

TONBRIDGE & MALLING BOROUGH COUNCIL



EXECUTIVE SERVICES

Chief Executive
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NB - This agenda contains proposals, recommendations and options. These do not represent Council policy or decisions until they have received proper consideration through the full decision making process.

Contact: Democratic Services
committee.services@tmbc.gov.uk

1 April 2026

To: MEMBERS OF THE AUDIT COMMITTEE
(Copies to all Members of the Council)

Dear Sir/Madam

Your attendance is requested at a meeting of the Audit Committee to be held in the Council Chamber, Gibson Drive, Kings Hill, on Monday, 13th April, 2026 commencing at 7.30 pm.

Members of the Committee are required to attend in person. Other Members may attend in person or participate online via MS Teams.

Information on how to observe the meeting will be published on the Council's website.

Yours faithfully

DAMIAN ROBERTS

Chief Executive

A G E N D A

1. Guidance on the Conduct of Meetings 7 - 10

PART 1 - PUBLIC

2. Apologies for absence

3. Notification of Substitute Members 11 - 12
4. Declarations of interest 13 - 14

Members are reminded of their obligation under the Council's Code of Conduct to disclose any Disclosable Pecuniary Interests and Other Significant Interests in any matter(s) to be considered or being considered at the meeting. These are explained in the Code of Conduct on the Council's website at [Code of conduct for members – Tonbridge and Malling Borough Council \(tmbc.gov.uk\)](https://www.tmbc.gov.uk/code-of-conduct-for-members).

Members in any doubt about such declarations are advised to contact Legal or Democratic Services in advance of the meeting.

5. Minutes 15 - 20

To confirm as a correct record the Minutes of the meeting of Audit Committee held on 26 January 2026.

Matters for Recommendation to the Council

6. Annual Report of Chair 21 - 30

This report is produced to inform Council on how the Audit Committee has provided independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes. It is recommended that the Audit Committee agree that this report is presented to Council to support this assurance.

Matters for Recommendation to the Cabinet

7. Risk Management 31 - 46

The report of the Management Team provides an update on the risk management process and the Strategic Risk Register.

Matters for Decision under Delegated Powers

8. Treasury Management Performance Update 47 - 60

The report provides details of investments undertaken and the return achieved in the first eleven months of the financial year 2025/26.

9. Informing the Audit Risk Assessment for Tonbridge and Malling Borough Council 2025/26 61 - 92

The purpose of this report is to contribute towards the effective two-way communication between Tonbridge and Malling Borough Council's external auditors and the Audit Committee, as 'those charged with governance' in respect of the audit of the financial statements.

10. Internal Audit Charter and Mandate 93 - 106

The Chief Audit Executive is required to coordinate the internal audit functions communications to the Audit Committee with Senior Management to support and ensure the Committee's ability to fulfil its requirements. This report provides detail of the periodic review of the Internal Audit Charter and Mandate to comply with Global Internal Audit Standards.

11. Internal Audit Annual Plan 2026/27 107 - 116

This report seeks Member approval of the Internal Audit and Counter Fraud Plan for the year 2026/27.

Matters submitted for Information

12. Internal Audit and Counter Fraud Progress Report 2025/26 117 - 146

This report provides Members with an update on the work of both the Internal Audit function and the Counter Fraud function.

13. Grant Thornton's Indicative Audit Plan for Tonbridge and Malling Borough Council 147 - 178

A report advising of the indicative audit plan from the external auditor, Grant Thornton, for the 2025/26 year.

14. Urgent Items 179 - 180

Any other items which the Chairman decides are urgent due to special circumstances and of which notice has been given to the Chief Executive.

Matters for consideration in Private

15. Exclusion of Press and Public 181 - 182

The Chairman to move that the press and public be excluded from the remainder of the meeting during consideration of any items the publication of which would disclose exempt information.

PART 2 - PRIVATE

Matters for Information

16. Insurance Claims History 183 - 188

(Reason: Part 2 - Private: LGA 1972 - Sch 12A Paragraph 3 - Financial or business affairs of any particular person)

This report serves to inform Members as to the nature and volume of liability and property damage insurance claims submitted to the year ending 31 March 2026.

Any other items which the Chairman decides are urgent due to special circumstances and of which notice has been given to the Chief Executive.

MEMBERSHIP

Cllr R I B Cannon (Chair)
Cllr J R S Lark (Vice-Chair)

Cllr T Bishop
Cllr J Clokey
Cllr M A J Hood

Cllr B A Parry
Cllr M R Rhodes

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GUIDANCE ON HOW MEETINGS WILL BE CONDUCTED

- (1) Most of the Borough Council meetings are livestreamed, unless there is exempt or confidential business being discussed, giving residents the opportunity to see decision making in action. These can be watched via our YouTube channel. When it is not possible to livestream meetings they are recorded and uploaded as soon as possible:

<https://www.youtube.com/channel/UCPp-IJISNgoF-ugSzxjAPfw/featured>

- (2) There are no fire drills planned during the time a meeting is being held. For the benefit of those in the meeting room, the fire alarm is a long continuous bell and the exits are via the doors used to enter the room. An officer on site will lead any evacuation.
- (3) Should you need this agenda or any of the reports in a different format, or have any other queries concerning the meeting, please contact Democratic Services on committee.services@tmbc.gov.uk in the first instance.

Attendance:

- Members of the Committee are required to attend in person and be present in the meeting room. Only these Members are able to move/ second or amend motions, and vote.
- Other Members of the Council can join via MS Teams and can take part in any discussion and ask questions, when invited to do so by the Chair, but cannot move/ second or amend motions or vote on any matters. Members participating remotely are reminded that this does not count towards their formal committee attendance.
- Occasionally, Members of the Committee are unable to attend in person and may join via MS Teams in the same way as other Members. However, they are unable to move/ second or amend motions or vote on any matters if they are not present in the meeting room. As with other Members joining via MS Teams, this does not count towards their formal committee attendance.
- Officers can participate in person or online.

- Members of the public addressing an Area Planning Committee should attend in person. However, arrangements to participate online can be considered in certain circumstances. Please contact committee.services@tmbc.gov.uk for further information.

Before formal proceedings start there will be a sound check of Members/Officers in the room. This is done as a roll call and confirms attendance of voting Members.

Ground Rules:

The meeting will operate under the following ground rules:

- Members in the Chamber should indicate to speak in the usual way and use the fixed microphones in front of them. These need to be switched on when speaking or comments will not be heard by those participating online. Please switch off microphones when not speaking.
- If there any technical issues the meeting will be adjourned to try and rectify them. If this is not possible there are a number of options that can be taken to enable the meeting to continue. These will be explained if it becomes necessary.

For those Members participating online:

- please request to speak using the 'chat or hand raised function';
- please turn off cameras and microphones when not speaking;
- please do not use the 'chat function' for other matters as comments can be seen by all;
- Members may wish to blur the background on their camera using the facility on Microsoft teams.
- Please avoid distractions and general chat if not addressing the meeting
- Please remember to turn off or silence mobile phones

Voting:

Voting may be undertaken by way of a roll call and each Member should verbally respond For, Against, Abstain. The vote will be noted and announced by the Democratic Services Officer.

Alternatively, votes may be taken by general affirmation if it seems that there is agreement amongst Members. The Chairman will announce the outcome of the vote for those participating and viewing online.

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Audit Committee					
	Conservative	Liberal Democratic	Green	Ind. Kent Alliance	Labour
1	Chris Brown	Bill Banks	Kath Barton		
2	Steve Hammond	Paul Boxall	Anna Cope		
3	Sarah Hudson	Garry Bridge	Steve Crisp		
4	Kim Tanner	Trudy Dean	Robert Oliver		
5	Keith Tunstall	Roger Roud	Stacey Pilgrim		
Members of Cabinet cannot be appointed as a substitute to this Committee					

Updated: May 2025

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Agenda Item 4

Declarations of interest

Members in any doubt about such declarations are advised to contact Legal or Democratic Services in advance of the meeting

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TONBRIDGE AND MALLING BOROUGH COUNCIL

AUDIT COMMITTEE

MINUTES

Monday, 26th January, 2026

Present: Cllr R I B Cannon (Chair), Cllr J R S Lark (Vice-Chair), Cllr T Bishop, Cllr J Clokey, Cllr M A J Hood, Cllr B A Parry and Cllr M R Rhodes

In attendance: Councillor Mrs A S Oakley* was also present pursuant to Council Procedure Rule No 15.21.

(*participated via MS Teams)

PART 1 - PUBLIC

AU 26/1 NOTIFICATION OF SUBSTITUTE MEMBERS

There were no substitute members.

AU 26/2 DECLARATIONS OF INTEREST

There were no declarations of interest made in accordance with the Code of Conduct.

AU 26/3 MINUTES

RESOLVED: That the Minutes of the meeting of the Audit Committee held on 29 September 2025 be approved as a correct record and signed by the Chairman.

MATTERS FOR RECOMMENDATION TO THE COUNCIL

AU 26/4 TREASURY MANAGEMENT UPDATE AND TREASURY MANAGEMENT AND ANNUAL INVESTMENT STRATEGY 2026/27

The report of the Head of Finance provided an overview of the Council's treasury management activities for the first eight months of the 2025/26 financial year and introduced the proposed Treasury Management and Annual Investment Strategy for 2026/27.

The Council's investments, including cash flow surpluses, core cash, property and diversified income funds, had generated interest income exceeding original budget forecasts, largely due to the Bank Rate remaining higher for longer than anticipated.

The Council's approach prioritised security and liquidity, with investments diversified across highly rated UK and selected non-UK

institutions. Property and diversified income funds were capped at 20% of long-term balances due to their higher risk and volatility.

The Council's returns were in line with comparator local authorities and its risk profile remained consistent with the sector average.

The Property and Multi-Asset Funds continued to generate stable income, though capital values might fluctuate. The Council had mitigated potential losses through earmarked reserves. The authority remained debt-free, with no borrowing planned unless needed to support strategic investments aligned with Council priorities.

In terms of long-term investment, particular attention was brought to the Lothbury and Hermes Property funds following concern raised by Members. The Council evaluated various options when considering the diversification of its funds. At the time, alternatives had been considered and were deemed to have carried significant risk, therefore after careful consideration, the Council had chosen to pursue property funds, which had proven to be financially beneficial overall. Members noted that it would not have been reasonable to foresee these developments at the outset. When considering the overall performance of the property portfolio, the impact of the Lothbury and Hermes Property funds accounted for approximately 5% of the portfolio's value and assurance was given that the decisions made were appropriate given the information available at the time.

In hindsight, market conditions had been turbulent, which had informed ongoing review and adjustment of investment strategies. The Council had reflected on its approach to long-term investment strategies, particularly regarding the mix of asset types within its portfolio. Members were advised that the local authority property fund had transitioned towards student accommodation and had entered into a partnership with Jupiter Asset Management, which would strengthen the Council's long-term resilience and broaden its investment resource pool.

RECOMMENDED*: That

- 1) the Treasury Management position as at 30 November 2025, be noted; and
- 2) the Treasury Management and Annual Investment Strategy for 2026/27 set out at Annex 5, be adopted.

***Recommended to Cabinet**

MATTERS FOR RECOMMENDATION TO THE CABINET**AU 26/5 RISK MANAGEMENT**

The report of Management Team provided an update on the risk management process and the current status of the Strategic Risk Register (SSR). It highlighted the importance of efficient and effective risk management in protecting the Council's assets, employees, and customers, as well as ensuring value for money and service continuity for residents.

The Risk Management Strategy, which outlined objectives and responsibilities, was endorsed by the Committee in September 2025 and adopted by Full Council in October 2025. The Council had transitioned to a national 5x5 risk scoring matrix, categorising risks as AMBER (scores 8–12) and RED (scores 15–25), with procedures for escalating significant risks to the Corporate Management Team for inclusion in the Strategic Risk Register.

The Strategic Risk Register was regularly updated by the Management Team. An executive summary of RED (high) risks was provided, with a full version available in the annexes. Recent reviews had resulted in the removal of certain risks, such as Performance Management and Contract Procurement, due to improved protocols and external auditor feedback. However, some areas remained RED, including:

- Failure to adopt a Local Plan
- Recruitment and retention of staff
- Local Government Reorganisation in Kent

Ongoing service risks and outcomes from the escalation process were reported to the Committee, and a schedule of current and newly identified risks was appended to the report at Annex 2.

During discussion regarding increasing demand on temporary accommodation, it was noted that instead of purchasing properties, the Council had opted to lease them, thereby limiting its direct exposure to property market risk and asset management challenges. This strategy reflected an ongoing commitment to prudent risk management. The Council was however exploring the potential to invest in council-owned temporary accommodation. There was concern about the risk of over-supply, if demand did not materialise, which could lead to vacant properties and associated costs.

RECOMMENDED*: That

- (1) the updates to the Strategic Risk Register since the last iteration, be noted, with particular emphasis on those risks categorised as RED as shown in Annexes 1 and 1(a); and

(2) the service risks identified in Annex 2, be noted.

***Recommended to Cabinet**

MATTERS FOR DECISION UNDER DELEGATED POWERS

AU 26/6 ACCOUNTING POLICIES

The report of the Head of Finance (Section 151 Officer) presented the Accounting Policies proposed for the 2025/26 Financial Statements for consideration and endorsement.

The policies were vital for maintaining efficient and effective council services, underpinning the preparation and presentation of accounts. For 2025/26, two main amendments were highlighted, firstly, following updates to the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Local Authority (Scotland) Accounts Advisory Committee (LASAAC) code, annual indexation would be applied to Property, Plant and Equipment assets not formally valued in the year, and secondly, insurance charges would now be fully recognised in the year of payment to reduce administrative workload. All other policies remained consistent with 2024/25, and no further amendments were anticipated unless indices for asset valuation were specified after a valuer was appointed.

RESOLVED: That the Accounting Policies be endorsed to be used in the preparation of the 2025/26 Financial Statements as set out at Annex 1.

MATTERS SUBMITTED FOR INFORMATION

AU 26/7 INTERNAL AUDIT AND COUNTER FRAUD QUARTER 2 PROGRESS REPORT

The report of the Head of Finance updated the Committee on the progress of the Internal Audit and Counter Fraud functions for the period September to December 2025. It outlined how these services provided independent assurance on the Council's risk management, internal controls, and governance, supporting the priority of delivering efficient services to residents.

The report highlighted compliance with statutory requirements, such as the Accounts and Audit Regulations 2015, and standards set by the Global Internal Audit Standards and CIPFA. It also detailed proposed amendments to the 2025/26 Internal Audit Plan and emphasised the importance of audit and counter fraud activities in safeguarding Council resources and minimising financial losses.

Particular attention was made to the three audits that had been finalised in the period. Six of the twenty originally agreed audits from the 2025/26

rolling Audit Plan had been completed to at least draft report stage, plus one grant review. An update on the status of the 2025/26 Internal Audit Plan was received, and at the current time, five audits were in 'fieldwork' and five in the 'planning stage'. In addition, there had been one amendment to the 2025/26 Audit Plan. Due to timing of the rollout of the updated Risk Management Policy and Procedures, the planned Risk Management audit had been deferred to 2026/27. This audit had been replaced with an audit of the Annual Service Delivery Plan 2025/26.

Members received details of the Council's activity in preventing and detecting fraud and corruption during the second quarter of the 2025/26 financial year. The data for the National Fraud Initiative had been collated, reviewed and uploaded in the required timescale.

The Kent Intelligence Network continued to support local authorities in Kent in fraud prevention and detection and the focus for 2025/26 remained on addressing fraud and errors related to Single Person Discounts, Small Business Rate Relief and unrated business and residential premises.

AU 26/8 GRANT THORNTON AUDIT PROGRESS REPORT AND SECTOR UPDATE

The report provided a summary of audit progress for the 2025/26 financial statement, outlined planned deliverables and offered updates of emerging national developments affecting local government, such as ministerial changes, the Autumn Budget, local government support, the Fair Funding Review, and new legislative proposals.

AU 26/9 EXCLUSION OF PRESS AND PUBLIC

The Chairman moved, it was seconded and

RESOLVED: That as public discussion would disclose exempt information, the following matters be considered in private.

PART 2 - PRIVATE

MATTERS FOR RECOMMENDATION TO THE CABINET

AU 26/10 INTERNAL AUDIT SERVICE

(LGA 1972 – Sch 12A Paragraph 3 – Financial or business affairs of any particular person)

The report of the Head of Finance (Section 151 Officer) advised Members of the requirement for an Internal Audit Service as set out in section 151 of the Local Government Act 1972, and the requirement that 'a relevant body shall maintain an adequate and effective system of internal control of its accounting records and its system of internal

control in accordance with the proper internal audit practices' as set out in the Accounts and Audit Regulations 2003.

The current arrangement with Kent County Council to provide both Internal Audit and Counter Fraud Services to the Council through its Kent Audit Function was due to end in September 2026 and it was recommended that the service continue up to Local Government Reorganisation.

RECOMMENDED*: That the recommendation from the Head of Finance (Section 151 Officer) to appoint Kent County Council to provide Internal Audit and Counter Fraud Services from 1 October 2026 to 31 March 2029, be approved.

***Recommended to Cabinet**

The meeting ended at 8.59 pm

Audit Committee

13 April 2026

Part 1 - Public

Recommendation to Council



Report Author

Cllr Robert Cannon – Chair of the Audit Committee

Annual Report of Chair

1 Summary and Purpose of Report

- 1.1 This report is produced to inform Council on how the Audit Committee has provided independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes. It is recommended that the Audit Committee agree that this report is presented to Council to support this assurance.

2 Corporate Strategy Priority Area

- 2.1 Efficient services for all our residents, maintaining an effective council.
- 2.2 This report provides a commentary on how the Audit Committee contribute towards ensuring an effective council.

3 Recommendations

- 3.1 Members of the Audit Committee are **REQUESTED** to:

- 1) **CONSIDER** this report, making any amendments as necessary; and
- 2) **RECOMMEND** that it is presented to Full Council to provide independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes.

4 Introduction and Background

- 4.1 The Accounts & Audit (England) Regulations impose a responsibility on a local authority "for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body's functions and which includes arrangements for the management of risk."

- 4.2 The Chartered Institute of Public Finance & Accountancy (CIPFA) sets out the role of Audit Committees in their Practical Guidance for Local Authorities 2018. This states that "the purpose of the Audit Committee is to provide to those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes."
- 4.3 The Audit Committee comprises seven Members and is politically balanced. The Terms of Reference for the Committee are set out in Part 3 of the Constitution – Responsibilities (Responsibility for Council Functions).
- 4.4 The Committee has four planned meetings each year at which reports submitted by Officers and the External Auditor are considered. By consideration of these reports and matters raised within them it is considered that the Audit Committee fulfils the core functions of an Audit Committee as set out in the CIPFA Guidance and is able to give independent assurance to the Council to meet the requirements of the Accounts & Audit (England) Regulations.
- 4.5 The core functions of the Audit Committee are dealt with in the following paragraphs.

5 Assurance Statements

- 5.1 In April 2025 the Committee considered and endorsed management responses to Informing the Audit Risk Assessment 2024/25 in respect of the audit of the financial statements.
- 5.2 In July 2025 the Committee endorsed the revised Local Code of Corporate Governance that sets out how the Council will comply with the principles of the 2016 CIPFA/SOLACE (Society of Local Authority Chief Executives) "Delivering Good Governance in Local Government Framework 2016". Members noted that there were no substantive changes proposed to the Code, however it had been revised to reflect a small number of minor updates within the past year including the following:
- A new complaints handling procedure from 1st June 2025
 - Annual Service Delivery Plan for 2025/2026
 - Procurement Strategy 2024-2026
- 5.3 During discussion of the Local Code of Corporate Governance, Members of the Committee suggested that consideration be given to Grant Thornton undertaking a review of the Committee's effectiveness to provide additional assurance of the effectiveness of the Committee.
- 5.4 The Committee is required to consider and approve the contents of the Annual Governance Statement (AGS), and this also took place in July 2025. The AGS

(which accompanies the Statement of Accounts but is not part of the Accounts) explains how the Council complies with the Local Code of Corporate Governance and the Accounts & Audit Regulations, assessing and demonstrating that there is a sound system of corporate governance throughout the organisation.

- 5.5 The AGS is supported by signed Assurance Statements provided by members of the core Management Team and the three statutory officers and is prepared by way of a self-assessment questionnaire and supporting evidence. No significant concerns were raised as a result of this exercise. The Statement was signed by the most senior Member and officer of the Council on 31 May 2025.

6 Internal Audit Function

- 6.1 The Audit Committee has a role in relation to the Council's Internal Audit function to: -
- Oversee its independence, objectivity, performance and professionalism.
 - Support the effectiveness of the Internal Audit process.
 - Promote the effective use of Internal Audit within the assurance framework.
- 6.2 As Members are aware, the Internal Audit function is carried out by Kent County Council under a delegation arrangement. This arrangement gives the function greater resilience and access to a broader range of skills and expertise. It was pleasing to hear that the Internal Audit and Counter Fraud team won the "Excellence in Public Sector Audit" at the Public Sector Finance Awards.
- 6.3 The Audit Committee received a number of reports to oversee the role of the Internal Audit function.
- 6.4 The professional standards for Internal Audit require the Chief Audit Executive to establish a risk-based plan to determine the priorities of the internal audit activity, consistent with the organisation's goals.
- 6.5 The Annual Internal Audit and Fraud Plan for 2025/26 was presented to the Audit Committee in April 2025 and Members were able to consider the content prior to recommending approval.
- 6.6 The Audit Committee is required to consider the effectiveness of Internal Audit on an annual basis. This review was based upon evidence produced and the view of Management Team. A report was submitted to the Audit Committee in July 2025 which reported that Management Team opinion on the effectiveness of Internal Audit was "Good". Members considered the findings of this review and endorsed the opinion that the effectiveness of Internal Audit was "Good".
- 6.7 As part of the Public Sector Internal Audit Standards (PSIAS), Internal Audit is required to maintain a Quality Assurance and Improvement Programme (QAIP),

which is overseen by the Audit Committee. The QAIP summarises all of the measures in place to enable an evaluation of the internal audit activity's conformance with the PSIAS. The programme also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement and learning for the team.

- 6.8 The PSIAS require an independent external quality assessment (EQA) to be undertaken at least every five years. The current independent EQA is underway at the time of writing this report and the results will be reported to this committee in the forthcoming months.
- 6.9 The Internal Audit Charter, which is reviewed against professional standards, is a key document in the delivery of Internal Audit setting out the purpose, authority and responsibilities of the service which was subject to review at the April 2025 meeting of the Audit Committee.
- 6.10 The Internal Audit Charter gives the Audit and Assurance Manager (on behalf of the Chief Audit Executive) the right to raise issues directly with the Chair of the Audit Committee if considered necessary. This would only occur in circumstances where the Audit and Assurance Manager considered that the Chair of the Audit Committee needed to be made aware of significant assurance concerns. There have not been any instances where this has been considered necessary.
- 6.11 Throughout the year the Audit Committee received a number of reports updating Members of the progress of work carried out by Internal Audit and Fraud against the Annual Plan. These reports informed the Audit Committee of Internal Audit's opinion on the audits undertaken and gave additional information where a limited or no assurance was given.

7 Audit Committee Responsibilities

- 7.1 The responsibilities of the Audit Committee are set out in the Constitution of the Council.

8 Risk Management Arrangements and Control Environment

- 8.1 The Audit Committee is required to consider the effectiveness of the Council's risk management arrangements and the control environment. The Members are required to review the risk profile for the Council and seek assurances that action is being taken on risk-related issues, including partnerships with other organisations.
- 8.2 The Chair of the Audit Committee was appointed the Member Risk Champion following a decision by Cabinet in November 2024. A list of the responsibilities of the Member Risk Champion has been shared with the Committee.
- 8.3 The risk profile for the Council is undertaken as part of the audit needs assessment to identify those areas where Internal Audit is most effective.

- 8.4 The Risk Management Strategy is the framework for setting out the responsibilities for ensuring that a sound risk management process is in place. The strategy was reviewed by the Audit Committee in September 2025, and officers will look to review this for update in September 2026.
- 8.5 As part of the review the Strategic Risk Register format has been reviewed with the updated format being presented to Members in January 2026.
- 8.6 The Risk Management Strategy requires Management Team to escalate any relevant risks to the Strategic Risk Register (SRR) for reporting to this Committee with changes highlighted. The SRR is a 'live' document and is updated, as often as is required, by the Management Team. An update of the current strategic risks and how they are being managed is reported to each meeting of the Committee.
- 8.7 The Insurance Officer maintains a record of all claims made against the Council which are reported to the Audit Committee half-yearly. These reports also inform Members of the steps being taken to minimise similar claims being made.
- 8.8 All reports to Council require a risk assessment of the issues involved to be reported as part of the consideration of the report.

9 Assurance Framework and Planning

- 9.1 The assurance framework is the overall process that provides evidence to support the AGS. The Audit Committee has a responsibility to understand what assurance is available to support the AGS.
- 9.2 The AGS was presented to Members at the meeting of July 2025. The supporting evidence to the AGS consisted of a document setting out the areas of the assurance framework to be considered with an explanation of evidence that supported the conclusions of the AGS.

10 Value for Money and Best Value

- 10.1 One specific area for the Audit Committee should be consideration of the external auditor opinion on value for money as set out in the codes of audit practice. In addition, the Audit Committee should consider what other assurances are available in relation to identified value for money risks and highlight areas for improvement. (CIPFA Audit Committee Guidance).
- 10.2 The Auditor's Annual Report for the year ended 31 March 2025 on the Authority's overall arrangements for securing economy, efficiency and effectiveness in its use of resources was presented to the Audit Committee at the meeting in September 2025. Grant Thornton had not identified any significant weaknesses in the Council's arrangements to improve economy, efficiency and effectiveness. An improvement recommendation was made in respect of the response to the Internal Audit recommendation on the Agile Software implementation and the response of management was provided.

- 10.3 As part of the embedded system for achieving value for money, all Council reports contain a section where value for money is considered.

11 Countering Fraud, Bribery and Corruption

- 11.1 The Audit Committee role is defined as having an oversight of the strategy to counter fraud and to assess whether or not it meets recommended practice and standards.
- 11.2 The Audit Committee is responsible for the review of the policies relating to countering fraud, bribery and corruption and anti-money laundering. In January 2025 it reviewed the Whistleblowing Policy and the Anti-Fraud, Bribery and Corruption Policy.
- 11.3 The Audit Committee also receives updates on the progress of the National Fraud Initiative results and other work undertaken by the Fraud Team as part of the audit and fraud updates to every meeting. The work of the Fraud Team reported to the Committee in 2025/26 include amounts to be recovered and increased annual liability due to fraud and error.
- 11.4 The Whistleblowing Policy requires the Audit Committee to be informed of the outcome of any investigations arising from concerns raised under it. No such matters have been drawn to the attention of the Committee in the period covered by the report.

12 External Audit

- 12.1 The Audit Committee should receive all reports from the external auditor and monitor action to be taken that arises from them.
- 12.2 The Audit Committee has received copies of all external auditor reports during the year and has been able to consider the content. The external auditor provides a representative to all Audit Committee meetings where the Audit Committee is able to raise questions regarding the content of reports.

13 Financial Reporting

- 13.1 Local Authority accounts are produced in line with guidance set out by CIPFA. The role of the Audit Committee with regard to these financial statements is not one of detailed knowledge of this guidance but is more aligned to focus on financial reporting and financial governance rather than on the wider issues of spending and performance.
- 13.2 The CIPFA Guidance identifies areas that the Audit Committee should be concerned with as follows: -
- reviewing the narrative report to ensure consistency with the statements and the financial challenges and risks facing the Council in the future

- reviewing whether the narrative report is readable and understandable by a lay person
- identifying the key messages from each of the financial statements and evaluating what that means for the Council in future years
- monitoring trends and reviewing for consistency with what is known about financial performance over the course of the year
- reviewing the suitability of accounting policies and treatments
- seeking explanations for changes in accounting policies and treatments
- reviewing major judgemental areas, e.g. provisions
- seeking assurances that preparations are in place to facilitate the external audit.

13.3 The Audit Committee received the unaudited set of Accounts for 2024/25 at its meeting of July 2025.

13.4 The audited set of Accounts 2024/25 was duly presented to the meeting of the Committee in September 2025. This report gave the Audit Committee assurance that the accounts were presented in compliance with required legislation and best practice guidance. Following consideration of the accounts and a detailed report giving evidence of how compliance is achieved, the Audit Committee agreed to endorse the Statement of Accounts and supporting documents.

13.5 This was accompanied by the Audit Findings Report from the external auditor on the outcome of the audit of the accounts who subsequently issued an unqualified audit opinion on the financial statements, being the first Council in the County to have their accounts formally approved by the Auditors.

13.6 At the same meeting in September 2025, the Committee received the Auditor's Annual Report on the Authority's overall arrangements for securing economy, efficiency and effectiveness in its use of resources. As stated earlier the Auditor felt that, during 2024/25, no significant weakness in arrangements were found.

14 Partnership Governance

14.1 The latest CIPFA Guidance identifies that the Audit Committee should review assurances over partnerships to ensure that arrangements are satisfactorily established and are operating effectively.

14.2 The arrangements for significant partnerships are covered as part of the audit planning process and covered within individual audits as appropriate.

15 Treasury Management

- 15.1 Although it is not included as a core objective of the Audit Committee, the CIPFA Guidance recognises that Treasury Management scrutiny may be a function of some Audit Committees to meet the requirements of the CIPFA Treasury Management Code of Practice.
- 15.2 The Committee receive regular updates on Treasury Management including the treasury management mid-year review and annual report. The Committee has received presentations from one of the Council's property fund managers and has had the opportunity to ask questions directly of the fund manager.
- 15.3 At the meeting of January 2026 Members of the Audit Committee reviewed the Treasury Management and Annual Investment Strategy for 2026/27 and recommended to Cabinet it be adopted by Full Council.

16 Training

- 16.1 The Chair and Members of the Audit Committee receive in-house and or external training at varying intervals to assist with the understanding of the issues considered.
- 16.2 Training on the Statement of Accounts, Risk Management and Treasury Management was provided following the May 2023 Local Elections. Further training needs are addressed as and when required.

17 Conclusion

- 17.1 The evidence in the preceding paragraphs explains how the Audit Committee has overseen the core functions of an Audit Committee as defined in the CIPFA Guidance.
- 17.2 The CIPFA Guidance identifies that the purpose of the Audit Committee 'is to provide to those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes.' This report acts to provide that independent assurance to Council.

