

REPORT TO: SCRUTINY COMMITTEE - 25 APRIL 2025
REPORT ON: 2025/26 INTERNAL AUDIT PLAN
REPORT BY: CHIEF INTERNAL AUDITOR
REPORT NO: 128-2025

1.0 PURPOSE OF REPORT

To submit to Members of the Scrutiny Committee the Internal Audit Plan for the 2025/26 financial year.

2.0 RECOMMENDATIONS

Members of the Committee are asked to review and approve the 2025/26 Internal Audit Plan as detailed at Appendix A.

3.0 FINANCIAL IMPLICATIONS

None.

4.0 MAIN TEXT

Introduction

4.1 Internal audit is defined in the Internal Audit Standards as:

“An independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes”.

4.2 Management are responsible for establishing the risk, governance and internal control processes and systems as well as their on-going monitoring. Management are also responsible for managing fraud risks and ensuring that internal control systems are designed to guard against fraud and misappropriation. Internal audit is not a substitute for these management responsibilities. Rather it is the review function which will challenge current practices and recommend the best practice and improvements to lead to a strengthening of the control environment and therefore assist the council in achieving its objectives.

4.3 Professional practice in relation to the provision of internal audit service is defined by Global Internal Audit Standards (UK Public Sector) (GIAS (UK Public Sector)) which replaced the previous Public Sector Internal Audit Standards (PSIAS) from 1 April 2025. GIAS (UK Public Sector) is issued by the relevant authority which is CIPFA for local government. These standards are exacting in relation to the organisation’s governance of internal audit and internal audit’s own arrangements and practices.

4.4 GIAS (UK Public Sector) requires the Chief Internal Auditor to set a risk-based audit plan sufficient to provide the required assurances to Members and officers in relation to corporate governance, risk management and internal controls. Assurances are provided throughout the year as individual audits are completed. An annual conclusion on these areas is included within the Internal Audit Annual Report submitted to Scrutiny Committee in June each year.

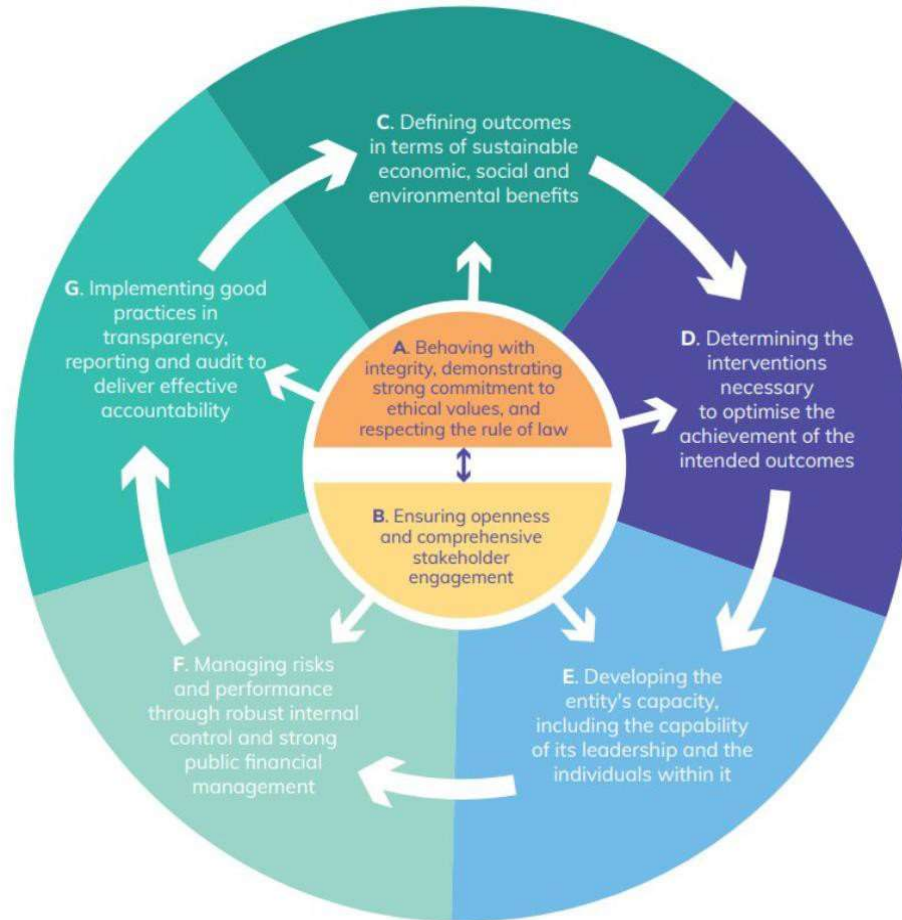
- 4.5 An External Quality Assessment (EQA) reported in 2018 provided a positive conclusion confirming that Internal Audit fully conformed with nine of the 13 standards and generally conformed with the remaining four standards within the requirements of the PSIAS. An EQA is required every five years. The EQA underway currently was begun in November 2023. Completion has been delayed by the reviewer, but a draft report is expected in April 2025.
- 4.6 The Internal Audit plan is considered to be flexible to allow a quick response to any significant new requirement or change to Council risks. Any amendments to the plan will be brought to the Scrutiny Committee for approval.
- 4.7 The Internal Audit plan will be delivered in accordance with the Internal Audit Mandate and Charter to be approved in April 2025. This complies with the GIAS (UK Public Sector) which sets out the role, professional requirements, independence and overall responsibilities of Internal Audit. The authority, access rights and reporting arrangements for the Internal Audit function are also contained within the Internal Audit Mandate and Charter.

