



Glasgow City Council
Finance and Audit Scrutiny Committee

Item 7

25th March 2026

Report by: Head of Audit and Inspection

Contact: Jillian Campbell

Extension: 74053

Internal Audit – Audit Plan 2026/27

Purpose of Report

The purpose of this report is to inform the Committee of the outputs which Members and senior officers of the Council can expect from Internal Audit in 2026/27 and to seek the approval of the Finance and Audit Scrutiny Committee of the Audit Plan for 2026/27.

Recommendation

Members are asked to agree the implementation of the Audit Plan for 2026/27 as detailed in Appendix 1.

Members are asked to agree to the implementation of the Internal Audit Mandate and Charter as detailed in Appendix 5.

Members are asked to note the responsibilities of the Finance and Audit Scrutiny Committee as detailed in the Audit Charter.

Ward No(s):

Citywide:

Local member(s) advised:
Yes No

consulted: Yes No

Glasgow City Council Internal Audit

Annual Audit Plan 2026/27

1. Introduction

- 1.1 The Global Internal Audit Standards in the UK Public Sector (GIAS) require the Head of Audit and Inspection to submit the annual audit plan to an appropriate Audit Committee. This report outlines the proposed annual audit plan for Glasgow City Council for 2026/27.

2. Background

- 2.1 Internal Audit is an assurance function that primarily provides an independent and objective opinion on the control environment within Glasgow City Council and its Group. The annual audit plan is designed to assist the Head of Audit and Inspection in formulating that opinion. The plan also includes work which does not directly contribute to the Annual Governance Statement such as participation in project or system implementation groups.
- 2.2 In developing the annual audit plan, Internal Audit held discussions with senior officers in all Services and the Council's Arms Length External Organisations (ALEOs). Considered the Corporate and Service risk registers and attended the Council's Risk Board.
- 2.3 Changes in organisational structures, system developments, changes in working practices and legislative requirements create a constantly changing control environment. Taking these factors into account, the highest risk areas are brought forward in the annual audit plan. Risk is assessed by considering various factors. These include the potential financial impact if controls fail, any changes or new processes/systems that have been implemented and the assessment of senior officers and auditors regarding the effectiveness of controls in key areas. These risk scores are weighted and the highest composite scoring areas are prioritised in the audit plan.
- 2.4 Internal Audit work is undertaken in accordance with the GIAS for the UK Public Sector. These new standards came into effect on 1 April 2025 and have been adopted by the Relevant Internal Audit Standard Setters (RIASS). The RIASS includes, among others, HM Treasury, the Scottish Government and the Chartered Institute of Public Finance and Accountancy (CIPFA).
- 2.5 The Internal Audit team at Glasgow holds the British Standard ISO9001:2015 Quality Management Standard. This Standard has been held for over 20 years and an annual assessment of compliance with the Standard is undertaken by independent British Standard reviewers. The last review undertaken by British Standard reviewers was in February 2026 and confirmed that the Internal Audit team continues to have processes and procedures in place that demonstrate compliance with the requirements of the Standard.
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- 2.6 The GIAS includes 15 principles that Internal Audit functions must follow and cover a range of areas including ethics and professionalism, governance of the Internal Audit function, management of the Internal Audit function and performing Internal Audit services. The Public Sector Internal Audit Standards previously introduced a requirement for an external assessment of an organisation's Internal Audit function, which must be conducted at least once every five years by a qualified, independent reviewer from outside the organisation. This requirement continues under the new GIAS in the UK Public Sector. The latest external assessment was undertaken in 2021 at Glasgow City Council by the Assistant Director Audit and Risk Management and Principal Group Auditor from Birmingham City Council. The assessment confirmed that Internal Audit conforms to the requirements of the PSIAS. The next assessment under the GIAS in the UK Public Sector is due to be undertaken by Leeds City Council in June 2026.
- 2.7 The Internal Audit Mandate and Charter defines the authority, role and responsibilities of Internal Audit, with the Internal Audit Charter defining the purpose of Internal Audit. The Internal Audit Mandate and Charter are included at Appendix 5.

3. Internal Audit Reporting

- 3.1 The audit plan shows the outputs which Members and senior officers can expect from Internal Audit during 2026/27.
- 3.2 Internal Audit will issue reports showing audit findings on directly provided Council Services to Executive Directors, highlighting any control weaknesses, together with recommendations for improvement, and will present summary reports to the Finance and Audit Scrutiny Committee (FASC). Any significant area of control weakness will be reported in the Annual Governance Statement.
- 3.3 The audit findings relating to ALEOs will be reported to the Chief Executive or Managing Director of the ALEO and, where appropriate, the Board or Audit Committee of the ALEO. Internal Audit will be represented at each Board or Audit Committee where audit reports are considered. Any reviews at an ALEO which result in an opinion that the "control environment is unsatisfactory" will also be considered to determine if the findings should be reported to FASC after they have been considered by the relevant ALEO.
- 3.4 Internal Audit is also the auditor for the Strathclyde Pension Fund, the Glasgow City Integration Joint Board and the Glasgow City Region Cabinet (which is responsible for the implementation of the Glasgow City Region City Deal and the Shared Prosperity Fund). The audit plans and related reports relating to these entities are reported to the relevant Committee/Cabinet. We also continue to work jointly with the Wheatley Group to provide Internal Audit services to City Building (Glasgow) LLP.
- 3.5 Internal Audit will provide FASC with summary reports on the performance of the section. These will also include outcomes from the Corporate Fraud and Investigations Team, and outline the usage made of the Council's Whistleblowing facilities. Reporting of investigations will be dealt with in the
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manner most appropriate to the circumstances and findings of the investigation.

