corporate Risk Register to the Governance and Audit Committee during the course of the year.

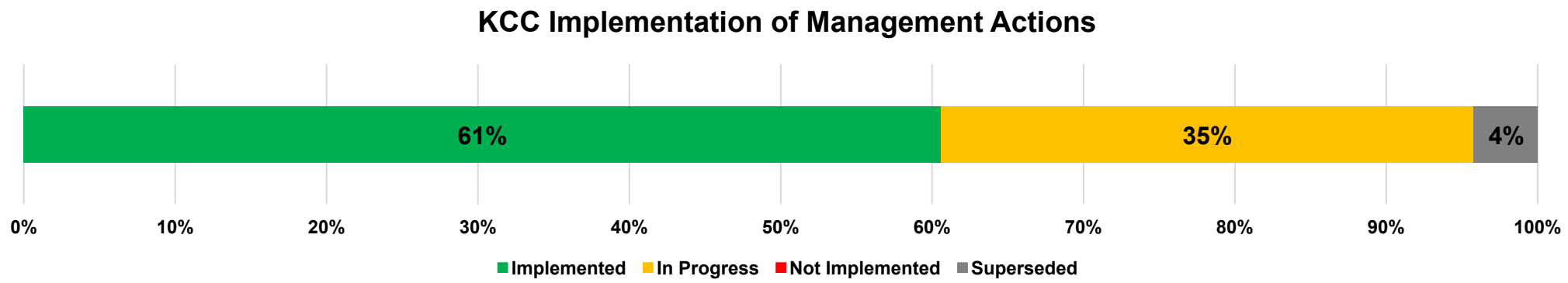
4. Implementation of Agreed Actions

4.1 Details of final round of follow-ups of the implementation of actions from Internal Audit reports is set out in the below section. Summary of the details reported to July GAC are contained within this section of the report.

4.2 The status of implementation is summarised in Table 6:

Table 6: Summary of Action Implementation

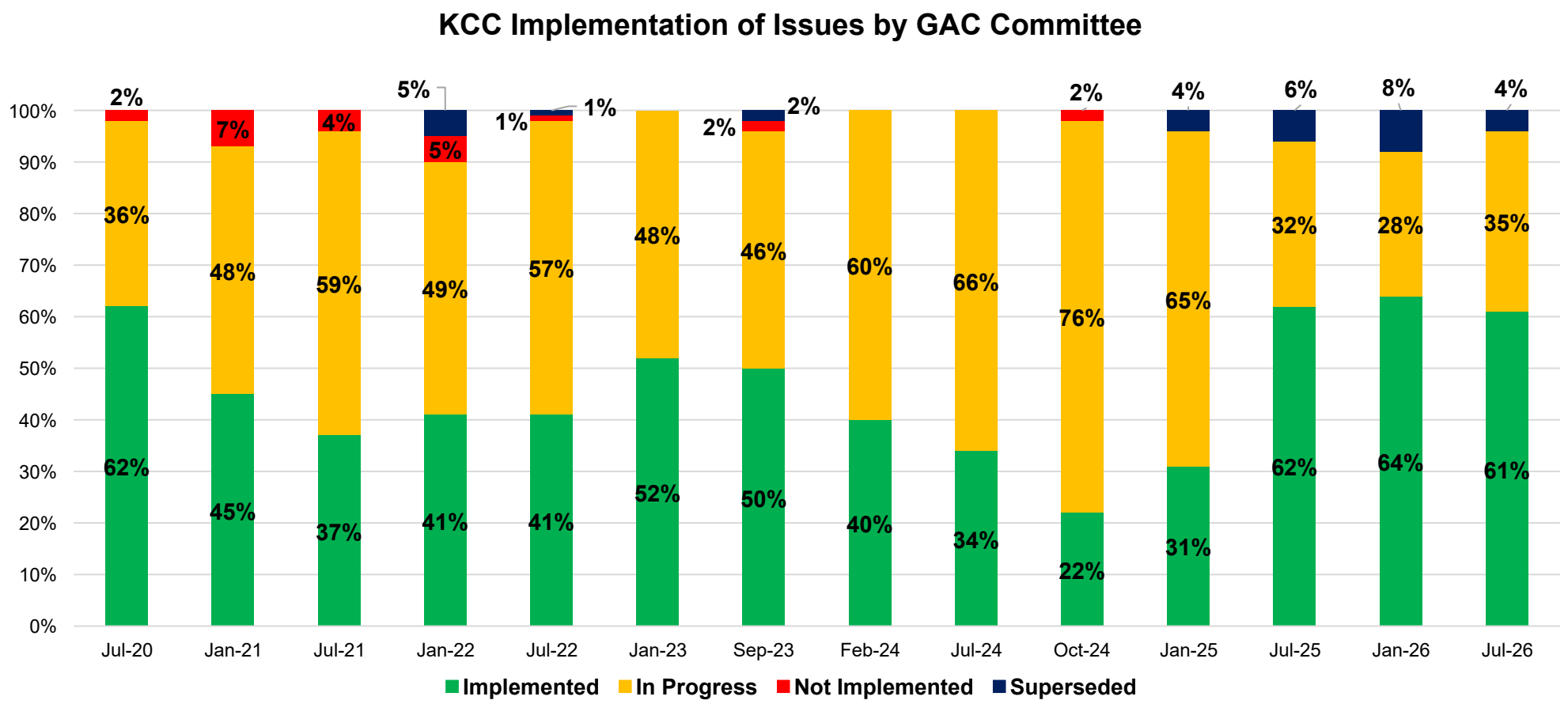
	Total Number due for Implementation		Implemented		In Progress		Not Implemented		Superseded	
	High	Medium	High	Medium	High	Medium	High	Medium	High	Medium
Total	19	52	6	37	12	13	0	0	1	2
Total %			32%	71%	63%	25%	0%	0%	5%	4%



