

March
2025

Internal Audit Plan 2025/26



Swale Borough Council

Internal Audit Annual Plan

1. Internal Audit Plan

- 1.1 The Audit Committee is responsible under the Council's Constitution for "Independent assurance of the adequacy of the financial and risk management framework and the associated control environment and independent review of the Council's financial and non-financial performance to the extent that it affects the Council's exposure to risk and weakens the control environment." Internal Audit is responsible for the delivery of assurance within the Council and to the Audit Committee. It adheres to national and international standards of best practice within the field of professional internal auditing in order to plan its work and provide an annual assurance opinion to the Committee.
- 1.2 The Global Internal Audit Standards (GIAS) and accompanying Public Sector Application Note set out in detail how a plan should be developed. Mid Kent Audit Partnership also places great weight on best practice guidance provided by the national and global Institute of Internal Auditors and the Chartered Institute of Public Finance and Accountancy. It must be recognised that in developing a plan the standards and guidance reflect two competing priorities: **Defined Expectations** and **Flexibility**.
- 1.3 In order to deliver the strategic priority of assurance to the Audit Committee, Internal Audit has historically requested that the Committee approve an annual internal audit plan that breaks down planned assurance work into its individual components. This supports the requirements of the Standards in setting out what the Internal Audit service intends to deliver.
- 1.4 However, since the 2020, the Council and its Internal Audit service has had to adapt to an unprecedented level of change. This presents numerous challenges since the detailed audit plan approved in March only reflects the risks and assurances identified at that point in time. This unprecedented level of change looks set to continue as local authorities in Kent explore local government reorganisation options which will require an adaptive and responsive internal audit service to prioritise organisation need.
- 1.5 In order to develop greater flexibility and provide an appropriately responsive service to the council, from 2025/26 the Internal Audit service has shifted the balance towards an increase in flexibility. This has, by definition, scaled back the level of defined expectations that the Committee is used to. However, this is essential to ensure the Committee receives a fair and accurate understanding of the annual plan for the year and how it will be managed to deliver the assurance necessary for the Council's good governance.

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- 1.6 To maintain efficient service delivery and flexibility for both Internal Audit and the wider organisation, Internal Audit requests the Audit Committee accepts the new system of internal audit delivery for 2025/26. The refreshed approach maintains the underlying principles of risk-based auditing and transparency to the Committee, allows the Head of Mid Kent Audit to complete a comprehensive, risk-based plan of sufficient depth and breadth to deliver an annual opinion, but moves the service to an adaptive approach by removing the restrictions associated with a formal, defined annual plan.
- 1.7 Instead of a single annual audit plan approved before the financial year begins, the new approach results in list of potential audits that is actively maintained throughout the year. Where Internal Audit knows an audit must be completed it is presented as an "Essential" assurance need in this report. All other auditable risks in the Council are incorporated into the list and assigned a level of "Assurance Need" ranging from Low to High. The list will be updated on an ongoing basis with formal refreshes completed each quarter and audits will be selected based on the need for assurance using the factors set out in the "How the Audits will be delivered" section of this Annual Plan report.

Annual Plan requirement:

The GIAS states "the CAE [Chief Audit Executive] must create an internal audit plan that support the achievement of the organisation's objectives.

The CAE must base the internal audit plan on a documented assessment of the organisation's strategies, objectives, and risks. This assessment must be informed by input from the Board and senior management as well as the CAE's understanding of the organisation's governance, risk management and control processes. This assessment must be performed at least annually."

The internal audit plan must

"Identify the necessary human, financial and technological resources necessary to complete the plan and be dynamic and updated timely in response to changes in the organisation's business, risk operations, programs, systems, controls, and culture."

