



# INTERNAL AUDIT STRATEGY

2025/26 – 2027/28

## Foreword

Internal audit should provide independent and objective assurance to the Council’s senior management that their systems and controls are fit for purpose.

That assurance should cover the controls over core systems, governance and risk management processes including financial and operational controls. At the heart of this governance work is assurance on management’s controls over the quality of the information which senior management and elected members use to make decisions and monitor performance. As local government adapts to new strategic-level ambitions, responds to challenging financial pressures and redefines its operating models, internal audit needs to recognise these changes and have the capability to respond.

A good internal audit service gets to the heart of the issues facing the organisation. By having direct reporting lines to the Chief Executive, Section 95 Officer and the Council’s Audit and Scrutiny Committee, internal audit is able to give honest and clear information without being influenced by other senior staff seeking to manage the message. In doing this work, internal audit has the responsibility to act as the ‘eyes and ears’ of the Chief Executive, Section 95 Officer and the Audit and Scrutiny Committee in the organisation providing an independent view of where better management of risk can improve organisational performance

We are pleased to present the Internal Audit Strategy which lays the foundation for the delivery of an effective internal audit function focused on helping to support senior management and the Council in delivering the key priorities of Argyll and Bute Council and promoting its ambition to make Argyll and Bute a place where people want to come to live, to work and to do business.

**Janice Wason-Hall**

**Paul Macaskill**

**Chair of Audit and Scrutiny Committee**

**Chief Internal Auditor**

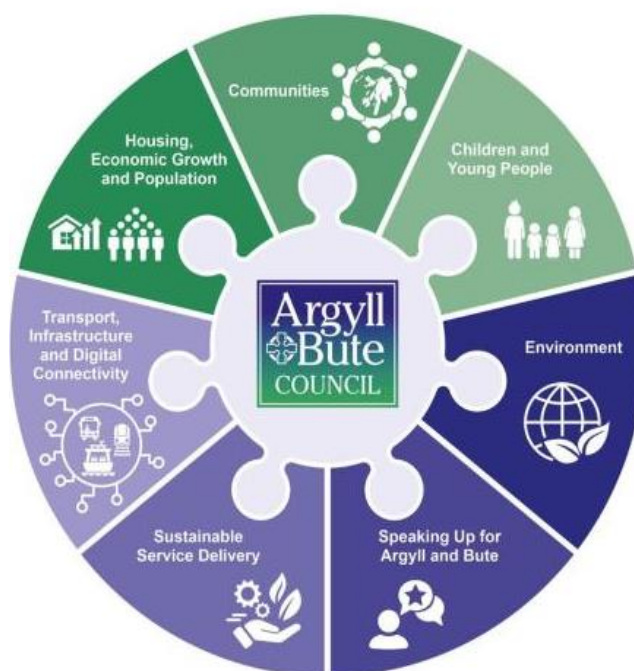
## 1. Introduction

In this document, we set out our strategy for 2025-26 to 2027-28. 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.

Our audit environment continues to evolve. The Council has recently approved key priorities which sets out an ambitious agenda, this, and the impacts of ongoing financial restraint means that the Council will increasingly look to deliver services in new ways, with fewer resources and with digital technology. These key priorities are summarised below and further detail on each of these priorities are available using the link below:

[Priorities of Argyll and Bute Council | Argyll and Bute Council \(argyll-bute.gov.uk\)](https://www.argyll-bute.gov.uk/priorities)

### PRINCIPLES



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 Committee 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

Our aim is to add real value through our support to senior management and elected members, our wider influence as we focus on the issues of greatest priority, and by having the capacity and resources to support accountability and drive corporate and service improvement.

## 2. Our Audit Environment

Our audit environment continues to evolve at a rapid pace, particularly with the new Global Internal Audit standards (GIAS) and the development of supporting guidance for internal audit teams working in the public sector to support these changes. The Council has recently approved ambitious priorities and also has key development programmes of work and continues to face a challenging financial environment. Councils across Scotland, including Argyll and Bute are trying to balance the provision of key services with difficulties in recruiting staff to particular posts, particularly in areas of health and social care and a number of professional posts.

Senior management has committed in the Council's business plan and in a series of reports setting out future ambitions, 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 are likely to lead to an increased emphasis on project and programme management, service redesign, contract management, commissioning and contracting and how best to secure the benefits of new digital technology and transformation.

The financial challenges mean that the Council will continue to face difficult decisions around services and significant on-going pressure to ensure that those which remain are delivered in a cost-effective manner. At the same time, the demands on Council services are increasing and the expectations of the public in terms of the range and quality of services offered by the Council will remain high. The public also increasingly expects services to be provided in a way that is more visibly integrated and joined-up for people who use them.