4.3 The analysis of the implementation of actions to address internal control and risk management actions following Internal Audit reports, highlights an improved position from 2023-24 as shown in the graph from 34% (July 2024) to 61% (July 2026) full implementation.

4.4 Recent implementation rates during 2025-26 have been maintained with Implementation reported as 64% in January and 61% in July to the Governance and Audit Committee. This should now be built on further to continue to improve implementation rates further into 2026-27.

4.5 In addition, Internal Audit have made enhancements to the follow-up process which includes plans to provide dashboards of outstanding issues to Directorates. The process will remain under review during 2026-27 for any further enhancement to support the implementation of management actions.



Programmed Follow Ups

4.6 Programmed Follow Ups, undertaken as part of the 2025-26 Internal Audit Plan, were reported to July GAC which included, four in depth follow ups undertaken on areas where, mainly, in the previous year audit opinions had been Limited or as a result of an investigation, with the following results:

Table 7: Programmed Follow Ups 2025-26

Audit	Previous Opinion	Number of Issues Previously Raised		Implemented		In Progress		Not Implemented		Superseded	
		High	Medium	High	Medium	High	Medium	High	Medium	High	Medium
RB06-2026 – Oracle Cloud Programme – Programme Management Follow-up	LIMITED	3	2	2	1	1	1	0	0	0	0
RB13-2026 – Direct Payments Follow-up	LIMITED	2	7	1	5	1	2	0	0	0	0
RB30-2026 – Essential Living Allowance Follow-up	INVESTIGATION	4	0	0	0	4	0	0	0	0	0
RB39-2026 - Helping Hands Follow-up	LIMITED	5	5	5	5	0	0	0	0	0	0
	Total	14	14	8	11	6	3	0	0	0	0

4.7 There has been good progress in the full implementation of agreed actions with 69% fully implemented while 31% remain in progress. Follow-ups of Helping Hands found that there had been significant progress against the agreed actions which all are now considered closed. Where action remains outstanding, revised dates for implementation have been agreed and these will be followed-up to their conclusion.

5. Other Audit Work including Grant Certification

5.1 Internal Audit perform a vital service for the Council in the auditing of grant claims to evidence spend is in accordance with grant terms and conditions. Thus, in 2025-26, Internal Audit audited / certified 15 government grants to the value of £118m.

The breakdown of the 15 grants was:

- 6 Department for Transport;
- 7 Department of Health; and
- 2 Sport England grant.

5.2 The work undertaken in the grant certifications undertaken did not highlight any material inaccuracies or control weaknesses.

5.3 The diversification of Internal Audit by offering a proportion of our services to other public sector related or associated bodies has continued throughout 2025-26, including:

- Commercial Services Group (CSG) – 33 companies including, Invicta Law, The Education People and Cantium Business Solutions;
- Appointed auditor to 10 Parish Councils;
- Internal audit of Kent and Essex Inshore Fisheries and Conservation Authority;
- Internal audit of Kent and Medway Fire and Rescue Service;
- Internal Audit of Canterbury Cathedral; and
- Management of the audit and fraud service at Tonbridge and Malling Borough Council.

Income within the outturn budget for 2025-26 was approximately £480k, which is approximately a 10% increase from the previous year. Since 2019-20 Internal Audit have yielded circa £2.9m in income.

