

REPORT TO: SCRUTINY AND AUDIT COMMITTEE – 04 FEBRUARY 2026
REPORT ON: INTERNAL AUDIT PERFORMANCE MEASURES AND INDICATORS
REPORT BY: CHIEF INTERNAL AUDITOR
REPORT NO: 27-2026

1. PURPOSE OF REPORT

This report seeks input and approval from the committee regarding published Internal Audit performance measures and indicators (KPIs) and provides an update regarding committee review of internal audit performance.

2. RECOMMENDATIONS

Members of the committee are asked to

- (i) review the proposed measures and indicators of Internal Audit performance to be published in the Annual Internal Audit Report and agree them, or propose any required changes,
- (ii) note that a review of other councils' published KPIs will be undertaken after the publication of Annual Reports in June 2026 to identify any other relevant KPIs that should be considered for adoption, and
- (iii) note the proposal to obtain feedback about Internal Audit's performance from the Scrutiny & Audit Committee members when the annual self-assessment of the Committee is undertaken with members.

3. FINANCIAL IMPLICATIONS

None

4. MAIN TEXT

- 4.1. The new Global Internal Audit Standards applicable from 1 April 2025 in the UK public sector and Local Government (GIAS (UK Public Sector)) are more specific about KPIs than the previous standards. The following is an extract from the new Standards.

Standard 12.2 Performance Measurement

Requirements

The chief audit executive must develop objectives to evaluate the internal audit function's performance. The chief audit executive must consider the input and expectations of the board and senior management when developing the performance objectives.

The chief audit executive must develop a performance measurement methodology to assess progress toward achieving the function's objectives and to promote the continuous improvement of the internal audit function.

When assessing the internal audit function's performance, the chief audit executive must solicit feedback from the board and senior management as appropriate.

The chief audit executive must develop an action plan to address issues and opportunities for improvement.

5. CURRENT POSITION

- 5.1. In addition to reporting progress in implementing the Annual Internal Audit Plan to each Scrutiny and Audit Committee, key performance indicators and measures (KPIs) are published in the Annual Internal Audit Report that comes to the committee in June each year. The KPIs from the June 2025 Performance and Quality Assurance section in the report are noted in detail in Appendix 1 below.

These are:

- PSIAS Conformance and Quality Assurance and Improvement Programme
- Internal Feedback and Indicators
- Management agreed to implement xx% of the recommendations made
- Results from service user satisfaction questionnaires
- Other External Assessment

Review and proposed KPIs

- 5.2. The Internal Audit Strategy notes our key objective as delivering risk-based and objective assurance and advisory internal audit services. The proposed published KPIs are therefore related to demonstrating how well this is being achieved.
- 5.3. The Internal Audit team members in both Dundee and Angus were involved in the review of the KPIs. In addition to the published KPIs the internal performance management processes for managing audits were also discussed by the teams and will continue as they are and be kept under review.
- 5.4. CLT considered the proposed KPIs on 9 December 2025.
- 5.5. It is proposed to retain the current annual published KPIs noted in Appendix 1 with one exception and add the KPIs noted in Appendix 2 to the Annual Report for 2026 or from 2027 where data for the current year is not available. The exception is that the indicator "Management agreed to implement xx% of the recommendations made" will be removed because the way in which recommendations are made and agreed with services means that their acceptance is not a measure of internal audit performance.
- 5.6. Information considered in setting the proposed published KPIs:
- Review of the requirements of Standard 12.2 and consideration of the suggested measures included in the Standard (Appendix 3). Some of the suggested measures are for internal management purposes. Some others have not been included as Internal Audit does not have control over the timing of service input to audits and therefore these are not felt to be useful measures of internal audit performance.
 - Benchmark information from June 2025 reported KPIs from other councils.
 - The measures included in our current Internal Audit Strategy. Progress will be reported in the Annual Report.
 - The Mandate and Charter identifies conformance with Standards as a KPI. This is already reported. There are a few internal measures that will be adopted relating to training compliance.
 - Our current KPIs (Appendix 1). Information is currently also published about the planned work delivery and completion of actions, but not specifically as performance measures.
 - It is proposed to expand planned work delivery information and include this as new performance measures as per the table in Appendix 2.
 - Targets set are similar to those in benchmarked Councils
 - It is not proposed to change the reporting of action delivery to make it a performance measure since implementation is not internal audit's responsibility. Information published will be reviewed for the 2025/26 report.

Elected Members feedback

- 5.7. The Standard requires feedback on Internal Audit performance from the Board/Audit Committee. A progress report is presented to every Scrutiny and Audit Committee meeting providing an opportunity for members to give comment.
- 5.8. It is proposed to obtain feedback on Internal Audit performance from the Scrutiny and Audit Committee members when the annual self-assessment of the Committee is undertaken with the members, usually in April each year. The process for this is currently being developed. The results will be noted in the Committee's Annual Report and cross referenced in the Internal Audit Annual Report.