The Council, therefore, faces significant challenges balancing the day-to-day delivery of services with achieving its wider strategic priorities, whilst delivering efficiencies, driving service improvements and managing and delivering transformational change.



### 3. Our Strategic Objectives

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

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 focus on areas that matter, to use resources efficiently and effectively, and to be seen by stakeholders as adding value, providing valuable insights and making a vibrant and relevant 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 Committee, the Chief Executive and the Council's s95 officer.
- providing an internal audit service consistent with best professional practice in accordance with the GIAS, Code of Practice for the Governance of Internal Audit in the United Kingdom (Code) and the associated Application Note issued by the Relevant Internal Audit Standard Setters (RIASS).
- helping to drive 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 authority; and
- focusing our resources on providing assurance on the management of the Council's core governance processes, strategic priorities and key corporate risks.

### 4. Delivering our Strategy

#### Providing assurance and adding value

We will deliver our strategy through a range of assurance outputs for senior management and the Audit and Scrutiny Committee focused on cyclical coverage of core corporate governance processes, key strategic priorities and programmes of work, corporate risks and key financial systems.

Our work will include in-depth assessments of how well key risks, priorities, projects and programmes of work are being managed and by examining and reporting on the adequacy, efficiency and effectiveness of relevant management arrangements, 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.

We will seek to contribute to the Council's achievement of best value and value for money by providing independent assurance on relevant management arrangements and by constantly being aware of the need to highlight where scope for improved efficiency may exist.



### [Independence and objectivity](#)

Although part of the Council, independence and objectivity are important 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 and objectivity and are committed to demonstrating these attributes in all that we do.

### [Continuing to develop our Counter Fraud Team capability](#)

We will continue to develop our investigative capability where there is a need to establish facts concerning potential evidence of irregularity and we will work with management to continually improve the Council's anti-fraud arrangements to ensure that key fraud risks are identified and appropriately managed. We will respond appropriately and in a timely manner to relevant issues drawn to our attention by elected members, management and members of the public

### [Support for the Audit and Scrutiny Committee](#)

We will seek to work closely with the Audit and Scrutiny Committee which takes assurance from Internal Audit reports and will continue to help the Committee discharge its responsibilities and to respond more quickly to emerging issues. We will develop an effective working relationship with the Chair and Vice-Chair of Audit and Scrutiny Committee to help them shape the work of the Committee.

### [Securing influence](#)

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 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.

### [Developing our people to make sure we have the right skills](#)

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 continuing to invest in our core internal audit skills, we will continue to enhance the range of other skills within Internal Audit needed to focus our work on the key governance processes and strategic risks and priorities faced by the Council.

Investing in our people is critical to our success. We want to embed a culture of continuous learning and development, whereby we help our people to keep their skills at the desired level. To achieve this, we need to support them to further develop their skills across relevant areas including technological and methodological skills, digital skills, sector and cross-government knowledge and personal effectiveness skills.