- This is a selected extract from the
Global Internal Audit Standards

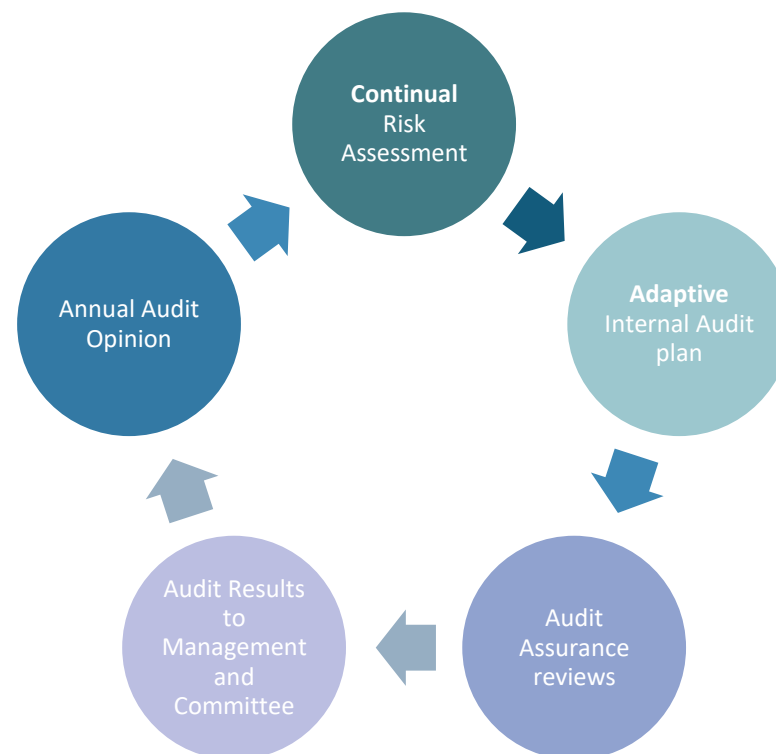
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HISTORICAL AUDIT PROCESS



- Short notice work is disruptive.
- Resources may not be available to meet new assurance needs.
- Audit may lose relevance.

REFRESHED AUDIT PROCESS FROM 2025/26 ONWARDS



- Short notice work can be incorporated easily.
- New assurance needs can be incorporated easily.
- Relevance is ongoing.

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2. Audit Plan: Essential Annual Assurance Needs

2.1 The risk assessment undertaken in February 2025 identified several areas where an audit can be considered mandatory in upcoming year. This comprises work that:

- Is required due to formally agreed commitments, such as service level agreements, project terms of reference, or previous requirements,
- Is considered by the Head of Mid Kent Audit Partnership to be mission critical due to associated risks and impact,
- Is required as part of grant funding conditions,
- Relates to previously agreed actions that are corporately significant and are due to be completed in the upcoming financial year,

2.2 Audits relating to essential assurance needs would only be deferred in exceptional circumstances and therefore the Audit Committee can expect audits providing assurance as listed below to be completed during 2025/26:

Service Area	Audit Title	Previous Audit	Previous result	Purpose of Audit
Finance	Contract Governance and Oversight	2020/21	Weak	Assurance that key controls are in place and operating as expected.
	General Ledger	2016/17	Strong	Assurance that key controls are in place and operating as expected.
Development Management	Development Management	2019/20	Not assessed	Assurance that key controls are in place and operating as expected.
Housing	Temporary Accommodation	2018/19	Sound	Assurance that key controls are in place and operating as expected.
Information and Business Improvement	Data Protection	2016/17	Sound	Assurance that key controls are in place and operating as expected.
Property Services	Health and Safety	2019/20	Weak	Assurance that key controls are in place and operating as expected.
MKS Human Resources	HR Policy Compliance	2017/18	Sound	Assurance that key controls are in place and operating as expected.
MKS ICT	ICT Controls and Access	2016/17	Sound	Assurance that key controls are in place and operating as expected and review of new processes
MKS Revenues and Benefits	Council Tax (Billing)	2019/20	Strong	Assurance that key controls are in place and operating as expected

3. Audit Plan: High, Medium and Low Assurance Needs

3.1 In addition to its auditable areas with essential assurance needs, the Council has a significant number of other assurance needs across the organisation.

3.2 During 2025/26 audits will be selected for formal assurance review using professional criteria to categorise and prioritise each individual need in line with the factors given on the right with high, medium, and low assurance needs.

3.3 Discretion is applied to ensure the audits selected cover the majority of Council service areas, deliver against expected assurance needs, and are also timed to avoid peak workloads for service delivery within the teams being audited or "assurance fatigue".