18 Other Options

- 18.1 If Members of the Committee have additional points they wish to contribute to this report, this can be done at the meeting in order that the report can be presented to Full Council.

19 Financial and Value for Money Considerations

- 19.1 The Audit Committee has a role considering the external opinion on value for money. This has been undertaken as outlined in this report.

20 Risk Assessment

20.1 The Audit Committee consideration of risk assessment is covered in this report.

21 Legal Implications

21.1 The Audit Committee role is based upon the CIPFA Guidance and meets the requirements of the Accounts & Audit (England) Regulations

22 Consultation and Communications

22.1 This report will be presented to Full Council and be available to the public.

23 Implementation

23.1 This report will be presented to Full Council by the Chair of the Committee.

24 Cross Cutting Issues

24.1 Climate Change and Biodiversity

24.1.1 Adaptation and resilience have not been considered.

24.1.2 Climate change advice has not been sought in the preparation of the options and recommendations in this report.

24.2 Equalities and Diversity

24.2.1 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Background Papers	None
Annexes	None

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Audit Committee

13 April 2026

Part 1 - Public

Recommendation to Cabinet



Cabinet Member	Cllr Matt Boughton – Leader Cllr Martin Coffin – Cabinet Member for Finance, Waste and Technical Services
Responsible Officer	Management Team
Report Author	Paul Worden – Head of Finance and Section 151 Officer

Risk Management

1 Summary and Purpose of Report

- 1.1 The report of the Management Team provides an update on the risk management process and the Strategic Risk Register.

2 Corporate Strategy Priority Area

- 2.1 Efficient services for all our residents, maintaining an effective council.
- 2.2 The identification, evaluation, and cost-effective control of risks is essential in safeguarding the Council's assets, employees and customers and the delivery of services to the local community.
- 2.3 The Council endeavours to pursue a forward-looking and dynamic approach to delivering services to the local community and will not be averse to taking a degree of commercial risk. However, it will always exercise a prudent approach to risk taking and decisions will be made within the parameters of the Council's internal control arrangements

3 Recommendations

- 3.1 Members are asked to:
- 1) **NOTE** the updates to the Strategic Risk Register since the last iteration with particular emphasis on those risks categorised as RED as shown in Annexes 1 and 1a; and
 - 2) **NOTE** the service risks identified in Annex 2.

4 Introduction and Background

- 4.1 The Risk Management Strategy sets out the Council's risk management objectives and details the roles and responsibilities of officers, Members and the Council's partners in the identification, evaluation and cost-effective control of risks.
- 4.2 The Council's risk management arrangements are designed to ensure that risks are reduced to an acceptable level or, where reasonable, eliminated thereby safeguarding the Council's assets, employees and customers and the delivery of services to the local community. Examples of risk include budget deficit, cyber/data loss, environmental and reputational.
- 4.3 The Council endeavours to pursue a forward-looking and dynamic approach to delivering services to the local community and will not be averse to taking a degree of commercial risk. However, it will always exercise a prudent approach to risk taking and decisions will be made within the parameters of the Council's internal control arrangements, i.e. Constitution, Procedural Rules, etc. These arrangements will serve to ensure that the Council does not expose itself to risks above an acceptable level.
- 4.4 The current Risk Management Strategy was endorsed by this Committee in September 2025 and subsequently adopted by Full Council on 28 October 2025.

5 Risk Management Escalation Process

- 5.1 Effectively risks are assessed/scored in terms of their likelihood/impact.
- 5.2 Following the change to the Strategy in October 2025, the Council has now adopted the nation 5 x 5 risk matrix. This results in the following potential scoring of risks as detailed in the table below;

Score	Likelihood	1	2	3	4	5
Impact	Description	Rare	Unlikely	Reasonably Possible	Likely	Almost Certain
1	Low	1	2	3	4	5
2	Moderate	2	4	6	8	10
3	Significant	3	6	9	12	15
4	Severe	4	8	12	16	20
5	Catastrophic	5	10	15	20	25

- 5.3 Amber risks, those scoring between 8 and 12, should be raised at Service Management Team, added to the Service Risks identified list.
- 5.4 Red risks, those scoring 15 to 25, should be considered by Service Management Teams for potential escalation to Corporate Management Team for inclusion onto the Strategic Risk Register (SRR), see the section on escalation later in this

guidance note. If agreed the Chief Officer raising the concern should add the details required to the SRR.

6 Strategic Risk Register

- 6.1 The Strategic Risk Register (SRR) is considered to be a 'live' document and is updated, as often as is required, by the Management Team.
- 6.2 Following the changes approved by the Council in October 2025 the format to the registers has now changed. The initial scoring gives the details of unmitigated risk to the Council, these would be expected to be of high risk, scoring 12 and above. The second score gives the risk after mitigation has been applied, this should have the result of reducing the score.
- 6.3 An executive summary of the RED mitigated risks has been provided at **[Annex 1]** and a full version of the Strategic Risk Register can be found at **[Annex 1a]**. Due to the migration to the new register format, no direction of travel has been given.
- 6.4 For completeness the risks that were categorised as **RED** at the time of the **January** meeting of this Committee is given below:
- Failure to adopt a Local Plan
 - Recruitment and Retention of Staff
 - Local Government Reorganisation in Kent
- 6.5 A review has been undertaken by Management Team and it is felt that the following risks could be removed from the Strategic Risk Register at the next presentation;
- Financial position/budget deficit – Following the setting of the budget in February 2026, a nil funding gap have been recognised over the 10 year period covered by the Medium Term Financial Strategy. It is there considered a lower risk for the review period covered by the SRR of the next 12 to 18 months.
 - Achievement of Savings and Transformation Strategy – Similarly to the issues above with a nil funding gap there has not been the need to produce a savings and transformation strategy for the 2026/27 financial year and could therefore be removed from the SRR.
- It should be noted that in the event of major ongoing financial issues both could be placed back onto the SRR, but at this stage the risk is considered low and further updates to the MTFs will take place in 2026/27.
- 6.6 Other movements to scoring have been made with direction of travel being shown in **[Annex 1a]**.

- 6.7 One of the previous red risks for Recruitment and Retentions of Staff has now been reduced to a high amber score. Management Team felt that the risk has diminished following the recently agreed pay award.
- 6.8 In addition to this a new risk has been added to the register concerning the Development Management Decisions following the recent issues of infrastructure assumptions being made by South East Water and the potential impact to the Council. Even following mitigation, the impact on the Council could be significant due to the refund of planning fees and legal costs arising from the non-determination of planning applications within the Governments timescales.
- 6.9 Failure to resolve this issue in a prompt manner, could result in issues with the MTFs reserve balances resulting in a new saving target reversing the position explained in paragraph 6.5.
- 6.10 Following the review of the items on the register, Management Team have considered that despite mitigations in place the following areas remain at high or **RED** risk;
- Failure to adopt a Local Plan
 - Local Government Reorganisation in Kent
 - Development Management Decisions

7 Ongoing Service Risks

- 7.1 To give Members some reassurance as to the effectiveness of risk management outcomes from the risk management escalation process are reported to the meetings of this Committee unless there is something that needs to be brought to Members' attention in the interim.
- 7.2 A schedule of ongoing risks and risks identified by Service Management Teams and Management Team since the last report to this Committee in January 2026 is appended at **[Annex 2]**.

8 Financial and Value for Money Considerations

- 8.1 Financial issues may arise in mitigating risk which will be managed within existing budget resources or reported to Members if this is not possible.
- 8.2 Effective risk management arrangements make a positive contribution to ensuring value for money is provided in the delivery of services.

9 Risk Assessment

- 9.1 Sound risk management arrangements aid the Council in effective strategic decision-making. The Council's approach to risk should be reviewed on a regular basis to ensure it is up to date and operating effectively.

9.2 A specific item for 'Risk Management' appears on all Management Team and Service Management Team agendas.

10 Legal Implications

10.1 There is a Health and Safety requirement for effective risk management to be in place and the Strategy supports this requirement.

10.2 There is also a requirement in the Accounts and Audit Regulations that accounting control systems must include measures to ensure that risk is appropriately managed.

11 Cross Cutting Issues

11.1 Equalities and Diversity

11.1.1 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Background Papers	None
Annexes	Annex 1 - Executive Summary – Strategic Risk Register Annex 1a - Strategic Risk Register Annex 2 - Service Risks

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Number	Risk Title & Description	Effect of non compliance	Classification	Risk Owner from Management Team	Date identified	Last date of review	Unmitigated risk Score			Movement to previous review	Current mitigation in place	Mitigated risk Score			Movement to previous review	Actions required to reduce score further	Link to Annual Service Development Plan	Links to Strategies
							Likelihood Score (1-5)	Impact score (1-5)	Overall risk score			Likelihood Score (1-5)	Impact score (1-5)	Overall risk score				
4	Failure to adopt a Local Plan	Reputational risks around not being able to agree a Local Plan. Impacts around not meeting the timeframe for submission of the Local Plan. Impacts around Statutory Consultees raising infrastructure matters which impacts on the ability to agree and submit a sound Plan. Impacts on development management processes through protracted period with no up-to-date plan, likely speculative development. Infrastructure not being delivered. Potential for central Government intervention.	F, R	Director of Planning, Housing and Regulatory Services	Apr-17	Mar-26	4	5	20	↔	The Council has decided to continue progressing the Local Plan under the current legislative and National Planning Policy Framework (NPPF). It will be critical that the new plan is prepared in compliance with the regulatory framework and relies on a robust evidence base that meets the requirements of the NPPF so that the plan can be found to be sound at the examination stage. Detailed discussions are on-going with Statutory providers, MHCLG and PINs to ensure any required mitigation measures are put in place to ensure a sound plan and ensure the necessary infrastructure is in place to meet the Local Plan need, however the current position from some infrastructure providers is that this is not achievable in line with Local Plan timescales.	3	5	15	↓	Regular review of NPPF guidance to ensure continued compliance. Continued engagement with both Members and Public. Sufficient Resources, both Staffing and Financial to ensure completion within allotted time. Any agreed mitigation measures are put in place at the earliest available opportunity to ensure infrastructure demands can be met. Ongoing lobbying of MHCLG officials and Ministers. Ongoing external legal advice on key matters.		Improving housing options for local people, whilst protecting our outdoor areas - develop a Local Plan which will ensure the provision of new homes in appropriate locations, focusing on tackling the need to deliver a range of housing for the whole community.
13	Local Government Reorganisation in Kent leading to the end of TMBC in March 2028.	Uncertainty on the future of the Borough Council could lead to operational shortfall due to diversion or departure of staff. New Unitary Council being burdened with historic County Debt Maintaining core Current Council services during the transition and delivery of Council Priorities and Annual Service Plan Current Council priorities & projects undermined by future spending constraints	F, R	Chief Executive	Feb-25	Mar-26	4	5	20	↔	Close working at Leader and Chief Executive level. Increased close working at Director level Shared Strategic Partner to date to support a more joined up and collaborative approach Regular briefings for Members and Staff	4	4	16	↔	Procure a new strategic partner for all Councils in Kent for the work up until Vesting Day in April 2028 Ensure that there are effective project and programme management arrangements in place Continue to ensure Members and Staff are fully engaged Set aside sufficient funding to support the implementation process		All Strategies
15	Inability to make Development Management decisions due to evidence of insufficient infrastructure capacity.	Being unable to make a full range of Planning decisions due to evidence of insufficient infrastructure capacity would result in planning decisions being held up and backed up in the system. Reputational and financial implications could arise to the Council as a result of delays to the determination process leading to an increase in complaints, requests for refunds under the Planning guarantee, an increase in appeals and performance for applications falling with a risk of call in powers from the S of S (see risk 14). Further risks of Judicial Review if material matters are not addressed in Development Management decisions.	F, R	Director of Planning, Housing and Regulatory Services	Mar-26	Mar-26	5	4	20	NEW	Discussions on-going with Statutory providers to ensure mitigation measures can be put in place to ensure adequate infrastructure is in place to service the development. Precautionary approached being adopted where all DM decisions are being reviewed to ensure material considerations have been addressed and considered. Additional measures being adopted for major development to ensure sufficient capacity exists to meet the needs of the development. Developers being asked to consider specific infrastructure requirements for major applications individually. Agreed mitigation measures will be incorporated into schemes when these are agreed. Officers are requesting updated EOTs to manage expectations and reduce the risks associated with the Planning Guarantee.	4	4	18	NEW	We will continue to review all DM cases to ensure material matters have been addressed. As a result of on-going discussions with key statutory consultees and MHCLG this is likely to result in mitigation measures which will reduce the current risk score considerably. Consultancy and legal advice is being sought on measures to mitigate these issues. All current DM applications impacted by this issue are being informed and worked with.		Efficient services for all residents, maintaining and effective Council

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Number	Risk Title & Description	Effect of non compliance	Classification	Risk Owner from Management Team	Date identified	Last date of review	Unmitigated risk Score			Movement to previous review	Current mitigation in place	Mitigated risk Score			Movement to previous review	Actions required to reduce score further	Link to Annual Service Development Plan	Links to Strategies
							Likelihood Score (1-5)	Impact score (1-5)	Overall risk score			Likelihood Score (1-5)	Impact score (1-5)	Overall risk score				
1	Safeguarding and PREVENT	Significant impact should a child, young person or adults at risk come to harm, including radicalisation and child sex exploitation, and TMBC are unable to demonstrate appropriate processes are in place with adequate staff resource to ensure safeguarding procedures are consistently being followed.	S, R	Chief Executive	Apr-17	Mar-26	4	5	20	↔	Safeguarding Officer is employed by the Council. This officer is part of an Officer Group, represented by all services, provide advice and support regarding safeguarding matters.	2	5	10	↔	Continue to ensure the safeguarding issues are considered within Council policies. Regular training to staff. Referral of concerns to partner agencies.		Safeguarding Policy
2	Financial position/budget deficit	Financially unstable organisation. Failure to deliver a balanced budget, detrimental impact on quality of service, increased intervention and/or s114 notice.	F, R	Head of Finance (Section 151 Officer)	Apr-17	Mar-26	3	3	9	↓	Budgetary control operated by Services in conjunction with Financial Services to identify areas of budget pressures due to service or population changes. Monitoring of income from Business Rates and Council Tax in order to ensure financial underpinning of MTFS. Regular review of MTFS using identified factors affecting TMBC. Following release of Final Government Settlement in February 2025 a balanced budget has now been produced without the need for a current savings target.	2	3	6	↓	Maintaining budgetary control procedures, adequate resourcing of Financial Services Staff. Maximisation of increases within fees charges, Council Tax and Business Rates in line with market need or legislation. Clear understanding of Government changes to Local Government Funding announced December 2025. Further updates will be needed to MTFS in 2026/27 to confirm ongoing position		Priority in the Corporate Strategy of "Efficient services for all our residents, maintaining an effective council"
3	Achievement of Savings and Transformation Strategy - Failure to meet objectives or savings targets	Resultant overspend would have significant on council reserves resulting in potential Section 114 notice declaring authority is no longer a Going Concern	F, R	Head of Finance (Section 151 Officer) on behalf of Management Team	Apr-17	Mar-26	3	3	9	↓	Savings and Transformation Strategy is reviewed, by Members and Officers, along side Councils Medium Term Financial Strategy. Following budget setting for 2026/27 there is not been a need to provide a Savings and Transformation Strategy.	3	2	6	↓	Taking opportunity to maximise income receipts were appropriate. Following Settlement update a nil funding gap has been identified for the 2026/27 MTFS	Objective 3.15	Priority in the Corporate Strategy of "Efficient services for all our residents, maintaining an effective council"
4	Failure to adopt a Local Plan	Reputational risks around not being able to agree a Local Plan. Impacts around not meeting the timeframe for submission of the Local Plan. Impacts around Statutory Consultees raising infrastructure matters which impacts on the ability to agree and submit a sound Plan. Impacts on development management processes through protracted period with no up-to-date plan, likely speculative development. Infrastructure not being delivered. Potential for central Government intervention.	F, R	Director of Planning, Housing and Regulatory Services	Apr-17	Mar-26	4	5	20	↔	The Council has decided to continue progressing the Local Plan under the current legislative and National Planning Policy Framework (NPPF). It will be critical that the new plan is prepared in compliance with the regulatory framework and relies on a robust evidence base that meets the requirements of the NPPF so that the plan can be found to be sound at the examination stage. Detailed discussions are on-going with Statutory providers, MHCLG and PINs to ensure any required mitigation measures are put in place to ensure a sound plan and ensure the necessary infrastructure is in place to meet the Local Plan need, however the current position from some infrastructure providers is that this is not achievable in line with Local Plan timescales.	3	5	15	↓	Regular review of NPPF guidance to ensure continued compliance. Continued engagement with both Members and Public. Sufficient Resources, both Staffing and Financial to ensure completion within allotted time. Any agreed mitigation measures are put in place at the earliest available opportunity to ensure infrastructure demands can be met. Ongoing lobbying of MHCLG officials and Ministers. Ongoing external legal advice on key matters.		Improving housing options for local people, whilst protecting our outdoor areas - develop a Local Plan which will ensure the provision of new homes in appropriate locations, focusing on tackling the need to deliver a range of housing for the whole community.
5	Recruitment and retention. Impact of loss of capacity to deliver services and Council priorities caused by numbers of staff retiring given age profile of the workforce, staff leaving due higher pay elsewhere, recruitment difficulties and skill shortages across key professional roles and uncertainty caused by LGR. Greater competition from the private sector and London Boroughs. Increase in rate of inflation and consequent pressure on level of pay award.	Lack of resources or the right skills to deliver required outcomes, loss of key professionals/senior officers due to pay constraints and pressures, reduced staff morale and quality of work, leading to financial loss, reputational damage and detrimental impact on staff wellbeing.	F, R, S	Director of Central Service and Deputy Chief Executive on behalf of Management Team	Apr-17	Mar-26	4	4	16	↓	Review of staff resources and skills through service reviews and appraisal processes. Market Supplement Policy in assist with recruitment of difficult to resource staff. Workforce Strategy regularly reviewed, most recently March 2025. Pay award of 4% agreed by Council in February 2026 has helped in ensuring that pay remains competitive with others in the County and therefore score has been reduced.	4	3	12	↓	Meaningful annual pay awards to ensure the Council is competitive as an employer. Continued use of flexible retirement arrangements. Continued use of Market Supplement Policy. Succession planning identified for key staff. Structural reviews approved by Members on an ongoing basis. Increased review of training needs in run up to proposed Local Government Reorganisation.		HR Strategy (Inc. Workforce Development Strategy) & Savings and Transformation Strategy
6	Health and Safety	Significant reputational impact should a service user, officer, member or contractor come to harm and TMBC are unable to demonstrate appropriate processes were in place.	F, R, S	Director of Planning, Housing and Regulatory Services	Apr-17	Mar-26	3	5	15	↔	Health and Safety Officer employed by Council. Corporate Safety and Wellbeing Group meets quarterly. Health and Safety considered as standing item on both Corporate and Service Management Teams.	2	5	10	↔			Staff wellbeing and customer care underpin the Council's fundamental service and corporate objectives

Number	Risk Title & Description	Effect of non compliance	Classification	Risk Owner from Management Team	Date identified	Last date of review	Unmitigated risk Score			Movement to previous review	Current mitigation in place	Mitigated risk Score			Movement to previous review	Actions required to reduce score further	Link to Annual Service Development Plan	Links to Strategies
							Likelihood Score (1-5)	Impact score (1-5)	Overall risk score			Likelihood Score (1-5)	Impact score (1-5)	Overall risk score				
7	Cyber Security	Loss of data and legislative breach, leading to financial penalties and reputational impact.	F, R	Director of Central Service and Deputy Chief Executive	Apr-17	Mar-26	4	5	20	↔	Information Security Policy deployed to all staff and Councillors Security measures including access controls. Established an Information Governance Group. Appointed a Member Cyber Champion. Issued Mandatory Cyber Awareness Training to staff and Councillors. Deployed various security measures to ensure security of Council Network. Provide Security trained staff Achieved Cyber Essential Plus Accreditation Appointment of Senior Information Risk Owner (SIRO) within establishment. Implementation of external monitoring to identify cyber breaches, giving 24/7 coverage.	4	3	12	↔	Ensure sufficient resources provide to mitigate risk in a timely manner. Action regular IT health checks, both internally and externally Issue regular messages to network users on cyber security vigilance Continue with regular mandatory cyber training updates. Continue with updates to maintain accreditation Receive Regular reports including option to maintain and improve Cyber Security from SIRO, last reported in July 2025.		IT Strategy
8	Business Continuity and Emergency Planning (incl. Civil Contingencies)	Failure to provide statutory service or meet residents' needs resulting in additional costs, risk of harm and reputational impact. Impact/pressures on services and resources. Failure to ensure proper safeguards to prevent or to respond adequately to a significant disaster/event e.g. terrorist attack at a large scale public event, fire or flood	F, R, S	Director of Street Scene, Leisure & Technical Services on behalf of Management Team	Apr-17	Mar-26	4	4	16	↔	The Council has in Place; Business Continuity Plan Emergency Plans IT Disaster Recovery Plans Inter-Authority and Mutual Aid Agreement Duty Officer and Duty Emergency Co-ordinator rota and is part of the Kent and Medway Resilience Forum.	4	3	12	↔	Maintain all plans to ensure they are up-to-date and fit for purpose. Increase the % of trained staff in roles identified in the Emergency Plan. Out of Hours Manual reviewed and regularly updated. Exercising of plans must be undertaken regularly to ensure they are fit for purpose and to validate them. Recruitment into roles in the Emergency Plan is on-going. Constant review and enhancement to plans as required.		Business continuity underpins the delivery of the Council's essential services and is a core of the authorities risk management
9	Sustained or increasing levels of Housing need.	Significant increase of costs associated with Temporary Accommodation leading to implications for higher costs not being negated by Housing Benefits	F, R, S	Director of Planning, Housing and Regulatory Services/ Head of Finance (Section 151 Officer)	Apr-17	Mar-26	3	4	12	↔	Provision of additional resources to focus on prevention activities. Increasing supply of internally managed temporary accommodation. Regular review of empty properties, to work with Owners to bring properties back into use and increasing housing supply in area. Agreed downsizing policy to release supply of larger properties	3	3	9	↔	Improved working with main housing provider to identify trends/specific cases across borough to jointly agree approach to preventing homelessness using housing provider mechanisms, DHP payments and homeless prevention funding where needed. Development of council owned/leased temporary accommodation portfolio - including delivery of the Local Authority Housing Fund £1.6m funding received.		Improving housing options for local people, whilst protecting our outdoor areas of importance - use every power we can to support those who are most in need of housing support and at risk of becoming homeless. Homelessness and Rough Sleeping Strategy 2026-2031 under development.
10	Political factors - National, Kent-wide (including KCC) and Local, including relative levels of stability of political leadership and potential impact on decision making including Local Government Reorganisation	Decisions required to achieve objectives including corporate strategy, Local Government Reorganisation, and Major initiatives set out in the Annual Service Delivery Plan, many of which require collaboration and support from other Councils	F, R	Chief Executive	May-23	Mar-26	4	3	12	↔	Close working at Leader and Chief Executive level across Kent and across West Kent. Seek to build constructive relationships with new administration in Kent and new Leaders in other boroughs and districts Continue to promote cross-party working arrangements including Group Leaders and Member working Groups and positive arrangements between Cabinet and Scrutiny Committees.	3	3	9	↔	Member briefings and briefings at relevant Scrutiny Committees on major issues Seek a strategic partner across the whole of Kent to underpin a collaborative approach		Underpins delivery of corporate strategy, Annual Service Delivery Plan, and Medium Term Financial Strategy.
11	Failure to deliver a managed exit from Agile and transition back to Uniform System	Service implications from staffing and data transfer	F, R	Director of Planning, Housing and Regulatory Services	Mar-25	Mar-26	4	4	16	↔	Post-implementation review being carried out by internal Audit - live lessons learned being implemented PID signed with IDOX, which includes establishing technical requirements for return of data from Agile system	2	3	6	↔	Continued monitoring by implementation staff. Clear project plan with achievable milestones		Digital Strategy

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							Likelihood Score (1-5)	Impact score (1-5)	Overall risk score			Likelihood Score (1-5)	Impact score (1-5)	Overall risk score				
12	Carbon Neutral 2030 Aspiration	Significant reputational risk, particularly if other similar councils have achieved similar goals or targets. Financial implications of 'Green' solutions to achieve climate change goals.	F, R, S	Chief Executive	Sep-23	Mar-26	4	4	16	↔	Development of climate evidence, partnerships and pathway analysis to support move towards transformative and larger-scale emissions reductions Increased contributions to projects that enable carbon reductions Grant Awards for major carbon reduction projects. Climate Change Officer post now permanent to maintain continuity and momentum on climate change initiatives.	4	3	12	↔	Continued oversight and commitment by Officer and Members to allow ambitious plans to go beyond business as usual. Climate Change Action Plan monitored and endorsed by Members annually. Securing additional external funding for major schemes to reduce carbon emissions.		Climate Change Strategy 2020 - 2030, Corporate Strategy 2023 - 2025
13	Local Government Reorganisation in Kent leading to the end of TMBC in March 2028.	Uncertainty on the future of the Borough Council could lead to operational shortfall due to diversion or departure of staff. New Unitary Council being burdened with historic County Debt Maintaining core Current Council services during the transition and delivery of Council Priorities and Annual Service Plan Current Council priorities & projects undermined by future spending constraints	F, R	Chief Executive	Feb-25	Mar-26	4	5	20	↔	Close working at Leader and Chief Executive level. Increased close working at Director level Shared Strategic Partner to date to support a more joined up and collaborative approach Regular briefings for Members and Staff	4	4	16	↔	Procure a new strategic partner for all Councils in Kent for the work up until Vesting Day in April 2028 Ensure that there are effective project and programme management arrangements in place Continue to ensure Members and Staff are fully engaged Set aside sufficient funding to support the implementation process		All Strategies
14	Government Intervention within Planning Service due to performance	Due to missing 10% target for Major applications being overturned on appeal.	F, R	Director of Planning, Housing and Regulatory Services	Oct-25	Mar-26	3	4	12	↔	Keeping an up-to-date track on Appeals using the Government approved tracking sheet. Regular review of Appeal Performance. Ensuring quality control on data which is supported by Agile/Uniform and Updating Members on Appeal performance.	2	4	8	↔	Raise awareness to Members through regular reporting/training on potential impacts from overturns and the wider picture Raising officer awareness of impacts on non-determined application on performance		Priority in the Corporate Strategy of "Efficient services for all our residents, maintaining an effective council"
15	Inability to make Development Management decisions due to evidence of insufficient infrastructure capacity.	Being unable to make a full range of Planning decisions due to evidence of insufficient infrastructure capacity would result in planning decisions being held up and backed up in the system. Reputational and financial implications could arise to the Council as a result of delays to the determination process leading to an increase in complaints, requests for refunds under the Planning guarantee, an increase in appeals and performance for applications falling with a risk of call in powers from the S of S (see risk 14). Further risks of Judicial Review if material matters are not addressed in Development Management decisions.	F, R	Director of Planning, Housing and Regulatory Services	Mar-26	Mar-26	5	4	20	NEW	Discussions on-going with Statutory providers to ensure mitigation measures can be put in place to ensure adequate infrastructure is in place to service the development. Precautionary approached being adopted where all DM decisions are being reviewed to ensure material considerations have been addressed and considered. Additional measures being adopted for major development to ensure sufficient capacity exists to meet the needs of the development. Developers being asked to consider specific infrastructure requirements for major applications individually. Agreed mitigation measures will be incorporated into schemes when these are agreed. Officers are requesting updated EOTs to manage expectations and reduce the risks associated with the Planning Guarantee.	4	4	16	NEW	We will continue to review all DM cases to ensure material matters have been addressed. As a result of on-going discussions with key statutory consultees and MHCLG this is likely to result in mitigation measures which will reduce the current risk score considerably. Consultancy and legal advice is being sought on measures to mitigate these issues. All current DM applications impacted by this issue are being informed and worked with.		Efficient services for all residents, maintaining and effective Council

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Ongoing Risks and Risks Identified by Service Management Teams and Management Team

Risk Identified	Background	New or ongoing	Reason for removal / ongoing
Homes For Ukraine Scheme	Ongoing home assessments and support for Ukrainians hosted under the Homes for Ukraine Scheme. There is a risk of homelessness and duty to place in TA, therefore work needs to be undertaken by the Resettlement Worker to support with sustainable living arrangements.	Ongoing.	Conflict in Ukraine continues and new arrivals into the borough are ongoing. HFU visas are for 3 years and there is now an option to apply for an 18 month Ukraine Permission Extension once the HFU visa expires. All new hosts/houses must be checked and welfare visits undertaken. Rematches via the HFU scheme are unsustainable in the longer term and work needs to be undertaken to support families into PRS or rent a room agreements.
Successful delivery of the UK Shared Prosperity Fund Programme (inc. Rural England Prosperity Fund)	Having had our initial three-year T&M Investment Plan approved by MHCLG in 2022, implementation of projects required for period up to March 2025). A one-year extension (to March 2026) was awarded in late 2024.	Ongoing.	The 2022-25 UKSPF Programme was ultimately 100% by the end of the financial year and approval for the 2025-26 programme was secured in March 2025. As we get close to the end of Q3, the 2025-26 programme is currently around 70% spent, with all projects progressing as expected.
Corporate Insurance	Increases and changes to premiums for 2024/25 and 2025/26 insured year	Ongoing	The Councils Insurers have made changes to the charges included within the premiums. Therefore changes will be required to capital and revenue project evaluations to include insurance assessment.
Payroll	Key information being supplied to Payroll in a timely manner, causing risk of staff and members not being paid.	Ongoing.	Information to be included in the pay run must be received no later than three working days into the month. Delays in these submissions jeopardised the payment to all staff requiring addition unsocial hours to be worked by the payroll team.
Council Tax Administration	Proposals from Government on changes to collection methods and exemptions to be granted. Likely impact on the cashflow for the council.	Ongoing.	Consultation response to be shared with members.
Current Economic Issues	Whilst the Strategic Risk Register has removed the elements of Budget Gap and Saving and Transformation Strategy due to the current financial uncertainty situation that has occurred in recent weeks. A review will be undertaken of the Council's overall financial position in the forthcoming months.	NEW	A revised MTFS will be presented to Cabinet for the July cycle, this will include elements of the sensitivity analysis allowing for financial input from external advisors.
Council Tax Reduction Scheme (CTRS)	Following removal of 2 child benefit cap by Central Government, this impact on current Council Tax reduction cases is likely cause change to ongoing reduction on Council Tax. With fewer families being eligible or lower awards being granted.	NEW	Given the changes there could be higher levels of enquiry on staff, and potential for additional needs through Section 13a. Change to Council Scheme would require full consultation with the public. There is a review planned for CTRS in 2026/27 for implementation in 2027/28, this will consider the impact beyond this point.
Supported Accommodation	The Supported Housing (Regulatory Oversight) Act 2023 came in to force August 2023. Assessment of the act has been ongoing and a consultation on how the act will regulated in practice. The practice is likely to involve a Licensing duty for the responsibility of the Council. Further implications could affect Housing Benefit payments to Landlord where care levels are considered to be unsuitable for the tenant.	Ongoing	Consultation released by central government now being considered.