6. 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.

7. CONSULTATIONS

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

8. BACKGROUND PAPERS

None.

Appendix 1 Performance Indicators reported in Internal Audit Annual Report 2024-2025

Appendix 2 Proposed new KPIs for inclusion in the Annual Report

Appendix 3 Measures suggested by Standards

CATHIE WYLLIE, CHIEF INTERNAL AUDITOR

07 JANUARY 2026

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Performance Indicators reported in Report 179-2025 - 2024/25 Internal Audit Annual Report – extract

10. PERFORMANCE INDICATORS

PSIAS Conformance and Quality Assurance and Improvement Programme (QAIP)

1. The self-assessment of the Internal Audit Service undertaken in November 2023 for the EQA, and reviewed in April 2025, confirmed that the service operated in conformance with the PSIAS throughout 2024/25 with one minor non-conformance that is outwith our control. The non-conformance relates to the timing of the external review that PSIAS requires to be undertaken at least every five years. The EQA was initially scheduled to take place in 2022/23 within a compliant timeframe through the peer review process agreed by the Scottish Local Authority Chief Internal Auditors Group (SLACIAG). The reviewer delayed the review making it later than five years since the last review. Our self-assessment was provided in November 2023. The review has progressed since then but is not complete at June 2025 due to other commitments of the reviewer.
2. The last EQA performed for Dundee City Council, also undertaken using the SLACIAG peer review process reported in May 2018. The report concluded that “the Internal Audit activity within Dundee City Council fully conforms with 11 standards and generally conforms with the remaining 2 standards.”
3. PSIAS requires the Chief Audit Executive to develop and maintains a QAIP covering all aspects of the Internal Audit Service. During 2024/25 the key elements of the QAIP were work to prepare for the implementations of the new Global Internal Audit Standards as they apply to the UK Public Sector.
4. A copy of the QAIP Action Plan, including progress updates against the actions outstanding at June 2024 is at Appendix C. It should be noted that the actions do not represent significant deviations from the PSIAS and are related to continuous improvements to keep up to date with good practice and make best use of available technology.

Internal Feedback and Indicators

5. As part of the continuous improvement process within the Internal Audit Service, client feedback questionnaires are issued at the conclusion of each planned audit review. Feedback from this process is used, where appropriate, to improve the quality of the Internal Audit Service going forward. During 2024/25, 10 (2023/24 five) completed client feedback questionnaires were received. Responses were very positive across four feedback categories. 98% (2024/25 100%) of responses agreed or strongly agreed with statements that the Audit Approach, Communication and Conduct, Timing and Audit Report were satisfactory. All of the returned questionnaires indicated that the review was beneficial to the client’s area of responsibility.
6. Management agreed to implement 100% of the recommendations made (2023/24 100%).

Other External Assessment

7. The internal audit arrangements are assessed on an annual basis by the Council's External Auditor, which is a team from Audit Scotland. As part of this assessment, the External Auditor considers the activities of internal audit, principally to obtain an understanding of the work carried out and determine the extent to which assurance can be placed on its work. This approach helps to minimise duplication of audit coverage.

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Appendix 2 Proposed new KPIs for inclusion in the Annual Report

Audit Plan Delivery

| | Audits in plan | Audits B/F in June | Audits postponed or deleted | Audits added | Total audits as adjusted in year | Audits C/F at June | Audits reported in year | Audits in draft at June | %age of adjusted plan delivered to final stage | %age of adjusted plan delivered at least to draft report stage | B/F complete or removed at June | B/f but then c/f | %age B/F completed in the year |
|----------------|----------------|--------------------|-----------------------------|--------------|----------------------------------|--------------------|-------------------------|-------------------------|--|--|---------------------------------|------------------|--------------------------------|
| 2023/24 | 21 | 14 | 7 | 0 | 28 | 17 | 11 | 4 | 39.3 | 53.6 | 14 | 0 | 100 |
| 2024/25 | 15 | 17 | 5 | 3 | 30 | 11 | 19 | 4 | 63.3 | 76.7 | 13 | 4 | 76.5 |
| 2025/26 | 22 | 11 | | | | | | | | | | | |
| Target | | | | | | | | | 65% | 80% | | | 100% |

A narrative explanation for the figures will be provided.

The number of advisory (previously called consultancy) projects included in the plan will be noted

Compliance with Cipfa's statement on the role of the Head of Internal Audit in public service organisations.

This is currently published in Angus. It is proposed to self-assess against the guidance for Dundee City between now and April and publish the results in June. Governance elements of this statement have been replaced by the new Cipfa Code on Governance of Internal Audit, published in February 2025 and applicable from 1 April 2025. Other elements have requirements for both the Head of Internal Audit and the Council. From informal consideration of this to date a strong level of compliance, with only minor, if any, non-compliance, is anticipated.

