Internal Audit Strategy 2025/26 – 2027/28

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*Version number remains the same if no significant changes are made upon review.

Document Definition / Approval & Review

Defining the document type and how it is approved and reviewed

The Internal Audit Strategy is approved by the Audit and Corporate Governance Committee.

The Strategy will be reviewed annually to enable the Audit and Corporate Governance Committee oversight of the progress against the Critical Success Factors detailed within the Strategy.

Terms & Definitions

Definition of any acronyms, jargon, or terms that might have multiple meanings.

Term	Definition
SWOT	Strengths, Weaknesses, Opportunities and Threats
CSF	Critical Success Factor
GIAS	Global Internal Audit Standards
CIPFA	Chartered Institute of Public Finance and Accountancy
IIA	Institute of Internal Audit

1. Internal Audit Vision

To be a trusted advisor and promoter for continuous improvement, helping the Council optimise efficiency, achieve goals and priorities, and stay resilient in the evolving public sector.

2. Internal Audit Mission

To protect and enhance organisational value through risk-based assurance and advice, supported by evidence.

3. Strategic Objectives and Critical Success Factors

The primary strategic objectives of the Internal Audit Service are:

- **Independent Assurance**: Providing independent assurance that the Council's risk management, governance, and internal control processes are operating effectively.
- **Risk Management**: Identifying and assessing risks to the Council and ensuring that appropriate measures are in place to mitigate these risks.
- **Compliance**: Ensuring that the Council complies with relevant laws, regulations, and internal policies.
- **Operational Efficiency**: Evaluating the efficiency and effectiveness of operations and recommending improvements to enhance performance.
- **Strategic Support**: Offering insights and recommendations that support the Council's priorities and help achieve long-term goals.
- **Continuous Improvement**: Promoting a culture of continuous improvement by identifying opportunities for process enhancements and innovation.

Critical success factors (CSFs) are specific elements or activities that are essential for the Internal Audit Service to achieve its purpose, mission, vision, and the primary strategic objectives of the Internal Audit Service. The key CSFs are identified as:

- **Management Support**: Strong backing from senior management ensures that the internal audit function has the necessary resources, authority, and visibility to perform its duties effectively.
- **Independence and Objectivity**: Maintaining independence from the areas being audited and ensuring objectivity in reporting findings are crucial for the credibility and reliability of the Internal Audit Service.
- **Resources/Skilled and Competent Staff**: Having a team of well-trained, knowledgeable, and skilled auditors is essential for conducting thorough and effective audits.
- **Effective Communication and Collaboration**: Clear and consistent communication with stakeholders, including CLT and the Audit Committee, helps in understanding expectations and ensuring that audit findings are acted upon. Collaborating with professional bodies

and other public sector internal audit bodies is key to ensuring that the Internal Audit Service stays attuned to internal audit practice.

- **Risk-Based Approach**: Focusing on areas of highest risk to the Council ensures that audit resources are used efficiently and that the most critical issues are addressed.
- **Continuous Improvement**: Regularly updating audit methodologies and practices to incorporate new technologies and respond to changing risks helps maintain the relevance and effectiveness of the Internal Audit Service.
- **Alignment with Organisational Goals**: Ensuring that the internal audit activities are aligned with the objectives and priorities of the Council helps in providing valuable insights and recommendations that support overall aims.

4. Supporting Initiatives

Considering the operational framework of the Internal Audit Service within the Council, the evaluation against the GIAS in the UK Public Sector, and the insights derived from the aforementioned steps, three key areas have been identified for improvement to better achieve the Service's Critical Success Factors (CSFs). These areas are specifically highlighted under the weaknesses, opportunities, and threats in the SWOT analysis.

5. Stakeholder Engagement

The Internal Audit Service has various stakeholders. The main internal stakeholders are the Strategic Leadership Team and the Audit and Corporate Governance Committee. The Corporate Director (S151) (part of the Strategic Leadership Team) has the responsibility, through S151 and statutory duties, to ensure there is an adequate and effective system of internal audit. Other internal stakeholders are senior management and other providers of assurance, as well as the Internal Audit Team itself.

External stakeholders are mainly the Professional Bodies (CIPFA and IIA), External Auditor (Azets), and Government Bodies who require the Internal Audit Service to carry out specific pieces of work, predominately grant returns.