Ongoing Risks and Risks Identified by Service Management Teams and Management Team

	Risk Identified	Background	New or ongoing	Reason for removal / ongoing
Central Services	Gibson Building - unable to deliver financial saving which has been assumed within MTFS	Cabinet agreed in Sept 2022 that the main offices of the Council should remain located at Kings Hill. On 3 June 2025 Cabinet resolved that the freehold option to dispose of Gibson West be progressed.	Updated	Need to keep under review to ensure that changes in office accommodation deliver value for money and deliver identified savings. Deal agreed with KCC in respect of covenants. Risk of capital cost for works to Gibson East exceeding previously agreed budget.
	Freedom of Information/ EIR/ Subject Access Requests	No dedicated resource to oversee management of FOI, EIR & SAR request compliance. Response rates within statutory deadlines for FOI & EIR are typically between 75-80%, which fall below the ICO's recommended performance target (min of 90% responded to within statutory deadlines).	Ongoing	Number of requests continue to rise, particularly the number of requests made under the Data Protection Act 2018. This creates additional capacity issues for services across the Council, particularly those who receive a large number of requests. Requests for advice from services also continue to rise, as requests for information become more complex. Report on FOI/ EIR/ SAR performance submitted to O&S Committee on 11 Sept 2025 - Committee supported a review of resources for delivery of information requests. New post of Information Governance Manager approved by General Purposes Committee on 21 January 2026. Will be removed once recruitment to the post is complete and new postholder in place.
	IT Security (formerly COCO Compliance)	Review of IT Infrastructure identified several areas of weakness for IT standards compliance	Ongoing	Number of risks removed, expected that remaining risks, once removed, will allow full compliance.
	Cyber Security	Request for 24hr monitoring now being considered as part of SIRO annual report	Ongoing	
	IT Resources	Resource capacity for both Development and Technical Staff	Ongoing	The current demands on IT Staff are placing increased pressures on the resource capacity given competing demands of corporate systems being reviewed and implemented, namely the move from Agile to IDOX.
	Street Naming and Numbering	Resourcing within Team	Ongoing	This remains a risk due to the reversion from Agile to IDOX
	GDPR Compliance findings	Redacted information being stored with unredacted information	Ongoing	Requires testing once new IDOX system is available.
	Back Scanning	Scanning now complete, hand over to Information at Work systems and service recognition.	Ongoing	Services all have access to digitised documents held in NEC's interim cloud storage. Pending transfer to TMBC corporate document management system. Will be removed as a risk once migration complete.

Ongoing Risks and Risks Identified by Service Management Teams and Management Team

Risk Identified	Background	New or ongoing	Reason for removal / ongoing
Temporary Accommodation (TA)	TA consultancy review undertaken Dec 2021, actions implemented in 2022. Cost of living crisis and DA legislation implementation are impacting on maintaining TA levels within the agreed range.	Ongoing	TA costs remain high, as does level of need. Project underway to look at sustainable TA portfolio approach to help manage unit costs for TA. This is alongside ongoing work/training in service to support demand.
Temporary Accommodation (TA)	Personal injury claims	Ongoing	Updated inspection regime being developed by officers.
Food & Safety	Increased risk of food complaints/poisoning. Additional resources to manage backlog of inspections.	Ongoing	During the Covid-19 crisis the ceasing/reduction in the food hygiene inspection regime may result in food safety issues. There will also be a backlog of food safety inspections due to restrictions on visiting/businesses closed. Agreed catch up programme in place utilising COMF funding.
Increased number of planning appeals/inquiries	Application determination timescales not being met, more speculative development, creates reputational risks and increases likelihood of appeals.	Ongoing	Volume and complexity of applications coming forward in parallel with local plan progression and given current uncertainties in timescales for adoption. MT agreed agency planning funding for short term. Head of Planning conducting service review summer 2022
Staffing challenges in Planning services	Ongoing recruitment and retention difficulties in the sector and in T&M specifically. Several recruitment campaigns carried out.	Ongoing.	MT agreed that development of a Workforce Strategy will include recruitment and retention. Part 2 report to GP in July 2023 to look at immediate pressures. This will likely be followed by a new recruitment campaign and therefore this risk remains.
Windmill Lane Gypsy Site	KCC have requested return of management of this site (which is already owned by TMBC) to TMBC on 31 March 2024. This is part of a programme of returns to districts of their owned G&T sites. Initial discussions about management issues and costs have been undertaken.	Ongoing	The return requires Member approval, proposing that this happens via Cabinet in Jan 2024. There are a mixture of Property and Housing risks relating to this potential transfer. Officers are awaiting detailed information from KCC on maintenance costs, the detailed works schedule for grant funded improvements that are scheduled to complete before end of financial year and rent roll. TMBC will require a management arrangement for the site, which is being explored with neighbouring authorities as well as external providers. There will also be a requirement for the Council to have a G&T Allocation Scheme. Risk that the approach to management of this site is not fully in place before the proposed transfer, which could cause liability issues. Also need to consider specific equalities considerations for this group of residents.
Local Plan	Reg 18 carried out in Autumn 2022. Changes to NPPF and proposed changes to system via LURB published December 2022. Assessing options for delivery of a Local Plan.	Ongoing	Members to make a decision on a revised Local Development Scheme in Summer 2023. This is subject to a number of challenges including ongoing delays in Govt announcements on national planning policy. The Council has decided to continue progressing the Local Plan under the current legislative and National Planning Policy Framework. It will be critical that the new plan is prepared in compliance with the regulatory framework and relies on a robust evidence base that meets the requirement of the NPPF so that the plan can be found to be sound at the examination stage. Timing is of the essence as the Local Plan will need to be submitted to the Planning Inspectorate by 30th June 2025. The Council has recently engaged Trowers and Hamlins Law Firm to advise and support the Planning Policy Team up until adoption stage.

Ongoing Risks and Risks Identified by Service Management Teams and Management Team

Risk Identified	Background	New or ongoing	Reason for removal / ongoing
Phone Signal	CEOs having difficulty enforcing parking in Tonbridge and customers having issues accessing Ringo due to deterioration in mobile phone signal.	Ongoing	Multi-network sim cards issues to CEO's and liaison taking place with service providers. Contactless card payments currently being reviewed.
Garden Waste invoices	Delay in invoices being issued to subscribers wanting to renew due to IT issues.	Ongoing	Financial Services reviewing use of recurring payments.
Utilities costs	Significant energy price increases at leisure centres is resulting in financial cost to the Council under the risk sharing agreement in the Management Agreement with the Trust.	Ongoing	Trust providing regular updates via Strategic/Service Fee meetings - cost of swim charges increased to help contribute to additional cost, energy saving initiatives being investigated and implemented and central government being lobbied. Government grants applied for successfully to reduce utility costs e.g. solar panels and air source heat pumps.
CEO Recruitment	Difficulties in recruiting into CEO posts resulting in reduced patrolling and income generation.	Ongoing.	Vacancies needing to be advertised on an ongoing basis. Four posts are currently not filled.
KRF Review	The KRF have undertaken a review and plan to make adjustments to how the forum operates.	Ongoing.	Risks associated with increased responsibility being undertaken by LA's . Many Kent Chief Executives are recruiting dedicated full-time resource to enable work to be developed and maintained. This appears to be requiring LA's to delivery work areas that were historically delivered through the KRF and KRT.
Business Continuity & Emergency Planning	The current structure of the LRF and legislation has been added to. The Kent Resilience Forum has undergone review with significant changes to how the Kent Resilience Team will provide support and guidance to Local Authorities. The UK Government has also recently published a new 'UK Government Resilience Framework'. Further guidance is expected but the theme is around increasing locally led resilience and planning at the LA level. Additional recommendations have now been published in relation to the Grenfell Tower Enquiry. These are likely to be included with the review of the CCA.	Ongoing	Need to track new guidance and review how we contribute and participate in the Kent Resilience Forum. We also need to be able to ensure that we maintain a fit-for-purpose organisation to enable suitable response.

5 Investment Performance

5.1 A full list of investments held on 28 February 2026 is provided at **[Annex 1]** and a copy of our lending list of 28 February 2026 is provided at **[Annex 2]**. The table below provides a summary of funds invested and income earned at the end of February 2026.

	Funds invested on 28 February 2026	Average duration to maturity	Weighted average rate of return	SONIA benchmark February 2026	Interest / dividends earned	Gross annualised return
	£m	Days	1 April to 28 February 2026 %	%	1 April to 28 February 2026 £	%
Cash flow	26.70	4	3.81	3.72	1,146,410	4.07
Core cash	36.00	154	4.00	3.62	1,285,060	4.30
Long term	2.00				66,060	3.39
Long term (LPT)	0.58				3,690	--
Medium term	4.25				181,440	4.66
Total	69.53				2,682,660	--

Table 1

Property funds pay dividends quarterly. The return quoted above is based on dividends received for the period April to December 2025.

- 5.2 **Cash flow and core cash investments.** Interest earned of £2,682,660 from surplus cash flow and core cash balances to the end of February has exceeded expectation when compared to the revised estimate for the same period. The positive variance of £225,300 is primarily driven by the slower-than-anticipated reduction in the Bank Rate, which has resulted in sustained higher interest yields on deposits.
- 5.3 The Council takes advantage of MUFG's benchmarking service which enables performance to be gauged against MUFG's other local authority clients. An extract from the latest benchmarking data is provided in the form of a scatter graph at **[Annex 3]**. The graph shows the return (vertical scale) vs. the credit / duration risk (horizontal scale) associated with an authority's investments. As at 31 December 2025 the Council's return was 3.98% (purple diamond) above the local benchmarking group average of 4.86%. MUFG's predicted return is between the upper and lower boundary indicated by the diagonal lines. The Council's risk exposure remains consistent with the local authority average.
- 5.4 Only cash flow and core cash returns form part of the benchmarking data. The additional return the Council makes from its property fund, and diversified income fund investments are not included. The data also excludes any short-term borrowing costs authorities may have incurred to meet payment obligations;

however, no such costs have been incurred to date, and none are anticipated during the remainder of 2025/26.

- 5.5 **Long term investment.** £5m was originally invested in property investment funds, spread across three funds to ensure, as far as is possible, stability of annual income and capital growth over time.
- 5.6 Since 2024, structural changes within a number of the Council's externally managed investment portfolios, together with increased volatility and uncertainty in financial markets, have led fund managers to review and revise their strategic positions. In accordance with CIPFA's Treasury Management Code, the Council has continued to monitor these developments and assess the implications for security, liquidity and yield.
- 5.7 However, certain decisions taken by the fund managers, specifically the wind-up of one fund and the merger of another, were outside the Council's control. In both cases, the position of smaller investors was not prioritised, resulting in outcomes that required the Council's dis-investment from these holdings. These actions have been managed in line with the Council's approved Treasury Management Strategy and with due regard to the principles of prudent risk management set out by CIPFA.
- 5.8 During the period 1 April 2025 to 31 December 2025, as property funds are reported quarterly, the £2.58m investment in property funds generated dividends of £69,750 which represents an annualised return of 3.39% (4.21% in 2024/25).
- 5.9 Table 2 sets out the long-term investment in LAPF Property Funds. While this fund is presently demonstrating a capital loss, the net benefit since inception remains positive at £414,670. There are currently no plans to disinvest from this holding.
- 5.10 The sales value at the end of February 2026 vs initial purchase prices are as follows:

Property fund	Purchase price	Sale value at date of purchase	Sale value 28 February 2026	28 February sale value above (below) purchase
(Primary = units in the fund purchased from the fund manager. Secondary = units purchased from another investor at a discount. Date = first month the investment attracted dividends)	a	b	c	price (c-a)
	£	£	£	£
LAPF (Primary, July 2017)	1,000,000	922,200	897,070	(102,930)
LAPF (Primary, June 2018)	1,000,000	922,200	860,110	(139,890)
Total change in principal	2,000,000	1,844,400	1,757,180	(242,820)
			Total dividends received to December 2025	657,490
			Net benefit since inception	414,670

Table 2

- 5.11 Since inception, the Council have received dividends from The Local Authority Property Fund investment totalling £657,490.
- 5.12 Hermes Property Fund merged with L&G Pensions on 15 August 2025, which prompted an involuntary dis-investment of the Council's holding in the fund. The capital realisation amounted to £908,350, giving rise to a capital loss of £91,650, which will be offset by an earmarked reserve for long and medium term investments.
- 5.13 Following the withdrawal of several investors, Lothbury Property Trust were unable to secure a viable path forward and was officially terminated on 30 May 2024. All remaining assets have now been sold, and the company is in the process of being wound up. The overall recovery of capital investment totalled £1,417,980 against the initial investment. This will result in the loss on the property fund being fully recognised in the 2025/26 financial statements.
- 5.14 Table 3 to provide details of the repayment of capital investment from the sale of assets due to the termination of the Fund on 30 May 2024:

Property fund <small>(Primary = units in the fund purchased from the fund manager. Secondary = units purchased from another investor at a discount. Date = first month the investment attracted dividends)</small>	Purchase price	Sale value at date of purchase	Principal Investment Returned	Principal Investment Balance Outstanding
	a £	b £	c £	£
Lothbury Property Trust	2,000,000	1,900,700	1,417,980	(582,020)
Total dividends received to February 2026				382,720
Net balance to breakeven point				(199,300)

Table 3

- 5.15 Taking into account the dividends received since the fund's inception, the investment would have reached its breakeven point if we had been able to recover a further £199,300.
- 5.16 To safeguard the Council's position, an earmarked reserve was established at the outset of entering into medium and long term investments to mitigate potential capital losses. The revised revenue estimates have drawn down against this reserve to ensure the overall revenue budget is protected and that financial impact of the investment losses is appropriately contained.
- 5.17 As part of the current year budget review, income projections from property funds have been adjusted downward to reflect changes in shareholdings and their capacity to generate future dividends. However, the overall income from the property funds is expected to exceed the revised budget for the 2025/26 financial year by circa £14k.
- 5.18 Members are reminded that higher yielding investments (e.g. property, equities) have the potential to fluctuate in value, both up and down. It is this feature which

makes them unsuitable for short term investment where certainty over value at maturity is a key criteria. The Council's property fund investments are not required to meet day to day spending commitments and will only be realised should a higher yielding opportunity be identified.

- 5.19 **Medium term investment.** £4.25m of the Council's expected medium term cash balances together with new money derived from the sale of assets has been invested in externally managed diversified income funds. These investments will generate an annual income stream and will provide capital appreciation over time.
- 5.20 During the period April 2025 to February 2026 the £4.25m investment in multi asset funds generated dividends of £181,440 which represents an annualised return of 4.66%.

6 Financial and Value for Money Considerations

- 6.1 The Bank Rate was held at 3.75% in March with all nine MPC members voting unanimously to maintain the current level. This reflects a shift from earlier expectations of a possible rate cut, as the conflict in the Middle East has caused a significant rise in global oil and gas prices, increasing near-term inflation risks and delaying the anticipated easing cycle.
- 6.2 The MPC has warned that inflation could rise to around 3.5% in the next two quarters, driven by higher energy costs which will feed through to both household bills and business operating costs. The Committee also noted that the longer elevated energy prices persist, the greater the risk of second-round effects through wages and price-setting behaviour.
- 6.3 If the conflict persists, markets are pricing in a rate hike in June, with a further hike at the September meeting and a third pencilled in for February 2027, reversing earlier expectations of cuts. Governor Bailey has tried to calm the markets by saying those decisions will have to be taken, but holding the rate is the right place to be at the moment.
- 6.4 While the Council has benefited from higher-for-longer interest rates, the Bank of England cut the rate to 3.75% in December 2025 which is expected to be held for the near term. If rate hikes do come to fruition, the Council will carefully consider its cash management strategy, aiming to balance liquidity needs with the opportunity to secure higher investment returns for longer. Key considerations include:
- 6.4.1 **Short-Term Liquidity:** Ensuring sufficient cash is readily available to meet operational and unforeseen financial commitments.
- 6.4.2 **Longer-Term Investments:** Identifying opportunities to invest surplus cash (up to 1 year) at fixed higher rates and benefit from any higher rates made available for investments before the easing cycle re-commences.

- 6.4.3 **Diversification:** Allocating funds across a range of investment vehicles to mitigate risk while maximising returns.
- 6.4.4 **Market Monitoring:** Regularly assessing economic conditions and interest rate forecasts to make informed investment decisions.
- 6.5 By adopting a proactive approach, the Council aims to optimise returns on its cash holdings while maintaining financial stability.
- 6.6 Performance is monitored against a benchmark return and against other local authorities in Kent and the broader local authority pool via MUFG's benchmarking service.
- 6.7 Whilst the annual income stream from a property fund exhibits stability (circa 4% per annum net of management fees) capital values rise and fall with the cyclical nature of economic activity. During a downturn in the economy, capital values may fall significantly. The duration of a property fund investment may need to be extended to avoid crystallising a loss and as a consequence the investment's duration cannot be determined with certainty.
- 6.8 Buying and selling property involves significant costs making property unsuitable for short term investment. Buying and selling costs are reflected in the entry fees (circa 6%) and exit fees (circa 2%) a property fund will charge unit holders. These fees are expected to be recouped over time through capital appreciation.
- 6.9 The money being applied to property fund investment from existing resources is expected to be available in perpetuity. Nevertheless, the Council's cash balances will continue to be monitored, and due regard had to the potential for a fund to delay payment of redemption requests by up to 12 months. Funds will seek to minimise their own cash balances in favour of holding property and therefore manage redemption requests for the benefit of all fund participants. The Council is only likely to seek redemption to pursue a higher yielding income opportunity should one be identified.
- 6.10 Diversified income funds aim to limit risk by spreading investment across a broad range of asset classes (equities, bonds, property and cash). Nevertheless, the principal sum invested may fall as a consequence of adverse economic or market events. Short term bond values are linked to interest rate expectations and long-term bond values are linked to inflation expectations. Funds aim to minimise the risk of issuer default by investing in a broad spread of issuers and across different sectors and geographic regions. Nevertheless, the principal sum invested may fall as a consequence of adverse economic or market events.

7 Risk Assessment

- 7.1 The application of best practice, including the regular reporting and scrutiny of treasury management activity, as identified by the CIPFA Code is considered to be an effective way of mitigating the risks associated with treasury management.

7.2 MUFG are employed to provide advice on the content of the Treasury Management and Annual Investment Strategy and this, coupled with a regular audit of treasury activities (balance sheet reviews, benchmarking and general support) ensures that the requirements of the Strategy and the Treasury Policy Statement adopted by this Council are complied with.

8 Legal Implications

8.1 Under Section 151 of the Local Government Act 1972, the Section 151 Officer has statutory duties in relation to the financial administration and stewardship of the authority, including securing effective arrangements for treasury management. In addition, MUFG are employed to provide independent advice on legislative and professional changes that impact on the treasury management function.

8.2 This report fulfils the requirements of the Chartered Institute of Public Finance & Accountancy's Treasury Management and Prudential Codes of Practice 2021 and the 2018 Statutory Guidance on Local Government Investments.

9 Cross Cutting Issues

9.1 Climate Change and Biodiversity

9.1.1 While the Treasury Management Code establishes security, liquidity and yield as the core investment principles, it also recognises the growing importance of environmental, social and governance (ESG) considerations for investors. Accordingly, ESG considerations have now been formally incorporated into the Treasury Management Strategy Statement (TMSS).

9.1.2 The Council will continue to keep this area under review and bring forward any proposed changes to future committees for consideration.

9.2 Equalities and Diversity

9.2.1 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Background Papers	Benchmarking data.
Annexes:	(1) TMBC Investment Summary February 2026 (2) TMBC Lending List February 2026 (3) TMBC Benchmarking December 2025

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Tonbridge and Malling Borough Council - Investment summary 28 February 2026

Counterparty / type of investment	Sovereign	Fitch long term	Fitch short term	Link suggested post CDS duration limit	Investment					Cash Flow surpluses £	Core Cash balances £	Medium term investment balances £	Long term investment balances £	
					Start date	End date	Duration at start	Amount invested £	Return %					Proportion of total %
Banks, Building Societies & Other Financials														
Barclays Bank : 95 day notice account	UK	A+	F1	6 months	23/07/2019	TBD	95 Days	3,000,000	3.80	4.31%				
Goldman Sachs : Fixed Term Deposit	UK	A+	F1	6 months	06/08/2025	06/05/2026	9 Months	3,000,000	4.13	8.63%				
Fixed Term Deposit					17/11/2025	17/08/2026	9 Months	3,000,000	4.01			3,000,000		
Handelbanken : Fixed term deposit	UK	AA	F1+	1 year	19/01/2026	20/07/2026	6 months	3,000,000	3.82	8.63%			3,000,000	
35 day notice account					18/07/2025	TBD	35 Days	3,000,000	3.95			3,000,000		
HSBC Bank : 31 day notice account	UK	AA-	F1+	1 year	02/12/2019	TBD	31 Days	3,000,000	3.75	4.31%	3,000,000			
National Westminster Bank : Deposit account	UK	AA-	F1+	1 year	27/02/2026	02/03/2026	Overnight	50,000	2.25	8.70%	50,000			
Certificate of Deposit					05/08/2025	05/08/2026	12 months	3,000,000	4.06			3,000,000		
Certificate of Deposit					23/12/2025	23/09/2026	9 months	3,000,000	3.90			3,000,000		
Rabobank : Certificate of Deposit	Netherlands	A+	F1	1 year	22/07/2025	22/07/2026	12 months	3,000,000	4.09	8.63%			3,000,000	
Certificate of Deposit					05/11/2025	04/11/2026	12 months	3,000,000	3.96			3,000,000		
Standard Chartered : Sustainable Fixed Term Deposit	UK	A+	F1	6 months	20/06/2025	19/06/2026	12 months	3,000,000	4.14	8.63%			3,000,000	
Sustainable Fixed Term Deposit					13/11/2025	13/11/2026	12 months	3,000,000	3.94			3,000,000		
Toronto Dominion Bank : Certificate of Deposit	Canada	AA-	F1+	1 year	03/10/2025	02/10/2026	12 months	3,000,000	4.18	4.31%			3,000,000	
Money Market Funds														
Blackrock MMF - shares/units held	N/A	AAA	mmf (Eq)	5 years	27/02/2026	02/03/2026	Overnight	0	3.77		-			
BNP Paribas MMF - shares/units held	N/A	AAA	mmf (Eq)	5 years	27/02/2026	02/03/2026	Overnight	7,737,000	3.80	11.13%	7,737,000			
CCLA PSDF MMF - shares/units held	N/A	AAA	mmf	5 years	27/02/2026	02/03/2026	Overnight	0	3.77		-			
DWS Deutsche MMF - shares/units held	N/A	AAA	mmf	5 years	27/02/2026	02/03/2026	Overnight	7,917,000	3.81	11.39%	7,917,000			
Federated MMF - shares/units held	N/A	AAA	mmf	5 years	27/02/2026	02/03/2026	Overnight	8,000,000	3.84	11.50%	8,000,000			
Morgan Stanley MMF - shares/units held	N/A	AAA	mmf	5 years	27/02/2026	02/03/2026	Overnight	0	3.74		-			
Property Funds														
Local Authorities' Property Fund : Property fund units	N/A	N/A	N/A	N/A	29/06/2017	N/A	N/A	2,000,000	4.45	2.88%			1,000,000	
Property fund units					30/05/2018	N/A	N/A	1,000,000	4.37				1,000,000	
Lothbury Property Trust : Property fund units	N/A	N/A	N/A	N/A	06/07/2017	N/A	N/A	582,025	0	0.84%			-	
Property fund units					02/07/2018	N/A	N/A	582,025					582,025	
Multi Asset Funds														
Aegon Multi Asset fund units	N/A	N/A	N/A	N/A	29/07/2021	N/A	N/A	1,750,000		2.52%			1,750,000	
Fidelity Multi Asset fund units	N/A	N/A	N/A	N/A	12/08/2021	N/A	N/A	1,000,000		1.44%			1,000,000	
Ninety One Multi Asset fund units	N/A	N/A	N/A	N/A	12/08/2021	N/A	N/A	1,500,000		2.16%			1,500,000	
Total invested								69,536,025		100.00%	26,704,000	36,000,000	4,250,000	2,582,025

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Number of investments	27	Average investment value £			2,575,000
Number of counter parties	19	Average counter party investment £			3,660,000
Group exposures:		Core £	Cash £	Combined £	%
Royal Bank of Scotland + National Westminster (UK Nationalised MAX 20%)		6,000,000	50,000	6,050,000	8.70
Bank of Scotland + Lloyds (MAX 20%)		-	-	-	-
Property Funds Total				£ 2,582,025	3.71
Multi Asset Funds Total				£ 4,250,000	6.11

Total non-specified investments should be less than 60% of Investment balances	9.83%
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Notes:
Property fund returns are based on dividends distributed from the start of each investment. Capital appreciation / depreciation is recorded elsewhere. Last update December 2025.

End date for notice accounts to be determined (TBD)

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Tonbridge and Malling Borough Council Lending List

Checked against MUFG's "Suggested Credit List" dated 27/02/26
Minimum investment criteria is MUFG's green duration band (100 days). Entry point broadly equates to Fitch A-, F1 unless UK nationalised.

Counterparty	Sovereign	Sovereign rating [1]	Fitch long term	Fitch short term	UK classification	Exposure limit	Link duration based on [2]	
							Credit ratings	Post CDS
UK Banks, Building Societies and other Financial Institutions :								
Bank of Scotland (Group limit BOS & Lloyds £7m)	UK	AA-	AA-	F1+	Ring-fenced	£7m	1 year	1 year
Barclays Bank (Group Limit Barclays and Barclays UK £7m)	UK	AA-	A+	F1	Non-RF	£7m	6 months	6 months
Barclays Bank UK (Group Limit Barclays and Barclays UK £7m)	UK	AA-	A+	F1	Ring-fenced	£7m	6 months	6 months
Goldman Sachs International Bank	UK	AA-	A+	F1	Exempt	£7m	6 months	6 months
Handelsbanken Plc (Group Limit with Svenska Handelsbanken AB £7m)	UK	AA-	AA	F1+	Exempt	£7m	1 year	1 year
HSBC UK Bank	UK	AA-	AA-	F1+	Ring-fenced	£7m	1 year	1 year
Lloyds Bank (Group limit BOS & Lloyds £7m)	UK	AA-	AA-	F1+	Ring-fenced	£7m	1 year	1 year
National Westminster Bank (Group limit Nat West and RBS £7m).	UK	AA-	AA-	F1+	Ring-fenced	£7m	1 year	1 year
Santander UK	UK	AA-	A+	F1	Ring-fenced	£7m	R - 6 mths	R - 6 mths
Standard Chartered Bank	UK	AA-	A+	F1	Exempt	£7m	R - 6 mths	R - 6 mths
The Royal Bank of Scotland (Group limit Nat West and RBS £7m).	UK	AA-	AA-	F1+	Ring-fenced	£7m	1 year	1 year
Coventry Building Society	UK	AA-	A-	F1	Exempt	£7m	100 days	100 days
Nationwide Building Society	UK	AA-	A	F1	Exempt	£7m	6 months	6 months
Skipton Building Society	UK	AA-	A-	F1	Exempt	£7m	6 months	6 months
UK Debt Management Office including Treasury Bills	UK	AA-	n/a	n/a	n/a	No limit	5 years	5 years
UK Treasury Sovereign Bonds (Gilts)	UK	AA-	n/a	n/a	n/a	£16m/£8m	5 years	5 years
UK Local Authority (per authority)	UK	AA-	n/a	n/a	n/a	£7m	5 years	5 years

Non-UK Banks :

Australia & New Zealand Banking Group	Australia	AAA	AA-	F1+	n/a	£7m	1 year	1 year
Bank of Montreal	Canada	AA+	AA-	F1+	n/a	£7m	1 year	1 year
Toronto Dominion Bank	Canada	AA+	AA-	F1+	n/a	£7m	1 year	1 year
Royal Bank of Canada	Canada	AA+	AA-	F1+	n/a	£7m	1 year	1 year
Nordea Bank Abp	Finland	AA	AA-	F1+	n/a	£7m	1 year	1 year
Rabobank (Cooperatieve Rabobank U.A.)	Netherlands	AAA	A+	F1	n/a	£7m	1 year	1 year
ING Bank	Netherlands	AAA	AA-	F1+	n/a	£7m	1 year	1 year
Development Bank of Singapore	Singapore	AAA	AA-	F1+	n/a	£7m	1 year	1 year
Svenska Handelsbanken AB (Group Limit with Handelsbanken Plc £7m)	Sweden	AAA	AA	F1+	n/a	£7m	1 year	1 year

[1] Reflects the lowest of the three rating agencies views (Fitch, Moody's and Standard and Poor's). Strategy requires non-UK sovereigns to be rated at least AA- and the UK rated at least A-. Non-UK sovereign limit of 20% or £7m per sovereign.

[2] All deposits overnight unless otherwise approved in advance by the Director of Finance and Transformation AND Chief Financial Services Officer. If other than overnight duration for non-UK entities must not exceed MUFG's post CDS duration suggestion. For UK entities duration may be extended by up to three months based on credit ratings alone or six months if CDS is below average, subject to a maximum combined duration of 12 months.