3.4 Audits are agreed with the relevant service area prior to commencement in order to confirm that the objectives and risks identified by the internal audit risk assessment remain correct and relevant at the point of the audit.



The approach will ensure the Head of Mid Kent Audit Partnership has sufficient depth and breadth of assurance to provide the Annual Audit Opinion at the end of the year.

3.5 The assurance needs of the organisation are prioritised and collated into a plan of intended work. If nothing were to change the audits below would be the audits prioritised by Internal Audit for delivery within the year, where the assurance assessment within the service area indicates a potential need for assurance, based on the factors given on page 9. This list is subject to change and will be adjusted throughout the year to balance the needs of service areas, the Committee's need for assurance, and the resources necessary to deliver each individual audit. It gives the Committee and service areas an understanding of where the Internal Audit service may focus its resources during 2025/26.

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Service Area	Audit Title	Priority	Previous Audit	Previous Result	Audit Coverage classification
Customer Services	Customer Services	Medium	2015/16	Strong	Operational
Development Management	Planning Enforcement	Medium	2019/20	Sound	Operational
Environmental Services	Waste Collection Contract	High	New	N/A	Operational / Financial
	Waste Collection Income	Medium	2018/19	Sound	Operational / Financial
	Licensing – Premises and Personal	Medium			Operational
Finance	Insurance	Medium	2018/19	Strong	Financial
Housing	Housing Standards (Private Sector)	Medium	-	-	Operational
Leisure and Technical Services	Parks and Open Spaces	Medium	-	-	Operational
Property Services	Property Acquisitions & Disposals	Medium	2018/19	Sound	Governance / Infrastructure / Operational
Regeneration and Economic Development	Economic Development	Medium	2018/19	Sound	Operational
MKS Human Resources	Recruitment	Medium	2019/20	Sound	People
Parking Services	Civil Parking Enforcement	Medium	2019/20	Sound	Operational
Environmental Health	Environmental Enforcement – Air Quality	Medium	2020/21	Sound	Operational
MKS ICT	IT Asset Management	Medium	2020/21	Sound	Infrastructure
MKS Revenues and Benefits	Housing Benefits	High	2016/17	Sound	Financial
Legal Services	Declarations of Interest	Medium	2019/20	Weak	Governance