CIPFA Directors of Finance section efficiency indicator shows the %age of productive hours discharged in comparison to planned productive hours. The number of days actually spent is currently published in another section of the Annual Report and will continue to be published for 2025/26. In order to change this in future planned hours will need to be allocated to the plan in April each year, beginning with April 2026 so that this can be calculated in June 2027. It is not time efficient to go back and do this for 2025/26.

The number of instances of additional advice sought will be reported. This will not be possible until 2027 as this has not been recorded fully in the period from 1 April to now and cannot be reliably re-created. This indicator will demonstrate the extent of internal audit's advisory activity with services beyond assurances and advice included in the formal reports.

Scrutiny and Audit Committee review of Internal Audit

The format and process for undertaking this has still to be agreed

Update on Internal Audit Strategy measures

Short-term by June 2026

- Full compliance with GIAS (UKPS) assessed in annual self-assessments and external Quality Assessments every 5 years, where resources make this level of compliance possible, or general compliance where resources make full compliance unreasonable.
- Joint working activity between Dundee and Angus internal audit teams
- Plan in place for provision of Chief Audit Executive post prior to end of current arrangement with Dundee and smooth transition to new arrangement

Medium term - over next 2 to 3 years

- Number of areas where digital/continuous audit is applied and reported regularly to management and audit committee
- All team members achieve Continuous Professional Development (CPD) requirements, Exam pass and career grade progression where applicable, and Support contract work integrated with annual internal audit plan where required
- Number of joint audits (with Angus) performed compared to the number of aligned and shared services assessed as high-risk areas

Measures suggested by Standard

Some of these are already reported or are internal management information. Some would be disproportionately time consuming to collect

| Measure suggested by Standard | Current Position / proposed change | Published or Internal? |
|---|---|------------------------|
| 1. Coverage of engagement objectives expected to be reviewed according to the internal audit mandate | Publishing the extent to which the plan has been delivered through the new proposed table for item 6 below will address this | Published |
| 2. The extent to which the internal audit conclusions at the level of the business unit or organisation address significant objectives of the organisation | <p>The annual plan is linked to risk registers and Council objectives but given the size of the organisation the link to objectives is tenuous in some cases. Risk Impact is already discussed in reports and considered in individual audit planning, and then in the reporting of each audit as required.</p> <p>No meaningful KPI that can be measured, therefore no change.</p> | N/A |
| 3. The %age of recommendations or action plans completed by management that result in desired outcomes, as monitored by the internal audit function. Standard recognises this isn't only a measure of IA as management have responsibility to implement | <p>We already publish data on total numbers of actions agreed and open actions in progress to each S&A committee and in the Annual Report.</p> <p>This is not an IA performance measure - the information currently reported is sufficient for information but not a KPI No change proposed.</p> | N/A |
| 4. %age of the organisations key risks and controls reviewed | <p>The annual audit plan already notes the risks that are covered but not controls - these will be picked up in the audit testing programme.</p> <p>All corporate risks are usually covered in each annual plan. It is impractical for us to quantify the total number of controls in the council. No change is proposed.</p> | N/A |
| 5. Stakeholder satisfaction regarding understanding of engagement objectives, timeliness of engagement work, and clarity of engagement conclusions | <p>Stakeholder satisfaction is already included in the annual report. It has been confirmed that the current questionnaire covers the areas suggested by the standards.</p> <p>No change needed.</p> | Already published |
| 6. Percentage of internal audit plan (as adjusted and approved) completed on time | <p>The Annual Report currently provides information that could easily be used to calculate %ages.</p> <p>See Appendix 2 suggestion for additional information to be published</p> | Published |

| | | |
|---|--|---|
| 7. Balance of assurance and advisory engagements in the internal audit plan relative to the internal audit strategy | The Strategy does not provide a target for each because the risk based annual planning will identify the optimal split for any given year. The number of advisory projects included in each annual plan will be noted. | Published |
| 8. EQA reviews confirming internal audit conformance with the Standards | We already report this in Annual Report. No change required | Already published |
| 9. Quality Assurance reviews confirming that adequate competencies are in place to perform the scheduled internal audit engagements | This is part of the audit file review process already in place. No change required | Internal |
| 10. Internal auditor learning and development plans linked to the Internal Audit Strategy and the organisation's developing risks | This is being developed through application of the IIA competency framework and linking it with annual appraisal reviews - work in progress at the moment through the GIAS (UK Public Sector) implementation action plan. | Internal |
| 11. Staff holding at least one recognisable certification relevant to internal auditing | <p>Service leader and Manager/Team Leader posts require CCAB or IIA qualifications. Auditor posts have a career grade structure and CCAB or IIA is encouraged.</p> <p>This isn't a true KPI but will be included in enhanced resources information to be included in the 2026/27 Annual Plan and 2025/26 Annual Report</p> | Published (with resource information, not as a KPI) |