Money Market Funds (Minimum investment criteria AAA) :

Fund Name	Moody	Fitch	S&P	Exposure Limit	Link credit worthiness
Blackrock Institutional Cash Series - Sterling Liquidity	AAA	-	AAA	£8m	5 years
BNP Paribas InstiCash - GBP	-	-	AAA	£8m	5 years
CCLA Public Sector Deposit Fund	-	AAA	-	£8m	5 years
DWS Deutsche Global Liquidity - Deutsche Managed Sterling	AAA	AAA	AAA	£8m	5 years
Federated Cash Management - Short Term Sterling Prime	-	AAA	AAA	£8m	5 years
Insight - Sterling Liquidity (Group limit IL & ILP of £7m)	-	AAA	AAA	£8m	5 years
Morgan Stanley Liquidity - Sterling	AAA	AAA	AAA	£8m	5 years

Enhanced Cash Funds (Minimum investment criteria AAA) :

Fund Name	Moody	Fitch	S&P	Exposure Limit	Link credit worthiness
Insight - Sterling Liquidity Plus (Group limit IL & ILP £7m)	-	AAA	AA+	£3.5m	5 years

Approved by Head of Finance

No change

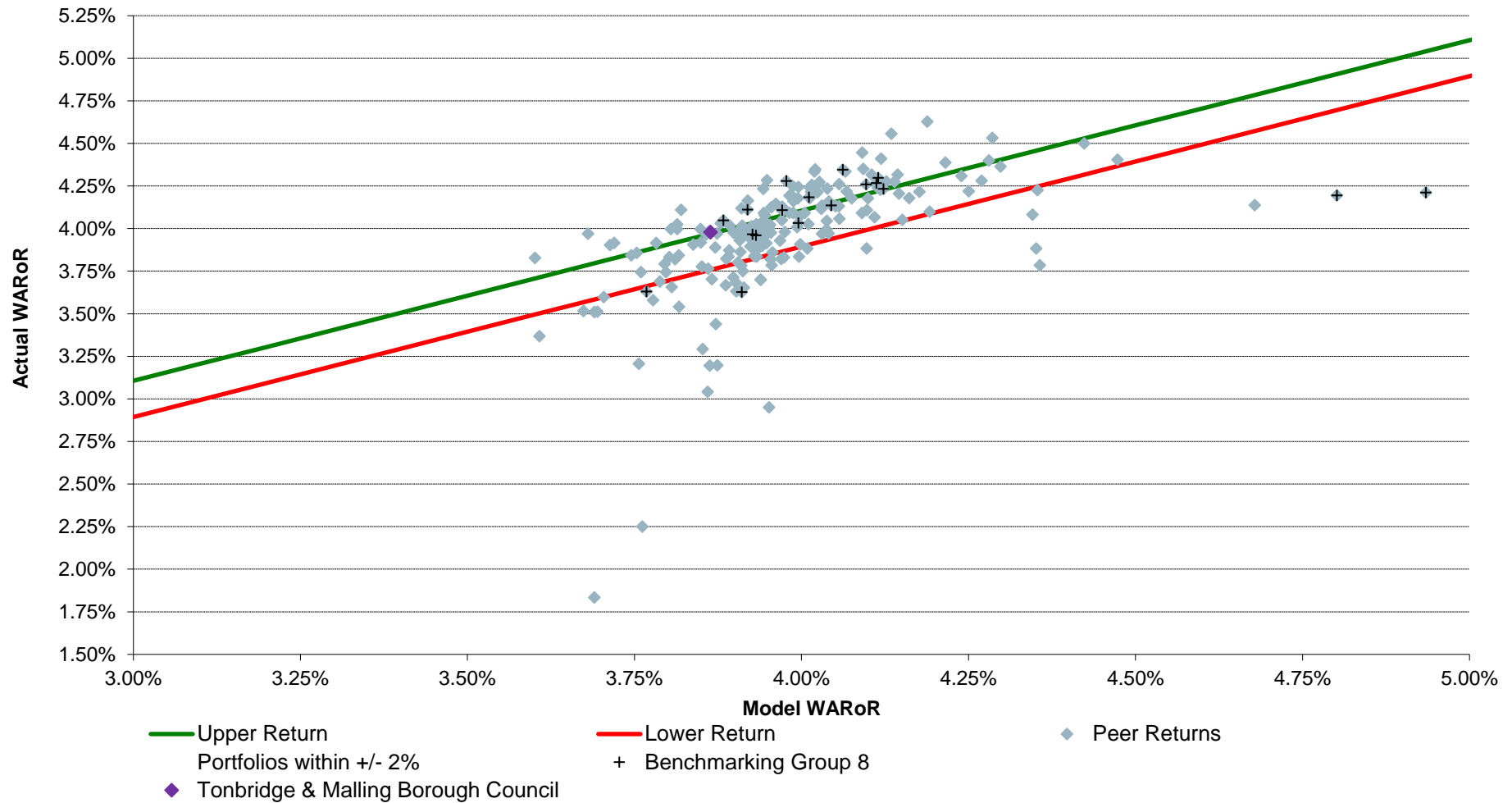
02 March 2026

Note: Close Brothers removed from MUFG's Suggested Credit List 12/02/2024. Although removed, MUFG have stated that the Fitch long term rating change from A- to BBB+ would have no impact on the bank's suggested duration and would remain at 6 months.

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Tonbridge & Malling Borough Council

Population Returns against Model Returns



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Tonbridge & Malling Borough Council	Actual WARoR	Model WARoR	Difference	Lower Bound	Upper Bound	Performance
	3.98%	3.86%	0.11%	3.76%	3.97%	Above

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Audit Committee

13 April 2026

Part 1 - Public

Matters Taken Under Delegated Powers



Cabinet Member

Cllr Matt Boughton – Leader
Cllr Martin Coffin – Cabinet Member for Finance,
Waste and Technical Services

Responsible Officer

Damian Roberts – Chief Executive
Paul Worden – Head of Finance (Section 151 Officer)
On behalf of Management Team

Report Author

Amanda Riley – Principal Accountant

Informing the Audit Risk Assessment for Tonbridge and Malling Borough Council 2025/26

1 Summary and Purpose of Report

- 1.1 The purpose of this report is to contribute towards the effective two-way communication between Tonbridge and Malling Borough Council's external auditors and the Audit Committee, as 'those charged with governance' in respect of the audit of the financial statements.

2 Corporate Strategy Priority Area

- 2.1 Efficient services for all our residents, maintaining an effective council.
- 2.2 The production and audit review of the Financial Statement demonstrates that the council has used public funds for statutory purposes.

3 Recommendations

- 3.1 Members are asked to **consider** and, subject to any amendments required, **endorse** the responses to the questions set out at **[Annex 1]**.

4 Introduction and Background

- 4.1 Under International Standards on Auditing (UK), (ISA(UK)) auditors have specific responsibilities to communicate with the Audit Committee. ISA(UK) emphasise the importance of two-way communication between the auditor and the Audit Committee and specify matters that should be communicated. This two-way

communication assists both the auditor and the Audit Committee in understanding matters relating to the audit and developing a constructive working relationship. It also enables the auditor to obtain information relevant to the audit from the Audit Committee and supports the Audit Committee in fulfilling its responsibilities in relation to the financial reporting process.

5 Proposal

5.1 As part of their risk assessment procedures our external auditor is required to obtain an understanding of management processes and the Council's oversight of the following areas:

- General Enquiries of Management
- Fraud
- Laws and Regulations
- Related Parties
- Going Concern
- Accounting Estimates

5.2 This is by way of a series of questions on each of these areas for Management to consider and formally respond. The questions and responses can be found at **[Annex 1]** and there are no major issues to be raised by Management.

5.3 The Audit Committee should consider whether these responses are consistent with its understanding and whether there are any further comments it wishes to make.

6 Financial and Value for Money Considerations

6.1 Failure to provide the requisite information could result in additional work being required to be undertaken by the external auditor and increased cost.

7 Risk Assessment

7.1 Failure to provide the requisite information could cast doubt on the internal control environment and the integrity of the financial reporting and governance arrangements.

8 Legal Implications

8.1 Under International Standards on Auditing (UK), auditors have specific responsibilities to communicate with the Audit Committee.

9 Consultation and Communications

9.1 The information contained [at Annex 1] has been shared and endorsed by the Corporate Management Team.

10 Implementation

10.1 The responses will be communicated to Grant Thornton once approved by the Committee.

11 Cross Cutting Issues

11.1 Equalities and Diversity

11.1.1 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Background Papers	None
Annexes	Annex 1 - TMBC Management response.

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Informing the audit risk assessment for Tonbridge and Malling Borough Council 2025/26

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Serving our
community



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Purpose

The purpose of this report is to contribute towards the effective two-way communication between Tonbridge & Malling Borough Council 's external auditors and Tonbridge & Malling Borough Council 's Audit Committee, as 'those charged with governance'. The report covers some important areas of the auditor risk assessment where they are required to make inquiries of the Audit Committee under auditing standards.

Background

Under International Standards on Auditing (UK), (ISA(UK)) auditors have specific responsibilities to communicate with the Audit Committee. ISA(UK) emphasise the importance of two-way communication between the auditor and the Audit Committee and also specify matters that should be communicated.

This two-way communication assists both the auditor and the Audit Committee in understanding matters relating to the audit and developing a constructive working relationship. It also enables the auditor to obtain information relevant to the audit from the Audit Committee and supports the Audit Committee in fulfilling its responsibilities in relation to the financial reporting process.

Communication

As part of our risk assessment procedures, the auditors are required to obtain an understanding of management processes and the Authority's oversight of the following areas:

- General Enquiries of Management
- Fraud,
- Laws and Regulations,
- Related Parties,
- Going Concern, and
- Accounting Estimates.

This report includes a series of questions on each of these areas asked by the auditors which we the Tonbridge & Malling Borough Council's management have responded to. The Audit Committee should consider whether these responses are consistent with its understanding and whether there are any further comments it wishes to make.

General Enquiries of Management

Question	Management response
1. What do you regard as the key events or issues that will have a significant impact on the financial statements for 2024/25?	None at present
2. Have you considered the appropriateness of the accounting policies adopted by Tonbridge & Malling Borough Council? Have there been any events or transactions that may cause you to change or adopt new accounting policies? If so, what are they?	The accounting policies to be used for the 2025/26 financial statements were considered and approved by the Audit Committee in January 2026. No events or transactions have occurred since that date to change or adopt new accounting policies.
3. Is there any use of financial instruments, including derivatives? If so, please explain	As part of its day-to-day treasury management activity the Council will hold financial instruments such as fixed term deposits and certificates of deposit during the year. The Council currently also has sums invested in one property investment and three multi-asset diversified funds.
4. Are you aware of any significant transaction outside the normal course of business? If so, what are they?	None to the best of our knowledge.

General Enquiries of Management

Question	Management response
5. Are you aware of any changes in circumstances that would lead to impairment of non-current assets? If so, what are they?	None to the best of our knowledge.
6. Are you aware of any guarantee contracts? If so, please provide further details	The Council is acting as guarantor for the pension liability of Tonbridge and Malling Leisure Trust to permit its entry into the Kent County Council Superannuation Fund.
7. Are you aware of the existence of loss contingencies and/or un-asserted claims that may affect the financial statements? If so, please provide further details	None to the best of our knowledge.
8. Other than in house solicitors, can you provide details of those solicitors utilised by Tonbridge & Malling Borough Council during the year. Please indicate where they are working on open litigation or contingencies from prior years?	Although the authority has engaged some solicitors over the year none have been of a material financial nature.

General Enquiries of Management

Question	Management response
9. Have any of Tonbridge & Malling Borough Council 's service providers reported any items of fraud, non-compliance with laws and regulations or uncorrected misstatements which would affect the financial statements? If so, please provide further details	None to the best of our knowledge.
10. Can you provide details of other advisors consulted during the year and the issue on which they were consulted?	None.
11. Have you considered and identified assets for which expected credit loss provisions may be required under IFRS 9, such as debtors (including loans) and investments? If so, please provide further details	The IFRS 9 override remains in place for the 2025/26 accounts. The council holds a specific earmarked reserve to cover the losses on these investments when the requirement is enacted.

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Fraud

Matters in relation to fraud

ISA (UK) 240 covers auditor responsibilities relating to fraud in an audit of financial statements.

The primary responsibility to prevent and detect fraud rests with both the Audit Committee and management. Management, with the oversight of the Audit Committee, needs to ensure a strong emphasis on fraud prevention and deterrence and encourage a culture of honest and ethical behaviour. As part of its oversight, the Audit Committee should consider the potential for override of controls and inappropriate influence over the financial reporting process.

The Tonbridge & Malling Borough Council 's external auditor, are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error. They are required to maintain professional scepticism throughout the audit, consider the potential for management override of controls.

As part of the auditor's audit risk assessment procedures, they are required to consider risks of fraud. This includes considering the arrangements management has put in place with regard to fraud risks including:

- assessment that the financial statements could be materially misstated due to fraud,
- process for identifying and responding to risks of fraud, including any identified specific risks,
- communication with the Audit Committee regarding its processes for identifying and responding to risks of fraud, and
- communication to employees regarding business practices and ethical behaviour.

The auditors need to understand how the Audit Committee oversees the above processes. They are also required to make inquiries of both management and the Audit Committee as to their knowledge of any actual, suspected or alleged fraud. These areas have been set out in the fraud risk assessment questions together with the Tonbridge & Malling Borough Council 's management responses.

Fraud risk assessment

Question	Management response
<p>1. Has Tonbridge & Malling Borough Council assessed the risk of material misstatement in the financial statements due to fraud?</p> <p>How has the process of identifying and responding to the risk of fraud been undertaken and what are the results of this process?</p> <p>How do the Authority's risk management processes link to financial reporting?</p> <p>Page 72</p>	<p>We consider that the potential for material misstatement within the financial statements due to fraud is negligible. This assessment is based upon the use of budgetary control, risk management and significant peer review by senior officers as part of the closure of accounts process. No material risks have been identified for 2025/26.</p> <p>The Internal Audit planning process carries out a risk assessment in order to score against fraud error and targets those areas where the risk is considered highest.</p> <p>The duty to ensure that there are appropriate systems in place to prevent and detect fraud is discharged in part by the Council's Constitution including its Financial Procedure Rules and Contracts Procedure Rules.</p> <p>The zero-tolerance culture of the organisation towards fraud is reinforced by the Anti-Fraud, Bribery and Corruption Policy supported by a Whistleblowing Policy with outcomes reported to Members. Any reported allegations of fraud will be investigated and dealt with according to the relevant policies. As part of the planning process for the Annual Internal Audit Plan and for individual engagements, the Chief Audit Executive and individual auditors consider the risk of fraud and where appropriate, this will be included in scope. The subsequent reviews result in an assurance level being given to Management and Members for each audit and this is used by the Chief Audit Executive to give an overall assurance level to Members in their Annual Report. In addition, all reports and recommendations are reported to relevant Chief Officers and management with comprehensive follow-up procedures that monitor improvement. Management is required to consider fraud and error within their services as part of the risk management process and to report any concerns of fraud for investigation. Under the Anti-Fraud, Bribery and Corruption Policy, management is responsible for putting into place appropriate controls to manage those risks. No instances of alleged or suspected internal fraud were raised.</p>

Fraud risk assessment

Question	Management response
<p>2. What have you determined to be the classes of accounts, transactions and disclosures most at risk to fraud?</p>	<p>The payment of Housing Benefits is considered to be most at risk, the Council uses an in-house Fraud team to deal with these matters. Other transactions are subject to various levels of approval, and it is hoped that any potential fraud would be identified through these processes.</p>
<p>3. Are you aware of any instances of actual, suspected or alleged fraud, errors or other irregularities either within Tonbridge & Malling Borough Council as a whole, or within specific departments since 1 April 2025? If so, please provide details</p>	<p>There are no instances of internal fraud as far as we are aware and no other significant concerns in 2025/26 have been reported to Management Team.</p> <p>The zero-tolerance culture of the organisation towards fraud is reinforced by use of Anti-Fraud, Bribery and Corruption Policies supported by a Whistleblowing Policy with outcomes being reported to Members.</p> <p>Any reported allegations of fraud will be investigated and dealt with according to the relevant policies.</p>
<p>4. As a management team, how do you communicate risk issues (including fraud) to those charged with governance?</p>	<p>Management Team reviews and submits a Strategic Risk Register for member consideration at Audit Committee, the Committee also receive reports from the Head of Internal Audit and Counter fraud on issues arising from fraud.</p>
<p>5. Have you identified any specific fraud risks? If so, please provide details</p> <p>Do you have any concerns there are areas that are at risk of fraud?</p> <p>Are there particular locations within Tonbridge & Malling Borough Council where fraud is more likely to occur?</p>	<p>None, other than those in respect of question 2 above.</p>

Fraud risk assessment

Question	Management response
6. What processes do Tonbridge & Malling Borough Council have in place to identify and respond to risks of fraud?	See response to question 1 & 9.
<p>7. How do you assess the overall control environment for Tonbridge & Malling Borough Council, including:</p> <ul style="list-style-type: none"> the existence of internal controls, including segregation of duties; and the process for reviewing the effectiveness the system of internal control? <p>internal controls are not in place or not effective where are the risk areas and what mitigating actions have been taken?</p> <p>What other controls are in place to help prevent, deter or detect fraud?</p> <p>Are there any areas where there is a potential for override of controls or inappropriate influence over the financial reporting process (for example because of undue pressure to achieve financial targets)? If so, please provide details</p>	To the best of our knowledge there are no areas where there is a potential for override of controls or inappropriate influence over the financial reporting process.
8. Are there any areas where there is potential for misreporting? If so, please provide details	None to the best of our knowledge.

Fraud risk assessment

Question	Management response
<p>9. How does Tonbridge & Malling Borough Council communicate and encourage ethical behaviours and business processes of its staff and contractors?</p> <p>How do you encourage staff to report their concerns about fraud?</p> <p>What concerns are staff expected to report about fraud? Have any significant issues been reported? If so, please provide details</p>	<p>To make sure that all staff are fully aware of the zero-tolerance culture of the organisation to fraud, the Anti-Fraud, Bribery and Corruption Policy and Whistleblowing Policy are circulated to staff annually via "Net consent". This is software that requires staff to read policies and acknowledge understanding of them before they can log on to the Council's computer systems.</p> <p>All staff are required to abide by the Officer's Code of Conduct, and this is provided on appointment to the Council. Staff who have access to the Revenues and Benefits system are reminded to acknowledge any declarations of interest annually through the net consent system.</p>
<p>10. From a fraud and corruption perspective, what are considered to be high-risk posts?</p> <p>How are the risks relating to these posts identified, assessed and managed?</p>	<p>The Council acknowledge the inherent risk of fraud and corruption occurring within the organisation, however, while some posts may be more at risk of fraud than others, due regard of the risk is made in the control measures in place.</p>
<p>11. Are you aware of any related party relationships or transactions that could give rise to instances of fraud? If so, please provide details</p> <p>How do you mitigate the risks associated with fraud related to related party relationships and transactions?</p>	<p>None to the best of our knowledge.</p>

Fraud risk assessment

Question	Management response
<p>12. What arrangements are in place to report fraud issues and risks to the Audit Committee?</p> <p>How does the Audit Committee exercise oversight over management's processes for identifying and responding to risks of fraud and breaches of internal control?</p> <p>What has been the outcome of these arrangements so far this year?</p>	<p>The council's Anti-Fraud policy requires management to report any instances of fraud to the Audit Committee.</p> <p>Management provide regular internal control and anti-fraud update reports to each committee, Members are free to challenge management on assertions and issues identified.</p>
<p>13. Are you aware of any whistle blowing potential or complaints by potential whistle blowers? If so, what has been your response?</p>	<p>There were no issues raised during the year 2025/26.</p>
<p>14. Have any reports been made under the Bribery Act? If so, please provide details</p>	<p>None.</p>

Law and regulations

Matters in relation to laws and regulations

ISA (UK) 250 requires the auditors to consider the impact of laws and regulations in an audit of the financial statements.

Management, with the oversight of the Audit Committee, is responsible for ensuring that Tonbridge & Malling Borough Council 's operations are conducted in accordance with laws and regulations, including those that determine amounts in the financial statements.

The auditors are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error, auditors' the appropriate legal and regulatory framework. As part of the auditors risk assessment procedures they are required to make inquiries of management and the Audit Committee as to whether the body is in compliance with laws and regulations. Where they become aware of non-compliance or suspected non-compliance they are required to gain an understanding of the non-compliance and the possible effect on the financial statements.

The auditors risk assessment questions have been set out below together with managements responses.

Impact of laws and regulations

Question	Management response
<p>1. How does management gain assurance that all relevant laws and regulations have been complied with?</p> <p>What arrangements does Tonbridge & Malling Borough Council have in place to prevent and detect non-compliance with laws and regulations?</p> <p>Are you aware of any changes to the Authority's regulatory environment that may have a significant impact on the Authority's financial statements?</p>	<p>The Director of Central Services fulfils the role of statutory Monitoring Officer and as such is required to report any legislative breaches.</p> <p>Internal Audit considers compliance with legislation and statutory regulations in the work they undertake and report accordingly to Management Team and the Audit Committee. In addition, all Member decision items include a section to draw out any legal implications pertaining to the subject matter.</p>
<p>2. How is the Audit Committee provided with assurance that all relevant laws and regulations have been complied with?</p>	<p>See above.</p>
<p>3. Have there been any instances of non-compliance or suspected non-compliance with laws and regulation since 1 April 2025 with an on-going impact on the 2025/26 financial statements? If so, please provide details</p>	<p>None to the best of our knowledge.</p>
<p>4. Are there any actual or potential litigation or claims that would affect the financial statements? If so, please provide details</p>	<p>None to the best of our knowledge.</p>

Impact of laws and regulations

Question	Management response
5. What arrangements does Tonbridge & Malling Borough Council have in place to identify, evaluate and account for litigation or claims?	Litigation and claims are considered on an individual basis and depending on the size of either triviality or materiality, they will be reported as appropriate.
6. Have there been any reports from other regulatory bodies, such as HM Revenues and Customs, which indicate non-compliance? If so, please provide details	No.

Related Parties

Matters in relation to Related Parties

Tonbridge & Malling Borough Council are required to disclose transactions with bodies/individuals that would be classed as related parties. These may include:

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- bodies that directly, or indirectly through one or more intermediaries, control, or are controlled by Tonbridge & Malling Borough Council ;
 - associates;
 - joint ventures;
 - a body that has an interest in the authority that gives it significant influence over the Authority;
 - key management personnel, and close members of the family of key management personnel, and
 - post-employment benefit plans (pension fund) for the benefit of employees of the Authority, or of any body that is a related party of the Authority.

A disclosure is required if a transaction (or series of transactions) is material on either side, i.e. if a transaction is immaterial from the Authority's perspective but material from a related party viewpoint then the Authority must disclose it.

ISA (UK) 550 requires the auditors to review managements procedures for identifying related party transactions and obtain an understanding of the controls that we have established to identify such transactions. The auditors will also carry out testing to ensure the related party transaction disclosures we make in the financial statements are complete and accurate.

Related Parties

Question	Management response
<p>1. Have there been any changes in the related parties including those disclosed in Tonbridge & Malling Borough Council 's 2025/26 financial statements?</p> <p>If so please summarise:</p> <ul style="list-style-type: none"> the nature of the relationship between these related parties and Tonbridge & Malling Borough Council whether Tonbridge & Malling Borough Council has entered into or plans to enter into any transactions with these related parties the type and purpose of these transactions 	<p>There are no changes in respect of related parties from the prior period; Central Government; elected Members; Chief Officers; and appointment of Councillors to local outside bodies.</p>
<p>2. What controls does Tonbridge & Malling Borough Council have in place to identify, account for and disclose related party transactions and relationships?</p>	<p>Members and Officers are required to disclose relationships through the register of interest, these are available on the Council's website for members and the Monitoring Officer for Officers.</p>
<p>3. What controls are in place to authorise and approve significant transactions and arrangements with related parties?</p>	<p>Where a member or officer has a related interest, they are required, under the constitution, to exclude themselves from the decision-making process.</p>
<p>4. What controls are in place to authorise and approve significant transactions outside of the normal course of business?</p>	<p>Supplementary estimates for revenue and capital expenditure will only be granted in exceptional circumstances and will only be approved by the Full Council following a recommendation from the Executive.</p>

Going Concern

Matters in relation to Going Concern

The audit approach for going concern is based on the requirements of ISA (UK) 570, as interpreted by Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020). It also takes into account the National Audit Office's Supplementary Guidance Note (SGN) 01: Going Concern – Auditors' responsibilities for local public bodies.

Practice Note 10 confirms that in many (but not all) public sector bodies, the use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis of accounting will apply where the body's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist.

For this reason, a straightforward and standardised approach to compliance with ISA (UK) 570 will often be appropriate for public sector bodies. This will be a proportionate approach to going concern based on the body's circumstances and the applicable financial reporting framework. In line with Practice Note 10, the auditor's assessment of going concern should take account of the statutory nature of the body and the fact that the financial reporting framework for public sector bodies presume going concern in the event of anticipated continuation of provision of the services provided by the body. Therefore, the public sector auditor applies a 'continued provision of service approach', unless there is clear evidence to the contrary. This would also apply even where those services are planned to transfer to another body, as in such circumstances, the underlying services will continue.

For many public sector bodies, the financial sustainability of the body and the services it provides are more likely to be of significant public interest than the application of the going concern basis of accounting. Financial sustainability is a key component of value for money work and it is through such work that it will be considered.

Going Concern

Question	Management response
<p>1. What processes and controls does management have in place to identify events and / or conditions which may indicate that the statutory services being provided by Tonbridge & Malling Borough Council will no longer continue?</p>	<p>To assess the levels of Going Concern the Council has both a Medium-Term Financial Strategy covering a 10-year period and a Savings and Transformation Strategy, both of which are reported to members on regular intervals. These documents enable both officers and members to assess the long-term viability of the authorities' finances and what savings levels are needed to ensure that Council remains a Going Concern.</p>
<p>2. Are management aware of any factors which may mean for Tonbridge & Malling Borough Council that either statutory services will no longer be provided or that funding for statutory services will be discontinued? If so, what are they?</p>	<p>There are no doubts to cause concern at this stage.</p>
<p>3. With regard to the statutory services currently provided by Tonbridge & Malling Borough Council, does Tonbridge & Malling Borough Council expect to continue to deliver them for the foreseeable future, or will they be delivered by related public authorities if there are any plans for the Authority to cease to exist?</p>	<p>Tonbridge & Malling Borough Council expect to continue services provided by the Authority. Local Government Reorganisation plans are under discussion but as at 31st March 2026 nothing has been decided by Central Government.</p>
<p>4. Are management satisfied that the financial reporting framework permits Tonbridge & Malling Borough Council to prepare its financial statements on a going concern basis? Are management satisfied that preparing financial statements on a going concern basis will provide a faithful representation of the items in the financial statements?</p>	<p>Yes, management are satisfied.</p>

Accounting estimates

Matters in relation to accounting estimates

ISA (UK) 540 (Revised December 2018) requires auditors to understand and assess a body's internal controls over accounting estimates, including:

- The nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates;
- How management identifies the need for and applies specialised skills or knowledge related to accounting estimates;
- How the body's risk management process identifies and addresses risks relating to accounting estimates;
- The body's information system as it relates to accounting estimates;
- The body's control activities in relation to accounting estimates; and
- How management reviews the outcomes of previous accounting estimates.

As part of this process auditors also need to obtain an understanding of the role of those charged with governance, which is particularly important where the estimates have high estimation uncertainty or require significant judgement.

Specifically do Audit Committee members:

- Understand the characteristics of the methods and models used to make the accounting estimates and the risks related to them;
- Oversee management's process for making accounting estimates, including the use of models, and the monitoring activities undertaken by management; and
- Evaluate how management made the accounting estimates?

We, management would ask the Audit Committee to satisfy itself that the arrangements for accounting estimates are adequate.

Accounting Estimates - General Enquiries of Management

Question	Management response
1. What are the classes of transactions, events and conditions, that are significant to the financial statements that give rise to the need for, or changes in, accounting estimate and related disclosures?	The council's Land & Building assets are included within a 5 year valuation cycle. Following changes to The Code, assets are now subject to indexation increases in the years that they are not formally revalued. Where an appropriate index is not available then a desktop valuation will take place in year 3 of the 5 year valuation cycle.
2. How does the Authority's risk management process identify and address risks relating to accounting estimates?	Management assesses the risk of estimated transactions for reporting within financial statements at the time that they arise. All statutory officers and their deputies would be involved in such decisions, and these would be fully endorsed by Corporate Management Team.
3. How does management identify the methods, assumptions or source data, and the need for changes to them, in relation to key accounting estimates?	Review of estimates and accounting processes and policies are completed annually, following the outcome of previous years accounts and the audit findings report being presented to those charged with governance. Any changes in The Code will be reflected within the Council's accounting estimates. Changes in estimates, policies and processes will be explained to Members via the Audit Committee.
4. How do management review the outcomes of previous accounting estimates?	See response to question 3.
5. Were any changes made to the estimation processes in 2025/26 and, if so, what was the reason for these?	No Changes to the policies applied to the 2024/25 Financial Statements

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Accounting Estimates - General Enquiries of Management

Question	Management response
<p>6. How does management identify the need for and apply specialised skills or knowledge related to accounting estimates?</p>	<p>Specialisms are required for actuarial and valuation processes and reliance is placed on professionals in those fields.</p>
<p>7. How does the Authority determine what control activities are needed for significant accounting estimates, including the controls at any service providers or management experts?</p>	<p>See response to question 6.</p>
<p>8. How does management monitor the operation of control activities related to accounting estimates, including the key controls at any service providers or management experts?</p>	<p>See response to question 6.</p>
<p>9. What is the nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates, including:</p> <ul style="list-style-type: none"> - Management's process for making significant accounting estimates - The methods and models used - The resultant accounting estimates included in the financial statements. 	<p>Refer to question 3.</p>

Accounting Estimates - General Enquiries of Management

Question	Management response
10. Are management aware of any transactions, events, conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement (other than those in Appendix A)? If so, what are they?	None.
11. Why are management satisfied that their arrangements for the accounting estimates, as detailed in Appendix A, are reasonable?	Accounting estimates are reviewed for appropriateness each year. They reflect the requirements of The Code.
12. How is the Audit Committee provided with assurance that the arrangements for accounting estimates are adequate ?	Audit Committee are presented with unaudited accounts, allowing them to challenge assumptions and accounting treatment in any year.