### [External audit](#)

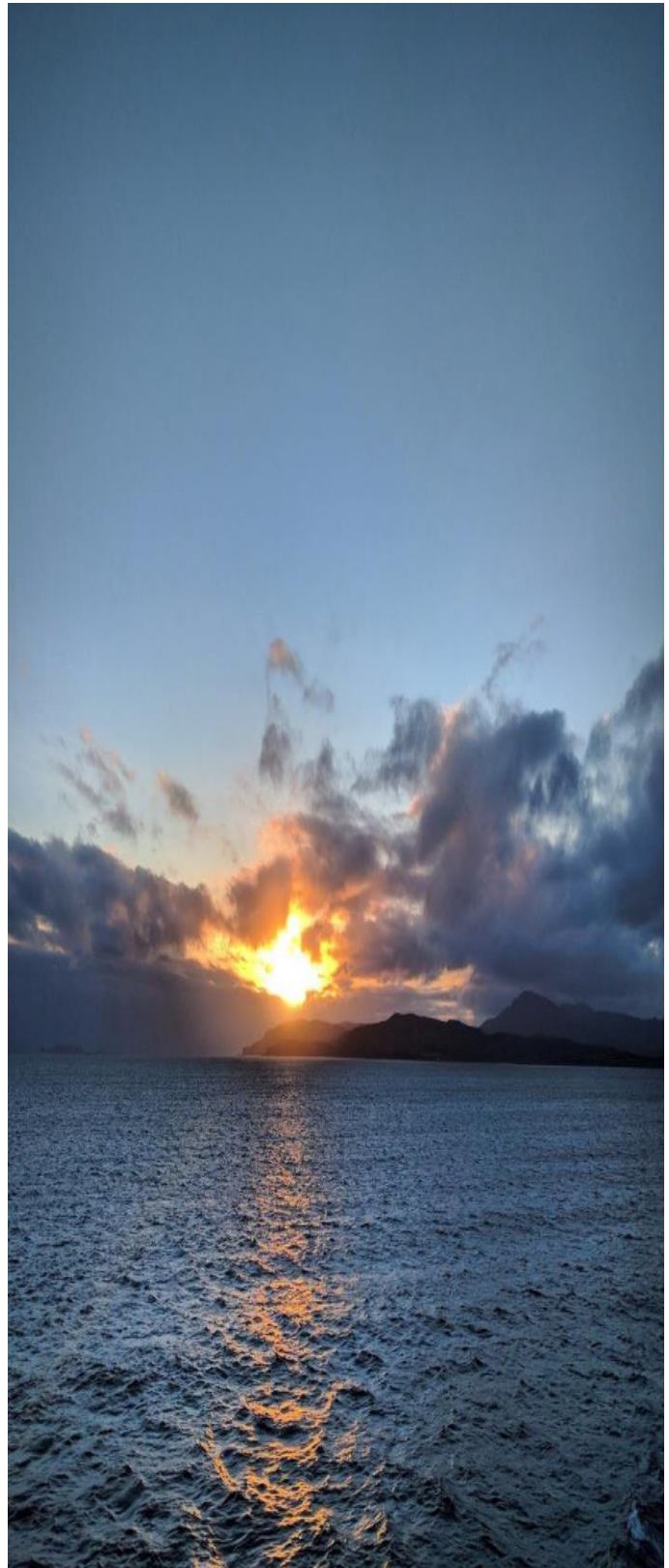
We will seek to ensure that the Council's appointed external auditor is, where appropriate, able to place reliance on our work. We will work closely with external audit to ensure that the external audit process is conducted appropriately and that due consideration is given to matters arising.

### [Resource requirements](#)

Internal Audit services are to be provided by an in-house team covered by this strategy. The Chief Internal Auditor will continue to annually assess the level and capacity of internal audit resources and will report to the Audit and Scrutiny Committee on the adequacy, or otherwise, of the resources available to them in accordance with GIAS, Application Note and the Code.

### [Delivering high performance](#)

We will seek to measure the success of this strategy and will set out a performance management framework against which we will report regularly. We will also continue to challenge ourselves to work as efficiently as possible by seeking to ensure that our own use of resources is cost-effective and to seek continuous improvements in our audit methodologies and other internal processes.



## 5. Delivering our Plans

These plans provide a comprehensive approach linking our Strategic Risk Register, key developmental changes and commitments in relation to major capital programmes. However, these plans are indicative and not set in stone, they are based on a number of assumptions including, but not limited to, static level of continuous internal audit resources at the appropriate skill level, budget resources being sufficient to allow visits to establishments across the wide geographical and island areas, no significant risk profile changes.

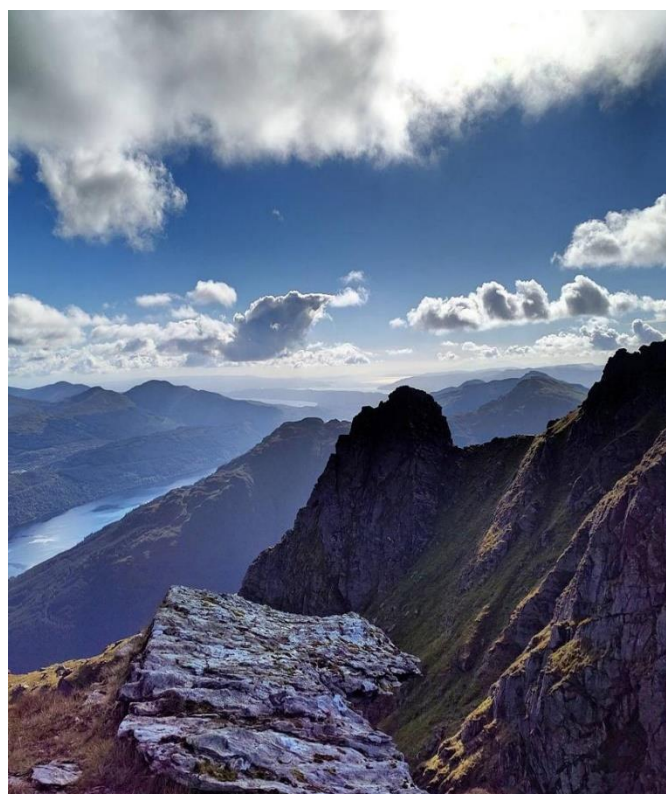
The overview of the work planned over the next three financial years which is covered by this document is outlined in each of the Internal Audit Plans for 2025/26, 2026/27 and 2027/28. A separate document covering each year of the plan will be submitted annually to the Audit and Scrutiny Committee.

