

ANGUS COUNCIL

SCRUTINY & AUDIT COMMITTEE – 25 APRIL 2025

ANNUAL INTERNAL AUDIT PLAN 2025/26

REPORT BY CATHIE WYLLIE - SERVICE LEADER - INTERNAL AUDIT

1. ABSTRACT

- 1.1 This report submits the Service Leader's Annual Internal Audit Plan for 2025/26 for approval.

2. ALIGNMENT TO THE COUNCIL PLAN AND COUNCIL POLICIES

- 2.1 The proposals set out in this report will contribute to the achievement of the corporate priorities set out in the Angus Community Plan and the Council Plan. This is achieved through delivery of this audit plan providing the Scrutiny & Audit Committee with information and assurance about council internal control systems, governance and risk management.

3. RECOMMENDATIONS

- (i) Note that a risk-based approach methodology has been used to develop the proposed Internal Audit Plan for 2025/26; and
- (ii) Consider and approve the proposed 2025/26 internal audit plan.

4. BACKGROUND

- 4.1 The Global Internal Audit Standards (UK Public Sector) which replaced the Public Sector Internal Audit Standards (PSIAS) on 1 April 2025, require the Service Leader – Internal Audit 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.
- 4.2 This report presents, at Appendix 1, the outcomes of the annual planning exercise and the Service Leader's proposed 2025/26 Internal Audit Plan, for approval.

5. CURRENT POSITION

- 5.1 Best practice requires that the annual audit plan is developed using a risk-based approach in consultation with audit stakeholders. Appendix 1 explains the well-established process which is utilised within internal audit from consultation on the audit universe, calculation of available audit days, through identification of auditable areas to risk assessment and the final proposed plan.

6. PROPOSALS

- 6.1 The 2025/26 Internal Audit Plan sets out the proposed activity to be performed by the Council's Internal Audit team in order to allow the Service Leader - Internal Audit to provide an Annual Internal Audit Conclusion in June 2026. The Scrutiny & Audit Committee members are asked to consider and approve the plan.

7. FINANCIAL IMPLICATIONS

- 7.1 There are no direct financial implications arising from the recommendations of this report. Delivery of the internal audit plan can be achieved from the audit resources which have been budgeted for in financial year 2025/26.

8. RISK MANAGEMENT

- 8.1 In discharging the internal audit role, the Service Leader is required 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. These assurances will be provided throughout the year. We will present the results of individual audit reviews through Internal Audit Update reports to each Scrutiny & Audit Committee. The activity related to the Counter Fraud Team will be reported bi-annually. In June 2025 the Annual Internal Audit Report will present the internal audit opinion for 2024/25 based on an objective assessment of the framework of governance, risk management and control and the internal control environment as well as an opinion on the corporate governance of the Council.

9. ENVIRONMENTAL IMPLICATIONS

- 9.1 There are no direct environmental implications arising from the recommendations of this report.

10. EQUALITY IMPACT ASSESSMENT, HUMAN RIGHTS AND FAIRER SCOTLAND DUTY

- 10.1 A screening assessment has been undertaken and a full Equality Impact Assessment is not required for the following reason(s): - the plan does not impact people because it is about planned audits. Any impact on people resulting from audit recommendations would be dealt with at the point of the recommendations being implemented.

11. CHILDRENS RIGHTS AND WELLBEING IMPACT ASSESSMENT

- 11.1 A Children's Rights and Wellbeing Impact Assessment has been undertaken and a full assessment is not required as the "General Principles" do not apply to this proposal.

12. CONSULTATION (IF APPLICABLE)

- 12.1 This report was circulated for consultation to all Directors of the Council.

NOTE: No background papers, as detailed by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to a material extent in preparing the above report.

REPORT AUTHOR: Cathie Wyllie

EMAIL DETAILS: ChiefExec@angus.gov.uk

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Appendix 1 – Draft 2025/26 Internal Audit Plan

Angus Council Internal Audit



Annual Internal Audit Plan 2025/26

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Introduction

Internal auditing is defined in the Global Internal Audit Standards (UK Public Sector) (GIAS UK Public Sector) as:

“An independent, objective assurance and advisory 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 governance, risk management, and control processes”.

