Audit Committee Meeting	
Meeting Date	21 January 2026
Report Title	Internal Audit & Assurance Progress Report 2025/26
EMT Lead	Lisa Fillery – Director of Resources
Head of Service	Katherine Woodward – Head of Audit Partnership
Lead Officer	Katherine Woodward – Head of Audit Partnership
Classification	**Open**
Recommendations	1. That work completed so far on the 2025/26 Audit & Assurance Plan be noted.

1 Purpose of Report and Executive Summary

1.1 This report is for information and summarises progress towards delivering the Internal Audit to date. In addition, it also provides updates on:

- Completed 2024/25 audits which will be used to inform the 2025/26 Audit Opinion.
- Resource changes with the Mid Kent Audit Partnership team.
- Overall progress.
- The results of the follow up of agreed management actions.

2 Background

2.1 The Audit Committee approved the 2025/26 audit plan in April 2025. This report provides information to Members on the work completed on the Internal Audit Plan.

3 Proposals

3.1 We present the report to Members for their information and for noting.

4 Alternative Options Considered and Rejected

4.1 We present the report to Members for their information and for noting.

5 Consultation Undertaken or Proposed

5.1 We present the report for Member information and for noting. There has been no formal consultation, but its content has been discussed with the Director of Resources and Executive Management Team.

Issue	Implications
Corporate Plan	Mid Kent Audit's work supports all Council activity and the wider Corporate Plan in evaluating governance
Financial, Resource and Property	The work internal audit does on behalf of Swale Borough Council, is

	carried out within agreed resources.
Legal, Statutory and Procurement	The Council is required by Regulations to deliver a conforming internal audit service
Crime and Disorder	No direct implications
Environment and Climate/Ecological Emergency	No direct implications
Health and Wellbeing	No direct implications
Safeguarding of Children, Young People and Vulnerable Adults	No direct implications
Risk Management and Health and Safety	The audit plan draws on the Council's risk management in considering areas for audit review. In turn, audit findings will provide feedback on identification and management of risk.
Equality and Diversity	No direct implications
Privacy and Data Protection	We handled all information collected by the service in line with relevant data protection policies.

7 Appendices

7.1 The following documents are to be published with this report and form part of the report:
Appendix 1: Internal Audit & Assurance Progress Report 2025/26.

8 Background Papers

Full reports which support the audit engagements summarised in this report are available on request. In addition, previous Audit Committee reports can be found here.

December 2025

Internal Audit and Assurance Progress report 2025/26

Swale BOROUGH COUNCIL

1. Introduction

1.1 The Accounts and Audit Regulations 2015 require that the council: "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.

1.2 The Global Internal Audit Standards, Domain III Governing the Internal Audit Function, Principle 8 – Overseen by the Board or Committee and Domain IV Managing the Internal Audit Function, Principal 11 – Communicate effectively both outline the requirements for regular reporting of the outcomes of the internal audit function to Management and the Audit, Governance and Standards Committee

1.3 This report sets out the original audit plan, approved by this committee in April 2025, the work that has been completed since the last report in July 2025 and the expected work that will be completed during the year to deliver the audit plan and provide an annual audit opinion for 2025/26.

1.4 When the plan was agreed it outlined a new approach to creation of the audit plan ensuring a more flexible approach to enable the service to respond to ever changing risk landscape within today's local authorities.

1.5 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.

2. Audit Plan Progress: 2025/26

2.1 In line with the process outlined at in the Audit plan, the audits identified for possible completion this year are being reviewed as we progress throughout the year. Audits relating to essential assurance needs would only be deferred in exceptional circumstances and as such we are on course to deliver all **Essential** and **High** priority audits as identified.

2.2 Any audits that have been reviewed and will not be completed this year can be seen below, with commentary provided. These have been agreed with the service and reported to management teams.

2.3 A tender exercise for the contractor to support the blended delivery of the audit plan commenced in April 2025 and a new contractor was appointed in July 2025 for a two-year period. The delay in getting the new contract up and running has had a slight impact on the progress so far this year, but work is now progressing at speed and the expectation to deliver sufficient work to provide an annual audit opinion is on track.

2.4 Five audits have been completed so far, five audits are underway and a further 8 are allocated or at the planning stage and will be completed by the end of the year. During the next quarter, we will assess the remaining unallocated audits to review the risk appetite and organisational priority for completion.

2.5 The approach this year was not to state a specific number of audits for completion, but to ensure a broad enough scope of assurance can be obtained to provide an opinion within the allocated number of audit days available. This means that some audits may require a greater amount of time to provide the necessary assurance.