Resources

- 4.8 The Council's Internal Audit service is delivered by an in-house team which has been complemented by additional audit input from a contractor for a number of years. Azets were appointed to provide IT and general audit support for a four-year contract beginning with the 2023/24 audit year.
- 4.9 The in-house internal audit team structure has 4.3 FTE staff. The Chief Internal Auditor (CIA) (0.5 FTE), Acting Senior Manager – Internal Audit (0.8 FTE devoted to audit), Senior Auditor (1 FTE) and 2 auditors (2 FTE). The CIA post is currently filled through a secondment arrangement with Angus Council.
- 4.10 The Internal Audit team provides audit input to support the Chief Internal Auditor of the Dundee IJB (Integration Joint Board), who is from FTF Audit and Management Services. Discussions are in progress about providing a service to LACD.
- 4.11 For the 2025/26 financial year, the total productive days available for audit work will be of the order of 800 days. The time available for audits takes into account the work for the IJB noted above, the time needed for professional development of staff, internal administrative activities, annual leave and contingency for other staff absences, and involvement in corporate management groups.
- 4.12 Follow-up audit work will be undertaken with services as audit actions are closed in Pentana, with specific follow up reviews only considered for areas where the overall assurance level is limited or no assurance.
- 4.13 Where any team member has a perceived or actual conflict of interest in relation to an Internal Audit assignment or investigation, they will not be permitted to have any involvement in that piece of work. In addition, Internal Audit staff who are involved in advisory work will not be permitted to be involved in any internal audit work that is directly related to that work.

Assurance Framework and Mapping

- 4.14 CIPFA's December 2023 publication "Developing an effective assurance framework in a local authority" defines an assurance framework as
- "The means by which leaders, managers and decision makers can have confidence that the governance arrangements that they have approved are being implemented, operating as intended, and remain fit for purpose."
- 4.15 The following diagram is an extract from the December publication and reflects the areas in the Council's Local Code of Corporate Governance (the Local Code).