6. Conformance with Professional Standards

6.1 Professional Internal Audit Standards (Standards) are mandatory for all private and public sector internal audit functions. The Global Internal Audit Standards require Internal Audit functions to maintain a Quality Assurance and Improvement Programme (QAIP), which should include both internal and external assessments of compliance against the Standards. Outcomes of the QAIP are detailed in **Appendix 4** which includes actions to be undertaken during 2026-27.

6.2 The last External Quality Assessment (EQA) was reported to May Governance and Audit Committee in May 2026. The EQA concluded that the service 'Generally Conforms' with the Global Internal Audit Standards.

6.3 The results of the EQA are summarised in **table 9** and **table 10**. The actions as a result of the EQA are being proactively taken forward and progress will be reported to the Governance and Audit Committee during 2026-27.

Table 9 – Summary of GIAS Conformance

Summary of IIA Conformance	Standards	Does not conform	Partially Achieves	Generally Achieves	Fully Achieves	Total
Purpose of Internal Auditing	N/A					N/A
Ethics and Professionalism	13	0	0	1	12	13
Governing the Internal Audit Function	9	0	0	6	3	9
Managing the Internal Audit Function	16	0	0	9	7	16
Performing Internal Audit Services	14	0	0	3	11	14
Total		0	0	19	33	52

7. Internal Audit Performance

7.1 The performance of the Internal Audit Team is measured and monitored throughout the year, and the year-end position is shown in Table 10 below:

Table 10: Internal Audit Performance 2025-26

A. Strategic Alignment

Basis
For Internal Audit to be relevant, its coverage must be aligned to the Council's main risks

Measured By
Either an Assurance Map on Internal Audit coverage or reporting to the Committee on annual coverage compared to the Corporate Risk Register

Details of how the audit coverage aligns to the Corporate Risk Register is detailed in Appendix 3. Based on this, the majority of significant Corporate risks have been covered within audit coverage during the current year. However, gaps identified will require consideration in the coming year.

B. Rolling Audit Plan

Basis
Having a Rolling Audit Plan reflects the need for coverage of key risks at the right time

Measured By
a) Number of Relationship Management meetings held to discuss Rolling Audit Plan
b) Stakeholder feedback on the effectiveness of IA coverage

A) During the course of the work to support 2025-26 annual opinion, 82 relationship management meetings were undertaken to discuss the rolling Internal Audit Plan.

B) Stakeholder feedback on the effectiveness of IA coverage found that **100%** of responses either **strongly agreed** or **agreed** that Internal Audit has provided an effective service for the Council in 2025-26.

C. Timely Insights

Basis
In addition to the timeliness of reports, insights should be provided in a timely manner to managers and stakeholders

Measured By
a) Stakeholder feedback on effectiveness of collaboration
b) Stakeholder Feedback on Embedded Assurance insights

A) Stakeholder feedback for the effectiveness of collaboration found that **100%** of responses either **strongly agreed** or **agreed** that Internal Audit collaborates with the Council to assist in achieving the Council's objectives and managing your risks.

B) Stakeholder feedback identified that 83**%** responded as **strongly agree** or **agree** that Internal Audit provides timely reports which are of a high standard and meets your needs. This is an increase from 2024-25 (87%)

D. Adding Value

Measured By
a) The proportion of audit coverage providing wider assurance via the use of data analytics
b) Recording how audit coverage has contributed to the Council saving money.
c) Documenting how and where IA has provided guidance for improving poor or effective controls.
d) Documenting how IA has provided embedded assurance advice from the initial stages of strategic initiatives

a) 41% of the Rolling Internal Audit Plan utilised data analytics as part of the work undertaken where it was feasible to undertake.
b) The coverage of the Rolling Internal Plan aligned to KCC's strategy at the time, Securing Kent's Future, to ensure that the audits undertaken supported the organisation on the areas where assurance was needed. In addition, paragraph 2.8 highlights the ways in which Internal Audit adds value.
c) 33 audits have been undertaken during the course of 2025-26 in which **15 high priority** and **42 medium priority** issues were raised.
d) IA have also undertaken a number of embedded assurance and advisory pieces of work to enable timely insights which includes reviews of LGR, Highways Term Maintenance Contract and continued work on the Oracle Cloud Programme.

E. Management Actions

Basis
To determine if there has been actual improvement from Internal Audit reviews

Measured By
a) % of high priority / risk issues agreed
b) % of high priority / risk issues implemented.
c) % of all issues agreed
d) % of all issues implemented.

% of High Priority Issues Agreed
100%

% of High Priority Issues Implemented
32%

% of All Issues Agreed
100%

% of All Issues Implemented
57%

F. Client Satisfaction

Basis
Determining whether value is added

Measured By
a) Client satisfaction surveys at the end of each audit.
b) Annual Key stakeholder perception survey (some questions to be amended)

Client Satisfaction surveys at the end of each audit
98%

A) Further details on client satisfaction can be found at paragraphs 7.2 and 7.3

B) Stakeholder feedback as set out in the client perception section of the report found that overall, a positive view of the Internal Audit Service with 4 out of the 11 questions asked receiving 100% either strongly agree or agree.