Audit Title	Priority	Audit Status	Assurance Rating	Draft Report expected	Number of Actions by Priority Rating		
					High	Medium	Low
Emergency Planning	2024/25	Complete	**Strong**				3
Commercial Property Income	2024/25	Complete	**Weak**			7	
Budget Setting	Essential	Complete	**Strong**				
Waste Collection Income	Medium	Complete	**Sound**			1	

Internal Audit and Assurance Progress Report 2025/26

Audit Title	Priority	Audit Status	Assurance Rating	Draft Report expected	Number of Actions by Priority Rating		
					High	Medium	Low
Licensing – Premises and Personal	Medium	Complete	**Sound**			1	9
Temporary Accommodation	Essential	Allocated to contractor, Brief Issued		February 2026			
Data Protection	Essential	Fieldwork in progress		February 2026			
Development Management	Essential	Allocated to contractor, Brief issued		April 2026			
Contract Governance	Essential	Allocated to contractor		April 2026			
Health and Safety	Essential	Allocated to Auditor		April 2026			
* HR Policy Compliance	Essential	Allocated to Auditor		March 2026			
* ICT Controls and Access	Essential	Fieldwork in progress		January 2026			
* Council Tax (Billing	Essential	Fieldwork in progress		February 2026			
Waste Collection Contract	High	Fieldwork in progress		January 2026			
* Housing Benefits	High	Fieldwork in progress		February 2026			
Customer Services	Medium	Allocated to Auditor, Planning		March 2026			
Property Acquisitions and Disposals	Medium	Allocated to Contractor		March 2026			
* IT Asset Management	Medium	Allocated to Auditor		April 2026			
Planning Investigations	Medium	Unallocated					
Parks and Open Spaces	Medium	Unallocated					
Insurance	Medium	Unallocated					

Internal Audit and Assurance Progress Report 2025/26

Audit Title	Priority	Audit Status	Assurance Rating	Draft Report expected	Number of Actions by Priority Rating		
					High	Medium	Low
* Parking Enforcement	Medium	Unallocated					
* Environmental Enforcement – Air Quality	Medium	Unallocated					
* Recruitment	Medium	Not to be delivered in 2025/26. Reviewed with Service. Ongoing changes to the process underway and audit at this time would not add any value. To be considered as part of LGR workstreams.					
Housing Standards	Medium	Not to be delivered in 2025/26. Changes as a result of Renters Reform Bill currently being implemented by the service and require a period to embed new processes. Audit to be completed in 2026/27.					
Economic Development	Medium	Not to be delivered in 2025/26. Reviewed with Service. Due to ongoing priorities relating to LGR, Pause until further review in 2026/27					
* Declarations of Interest	Medium	Not to be delivered in 2025/26. Reviewed with service – audit to be paused due to being low risk.					

* - Shared service audits, work will include all authorities included in the shared service.

3. Agreed Actions Follow up results.

3.1 Our approach to agreed actions is to follow up each action as it falls due in line with the plan agreed with management as part of each completed audit. We report progress on implementation to the Strategic Management team each quarter. This included noting any matters of continuing concerns and where we have revisited an assurance rating.

3.2 We introduced new processes last year around how we follow up on actions with the service. We now report more frequently to the Management teams to support the implementation of actions within the agreed timescales. Previously the internal audit team were spending significant amounts of time chasing outstanding actions and this has improved over the last 12 months.

Actions Table	High	Medium	Low	Total
Total actions 2022/23				
Actions agreed	1	15	16	32
Actions cleared	1	13	12	26
Actions not due / in progress	0	1	0	1
Overdue actions	**0**	**0**	**0**	**0**
Total actions 2023/24				
Actions agreed	1	7	15	23
Actions cleared	1	7	15	23
Actions not due / in progress	0	0	0	0
Overdue actions	**0**	**0**	**0**	**0**
Total actions 2024/25				
Actions agreed	0	28	39	67
Actions cleared	0	4	26	30
Actions not due / in progress	0	24	13	37
Overdue actions	**0**	**0**	**0**	**0**
Total actions 2025/26				
Actions agreed	0	2	9	11
Actions cleared	0	0	0	0
Actions not due / in progress	0	2	0	11
Overdue actions	**0**	**0**	**0**	0
Total actions not due or in progress	0	27	22	49
Total overdue actions	0	0	0	0
Total	**0**	**27**	**22**	**49**