- 4.16 An assurance map identifies in more detail the various ways in which management and those charged with Governance receive assurance about achievement of objectives and service delivery. It considers activity that provides assurance in four distinct areas: operational internal control: management oversight: external third-party oversight, and Internal Audit review.
- 4.17 In formulating the internal audit plan, review of the assurance map identifies:
- where sufficient alternative assurance to internal audit is in place, and therefore audit is not needed currently, and
 - the internal processes that should be included in the audit universe so that audit can assess if they are providing control and assurance as intended.
- 4.18 A fully populated assurance map can identify gaps in assurance and areas where more assurance is gathered than is required, thereby releasing resources for other activity.
- 4.19 In developing the 2025/26 internal audit plan we used the Assurance Framework above to identify the key elements of the Council's assurance framework and map assurance sources to them. The Service self-assessment checklist that informs the Annual Governance Statement includes links to best practice and identifies Council policies, procedures and guidelines that make up the Framework and reports providing assurance information.
- 4.20 We ensured that key framework elements and internal assurance routes were included in our audit universe and that areas with external assurance sources were excluded from the plan to avoid duplication. Some of these external assurances may be taken into account in formulating the annual Chief Internal Auditor's opinion and time is set aside for reviewing reports and complying with GIAS (UK Public Sector) requirements about taking reliance from others.

4.21 Key assurance framework elements include:

- The Council Plan 2022 to 2027
- The City Plan for Dundee 2022 to 2032
- The Council's Vision, values and key priorities
- Service plans
- Over-arching thematic plans, e.g. medium-term financial plan.
- Codes of conduct for employees and members
- Statutory officers in place
- Strategies, policies and procedures
- Standing Orders and schemes of administration
- Committee arrangements, including Terms of Reference
- Transformation Programme and Programme Management Office
- Risk management arrangements
- Arrangements to comply with legislation, e.g. GDPR, Fairer Scotland
- Performance management framework
- Local Partnerships

4.22 The main reported assurance sources are:

- Annual performance reporting and self-evaluation by the Council and individual services.
- External Audit. This includes the annual audit report and opinion, Best Value reporting and other Audit Scotland publications.
- Inspection agency reports.

The 2025/26 Internal Audit Plan

4.23 A risk-based plan for the Council, outlining the planned programme of work to be undertaken by the Internal Audit Service, is developed annually in consultation with audit stakeholders. Appendix A presents the outcomes of the annual planning exercise and the Chief Internal Auditor's proposed 2025/26 Internal Audit Plan, for approval.

4.24 The planning process involves determining the potentially auditable areas of the Council and updating these each year. This year the high-level Audit Universe used previously was reviewed to record a more detailed audit universe. The auditable areas are identified from a number of sources including:

- Knowledge base within Internal Audit
- Council plans and policy documents
- Corporate risk register
- Service risk register
- External inspection reports
- Audit Scotland and Accounts Commission reports
- Liaison with external auditors
- Any matters arising from the work of the Scrutiny Committee
- Consultations with Scrutiny Committee members
- Consultations with the members of the Council Leadership Team and service managers

4.25 Each area in the audit universe is then risk assessed by:

- Mapping the risk registers, and the residual risk score to the audit universe,
- An independent assessment of risk by the Chief Internal Auditor, and
- Consideration of issues identified by audit stakeholders.

- 4.26 The final step in the development of the annual plan is to identify the individual audits from the audit universe. The selection is performed by categorising the audit universe according to the degree of assurance required in respect of those processes and process areas. Factors which contribute to a process or process area requiring a higher degree of assurance include where the process is assessed as:
- Being identified as high risk by stakeholders and/or Internal Audit's own assessment of risk;
 - Being included as a mitigating action against high scoring risks in the Council's Risk Registers;
 - Identified as essential or significant to the delivery of a Council objective;
 - Not having been subject to previous review, or not reviewed in some time;
 - An area of limited assurance in previous audits and inspections, or where counter fraud activity suggests control issues;
 - Specifically requested by management and Elected Members;
 - Audits carried forward from the previous year are also included.
- 4.27 The proposed portfolio of work to be included within the 2025/26 Internal Audit Plan is summarised at Appendix A. The layout of the plan as presented to Committee, in general, follows that used in previous years, with proposed reviews grouped into key themes that are integral to the assurance gathering process across the organisation's activities. For each of the reviews included within the plan there is a brief summary of the proposed coverage, currently informed by the Council's Corporate Risk Register, and service-level risk registers where appropriate. The proposed coverage has, in the main, been compiled based on discussions and review of relevant background information gathered as part of the audit planning process. A more detailed audit brief containing background information, scope of the work, overall/specific objectives and reference sources will be compiled for each review and agreed with the client prior to commencement of the audit fieldwork.