G. Audit Efficiency

Basis
In addition to the timeliness of reports, insights should be provided in a timely manner to managers and stakeholders

Measured By
a) Time from audit planning to draft report being issued.
b) Completion of all Grant Certifications for the Council/ respective Directorates within set timescales.

Average Number of Days, Audit Planning to Draft Report
64.67 Days

There were 6 audits which impacted on the average number of days which were caused by delays in receiving information and/ or management responses. In addition, agreement of the engagement plan takes 10 working days as per Internal Audits standard practices.

% of all Grant Certifications for the Council/ respective Directorates within set timescales.
100%

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Client Satisfaction

7.2 The cumulative result for these surveys was 98% satisfaction, which is a slight increase position from 2024-25 performance.

7.3 The survey also requested any additional comments and comments received are replicated below:

"The Auditor was professional, communicative, and helpful throughout the process. He clearly outlined the purpose and process of the audit, and was engaged with staff to ensure appropriate and proportionate analysis was undertaken. He ensured he understood the purpose of the system being audited which resulted in actions which align with our priorities and will help further embed the risk profiling system within the organisation."

"The auditors and service worked well together to establish what information was most helpful to the audit and ensure it was provided in a timely way, with minimal impact to the service's day-to-day working."

"Strong audit process and knowledgeable auditor who worked with us to create an audit report which is both useful for our own assurance as well as to help steer improvements."

"The Auditor was helpful throughout and explained the process and took time to understand the complexities".

"Auditor fully engaged with Project Team attending Project Board regularly and upskilled to understand the complexities of the procurement and importance of ensuring a successful award and eventual mobilisation of new contract."

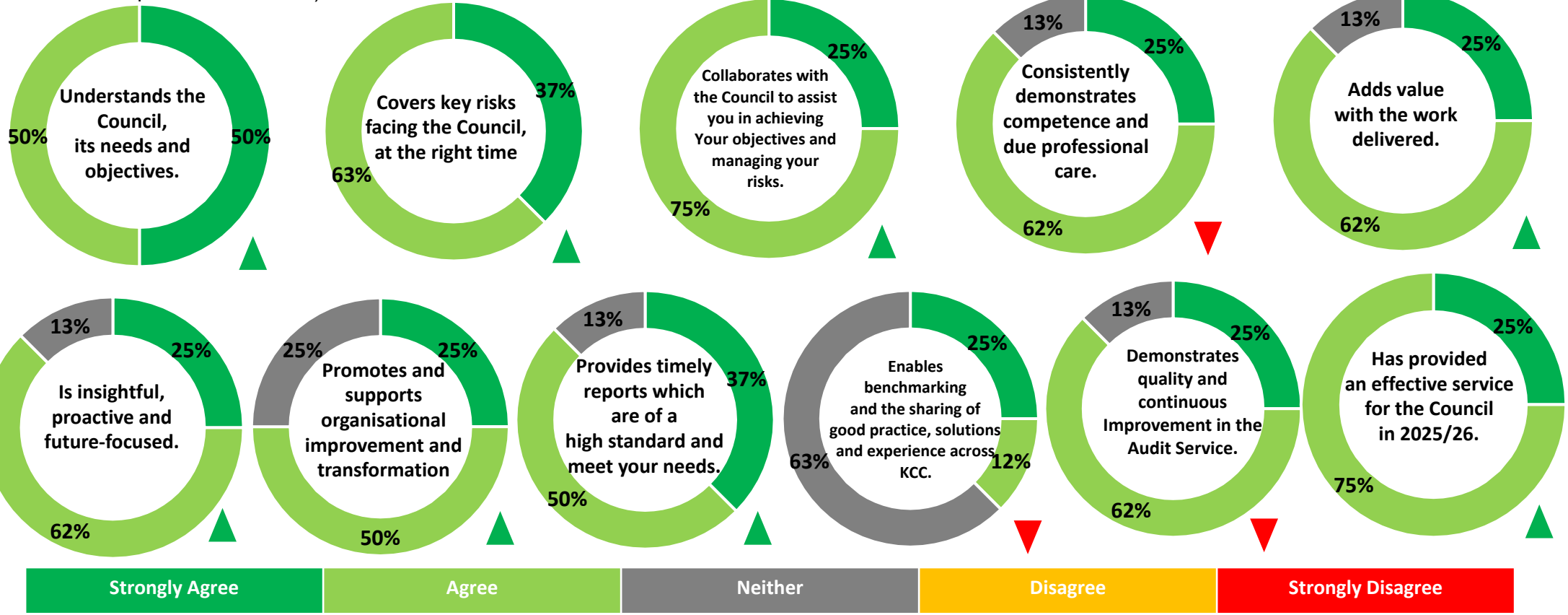
"Friendly, engaging and keen to ensure the right information is collated as evidence for the audit and it is understood fully before analysing. Happy to answer any questions or provide clarity, quick at responding to messages or emails and always happy to join a call to discuss points in further detail. A positive experience working with internal audit. ."