Appendix A Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Land and buildings valuations	Professional judgement	RICS Red Book Guidance.	Yes – Wilks Head & Eve	Degrees of uncertainty and consideration of alternatives, will be considered by the valuer as part of their review.	No
Depreciation	Net book value brought forward, over a straight line of the estimated asset life.		No, although qualified Property services staff	Asset lives get reviewed annually. The Land and Buildings valuations are reviewed as part of a 5-year cyclical cycle. Vehicles, Plant & Equipment are based on historic costs.	Yes

Appendix A Accounting Estimates (Continued)

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Heritage assets Page 89	In line with Code Guidance, Heritage Assets are held at insured value, with periodical external valuation undertaken.	Information based on insurers guidance.	Yes – Wilks Head & Eve - with interim uplifts on advice from Zurich	This approach is in line with The Code.	No
Investment property valuation	Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use.	RICS Red Book guidance.	Yes – Wilks Head & Eve	Degrees of uncertainty and consideration of alternatives, will be considered by the valuer as part of their review.	No

Appendix A Accounting Estimates (Continued)

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Provisions and accruals Page 90	NNDR appeals – assessment carried out using County Wide model, based on rateable value and discounts awarded. Accruals – level determined by accountancy team and all accruals are reviewed by accountancy team prior to posting them.		No experts used.	No changes to previous years.	No change from prior years.
Credit loss and impairment allowances	Aged debt model used to provide higher provision to debts that have been outstanding longer.	Aged debt analysis reports from sales ledger and revenue systems.	No experts used.		No change from prior years.

Appendix A Accounting Estimates (Continued)

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Defined benefit pension liability	Calculations made in line with IAS 19 and IFRIC14 if pension asset is identified.	In line with IAS 19. Information provided by payroll system to KCC administrator.	Yes – Barnett Waddingham as appointed by KCC pensions.	Given by actuaries prior to calculation of IAS 19 and are provided to the Auditors prior to year-end.	No change to previous years.
Financial Instruments	Assessed in line with The Code, depending on nature identified within accounting statement.		Information supplied by Fund managers and credit risk will be assessed by MUFG Corporate Markets Limited, the treasury advisors.	Our property investment and multi-asset diversified income funds are an actively quoted value per share on the market, which is described as a level 1 type investment, and have been valued in accordance with the closing value at year end. Other deposits, which are described as level 2 type investments, are held on effective interest method, being the value of deposit plus any interest due to the end of the financial year, no significant active market exists for these types of bank deposits.	No change to previous years

Appendix A Accounting Estimates (Continued)

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Any other account (if applicable) Page 92	N/A				

- 1) The purpose of Internal Auditing;
 - 2) Commitment to adhering to the Global Internal Audit Standards;
 - 3) Mandate, including scope and types of services to be provided;
 - 4) The Audit Committee's responsibilities and expectations regarding management's support of the internal audit function; and
 - 5) Organisational position and reporting relationships.
- 4.2 A review of the Charter and Mandate has been completed against the professional standards and there have been no amendments made.
- 4.3 The Chief Audit Executive is required to discuss the proposed charter with senior management to confirm that it accurately reflects their understanding and expectations of the internal audit function.
- 4.4 The Charter was approved by Management Team on 24th March 2026, final approval rests with the Audit Committee.
- 5 Proposal**
- 5.1 The draft Charter and Mandate is attached at **[Annex 1]** for Members' consideration. If Members are satisfied with the document, this needs to be signed off by the Chair of the Audit Committee, the Council's Chief Executive and the Chief Audit Executive.
- 6 Financial and Value for Money Considerations**
- 6.1 An adequate and effective Internal Audit function provides the Council with assurance on the proper, economic, efficient and effective use of Council resources in delivery of services, as well as helping to identify fraud and error that could have an adverse effect on the finances of the Council.
- 7 Risk Assessment**
- 7.1 The Internal Audit Charter establishes the purpose, authority and responsibility of the Council's Internal Audit function. It is, therefore, vital that the Council periodically reviews the Charter to ensure that the Internal Audit function is effective in delivering its responsibilities and that the Charter itself is compliant with mandatory and associated guidance.
- 7.2 The Internal Audit Charter has been prepared with due consideration to proper practice, as set out in the PSIAS. It is, therefore, considered that adequate action has been taken to minimise the risk that external assessment could consider the Charter to not meet proper practice.

8 Legal Implications

- 8.1 Section 151 of the Local Government Act 1972 requires the Council to “make arrangements for the proper administration of their financial affairs”. Further to this, the Accounts & Audit Regulations require a relevant body to “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.”
- 8.2 The attached documents are therefore an integral part of ensuring compliance with these requirements.

9 Consultation and Communications

- 9.1 Management Team has considered these documents. The Audit Committee are invited to review and adopt them.

10 Implementation

- 10.1 The Internal Audit Charter and Mandate will be signed by the Chair of the Audit Committee, the Council’s Chief Executive and the Chief Audit Executive.

11 Cross Cutting Issues

11.1 Climate Change and Biodiversity

- 11.1.1 Climate change advice has not been sought in the preparation of the options and recommendations in this report.

11.2 Equalities and Diversity

- 11.2.1 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

11.3 Other If Relevant

- None

Background Papers	None
Annexes	Annex 1 – Internal Audit Charter and Mandate

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Internal Audit Charter for Tonbridge and Malling Borough Council

Purpose

The purpose of the Internal Audit function is to strengthen Tonbridge and Malling Council's ability to create, protect, and sustain value by providing the Audit Committee and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

The Internal Audit function aims to enhance Tonbridge and Malling Council's:

- Successful achievement of its objectives.
- Governance, risk management, and control processes.
- Decision-making and oversight.
- Reputation and credibility with its stakeholders.
- Ability to serve the public interest.

Tonbridge and Malling Council's Internal Audit function is most effective when:

- Internal auditing is performed by competent professionals in conformance with the IIA's Global Internal Audit Standards, which are set in the public interest.
- The Internal Audit function is independently positioned with direct accountability to the Audit Committee.
- Internal auditors are free from undue influence and committed to making objective assessments.

Commitment to Adhering to the Global Internal Audit Standards

Tonbridge and Malling Council's Internal Audit service will adhere to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, which are the Global Internal Audit Standards and Topical Requirements. The Chief Audit Executive will report at least annually to the Audit Committee and senior management regarding the Internal Audit function's conformance with the Standards.

Mandate

Authority

The requirement for the Council to 'maintain an adequate and effective system of internal audit of its accounting record and its systems of internal control' is contained in the Accounts and Audit Regulations 2015. This supplements the requirements of Section 151 of the Local Government Act 1972 for the Council to make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has responsibility for the administration of those affairs.

The Internal Audit service's authority is created by its direct reporting relationship to the Audit Committee. Such authority allows for unrestricted access to the Audit Committee. The Chief Audit Executive has direct access to the Chair of the Audit Committee and has the ability to meet with the Audit Committee in private.

The Audit Committee authorises the Internal Audit function to:

- Have full and unrestricted access to all functions, data, records, information, physical property, and personnel pertinent to carrying out internal audit responsibilities. Internal auditors are accountable for confidentiality and safeguarding records and information.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communications to accomplish the function's objectives.
- Obtain assistance from the necessary personnel of Tonbridge and Malling Council and other specialised services from within or outside Tonbridge and Malling Council to complete internal audit services.

Independence, Organisational Position, and Reporting Relationships

The Chief Audit Executive will be positioned at a level in the organisation that enables internal audit services and responsibilities to be performed without interference, thereby establishing the independence of the Internal Audit function. The Chief Audit Executive will report to the Audit Committee and administratively (day-to-day operations) to the Chief Financial Services Officer. The Chief Audit Executive will have free and unrestricted access and freedom to report in their own name to the Head of Finance, Chief Executive, and the Audit Committee.

This positioning provides the organisational authority and status to bring matters directly to senior management and escalate matters to the Audit Committee if actions have not been taken and supports the internal auditors' ability to maintain objectivity.

The Chief Audit Executive will confirm to the Audit Committee, at least annually, the organisational independence of the Internal Audit function. If the governance structure does not support organisational independence, the Chief Audit Executive will document the characteristics of the governance structure limiting independence and any safeguards employed to achieve the principle of independence. The Chief Audit Executive will disclose to the Head of Finance, Chief Executive, and/or the Chair of the Audit Committee any impairment internal auditors encounter related to the scope, performance, or communication of Internal Audit work and results. The disclosure will include communicating the implications of such impairment on the Internal Audit function's effectiveness and ability to fulfil its mandate.

This will also include, ensuring that if an audit is undertaken in an area where the Chief Audit Executive has operational responsibility, appropriate measures are put in place to avoid compromising independence.

If requested to undertake any additional roles or responsibilities outside of Internal Auditing, the Chief Audit Executive must highlight to the Audit Committee any potential or perceived impairment to independence and objectivity having regard to the principles contained within the Code of Ethics. The Audit Committee must approve and periodically review any safeguards put in place to limit impairments to independence and objectivity.

Changes to the Mandate and Charter

Circumstances may justify a follow-up discussion between the Chief Audit Executive, Audit Committee, and senior management on the Internal Audit mandate or other aspects of the Internal Audit Charter. Such circumstances may include but are not limited to:

- A significant change in the Global Internal Audit Standards.
- A significant reorganisation within the organisation.
- Significant changes in the Chief Audit Executive, Audit Committee, and/or senior management.
- Significant changes to the organisation's strategies, objectives, risk profile, or the environment in which the organisation operates.
- New laws or regulations that may affect the nature and/or scope of Internal Audit services.

Audit Committee Oversight

To establish, maintain, and ensure that Tonbridge and Malling Council's Internal Audit function has sufficient authority to fulfil its duties, the Audit Committee, in line with its Terms of Reference, will:

- Discuss with the Chief Audit Executive and senior management the appropriate authority, role, responsibilities, scope, and services (assurance and/or advisory) of the internal audit function.
- Ensure the Chief Audit Executive has unrestricted access to, communicates, and interacts directly with the Audit Committee, including in private meetings without senior management present where required.
- Ensure Internal Audit are independent of the activities it audits, is effective and has sufficient experience.
- Discuss with the Chief Audit Executive and senior management other topics that should be included in the internal audit charter.
- Participate in discussions with the Chief Audit Executive and senior management about the "essential conditions," described in the Global Internal Audit Standards, which establish the foundation that enables an effective internal audit function.
- Approve the internal audit function's charter, which includes the internal audit mandate and the scope and types of internal audit services.
- Review and approve the Internal Audit Charter annually with the Chief Audit Executive to consider changes affecting the organisation, such as the employment of a new Chief Audit Executive or changes in the type, severity, and interdependencies of risks to the organisation; and approve the internal audit charter annually.
- Approve the risk-based internal audit plan.
- Receive communications from the Chief Audit Executive about the Internal Audit function including its performance relative to its plan.
- Ensure a Quality Assurance and Improvement Programme has been established and review the results annually.
- Make appropriate inquiries of senior management and the Chief Audit Executive to determine whether scope or resource limitations are inappropriate.

In accordance with the Global Internal Audit Standards and the UK public sector – Application note, the following are adaptations to Global Internal Audit standard requirements:

- Provide view, where appropriate, on the internal audit function’s human resources administration and budgets and expense.
- Provide input, where requested, to senior management on the appointment and removal of the Chief Audit Executive, ensuring adequate competencies and qualifications and conformance with the Global Internal Audit Standards.
- Provide input, as required, to senior management on the Chief Audit Executive’s performance.

Chief Audit Executive Roles and Responsibilities

Ethics and Professionalism

The Chief Audit Executive will ensure that internal auditors:

- Conform with the Global Internal Audit Standards, including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality.
- Understand, respect, meet, and contribute to the legitimate and ethical expectations of the organisation aligned to the Council’s values and be able to recognise conduct that is contrary to those expectations.
- Encourage and promote an ethics-based culture in the organisation.
- Report organisational behaviour that is inconsistent with the organisation’s ethical expectations, as described in applicable policies and procedures.

Objectivity

The Chief Audit Executive will ensure that the Internal Audit function remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication. If the Chief Audit Executive determines that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgment on audit matters to others, either in fact or appearance.

Internal auditors will have no direct operational responsibility or authority over any of the activities they review. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, or engage in other activities that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.

- Performing operational duties for Tonbridge and Malling Council.
- Initiating or approving transactions external to the internal audit function.
- Directing the activities of any Tonbridge and Malling Council employee that is not employed by the Internal Audit function.

Internal auditors will:

- Disclose impairments of independence or objectivity, in fact or appearance, to appropriate parties and at least annually, such as the Chief Audit Executive, Audit Committee, management, or others.
- Exhibit professional objectivity in gathering, evaluating, and communicating information.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid conflicts of interest, bias, and undue influence.

Managing the Internal Audit Function

The Chief Audit Executive has the responsibility to:

- At least annually, develop a risk-based Internal Audit Plan that considers the input of the Audit Committee and senior management, discuss the Plan with the Audit Committee and senior management and submit the Plan to the Audit Committee for review and approval.
- Communicate the impact of resource limitations on the Internal Audit Plan to the Audit Committee and senior management.
- Review and adjust the Internal Audit Plan, as necessary, in response to changes in Tonbridge and Malling Council's business, risks, operations, programmes, systems, and controls.
- Communicate with the Audit Committee and senior management if there are significant interim changes to the Internal Audit Plan.
- Ensure internal audit engagements are performed, documented, and communicated in accordance with the Global Internal Audit Standards and the UK Public Sector Application Note.
- Follow up on engagement findings and confirm the implementation of action plans and communicate the results of Internal Audit services to the Audit Committee and senior management and for each engagement as appropriate.
- Ensure the Internal Audit function collectively possesses or obtains the knowledge, skills, and other competencies and qualifications needed to meet the requirements of the Global Internal Audit Standards and fulfil the Internal Audit mandate.
- Identify and consider trends and emerging issues that could impact Tonbridge and Malling Council and communicate to the Audit Committee and senior management as appropriate.
- Consider emerging trends and successful practices in internal auditing.

- Establish and ensure adherence to methodologies designed to guide the Internal Audit function.
- Ensure adherence to Tonbridge and Malling Council's relevant policies and procedures unless such policies and procedures conflict with the Internal Audit Charter or the Global Internal Audit Standards. Any such conflicts will be resolved or documented and communicated to the Audit Committee and senior management.
- Coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services. If the Chief Audit Executive cannot achieve an appropriate level of coordination, the issue must be communicated to senior management and if necessary escalated to the Audit Committee.

Communication with the Audit Committee and Senior Management

The Chief Audit Executive will report annually to the Audit Committee and senior management regarding:

- The Internal Audit function's mandate.
- The Internal Audit plan and performance relative to its plan.
- Potential impairments to independence, including relevant disclosures as applicable.
- Results from the quality assurance and improvement program, which include the Internal Audit function's conformance with the IIA's Global Internal Audit Standards, and the UK Public Sector Application Note and action plans to address the Internal Audit function's deficiencies and opportunities for improvement.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other areas of focus for the Audit Committee that could interfere with the achievement of Tonbridge and Malling Council's strategic objectives.
- Results of assurance and advisory services.
- Internal Audit resources, budget and any significant revisions to the Internal Audit Plan and Budget.

Internal Audit resources are set in accordance with the Council's budget setting process, with guidance from the Finance Division.

The Rolling Internal Audit Plan considers the work that is needed to enable the Chief Audit Executive to provide an assurance on the control environment and governance across the Council. To ensure that there are adequate Internal Audit resources available to deliver the Plan, an assessment is made to determine the number of staff days available and to identify the knowledge and experience of staff to ensure that Internal Audit has the right skills mix to deliver the Plan.

The detailed Rolling Audit Plan, including resources, is reported to the Audit Committee. If there are significant revisions to the Internal Audit Plan and resources available that impact on the ability of Internal Audit to fulfil its role, this should be reported to the Audit Committee with any proposed mitigating actions in such circumstances.

Quality Assurance and Improvement Program

The Chief Audit Executive will develop, implement, and maintain a Quality Assurance and Improvement Programme (QAIP) that covers all aspects of the Internal Audit function. The programme will include external and internal assessments of the Internal Audit function's conformance with the Global Internal Audit Standards, as well as performance measurement to assess the Internal Audit function's progress toward the achievement of its objectives and promotion of continuous improvement. The programme also will assess, compliance with laws and/or regulations relevant to internal auditing. The assessment will include plans to address the Internal Audit function's deficiencies and opportunities for improvement.

Annually, the Chief Audit Executive will communicate with the Audit Committee and senior management about the Internal Audit function's QAIP, including the results of internal assessments (ongoing monitoring and periodic self-assessments) and external assessments. External Quality Assessments will be conducted at least once every five years by a qualified, independent assessor or assessment team from outside Tonbridge and Malling Council; qualifications must include at least one assessor holding an active Certified Internal Auditor credential.

Scope and Types of Internal Audit Services

The scope of Internal Audit services covers the entire breadth of the organisation, including all of Tonbridge and Malling Council's activities, assets, and personnel. The scope of Internal Audit activities also encompasses but is not limited to objective examinations of evidence to provide independent assurance and advisory services to the Audit Committee and management on the adequacy and effectiveness of governance, risk management, and control processes for Tonbridge and Malling Council.

The nature and scope of advisory services may be agreed with the party requesting the service, provided the Internal Audit function does not assume management responsibility. Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during advisory engagements. These opportunities will be communicated to the appropriate level of management.

This effectively means that Internal Audit has independent oversight of all the Council's operations, resources, services and processes and Internal Audit engagements may include evaluating whether:

- Risks relating to the achievement of Tonbridge and Malling Council's strategic objectives are appropriately identified and financial and other management controls manage the risks to achieve the Council's objectives.
- The actions of Tonbridge and Malling Council's officers, Corporate Management Team management, employees, and contractors or other relevant parties comply with Tonbridge and Malling Council's policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations and programmes are consistent with established goals and objectives.
- Operations and programmes are being conducted effectively, efficiently, and ethically.

- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact Tonbridge and Malling Council.
- The integrity of information and the means used to identify, measure, analyse, classify, and report such information is reliable.
- Resources and assets are acquired economically, used efficiently and sustainably, protected adequately. accounted for and safeguarded from losses arising from:
 - Fraud and other offences
 - Waste, extravagance and inefficient administration, poor value for money and other causes.

The scope of Internal Audit work may also include:

- Reviewing the suitability and reliability of financial and other management data developed within the organisation.
- Reviewing awareness of risk and its control and providing advice to management on risk mitigation and internal control in financial or operational areas where new systems are being developed or where improvements are sought in the efficiency of existing systems.
- Promoting and raising awareness of fraud and corruption.
- Investigating allegations of fraud and corruption.
- Providing advice (consultancy) to Directorates for a variety of issues, such as project assurance, controls advisory requests, areas of concern and lessons learnt reviews.

Where the Chief Audit Executive considers that the scope of audit work is being restricted, the Head of Finance, Chief Executive and the Audit Committee will be advised.

Internal Audit is not relieved of its responsibilities in areas of the Council's business that are subject to review by others but will assess the extent to which it can rely upon the work of others and co-ordinate its audit planning with the plans of such review agencies.

The Chief Audit Executive will provide an annual audit opinion as to the adequacy of the Council's governance arrangements, internal controls, and risk management processes. This will be used to support the Annual Governance Statement.

Approved by the Audit Committee at its meeting on 13th April 2026.

Acknowledgments/Signatures

Chief Audit Executive

Date

Audit Committee Chair

Date

Chief Executive

Date

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Audit Committee

13 April 2026

Part 1 - Public

Matters Taken Under Delegated Powers



Cabinet Member

Cllr Martin Coffin, Deputy Leader, Cabinet Member for Finance, Waste and Technical Services

Responsible Officer

Paul Worden – Head of Finance and Section 151 Officer

Report Author

Karen Herbert, Audit Lead
Lee Jones, Chief Audit Executive

Internal Audit Annual Plan 2026/27

1 Summary and Purpose of Report

- 1.1 This report seeks Member approval of the Internal Audit and Counter Fraud Plan for the year 2026/27.
- 1.2 The Plan is attached at **[Annex 1]**.

2 Corporate Strategy Priority Area

- 2.1 Efficient services for all our residents, maintaining an effective council.
- 2.2 The provision of Internal Audit and Counter Fraud Services provides assurance on council procedures and policies.

3 Recommendations

- 3.1 Members are asked to **CONSIDER** and subject to any amendments required to **APPROVE** the Internal Audit and Counter Fraud Plan for the year 2026/27.

4 Introduction and Background

- 4.1 The professional standards for Internal Audit require the Chief Audit Executive to establish a risk-based plan to determine the priorities of the Internal Audit activity, consistent with the organisation's goals. A risk-based Internal Audit Plan has been prepared for the 2026/27 financial year to fulfil this requirement. The Plan must enable the Chief Audit Executive to provide an overall opinion on risk management, governance, and control at the end of the financial year.

- 4.2 The Internal Audit Plan includes the work plan of the Fraud Team. Consequently, the Plan is a combined Internal Audit and Fraud Plan.

5 Internal Audit and Counter Fraud Plan 2026/27

- 5.1 A copy of the proposed Internal Audit and Fraud Plan is attached at **[Annex 1]** of this report. This is intended to provide Members with a clear picture of how the Council will make use of its Internal Audit and Fraud service, reflecting on all work to be undertaken.
- 5.2 The Plan has been developed using a risk-based approach. Significant risk areas and priorities have been identified through a risk assessment which included a review of the Strategic and Service Risk Registers, analysis of the wider environment, use of our own organisational knowledge and discussions with Directors and Heads of Service, both individually and collectively as part of Management Teams.
- 5.3 Relevant links to the Strategic Risk Register are shown within the Plan itself. Members will note that not all audits are linked to a specific risk; some are intended to provide assurance over core areas (for example financial audits), and some are included as the Council is undertaking change programmes. In line with the nature and scope of Internal Audit as set out in the Internal Audit Charter, it is important that, overall, the Plan balances all these assurance and consultancy needs.
- 5.4 Whilst the Plan is drawn up annually, it is important that the Plan is flexible and respond to key risks; we have therefore prioritised and scheduled audits for the first 6 months of 2026/27. The remaining identified reviews will be kept under consideration and discussed with Directors as part of the 6 monthly liaison and planning meetings. Additions to the Plan will be made at such time for the remaining 6 months of the year. The plan may be amended at any time to respond to emerging risks, with the approval of the Audit Committee.
- 5.5 The Counter Fraud Plan has been aligned to the Fighting Fraud and Corruption Locally Strategy. The Strategy focuses on pillars of activity that local authorities should concentrate on to further develop and enhance their counter fraud response.
- 5.6 The audit reviews under consideration, and detailed activities from the Counter Fraud Plan are contained in **[Annex 1]**.
- 5.7 The proposed Plan has been reviewed and endorsed by Management Team.
- 5.8 Based on the current staffing levels and assumptions, there is sufficient resource to deliver the 2026/27 Internal Audit and Counter Fraud Plan.

6 Financial and Value for Money Considerations

- 6.1 An adequate and effective Internal Audit function provides the Council with assurance on the proper, economic, efficient and effective use of Council resources in delivery of services, as well as helping to identify fraud and error that could have an adverse effect on the finances of the Council.
- 6.2 Fraud prevention and detection is an area subject to central government focus with initiatives such as the National Fraud Initiative and Local Government Counter Fraud and Corruption Initiative. The message coming from these initiatives is that effective fraud prevention and detection releases resources and minimises losses to the Council through fraud.

7 Risk Assessment

- 7.1 The Internal Audit and Fraud Plan is intended to ensure that the work of the Internal Audit and Fraud Team is effectively directed. For this very reason, the process for preparing the Plan is itself informed by an assessment of the risks and audit needs of the Council. Members' endorsement of the Internal Audit and Fraud Plan for the year 2026/27 ensures that the status of the Plan is maintained.

8 Legal Implications

- 8.1 The Accounts and Audit Regulations place a statutory requirement on local authorities to undertake an adequate and effective Internal Audit of systems of risk management, governance, and control processes.
- 8.2 The Council also has a legal duty under s151 of the Local Government Act 1972 and the Accounts and Audit Regulations to ensure that there are appropriate systems in place to prevent and detect fraud.
- 8.3 The Local Government Act 1972 provides the Council with the ability to investigate and prosecute offences committed against them.

9 Consultation and Communications

- 9.1 Management Team has considered these documents. The Audit Committee are invited to review and APPROVE them.

10 Implementation

- 10.1 The Internal Audit and Counter Fraud Plan will direct the work undertaken by the Team for the first half of 2026/27.

11 Cross Cutting Issues

11.1 Climate Change and Biodiversity

11.1.1 Climate change advice has not been sought in the preparation of the options and recommendations in this report.

11.2 Equalities and Diversity

11.2.1 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

11.3 Other If Relevant

- None

Background Papers	None
Annexes	Annex 1 – Internal Audit and Counter Fraud Annual Plan 2026/27

Internal Audit and Counter Fraud Plan 2026/27 - first half year plan proposal

Audit	Indicative Days	Assurance or Consultancy	Service Area	Link to Strategic Risk Register (Inc Code)	Link to Strategy Priorities	Rationale for inclusion and High Level Scope
Temporary Accommodation Billing, Arrears and Debt Recovery Follow Up	8	Assurance	Planning, Housing and Regulatory Services and Revenues and Benefits	10. Sustained or increasing levels of Housing Need (12)	Direct link to housing outcomes and efficient services.	Rationale: A follow-up is required after the 2024/25 audit received Limited Assurance in relation to Billing, Arrears and Debt Recovery Procedures. Temporary Accommodation remains a key operational and financial pressure area for the Council. High-Level Scope: Confirm that agreed management actions have been implemented effectively, or that alternative controls now suitably mitigate previously identified risks.
Risk Management	12	Assurance	Authority Wide	Inherent Risk	Effective governance enabling efficient services.	Rationale: Implementation of the updated Risk Management Strategy was delayed, and assurance was postponed in 2024/25. Robust risk management underpins effective governance and informed decision-making. High-Level Scope: Assess the design and early operation of the new strategy, including consistency of risk identification, scoring, escalation, and reporting arrangements.
Assurance Mapping	12	Consultancy	Authority Wide	Inherent Risk	Sharper oversight improves effectiveness and efficiency.	Rationale: An assurance map has not been completed recently. A refreshed corporate view of assurance sources will support improved oversight and reduce duplication. High-Level Scope: Map existing sources of assurance for a defined risk area or service and identify gaps, overlaps, and opportunities to strengthen coordinated assurance arrangements.
Business Continuity / Disaster Recovery - IT recovery capabilities.	12	Assurance	Central Services	9. Business Continuity and Emergency Planning (16) 8. Cyber Security (20)	Protects service continuity across critical functions.	Rationale: Recent BCP exercises highlighted the need for a stronger approach to technology-based recovery and prioritisation of services. Resilience is essential for continuity during major incidents. High-Level Scope: Review preparedness, virtual/technical recovery arrangements, system resilience, and cross-service coordination to ensure continuity plans are practical and aligned to critical service needs.
Legacy IT Systems	12	Assurance	Central Services	8. Cyber Security (20)	Resilient tech underpins efficient council operations.	Rationale: Legacy systems present risks relating to obsolescence, security, supportability, and business continuity. These risks have increasing operational and cyber security implications. High-Level Scope: Evaluate governance and controls around legacy systems, including lifecycle management, resilience, patching, supplier support and migration planning.
Customer Services - Contact Centre	12	Assurance	Central Services	Inherent Risk	Faster, simpler access to services; supports local economy.	Rationale: The service has undergone significant transformation with increasing reliance on first-contact resolution. No recent internal audit coverage exists. High-Level Scope: Assess accessibility, responsiveness, compliance and data controls across all channels. Review performance reporting, customer experience, and the robustness of core processes including complaints handling and financial transactions.
Contract Management (Authority Wide)	12	Assurance	Authority Wide	14. Contract/Contractor Procurement (6) 15. Local Government Reorganisation (20)	Better VFM; supports supply chain and local SMEs.	Rationale: Effective contract management is essential, especially ahead of Local Government Reorganisation. Weaknesses could have significant financial and continuity impacts. High-Level Scope: Review whether contracts are centrally recorded, compliant, monitored, and managed through the full lifecycle, including contract pipeline oversight and key performance monitoring.
Parks, open space & playground maintenance.	12	Assurance	Street Scene, Leisure and Technical Services	7. Health & Safety (15)	Supports efficient, secure services; enables innovation economy.	Rationale: This is a high-visibility area with reputational and health & safety implications. There has been limited recent audit coverage. High-Level Scope: Assess inspection regimes, maintenance standards, contractor management, and the adequacy of health and safety arrangements for public spaces and play areas.

Internal Audit and Counter Fraud Plan 2026/27 - first half year plan proposal

Audit	Indicative Days	Assurance or Consultancy	Service Area	Link to Strategic Risk Register (Inc Code)	Link to Strategy Priorities	Rationale for inclusion and High Level Scope
Core Financial Controls/Financial Procedures inc Purchase Orders	14	Assurance	Finance	12. Financial position/budget deficit (12) 15. Local Government Reorganisation (20) 4. Achievement of savings/Transformation Strategy (20) 14. Contract/Contractor Procurement (6)	Underpins efficient council and investment capacity. Improves efficiency and budget control.	Rationale: Core finance processes underpin financial integrity, transformation, savings delivery and LGR readiness. A high proportion of invoices continue to be processed without POs. High-Level Scope: Review control design and operation across income, expenditure, payroll, reconciliations, and reporting. Evaluate PO usage and the potential for strengthening controls via a “no PO, no pay” policy.
Environmental safety - Contaminated Land	12	Assurance	Planning, Housing and Regulatory Services	7. Health & Safety (15)	Remediation enables safe development and environment.	Rationale: A statutory function with public health implications and no recent internal audit coverage. Reliable regulatory processes are essential for safe development. High-Level Scope: Assess statutory compliance, risk-based inspection processes, investigation and remediation arrangements, partnership working, record-keeping and performance monitoring.
Project Management Approach	10	Assurance	Executive Services	Inherent Risk	On-time, on-budget projects improve outcomes.	Rationale: A new project management framework has been introduced. Sound project governance is critical to delivering strategic outcomes. High-Level Scope: Review the adequacy of the framework’s design, including roles, stage-gates, risk management and reporting, and assess consistency in its early application.
Licensing	12	Assurance	Planning, Housing and Regulatory Services	Inherent Risk		Rationale: The service has undergone structural change, with historical reliance on individual expertise and outstanding actions from previous licensing audits. High-Level Scope: Review the end-to-end licensing process, governance, compliance with legislation and policy, and management oversight. Scope may focus on a particular licensing area if appropriate.
Follow up of recommendations raised. (Ongoing throughout year)	10	Follow Up	Authority Wide	Inherent Risk	Effective governance enabling efficient services.	Rationale: Ensuring implementation of audit recommendations promotes continuous improvement and strengthens governance and internal control. High-Level Scope: Verify progress and completion of management actions and assess whether controls are now effective.