GIAS (UK Public Sector) replaced the Public Sector Internal Audit Standards (PSIAS) from 1 April 2025.

Management are responsible for establishing the governance, risk management, and 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 best practice and improvements to lead to a strengthening of the control environment and therefore assist the council in achieving its objectives.

Professional practice in relation to the provision of internal audit service is defined by GIAS (UK Public Sector). These standards are exacting in relation to the organisation’s governance of internal audit and internal audit’s own arrangements and practices. The Standards were last updated during 2024 and 2025 for implementation on 1 April 2025..

An External Quality Assessment (EQA) performed during 2020 confirmed that Internal Audit was generally compliant with the requirements of the PSIAS, including a number of areas of good practice. A gap analysis to identify changes required to comply with the new standards has been undertaken and an action plan is being implemented.

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 & Audit Committee for approval.

Our Internal Audit plan will be delivered in accordance with the Internal Audit Mandate and Charter (the Charter) that will be brought to the April 2025 Scrutiny and Audit Committee for approval. This sets out the mandate, role, professional requirements, independence and overall responsibilities of Internal Audit. .

The Council’s internal audit service is delivered by an in-house team complemented by approximately 30 days additional IT audit input, as well as general audit support if required, from a contractor. For the year to 31 March 2025 this is Azets Chartered Accountants.

The authority, access rights and reporting arrangements for the Internal Audit function are also contained within the Internal Audit Mandate and Charter.

In discharging the internal audit role, the Service Leader is required 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. These assurances will be

provided throughout the year. We will present the results of individual audit reviews through Internal Audit Update reports to each Scrutiny & Audit Committee. The activity related to the Counter Fraud Team will be reported bi-annually. In June 2026 the Annual Internal Audit Report will present my internal audit conclusion for 2025/26 based on an objective assessment of the framework of governance, risk management and control and the internal control environment as well as a conclusion on the corporate governance of the Council.

The Planning Approach and Risk Assessment Model

The audit planning process for developing a risk-based audit plan is well established within the Council. The process has been assessed previously as compliant with PSIAS. The process has been reviewed to ensure it is in line with the new GIAS (UK Public Sector).

The GIAS (UK Public Sector) says “the internal audit plan must:

- Consider the internal audit mandate and the full range of agreed to internal audit services
- Specify internal audit services that support the evaluation and improvement of the organisation’s governance, risk management, and control processes.
- Consider coverage of information technology governance, fraud risk, the effectiveness of the organisation’s compliance and ethics programs, and other high-risk areas.
- Identify the necessary human, financial and technological resources necessary to complete the plan.
- Be dynamic and updated timely in response to changes in the organisation’s business. Risk operations, programs, systems, controls, and organisational culture.”

The action taken to formulate the plan, which is noted below, includes all of the items mandated above.

The planning process involves determining the potentially auditable areas of the Council and updating these each year. The auditable areas are identified from a number of sources including:

- Consultations with Scrutiny & Audit Committee members
- Consultations with the Council Leadership Team members and service leaders and managers in some support services
- Knowledge base within Internal Audit
- Council plans and policy documents, including the Council’s objectives
- Corporate risk register
- Service risk registers
- External inspection reports
- Audit Scotland/Accounts Commission reports

- Internal service efficiency reviews etc.
- Liaison with external auditors
- Any matters arising from the work of the Scrutiny & Audit Committee

This then establishes the audit universe for the upcoming year from which the specific individual areas of audit will be chosen, based on the risk assessment methodology discussed below.

Assurance Framework and Mapping

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."

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).



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.

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 at this time, 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.

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.

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 Local Code includes a matrix identifying the evidence related to each section of the Framework.

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 opinion and time is set aside for reviewing reports and complying with GIAS (UK Public Sector) requirements about taking reliance from others.