4. Summary of Audit Findings

Audit	Summary of audit findings	Assurance rating	No of agreed actions		
			High	Medium	Low
Emergency Planning	We found that the Service has **Strong** controls in place to effectively manage and deliver emergency planning activities. The Emergency Planning department demonstrates strong compliance with the statutory duties outlined in the Civil Contingencies Act 2004. The audit identified a structured and proactive approach to emergency preparedness, inter-agency coordination, and risk management, with several areas of good practice contributing to both Councils overall resilience. Dynamic risk assessments are regularly updated to reflect emerging threats, ensuring that the service remains responsive to evolving challenges. The Local Risk Register is reviewed annually and aligned with the Kent Community Risk Register, using a structured risk rating methodology with mitigation and response plans in place where appropriate. Additionally, the Kent and Medway Resilience Forum (KMRF) Emergency Planning Directory includes verified contact details for essential multi-agency partners, ensuring timely and coordinated messaging during emergencies. Responsibilities for business continuity are clearly outlined in Section 10 of the Major Emergency Plan. A formal Business Continuity Management (BCM) framework is in place, incorporating Business Impact Analyses (BIA) and Business Continuity Plans (BCP). Public guidance on business continuity is also made available through the Councils websites. Additionally, The Service provides advisory support for business continuity planning through published guidance, workshops, one-to-one support sessions, and continuity clinics. The Service actively participates in the Local Authority Emergency Planning Group and the Kent Voluntary Sector Emergency Group, fostering cross-borough coordination and shared learning. A Mutual Aid Agreement, signed by 13 authorities, is in place to maintain inter-agency support, including the sharing of personnel, accommodation, and equipment during emergencies.	**Strong**			3

Audit	Summary of audit findings	Assurance rating	No of agreed actions		
			High	Medium	Low
Commercial Property Income	The Asset Management Strategy (AMS) provides a clear and structured approach across operational, community, and commercial property portfolios, aligned to the Council's corporate priorities. The strategy integrates financial, social, service delivery, and environmental objectives, offering a comprehensive basis for managing assets. The next review of the AMS presents an opportunity to reduce manual processes—such as spreadsheet-based rent tracking—by adopting digital tools that support a more efficient, proactive, and integrated service. We confirmed that the commercial property schedule for 2025 was available and undergoing updates at the time of audit. The Council maintains a sundry debt policy, reviewed in November 2024, which includes procedures for managing property-related income, and a disposal policy was also in place, having been reviewed in December 2024. Our testing of two recent property disposals confirmed that appropriate approval procedures were followed, in accordance with the disposal policy, with clear supporting documentation in each case. We confirmed the agent used by the service was procured in line with Financial and Procurement Procedure Rules. Appropriate steps were taken to ensure: competitive selection through an RFQ process; legal and financial compliance through IR35 checks; transparency via the Council's contract register. No exceptions or control weaknesses were identified during testing. While void property levels have remained a challenge—particularly following a recently completed new-build hospitality development—this has been influenced by market disruption stemming from COVID-19, changes to planning permissions, and shifts in the hospitality sector. However, progress has been made: tenant agreements have been concluded for some units, and terms are being finalised with a prospective occupier for the remaining vacancy. However, our work has identified several opportunities to strengthen current arrangements. Rent review activity is managed manually via spreadsheets, without central oversight or officer guidance. This approach has contributed to delays, missed opportunities for backdated rent recovery, and can heighten the risk of disputes with tenants. The lack of structured tracking and inconsistent lease monitoring presents a risk to income management.	**Weak**		7	0

Audit	Summary of audit findings	Assurance rating	No of agreed actions		
			High	Medium	Low
	Debt management processes remain fragmented and reactive, with the service reliant on spreadsheets that track invoiced amounts only, excluding receipt of payments. This limits the ability to accurately monitor arrears or conduct meaningful aged debt analysis. Ongoing coordination challenges between Property Services and Finance have contributed to incorrect automated invoicing, inconsistent debt tracking, and a reliance on manual reconciliations. While collaborative efforts are underway to address these issues, continued engagement between teams is essential to improve data accuracy and shared visibility. We found a defective rent review clause in one lease agreement where the RPI-linked uplift was calculated using the same month, resulting in a potential 0% increase. If replicated across other agreements, this presents a material financial risk. In addition, one property sampled had an unclear VAT treatment linked to refurbishment and partial extension works. While this matter has been internally escalated, no formal resolution or documentation was in place at the time of review. Recruitment and retention of permanent, qualified staff remains a challenge, with the service reliant on interim support and external agents. Financial assessments of tenants are outsourced, but no formal performance monitoring of the agent or tenant due diligence processes were evident, which should be addressed. The service has recently begun restructuring cost centres to better align budgets with lease and rent review activity, which represents a positive step towards improving financial reporting. However, operational risk management is limited to three broad risks. Key risks identified during the audit—such as lease compliance, rent review delays, and data integrity—should be reflected in the risk register to support effective oversight and mitigation. In addition, we found that the service is not currently gathering or reporting data on key performance indicators (KPIs) as set out in the AMS. The Strategy requires the Property Review Group to monitor key metrics including rent roll, rent arrears, and the progress of lease renewals and rent reviews. The absence of this data limits the Council's ability to assess performance, identify trends, and support evidence-based decision-making in the management of its commercial estate.				