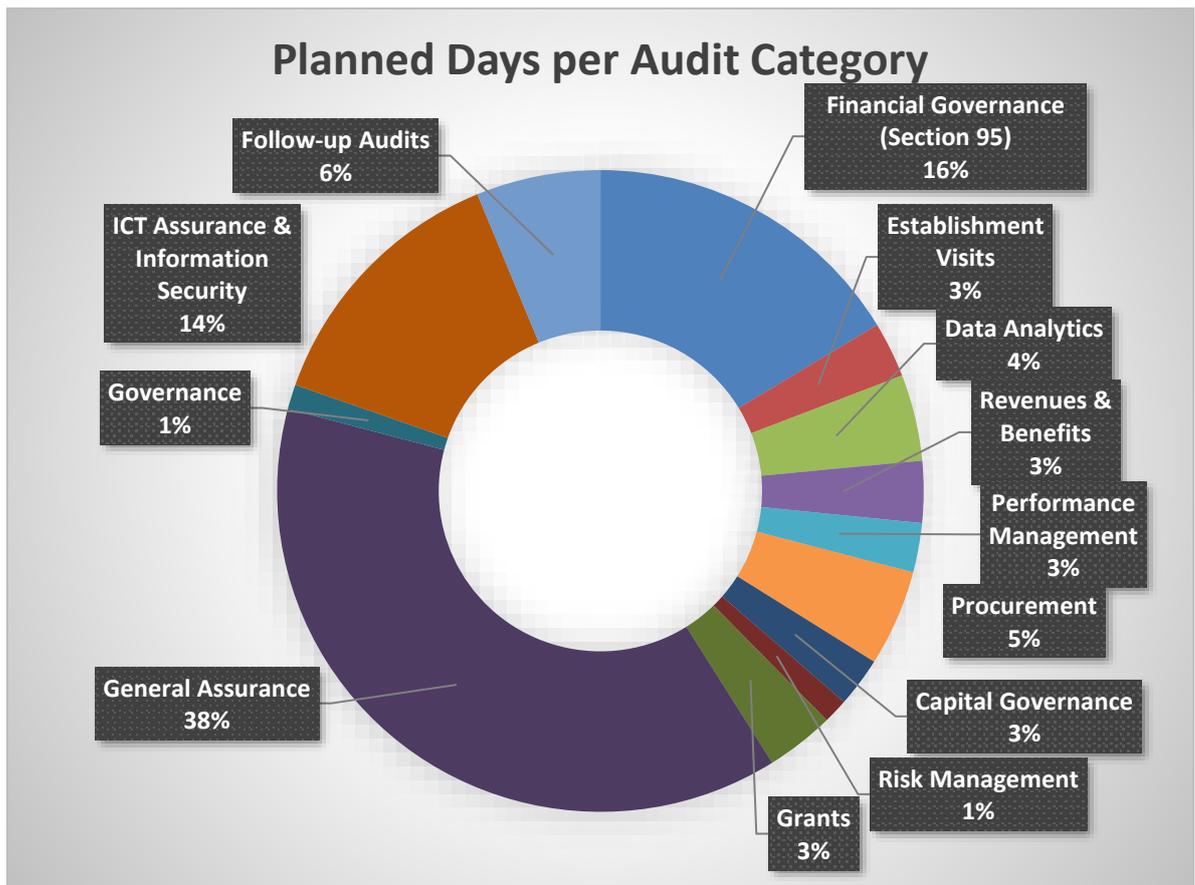
4. Internal Audit Outputs in 2026/27

- 4.1 The main output of Internal Audit in 2026/27 will be the Head of Audit and Inspection's annual report. This is used to inform the Council's Annual Governance Statement, which is incorporated into the Council's financial statements. This provides assurance to Members of the Council and senior officers on issues of control within the Council, its group companies and partners. Internal Audit work also informs the separate Annual Governance Statements that are prepared for the Strathclyde Pension Fund, the Glasgow City Integration Joint Board, the Glasgow City Region Cabinet and other small statutory bodies as appropriate.
- 4.2 The annual report will be based principally on the work undertaken by Internal Audit during the year to complete the audit plan. As noted above, the audit plan has been developed following a risk-based assessment of the Council's key systems, processes and procedures. The full list of the areas we will cover in 2026/27, and on which we will provide assurance, are shown in Appendix 1, together with the link to the Council Plan and Corporate risks. The GIAS in the UK Public Sector require that the audit plan should be kept under review to reflect any changing priorities and emerging risks. We will therefore ensure the plan remains relevant and reflects any changes to the inherent risks at the Council. FASC will be kept up to date with any material adjustments to the audit plan in 2026/27. An update on internal audit performance will also be provided in a mid-year report.
- 4.3 In addition to providing assurance on the areas shown in Appendix 1, we will also provide assurance by delivering a range of services under the general heading of "other assurance activities". The key areas of work in 2026/27 and the assurance that can be taken from our work are described in Appendix 2.
- 4.4 Internal Audit is also required to spend time on areas which do not directly contribute to the annual opinion or Annual Governance Statement but are a necessary part of the operation of the section. Examples of such work are shown in Appendix 3.
- 4.5 Internal Audit is currently reviewing the Whistleblowing and Response Policy with a view to relaunching the Policy in early 2026/27.

5. Resources

- 5.1 In 2026/27 approximately 3,710 days will be available to carry out assurance or assurance-related audit work, including fraud investigations, for Glasgow City Council, ALEOs and partner organisations.

An approximate breakdown of planned days per audit category (excluding ALEOs and partner organisations) is provided in the chart below.



5.2 The audit plan is based on a funded budget of 26.9 FTE members of staff (including the Corporate Fraud and Investigations team). An organisational chart outlining the structure of the Internal Audit Team is provided at Appendix 4.

5.3 Where appropriate, internal audit will work in conjunction with “2nd line” control structures within the Council. For example, the Governance team within the Chief Executive’s, Corporate HR, the Corporate Procurement Unit, Corporate Health and Safety, and Digital Services. This will prevent duplication of effort and will make best use of the assurance activity across all areas.

5.4 Planned audit assurance work should be completed within the resources available provided there is no significant increase in the budget required to undertake demand led work, such as special investigations or work arising from Whistleblowing.

6. Corporate Fraud and Investigations Team

6.1 The work planned for the Corporate Fraud & Investigations (CFI) Team in 2026/27 includes:

- Scottish Welfare Fund – ensuring that applications for Community Care Grants (requests for goods) are only awarded where there is a genuine need for the goods.
- Homelessness – ensuring that persons presenting themselves as homeless are genuine homeless cases.
- Council Tax Discounts and Exemptions – ensuring that, where an exemption or relief has been awarded, there is still an entitlement to the reduction.
- Council Tax Reduction Scheme – ensuring that reductions in place are still applicable.
- Non Domestic Rates – ensuring exemptions are only awarded where there is an entitlement to the discount (e.g. charitable relief, empty property discount and small business relief).
- Misuse of Blue Badge parking permits – investigating cases where it has been alleged that a blue badge parking permit is being misused.
- Whistleblowing – investigating other types of allegations which are made through the Council’s Whistleblowing hotline/internet reporting facility.

6.2 An update on the outcomes achieved by the CFI team will be provided in our annual report.

7. Audit Glasgow

7.1 Audit Glasgow is the name Internal Audit uses when providing services for external organisations. We currently provide the Internal Audit service for Shetland Islands Council. We also undertake ad hoc reviews for other Scottish local authorities. In 2026/27 Audit Glasgow will consider any further opportunities which arise in this area; however the key focus will continue to be the provision of an internal audit function for Glasgow City Council, its ALEOs and related bodies. Any additional services will only be considered if it has no impact on the ability of the department to provide its core function.