Key assurance framework elements are:

- The Council Plan and the Angus Community Plan
- The Council's vision and values
- Service plans
- Over-arching thematic plans, e.g. workforce plan; long- term financial framework and medium term plans
- Codes of conduct for employees and members
- Statutory officers in place
- Strategies, policies and procedures
- Committee arrangements, including Terms of Reference
- Risk management arrangements
- Arrangements to comply with legislation, e.g. GDPR, Fairer Scotland and Equality Impact Assessment
- Partnership working

The main reported assurance sources are:

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

The Risk Assessment Model

Once the auditable areas are identified they are separately risk assessed with reference to corporate importance and sensitivity of the area and the control and inherent risk. There are a number of 'core' areas which are reviewed every year, regardless of the risk classification.

Each of the risk assessed areas within the "universe" is then allocated to a "headline area" as follows:

- Corporate Governance
- Financial Governance
- Information Technology Governance
- Internal Controls
- Asset Management
- Legislative and other compliance

The headline areas are subject to a high-level risk assessment model which looks at the relative risk and relative risk maturity of the headline areas to ensure a reasonable allocation of the available audit days. This is not considered a rigid calculation but more a guide to the balance of the plan which can be amended to reflect specific needs and drivers.

The high-level risk assessment takes into consideration the local risks contained within the corporate and service risk registers as well as known risks at a national level.

The Audit Plan

The final step in the development of the annual plan is to identify the individual audits from the audit universe which will sit below each of the headline areas and form the plan for the year. This choice is determined by a number of factors including:

- The assessed risk from the audit universe
- The time lapse since last audit
- Review of Risk Registers
- Known problems or issues arising in previous audits/inspections, etc.
- Reviews being undertaken by other assurance providers (e.g. External Audit, Audit Scotland)
- Special or specific management and member requests
- The remaining pool of audits from the previous year's plan.

In addition, a portion of the plan has been reserved for contingency activity. Contingency resource will be available to fulfil reviews at the request of the Scrutiny & Audit Committee and management. This can relate to specific assignments where the objectives are set jointly by Internal Audit and by the Committee/Management or can be advisory or project assurance roles. We are increasingly finding that some contingency time is used to deal with audits taking longer than anticipated due to delays in engagement with services caused by pressure of other work.

The 2025/26 Internal Audit Plan

The 2025/26 Internal Audit Plan has been developed based on of the above model.

The Internal Audit team comprises three auditors (2.6 FTE), one Manager (1 FTE) and the Service Leader (0.4 FTE), being 4.0 FTE time available for a normal year. One auditor post is filled at trainee level and additional training time for this has been taken into account in formulating the plan. Thirty days for specialist support for IT audit, which will be provided by Azets is also included.

The total number of productive days available from the Internal Audit team has taken into consideration the following:

- Maximum number of available days
- Professional development for staff
- Annual leave, plus contingency for other staff absences
- [Internal administration activities](#)

The Counter Fraud Team comprises the Service Leader (0.1 FTE), one Team Leader (1 FTE), one Senior Counter Fraud Officer (0.6 FTE), and two Counter Fraud officers (1.7 FTE), being 3.4 FTE in total. At April 2025 the Senior Counter Fraud Officer post is vacant.

The team will continue to carry out data matching exercises to identify fraud and error; publicise, promote and enforce the Counter-Fraud and Corruption Strategy and framework; continue to develop joint working arrangements with colleagues across the Council; undertake investigations of allegations of fraud; and liaise with other local authorities to identify areas of best practice. The Team Leader Counter Fraud will be involved in day-to-day activities relating to our arrangements for dealing with Serious Organised Crime.

The Council's participation in the National Fraud Initiative (NFI) continues to be an integral part of the corporate approach to the prevention and detection of fraud and errors. This operates on a two-year cycle. Data was uploaded in late 2024 and matches received are currently being reviewed and checked. Update reports are submitted to Scrutiny & Audit Committee, together with a summary of the local outcomes.

The Audit Plan continues to include time allocated to:

- Angus Alive. Internal Audit will agree with the Angus Alive Board a specific plan for Angus Alive. The output from these audits will be prepared for the Angus Alive Finance & Audit sub-committee.
- Angus Health and Social Care Partnership, on behalf of the IJB internal auditor. Reports are presented in the IJB auditor's name to the IJB.