Internal Audit Plan for 2025/26 – Appendix 1

Internal Audit Plan for 2026/27 – Appendix 2

Internal Audit Plan for 2027/28 – Appendix 3

Cross Referencing with Key Risks and Priorities – Appendix 4



## Appendix 1 – 2025/26 Internal Audit Plan by Council Directorate / Head of Service

Douglas Hendry			Kirsty Flanagan				Evan Beswick
Education	Legal & Regulatory Support	Commercial Services	Financial Services	Customer Support	Roads & Infrastructure	Development & Economic Growth	Health & Social Care Partnership
Process for School Residential Trips	Reporting Concerns at Work	Building Cleaning	Payroll - iTrent	ICT Disaster Recovery	Roads Reconstruction Programme	Rural Growth Deal	Direct Payments
Music Service Delivery and Funding	Strategic Procurement	Project Management of key Developments	Capital Programme – Management and Monitoring	Performance Management and Reporting	Street Lighting	Oban Airport	Eclipse – Post Implementation Review
Education Maintenance Allowance							
<b>Continuous Monitoring Programme</b> Budgeting, General Ledger, Creditors, Debtors, Payroll, Treasury Management, Council Tax & Non-Domestic Rates, VAT							
Live Argyll Property and Building Maintenance Compliance				Other Activity NFI – Counter Fraud Team Follow Up Local Government Benchmarking Framework			



## Appendix 2 – 2026/27 Internal Audit Plan by Council Directorate / Head of Service

Douglas Hendry			Kirsty Flanagan				Evan Beswick
Education	Legal & Regulatory Support	Commercial Services	Financial Services	Customer Support	Roads & Infrastructure	Development & Economic Growth	Health & Social Care Partnership
Supply Teaching	Business Continuity Arrangements	Estate Planning and Rationalisation	Staff and Member Expenses	IT Strategy and Governance	Fleet Management and Replacement	Rural Growth Deal	Adult External Care Packages
Home Education	Civil Contingencies and Emergency Planning	Catering	Risk Management	Workforce Planning	Waste Disposal	Housing Emergency Action Plan	Respite Care
Education Maintenance Allowance						Oban Airport	
<p style="text-align: center;">Continuous Monitoring Programme                      Budgeting, General Ledger, Creditors, Debtors, Payroll, Treasury Management, Council Tax &amp; Non-Domestic Rates, VAT</p>							
<p style="text-align: center;">Live Argyll</p> Charging Policy – Compliance, Purchasing and Performance Monitoring				<p style="text-align: center;">Other Activity</p> NFI – Counter Fraud Team Follow Up Local Government Benchmarking Framework			

## Appendix 3 – 2027/28 Internal Audit Plan by Council Directorate / Head of Service

Douglas Hendry			Kirsty Flanagan				Evan Beswick
Education	Legal & Regulatory Support	Commercial Services	Financial Services	Customer Support	Roads & Infrastructure	Development & Economic Growth	Health & Social Care Partnership
Strategic Planning- School Rolls	Records Management	Carbon Management and Reduction Planning	Housing Benefit	Cyber Security	Recycling	Rural Growth Deal	Children’s Homes
ASN – Allocation of Assistance	Records Storage and Digitalisation Processes	Energy Control, Management and Reduction	Council Tax	Digital Transformation and Connectivity	Traffic Regulation Orders	Oban Airport	Adult Protection
Education Maintenance Allowance							
<b>Continuous Monitoring Programme</b> Budgeting, General Ledger, Creditors, Debtors, Payroll, Treasury Management, Council Tax & Non-Domestic Rates, VAT							
Live Argyll  HR/Payroll & Establishment Visits				Other Activity NFI – Counter Fraud Team Follow Up Local Government Benchmarking Framework			