8. Recommendation

8.1 Committee is asked to agree to the implementation of the Audit Plan for 2026/27, as detailed in Appendix 1.

8.2 Committee is asked to agree to the implementation of the Internal Audit Mandate and Charter for 2026/27, as detailed in Appendix 5.

8.3 Committee is asked to note the responsibilities of the Finance and Audit Scrutiny Committee as detailed in the Audit Charter.

Appendix 1 – 2026/27 Internal Audit Annual Work Programme

The table below sets out the proposed internal audit work programme for the financial year 2026/27 with links to the Strategic Plan and Council risks as at March 2026.

Audit Category	Audit	Grand Challenge (GC)/Mission	Council Risk (if applicable)	Indicative Budget (Days)
Section 95	Accounts Payable	GC 4 – Mission 3	N/A	30
	Accounts Receivable	GC 4 – Mission 3	FIN 0135, FIN 0141	20
	Treasury Management	GC 4 – Mission 3	CRR 0002, FIN 0123	6
	Payroll Verification	GC 4 – Mission 3	N/A	45
	ERP Replacement	GC 4 – Mission 3	CRR 2694, CEX 0036	60
	Failure to Prevent Fraud legislation	GC 4 – Mission 3	SPF 0420, HSCP 0549, NRS 1791	12
	Job Evaluation/Pay & Grading	GC 4 – Mission 3	CRR 2288, HSCP 0568, EDS 0048, CEX 0046	15
	Section 22 payments	GC 1 – Mission 1	N/A	15
	Payroll resourcing	GC 4 – Mission 3	N/A	15
Data Analytics	Data Analytics	GC 4 – Mission 3	N/A	70
Procurement	Tender Evaluation	GC 2 – Mission 2	CEX 0037	20
	Purchase to Pay routes	GC 2 – Mission 2	CEX 0037	15
	Non Contract spend	GC 2 – Mission 2	CEX 0037	18
	Contract Management – HSCP	GC 2 – Mission 2	HSCP 2254	25
Performance Management	Performance Management	GC 4 – Mission 3	CEX 0042	40
Revenues and Benefits	Scottish Welfare Fund	GC 1 – Mission 2	FIN 0118	15
	Non Domestic Rates new legislation	GC 4 – Mission 3	FIN 0915	20
	Second Empty Home Premium	GC 4 – Mission 3	N/A	15
Capital Governance	Capital Governance – General	GC 2 – Mission 2 & GC 4 – Mission 3	CRR 0017, FIN 0122, NRS 1755	40
Risk Management	Risk Management compliance	GC 4 – Mission 2 & 3	N/A	20
Grants	Grants – general	GC 4 – Mission 2	N/A	40
	Whole Family Wellbeing Fund	GC 4 – Mission 2	N/A	15

Audit Category	Audit	Grand Challenge (GC)/Mission	Council Risk (if applicable)	Indicative Budget (Days)
ICT	Security Operations Centre	GC 4 – Mission 3	CRR 2074	15
	Artificial Intelligence (AI) Governance	GC 4 – Mission 3	N/A	25
	SAP support arrangements	GC 4 – Mission 3	CRR 2074	18
	Application Audits	GC 4 – Mission 3	CRR 2074	50
	Geographic Information System (GIS) System	GC 4 – Mission 3	CRR 2074	15
	IT contract management	GC 4 – Mission 3	CRR 2074, HSCP 1710	15
	Asset management	GC 4 – Mission 3	CRR 2074, CRR 0013	30
	IT Security	GC 4 – Mission 3	CRR 2074, HSCP 0548	30
	Service Integration and Management	GC 4 – Mission 3	CRR 2074	18
Governance	Governance Questionnaires	GC 4 – Mission 2	CRR 0016, EDU 0052, FIN 0126, FIN 0129, NRS 1791	20
Establishment Visits	Establishment visits – various sites	GC 4 – Mission 3	NRS 1758	45
General Assurance	Business Improvement District	GC 2 – Mission 2	N/A	12
	Business Continuity Planning and Disaster Recovery	GC 4 – Mission 3	HSCP 1905, HSCP 0546, IJB 0519, CEX 0034, CEX 0047, NRS 1761, NRS 1802	25
	Transport	GC 3 – Mission 1	N/A	40
	Visitor Levy	GC 2 – Mission 2	N/A	15
	Destinations Marketing Office	GC 1 – Mission 4	N/A	15
	Insurance	GC 4 – Mission 3	FIN 0919, FIN 2346	20
	Recruitment and Selection – Education	GC 2 – Mission 3	EDU 0048	12
	Foster Care arrangements	GC 1 – Mission 3	HSCP 2333	25
	Contingency Planning and Workforce resilience	GC 4 – Mission 3	CRR 0011, HSCP 0568, CEX 0046, NRS 1752	30
	Bereavement Services	GC 4 – Mission 3	N/A	15
	Assessors – statutory requirements	GC 4 – Mission 3	N/A	12
	Overtime	GC 4 – Mission 3	N/A	23
	Carbon/Utilities Management	GC 3 – Mission 2	CRR 0909, NR 1764, NRS 1809	20
	Technical Services	GC 4 – Mission 3	N/A	15
Registration Services	GC 4 – Mission 3	CEX 0035	12	

Audit Category	Audit	Grand Challenge (GC)/Mission	Council Risk (if applicable)	Indicative Budget (Days)
	Grey Fleet Management	GC 4 – Mission 3	FIN 0919, FIN 2346	12
	Alarm Receiving Centre	GC 4 – Mission 1	N/A	6
	Fire Risk Assessment management	GC 4 – Mission 3	CRR 0018	20
	Subject Access Request management	GC 4 – Mission 2	HSCP 2505	30
	Registrars	GC 4 – Mission 3	CEX 0035	18
	Developer Contributions	GC 4 – Mission 1	N/A	20
	Vehicle Maintenance and Inspections	GC 4 – Mission 3	NRS 1784, NRS 1803	15
	Homelessness assessments	GC 1 – Mission 3	HSCP 0241, IJB 2311, IJB 2240	30
	Building/Estates maintenance	GC 4 – Mission 3	CRR 0018, NRS 1763	25
	Short Terms Lets – licensing	GC 4 – Mission 1	N/A	15
	Leavers process	GC 4 – Mission 3	N/A	30
	Major incident planning, resilience and response	GC 4 – Mission 3	CRR 0009, IJB 2230, NRS 1781, NRS 1808	20
	Flexible Capacity	n/a	N/A	80