Developing the Internal Audit Plan

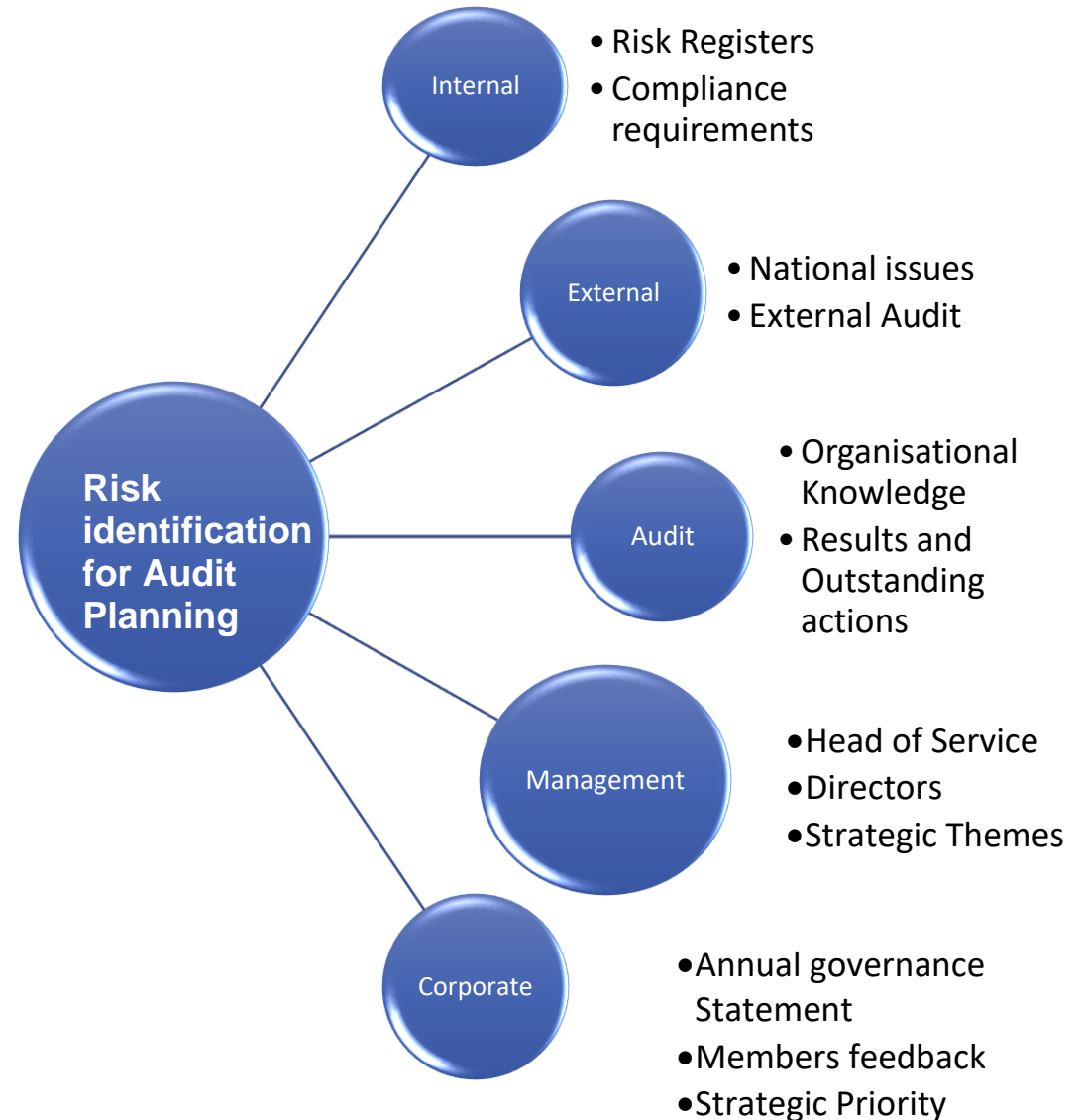
4. Risk Review

4.1 Prior to developing an overall audit plan, the Internal Audit service must assess the risk capabilities and maturity of the organisation to identify what degree of reliance can be placed on Management's own risk management functions.

4.2 Leading into the 2025/26-year Internal Audit concluded that the Council has the expected aspects of a risk management framework but has observed some instances where risks have emerged that were previously believed to have been mitigated and further improvements could be made.

4.3 Internal Audit will therefore rely on a combination of the Council's internal risk management systems to identify potential assurance needs but will also undertake its own analysis to ensure coverage is sufficient for assurance purposes.

4.4 The sources of risk used for audit planning purposes, comprises both those used by management and those from the Internal Audit service's own risk matrix, are provided via the diagram on the right.



5. Categorisation and Prioritisation of Assurance Needs



Internal Audit best practice sets out that once sources of risk have been reviewed to identify assurance needs, those assurance needs are categorised and prioritised. Our adopted approach is:

- **Categorise:** Each assurance need is categorised by service area.
- **Prioritise:** Each assurance need is prioritised by the following factors:
 - **Financial Impact**
 - **Newness/ Degree of Confidence in Existing Processes**
 - **Inherent Strategic / Reputational Significance**
 - **Transformational / Change impact**
 - **Susceptibility to Fraud and Corruption**
 - **Need for Regulatory Compliance**