"The Auditor was very clear, thorough, professional, knowledgeable in their approach to both us and the audit. As this was my first audit, the Auditor spent time talking through the process and what was required and was on hand to address any queries."

"This audit was a follow up to a previous audit, and unfortunately the previous accountable Director and most of the Lead Officers had left the Department. I had recently moved into this portfolio when the audit began, and the auditor was very helpful and proactive in arranging meetings, sharing the previous audit and taking me through scope of this audit and what was needed. ."

Client Perception – Member of Governance and Audit Committee

7.4 In addition to the Client Satisfaction surveys, an annual Perception Survey has been completed requesting views of the Corporate Management Team and Members on the quality of Internal Audit services. The questions are intentionally challenging for the service and the responses, with the comments received, will be utilised as part of the continuous improvement for the service. The results are detailed below, and the key responses were (with comparison to 2024-25):



7.5 The above is a broadly improved position to those obtained from CMT in 2024-25. The survey demonstrates received positive perception of the service as all areas covered in the perception survey did not receive either strongly disagree or disagree. However, there are some areas in which Internal Audit build upon into 2026-27; most noticeably surrounding benchmarking. Internal Audit will seek to improve how good practices or areas for organisational learning can be more widely shared.

8. Internal Audit Resources

8.1 In accordance with professional standards, members of the Governance and Audit Committee need to be appraised of relevant matters relating to the resourcing of the Internal Audit function.

8.2 Although there has been some staff turnover during the course of the year, the service has conducted successful recruitment exercises in a challenging market and excellent new colleagues have joined the team.

8.3 It is important that all parties are fully aware of the need for sufficient resources to be available constantly for an Internal Audit service that commercially supplies services to a number of other organisations, which is a significant source of income to Kent County Council.

8.4 Internal Audit has adequate resources in relation to technology with software available to support undertaking data analytics such as PowerBi and Audit Management Software to document audits undertaken which facilitates follow-up of agreed management actions. However, as Internal Audits Data Analytical capabilities grow there is a risk that the current KCC Laptops may not be sufficient to support this and therefore this is being monitored closely.

8.5 It is also concluded that there have been no limitations of scope which adversely impacted upon the ability to provide an annual opinion.

9. Disclosure on Impairment and Statement of Independence

9.1 Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control and governance processes. (Source: Public Sector Internal Audit Standards and Local Government Application Note).

9.2 Internal Audit is a statutory requirement for local authorities. There are two key pieces of relevant legislation:

- Section 151 of the Local Government Act 1972 requires every local authority makes arrangements for the proper administration of its financial affairs and to ensure that one of the officers has responsibility for the administration of those affairs
- The Accounts and Audit Regulations 2015 (England) states that "A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance"

9.3 Internal Audit independence is achieved by reporting lines which allow for unrestricted access to the Leader of the Council, Chief Executive, Senior Management Boards, which includes the s.151 Officer, and the Chair of the Governance and Audit Committee.

9.4 There has been no significant restrictions on the scope of Internal Audit work findings during 2025-26. In any instance where there is a potential or perceived impairment to independence, for example when delivering critical reports within the Division where Internal Audit is within the Council structure, then such matters are addressed with management accordingly.

9.5 Consequently, although there are periodic challenging factors, it is confirmed that the independence of the Internal Audit and its ability to form an evidenced audit opinion has not been adversely affected in 2025-26.

9.6 The Global Internal Audit Standards require reviews of elements that impact upon the independence of Internal Audit, which include the role that an Audit Committee should have in relation to aspects such as the budget for Internal Audit and measuring the performance of the Head of Internal Audit.

9.7 Summaries of audit work completed have been provided to the Committee throughout the year and have identified areas that have required escalation.

