

INTERNAL AUDIT STRATEGY

Document control			
Title	Internal Audit Strategy		
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Governance Group	Audit and Scrutiny Panel		
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Revision History			
Number	Originator	Date Review Commenced	Revision description/record of change
1.0	Ken Adamson	April 2018	Update and refresh of document
	Ken Adamson	May 2019	Updated to recognise the ongoing transformation and change within the Council
	Paula Hendry	August 2024	Update and refresh of document
	Francis Scott	March 2026	Update and refresh of document

Document Approvals			
Number	Governance Group	Date approval granted	Date approval to be requested (if document still draft)
1.0	Audit and Governance Panel	February 2015	
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Consultation Record (for most recent update)	
Status of document consulted upon	N/A
Stakeholders consulted/date	N/A

Strategic Alignment
The Internal Audit Strategy is a formal document that sets out Internal Audit's strategic objectives and outlines how these will be delivered.

Next review date	
Review Date	April 2029, then every 3 years thereafter

1. OUR AUDIT ENVIRONMENT

- 1.1 This document sets out the **Internal Audit Strategy for 2026-27 to 2028-29**. This remains a very uncertain and challenging time for the Council and the local government sector generally and this strategy reflects how we intend to support the Council's senior management and elected members in responding to the challenges facing the Council.
- 1.2 The Council's strategic plan, **The Plan for North Lanarkshire**, and its associated **Programme of Work** sets out the Council's strategic ambitions and those key activities designed to deliver against them and to address the challenges facing the people and communities of North Lanarkshire.
- 1.3 The Council continues to seek to achieve its ambitions against a backdrop of significant financial pressures, increasing demands for many key services and ever-changing expectations about how services will be delivered. These challenges mean that the Council will continue to face difficult decisions around financial sustainability and significant ongoing pressure to ensure that services are delivered in a cost-effective manner. The Council also needs to respond to the impacts on it and its communities of a range of Scottish and UK Government policies. Finally, external events (such as the ongoing cost of living crisis, the subdued performance of the UK and Scottish economies and the increase in geopolitical conflict) pose immediate challenges to which the Council and create considerable additional longer term risks and uncertainties.
- 1.4 Our audit environment continues to evolve at a rapid pace. The Programme of Work commits senior management to a challenging agenda which requires to be underpinned by sound leadership, effective financial management and robust governance arrangements. These arrangements will require to be supported by effective performance and risk management arrangements and an increased emphasis on project and programme management, service redesign, contract management, commissioning and contracting and maximising the benefits of new digital technology and transformation.
- 1.5 The Council, therefore, faces significant challenges balancing the day-to-day delivery of services with achieving its wider strategic priorities, while delivering efficiencies, driving service improvements and managing and delivering large scale transformational change.
- 1.6 In this context, the role of Internal Audit has never been more important. Our independence and commitment to high quality work will provide senior management and the Audit and Scrutiny Panel with appropriate assurance and insights into the use of public funds and on the adequacy and effectiveness of the Council's corporate governance, risk management and internal control arrangements.
- 1.7 Our vision is to ensure our work adds real value to senior management and elected members as we focus on the issues of greatest priority and have the capacity and resources to support accountability and drive corporate and service improvement.

2. OUR STRATEGIC OBJECTIVES

2.1 In this environment, Internal Audit will need to continually reflect and evolve what it does and how it does it in order to ensure that it can continue to operate efficiently and effectively, demonstrate relevance and provide value to the Council.

2.2 Our strategic aim is to provide a high quality and customer focused internal audit service which is responsive, flexible and consistent with best professional practice. We aim to concentrate on key areas of significance, utilise resources in an efficient and effective manner, and for Internal Audit to be seen by stakeholders as a value-adding function, offering meaningful insights and making a dynamic and significant contribution to the Council. We will do this by:

- Supporting elected members and senior management in undertaking their respective roles by providing an independent, objective assurance and consulting activity designed to add value and improve the effectiveness of the Council's operations.
- Delivering an internal audit service which fulfils the role and responsibilities given to it formally by the Council as laid out in the Internal Audit Charter approved by the Audit and Scrutiny Panel, the Chief Executive and the Council's s95 officer.
- Providing an internal audit service consistent with best professional practice in accordance with the **Global Internal Audit Standards (GIAS)**, the associated **Application Note: GIAS in the UK Public Sector** and **the CIPFA Code of Practice on the Governance of Internal Audit in Local Government**.
- Driving improvements in the Council's risk management, internal control, governance and service delivery arrangements in order to make a positive contribution to the overall management and operation of the Council.
- Focusing our resources on providing assurance on the management of the Council's core governance processes, strategic priorities and key corporate risks.