Internal Audit

Audits 1st half plan 2026/27 150

Audit days remaining for 2nd half plan 2026/27 93

243**Counter Fraud**

Proactive fraud activity 146

Investigations 170

316**Management Resource****135****TMBC Internal Audit and Counter Fraud Plan Total****694****Kent Intelligence Network**

KIN Investigation resource 180

874

Internal Audit and Counter Fraud Plan 2026/27 - areas under review for future inclusion

Audit	Risks Identified and Rationale for inclusion
Change Management	<p>Rationale: The Council continues to undergo significant organisational and system changes, including lessons learned from Agile/Uniform. Effective change processes are essential to maintaining service performance and staff engagement.</p> <p>High-Level Scope: Assess whether change initiatives are supported by clear governance, people-centred planning, communication, and monitoring arrangements, including the use of lessons learned.</p>
Tonbridge Castle	<p>Rationale: Future use of the site is under review, with reliance on external feasibility work. Independent review can support value-for-money decisions.</p> <p>High-Level Scope: Review governance and decision-making around options appraisal, financial viability, and alignment with strategic asset objectives (timed after completion of external review).</p>
Learning & Development	<p>Rationale: L&D arrangements are being refreshed, with previous audits highlighting weak links between appraisals and staff development. New resource is being recruited.</p> <p>High-Level Scope: Assess whether emerging L&D arrangements support capability building, link effectively to appraisals, and provide adequate monitoring of outcomes (later in the year once embedded).</p>
AI Governance	<p>Rationale: Increased organisational use of AI tools creates new risks around data protection, transparency, and staff use. A governance framework is being developed.</p> <p>High-Level Scope: Review the adequacy of policies, controls, and oversight arrangements for AI use, including risk assessment, staff guidance and assurance processes.</p>
Waste Contract	<p>Rationale: The new waste contract is entering mobilisation, a high-risk phase with major financial and service implications.</p> <p>High-Level Scope: Provide assurance as the contract moves from award to mobilisation, focusing on design of KPIs, system compatibility, supplier management, and readiness for go-live.</p>
Waste Management - DEFRA returns	<p>Rationale: Waste data drives statutory reporting and significant income. Accuracy of returns is essential.</p> <p>High-Level Scope: Evaluate the completeness, accuracy and validation of waste data used for statutory returns and government funding.</p>
Litter Picking	<p>Rationale: A high-visibility area with reputational risk where contractor prioritisation may affect service quality.</p> <p>High-Level Scope: Assess controls over cleansing regimes, monitoring of contractor performance, and effectiveness of enforcement and preventative activity.</p>
Parking Permits (Residents, Visitors, Traders, Carers, Builders)	<p>Rationale: Multiple permit types carry income, fraud and eligibility risks. Virtual permitting increases reliance on system controls.</p> <p>High-Level Scope: Review controls over eligibility, processing, system integrity, payment, fraud prevention and monitoring.</p>
Tree Safety and/or water safety	<p>Rationale: Public safety is a high-risk area, with new policies emerging and increased scrutiny following national incidents.</p> <p>High-Level Scope: Assess inspection regimes, risk assessment, response arrangements and contractor oversight for tree safety, water safety and wider public-realm health & safety.</p>
Cemetaries	<p>Rationale: No recent coverage in an area with statutory, income and record-keeping considerations.</p> <p>High-Level Scope: Review compliance with statutory duties, accuracy of burial records, fee setting, income controls and long-term grave management arrangements.</p>
Insurance	<p>Rationale: Insurance arrangements have not been reviewed for several years, and alignment between asset registers and insurance records is being tested.</p> <p>High-Level Scope: Assess adequacy of insurance cover, governance of claims handling, risk transfer decisions and alignment of insured assets to property records.</p>
Grants Management (Disabled Facilities Grants)	<p>Rationale: Capital grant activity continues through Disabled Facilities Grants, with compliance and outcome risks requiring clear oversight.</p> <p>High-Level Scope: Evaluate processes for identifying, awarding, monitoring and reporting grant funding, ensuring compliance with grant conditions and value for money.</p>
Temporary Accommodation - Operational Management and Health and Safety	<p>Rationale: The Council is managing more TA properties directly, creating significant health, safety and reputational risks.</p> <p>High-Level Scope: Review operational controls and compliance with statutory H&S duties including gas, fire, legionella, asbestos and incident management.</p>

Internal Audit and Counter Fraud Plan 2026/27 - areas under review for future inclusion

Audit	Risks identified and Rationale for inclusion
Planning - PAS Peer Review Action Plan Follow-UP	<p>Rationale: The service is delivering a significant improvement plan following external review.</p> <p>High-Level Scope: Assess progress against the agreed action plan and the extent to which improvements have been embedded (only if value-adding in light of external scrutiny).</p>
Transformation and Change Management	<p>Rationale: A new transformation function is emerging ahead of LGR, with a need for strong governance and prioritisation.</p> <p>High-Level Scope: Review governance, prioritisation, resourcing and monitoring of the transformation portfolio once sufficiently developed.</p>
Environmental Health - Food safety	<p>Rationale: A core regulatory service with public health and reputational implications, and no recent internal audit coverage.</p> <p>High-Level Scope: Assess risk-based inspections, enforcement, staff competency, record-keeping and compliance with food safety legislation.</p>
Building Controls - Readiness for the new Building Safety Levy	<p>Rationale: A new national levy will introduce new responsibilities and processes.</p> <p>High-Level Scope: Assess readiness to identify liable developments, calculate charges, collect the levy and manage financial and operational impacts.</p>
Budget setting and monitoring	<p>Rationale: Budget responsibilities have recently changed, increasing the need for strong forecasting and financial governance.</p> <p>High-Level Scope: Review robustness of budget setting, in-year monitoring, forecasting and escalation arrangements (to be integrated with core financial controls where appropriate).</p>
Complaints	<p>Rationale: A new complaints policy introduces new processes, expectations and training requirements.</p> <p>High-Level Scope: Assess whether complaints are handled fairly, consistently and in line with the new policy, including timeliness, quality of investigation and learning from outcomes.</p>
GDPR	<p>Rationale: The council processes large volumes of personal and sensitive information as part of its statutory functions. Maintaining strong GDPR compliance is essential to protect residents, staff, partners, and the organisation from data breaches, legal consequences, and reputational harm.</p> <p>High-Level Scope: Review a targeted area of GDPR compliance (e.g., retention, data sharing or access rights)</p>
Corporate approach information governance, freedom of information, and SARs	<p>Rationale: Historical resourcing issues and compliance risk.</p> <p>High-Level Scope: Review governance, capacity, monitoring and compliance with statutory response deadlines once the new post is established.</p>
Climate Change	<p>Rationale: Members expect assurance following previous issues with baseline data and the need for accurate tracking of progress towards 2030 targets.</p> <p>High-Level Scope: Assess the reliability of data collection, reporting tools, governance, risk assessment and performance monitoring for carbon reduction commitments.</p>
LGR Readiness - second half of the year	<p>Rationale: Local Government Reorganisation will significantly impact governance, finance, digital, workforce and service delivery.</p> <p>High-Level Scope: Provide advisory assurance over readiness, including governance, capacity, information, and controls as transition work intensifies.</p>
Safeguarding	<p>Rationale: A high-risk statutory duty with significant consequence if ineffective and last audited in 2022.</p> <p>High-Level Scope: Review governance, oversight, training and operational arrangements, or provide targeted review via the Assurance Mapping exercise.</p>
Crisis Resilience Fund	<p>Rationale: The Crisis and Resilience Fund (CRF) is a national welfare support fund that comes into force on 1 April 2026, replacing both Discretionary Housing Payments (DHPs) and The Household Support Fund (HSF). District councils will assume significant operational and governance responsibilities with associated Financial and Budgetary, Governance and Compliance, Operational, Reputational and Community Risks.</p> <p>High Level Scope: Adequacy and effectiveness of the council's arrangements for administering the Crisis & Resilience Fund (CRF), with a particular focus on the Housing Payment component, ensuring compliance with national requirements, proper use of funds, and effective outcomes for vulnerable residents.</p>

Counter Fraud Plan 2026/27

Activity	Detail	Responsible Officer
Govern	Having robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout the organisation.	
Anti-fraud, Bribery and Corruption Policy	Complete a biennial review of the Anti-fraud, Bribery and Corruption Policy ensuring that the document aligns with the Fighting Fraud and Corruption Locally Strategy and best practice. The Policy will be presented and adopted at the Council's Governance and Audit Committee and will be supported by Senior Management.	Counter Fraud Lead
Counter Fraud Update, Audit Committee	A Counter Fraud update will be provided to the Audit Committee to demonstrate the activities undertaken by the Counter Fraud Team against the plan to prevent and detect Fraud, Bribery and Corruption.	Counter Fraud Lead
Acknowledge	An organisation must acknowledge and understand fraud risks and demonstrate this by having the right support and appropriate resource to tackle fraud.	
Fighting Fraud and Corruption Locally Checklist	The Counter Fraud Team to undertake an assessment of the authority against the Fight Fraud and Corruption Locally Checklist	Counter Fraud Lead
Fraud Risk Assessments	The Counter Fraud Team to undertake an assessment of current risk registers across the Council to identify if fraud risks have been identified and controls are in place to mitigate the risk. Including risks associated to the Economic Crime and Corporate Transparency Act (failure to prevent fraud).	Counter Fraud Lead
Relationship Management	Strengthening the anti-fraud culture within the organisation requires Counter Fraud to continue with relationship management meetings to report on emerging and current fraud risks identified through investigations.	Counter Fraud Team
Whistleblowing Hotline and log	The Counter Fraud Team manage the Councils Central Whistleblowing Log and the Whistleblowing helpline. The Team will request each quarter from each Director to report any Whistleblowing Complaints.	Counter Fraud Lead
Prevent	Fraud can be prevented and detected by making better use of information and technology, enhancing fraud controls and processes and developing a more effective anti-fraud culture	
Fraud Awareness	Deliver fraud awareness training to teams based on a training cycle to ensure that sessions delivered to officers occur every three years. The training will seek to raise awareness about new emerging fraud risks and current risks, continue to strengthen the anti-fraud culture (including failure to prevent fraud) and deliver messages about the standards expected of staff and the reporting of fraud and financial irregularities.	Counter Fraud Team
Internal Audit	The Counter Fraud Lead will meet with the Audit Manager to ensure any issues identified through investigations or Internal Audits are discussed	Counter Fraud Lead and Audit Manager
International Fraud Awareness Week Campaign	To deliver an internal campaign to officers during International Fraud Awareness week	Counter Fraud Lead
National Fraud Initiative	The Counter Fraud Team will lead on the NFI exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud. Resources will be allocated and based on specific expertise and knowledge – this means matches can be dealt with promptly. A nominated person from each of the data sets will be identified and liaised with.	Counter Fraud Team
Kent Intelligence Network	The Counter Fraud Team will review the data matches released through the Kent Intelligence Network. The key focus area for 2026/27 continues to look at fraud and error within Single Person Discounts, Small Business Rate Relief and unrated business premises.	Counter Fraud Manager and Intelligence
Pursue		
Investigations	The Counter Fraud Team will apply a risk-based approach to investigating all instances of actual, attempted and suspected fraud and financial irregularities. The Counter Fraud Team will ensure; <ul style="list-style-type: none"> • that any investigation is carried out in accordance with Council policy and procedures, key investigation legislation and best practice • the Council's disciplinary procedures will be used where the outcome of an investigation indicates improper behaviour by a Council employee Appropriate sanctions are applied.	Counter Fraud Manager
Partnership Working	To maintain and develop working with key partner agencies in the prevention and detection of fraud such as at the DWP, Kent Intelligence Network, Local Authorities, Kent Police as well as internal team within TMBC. Referrals will be recorded by source to identify progress on partnership working.	Counter Fraud Team

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4 Internal Audit and Counter Fraud Progress Report

- 4.1 This Progress Report, contained at **[Annex 1]**, provides the Audit Committee with an accumulative summary view of the work undertaken by Internal Audit for the period January 2025 to March 2025, together with the resulting conclusions where appropriate.
- 4.2 This Progress Report also provides details of the Council's activity in preventing and detecting fraud and corruption during the third quarter of the financial year of 2025/26.

5 Financial and Value for Money Considerations

- 5.1 An adequate and effective Internal Audit function provides the Council with assurance on the proper, economic, efficient and effective use of Council resources in delivery of services, as well as helping to identify fraud and error that could have an adverse effect on the finances of the Council.
- 5.2 Fraud prevention and detection is an area subject to central government focus with initiatives such as the National Fraud Initiative and Local Government Counter Fraud and Corruption Initiative. The message coming from these initiatives is that effective fraud prevention and detection releases resources and minimises losses to the Council through fraud.

6 Risk Assessment

- 6.1 This report, summarising the work of the Internal Audit function, provides a key source of assurance for the Council on the adequacy and effectiveness of its framework for governance, risk management and control.
- 6.2 Failing to have an efficient and effective Counter Fraud function could lead to an increased level of fraud. This report, summarising the work of the Counter Fraud function, provides a key source of assurance for the Council on the adequacy and effectiveness of its counter fraud arrangements.

7 Legal Implications

- 7.1 The Accounts and Audit Regulations place a statutory requirement on local authorities to undertake an adequate and effective Internal Audit of systems of risk management, governance, and control processes.
- 7.2 The Council also has a legal duty under s151 of the Local Government Act 1972 and the Accounts and Audit Regulations to ensure that there are appropriate systems in place to prevent and detect fraud.
- 7.3 The Local Government Act 1972 provides the Council with the ability to investigate and prosecute offences committed against them.

8 Consultation and Communications

8.1 Management Team has considered these documents. The Audit Committee are invited to review and NOTE them.

9 Implementation

9.1 The Internal Audit and Counter Fraud Plan 2025/26 continues to direct the work undertaken by the Team for the period.

10 Cross Cutting Issues

10.1 Climate Change and Biodiversity

10.1.1 Climate change advice has not been sought in the preparation of the options and recommendations in this report.

10.2 Equalities and Diversity

10.2.1 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

10.3 Other If Relevant

- None

Background Papers	None
Annexes	Annex 1 – Internal Audit and Counter Fraud Progress Report

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**INTERNAL AUDIT AND COUNTER FRAUD
PROGRESS REPORT
AUDIT COMMITTEE
13th April 2026**

1. Introduction

The role of the Internal Audit function is to provide Members and Management with independent assurance that the control, risk and governance framework in place within the Council is effective and supports the Council in the achievement of its objectives. The work of the Internal Audit team should be targeted towards those areas within the Council that are most at risk of impacting on the Council's ability to achieve its objectives.

Upon completion of an audit, an assurance opinion is given on the effectiveness of the controls in place. The results of the entire programme of work are then summarised in an opinion in the Annual Internal Audit Report on the effectiveness of internal control within the organisation.

This activity report provides Members of the Audit Committee and Management with a summary of completed work between January and March 2026

2. Key Messages

- 4 audits have been finalised to final report in the period. The summaries are contained in **Appendix A**
- 11 of the originally agreed audits from the 2025/26 rolling Audit Plan have been completed to at least draft report stage, plus one grant review.
- A further 6 audits are in fieldwork, or have a fieldwork start date agreed, and 2 audits are in planning. The status of all audits on the 2025/26 plan is detailed in **Appendix B**
- The External Quality Assessment (EQA) is now complete, the assessor has evaluated KCC Internal Audit conformance against each of the 5 domains set out in the Global Internal Audit Standards. A report has now been provided to the Head of Internal Audit and is being reviewed for factual accuracy, both the report and any subsequent action plans developed will be presented at a future Audit Committee.
- 5 members of the Internal Audit Team have now completed their MSc in Internal Audit Management and Consultancy.

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3. Resources

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

- The Head of Internal Audit and Counter Fraud Service left the service at the beginning of September 2025 – interim arrangements remain in place; an interim Head of Internal Audit and an Interim Head of Counter Fraud have been internally resourced until a recruitment exercise is undertaken to fill the post permanently, this is expected to be completed in October 2026.
- There is currently one auditor vacancy, a recruitment exercise will commence shortly.
- Internal Audit continues to review the functionality of the K10 Vision Audit Management Software implemented last year and are working with the provider with proposals to continue to develop reporting modules. The recently appointed Data Analyst has been developing dashboards to aid with tracking audit delivery progress and monitoring audit budget utilisation.
- The use of Artificial Intelligence continues to be actively explored to create efficiencies and enhance delivery. Full team training is being developed in how to utilise AI in all stages of the audit process including the development of AI Agents to assist with specific tasks.

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4. 2025-26 Internal Audit Plan

The audit summaries are provided at **Appendix A**. A summary is provided on current progress against the 2025-26 Audit Plan.

Table 1- Audit Plan Status

Status	Number of Audits	%
Not yet started	0	0%
Planning	2	9.52%
Fieldwork	6	28.57%
Ongoing	2	9.52%
Draft Report	2	9.52%
Final Report	7	33.33%
On Hold	0	0%
Removed/ Deferred	2	9.52%
Total	21	100%

Appendix B sets out progress against the Rolling 2025-26 Audit Plan.

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Table 2 – Summary of Audits by Committee Meeting

With each Progress report, Internal Audit turns the spotlight on the audit reviews, providing the Audit Committee with a summary of the objectives of the review, the key findings, conclusions and recommendations; thereby giving the Committee the opportunity to explore the areas further, should it wish to do so.

In this period, the report summaries for the audits detailed below are provided at **Appendix A** for the Committee's information and discussion.

Audit Definitions are provided at **Appendix C**

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Audit Committee 13th April 2026				
Ref	Audit	Status	Assurance	Prospects for Improvement
TM16-2026	Corporate Credit Cards	Complete	Adequate	Good
TM14-2026	Housing Condition	Complete	Substantial	Good
TM20-2026	AGILE Withdrawal	Draft Report	Adequate	TBC
TM08-2026	Local Plan – Project Management Approach	Draft Report	Substantial	TBC

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5. Quality Assurance and Improvement Programme

5.1 As previously presented to the Audit Committee, a new set of Global Internal Audit Standards (the Standards) are now in effect from January 2025. The Standards are arranged into 5 Domains (with 52 individual standards):

- I. Purpose of Internal Auditing
- II. Ethics and Professionalism.
- III. Governing the Internal Audit Function
- IV. Managing the Internal Audit Function
- V. Performing Internal Audit Services

An assessment has previously been undertaken to identify areas for improvement or enhancement to the practices of Internal Audit to ensure compliance with the Standards. Actions have been identified against each of the standards where either improvement or enhancement is required. These actions have been considered against the new CIPFA application note for the UK Public Sector that has been released to aid application of the standards.

5.3 The External Quality Assessment (EQA) has concluded. Internal Audit completed a self-assessment of compliance with the Global Internal Audit Standards and this was reviewed by the assessor whilst evaluating conformance against each of the 5 domains set out in the Standards. A report has been provided to the Head of Internal Audit, both the report and any subsequent action plans developed will be presented at a future Audit Committee.

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6. Counter Fraud Update

Prevention and Detection of Fraud, Bribery and Corruption

6.1 This section of the report provides details of the Council's activity in preventing and detecting fraud and corruption during the third quarter of the financial year of 2025/26.

National Fraud Initiative (NFI)

6.2 The Counter Fraud Team has collated the data specified by the Cabinet Office for the 2025/26 annual exercise. This includes reviewing the data to ensure it complies with the formats required and uploading in the required timescale.

6.3 The National Fraud Initiative (NFI) reports its data on a calendar-year basis (January to December), whereas TMBC reports quarterly aligned to the financial year (April to March). This difference in reporting periods can create a disconnect, as NFI data may include cases that fall outside TMBC's quarterly reporting framework.

6.4 The Counter Fraud Team reports on the activity it carries out each quarter. This ensures that the outcomes from NFI-related work are clearly aligned with TMBC's internal reporting cycle, providing transparency and consistency in how results are presented within the financial year framework.

6.5 The NFI biennial and annual data exercise is progressing with matches being reviewed by relevant teams. A summary of the biennial exercise is shown in **Appendix D** and a summary of the annual exercise is shown in **Appendix E**.

6.6 The annual exercise (Single Person Discount to Register of Electors) forms part of the Kent Intelligence Network activity, reported in section 1.1.8.

6.7 The biennial exercise will be reviewed during quarter 3 as resources concentrate on completing the annual exercise. It is noted that the biennial exercise does take time to investigate and complete due to their nature and at time dependencies on DWP payable benefits impacted on TMBC abilities to update accounts.

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6. Counter Fraud Update

Kent Intelligence Network (KIN)

6.8 The Kent Intelligence Network continues to support Local Authorities in Kent in preventing and detecting fraud. The key focus area for 2025/26 continues to look at fraud and error within Single Person Discounts, Small Business Rate Relief and unrated business and residential premises.

6.9 Q3 2025/26 the following results have been achieved:

- Single person discount reviews from fraud referrals increased council tax liability by £16,061. Total value of single person discounts removed during Q3 is £43,529.
- The 2025/26 rolling total single person discounts removed £36,055, with increased liability totalling £108,255. Shown in **Appendix F**.
- Unrated businesses, 8 new cases are being assessed before potential referral to the valuation office to assess liability.
- The 2025/26 rolling total referrals to the valuation office are 7 with 4 being closed with no further action, 3 open cases awaiting the valuation office to assess liability.
- Unrated residential premises missing council tax, 5 new cases are being assessed before potential referral to the valuation office to assess liability.
- The 2025/26 rolling total cases are 32 with 4 being closed with no further action. There are 7 cases currently awaiting the valuation office to assess liability. There are 21 cases being assessed before potential referral to the valuation office to assess liability.
- The 2025/26 rolling total of debtors being traced is 169, resulting in £478,347 of debt that can be actively pursued for further recovery action.

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6. Counter Fraud Update

Investigating Fraud, Bribery and Corruption

6.10 A summary of cases referred or carried into the current quarter can be found in **Appendix G**.

6.11 A total of 41 new referrals have been received by the Counter Fraud Team in Q3 2025/26. The most reported fraud type involves Council Tax Reduction and DWP benefits, such as Housing Benefits and/ or universal credit, totalling 15 referrals.

6.12 The second most reported fraud type is Single Person Discount on council tax, where a total of 14 referrals have been reported. Further detail is available in **Appendix H**.

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3 Q3 2025/2026, 39 referrals have been closed.

- 10 closed - error identified and corrected with a recoverable value of £23,211.
- 12 referrals sent to partner agency, DWP.
- 9 referrals closed no further action / investigation complete / insufficient evidence.
- 7 financial recovery only, with a recoverable value of £7,195.
- 1 referred to partner agency.

6.14 A total of 50 cases from 2025/26 are currently open and live.

- 19 Housing Benefit / UC.
- 13 Single Person Discount.
- 5 Council Tax Reduction / Exemption.
- 3 Business Rate Relief.
- 6 Homeless / Housing Application.
- 4 Other.

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TM16-2026 Corporate Credit Cards

Audit Objective

As part of the 2025/26 Audit Plan, it was agreed that Internal Audit will undertake a review of Corporate Credit Cards. The aim of the audit is to provide assurance that adequate controls are in place to ensure that there is appropriate use of Corporate Credit Cards.

The scope included: Review of the associated policy and procedure documents; Policy communication & cardholder acceptance; Purchase card register; Expenditure testing; and reconciliation.

Scope Limitations

None

Key Strengths

Documented Acknowledgements	All sampled cardholders had completed and signed the required acknowledgements, demonstrating adherence to the expected confirmation of responsibilities and guidance.
Forms Accessibility	Request and purchase forms, along with the guidance and user agreement document are easily accessible to staff, ensuring they can readily obtain the documentation needed to support new card issuance and purchasing requests.
Clear Cardholder Register	The cardholder register is clearly presented and easy to understand, with defined limits that support transparency and effective oversight of Corporate Credit Card arrangements.
Segregation of Duties	Strong segregation of duties is in place, ensuring that no single individual can complete all stages of the Corporate Credit Card process, thereby support robust internal control and reduce the risk of error or misuse.
Appropriateness of Suppliers	Internal Audit deemed that the suppliers reviewed were appropriate and reasonable within a local authority setting, reflecting suitable and legitimate categories of spend.
Invoice Tracking System	The automatic invoice tracking system provides strong transparency and traceability across all stages of the invoicing process, while also supporting further segregation of duties through clearly documented workflows and visibility of actions taken.

Audit Opinion

Adequate

Prospects for Improvement

Good

Actions	Number	Agreed	Risk Accepted
High	0	0	0
Medium	3	3	0
Low	3	3	0

Areas For Development

Medium	The governance framework and supporting documentation for Corporate Credit Card use are incomplete, unclear, and not structured in a way that supports consistent and compliant application of processes.
Medium	Corporate Credit Card usage is not always supported by adequate business justification or timely pre-purchase approval, and alternative procurement routes are not consistently evidenced as having been considered.
Medium	Reconciliation processes are not consistently timely, and the absence of a formal escalation procedure for missing documentation limits the effectiveness of oversight.
Low	Cardholder Agreements, pre-purchase approval steps, and card request processes are not applied consistently, resulting in gaps in documentation and procedural compliance.
Low	Leaver processes for Corporate Credit Card administration lack formal documentation and consistency, including delays in access removal, inconsistent evidence of card destruction, and no review of inactive cards.
Low	There is no structured training or periodic re-acknowledgement process to ensure cardholders remain up to date with their responsibilities and procedural requirements.

TM14-2026 Housing Conditions

Audit Objective

As part of the 2025/2026 Audit Plan, it was agreed that Internal Audit would review TMBC's housing condition management and enforcement responsibilities across three key areas: Enforcement of housing conditions in the private rented sector, oversight of housing conditions in the social housing sector and housing conditions in temporary accommodation (TA) (TMBC-owned/leased).

The aim of the audit was to provide assurance that TMBC has effective controls to identify, assess, and respond to poor housing conditions, in compliance with statutory duties and aligned with best practice. The scope of the audit included: Data and intelligence gaps, complaint and service request management, and Tenant engagement and reporting.

Scope Limitations

None

Key Strengths

Data and Intelligence	Robust and well-maintained data underpins TA, Homelessness, PRS and social housing services, supported by reliable documentation practices and systems like Huume and Uniform that ensure accuracy and consistency. Clear future planning through the Draft 2026 Housing Stock Modelling Specification, alongside structured Housing Solutions performance reporting, demonstrates strong oversight of operational pressures and a positive trajectory for improved borough-wide housing intelligence.
Complaint and Service Request Management	Policies, roles, and responsibilities across Private Sector Housing, Social Housing, and Temporary Accommodation are well defined, ensuring consistent triage, escalation, and case handling in line with statutory requirements. Sample testing shows that TA repairs and compliance issues are actively managed with no stagnant cases, supported by strong operational oversight through Huume dashboards that keep actions open until fully resolved.
Tenant Engagement and Reporting	Tenants across TA, Private Sector Housing and Social Housing receive clear and accessible information on how to report property condition concerns, supported by TA packs, sign-in agreements, noticeboards, assisted reporting and tailored communication for vulnerable residents. Huume records safeguarding and support needs, while officers consistently document internal actions, contractor engagement and decision-making to ensure transparency and effective case management.

Audit Opinion	Prospects for Improvement
Substantial	Good

Actions	Number	Agreed	Risk Accepted
High	0	0	0
Medium	0	0	0
Low	3	2	1

Areas For Development

Low	The Council relies on periodic stock condition modelling—rather than address-level data—to provide strategic, borough-wide insight, meaning it does not produce routine housing condition dashboards or KPIs for private rented or social housing stock, which is a deliberate and proportionate approach given it is not the landlord. In contrast, Temporary Accommodation benefits from strong operational oversight through live Huume dashboards and regular management review, reflecting the Council's direct responsibility for this stock.
Low	The IDOX/Uniform system lacks the workflows, controls, and automation needed for consistent case management, meaning officers rely on manual updates and oversight is limited, though the Council recognises these constraints and considers major investment disproportionate ahead of Local Government Reorganisation.
Low	Although operational practice is consistent, the Council lacks standalone written guidance for recording, triaging and escalating housing condition concerns, leaving staff reliant on tacit knowledge and Huume workflows that do not fully explain how system-generated tasks should be interpreted or prioritised, especially in complex cases.

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TM20-2026 AGILE Withdrawal

Audit Objective	As part of the 2025/2026 Audit Plan, it was agreed that Internal Audit would review whether the Agile withdrawal project was being effectively governed and managed, including whether key lessons learned from the 2025 Agile implementation had been applied. The audit also aimed to evaluate whether data migration back to Idox was controlled, secure, and of acceptable quality, with appropriate user access and system security measures in place. Additionally, the audit sought to confirm whether the project was on track to deliver expected benefits and whether any risks to successful completion were being appropriately managed.
Scope Limitations	None

Audit Opinion		Prospects for Improvement	
Adequate		TBC	
Actions	Number	Agreed	Risk Accepted
High	1	TBC	TBC
Medium	4	TBC	TBC
Low	2	TBC	TBC

Key Strengths

Page 132	<p>Governance and oversight</p> <p>The project was supported by a well-documented business case, regular Strategic Board and Steering Group meetings, and consistently recorded decisions and progress.</p>
<p>Project Management Practices</p> <p>Comprehensive status reporting, embedded corporate project management standards, and the use of Gantt plans provided clear visibility of timelines, dependencies and risks.</p>	
<p>Data migration assurance</p> <p>The project used a disciplined ETL approach and multiple cycles of user acceptance testing (UAT) to verify data accuracy against real operational processes.</p>	
<p>Risk, issue and change control</p> <p>Structured RAIC/issue logging, incremental testing cycles, and a formal Transform methodology ensured controlled change management and reliable data transformation and validation.</p>	

Areas For Development

Idox password complexity	Idox is not currently configured to enforce a sufficient degree of password security
Lessons Learned and Benefits Realisation	There is a recognised need for a structured lessons learned review to be completed for this project, following completion, in order to ensure that appropriate lessons arising are captured and documented. There should also be a benefits assessment exercise completed.
Idox Role Profiles and Access Permissions	There is a need to review user accounts and rationalise application role profiles and user access permissions within Idox as these have increased in number and complexity over time
Resource Planning	At one stage the project suffered delays due to a single senior systems analyst who possessed unique database knowledge not being available to the project having been temporarily assigned to other more urgent work.
Further Assurance Required	There were a number of areas Internal Audit was not able to provide full assurance on within the timescale of the audit due to the limited availability of some staff/ resources during the data migration work. It is recommended that management review these areas to ensure the controls are operating effectively.