Appendix 1 – 2025-26 Rolling Internal Audit Plan Status

No	Ref	Audit	Status	Assurance	Prospects for Improvement	Committee
	RB01-2026	Fulfilling Best Value Statutory Duty	Fieldwork			
33	RB02-2026	Future Operating Environment – Local Government Reorganisation Implementation	Ongoing	Embedded Assurance	N/A	July 2026
	RB03-2026	New Contact Centre Contract	Deferred			
	RB04-2026	Ongoing Review of Identified Actions	Ongoing	Follow-up	N/A	January 2026
10	RB05-2026	Oracle Cloud Programme - Embedded Assurance	Ongoing	Embedded Assurance	N/A	January 2026
1	RB06-2026	Oracle Cloud Programme - Programme Management – Follow up	Final Report	Follow-up	N/A	September 2025
	RB07-2026	Payment Card Industry Data Security Standards (PCI DSS) Follow up	Deferred			
	RB08-2026	Annual Governance Statement – Directorate Action Plans	Deferred			
	RB09-2026	Contract Management & Monitoring	Deferred			
13	RB10-2026	ASCH Saving Delivery Plan Governance	Final Report	Limited	Good	May 2026
19	RB11-2026	Adult Social Care Debt Recovery	Final Report	Substantial	Good	July 2026
	RB12-2026	Commissioning and Transformation – Embedded Assurance	Ongoing			
18	RB13-2026	Direct Payments including Follow up	Final Report	Follow-up	N/A	May 2026
8	RB14-2026	Information Governance - ASCH	Final Report	Substantial	Very Good	January 2026
	RB15-2026	ASCH Future Planning of Contracts	Deferred			
27	RB16-2026	MOSAIC Invoice Validation	Draft Report	Adequate	Adequate	July 2026
	RB17-2026	Safeguarding – Protecting Adults at Risk	Deferred			
24	RB18-2026	ASCH Provider Failure Risk	Final Report	Adequate	Good	July 2026
	RB19-2026	Public Substance Misuse Health Campaigns	Deferred			
25	RB20-2026	Budget Management	Draft Report	Adequate	Good	July 2026
	RB21-2026	Post-Implementation Review of Commissioning	Deferred			
15	RB22-2026	Personal Data - Invicta Law (combined with GCSG)	Complete	Substantial	Good	May 2026

No	Ref	Audit		Status	Assurance	Prospects for Improvement	Committee
	RB23-2026	Core Financial Controls		Deferred			
20	RB24-2026	No Purchase Order No Pay		Final Report	Embedded Assurance	N/A	May & July 2026
32	RB25-2026	Process review of SEND Payments		Draft Report	Advisory	N/A	July 2026
	RB26-2026	Recommissioning of TEP - Transition of Early years service back to KCC		Removed			
	RB27-2026	CYPE Assurance Map		Fieldwork			
	RB28-2026	Education Health Care Plan (EHCP) Outcomes		Deferred			
	RB29-2026	All Pay (Replacement of Kent Card) - Card Payments		Deferred			
26	RB30-2026	Essential Living Allowances - Follow-up		Final Report	Limited	Adequate	July 2026
17	RB31-2026	Elective Home Education		Final Report	High	Very Good	May 2026
23	RB32-2026	Business Continuity Planning – Post Implementation System Usage	Functional System	Final Report	Substantial	Good	July 2026
			ASCH		High		
			CED		Adequate		
			DCED		Adequate		
			CYPE		Adequate		
			GET		Limited		
3	RB33-2026	Health and Safety		Final Report	Substantial	Very Good	January 2026
	RB34-2026	Managers - People Management Responsibilities (Objective Setting and Performance Management)		Deferred			
31	RB35-2026	Restructures		Final Report	Substantial	Good	July 2026
6	RB36-2026	Property Disposals		Final Report	Substantial	Good	January 2026
	RB37-2026	Economic Strategy		Deferred			
16	RB38-2026	Emissions Trading Scheme – Financial Modelling & Assumptions		Final Report	Adequate	Good	May 2026
2	RB39-2026	Helping Hands Follow up		Final Report	Follow-up	N/A	September 2025
11	RB40-2026	Highways Term Maintenance Contract – Embedded Assurance		Final Report	Embedded Assurance	N/A	January 2026
7	RB41-2026	Utility Works on Kent Network – Process and Alignment of Utility Works		Final Report	Adequate	Good	January 2026