Conclusion

- 4.28 The Chief Internal Auditor is content that the proposed plan in Appendix A has been prepared in accordance with GIAS (UK Public Sector) and will provide sufficient assurance to comply with the GIAS (UK Public Sector) requirements, including to inform the Chief Internal Auditor's annual conclusion on governance, risk management and internal controls.
- 4.29 Whilst the 2025/26 Internal Audit Plan has been prepared using the best information currently available, it is possible that it will require to be amended during the financial year to reflect changing risks, priorities and resources. As required under the GIAS (UK Public Sector), any significant changes to the planned programme of work will be reported to the Scrutiny Committee. The Chief Executive and Executive Director of Corporate Services will also be kept informed of Internal Audit developments by the Chief Internal Auditor through regular meetings.

5.0 POLICY IMPLICATIONS

This report has been subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures, services or funding and so has not been subject to an Integrated Impact Assessment. An appropriate senior manager has reviewed and agreed with this assessment.

6.0 CONSULTATIONS

The Council's Leadership Team have been consulted in the preparation of this report.

7.0 BACKGROUND PAPERS

None.

CATHIE WYLLIE, CHIEF INTERNAL AUDITOR

DATE: 2 April 2025

2025/26 INTERNAL AUDIT PLAN	Proposed Coverage	Priority Theme	Corporate Risks	Service Risks
Finance Reviews				
Cash Handling	Review of the arrangements in place within the Council for the management and handling of cash.	Designing a Modern Council	DCC001 DCC013	CSCF008 CSCF010
Treasury Management (Large Value Transactions)	Review of procedures for processing and authorisation of large value transactions involving Council funds.	Designing a Modern Council	DCC001 DCC013	CSCF008 CSCF010
HRA Budgetary Control	Review of budget management and monitoring processes in relation to Housing Revenue Account funds.	Build Resilient and Empowered Communities	DCC004a DCC010	NSCo003 NSCo009
ICT Reviews				
ICT Reviews	Subject areas to be agreed with input from external support provider (Azets). Likely to be 2 specific reviews.			
Governance Reviews				
Performance Reporting	Assessment of organisational performance monitoring arrangements within Services, and their consistency with key operational plans.	All Council Plan Objectives	DCC004 DCC011	
Information Governance (progress of GDPR Action plan)	Review of Information Governance arrangements across the Council, including the progress of previous action plans.	All Council Plan Objectives	DCC007	
Dundee IJB – Implementation and Monitoring of Directions	Review of the governance and operational arrangements for the implementation and monitoring of Directions from Dundee IJB to the Council.	All Council Plan Objectives	DCC012	
Systems Reviews				
Asset Management	Review of the processes which ensure that the Council's asset management databases are complete, accurate, and kept up to date. To include processes for condition assessment.	Designing a Modern Council	DCC015c	
Employability Services	Review of the efficiency and effectiveness of the Employability pathway, and arrangements to implement the Scottish Government's <i>No one left behind</i> policy.	Inclusive Economic Growth	DCC004c	
Energy Management and Billing	Evaluation of the processes in place for energy metering and billing, including an assessment of value for money.	Designing a Modern Council	DCC001 DCC004b	