Audit Category	Audit	Indicative Budget (Days) *
Strathclyde Pension Fund	Members Self Service	40
	Investment Income	
Glasgow City Integration Joint Board	Service Prioritisation	52
	Shifting the Balance of Care	
	Performance Management	
	Flexible Capacity	
Glasgow City Region City Deal	Community Benefits Hub	60
	Governance – critical friend advice and guidance	
	Clyde Mission Heat Decarbonisation – phase 2	
City Building (Glasgow) LLP	Business Transformation	135
	Procurement	
	Charing Model Changes	
	Risk and Business Continuity Planning	
	Mobile Stock Management	
	Cyber Resilience	
	Flexible Capacity	
Jobs and Business Glasgow	Grant Funding Contingency arrangements	40
	Scheme of Delegation	
	Performance Management	
Glasgow Life	Business Continuity Planning	90
	Risk Management	
	Performance Management	
	Retail Management System	
	Travel and Expenses	
	Preparedness for Martyn's Law	
	Community Centre booking	
	Flexible Capacity	
City Property (Glasgow) LLP	Property Management	62
	Health and Safety – working at heights	
	Valuations	
	Communication Strategy	
Audit Glasgow		347

* These are indicative and are subject to approval by the Appropriate Board/Audit Committee.

Appendix 2 – Glasgow City Council Internal Audit – Other Assurance Activities

- 1. Special Investigations** – Internal Audit will undertake a range of special investigations including, where required, fraud investigations. Reports on the results of our work will be passed on to Police Scotland and/or regulatory bodies where appropriate. Internal Audit will provide evidence to disciplinary hearings as required. Internal Audit will also operate the Council’s Whistleblowing hotline and internet reporting facility. Any control weaknesses identified will be examined and recommendations will be made to address them. These audits also help inform the annual opinion and Annual Governance Statement.

Assurance – that referrals to Internal Audit are investigated thoroughly, professionally and impartially and that, where appropriate, recommendations for system and procedural improvements are made.

- 2. National Fraud Initiative (NFI) and other Data Matching exercises** – Internal Audit will take the lead in co-ordinating the Council’s response to the matches arising from the NFI data match. We will also carry out other data matching exercises and data analytics in conjunction with other Services.

Assurance – that any fraud involving the persons identified in the data match is identified and pursued, and that improvements to procedures and practices are introduced as a result.

- 3. Procedural Advice** – Internal Audit will continue to provide procedural advice to Services and will participate in various forums, governance boards and working groups.

Assurance – that sound procedural advice is provided which helps to ensure the development of strong controls.

- 4. Review of Documents, Processes and Procedures** – Internal Audit will respond to Services’ and ALEOs’ requests for reviews of processes or procedural documentation. The output will be the provision of advice and guidance which helps to ensure that strong controls are built into processes and procedures at an early stage.

Assurance – that adequate internal controls are built into systems, processes and procedures as they are developed.

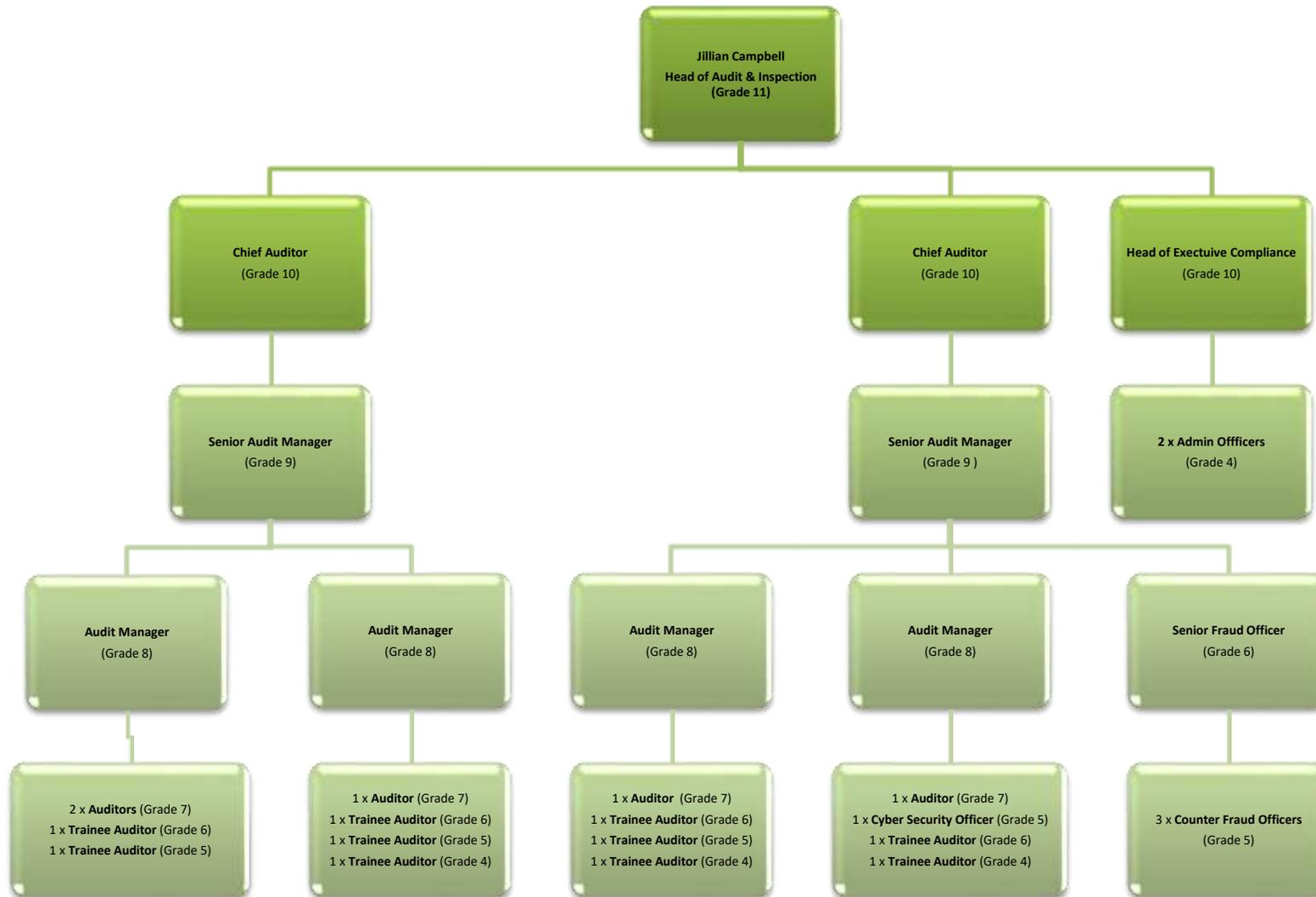
5. **Follow-up Visits** – in 2026/27 Internal Audit will undertake a programme of follow up audits in line with agreed recommendation implementation dates. Summary reports will be presented to the FASC (or the relevant Board or Audit Committee) detailing the findings of these follow up audits.