No	Ref	Audit	Status	Assurance	Prospects for Improvement	Committee
30	RB42-2026	Commercial & Procurement Oversight Board (CPOB)	Final Report	Advisory	N/A	July 2026
5	ICT01-2026	Backups	Final Report	Substantial	Good	January 2026
	ICT02-2026	Legacy IT Works	Deferred			
	ICT03-2026	Cyber Security Topical Requirements	Fieldwork			
14	ICT04-2026	Laptops – Asset Management	Final Report	Substantial	Good	May 2026
	RB43-2026	Oracle Cloud Programme – Resources	Not Started			
28	RB45-2026	Oracle Cloud Programme – Communication & Training	Final Report	Adequate	Adequate	July 2026
29	RB44-2026	Oracle Cloud Programme – Security of Data Migration	Final Report	Adequate	Adequate	July 2026
	RB46-2026	Oracle Cloud Programme - Readiness for the New Payroll System	Deferred			
	RB47-2026	Oracle Cloud Programme – Lessons Learned Review	Draft Report	Advisory	N/A	
21	RB48-2026	Local Mitigation Fund (LMF)	Final Report	Advisory	N/A	July 2026
19	RB49-2026	Data Security and Protection Toolkit	Final Report	High	Very Good	July 2026
12	RB56-2026	Public Health Service Transformation Programme	Final Report	Embedded Assurance	N/A	January 2026
4	RB31-2025	Unaccompanied Asylum-Seeking Children (UASC) Reception Centres and Registered Children's Homes	Final Report	Substantial	Very Good	January 2026

Appendix 2 - IIA Assessment Criteria Other Sources of Assurance

The institute of Internal Auditors suggests that the Chief Audit Executive (Head of Internal Audit) should not rely on outdated work that no longer reflects the current risk landscape, is not aligned with the objectives and scope of the internal audit engagement or is otherwise irrelevant. The following criteria is suggested to determine the reliance of internal and external assurance providers:

Assessment of Reliance of Internal or External Assurance Providers

Element	No Reliance	Low reliance	Moderate reliance	High reliance
Purpose	The provider shows limited understanding of, or alignment with, the objectives and scope of the internal audit function. The provider's work lacks relevance or fails to contribute to strategic goals.	The internal audit function recognises the assurance provider's work but performs substantial independent testing or revalidation to confirm the adequacy and accuracy of the findings. Reliance on the work product is minimal and limited to specific, noncritical areas.	A formal agreement or memorandum of understanding establishes authority and delineates the scope of assurance activities. The internal audit function moderately relies on the provider's work products, supplementing them with periodic validations or targeted reviews to ensure alignment with internal audit standards.	A charter or contract provides the authority and scope of assurance activities and establishes the intent for the internal audit function to rely on the assurance provider's work product.
Independence and Objectivity	The provider has significant conflicts of interest and lacks independence.	The provider maintains some independence but may have occasional conflicts of interest.	The provider is mostly independent with minor potential conflicts.	The provider's professional judgment is impartial, free from inappropriate interference from others.
Competency	The provider lacks the necessary experience and qualifications.	The provider has basic qualifications but limited experience.	The provider possesses adequate skills and experience for standard tasks and performs effectively on routine engagements.	The provider understands the risks to organisational processes, how controls are designed to operate in response to the risks, and what constitutes a weakness or deficiency.
Elements of Practice: Risk Assessment and Planning	The provider's methodologies are considered inadequate or misaligned with organisational needs.	Assurance activities are inconsistently guided by risk-based methodologies, with notable gaps in their application or execution.	Assurance activities are guided by generally sound methodologies, but engagement plans may not fully align with best practices or the engagement risk assessment.	Assurance activities are guided by appropriate methodologies and include engagement plans that incorporate a risk assessment.
Elements of Practice: Performance of Assurance Engagements	The provider lacks a demonstrated history of competency, reliability, or adherence to professional standards.	The provider's performance history is uneven, with limited evidence of reliable results. Documentation may be incomplete or fail to meet professional standards.	The provider demonstrates a history of meeting objectives, but the reliability of the results shows some inconsistencies or limitations.	The provider demonstrates a history of achieving the established objectives and producing reliable results. Documentation should be maintained as evidence of performance to relevant professional standards.
Communication of Results	The results of assurance activities are not reported clearly, and there is little or no follow-up on identified issues.	The provider communicates results but may lack clarity or timeliness.	The provider communicates results clearly but may not always provide timely updates.	The results of assurance activities are reported timely to an appropriate level of management, and issues are tracked until they are mitigated.

Appendix 3 – Extract of KCC Significant Risks

The detail below shows Internal Audit projects against high-risk areas from the Corporate Risk Register

CR0003	Securing resources to aid economic recovery and enabling infrastructure		High (25)
Ref	Audit	Opinion	PFI
RB48-2026	Local Mitigation Fund (LMF	Advisory	N/A

CR0009	Future financial and operating environment for local government		High (20)
Ref	Audit	Opinion	PFI
RB02-2026	Future Operating Environment – LGR Implementation	Substantial	Good

