



THE ROYAL BOROUGH OF  
KENSINGTON  
AND CHELSEA

# Draft Internal Audit Plan 2026/27

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# Background

- The risk based internal audit plan is prepared based on a range of inputs including the Council's Strategic Risks, discussions with service management, horizon scanning and reference to our Strategic Plan (2025-2028) which is shown in **Appendix 2**.
- The Strategic Plan, documents significant, persistent risks that the Council faces and outlines areas or themes to be covered. It is intended to support the annual planning process to ensure that internal audit continues to provide assurance over the breadth of the Council's operations over time and does not become a purely reactive function.
- Audit planning is an ongoing process throughout the year to ensure that we can react to new and emerging risks and changing needs of the Council and, to ensure that the internal audit focus remains relevant, we have a quarterly planning process with regular conversations, review of risk registers and scanning of the external risk environment.
- A plan of proposed internal audit coverage covering quarter 1 of 2026/27 and an indication of potential audits for the remainder of the year has been prepared and where possible, we have linked the audits to the Council's Strategic Risks. The Plan will be refined as we identify specific audits for quarters 2 to 4 with updates provided to the Audit and Transparency Committee as part of our regular progress reporting. For information, the Council's Strategic Risks (January 2026) are summarised on the final page of this Appendix.
- Internal audit is only one source of assurance, and throughout the delivery of our plan we will continue to identify other assurance providers to ensure that duplication is minimised and a suitable level of assurance is obtained to include in the Annual Report on Internal Audit and Internal Control which will be provided by the Head of Internal Audit at the end of the financial year.



# Use of Data in Internal Auditing

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During the year, the Internal Audit Service will continue to consider areas where a programme of continuous auditing can be developed. Data sources will be considered, with themes or specific risks identified from discussions with management. This type of auditing will be developed in conjunction with the Corporate Anti-Fraud Service (CAFS) to make the best use of the knowledge and resources available across both teams.

**Continuous auditing (CA)** is a method of performing audits on a regular basis using technology. It works by:

- Using automation to gather data from systems, processes and transactions.
- Using technology to analyse the data.
- Identifying issues including monitoring for potential fraud and compliance issues.
- Reporting findings in a timely manner to stakeholders.

**Benefits of this type of auditing include:**

- Reducing risk by helping to detect and address issues before they cause financial loss.
- Improving efficiency within the organisation and freeing up time for higher-level work.



# Audit Plan 2026/27 (Quarter 1)

| Area                                | Audit Title                       | Reason for Inclusion   | Risk                 |
|-------------------------------------|-----------------------------------|--|----------------------|
| Children's Services (Schools)       | School Audits                     | Cyclical review of the finance and governance arrangements in schools (will be undertaken over quarter 1 to quarter 4)   | Finance & governance |
| Digital, Data & Technology          | Contingency                       | The audits in respect of this area are to be discussed. There may be audit work that couldn't be undertaken in 2025/26 due to the cyber incident and this may need to be carried forward into 2026/27.   | To be confirmed      |
| Children's Services/ Adult Services | Transitions                       | To consider compliance with process and funding streams (SEN, core funding, care funding etc).   | SR 22                |
| Housing Management                  | Fire Safety Compliance            | Cyclical review of key areas of health and safety compliance (see also Q2-4)   | SR 4                 |
| Housing Management                  | Damp and Mould                    | Awaab's Law - Start in the summer (end Q1, beginning Q2). No previous audit focused on this area.  | SR 4                 |
| Housing/ Pension Fund               | Acquisition of TA by Pension Fund | Likely to be ongoing consideration of processes and plans in respect of the governance and controls in place for the procurement of TA by Pension Fund for use by the Council. <b>Need to consider future audit work and ensuring that there is some separation of audits undertaken on behalf of the Council and those providing assurance to the Pension Fund.</b> | Finance & governance |

# Audit Plan 2026/27 (Quarter 1) contd

| Area                                 | Audit Title                        | Reason for Inclusion  | Risk                 |
|--------------------------------------|------------------------------------|---|----------------------|
| Environment & Neighbourhoods         | Environmental Health - Food Safety | Cyclical review of regulatory service (other areas such as Trading Standards, Noise & Nuisance, Street Enforcement etc. will be considered in future audit planning).                             | SR 22                |
| Environment & Neighbourhoods         | Contract Management (parking)      | Parking Collection Agents - cyclical review of contracts within the Transport & Highways area.  | SR 12                |
| Cross-cutting                        | Risk Management                    | Training due to be rolled out across the Council.   | Governance           |
| Cross-cutting                        | Business Continuity                | Review of the robustness and effectiveness of business continuity plans in place at the time of the cyber incident and how any lessons learned are being reported and managed across the Council. | SRs 10 & 22          |
| Cross-cutting/<br>Corporate Strategy | Performance Reporting              | Use of data to improve performance management and reporting and alignment of performance, risk and finance.   | Finance & governance |