Audit	Summary of audit findings	Assurance rating	No of agreed actions		
			High	Medium	Low
Budget Setting	Our opinion based on our work is that the service has **Strong** controls in place to manage its risks as they relate to the budget setting process for the Council. We found established arrangements, which were consistently followed in line with the Council's constitutional requirements and the prevailing legislation. A budget timetable is central to the process which suitably sets out key milestones, responsible task owners, progress tracking and which aligns with Committee meetings and publication dates, which our testing confirmed had been met. Controls in place for budget uplifts (inflation) for key areas of salaries and contracts operate effectively and are suitably evidenced in the budget build working papers with calculations subject to appropriate scrutiny and sign off by Strategic Management Team (SMT) and Members. The Head of Finance and Procurement and Director of Resources (and S151 officer) are key to the budget setting process with roles and responsibilities more widely set out in the Council's Constitution. Our work confirmed a good level of liaison with Members throughout the process met through finance sub meetings, group/party facilitated sessions and formal Council meetings at Policy and Resources Committee and full Council. Our survey of budget mangers, which was aimed principally at Heads of Service, to canvass their views on the process and training, overall returned favourable results with the majority (9 of 10 respondents) feeling supported by the finance team in the process. Neutral results were returned by respondent in relation to feeling involved in the process and from training which is highlighted as an advisory recommendation. We confirmed the public consultation exercise was completed in line with the Council's consultation policy statement for the 2025/26 budget process. However, this resulted in a low response rate and we raise an advisory recommendation to consider options to improve engagement. Well-designed processes support the upload of the approved budget into the Council's financial system (Agresso) which ensures totals are automatically reconciled.	**Strong**			

Audit	Summary of audit findings	Assurance rating	No of agreed actions		
			High	Medium	Low
Waste Collection Income	Our opinion based on our audit work is that the service has **Sound** controls in place to manage its risks as they relate to the garden and bulky waste schemes. We found effective arrangements to be in place via the Council's website and subsequent online forms to guide the public making requests to use the services. The arrangements encompass a high degree of system integration between those of the Council and its Contractor, which include real-time data transfer. This automation extends to the receipt and collection of fees which are payable in advance with the system form enforcing the correct amount is paid. We confirmed that the service regularly monitors the performance of the contractor with clear performance criteria in place, primarily utilising missed collection monitoring (PC1). However, we note the service is currently negotiating the performance criteria relating to bulky waste collections based on the availability of booking slots. Our work identified a gap in controls where there are no arrangements in place to reconcile the income due (from new and renewing subscribers and bulky collection requests) to the income received, to ensure all income due has been received. We have also raised an advisory recommendation to formalise the procedures for issuing refunds and adding credits (extra collections following a missed collection). While our testing confirmed all cases were legitimate, procedure notes will ensure consistency of operation between Customer Services and Environmental Services and provide resiliency to this aspect of the operations.	**Sound**		1	
Licensing – Personal and Premises	We found that the service has **sound** controls with regards to issuing Personal and Premise licences in line with legislation and local procedures. Our work has demonstrated that the Licensing Policy has been written in accordance with legislation, approved by members and is up to date with a new policy (currently in draft form) due to be approved and published in March 2026. We have found that committees and	**Sound**		1	9

Audit	Summary of audit findings	Assurance rating	No of agreed actions		
			High	Medium	Low
	subcommittees are appropriately established and supported by suitable legal advice and that the Licensing Officers have clear roles and responsibilities. Staff are suitably experienced and/or qualified to undertake their expected tasks and are well supported with on the job learning and development. We have seen evidence of effective collaborative working to maximise a small team's operating resilience and to share knowledge and best practice. With regards to the processing of licensing applications, our work has confirmed that procedures are broadly followed from the checking, validation of, and the issuance of licences. The team process all applications within advised deadlines. Managing applications, which require public advertising, is undertaken effectively and the representation process for both consultees and members of the public is generally well designed and operating. However, our sample testing showed some instances where crucial validation checks were not always consistently applied or evidenced. A medium priority recommendation and two low priority recommendations have been raised to address these points. Where relevant, we have recommended that procedure notes be updated to provide more comprehensive guidance on these points as well. We found that advertisement of a Public Licence Register needs to be improved and that some minor changes to webpages will help will to increase accessibility and transparency around licensing. We acknowledge that there is already an extensive piece of work underway which will ensure application form uniformity, increased efficiency and better website usability. Our work has verified that managing representations against a licence application is in accordance with legislation and local policy, and that any subsequent hearings are correctly executed as per the Council's Licensing Act 2003 Sub-committee Hearing Procedure. We have found that applicants are being charged the correct fee and applications are only validated on receipt of fees. The Licensing Team operate a robust daily income reconciliation process to correctly identify and allocate payments to the right applications. Sample testing has shown that refunds are justified, the correct forms completed and appropriate authorisation from the Licensing Team Leader sought.				