2.3 Sections 3 to 12 of this document highlight how we aim to deliver these objectives.

3. INDEPENDENCE, INTEGRITY AND OBJECTIVITY

- 3.1 Although Internal Audit is a service within the Council, independence, integrity and objectivity are essential attributes for us, not only in complying with best professional practice, but in ensuring that we can contribute most effectively to the Council's governance arrangements. We greatly value our independence, integrity and objectivity and are fully committed to demonstrating these attributes in all that we do.

4. PROVIDING ASSURANCE AND ADDING VALUE

- 4.1 We will deliver our strategy through a range of assurance outputs for senior management and the Audit and Scrutiny Panel focused on coverage of core corporate governance processes, key strategic priorities and programmes of work, corporate risks and key financial systems.
- 4.2 Our work will include in-depth assessments of how well key risks, priorities, projects and programmes of work are being managed by examining and reporting on the adequacy, efficiency and effectiveness of management arrangements.
- 4.3 We will add value by highlighting scope for improvements and providing those we audit with better insight into how they manage and use public money.
- 4.4 We will seek to contribute to the Council's achievement of best value and value for money by providing independent assurance and highlighting where scope for improved efficiency may exist.

5. STAKEHOLDER ENGAGEMENT

- 5.1 Recognising the importance of pro-active stakeholder engagement, we will continue our approach in this area through our annual planning arrangements and the issue and discussion of terms of references for each audit assignment. Formal audit closure meetings will continue with Chief Officers, to discuss findings, issues and recommendations arising from each audit. By collaborating in this way, we will enhance audit effectiveness and foster a culture of transparency and trust.
- 5.2 We currently have a well-established planning methodology which includes consideration of a wide range of factors such as the relative scale, significance and complexity of systems; previous audit activity; horizon scanning; review of key corporate risks and the controls in place to mitigate these; and possible impact of any failures on the achievement of the Council's objectives, priorities and ambitions. We will continue to evolve our approach to audit planning through improved stakeholder engagement and collaboration.
- 5.3 A formal process of consultation with all Chief Officers will be undertaken as preparation of the annual plan to consider potential areas of risk and uncertainty, service developments or areas of concern more fully.

6. SECURING INFLUENCE THROUGH CONSULTING AND AGILE AUDITING

- 6.1 We want Services to view Internal Audit as a valuable resource that can help them to achieve corporate and service objectives. We will seek, where appropriate and without compromising our primary function and independence, to become involved in relevant emerging issues or new systems or process development at an early stage and to provide advice and guidance to prevent problems or weaknesses from arising, and to ensure effective and efficient use of Council resources.
- 6.2 We will continue to explore auditing with agility as a mechanism to ensure that we are able to respond to the changing environment the Council is operating in and to enhance and protect organisational value.

7. SUPPORT FOR THE AUDIT AND SCRUTINY PANEL

- 7.1 We will develop an effective working relationship with the Convener of the Audit and Scrutiny Panel to provide support for their role and help them shape the work of the Panel. We will seek to work closely with the Audit and Scrutiny Panel members to help them discharge their duties and responsibilities and to respond more quickly to emerging issues.
- 7.2 We will support and provide assistance to the Audit and Scrutiny Panel to undertake self-assessment against the **CIPFA Position Statement on Audit Committees in Local Government (2022)** (and any future updates of this statement) and evaluate its effectiveness in discharging its duties. Aligned to this we will also facilitate the development and delivery of a training programme based on needs identified by the Panel.

8. CORPORATE FRAUD ARRANGEMENTS

- 8.1 We will work with management to continually improve the Council's corporate fraud arrangements and to ensure that key fraud risks are identified and appropriately managed. This will include raising awareness of the **Corporate Fraud Strategy**.
- 8.2 We will respond appropriately, and in a timely manner, to reports or disclosures of alleged fraud brought to our attention by elected members, management and members of the public, in accordance with the Corporate Fraud Strategy.

9. MODERNISING THE INTERNAL AUDIT FUNCTION

- 9.1 We will continue to review the processes and methods used by the team to ensure that they meet best professional practice and embrace modern auditing techniques.
- 9.2 We will also explore the introduction of an audit management system, to improve workflow and provide a more efficient method of recording the work of the team and tracking progress with audit recommendations.

- 9.3 A key focus over the period of this Strategy will be to embed the use of data analytics and AI within our processes and outputs to enhance our performance, and inform and improve the quality of our findings and support to clients.