# 2026/27 – Potential Audits (Quarters 2 to 4)

| Area                          | Audit Title              | Reason for Inclusion   | Risk                 | Timing         |
|-------------------------------|--------------------------|--|----------------------|----------------|
| Children's Services (Schools) | School Audits            | Cyclical review of the finance and governance arrangements in schools (will be undertaken over quarter 1 to quarter 4) | Finance & governance | Q2 to Q4       |
| Digital, Data & Technology    | To be confirmed          | Audits will be discussed with the service (see also Q1)  | TBC                  | TBC            |
| Children's Services           | Placements               | Overspending on placements. VFM and adequacy of health/ tri-party funding.   | SRs 11 & 20          | TBC            |
| Children's Services           | SEND                     | Deficit Management and Forecasting   | SR 11 & 20           | TBC            |
| Resources (Adult Services)    | Direct Payments          | Cyclical review of processes & controls in place to ensure accurate & appropriate Direct Payments are made.            | Finance & governance | Q2             |
| Resources (Adult Services)    | Client Affairs           | Cyclical assurance required that the service is managing and safeguarding client assets appropriately.                 | Finance & governance | Early Q2       |
| Social Investment & Property  | Capital Programme        | Effective management of capital programme and associated costs. Scope to be confirmed.                                 | SRs 6 & 11           | TBC            |
| Housing Management            | Water Hygiene Compliance | Cyclical review of key areas of health & safety compliance (see also Q1)   | SR 4                 | TBC suggest Q2 |
| Housing Management            | Asbestos Management      | Cyclical review of key areas of health & safety compliance (see also Q1)   | SR 4                 | TBC suggest Q3 |

# 2026/27 – Potential Audits (Quarters 2 to 4) contd

| Area                         | Audit Title                          | Scope and /or Reason for Inclusion  | Risk                 | Timing               |
|------------------------------|--------------------------------------|---|----------------------|----------------------|
| Housing Management           | Data: Decent Homes Standard          | Continue review of data– may not be possible due to the implementation of a new system. Potential for data analytics and evidence of continuous auditing.   | SR 3                 | TBC suggest Q4       |
| Housing Management           | Not yet confirmed                    | Potential audits identified include: <ul style="list-style-type: none"> <li>• Quality of Major Works</li> <li>• Inventory and equipment and asset management</li> </ul>   | TBC                  | TBC                  |
| Environment & Neighbourhoods | Planning                             | Audit delayed from 2025/26 due to impact of cyber incident on the service. Restart the audit in 2026/27 once backlogs are dealt with and new Head of Service is in post.  | SR 22                | Q2 or early Q3       |
| Environment & Neighbourhoods | Community Safety                     | Areas to be considered include: <ul style="list-style-type: none"> <li>• Effectiveness of community safety strategies (crime prevention, antisocial behaviour, modern slavery, youth violent and violence against women and girls).</li> <li>• CCTV Transformation Project</li> </ul> | SR 9                 | Potentially Q2       |
| Environment & Neighbourhoods | Markets & Street Trading             | Cyclical review of system & controls. New system to be trialled in 2026 audit timing must allow systems to be tested & reviewed.  | Finance & governance | Q3 or Q4             |
| Environment & Neighbourhoods | Leisure Services Concession Contract | Cyclical review of contracts within the Cleaner, Greener & Leisure services area.   | SR 12                | Potentially Q3 or Q4 |
| Environment & Neighbourhoods | Climate Adaption                     | Council’s approach to flood management which requires co-ordination and cross-team working.   | SR 14                | potentially Q3 or Q4 |