Assurance – that actions identified by Internal Audit and agreed by Services and ALEOs to strengthen controls are fully implemented.

Appendix 3 – Work not Directly Contributing to the Annual Opinion or Annual Governance Statement

- 1. Staff working groups** – these include various Financial Services groups and boards. The aim of our participation on groups is to provide advice and guidance where required and, where appropriate, to represent Internal Audit within Financial Services. We will continue this provision during 2026/27.
 - 2. Professional activities** - this includes participation in the Scottish Local Authority Chief Internal Auditors' Group (SLACIAG) and the UK Core Cities Audit Group. Internal Audit's contribution includes participation at meetings, occasionally hosting those meetings and delivering presentations on audit related matters, including assurance and fraud work. The aim is to share information, and provide examples of best practice and to learn from others' examples, including how other organisations are responding to topical issues. We will continue with participation with these groups during 2026/27.
 - 3. Freedom of Information (FOI) and Subject Access Requests (SAR)** – Internal Audit helps to ensure that the Council complies with FOI and SAR requests. This will continue in 2026/27.
 - 4. Procurement Approvals** – Together with Legal Services, Internal Audit considers and approves requests from Services to make direct awards to suppliers, in compliance with the Council's Standing Orders.
 - 5. Other areas** – Internal Audit staff receive appropriate professional training in accordance with their roles within the section. This includes supporting trainee auditors to achieve membership of CIPFA and ensuring staff receive appropriate training through Council programmes and GOLD courses.
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Appendix 4 – Glasgow City Council Internal Audit 2026/27 Organisational Chart



Appendix 5 – Internal Audit Mandate and Audit Charter



INTERNAL AUDIT CHARTER

Presented to Finance and Audit Scrutiny Committee: March 2026
Next Review Date: March 2027

1. Introduction

- 1.1 The Local Authority Accounts (Scotland) Regulations 2014 make it a statutory requirement for a local authority to operate a professional objective internal auditing service. Section 95 of the Local Government (Scotland) Act 1973 specifies that all Scottish Councils are required to have in place arrangements for ensuring propriety, regularity and best value in their stewardship of public funds.
- 1.2 The authority for setting professional standards for internal audit in the UK public sector rests with the Relevant Internal Audit Standard Setters (RIASS). The RIASS have determined that the [Global Internal Audit Standards](#) (GIAS), issued by the Institute for Internal Auditors (IIA), are a suitable basis for the practice of internal auditing in the UK public sector, subject to interpretations and requirements set out in the [Application Note](#) "Global Internal Audit Standards in the UK Public Sector". For UK Local Authorities, the [Code of Practice](#) on the Governance of Internal Audit should also be used to interpret some of the essential conditions in the new standards.
- 1.3 The GIAS require the Chief Audit Executive (CAE) to implement and maintain an Internal Audit Charter and sets out the purpose, position and scope of Internal Audit in the organisation. The Charter is reviewed and approved annually by the Senior Management Team, and the audit committee.

2. Purpose

- 2.1 In line with the GIAS, the purpose of Internal Audit is to strengthen the Council's ability to create, protect and sustain value by providing the Council and management with independent, risk-based and objective assurance, advice, insight and foresight.
 - 2.2 The GIAS also set out that Internal Audit is most effective when:
 - Internal Audit is performed by competent professionals in conformance with the GIAS (UK Public Sector);
 - The Internal Audit function is independently positioned with direct accountability to the audit committee; and
 - Internal Auditors are free from undue influence and committed to making objective assessments.
 - 2.3 Internal Audit assurance is provided by delivering an annual programme of audit work that independently and objectively assesses the design and effectiveness of the controls established to manage the Council's most significant risks. The scope of Internal Audit covers all activities across the Council Group.
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- 2.4 The CAE will report annually to the Finance and Audit Scrutiny Committee and Council Management Team on the function's conformance with the GIAS (UK Public Sector), which will be assessed through a quality assurance and improvement programme.
- 2.5 In addition to their primary role, the CAE will also support the Council's Chief Executive, Section 95 Officer and statutory Monitoring Officer in undertaking their duties. The CAE will also advise on the control implications of system or process changes; assist management in their duties to prevent and detect fraud and corruption; and aim to add value to the Council in all its undertakings.

3. Internal Audit Mandate

- 3.1 The authority for Internal Audit is derived from the Local Authority Accounts (Scotland) Regulations 2014. The mandate sets out the authority, roles and responsibilities, and empowers the Internal Audit function to provide the audit committee and senior management with independent, risk-based, and objective assurance, advice, insight, and foresight.
- 3.2 The Internal Audit function's authority is created by its direct reporting relationship to the Finance and Audit Scrutiny Committee. Such authority allows for unrestricted access to the Finance and Audit Scrutiny Committee. This authorises the Internal Audit function to:
- Have full and unrestricted access to all functions, data, records, information, physical property, and personnel pertinent to carrying out Internal Audit responsibilities.
 - Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communications to accomplish the function's objectives.
 - Obtain assistance from the necessary personnel of the Council, and services from within or outside the Council to complete internal audit services.
- 3.3 The GIAS set out the duty on internal auditors to be faithful custodians of the information they gather, sharing only in limited, defined and controlled ways, and describes the need for awareness of responsibilities in protecting information and demonstrating respect for the confidentiality, privacy and ownership of information.
- 3.4 In line with the GIAS (UK Public Sector) internal auditors must also be aware of circumstances under which sharing or publication of information will be required. They must be aware of their organisation's policies and procedures for routine publication of certain information and where there are statutory obligations to share or publish information, for example Freedom of Information requirements.

4. Definitions

- 4.1 The following definitions have been adopted as set out in the GIAS 2024 Glossary:

Internal Audit	<i>An independent, objective assurance and advisory service designed to add value and improve an organisation's operations. It helps an organisation establish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.</i>
Assurance services	<i>Services through which internal auditors perform objective assessments to provide assurance. The nature and scope of assurance services are determined by Internal Audit.</i>
Advisory services	<i>Services through which internal auditors provide advice to an organisation's stakeholders without providing assurance or taking on management</i>

	<i>responsibilities. The nature and scope of advisory services are subject to agreement with relevant stakeholders.</i>
Independence	<i>Freedom from conditions that threaten the ability of the internal audit activity to carry out internal audit responsibilities in an unbiased manner.</i>