ANALYSIS OF STAKEHOLDER EXPECTATIONS   **Appendix A**

	Stakeholder	Influence	Interest	Internal Audit Action	Frequency of Communication	Stakeholder Expectations
External Stakeholders	External Auditor	Medium	Medium	Keep Satisfied	As required	• Provide support and co-ordination.
	Government Bodies	Medium	Medium	Keep Satisfied	As required	• Delivery of audit work to meet grant determinations/ other specifications.
	Professional Bodies	High	Low	Keep Satisfied	As required	• Compliance with GIAS in the UK Public Sector.
	The Public	Low	Low	Monitor	As required	• Transparency of outcomes in Internal Audit.
Internal Stakeholders	Audit and Corporate Governance Committee	High	High	Manage Closely	TBA following review	• Compliance with GIAS in the UK Public Sector. • Help in achieving the A&G Committee responsibilities as stated in their Terms of Reference. • Delivery of audit work to help inform an overall opinion on the governance, risk, and control environment. • High quality, informative summarised reporting of key issues.
	Strategic Leadership Team	High	High	Manage Closely	Monthly	• Helping the A&G Committee to achieve their duties as stated in their Terms of Reference. • Compliance with GIAS in the UK Public Sector • Ongoing update on the results of the Internal Audit work, status of management action plan implementations. • Briefing on key issues identified
	Corporate Director (S151)	High	High	Manage Closely	Monthly	• Help in achieving S151 responsibilities & statutory duties • Ensuring "an adequate and effective system of internal audit"
	Senior Management	Medium	High	Keep Informed	As required	• Business acumen • Value added services.
	Providers of Assurance	Medium	Medium	Keep Informed	Various	• Sharing knowledge, advice, and updates on the internal control environment.
	Internal Audit Team	High	High	Monitor Closely	Daily	• Keeping the Internal Audit Team motivated. • Providing ongoing training and career development.

Stakeholder Expectations Analysis

Influence is the level of power or authority a stakeholder has over the internal audit function's strategic direction, resources, and decision-making.

- **High influence**: The stakeholder has significant power to impact the internal audit function's strategy, resources, and key decisions.

- **Medium influence**: The stakeholder has moderate power to influence the internal audit function's direction and decisions.

- **Low influence**: The stakeholder has minimal power to affect the internal audit function's strategy and decision-making.

Interest is the level of interest a stakeholder has in the internal audit function's activities and outcomes.

- **High interest**: The stakeholder is actively involved and highly concerned about the internal audit function's performance and results.

- **Medium interest**: The stakeholder has a moderate level of interest in the internal audit function's activities and outcomes.

- **Low interest**: The stakeholder has minimal interest in the internal audit function's day-to-day operations and results.

Internal Audit Action

- **Manage Closely**: High interest and high influence stakeholders require close collaboration, regular communication (e.g., monthly), and active involvement in the internal audit function's strategic planning and decision-making processes.

- **Keep Satisfied**: High influence but low interest stakeholders should be kept satisfied with the internal audit function's performance and outcomes. Provide them with regular updates and address their concerns promptly.

- **Keep Informed**: High interest but low influence stakeholders should be kept informed about the internal audit function's activities, and achievements. Provide them with timely and relevant information to maintain their engagement and support.

- **Monitor:** Low interest and low influence stakeholders require minimal engagement. Monitor their interest and influence levels and provide them with general information as needed.

Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis 2025/26

Strengths

Audit expertise and public sector knowledge

Independence

Innovative planning process provides flexibility

Seeking efficiencies

Reading the current climate / getting the balance right

Sharing best practice (collaboration)

GIAS in the UK Public Sector compliance helps create efficiencies

Weaknesses

Profile/ misconception of role

Being kept informed of organisational developments/ issues

Access to services

Resource and budget constraints

Access to data

Competence in effective use of data analytical tools/ artificial intelligence

Opportunities

Digital transformation

Enhanced collaboration

GIAS in the UK Public Sector awareness to Strategic Leadership Team and Audit and Corporate Governance Committee

Skills gap analysis identifies areas for training and development
Devolution/ Local Government Reorganisation

Threats

Current public sector and local landscape could make auditing more difficult

Demand on Internal Audit Service impacts on ability to undertake enough audit coverage to provide a meaningful year-end opinion/ non-compliance with GIAS in the UK Public Sector

Reactive fraud demand impacts on internal audit resource

Budget constraints

Less action taken as a result of audit findings (greater risk tolerance)

Initiatives to support the achievement of the Critical Success Factors.