## Appendix 4 – Cross Reference of Strategic Audit Plan to Strategic Risks and Council Key Priorities

Planned Internal Audit Review	Year of Review	Council Service Area	Cross Referenced to Strategic Risk Register	Cross Referenced to Council Key Priorities
Process for School Residential Trips	2025/26	Education		Children and Young People
Music Service Delivery and Funding	2025/26	Education		Children and Young People
Education Maintenance Allowance	2025/26	Education		Children and Young People
Supply Teaching	2026/27	Education		Children and Young People
Home Education	2026/27	Education		Children and Young People
Education Maintenance Allowance	2026/27	Education		Children and Young People
Strategic Planning- School Rolls	2027/28	Education		Children and Young People
ASN – Allocation of Assistance	2027/28	Education		Children and Young People
Education Maintenance Allowance	2027/28	Education		Children and Young People
Reporting Concerns at Work	2025/26	Legal & Regulatory Support		
Strategic Procurement	2025/26	Legal & Regulatory Support		

Planned Internal Audit Review	Year of Review	Council Service Area	Cross Referenced to Strategic Risk Register	Cross Referenced to Council Key Priorities
Business Continuity Arrangements	2026/27	Legal & Regulatory Support	SR-8	
Civil Contingencies and Emergency Planning	2026/27	Legal & Regulatory Support	SR-8	
Records Management	2027/28	Legal & Regulatory Support		
Records Storage and Digitalisation Processes	2027/28	Legal & Regulatory Support		
Building Cleaning	2025/26	Commercial Services		
Project Management of key Developments	2025/26	Commercial Services		
Estate Planning and Rationalisation	2026/27	Commercial Services	SR-2	
Catering	2026/27	Commercial Services		
Carbon Management and Reduction Planning	2027/28	Commercial Services	SR-12	
Energy Control, Management and Reduction	2027/28	Commercial Services	SR-12	
Payroll - iTrent	2025/26	Financial Services		
Capital Programme – Management and Monitoring	2025/26	Financial Services	SR-2	Sustainable Service Delivery

Planned Internal Audit Review	Year of Review	Council Service Area	Cross Referenced to Strategic Risk Register	Cross Referenced to Council Key Priorities
Staff and Member Expenses	2026/27	Financial Services		
Risk Management	2026/27	Financial Services		
Housing Benefit	2027/28	Financial Services		
Council Tax	2027/28	Financial Services		Sustainable Service Delivery
Disaster Recovery	2025/26	Customer Support	SR-8	
Performance Management and Reporting	2025/26	Customer Support	SR-6	
IT Strategy and Governance	2026/27	Customer Support		Transport Infrastructure and Digital Connectivity
Workforce Planning	2026/27	Customer Support	SR-6	
Cyber Security	2027/28	Customer Support	SR-10	Transport Infrastructure and Digital Connectivity
Digital Transformation and Connectivity	2027/28	Customer Support	SR-3	Transport Infrastructure and Digital Connectivity

Planned Internal Audit Review	Year of Review	Council Service Area	Cross Referenced to Strategic Risk Register	Cross Referenced to Council Key Priorities
Roads Reconstruction Programme	2025/26	Roads & Infrastructure	SR-2	Transport Infrastructure and Digital Connectivity
Street Lighting	2025/26	Roads & Infrastructure		Environment
Fleet Management and Replacement	2026/27	Roads & Infrastructure		Sustainable Service Delivery & Environment
Waste Disposal	2026/27	Roads & Infrastructure	SR-9	Environment
Recycling	2027/28	Roads & Infrastructure	SR-9	Environment
Traffic Regulation Orders	2027/28	Roads & Infrastructure		Transport Infrastructure and Digital Connectivity
Rural Growth Deal	2025/26	Development & Economic Growth	SR-1 & SR-3	Housing, Economic Growth and Population
Oban Airport	2025/26	Development & Economic Growth		
Rural Growth Deal	2026/27	Development & Economic Growth	SR-1 & SR-3	Housing, Economic Growth and Population

Planned Internal Audit Review	Year of Review	Council Service Area	Cross Referenced to Strategic Risk Register	Cross Referenced to Council Key Priorities
Oban Airport	2026/27	Development & Economic Growth		
Housing Emergency Action Plan	2026/27	Development & Economic Growth	SR-13	Housing, Economic Growth and Population
Rural Growth Deal	2027/28	Development & Economic Growth	SR-1 & SR-3	Housing, Economic Growth and Population
Oban Airport	2027/28	Development & Economic Growth		
Direct Payments	2025/26	Health & Social Care Partnership	SR - 7	
Eclipse – Post Implementation Review	2025/26	Health & Social Care Partnership		
Adult External Care Packages	2026/27	Health & Social Care Partnership	SR - 7	
Respite Care	2026/27	Health & Social Care Partnership	SR - 7	
Children's Homes	2027/28	Health & Social Care Partnership		Children and Young People
Adult Protection	2027/28	Health & Social Care Partnership		