5. Independence, Position and Reporting Relationships

- 5.1 The GIAS state that the CAE should be positioned at a level in the Council that enables Internal Audit services and responsibilities to be performed without interference from management, thereby establishing the independence of the Internal Audit function.
- 5.2 The CAE reports functionally to the Finance and Audit Scrutiny Committee and administratively (for example, day-to-day operations) to the Director of Finance, Chief Executive and Corporate Management Team. This positioning provides the organisational authority and status to bring matters directly to senior management and escalate matters to the Finance and Audit Scrutiny Committee, when necessary, without interference and supports the internal auditors' ability to maintain objectivity.
- 5.3 The CAE is required to confirm to the Finance and Audit Scrutiny Committee, at least annually, the organisational independence of the Internal Audit function. If the governance structure does not support organisational independence, the CAE must document the characteristics of the governance structure limiting independence and any safeguards employed to achieve the principle of independence. The CAE must disclose to the Finance and Audit Scrutiny Committee any interference internal auditors encounter related to the scope, performance, or communication of internal audit work and results. The disclosure will include communicating the implications of such interference on the Internal Audit function's effectiveness and ability to fulfil its mandate. The CAE sits on the Council's Capital Programme Board, ICT Digital Board and ERP Steering Group. These appointments have been taken consciously to enhance specific areas of governance in the Group. However, to ensure independence, any audit work involving these areas, will be directed and overseen by one of the Chief Auditors.
- 5.4 To ensure that Internal Audit independence and objectivity is maintained for assurance services, Internal Audit will remain free from interference from anyone within the Council in relation to audit selection, scope, procedures, frequency, timing, and report content.
- 5.5 Where Internal Audit also has responsibility for non-audit activities, the GIAS require that appropriate arrangements are established to avoid conflicts of interest. Additionally, Internal Audit will not be permitted to audit any activities for which they have previously been responsible within a period of one year and will not engage in any other activity that may impair judgment or independence.
- 5.6 For advisory / 'critical friend' services, the Internal Audit role will be specifically restricted to providing guidance, views, and opinions. To comply with independence requirements, Internal Audit will not be involved in any aspects of operational decisions subsequently taken by management

6. Internal Audit Authority and Oversight

- 6.1 To establish, maintain, and ensure that Council's Internal Audit function has sufficient authority to fulfil its duties, the Finance and Audit Scrutiny Committee will give consideration to the following requirements for review and approval.
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GIAS requirement regarding authority and oversight	Review	Approve ¹
Consider, with the CAE and senior management, the appropriate authority, role, responsibilities, scope, and services (assurance and/or advisory) of the Internal Audit function.	X	
Ensure the CAE has unrestricted access to and communicates and interacts directly with the Finance and Audit Scrutiny Committee, including in private meetings without senior management present.	X	
Consider with the CAE and senior management any other topics that should be included in the Internal Audit charter.	X	
Participate in discussions with the CAE and senior management about the 'essential conditions' described in the GIAS which establish the foundation that enables an effective Internal Audit function.	X	
Approve the Internal Audit charter, which includes the internal audit mandate and the scope and types of Internal Audit services.		X
Review and approve the Internal Audit charter annually, specifically considering changes affecting the organisation, such as changes in the type, severity, and interdependencies of risks.	X	X
Approve the risk-based Internal Audit plan.	X	X
Review the Internal Audit function's budget and other resources.	X	
Provide input to senior management on the appointment and removal of the CAE, ensuring adequate competencies and qualifications and conformance with the GIAS (UK Public Sector).	X	
Review and provide input to senior management on the CAE's performance.	X	
Receive communications from the CAE about the Internal Audit function including its performance relative to its plan.	X	
Ensure a Quality Assurance and Improvement Programme (QAIP) has been established and review the results annually.	X	

¹ (or recommend approval to the appropriate decision making corporate body)

GIAS requirement regarding authority and oversight	Review	Approve ¹
Make appropriate inquiries of senior management and the CAE to determine whether scope or resource limitations are inappropriate.	X	

6.2 The Finance and Audit Scrutiny Committee, CAE and Senior Management will ensure that Internal Audit at all times:

- Has unrestricted access to all Council records, cash, property, assets and people, where necessary on demand and without prior notice;
- Can obtain explanations as is required to satisfy the probity of any matter under consideration;
- Can require the production of any records and other such property as is deemed necessary.

6.3 All senior officers must report to the CAE at the earliest opportunity all actual or perceived losses (cash, stock, equipment or data), all suspected or actual instances of theft, embezzlement, fraud, corruption or any other impropriety.

7. Internal Audit Objectives and Responsibilities

7.1 Ethics and Professionalism

The CAE will ensure that internal auditors:

- conform with the GIAS (UK Public Sector) including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, confidentiality and the Nolan Seven Principles of Public Life;
- understand, respect, meet, and contribute to the legitimate and ethical expectations of the Council and can recognise conduct that is contrary to those expectations;
- encourage and promote an ethics-based culture in the Council; and
- report organisational behaviour that is inconsistent with the Council's ethical expectations, as described in applicable policies and procedures.

7.2 Objectivity

The CAE will ensure that the Internal Audit function remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication. If the CAE determines that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgment on audit matters to others, either in fact or appearance.

Internal auditors will have no direct operational responsibility or authority over any of the activities they review. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, or engage in other activities that may impair their judgment, including:

- assessing specific operations for which they had responsibility within the previous year;
- performing operational duties for the Council or its affiliates;

- initiating or approving transactions external to the Internal Audit function;
- directing the activities of any employee that is not employed by the Internal Audit function, except to the extent that such employees have been appropriately assigned to Internal Audit teams or to assist internal auditors.

Internal auditors will:

- disclose impairments of independence or objectivity, in fact or appearance, to the CAE as soon as possible;
- exhibit professional objectivity in gathering, evaluating, and communicating information;
- make balanced assessments of all available and relevant facts and circumstances; and
- take necessary precautions to avoid conflicts of interest, bias, and undue influence.

The CAE will disclose impairments of independence or objectivity to the Finance and Audit Scrutiny Committee at least annually.