Critical Success Factor Area: Management Support			
CSF 1: Strong backing from senior management ensures that the internal audit function has the necessary resources, authority, and visibility to perform its duties effectively.			
The Internal Audit Service aims to secure support from senior management and the Audit Committee to facilitate its efficient and effective operation.			
Initiatives • Internal Audit Manager to provide Strategic Leadership Team with an overview of the GIAS in the UK Public Sector, in particular Domain 3 and the underpinning documentation for 2025/26 (i.e. Charter / Mandate / Strategy). Time Frame: July 2025 • Internal Audit Manager to provide relevant training to the Audit & Corporate Governance Committee, as identified in the skills and knowledge questionnaires. Time Frame: March 2026 • Internal Audit Manager to present annual Internal Audit Report and Opinion to the Strategic Leadership Team in advance of reporting to the Audit Committee. Time Frame: July 2025 • Optimise working together with other risk and control monitoring functions. Time Frame: March 2026 • External Quality Assessment against the requirements of the GIAS in the UK Public Sector to include Senior Management and Audit Committee members. Time Frame: October 2025	**SWOT Mapping**	**Strengths** • Independence	**Weaknesses** • Access to data and services
		Opportunities • GIAS in the UK Public Sector awareness to Strategic Leadership Team and Audit and Corporate Governance Committee	**Threats** Current public sector and local landscape could make auditing more difficult Less action taken as a result of audit findings (greater risk tolerance) Resource and budget constraints

Critical Success Factor Area: Resources/ Skilled and Competent Staff		
CSF2: Having a team of well-trained, knowledgeable, and skilled auditors is essential for conduction thorough and effective audits		
The Internal Audit Service aims to ensure that its auditors are thoroughly trained, knowledgeable, and proficient, thereby maintaining a robust and comprehensive skills-mix within the Service.		

Initiatives

- Internal Audit manager to report annually to the Audit and Corporate Governance Committee on Internal Audit resource levels and any implications.
  Time Frame: September 2025

- Internal Audit staff to complete an annual assessment of skills (via Audit Skills Matrix). Internal Audit Manager to assess skills and determine training and development needs.
  Time Frame: September 2025 (initial self-assessment)

  November 2025 (review/ ensure skills mix exists/ identify team/ individual training and development needs to feed into PDR process).

- Basic data analytics training for Internal Audit staff
  Time Frame: March 2026

SWOT Mapping

Strengths
- Expertise and knowledge
- Planning process provides flexibility
- GIAS in the UK Public Sector compliance helps create efficiencies

Weaknesses
- Resource Constraints
- ICT auditing skills gap

Opportunities
- Skills gap analysis has identified areas for training and development

Threats
- Ability to provide a meaningful opinion as demand on services increases
- Reactive fraud demand impacts on internal audit resource
- Budget constraints

Critical Success Factor Area: Continuous Improvement			
CSF 3: Regularly updating audit methodologies and practices to incorporate new technologies and respond to changing risks helps maintain the relevance and effectiveness of the Internal Audit Service.			
The Internal Audit Service seeks to grow understanding and development of related technologies to improve the efficiency and effectiveness of the Service.			

Initiatives	**SWOT Mapping**	**Strengths**	**Weaknesses**
• Invest time in utilising Copilot/ analytics tools Time Frame: March 2026 • Consider data requirements and availability in the audit planning stage Time Frame: April 2025 • Begin to incorporate analytics into fieldwork and testing. Time Frame: December 2025 • Enhance root cause analysis Time Frame: March 2026 • Support innovation within the Internal Audit Service to continuously improve Time Frame: March 2028		• Innovative and seeking efficiencies	• Competence in effective use of data analytical tools/ AI
		Opportunities	**Threats**
		• Digital transformation • Enhanced collaboration • Devolution/ LGR	• Budget constraints

Performance Objectives

Objective	Measurement
Compliance with Global Internal Audit Standards in the UK Public Sector	For 2025/26, measurement will be achieved via internal processes (see separate indicator), and full assessment by external independent assessor.
Quality assurance reviews confirm that adequate competencies are in place to comply with the Internal Audit Standards.	Completion of planned QAIP audits and all actions arising are implemented.
Customers / clients are satisfied with the Internal Audit experience.	Achieve minimum 95% customer satisfaction with audit from customer surveys.
To ensure audit coverage is sufficient / covers the key control areas, to enable the Audit Manager to provide a year-end opinion on the governance, risk and control environment.	There is enough supporting evidence to enable the Audit Manager to provide a year-end opinion (via direct internal audit work and / or via other assurance providers).
To provide an efficient and compliant audit service	Fieldwork is completed within two months of the start date.
	Management Debriefs are scheduled within 2 weeks of field work being completed.
	*Management Responses are received within 2 weeks of the debrief meeting.
	Draft audit reports are issued within 1 week of receipt of full management responses
	Final audit reports are issued within 1 week of draft audit reports.
Agreed actions are completed and result in the desired outcomes.	*, **100% of high priority and 90% of medium priority agreed actions are subsequently signed off as implemented within the agreed time scale.
To implement Critical Success Factor actions, as outlined in the Internal Audit Strategy.	Completion of Critical Success Factor action plan.

*This measure is not exclusively a reflection on the Internal Audit Service's performance.
**Whilst Internal Audit will track the implementation of agreed actions, management is responsible for completing the actions and ensuring that desired outcomes are achieved.*