# 2026/27 – Potential Audits (Quarters 2 to 4) contd

| Area                   | Audit Title                    | Scope and /or Reason for Inclusion   | Risk                 | Timing |
|------------------------|--------------------------------|--|----------------------|--------|
| Grenfell & Communities | Not yet confirmed              | Audit coverage to be discussed with the service.   | TBC                  | TBC    |
| Cross-cutting          | Savings and/ or Transformation | <ul style="list-style-type: none"> <li>• Savings programmes governance and tracking.</li> <li>• Benefits realisation and assurance over transformation</li> <li>• Governance and accountability frameworks</li> <li>• Service continuity and resilience</li> </ul>                             | SR 11                | TBC    |
| Cross-cutting          | Oracle – Cyclical Audit        | Cycle of audits to be identified, with potential to use of data / establish continuous auditing. <ul style="list-style-type: none"> <li>• Payroll</li> <li>• HR</li> <li>• Accounts Payable</li> <li>• Accounts Receivable</li> </ul>  | Finance & governance | TBC    |
| Cross-cutting          | Resources                      | Areas to be considered include: <ul style="list-style-type: none"> <li>• Workforce Planning &amp; Strategy</li> <li>• Recruitment</li> <li>• Performance Management</li> <li>• Professional Training and Development</li> <li>• Agency costs</li> </ul>  | TBC                  | TBC    |
| Cross-cutting          | Procurement (use of data)      | Areas to be considered include: <ul style="list-style-type: none"> <li>• Sample of tenders, compliance with Procurement Code</li> <li>• Spend management against contracts</li> <li>• Financial risk management for strategic contracts/suppliers</li> <li>• Procurement card spend</li> </ul> | SR 12                | TBC    |

| No. | Strategic Risks   |
|-----|---|
| 1   | Not working effectively with partners to support the bereaved and survivors and local residents in the next phase and through key milestones, especially decisions about the future of the Tower and the site, which impact on their health and wellbeing.  |
| 2   | Not effectively embedding learning from the Grenfell tragedy across the organisation and failing to respond openly and with integrity to future challenges, in line with the commitments made in the Hillsborough Charter and bearing in mind the extended timeline for the criminal investigation.                                     |
| 3   | Failure to deliver, due to lack of delivery capacity and/or available resources, the necessary investment and improvements to the Council's social housing stock so that residents are safe and live in properties which are in a good state of repair, sufficiently warm and dry, are accessible and have well-functioning facilities. |
| 4   | Failure to meet landlord health and safety requirements (maintenance and housing services) for social housing tenants / properties.   |
| 5   | Failure to respond to a major or significant incident, which outstrips our capacity to respond.   |
| 6   | Impact of a significant economic shock affecting the Council and service delivery.  |
| 7   | Impact of sustained deprivation on residents & the local economy, which can be compounded by significant economic shocks like cost-of-living crisis & policy changes in government.   |
| 9   | Failure in service continuity/safeguarding arrangements (including exploitation, crime prevention and support to victims of crime).   |
| 10  | A serious Information/Cyber Security incident which impacts on the delivery of services to residents or on the security of resident and other data the Council holds.   |
| 11  | Failure effectively to address the medium-term budget challenge.  |
| 12  | Major failure of key contractor/supplier/ partner organisations and failure to meet the requirements of the new Procurement Act.  |
| 13  | Fragility of the local Care Market (pressures include staffing, financial resilience and the impact of inflation on the national minimum wage/ London living wage).   |
| 14  | Failure to prepare for the impact associated with climate change, including air quality/pollution, water quality/availability, extreme weather (e.g. flooding, heat).   |
| 15  | Failure to comply with statutory requirements as laid out in the Public Sector Equality Duty (Equality Act 2010). Policies & processes are not embedded within the organisation.  |
| 16  | Failure to provide appropriate and safe temporary accommodation for eligible individuals and families.  |
| 17  | Failure to deliver an effective heat network solution for the Lancaster West estate in a timely manner and within budget, ensuring that benefits to residents are maximised, net carbon objectives are met and anticipated financial returns are delivered to reinvest into services for residents.                                     |
| 19  | Risk that the Council is non-compliant with statutory inspection obligations for buildings within the Council operational property portfolio.   |
| 20  | Rising costs & challenges in providing care for children with complex needs (leading to potential failure to meet demand & provide required support to vulnerable client group).  |
| 21  | Not working effectively with partners to deliver a safe Notting Hill Carnival, which may result in serious harm to residents, visitors, participants and/or staff.  |
| 22  | Failure to maintain services for residents at the required standard and resourcing to meet increased regulatory burdens, leading to adverse inspection outcomes.  |

Note: Risks 8 and 18 are no longer in the register following discussions with Executive Directors.