7.3 Managing the Internal Audit Function

The CAE has the responsibility to:

- at least annually, develop a risk-based Internal Audit plan that considers the input of the Finance and Audit Scrutiny Committee, and senior management;
- discuss the plan with the Finance and Audit Scrutiny Committee and senior management and submit the plan to the Finance and Audit Scrutiny Committee for review and approval;
- communicate the impact of resource limitations on the Internal Audit plan to the Finance and Audit Scrutiny Committee and senior management;
- review and adjust the Internal Audit plan, as necessary, in response to changes in the Council's business, risks, operations, programmes, systems, and controls;
- communicate with the Finance and Audit Scrutiny Committee and senior management if there are significant interim changes to the plan;
- ensure Internal Audit engagements are performed, documented, and communicated in accordance with the GIAS;
- follow up on audit findings and confirm the implementation of significant recommendations or action plans and communicate the results of Internal Audit services to the Finance and Audit Scrutiny Committee and senior management, and for each audit as appropriate;
- ensure the Internal Audit function collectively possesses or obtains the knowledge, skills, and other competencies and qualifications needed to meet the requirements of the GIAS and fulfil the Internal Audit mandate;
- identify and consider trends and emerging issues that could impact the Council, and communicate these to the Finance and Audit Scrutiny Committee and senior management as appropriate;
- consider emerging trends and successful practices in internal auditing;
- establish and ensure adherence to methodologies designed to guide the Internal Audit function;
- ensure adherence to the Council's relevant policies and procedures unless such policies and procedures conflict with the Internal Audit Charter or GIAS. Any such conflicts will be resolved or documented and communicated to the Finance and Audit Scrutiny Committee and senior management; and
- coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services. If the CAE cannot achieve an appropriate level of coordination, the issue must be communicated to senior management and if necessary escalated to the Finance and Audit Scrutiny Committee.

7.4 Communication with the Finance and Audit Scrutiny Committee and Senior Management

The CAE will report to the Finance and Audit Scrutiny Committee and senior management on:

- the Internal Audit function's mandate;
- the Internal Audit plan and performance;
- Internal Audit resources;
- significant revisions to the Internal Audit plan and resources;
- potential impairments to independence, including relevant disclosures as applicable;
- results from the QAIP, which include the Internal Audit function's conformance with the GIAS (UK Public Sector) and action plans to address the Internal Audit function's deficiencies and opportunities for improvement;
- significant risk exposures and control issues, including fraud risks, governance issues, and other areas of focus for the Finance and Audit Scrutiny Committee that could interfere with the achievement of the Council's strategic objectives;
- outcomes of assurance and advisory services;
- management's responses to risk that the Internal Audit function determines may be unacceptable, or acceptance of a risk that is beyond the Council's risk appetite.

8. Management Responsibilities

- 8.1 Management will cooperate with Internal Audit on audits and provide access to records, systems and personnel as required within a reasonable timeframe following the request.
- 8.2 Assurance engagements will be subject to a written terms of reference and report. Advisory and agile engagements will be agreed in writing (for example via email or written terms of reference) and a relevant output agreed (for example full report/summary findings, focused feedback or an action plan). Management will nominate a senior point of contact for each engagement.
- 8.3 All fieldwork will conclude with a clearance meeting where Internal Audit will brief the key contact(s) on the emerging findings. Draft reports will be shared with management for agreement as to the factual accuracy of draft findings raised, and understanding of Internal Audit recommendations designed to address the control weaknesses identified.
- 8.4 It is management's responsibility to agree to either:
- accept and fully implement all Internal Audit recommendations;
 - agree to address the risks identified by adopting an alternative approach to that recommended by Internal Audit; or
 - accept the risk associated with not implementing Internal Audit recommendations with supporting rationale.
- 8.5 When a draft audit report is delivered, management are required to agree to the recommendations in the action plan, including specifying officer responsibility and anticipated dates for the implementation. Internal Audit will consider the timeliness of implementation dates according to the associated risk level identified.
- 8.6 Management is responsible for ensuring that agreed management actions are implemented in full and effectively sustained.
- 8.7 The GIAS require the CAE to report to both senior management and the audit committee, details of management's response to risk that (based on the CAE's judgement) may be unacceptable to the Council. Consequently, any Internal Audit findings where management has accepted the risk will be highlighted in Internal Audit reports.
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9. Scope and Types of Internal Audit Services

- 9.1 The scope of Internal Audit services covers the entire breadth of the Council Group. The Group is as outlined in the Council's Financial Statements. Internal Audit will prepare a separate Charter and Audit Plan for each legal entity in the Group and report directly in to Group entity audit committees (or equivalent). The Strathclyde Pension Fund is also included within this framework. The scope includes all functions, activities, assets, data, projects and personnel.
- 9.2 The scope of Internal Audit activities also encompasses but is not limited to objective examinations of evidence to provide independent assurance and advisory services to the Finance and Audit Scrutiny Committee and management on the adequacy and effectiveness of governance, risk management, and control processes for the Council.
- 9.3 The nature and scope of any advisory services will be agreed with the party requesting the service, provided the internal audit function does not assume management responsibility. Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during advisory engagements. These opportunities will be communicated to the appropriate level of management.
- 9.4 Internal Audit engagements may include evaluating whether:
- risks relating to the achievement of the Council's strategic objectives are appropriately identified and managed;
 - the actions of Council officers, directors, management, employees, and contractors or other relevant parties comply with the Council's policies, procedures, and applicable laws, regulations, and governance standards;
 - the results of operations and projects/programmes are consistent with established goals and objectives;
 - operations and projects/programmes are being carried out effectively, efficiently, ethically, and equitably;
 - established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact the Council;
 - fraud risks are being managed effectively;
 - the integrity of information and the means used to identify, measure, analyse, classify, and report such information is reliable; and
 - resources and assets are acquired economically, used efficiently and sustainably, and protected adequately.

10. Internal Audit Plan

- 10.1 The CAE will submit an annual Internal Audit Plan to the Finance and Audit Scrutiny Committee for review and approval which is designed to support provision of an evidence-based annual opinion. This Plan will be developed, based on a risk-based prioritisation of the audit universe. The CAE will seek input from a range of key stakeholders including Elected Members, the Chief Executive, senior management, and Risk and Governance functions.
- 10.2 The nature of evolving risks makes it likely that the audit assignments included in the work programme may be subject to change. Consequently, the Internal Audit Plan will be subject to regular review by the CAE and any proposed changes to the agreed plan (due to emerging risks and issues) will be approved by senior management and agreed by the Finance and Audit Scrutiny Committee.
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- 10.3 The GIAS (UK Public Sector) requires the CAE to coordinate with internal and external assurance providers to consider relying on their work and minimise duplication of effort.
- 10.4 The GIAS (UK Public sector) recognises that there are various relevant outside assurance providers whose authority flows from separate legal or regulatory sources beyond the control or influence of the CAE, and they may not have any ability to access the work of those assurance providers or gain insight into the scope and timing of their work. Under these circumstances the CAE must consider whether it is possible or practical to co-ordinate. Where they do not co-ordinate, they must set out to the Committee the barriers which prevent effective co-ordination.
- 10.5 Where adopted, a consistent process for the basis of reliance should be established as, where reliance is placed on the work of others, the CAE remains accountable and responsible for ensuring that there is adequate support for conclusions and opinions reached where reliance has been placed on work performed by other assurance providers.
- 10.6 Therefore, when dealing with an external party, Internal Audit will clearly define the respective roles, responsibilities, and other expectations (including restrictions on distribution of results of the engagement and access to engagement records).
- 10.7 Internal Audit also reserves the right to raise findings on areas that have not been specifically included in the Plan where significant or systemic control gaps are evident.