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TM08-2026 Local Plan – Project Management Approach

Audit Objective

This audit reviewed the governance, risk management and project management arrangements supporting the development of the Local Plan, whilst the Local Plan project was in progress. The audit did not assess the technical planning merits of the Plan itself.

Whilst Internal Audit provides assurance on the governance, risk management and project management controls, the audit has recognised that there is still a significant amount of work to be completed before the Plan can be submitted, and there are still further risks which could impact and or delay submission. Including a tight timetable and new emerging risks which have been identified by the service. The assurance rating provided should therefore be considered in this context.

Scope Limitations None

Key Strengths

Governance and oversight	Clear structures, defined roles, regular reporting, and effective escalation processes ensure the Local Plan is well-scrutinised and strategically directed.
Project Planning & Resource management	A detailed project plan aligned to statutory milestones is in place, supported by proactive resource planning, timely access to specialist support, and close monitoring of workloads.
Risk Management	A documented and regularly reviewed risk register captures key delivery, political, financial, and external risks with clear monitoring and mitigation arrangements.
Stakeholder engagement and monitoring	Established consultation strategies, multiple channels for engagement, and strong milestone-based monitoring and reporting ensure transparency and informed decision-making.

Audit Opinion	Prospects for Improvement
Substantial	TBC

Actions	Number	Agreed	Risk Accepted
High	0	N/A	N/A
Medium	0	N/A	N/A
Low	3	TBC	TBC

Areas For Development

Local Plan training attendance is not evidenced	Attendance at Local Plan officer and Member training sessions is not formally recorded
Target Risk Levels not defined	Target risk scores and an explicit articulation of risk appetite are not currently illustrated in the Local Plan Risk Register
Absence of a formal Quality Assurance Framework	Quality assurance over the Local Plan currently relies on informal internal review and targeted external input (including PAS assurance on soundness and examination readiness), with no formally documented framework setting out how ongoing compliance with the SCI, Engagement Strategy and statutory requirements will be obtained.

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Appendix B - 2025/26 Internal Audit Plan Status

Ref	Audit	Status	Assurance	Prospects for Improvement	Committee
TM04-2026	Starters and Leavers	Complete	Adequate	Good	Sep-25
TM01-2026	Parking Enforcement	Complete	Adequate	Good	Sep-25
TM05-2026	UK shared Prosperity, Rural Prosperity Fund review	Complete	Substantial	Very Good	Sep-25
TM02-2026	Appraisal Process (SP and staff development)	Complete	Adequate	Good	Jan-26
TM03-2026	IT Asset Management	Complete	Adequate	Good	Jan-26
TM06-2026	Gibson Accommodation Project	Complete	N/A - Advisory	N/A - Advisory	Jan-26
TM16-2026	Corporate Credit Cards	Complete	Adequate	Good	Apr-26
TM18-2026	Housing Condition	Complete	Substantial	Good	Apr-26
TM20-2026	AGILE Withdrawal	Draft Report	Adequate	TBC	Apr-26
TM08-2026	Local Plan – Project Management Approach	Draft Report	Substantial	TBC	Apr-26
TM07-2026	Waste Contract Re-tender	Fieldwork			
TM19-2026	GDPR - Record Retention	Fieldwork			
TM17-2026	IT Cyber Security	Fieldwork			
TM18-2026	EDI	Fieldwork			
TM21-2026	Community Governance Review on Tonbridge Town Council	Fieldwork			
TM22-2026	Annual Service Delivery Plans (Addition January 2026)	Fieldwork - Scheduled			
TM10-2026	Angel Centre	Planning			
TM09-2026	Town Centre	Planning			
TM13-2026	Home Upgrade Scheme Grant	Complete	N/A	N/A	
TM12-2026	Independent planning reviewer	Ongoing	N/A	N/A	
TM15-2026	Risk Management	Deferred to 26/27	N/A	N/A	
TM11-2026	Castle project	Cancelled	N/A	N/A	

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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.

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.

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.

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

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.

Prospects for Improvement		Issue Risk Ratings	
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.	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.
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.	Medium	There are weaknesses in internal control arrangements which lead to a moderate risk of non-achievement of service or system 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	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.
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.		

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Appendix D – National Fraud Initiative – Biennial Exercise

NATIONAL FRAUD INITIATIVE 2024/2025

17-Dec-2025

AUTHORITY SUMMARY: Tonbridge & Malling Borough Council

No.	Report Name	Total Recommended	Total All	Status	Processed	In Progress	Frauds	Errors	Savings
2 High	Housing Benefit Claimants to Student Loans, High Quality, Between Bodies		3	Opened	1	0	0	0	£0.00
27 High	Housing Benefit Claimants to Housing Benefit Claimants, High Quality, Between Bodies		1	Closed	1	0	0	0	£0.00
31 High	Housing Benefit Claimants to Housing Tenants, High Quality, Between Bodies		3	Closed	3	0	0	0	£0.00
47.6 Low	Housing Benefit Claimants to Taxi Drivers, Address Quality, Between Bodies		1	Closed	1	0	0	0	£0.00
49.1 High	Housing Benefit Claimants to Benefits Agency Deceased Persons, High Quality, Within Bodies		11	Closed	11	0	0	0	£0.00
78 Info	Payroll to Pensions, High Quality, Between Bodies		1	Opened	0	1	0	0	£0.00
80 High	Payroll to Creditors, Same Bank Account, Within Bodies		26	Closed	26	0	0	0	£0.00
81 Low	Payroll to Creditors, Address Quality, Within Bodies		1	Closed	1	0	0	0	£0.00
91 High	Housing Benefit Claimants to Waiting List, High Quality, Between Bodies		20	Opened	5	15	0	0	£0.00
172.3 High	Resident Parking Permit to Benefits Agency Deceased Persons, High Quality, Within Bodies		1	Closed	1	0	0	0	£0.00

IMPORTANT : This summary includes matches that occurred in previous years.

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NATIONAL FRAUD INITIATIVE 2024/2025

17-Dec-2025

AUTHORITY SUMMARY: Tonbridge & Malling Borough Council

No.	Report Name	Total Recommended	Total All	Status	Processed	In Progress	Frauds	Errors	Savings
240 High	Waiting List to Housing Benefit Claimants, High Quality, Within Bodies		1	Not Opened	0	0	0	0	£0.00
241 High	Waiting List to Housing Benefit Claimants, High Quality, Between Bodies		2	Not Opened	0	0	0	0	£0.00
257 High	Waiting List to Waiting List, High Quality, Between Bodies		2	Not Opened	0	0	0	0	£0.00
261 High	Waiting List to Benefits Agency Deceased Persons, High Quality, Within Bodies		2	Not Opened	0	0	0	0	£0.00
435 High	Council Tax Reduction Scheme to Payroll, High Quality, Within Bodies		2	Closed	2	0	0	0	£0.00
436 High	Council Tax Reduction Scheme to Payroll, High Quality, Between Bodies		58	Not Opened	0	0	0	0	£0.00
436.1 High	Council Tax Reduction Scheme to Pensions, High Quality, Between Bodies		64	Opened	35	17	0	0	£0.00
440 Low	Council Tax Reduction Scheme to Payroll, Address Quality, Between Bodies		6	Not Opened	0	0	0	0	£0.00
440.1 Low	Council Tax Reduction Scheme to Pensions, Address Quality, Between Bodies		2	Not Opened	0	0	0	0	£0.00
446 High	Council Tax Reduction Scheme to Council Tax Reduction Scheme, High Quality, Between Bodies		3	Not Opened	0	0	0	0	£0.00

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NATIONAL FRAUD INITIATIVE 2024/2025

17-Dec-2025

AUTHORITY SUMMARY: Tonbridge & Malling Borough Council

No.	Report Name	Total Recommended	Total All	Status	Processed	In Progress	Frauds	Errors	Savings
450 High	Council Tax Reduction Scheme to Housing Tenants, High Quality, Between Bodies		1	Not Opened	0	0	0	0	£0.00
456 Medium	Council Tax Reduction Scheme to Right to Buy, Medium Quality, Between Bodies		1	Not Opened	0	0	0	0	£0.00
459.1 High	Council Tax Reduction Scheme to Taxi Drivers, High Quality, Within Bodies		7	Not Opened	0	0	0	0	£0.00
459.2 High	Council Tax Reduction Scheme to Taxi Drivers, High Quality, Between Bodies		4	Not Opened	0	0	0	0	£0.00
459.6 Low	Council Tax Reduction Scheme to Taxi Drivers, Address Quality, Between Bodies		2	Not Opened	0	0	0	0	£0.00
476 High	Council Tax Reduction Scheme to Housing Benefit Claimants, High Quality, Within Bodies		4	Not Opened	0	0	0	0	£0.00
477 High	Council Tax Reduction Scheme to Housing Benefit Claimants, High Quality, Between Bodies		4	Not Opened	0	0	0	0	£0.00
480 High	Housing Benefit Claimants to Council Tax Reduction Scheme, High Quality, Between Bodies		3	Not Opened	0	0	0	0	£0.00
482 High	Council Tax Reduction Scheme to Benefits Agency Deceased Persons, High Quality, Within Bodies		15	Closed	15	0	0	0	£0.00

IMPORTANT : This summary includes matches that occurred in previous years.

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NATIONAL FRAUD INITIATIVE 2024/2025

17-Dec-2025

AUTHORITY SUMMARY: Tonbridge & Malling Borough Council

No.	Report Name	Total Recommended	Total All	Status	Processed	In Progress	Frauds	Errors	Savings
483 High	Council Tax Reduction Scheme to HMRC Property Ownership		49	Not Opened	0	0	0	0	£0.00
483.1 High	Council Tax Reduction Scheme to HMRC Earnings and Capital		58	Not Opened	0	0	0	0	£0.00
483.2 High	Council Tax Reduction Scheme to HMRC Household Composition		385	Not Opened	0	0	0	0	£0.00
701 High	Duplicate creditors by creditor name		22	Opened	22	0	0	0	£0.00
702 High	Duplicate creditors by address detail		72	Closed	72	0	0	0	£0.00
703 High	Duplicate creditors by bank account number		29	Closed	29	0	0	0	£0.00
708 High	Duplicate records by invoice amount and creditor reference		300	Closed	300	0	0	0	£0.00
709 High	VAT overpaid		8	Not Opened	0	0	0	0	£0.00
711 High	Duplicate records by supplier invoice number and invoice amount but different creditor reference and name		5	Closed	5	0	0	0	£0.00
713 High	Duplicate records by postcode, invoice amount but different creditor reference and supplier invoice number and invoice date		1	Closed	1	0	0	0	£0.00
750 High	Procurement - Payroll to Companies House (Director), High Quality, Within Bodies		4	Not Opened	0	0	0	0	£0.00

IMPORTANT : This summary includes matches that occurred in previous years.

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NATIONAL FRAUD INITIATIVE 2024/2025

17-Dec-2025

AUTHORITY SUMMARY: Tonbridge & Malling Borough Council

No.	Report Name	Total Recommended	Total All	Status	Processed	In Progress	Frauds	Errors	Savings
9999 Info	Individuals who appear on more than one of the standard reports		10	Not Opened	0	0	0	0	£0.00
TOTAL			1194		531	33	0	0	0.00

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NFI ReCheck

17-Dec-2025

AUTHORITY SUMMARY: Tonbridge & Malling Borough Council

No.	Report Name	Total Recommended	Total All	Status	Processed	In Progress	Frauds	Errors	Savings
801 High	Council Tax single persons discount to Electoral Register	0	1848	Not Opened	390	28	0	56	£98814.01
802 High	Council Tax rising 18s	0	30	Not Opened	0	0	0	0	£0.00
803 High	Council Tax to Other Datasets	0	2345	Not Opened	0	0	0	0	£0.00
804 High	Council Tax to All Datasets	0	938	Not Opened	0	0	0	0	£0.00
805 High	Council Tax to DDRI Deceased Persons, High Quality, Within Bodies	0	312	Not Opened	231	1	0	0	£0.00
815.2 High	Council Tax to HMRC Household Composition	0	961	Opened	7	1	0	1	£2008.00
TOTAL		0	6434		628	30	0	57	100822.01

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IMPORTANT : This summary includes matches that occurred in previous years.

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Appendix F – Kent Intelligence Network

Referrals
New
144

Referrals
Closed
134

Awaiting Decision
4

2026-27

2024-25

Q1

Q2

Q3

Q4

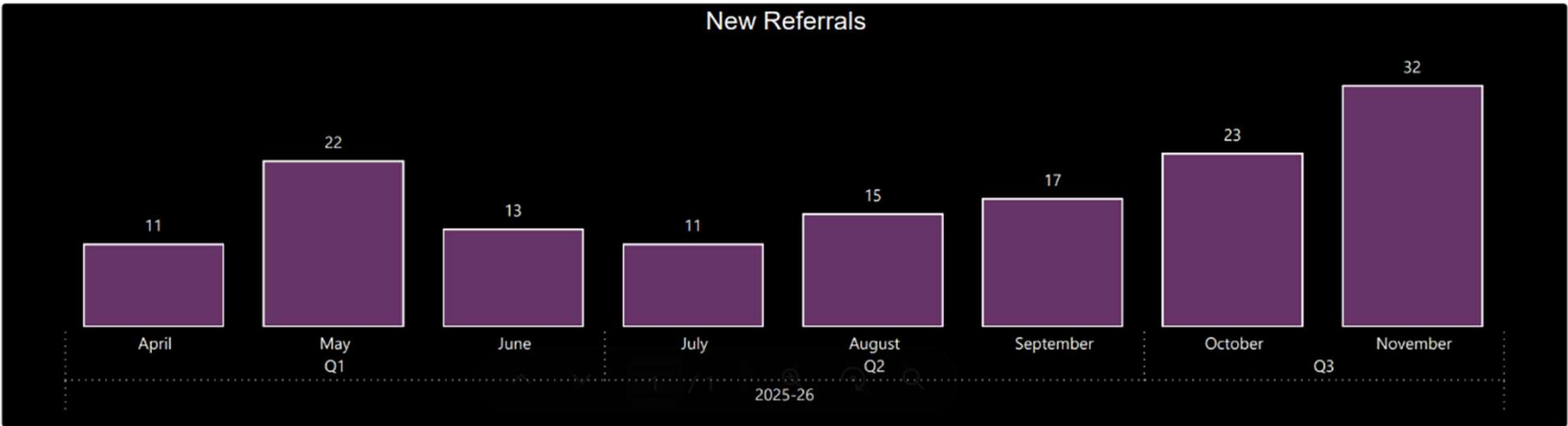
Financial Year	Financial Quarter	Origin Match	Accounts Adjusted	Discount Removed Current Year	Discount Removed Previous Years	Penalties	Future Loss	Funds Being Recovered
2025-26	Q2	NFI - electoral register	22	£12,790.34	£31,208.14	£1,050	£13,106.55	£43,998.48
2025-26	Q3	NFI - electoral register	26	£14,389.79	£29,139.81	£1,050	£16,061.01	£43,529.60
2025-26	Q1	NFI - electoral register	17	£5,619.42	£11,914.31	£700	£5,007.67	£17,533.73
2025-26	Q2	NFI - HMRC	1	£860.80	£1,077.20	£70	£860.80	£1,938.00
2025-26	Q1	Internal referral	2	£1,020.27	£234.96		£1,019.59	£1,255.23
Total			68	£34,680.62	£73,574.42	£2,870	£36,055.62	£108,255.04

Deselect all

Internal referral

NFI - electoral register

NFI - HMRC



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Appendix G – Fraud Referrals

Total Referrals	Referrals B/F	New Referrals	Open Referrals	Closed Referrals	Under Investigation	Awaiting Sifting	% Referrals Closed
124	83	41	50	39	12	0	31%

Investigations completed within 3 months
3

Investigations completed within 3 - 6 months
2

Investigations completed over 6 months
5

All cases closed within 6 months
28

Percentage cases closed within 6 months
72%

All cases closed over 6 months
10

Percentage of referrals sifted within 10 days
73%

Value Recovered from Investigations

Category	Value Recovered
Housing benefit / UC	£23K
Single person discount	£3K
Council tax reduction	£3K
Housing waiting list	£1K
Council tax discount / exemption	£0K
Homeless applications	£0K
Other	£0K

Investigation Results

Category	Financial recovery only	Investigation complete	No further action	Overloaded to DWP Only	Referred to partner agency
Housing benefit / UC	1	3	3	6	0
Single person discount	3	1	2	3	0
Other	1	3	2	0	1
Council tax reduction	1	1	1	3	0
Council tax discount / exemption	0	1	1	0	0
Homeless applications	0	1	0	0	0
Housing waiting list	1	0	0	0	0

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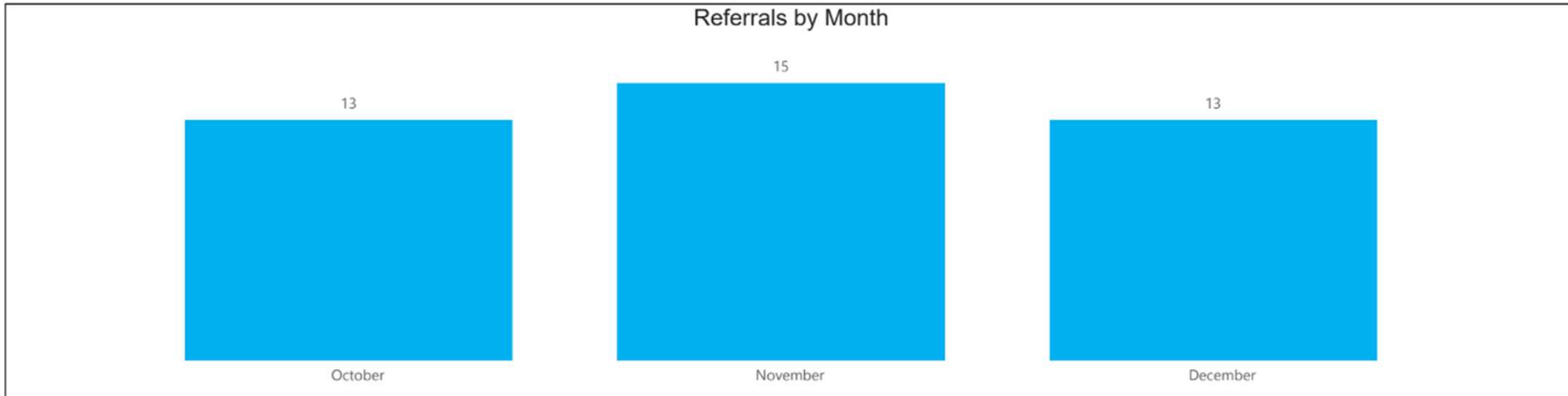
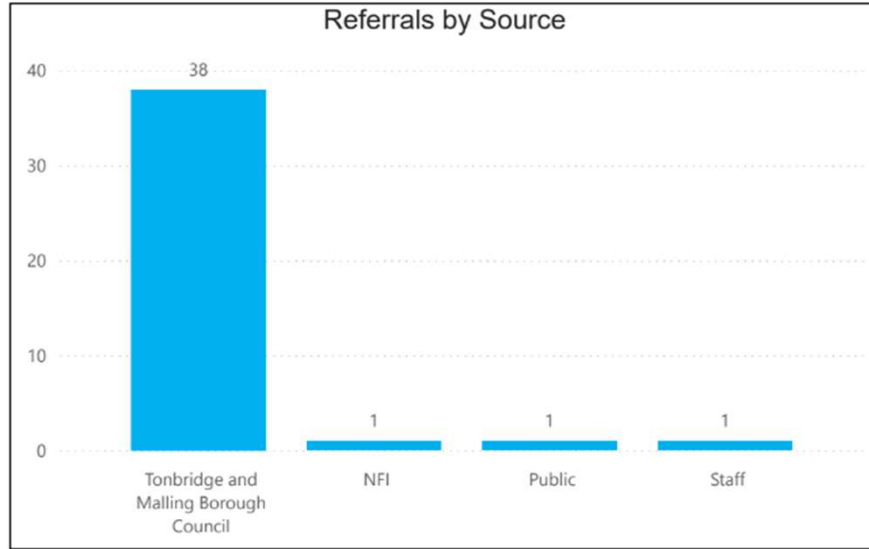
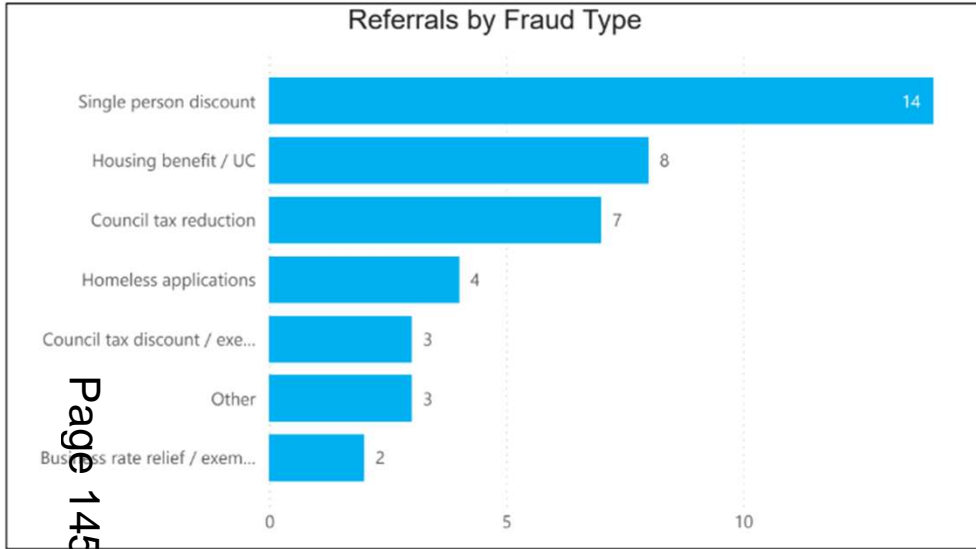
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4 Financial and Value for Money Considerations

4.1 The fee for the audit of the 2025/26 Accounts is £158,740.

5 Risk Assessment

5.1 As set out in the GT document (annex 1).

6 Legal Implications

6.1 As set out in the GT document (annex 1)

Background Papers	None
Annexes	Annex 1 Grant Thornton's indicative audit plan

The Audit Plan For Tonbridge and Malling Borough Council

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Year ending 31 March 2026

13 April 2026



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Introduction and headlines (1)



Purpose

This document provides an overview of the planned scope and timing of the statutory audit of Tonbridge and Malling Borough Council ('the Authority') for those charged with governance.

Respective responsibilities

The National Audit Office ('the NAO') has issued the Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the agreed Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of Tonbridge and Malling Borough Council. We draw your attention to these documents.

Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the Authority's financial statements that have been prepared by management with the oversight of those charged with governance (the Audit Committee); and we consider whether there are sufficient arrangements in place at the Authority for securing economy, efficiency and effectiveness in your use of resources. Value for money relates to ensuring that arrangements are in place to use resources efficiently in order to maximise the outcomes that can be achieved as defined by the Code of Audit Practice.

The audit of the financial statements does not relieve management or the Audit Committee of your responsibilities. It is the responsibility of the Authority to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Authority is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the Authority and is risk-based.

Introduction and headlines (2)

Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- Management override of control
- Valuation of land & buildings
- Valuation of the pension fund net liability/asset

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

Materiality

We determined planning materiality to be £1.54m (PY £1.49m) for the Authority, which equates to 2.5% of your prior year gross operating costs for the year.

As part of our risk assessment, we must consider the impact of unadjusted prior period errors. Total unadjusted misstatements for 2024-25 amounted to £0.079m, which is immaterial in the context of the Authority's financial statements. As such, these unadjusted misstatements did not have an impact on our current year risk assessment.

We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. Clearly trivial is set at £0.077m (PY £0.075m).

Value for money arrangements

Our 2024-25 value for money work did not identify any significant weaknesses across the Authority's arrangements for securing financial sustainability, ensuring effective governance, or achieving economy, efficiency and effectiveness.

For 2025-26, our risk assessment across all three specified reporting criteria has similarly not identified any potential significant weakness areas or related risks at this planning stage.

We will continue to monitor your arrangements and update our risk assessment and planned responses throughout the audit cycle, with any emerging issues or changes reported to those charged with governance.

Audit logistics

Our planning and risk assessment work took place in March 2026, with early testing to be conducted in April 2026. Our final accounts visit will take place from mid-June to mid-September 2026. Our key deliverables are this Audit Plan, our Audit Findings Report, our Auditor's Report and Auditor's Annual Report.

Our proposed fee for the audit is £158,740 (PY £163,828) for the Authority, subject to the Authority delivering a good set of financial statements and working papers, no significant changes in scope to the Audit, management being responsive to audit requests and providing sufficient appropriate audit evidence when requested.

We have complied with the Financial Reporting Council's Ethical Standard (revised 2024) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Significant risks identified (1)

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Significant risk

Management override of controls

Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management override of controls is present in all entities.

Audit team's assessment

The Authority faces external scrutiny of its spending, and this could potentially place management under undue pressure in its reporting of financial performance.

We therefore identify management override of controls, in particular journals, management estimates and transactions outside the course of business as a significant risk of material misstatement.

Planned audit procedures

Our audit procedures include, but are not limited to:

- Evaluate the design and implementation effectiveness of management controls over journals.
- Analyse the journals listing using data analytics and determine risk-based criteria for selecting high risk unusual journals.
- Test identified high risk journal entries made during the year and after the draft accounts stage, for appropriateness and corroborate to supporting evidence.
- Gain an understanding of the accounting estimates and critical judgements made by management and consider their reasonableness.
- Evaluate the rationale for changes in accounting policies, estimates or significant unusual transactions.



“In determining significant risks, the auditor may first identify those assessed risks of material misstatement that have been assessed higher on the spectrum of inherent risk to form the basis for considering which risks may be close to the upper end. Being close to the upper end of the spectrum of inherent risk will differ from entity to entity and will not necessarily be the same for an entity period on period. It may depend on the nature and circumstances of the entity for which the risk is being assessed. The determination of which of the assessed risks of material misstatement are close to the upper end of the spectrum of inherent risk, and are therefore significant risks, is a matter of professional judgment, unless the risk is of a type specified to be treated as a significant risk in accordance with the requirements of another ISA (UK).” (ISA (UK) 315).

In making the review of unusual significant transactions “the auditor shall treat identified significant related party transactions outside the entity’s normal course of business as giving rise to significant risks.” (ISA (UK) 550).

Significant risks identified (2)

Significant risk	Audit team's assessment	Planned audit procedures
<p>Valuation of land & buildings</p> <p>Under ISA 540 (UK) and ISA 315 (UK), auditors are required to determine the assessed risk of material misstatements in relation to accounting estimates. This involves considering the extent to which an accounting estimate is subject to estimation uncertainty, including the degree of complexity, subjectivity, or other inherent risk factors that could affect the susceptibility of the estimate to material misstatement due to fraud or error.</p>	<p><u>Land & buildings (2024-25 £65.7m)</u>: Measured at current value using the depreciated replacement cost or existing use value methods. The assets are subject to a rolling five-yearly valuation cycle in accordance with the CIPFA Code. In intervening years, current value is updated using appropriate indexation, unless a desktop valuation is required due to absence of a suitable index. The Authority will adopt this approach for the first time in 2025-26, it is a substantial change to the accounting for non-current assets.</p> <p>Management engages external valuation experts to carry out these valuations as at 31 March.</p> <p>The valuation of land & buildings represents a significant estimate in the Authority's financial statements due to the size of the numbers involved, the sensitivity of this estimate to changes in key assumptions and market conditions, and overall level of judgements involved.</p> <p>We therefore identify the valuation of land & buildings is a significant risk of material misstatement due to the inherent risk of material misstatement arising from error.</p> <p>Specifically, we consider the following areas of pinpointed significant risk: assets where the change in valuation is outside of expectation based on market indices and our knowledge of the Authority's asset base; significant changes in key assumptions applied in valuation of assets; and other factors considered to increase the risk of material misstatement based on auditor judgement.</p>	<p>Our audit procedures include, but are not limited to:</p> <ul style="list-style-type: none"> • Evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to the valuation expert and the scope of their work. • Evaluate the competence, capabilities and objectivity of the valuation expert engaged by management. • Evaluate the consistency of the disclosure with the valuation report. • Evaluate the basis on which the valuations were carried out. Evaluate and challenge the information and assumptions used by the valuer. • Evaluate the reasonableness of the assumptions used to form the estimate. • Review indices used and application to asset classes. • Evaluate the accounting entries for the valuation. • Test, on a sample basis, revaluations made during the year to ensure they have been input correctly into the Authority's asset register and financial statements.