The prioritisation process results in outcomes of

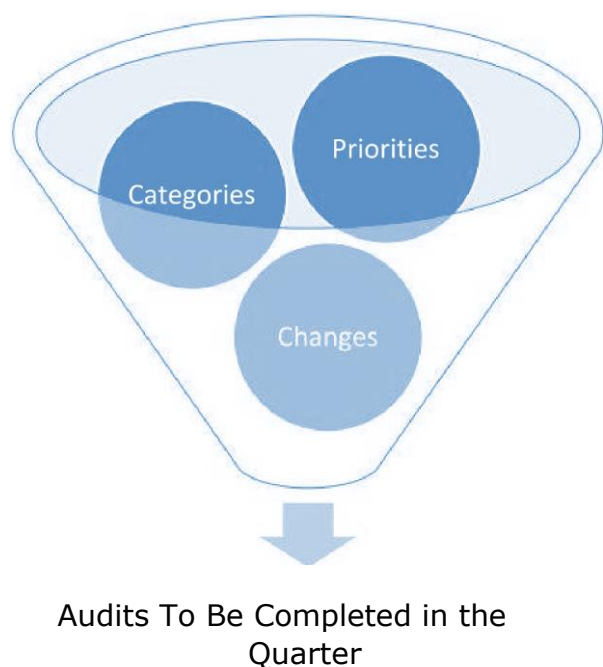


Internal Audit will combine the results of both categorisation and prioritisation to determine, direct and control the assurance and consultancy activities of the team in a cost effective and efficient manner, as set out below in the section "How the Audit Plan will be Delivered".

Delivering the Internal Audit Plan

6. How the Internal Audit Plan will be Delivered

6.1 Internal Audit will monitor the Council's potential audits and assurance needs throughout the year. Formal reviews to review any changes and select audits will take place each quarter. Strategic Management and Heads of Service will also be invited to provide formal feedback mid-year.



6.2 Internal Audit aims to complete at least one audit in most service areas throughout the year. However, this is balanced by the need to address corporate assurance needs in priority areas and it is possible that some service areas may not be audited where there is low corporate need for assurance in that area.

6.3 Internal Audit expects that throughout the year assurance audits will be comprised of:

- **Essential** assurance needs. All essential assurance needs are expected to be met via an assurance audit, unless due to changing circumstances the level of assurance need reduces.
- **High** assurance needs. These are areas where there is a significant impact and/or recognition that risks are present. During the annual audit year, the majority of Internal Audit's work after completing Essential assurance needs will be in response to High assurance needs.
- **Medium** assurance needs. These are typically areas that are established and considered to be managed well but have a high impact if controls are found not to be effective. Some audits are expected to address Medium assurance needs during the year due to the principle "In Local Government there is no substitute for doing boring really well. Only when you have a solid foundation can you innovate.¹"

6.4 Internal Audit does not expect to address Low assurance needs as part of this year's audit plan.

¹ Northamptonshire County Council Best Value Inspection 2018

Delivering the Internal Audit Plan

7. Resourcing the Plan

- 7.1 The risk based Internal Audit Plan is influenced by the resources made available by the Council for Internal Audit work. It is a requirement of the standards that "internal audit resources are appropriate, sufficient and effectively deployed to achieve the approved plan". A careful balance must be achieved in terms of keeping audit costs at a realistic level, whilst recognising that there is a minimum level of coverage that must be undertaken.
- 7.2. The Mid Kent Audit Team comprises a team led by the Head of Mid Kent Audit, the Audit Planning Manager, and the Audit Delivery Manager. The team includes staff qualified in Internal Audit, Accountancy and Counter Fraud, providing a wide range of skills and knowledge to support and deliver the annual plan.
- 7.3 The Mid Kent Audit Partnership was formed in 2014 and continues to work in partnership with Swale Borough Council, Ashford Borough Council, Maidstone Brough Council and Tunbridge Wells Borough Council. This partnership enables greater operational efficiency, effectiveness, and best practice in the delivery of the internal audit service.
- 7.4 The Service currently has vacancies for 2 FTE Senior Auditors, 1 FTE Auditor and 0.6 FTE Risk officer. Although the service has these vacancies, a review will be carried to determine the next step of recruitment or redesign of the service to ensure appropriate resources are available to deliver the current plan. Previous recruitment campaigns and the current market for internal audit means we will need to perform a review and utilise contractors as we have to assist in delivery of this year's plan.
- 7.5 The overall resource level is therefore based on the current audit team establishment and chargeability for each grade. This calculation provides an available number of total days across the four councils of 1,506 days.
- 7.6 In 2025/26 each council will contribute to the partnership based on the actual service delivered to each authority as described in the collaboration agreement. The Audit Plan is based on the level of work required to deliver an annual Audit Opinion for each Authority. This approach has identified 339 days to assign for Swale Borough Council for the 2025/26 audit plan, split over the following activities:

Audit Projects	200 days	Committee work	12 days
Consultancy	16 days	Counter Fraud	18 days
Follow-up	17 days	Risk Management	52 days
Audit Planning	24 days		