11. Resourcing

- 11.1 The GIAS (UK Public Sector) requires the CAE to effectively deploy and manage financial, human and technological resources to implement the Internal Audit strategy and achieve its plan and mandate. The [Application Note: Global Internal Audit Standards in the UK Public Sector](#) notes that funding processes for Internal Audit functions in the public sector vary and may prevent the CAE from being able to seek or obtain additional funding due to other funding priorities within the organisation. This may impact the way in which the CAE uses resources. In line with the GIAS (UK Public Sector) the basis for conformance is as follows:
- where there are constraints on resources, the CAE must develop a resource strategy which suggests practical approaches for consideration by the relevant Committee;
 - the CAE must inform the Committee of the impact of insufficient resources and any options available to mitigate that impact; and
 - where there are constraints, the CAE must set out what alternative approaches apply to the Internal Audit service, and then seek to manage financial, human and IT resources within those constraints.
- 11.2 The CAE must inform the audit committee of any resource management arrangements at the organisation that may put at risk the ability of the internal audit function to fulfil its mandate.
- 11.3 The Council's Internal Audit Plan will include the budgeted resource requirements needed to deliver proposed audit engagements. It will also include a contingency to address unplanned work. Should circumstances arise during the year that suggests that available resource levels will fall or appear to be falling below the level required to deliver the Plan, the CAE will communicate the impact of resource limitations to senior management and the Finance and Audit Scrutiny Committee.

12. Prevention and Detection of Fraud and Corruption

- 12.1 Council Management is responsible for the prevention and detection of fraud or corruption. Internal Audit will assist management in the discharge of this responsibility. Audit procedures
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alone cannot guarantee that all fraud or corruption will be detected. Internal Audit will, however, exercise an appropriate level of professional scepticism during audit work and be alert to risks and exposures that could allow the opportunity for fraud or corruption to occur.

- 12.2 Discovery of any suspected or actual fraud or irregularity that affects the Council should be reported immediately to the CAE and information on suspected or actual fraud may inform the annual audit opinion and the risk-based Internal Audit work programme. The CAE may then direct Internal Audit resources to investigate, or assist management investigations, into suspected and actual cases.

13. Follow-Up of Agreed Audit Actions

- 13.1 It is Management's responsibility to implement agreed audit actions. Internal Audit will follow up and report progress with implementation of agreed management actions to support closure of findings raised on a regular basis and seek to confirm that they have been undertaken within agreed timescales.
- 13.2 The follow up process involves review of evidence provided by management to support implementation of agreed management actions, and proportionate re-performance testing to confirm that they have been effectively implemented and sustained.
- 13.3 If, following initial agreement to implement an agreed management action, management subsequently decide to risk accept either the full or partial risks associated with a recommendation, a risk acceptance proforma should be completed by management which details the mitigating actions and residual risks. Internal Audit will then process the closure as 'Closed – Management Accepts Risk' and all risk acceptances will be reported to the Finance and Audit Scrutiny Committee within the Follow Up report.

14. Quality Assurance and Improvement Programme (QAIP)

- 14.1 The CAE is responsible for ensuring the quality of audit work and that the Internal Audit function is continuously seeking improvement. The GIAS (UK Public Sector) defines quality as a combined measure of conformance with the GIAS and achievement of the Internal Audit function's performance objectives.
- 14.2 The CAE will develop, implement, and maintain a Quality Assurance & Improvement Programme (QAIP) that covers all aspects of the Internal Audit function. The QAIP will include external and internal assessments of the function's conformance with the GIAS (UK Public Sector), as well as performance measurement to assess the Internal Audit function's progress towards achievement of its objectives and promotion of continuous improvement. If applicable, the assessment must include plans to address the function's deficiencies and opportunities for improvement.
- 14.3 The CAE will report annually to the Finance and Audit Scrutiny Committee and senior management on progress with the QAIP, including the results of internal assessments (ongoing monitoring and periodic self-assessments) and external assessments.
- 14.4 External assessments will be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the Council, whose qualifications must meet the requirements set out in the GIAS (UK Public Sector).
- 14.5 Compliance with the CIPFA [Code of Practice for the Governance of Internal Audit in Local Government](#) must also be reflected in internal and external quality assessments.
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15. Annual Reporting and Overall Conclusion

15.1 In line with the GIAS (UK Public Sector) the CAE must, at least annually:

- conclude on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control (annual opinion); and
- include a statement on conformance with the GIAS (UK Public Sector) and the results of the QAIP.

15.2 The annual opinion for the Council is based on the outcomes of the audits included in the Internal Audit Plan, progress in addressing any prior year significant issues, progress with implementation of agreed management actions, the result of any other Internal Audit activities that have identified control gaps exposing the Council to risk, and the professional judgement of the CAE.

16. Communication and Reporting

16.1 The CAE will report regularly to the Finance and Audit Scrutiny Committee on the progress with, and results of its work enabling review and scrutiny as summarised below.

Report	Frequency
Internal Audit Charter	Annually (March/April)
Internal Audit Strategy and Annual Plan	Annually (March / April)
Internal Audit Assurance reports, other Internal Audit activity reports and Follow-Up reports	At least quarterly
Proposed material changes to the Internal Audit Plan	At least six-monthly
Internal Audit Annual Report and Opinion, including: <ul style="list-style-type: none">• effectiveness of the governance, risk management and control framework;• Internal Audit independence; and• conformance with the GIAS (UK Public Sector) including ethics and professionalism requirements.	Annually (June)
Internal Audit Quality reporting, including: <ul style="list-style-type: none">• results of internal assessments;• progress of corrective action plans; and• compliance with CIPFA Code of Practice for the Governance of Internal Audit in Local Government.	Annually
External Quality Assessments	5-yearly

17. Approval and Changes to the Internal Audit Mandate and Charter

17.1 The Internal Audit Charter is subject to approval by the Chief Executive and audit committee on an annual basis. Approval is evidenced through CMT meeting papers and minutes. Finance and Audit Scrutiny Committee will agree the implementation of the charter and this will be evidenced through meeting papers and minutes.

17.2 Circumstances may justify a change to the Charter. Such circumstances may include but are not limited to:

- a significant change in the GIAS (UK Public Sector);
 - a significant reorganisation within the Council;
 - significant changes in the CAE, the Finance and Audit Scrutiny Committee, and/or senior management;
 - significant changes to the Council's strategies, objectives, risk profile, or the environment in which the Council operates;
 - changes to laws or regulations that may affect the nature and/or scope of Internal Audit Services.
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