2025/26 INTERNAL AUDIT PLAN	Proposed Coverage	Priority Theme	Corporate Risks	Service Risks
Business Continuity Planning	Review of the extent to which Business Continuity Plans are in place, up to date, and consistent with Council policies and guidance, considering emergency planning and Service incident readiness plans.	All Council Plan Objectives	DCC003 DCC015	
Council Tax and Non-Domestic Rates refunds	Review of the processes and controls for managing Council Tax and Non-Domestic Rates refunds, taking cognisance of work already carried out within Digital and Customer Services on Council Tax Refunds.	Designing a Modern Council	DCC001 DCC013	CSCS007 CSCS008
DWP Appointeeships	Review of the arrangements in place within the Council for the management of DWP Appointeeship clients who are deemed incapable of managing their own affairs.	Designing a Modern Council	DCC009	CSCS007
Homelessness	Review of the development and progress of the Council's plans to address Homelessness.	Build Resilient and Empowered Communities	DCC004a	
Immigration Sponsorship and Visas	Review of the processes by which the Council considers and manages recruitment applications from individuals overseas and/or requiring visa sponsorship, including the update of these policies and procedures in line with changing legislation.	Designing a Modern Council	DCC008 DCC009	CSPS001 CSPS005
Payroll	Review of a payroll sub-process, to be selected in conjunction with Service management.	Designing a Modern Council	DCC001 DCC008	CSPS001 CSPS004
Schools Administrative Support	Review of the arrangements to provide administrative and office support to schools, including arrangements for backfill in the event of absence.	Reduce child poverty and inequalities in incomes, education & health		CFED012
Self-Directed Support	Review of the arrangements for the uptake of and management of self-directed support within Children Services.	Reduce child poverty and inequalities in incomes, education & health	DCC009	CFCJ004 CFCJ006
Other Work				
Parking Meter Procurement	Review of the procurement process for the tender with Project Number DCC/CD/111/24, to confirm that the procurement process used is	Designing a Modern Council	DCC009	CSCF008 CSCF010

2025/26 INTERNAL AUDIT PLAN	Proposed Coverage	Priority Theme	Corporate Risks	Service Risks
	consistent with Council procurement procedures and the requirements of the tender specification.			
Purchasing outwith Civica - Tranman	Review processes which are specific to the Fleet function for placing and approving orders, receipting, and approval of payments.	Designing a Modern Council	DCC009	CSCF008 CSCF010
Purchasing outwith Civica - GVA	Review processes in relation to the ordering, approval, and payment for repair work to Council buildings which are administered through the GVA system and related processes.	Designing a Modern Council	DCC009 DCC015	CSCF008 CSCF010
Follow-Up	Review of progress with the implementation of prior internal audit actions agreed by the Council, for the purpose of providing assurance to Elected Members that identified issues are addressed on a timely basis, and that management attention is appropriately directed towards issues which expose the Council to higher degrees of risk.			
Prior Year Work	Finalisation of projects that are currently ongoing or nearing completion at June 2025.			
Technical Development	<p>Review and update of the Council's Internal Audit Methodology following the implementation of Global Internal Audit Standards.</p> <p>Further refinement of the Council Audit Universe in consultation with Services.</p> <p>Development and implementation of a Data Analytics strategy and capability.</p>			
Advice and Guidance	Provision of ad-hoc support to assist services in respect of specific queries and contribute to the delivery of improvements in the Council's framework of governance, risk management and control. This will include the ongoing provision of advice and guidance surrounding the development of newly implemented systems and processes, or the revision and update of those processes.			
GIAS (UK Public Sector) Quality Self-Assessment Process	Annual self-assessment for conformance with GIAS (UK Public Sector).			CSCF008

2025/26 INTERNAL AUDIT PLAN	Proposed Coverage	Priority Theme	Corporate Risks	Service Risks
Specific Investigations	To respond to requests for advice and assistance as required in respect of cases of suspected fraud, corruption or malpractice.		DCC013	

Reserve List

Community Wealth Building	Review of the progress and implementation of a Community Wealth Building Strategy and Action Plan.	Deliver Inclusive Economic Growth	DCC004c	
Events Management	Review of the Council's arrangements for hosting and managing events in the City.	Inclusive Economic Growth	DCC004c	
Trade Waste	Review of the processes and controls in respect of managing the arrangements for trade waste.	Tackle Climate Change and Reach Net Zero Carbon Emissions		NSEN007 NSEN008
Onboarding & Induction	Review of onboarding processes for all staff, and the guidance available to line management overseeing and recording the onboarding of new starts. (Carried forward from 2024/25 plan).	Designing a Modern Council	DCC008	CSPS001
External Grant Funding	Review of the arrangements for the receipt of External Grant Funding and the governance over the requirements and conditions under which the Funding is received.	May impact any Priority Theme	DCC004c	