Significant risks identified (3)

Significant risk	Audit team's assessment	Planned audit procedures
<p>Valuation of the pension fund net liability/asset</p> <p>Under ISA 540 (UK) and ISA 315 (UK), auditors are required to determine the assessed risk of material misstatements in relation to accounting estimates. This involves considering the extent to which an accounting estimate is subject to estimation uncertainty, including the degree of complexity, subjectivity, or other inherent risk factors that could affect the susceptibility of the estimate to material misstatement due to fraud or error.</p>	<p>The valuation of the pension fund net liability/asset represents a significant estimate in the financial statements. Management engages Barnet Waddingham LLP as management's actuarial expert to conduct the pension valuation in accordance with IAS 19, as at 31 March 2026.</p> <p>The pension fund net liability/asset is a complex series of judgements and calculations involving significant assumptions including the discount rate, projected salary increases, retirement ages and mortality rates. The valuation is sensitive to changes in assumptions, methods or judgements. It is therefore considered a significant estimate, and we identify it as a significant risk for the audit due to the inherent risk of material misstatement arising from error.</p> <p>We pinpointed the significant risk to:</p> <ul style="list-style-type: none"> • Key assumptions applied by the actuary. • Significant changes in assumptions applied from the prior year. • Material experience gain or losses recorded in the accounting period. • Other factors considered to increase the risk of material misstatement based on auditor judgement. 	<p>Our audit procedures include, but are not limited to:</p> <ul style="list-style-type: none"> • Update our understanding of the processes and evaluate the controls put in place by management to ensure the Authority's pension fund net liability is not materially misstated. • Evaluate the instructions issued to the actuarial expert regarding the scope of work. • Assess the competence, capabilities and objectivity of management's expert actuary. • Assess the accuracy and completeness of the information provided by management to the actuary to complete the pension fund valuation. • Test the consistency of the pension fund asset and liability disclosures in the financial statements with the actuarial report. • Undertake procedures to confirm the reasonableness of the actuarial assumptions used to form the estimate. • Obtain assurances from the auditor of Kent Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data; and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements. • If a pension asset is recorded, ensure that the asset recorded in the financial statements meets the requirements of IFRIC 14.

Significant risks identified (4)

Significant risk	Audit team's assessment	Planned audit procedures
<p>Risk of fraud in revenue recognition (rebutted for all streams)</p> <p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption may be rebutted if the auditor concludes there is no risk of material misstatement due to fraud relating to revenue recognition.</p>	<p>In our risk assessment of all revenue streams for the Authority, we considered the risk factors set out in ISA 240 and nature of the revenue streams at the Authority. Based on the assessment, we rebut the presumed risk that revenue may be misstated due to the improper recognition of revenue for all revenue streams.</p> <p>This is due to the low fraud risk in the nature of the underlying transactions and the fact that it would require a significant number of transactions to be misstated to cause a material misstatement. We determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate revenue recognition; • opportunities to manipulate revenue recognition are very limited; and • the culture and ethical frameworks of local authorities, including Tonbridge & Malling Borough Council, means that all forms of fraud are seen as unacceptable, indicating a satisfactory control environment exists in the Authority to mitigate the risks of fraud. <p>We do not consider this to be a significant risk for the Authority and standard audit procedures will be carried out. We will keep this rebuttal under review throughout the audit to ensure the judgement remains appropriate.</p>	<p>Our audit procedures include, but are not limited to:</p> <ul style="list-style-type: none"> • Confirm our understanding of the revenue business process and determine if there are any relevant controls. • Evaluate the Authority's accounting policy for recognition of income for appropriateness and compliance with the Code. • Agree, on a sample basis, relevant income and year-end debtors/income accruals to invoices and cash payment or other supporting evidence. • Carry out testing on sample basis of invoices issued in the period prior to and following 31 March 2026 to determine whether income is recognised in the correct accounting period, in accordance with the amounts billed to the corresponding parties.

Significant risks identified (5)

Significant risk	Audit team's assessment	Planned audit procedures
<p>Risk of fraud in expenditure recognition (completeness)</p> <p>Practice Note 10 (PN10) states that as most public bodies are net spending bodies, then the risk of material misstatements due to fraud related to expenditure may be greater than the risk of material misstatements due to fraud related to revenue recognition. As a result under PN10, there is a requirement to consider the risk that expenditure may be misstated due to the improper recognition of expenditure.</p>	<p>We identified and completed a risk assessment of all expenditure streams for the Authority. We considered the risk that expenditure may be misstated due to the improper recognition of expenditure for all expenditure streams and concluded that there is not a significant risk due to the low fraud risk in the nature of the underlying transactions, or immaterial nature of the expenditure streams both individually and collectively.</p> <p>We do identify an increased risk of error in estimation and cut-off processes at year-end in respect of the completeness of expenditure. There is also a risk of incorrectly classifying revenue expenditure as capital expenditure, which would impact the general fund. We do not consider these areas to be a significant risk for the Authority but will keep this consideration under review through the audit to ensure the judgement remains appropriate.</p>	<p>Our audit procedures include, but are not limited to:</p> <ul style="list-style-type: none"> • Confirm our understanding of the expenditure business process and determine if there are any relevant controls. • Evaluate the Authority's accounting policy for recognition and capitalisation of expenditure for appropriateness and compliance with the Code. • Inspect transactions incurred around the end of the financial year to assess whether they were included in the correct accounting period. • Agree, on a sample basis, relevant expenditure and year-end creditors and accruals to invoices or other supporting evidence. • Carry out testing, on sample basis, of invoices received in the period prior to and following 31 March 2026 to determine whether expenditure is recognised in the correct accounting period, in accordance with the amounts billed to the corresponding parties. • Agree, on a sample basis, relevant capital expenditure to invoices or other supporting evidence, to confirm it is capital in nature.

Other risks identified

Other risks are, in the auditor’s judgement, those where the likelihood of material misstatement cannot be reduced to remote, without the need for gaining an understanding of the associated control environment, along with the performance of an appropriate level of substantive work. The risk of misstatement for another risk is lower than that for a significant risk, and they are not considered to be areas that are highly judgemental, or unusual in relation to the day-to-day activities of the business.

Risk	Description	Planned audit procedures
<p>Local government reorganisation</p> <p>On 16 December 2024, the Minister for State for Local Government and English Devolution wrote to all authorities in remaining two-tier areas and neighbouring small unitaries to set out the plans for a joint programme of devolution and local government reorganisation (LGR).</p>	<p>Whilst the specifics of LGR in Kent are currently unknown, there are potential impacts on decision-making at a local level in the period up to the formal reorganisation taking effect. Of particular concern for some existing bodies is where reserves have built up over previous years, either via strong management or for the implementation of a particular redevelopment scheme, which could be repurposed to cover an overspend incurred by a successor body. Thus, there is potentially an incentive for bodies to run down reserves prior to formal merger, to ensure these balances are utilised for the purposes intended when originally set aside. The same may apply to balances such as the Community Infrastructure Levy, which could be at risk of being utilised for different purposes than planned in any successor body.</p>	<p>Our work will include, but not limited to:</p> <ul style="list-style-type: none"> • Consideration of earmarked reserves and any significant changes to their utilisation and levels held. • Consideration and review of large projects approved in the financial year that will go beyond summer 2026 and the governance approvals applied.
<p>All authorities in Kent submitted plans to MHCLG for LGR by 28 November 2025, resulting in five options for reorganisation which are now being publicly consulted on before a government decision, expected in summer 2026.</p>	<p>Auditors will keep a close eye, as part of value for money and financial statements audit work, for any schemes or projects which look to be evidence of reserves being run down in advance of LGR. Whilst authorities ultimately will still have powers to make some spending decisions in advance of LGR, it is important to make sure that proper governance arrangements remain in place, and that due consideration is given to any schemes which are likely to run beyond summer 2026, when the government decision is expected.</p>	
	<p>The fiduciary duty of Members to ensure that the Authority, to which they are elected, manages public funds in a responsible way, maximising their value and use for public benefit is paramount in the lead up to LGR.</p>	

Other matters

Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read your Narrative Report and Annual Governance Statement and any other information published alongside your financial statements to check that they are consistent with the financial statements on which we give an opinion and our knowledge of the Authority.

We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with requirements set by CIPFA.

We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.

- We consider our other duties under legislation and the Code, as and when required, including:
 - giving electors the opportunity to raise questions about your financial statements, consider and decide upon any objections received in relation to the financial statements;
 - issuing a report in the public interest or written recommendations to the under section 24 of the Local Audit and Accountability Act 2014 (the Act);

- application to the court for a declaration that an item of account is contrary to law under section 28 or a judicial review under section 31 of the Act; and
- issuing an advisory notice under section 29 of the Act.
- We certify completion of our audit.

Other material balances and transactions

Under International Standards on Auditing, 'irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure'. All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

Our approach to materiality (1)

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Description

Determination

We determined planning materiality (financial statement materiality for the planning stage of the audit) based on professional judgement in the context of our knowledge of the Authority, including consideration of factors such as stakeholder expectations, sector developments, financial stability and reporting requirements for the financial statements.

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Other factors

An item does not necessarily have to be large to be considered to have a material effect on the financial statements.

Reassessment of materiality

Our assessment of materiality is kept under review throughout the audit process.

Planned audit procedures

We determine planning materiality to:

- Establish what level of misstatement could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.
- Assist in establishing the scope of our audit engagement and audit tests.
- Determine sample sizes.
- Assist in evaluating the effect of known and likely misstatements in the financial statements.

An item may be considered to be material by nature when it relates to instances where greater precision is required.

We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.

Our approach to materiality (2)

Description	Amount £	Qualitative factors considered
Materiality for the Authority's financial statements	1,540,000	<p>We considered materiality from the perspective of the users of the financial statements. The Authority prepares an expenditure-based budget for the financial year with the primary objective being the provision of services to the local community, therefore gross expenditure is deemed the most appropriate benchmark. This benchmark was also used in the prior year.</p> <p>We consider it appropriate to apply 2.5% of the 2024-25 gross expenditure figure. The benchmark percentage remains consistent with the prior year and aligns with current firm guidance for public sector entities. We consider this level appropriate as there were no qualitative factors identified in our planning and risk assessment procedures that would justify adopting a lower benchmark or applying an alternative basis.</p>
Trivial matters	77,000	This is 5% of materiality.
Materiality for senior officers' remuneration and exit packages	20,000	<p>We identify senior officer remuneration and termination benefits as disclosures for which we apply a lower materiality. These disclosures are considered sensitive to the public and users of the financial statements. An amendment of £20,000 or more would have a quantitatively and qualitatively material impact on the relevant disclosures in the financial statements.</p>

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Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements; Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both; and Judgments about matters that are material to users of the financial statements are based on a consideration of the common financial information needs of users as a group. The possible effect of misstatements on specific individual users, whose needs may vary widely, is not considered. (ISA (UK) 320).

Progress against prior year audit recommendations (1)

We identified the following issues in our 2024-25 audit of the Authority's financial statements, which resulted in 2 recommendations being reported in our 2024-25 Audit Findings Report. We followed up these prior-year recommendations below and one recommendation from 2023-24.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue(s)
In progress	<p data-bbox="351 458 1498 725">Bank reconciliation During our review of cash and cash equivalents, we identified an unreconciled trivial balance in the cash account, which represents the Authority's Collection Deposit Book. Furthermore, there has been a cumulative running difference throughout the year that was not investigated or reconciled in a timely manner. Management has attributed the delays in resolving these discrepancies to staff illness and an upgrade to the cash management system.</p> <p data-bbox="351 743 1498 1002">Risk – Although the balances involved are trivial, bank reconciliations are a key control for financial governance. They are vital in ensuring the accuracy of cash and cash equivalents held by the Authority. While management identified the cause of the issue and is prioritising streamlining the process, we report this issue as it could have adverse impact in the effective operation of the bank reconciliation key control, which is fundamental in safeguarding the Authority's cash.</p>	<p data-bbox="1556 458 2443 648">Management has completed the reconciliation of the brought-forward cash balances for 2025-26. The Head of Finance (Section 151 Officer) authorised the write-off of a trivial residual balance to enable the full clearance of the brought-forward account.</p> <p data-bbox="1556 666 2443 1002">The Authority's Collection Deposit Book is now subject to monthly reconciliation, with any discrepancies investigated promptly. The Principal Accountant oversees this process to ensure issues are addressed efficiently and provides ongoing support to the Income Team. Work is continuing to enhance reporting capabilities to streamline the reconciliation process further. Nevertheless, management is satisfied that the balances carried forward are now appropriately reconciled.</p>

Progress against prior year audit recommendations (2)

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue(s)
In progress	<p>Related parties disclosure note – declaration of interest</p> <p>We identified a missing declaration of interest for one Councillor. Upon discussion with management, it was established that this was due to long term ill-health. Management had not performed alternative procedures to ensure that all interests of the Councillor were considered for the financial year. Alternative procedures could involve conducting a Companies House search to identify any interests that may require disclosure. Additionally, we identified that that declaration forms do not cover closely related persons. As part of our testing of the disclosure, we were satisfied that the absence of the declaration form did not constitute a material omission in the related party transactions disclosure. Our search did not identify any such transactions requiring disclosure.</p> <p>Risk – There is a risk that management is not aware of relationships with related parties that require disclosure. Members who represent the Authority’s interest in borough development may also be able to facilitate transactions in their own interests if sufficient understanding of these interests is not known by the Authority.</p>	<p>Management remains committed to achieving a 100% return rate for Related Party Transaction (RPT) forms. This is supported through early engagement with Members and officers, followed by regular reminders to encourage timely submission. Where any RPT forms are not returned, management undertakes additional checks to gain assurance that no unreported related parties exist (e.g. review of Companies House). Following further review, management considers the current Related Party Transaction form to be fit for purpose. It already includes clear and sufficient guidance, explicitly stating that disclosures apply to both the Councillor and their immediate family members.</p>
In progress	<p>Fixed asset register (FAR)</p> <p>Deficiency noted in the preparation and maintenance of the Authority's FAR, maintained in an Excel workbook with separate tabs for each asset type. This means that there is not one listing of all assets from which sampling, recon, or other checks can be carried out. Additionally, the FAR does not clearly include data needed to determine accounting entries for revaluation movements.</p>	<p>Per management comment, this recommendation was made after using the same format since the inception of capital charges in 1993, that being said management agreed to review and update these registers, the first being land and buildings which was reviewed in 2022–23 with other FARs to be reviewed in the forthcoming years.</p>

IT audit strategy

In accordance with ISA (UK) 315, we are required to obtain an understanding of the IT environment related to all key business processes, identify all risks from the use of IT related to those business process controls judged relevant to our audits and assess the relevant IT general controls (ITGCs) in place to mitigate them. Our audits will include completing an assessment of the design and implementation of ITGCs related to security management; technology acquisition, development and maintenance; and technology infrastructure.

The following IT applications are in scope for IT controls assessment based on the planned financial statement audit approach. We will perform the indicated level of assessment:

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application	Audit area	Planned level IT audit assessment
Integra	Financial reporting (main ledger)	<ul style="list-style-type: none"> We will obtain an understanding of the information technology general controls over the general ledger, and review design and implementation of those controls. We do not plan to test the operating effectiveness of ITGCs.

Interim audit

Detail of planned work

The backstop date is moving earlier in the year, as a result and to ensure that all work can be completed by the end of September, we are conducting an interim visit (April) as a key part of the audit approach. Interim visits should be treated with the same importance as final accounts and include regular catch-ups between management and the audit team to facilitate this work. A plan of the areas to be covered is set out below and is agreed with management.

Description	Work commentary
Review of prior year recommendations	Review of progress against audit recommendations we raised in the prior year.
Payroll	<ul style="list-style-type: none"> • Select and test a sample of starters, leavers and changes in circumstance • Review monthly payroll reports • Review exit packages
Advance testing areas	Select and test samples of: <ul style="list-style-type: none"> • fees and charges income • grant income • operating expenditure • capital expenditure • business rates and council tax reliefs
Significant / One-off transactions; and/or changes in policy	Review management's approach to changes in Plant, Property & Equipment valuations in line with Code revisions.

Value for money arrangements

Approach to value for money work for the period ended 31 March 2026

The National Audit Office updated its Code of Audit Practice in November 2024. The Code expects auditors to consider whether the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are expected to report a commentary each year under the specific reporting criteria and where significant weaknesses in arrangements are identified. The new Code requires auditors to share a draft Auditor's Annual Report (AAR) with those charged with governance by a nationally set deadline each year, and for the audited body to publish the AAR thereafter. This new deadline requirement was introduced from November 2025. The three specified reporting criteria are set out below:

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Financial sustainability

How the Authority plans and manages its resources to ensure it can continue to deliver its services.



Governance

How the Authority ensures that it makes informed decisions and properly manages its risks.



Improving economy, efficiency and effectiveness

How the Authority uses information about its costs and performance to improve the way it manages and delivers its services.



We will continue our review of your arrangements until we sign the opinion on your financial statements before we issue our AAR. Should any further risks of significant weakness be identified, we will report this to those charged with governance as soon as practically possible. Any significant weaknesses identified will be reflected in our AAR and included within our audit opinion.

Risks of significant weakness in VFM arrangements

Initial risk assessment of the Authority’s VFM arrangements

The Code of Audit Practice 2024 (the Code) sets out that the auditor’s work is likely to fall into three broad areas: planning; additional risk-based procedures and evaluation; and reporting. We undertake initial planning work to inform this Audit Plan and the assumptions used to derive our fee. Consideration of prior year significant weaknesses and known areas of risk is a key part of the risk assessment for 2025-26. We will continue to evaluate risks of significant weakness and if further risks are identified, we will report these to those charged with governance. We set out our reported assessment below:

Criteria	2024-25 assessment	2025-26 Risk assessment	2025-26 Risk-based procedures planned
Financial sustainability	A No significant weaknesses in arrangements identified. One prior year improvement recommendation remains regarding over-optimism in the use of earmarked reserves and establishment of a LGR earmarked reserves for contribution to transition costs.	No risks of significant weakness identified.	As no risks of significant weakness are identified at this stage, no additional risk-based procedures are currently specified. We will undertake sufficient work to document our understanding of your arrangements, as required by the Code, and follow up prior improvement recommendations.
Governance	A No significant weaknesses in arrangements identified. Two prior year improvement recommendations remain regarding improving decision-making by including a full-year financial forecast at the Council-level, and out of date declarations of interest for some Members.	No risks of significant weakness identified.	
Improving economy, efficiency and effectiveness	A No significant weaknesses in arrangements identified. One improvement recommendation raised to ensure that recommendations identified by Internal Audit’s review of the Agile system implementation are embedded into future processes.	No risks of significant weakness identified.	

- G** No significant weaknesses or improvement recommendations.
- A** No significant weaknesses, improvement recommendation(s) made.
- R** Significant weaknesses in arrangements identified and key recommendation(s) made.

Risks of significant VFM weaknesses

As part of our initial planning work, we considered whether there were any risks of significant weakness in the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources where we needed to perform additional procedures. The risks we identified are detailed on the table overleaf along with the further work we will perform. We will continue to review the Authority's arrangements and report any further risks of significant weaknesses we identify to those charged with governance. We may need to make recommendations following the completion of our work. The potential different types of recommendations we could make are set out in the table below.

Potential types of recommendations

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Statutory recommendation

Written recommendations to the under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the to discuss and respond publicly to the report.



Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the . We have defined these recommendations as 'key recommendations'.

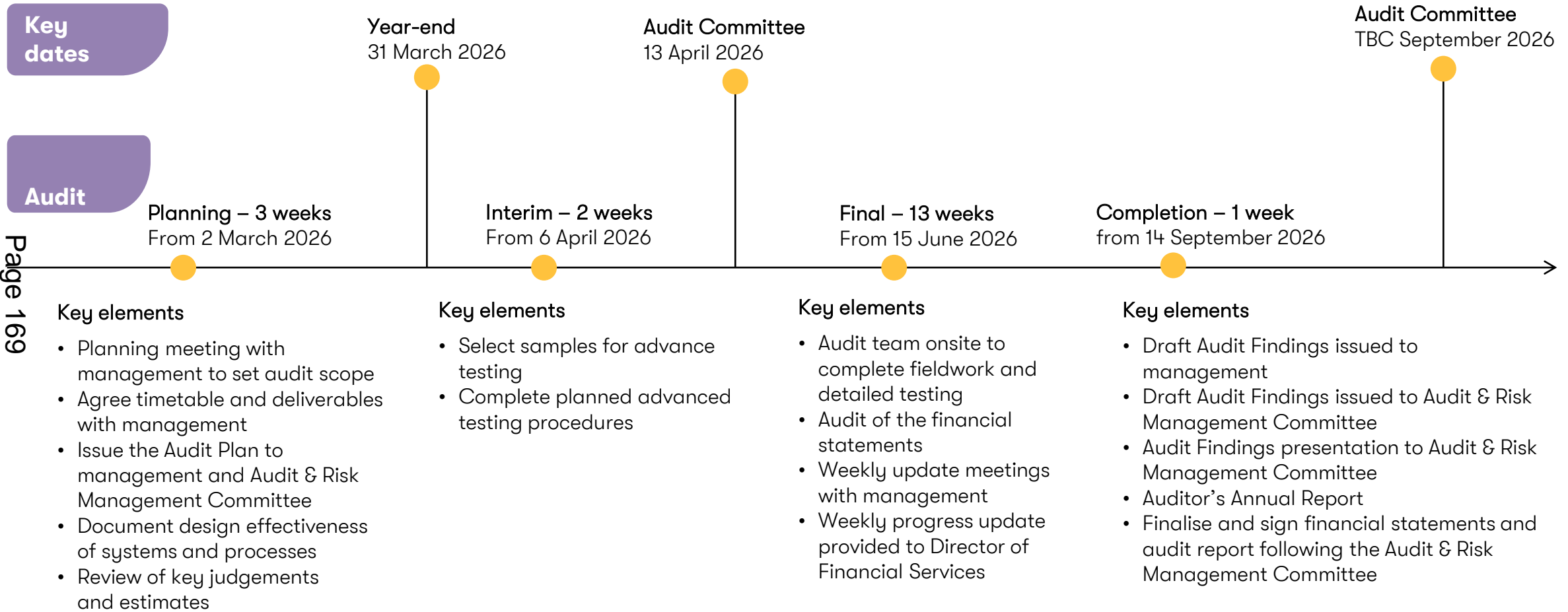


Improvement recommendation

Auditors may also include areas for improvement or to keep in view even if they do not identify any underlying significant weaknesses in arrangements. These recommendations set out actions for consideration which are not a result of identifying significant weaknesses in arrangements, but which if not addressed could increase the risk of a significant weakness in future periods.

Logistics

The audit timeline



Our team and communications

Grant Thornton core team

Sophia Brown
Key Audit Partner

- Key contact for senior management and Audit & Risk Management Committee
- Overall quality assurance

Terence Bershu
Audit Engagement Manager

- Works with senior finance team members
- Responsible for overall audit management, delivery and reporting
- Resource management

Radoslaw Borzymowski
Assistant Manager

- On-site audit team management
- Day-to-day point of contact
- Audit fieldwork

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	Service delivery	Audit reporting	Audit progress	Technical support
Formal communications	<ul style="list-style-type: none"> • Annual client service review 	<ul style="list-style-type: none"> • Audit Plan • Audit progress report and sector updates • Audit Findings • Auditor’s Annual Report 	<ul style="list-style-type: none"> • Audit planning meetings • Weekly audit progress update • Audit clearance meetings • Communication of issues log 	<ul style="list-style-type: none"> • Technical updates • Chief accountants’ workshop
Informal communications	<ul style="list-style-type: none"> • Open channel for discussion 	<ul style="list-style-type: none"> • Discussion of audit issues as they arise 	<ul style="list-style-type: none"> • General audit matters 	<ul style="list-style-type: none"> • Notification of up-coming issues

As part of our overall service delivery we may utilize colleagues who are based overseas, primarily in India and the Philippines. Those colleagues work on a fully integrated basis with our team members based in the UK, and receive the same training and professional development as our UK-based team. They work as part of the engagement team, reporting directly to Sophia and Terence, and will interact with you in the same way as our UK based team albeit on a remote basis. Our overseas team members use a remote working platform which is based in the UK. The remote working platform (or Virtual Desktop Interface) does not allow the user to move files from the remote platform to their local desktop meaning all audit related data is retained within the UK.

Our fee estimate

Our fee estimate

We set out below our specific assumptions made in arriving at our estimated audit fees, we have assumed that the Authority will:

- prepare good quality sets of accounts, supported by comprehensive and well-presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant estimates made during the course of preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements

maintain adequate business processes and IT controls, supported by an appropriate IT infrastructure and control environment.

Our fee estimate also assumes that you will engage suitably competent experts to assist management in the following areas:

- Valuation of other land & buildings; and valuation of pension fund net liability.

Relevant professional standards

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC’s [Ethical Standard \(revised 2024\)](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

Updated auditing standards

The FRC has issued updated Auditing Standards in respect of Quality Management (ISQM 1 and ISQM 2). It has also issued an updated Standard on quality management for an audit of financial statements (ISA 220). We confirm we will comply with these standards.

	Audit fee for 2024-25	Proposed fee for 2025-26
	£	£
TMBC audit	163,828	158,740
IFRS16	9,410	n/a
Total (exc. VAT)	163,828	158,740

*We will communicate and agree in advance with management any fee variation due to additional work required or delays experienced during the audit.

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Independence considerations

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant matters that may bear upon the integrity, objectivity and independence of the firm or covered persons (including its partners, senior managers, managers and network firms). In this context, we confirm there are no matters that we are required to report.

FRC Ethical Standard

We are required to report to you details of any breaches of the requirements of the FRC Ethical Standard, and of any safeguards applied and actions we have taken to address any threats to independence. There have been no such breaches to report. We confirm that we have implemented policies and procedures to meet the requirement of the Financial Reporting 's Ethical Standard.

As part of our assessment of our independence at the planning stage we note the following matters:

Matter	Conclusions
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Authority that may reasonably be thought to bear on our integrity, independence and objectivity.
Relationships and Investments held by individuals	We have not identified any potential issues in respect of personal relationships with the Authority or investments held by individuals.
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the Authority as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and the Authority.
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place for non-audit services provided.
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the Authority's board, senior management or staff.

We confirm that there are no significant facts or matters that impact on our independence at planning as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person and network firms have complied with the Financial Reporting 's Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements.

Fees and non-audit services

The following tables below sets out the non-audit services that we have been engaged to provide or charged from the beginning of the financial year to the date of the issue of this Audit Plan, as well as the threats to our independence and safeguards have been applied to mitigate these threats.

The below non-audit services are consistent with the Authority's policy on the allotment of non-audit work to your auditor. None of the below services were provided on a contingent fee basis.

For the purposes of our audit, we have made enquiries of all Grant Thornton teams within the Grant Thornton International Limited network member firms providing services to Tonbridge and Malling Borough Council. The table summarises all non-audit services which were identified. We have adequate safeguards in place to mitigate the perceived self-interest threat from these fees in that the level of the fee for non-audit services are not significant in comparison to the total fee for the audit and relative to Grant Thornton UK LLP's turnover overall.

Assurance service fees

Service	Fees £	Threats identified	Safeguards applied
Housing Benefit (subsidy) assurance process 2024-25	40,000*	Self-interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £40,000 in comparison to the total fee for the audit of £163,828 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Housing Benefit (subsidy) assurance process 2025-26	TBC	Self-interest (because this is a recurring fee)	The level of this recurring fee, which is to be confirmed (TBC) but not expected to differ significantly from the prior year, is not considered a significant threat to independence. This is because the Housing Benefit (subsidy) assurance fee is small in comparison to the total audit fee and, in particular, relative to Grant Thornton UK LLP's overall turnover. In addition, the fee is fixed and contains no contingent element. These factors collectively mitigate the perceived self-interest threat to an acceptable level.

This covers all services provided by us and our network to the Authority, its directors and senior management and its affiliates, and other services provided to other known connected parties that may reasonably be thought to bear on our integrity, objectivity or independence.

Communication of audit matters with those charged with governance (1)

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	●	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks and Key Audit Matters	●	
Planned use of internal audit	●	
Confirmation of independence and objectivity	●	●
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence.	●	●
Significant matters in relation to going concern	●	●

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ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Plan, outlines our audit strategy and plan to deliver the audit, while the Audit Findings will be issued prior to approval of the financial statements and will present key issues, findings and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via an audit progress memorandum.

Communication of audit matters with those charged with governance (2)

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

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Our communication plan	Audit Plan	Audit Findings
Views about the qualitative aspects of the Authority’s accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures		●
Significant findings from the audit		●
Significant matters and issue arising during the audit and written representations that have been sought		●
Significant difficulties encountered during the audit		●
Significant deficiencies in internal control identified during the audit		●
Significant matters arising in connection with related parties		●
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		●
Non-compliance with laws and regulations		●
Unadjusted misstatements and material disclosure omissions		●

Financial reporting changes

Changes to the CIPFA Code of practice on local authority accounting for 2025-26

The main change is a revaluation expedient for property, plant and equipment. From 1 April 2025, revaluations are required once every five years or on a five-year rolling basis with indexation in intervening years. This is a substantial change to the accounting for non-current asset, that may require engagement with valuers, changes to underlying systems, asset records and accounting treatment.

New or revised accounting standards that are expected to be adopted by the CIPFA Code in future years.

Amendment to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity

The International Accounting Standards Board (IASB) issued amendments to IFRS 9 and IFRS 7 to improve the reporting of nature-dependent electricity contracts, such as power purchase agreements (PPAs). These contracts, which secure electricity from sources like wind and solar power, can vary due to uncontrollable factors like weather. The amendments clarify the 'own-use' requirements, permit hedge accounting for these contracts, and introduce new disclosure requirements to help users of the accounts understand their impact on an entity's financial performance and cash flows. The amendments are expected to be adopted by the CIPFA Code for **2026-27**.

Amendments to IFRS 9 and IFRS 7 – Classification and measurement of financial instruments

These amendments clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities (including settling financial liabilities using an electronic payment system), adds guidance on the solely payment of principal and interest (SPPI) criteria, and includes updated disclosures for certain instruments. The amendments are expected to be adopted by the CIPFA Code for **2026-27**.

IFRS 18 Presentation and disclosure in the financial statements

IFRS 18 will replace IAS 1 Presentation of Financial Statements. All entities reporting under IFRS Accounting Standards will be impacted.

The new standard will impact the structure and presentation of the comprehensive income and expenditure statement as well as introduce specific disclosure requirements. Some of the key changes are:

- introducing new defined categories for the presentation of income and expenses
- introducing specified totals and subtotals, for example the mandatory inclusion of 'Operating profit or loss' subtotal
- disclosure of management defined performance measures
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

IFRS 18 will be effective in the UK from 1 January 2027 and so could impact the CIPFA Code from **2027-28**.



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Agenda Item 14

Any other items which the Chairman decides are urgent due to special circumstances and of which notice has been given to the Chief Executive.

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Agenda Item 15

The Chairman to move that the press and public be excluded from the remainder of the meeting during consideration of any items the publication of which would disclose exempt information.

**ANY REPORTS APPEARING AFTER THIS PAGE CONTAIN EXEMPT
INFORMATION**

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Agenda Item 17

Any other items which the Chairman decides are urgent due to special circumstances and of which notice has been given to the Chief Executive.

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