10. RESOURCE REQUIREMENTS

- 10.1 Internal Audit services are expected to be fully provided by an in-house team during the period covered by this strategy. The Chief Officer (Audit and Risk) (as head of the function) will continue to annually assess the level and capacity of internal audit resources and will report to the Audit and Scrutiny Panel on the adequacy, or otherwise, of the resources available to them.
- 10.2 The current structure for the audit team and will be reviewed and monitored on an ongoing basis to ensure it remains effective and provides the best possible level of service.

11. DEVELOPING OUR STAFF

- 11.1 The environment within which we and the Council are operating continues to change and this will need to be reflected in our staff. As well as investing in our core internal audit skills, we will continue to enhance the range of other skills and abilities within Internal Audit to allow us to focus our work on the key governance processes and strategic risks and priorities faced by the Council.
- 11.2 Investing in our staff is critical to our success. We want to embed a culture of continuous learning and development, whereby we help our staff to keep their skills at the desired level and develop the skills they need for the future. To achieve this, we will support our staff seeking further develop across relevant areas, including technological and methodological skills, digital skills, sector and cross-government knowledge and personal effectiveness skills.
- 11.3 The need for Internal Audit to adapt to the changing landscape while providing 'business as usual' assurance has been identified as a key development objective for all internal audit teams. With the increased focus on developing use of data analytics and AI, we will ensure our staff are equipped with the skills and knowledge to embrace these developments and embed them into the everyday work of the team.

12. DELIVERING HIGH PERFORMANCE

- 12.1 We will measure the success of this Strategy through our performance management framework (shown in Appendix 1). We will also continue to challenge ourselves to work as efficiently as possible by ensuring that our own use of resources is cost-effective and to seek continuous improvements in our audit methodologies and other internal processes.
- 12.2 Our most recent independent External Quality Assessment (EQA) of our compliance with the Public Sector Internal Audit Standards (PSIAS) was reported in April 2024 and

confirmed we were fully compliant with all aspects of the detailed requirements of PSIAS. Some recommendations for continuous improvement were made and we continue to work to fully address these.

- 12.3 The PSIAS were replaced by the **Global Internal Audit Standards (GIAS)** in 2025 and placed additional requirements on the internal audit team. The first EQA to check compliance with the GIAS is scheduled for 2028, and during the period of this Strategy we will work toward ensuring full compliance.

13. REVIEW OF THE STRATEGY

- 13.1 This Strategy document covers a three-year period until 2028-29 and is due for review in April 2029 by the Chief Officer (Audit and Risk).

- 13.2 The Chief Officer (Audit and Risk) may decide to undertake a more frequent review of the Strategy where there changes in the Council's strategic objectives or stakeholders' expectations. Factors that may lead to this include :

- Significant Changes in the Council's Plan for North Lanarkshire or the Programme of Work.
- Changes to the maturity of the Council's governance, risk management and control processes.
- Changes to the Council's policies and procedures, or laws and regulations which the Council is subject to.
- Changes to the membership, role or function of the Audit and Scrutiny Panel.
- Changes to the senior management of the Council, including the Chief Officer (Audit and Risk).
- Results of the internal and external assessments of the internal audit function.

- 13.3 Future revisions of this Strategy will be presented to the Audit and Scrutiny Panel for approval.

APPENDIX 1 – INTERNAL AUDIT PERFORMANCE FRAMEWORK

Category	Measure	Reported to		
		Chief Executive/CMT	A&SP (Quarterly)	A&SP (Annual)
1. Delivery of Annual Plan	Percentage completion of agreed plan	X		X
2. Targeting	Percentage of key corporate risks and key financial systems over which assurance provided	X		X
3. Efficiency	Cost of Internal Audit per £ million revenue budget			X
4. Efficiency	Percentage of productive hours delivered v Plan			X
5. Delivery / recommendations	Percentage implementation of agreed actions by implementation date (cumulative year to date)	X	X	X
6. Delivery / other	Number of significant investigations (fraud and irregularity)	X		X
7. Customer satisfaction results	Scores from customer satisfaction questionnaires (cumulative year to date)	X	X	X
8. Customer satisfaction results	Scores from key stakeholders (CMT and A&SP) questionnaires (overall performance of the function)	X		X
9. Quality / standards	Quality review outcomes – EQA and internal self-evaluation	X		X
10. Delivery of Annual Report	Annual opinion and report prepared by 31 May annually	X		X
11. Targeting	Approval by CMT and A&SP of Annual Internal Audit plan by 31 May annually	X		X