CR0045	**Maintaining effective governance and decision making in a challenging financial and operating environment**		High (20)
Ref	Audit	Opinion	PFI
RB05-2026	Oracle Cloud Programme	Embedded Assurance	N/A
RB06-2026	Oracle Cloud Programme – Programme Management – Follow-up	Follow-up	N/A
RB10-2026	ASCH Saving Delivery Plan Governance	Limited	Good
RB02-2026	Future Operating Environment – LGR Implementation	Substantial	Good

CR0014	Cyber and information security resilience		High (20)
Ref	Audit	Opinion	PFI
RB22-2026	Personal Data	Substantial	Good
ICT01-2026	Backups	Substantial	Good
ICT04-2026	ICT Asset Management	Substantial	Good
RB44-2026	Oracle Cloud Programme – Security of Data Migration	Adequate	Adequate

CR0015	Managing and working with the social care market		High (20)
Ref	Audit	Opinion	PFI
RB10-2026	ASCH Saving Delivery Plan Governance	Limited	Good
RB16-2026	MOSAIC Invoice Validation	Adequate	Adequate
RB18-2026	ASCH Provider Failure Risk	Adequate	Good

CR0052	Impacts of Climate Change on KCC Services		High (20)
Ref	Audit	Opinion	PFI
No Audit Coverage			

CR0053	**Asset Management and Degradation and associated impacts, linked to Capital Programme affordability**		High (25)
Ref	Audit	Opinion	PFI
RB36-2026	Property Disposals	Substantial	Good

CR0058	Capacity and Capability of the Workforce		High (16)
Ref	Audit	Opinion	PFI
RB35-2026	Restructures	Substantial	Good

CR0059	Significant failure to bring forecast budget overspend under control within budget level assumed		High (25)
Ref	Audit	Opinion	PFI
RB11-2026	Adult Social Care Debt Recovery	Substantial	Good
RB20-2026	Budget Management	Adequate	Good
RB10-2026	ASCH Saving Delivery Plan Governance	Limited	Good
RB16-2026	Mosaic Invoice Validation	Adequate	Adequate
RB25-2026	Process Review of SEND Payments	Advisory	N/A

CR0064	Risk of Failing to Deliver Effective Adult Social Care Services		High (20)
Ref	Audit	Opinion	PFI
RB10-2026	ASCH Saving Delivery Plan Governance	Limited	Good
RB13-2026	Direct Payments Follow-up	Follow-up	N/A
RB18-2026	ASCH Provider Failure Risk	Adequate	Good

CR0066	ASCH recommissioning Programme		High (16)
Ref	Audit	Opinion	PFI
RB18-2026	ASCH Provider Failure Risk	Adequate	Good

Appendix 4 – Quality Assurance & Improvement Programme (QAIP)

The professional standards describe the QAIP as:

"A QAIP is designed to enable an evaluation of the internal audit activity's conformance with the Definition of Internal Auditing and the Standards and an evaluation of whether internal auditors apply the Code of Ethics. The programme also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement."

As acknowledged by the External Assessor in 2021, Internal Audit have a robust process for undertaking the QAIP, which includes the completion of the following reviews to confirm compliance with PSIAS:

- **Self- Assessment** - completed for each audit engagement, proactive fraud review and complex investigation.
- **Hot Reviews** - complete for each audit investigation and fraud investigation.
- **Cold Reviews-** carried out annually across all clients using a judgemental sample and least one per individual.
- **Internal Assessment** - competed annually against PSIAS.
- **External Assessment** - completed every 5 years for Audit and Counter Fraud.
- **Customer Feedback** - competed for each audit engagement and proactive counter fraud review.
- **Stakeholder Perception - completed annually.**

During 2025-26, the following Improvement areas were addressed:

Improvement Issue
Assessment of compliance against new Global Internal Audit Standards and addressing any areas of non-conformance.
Implemented a more effective approach to following up Cold Reviews.
Integration of new Audit Management software and updating the Audit Manual to align.
Utilisation of artificial intelligence in audit planning.
Continue to develop wellbeing, support and approaches for the team.
Implementation of key priorities from Internal Audits Income Strategy.
Assessment of compliance against new Global Internal Audit Standards and address any areas of non-conformance confirmed by the External Quality Assessment.

Improvements required for the service in 2026-27 include:

Improvement Issue
Implementation of identified actions from External Quality Assessment for compliance with Global Internal Audit Standards
Continue to develop wellbeing, support and approaches for the team
Determine an action plan to implement priorities from the Internal Audit Strategy.
Explore the use of artificial intelligence in audit methodology and improved use of data analytics.
Continue to review new audit management software for efficiencies in its use including follow-up of management actions.
Embed Follow-ups Dashboard into the process.
Embed Data-Driven Assurance
Review embedded assurance methodology
Review Prospects for Improvement methodology

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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.**
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.**
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.**
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.**
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**

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.**