The overall Internal Audit and Counter Fraud resource and allocation is included in the table below.

Areas	Audit Days	Counter Fraud Days
Productive days available from:		
Internal Audit team	709	
Counter Fraud Team		641
IT audit contractor	30	
Total available days	739	641
Allocated as follows		
Audit plan (see 2023/24 Detailed Outputs below)	318	
Counter Fraud Investigation		466
Angus Alive	50	
Angus Health and Social Care Partnership (note 1)	30	
General recurring audit/counter fraud & corporate work	198	85
Staff Training & Team Development	162	90
Total allocated days	758	641

Note 1 - members should note this time is only part of the internal audit time for the IJB. We provide assistance to the appointed IJB auditor, who is Jocelyn Lyall, from FTF Audit and Management Services. She agrees the audit plan with the IJB. The other Tayside council internal auditors have a similar arrangement, and we work together to look at issues across Tayside when appropriate.

The current resource availability is sufficient to allow production of the Annual Internal Audit Opinion and provide the required assurances to Scrutiny & Audit Committee Members as well as the Director of Finance in his role as Section 95 Officer.

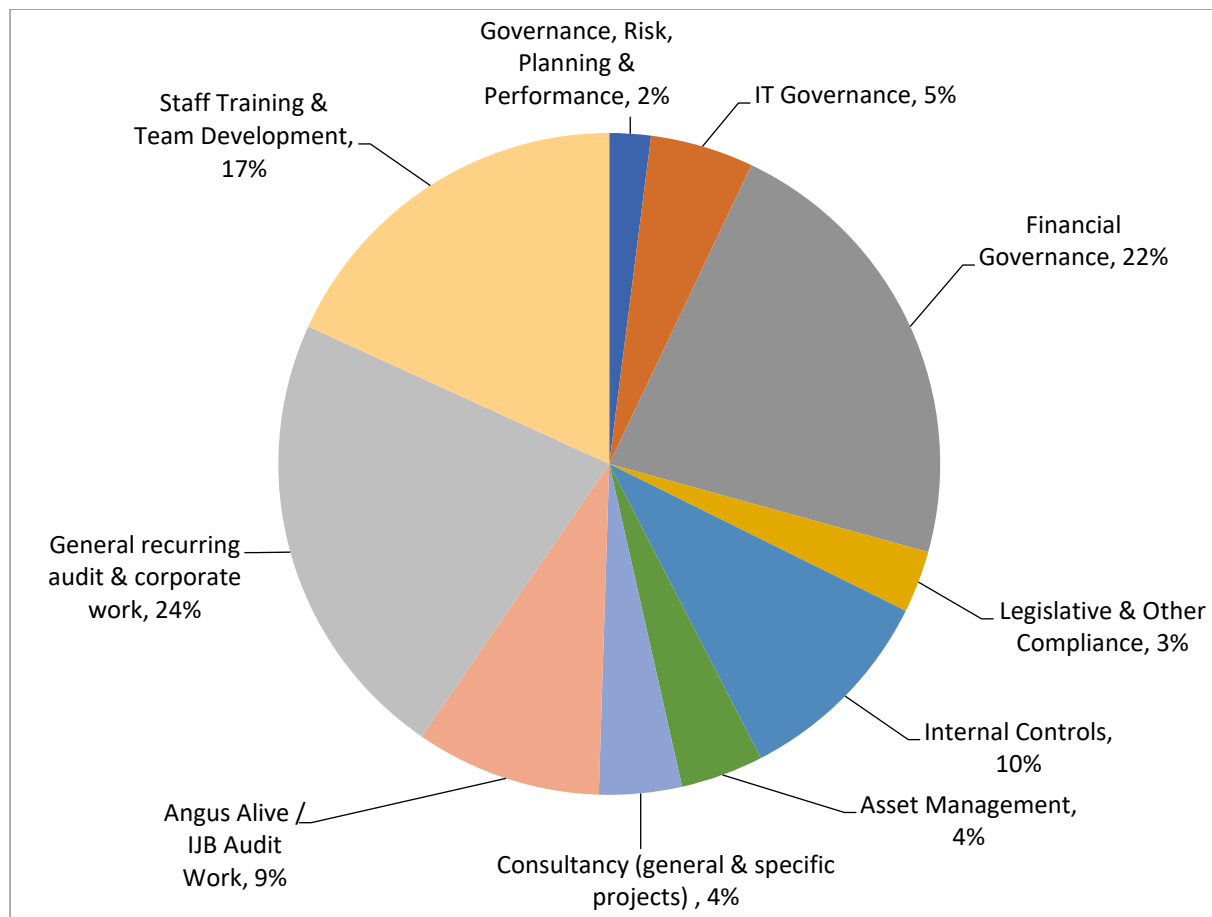
The initial allocation of the available days in delivering the audit plan is shown below:

Headline Area	Audit days	Audit days
	2025/26	2024/25
Governance, Risk, Planning & Performance	12	12
Financial Governance	159	111
IT Governance	39	35
Internal controls	75	40
Asset Management	30	35
Legislative & Other Compliance	20	15
Angus Alive and IJB work	70	80
Consultancy	30	35
Staff Training and Team Development	134	162
General recurring audit & corporate work. Incl. contingency (Note 1)	170	177
Total	739	702

Note 1 – Includes GIAS, follow-up work on audit actions, involvement in corporate and national groups, planning, Committee work, review of Audit Scotland publications and contingency.

The overall increase in days is due mainly to a reduction in anticipated staff slippage.

The diagram below illustrates the percentage allocation of audit days (excluding the Counter Fraud Team) for 2025/26:



We believe that this allocation is appropriately aligned to risk profile and will address the assurance needs of the Council in 2025/26. In recent years, cyclical systems work that would normally be performed has been delayed to accommodate work in higher risk areas arising from change and consultancy work designed to support delivery of change. In 2020/21 we began to re-introduce the cyclical work. Although we have included some cyclical reviews in 2025/26, other areas due for cyclical review were excluded on a risk assessed basis due to the available resources.

At this stage, the days per headline area are an estimate and will be firmed up once more detailed scoping work has been carried out. The outputs detailed in the '2025/26 Audit Plan – Detailed Outputs' section below include all the outputs which will be provided.

Except for the time provided by the IT audit contractor, all audit work will be conducted by the Internal Audit team under the guidance and direction of the Service Leader and Team Leader. 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 consultancy work will not be permitted to be involved in any internal audit work that is directly related to that work.

2025/26 Audit Plan – Detailed Outputs

The tables below include a list of audits that we intend to complete for 2025/26 and the output that will be generated from each piece of work.

We have included, where relevant, a link to those risks contained within the Corporate Risk Register (CRR ref.) from April 2025 (see Annex 1), and a link to the Council Priority that each audit supports delivery of.

Risks 6 Public Protection, and 9 Climate Change are not covered by the plan this year. Risk 6 was covered in 2024/25. Risk 9 has been covered in previous years and will be included in the plan for 2026/27.

Audits	Output	Commentary	CRR ref.	Link to Council and Community Plan Priorities
Corporate Governance				
Corporate Governance annual review – 2024/25	Annual Report	Oversight of corporate governance arrangements & progress with implementation of action plan.	N/A	All priorities
Financial Governance				
Data Analysis - Payroll & Accounts Payable	Reporting in activity report	Data analytics tools will be used to analyse payroll and accounts payable data to identify data trends, anomalous or missing data, etc. Consideration of where we can increase this type of audit to be undertaken.	1	Angus Council is efficient and effective
Grant Funding	Report	Review of grant funding to third parties, with focus on decision making, value for money & monitoring outcomes.	1,5	Caring for our Place
Voluntary Action Angus (VAA)	Report	Review of governance arrangements - how we manage & monitor arrangement with VAA, with focus on funding and outcomes.	1,5	Caring for our Place
Programme of random cash counts	Memo-style report following each visit	Random cash counts at Council premises to ensure correct procedures are being followed.	1	Angus Council is efficient and effective
School Funds	Report	Review of compliance with School Funds guidance in primary and secondary schools.	1	Caring for our People

Audits	Output	Commentary	CRR ref.	
Centralised Training Budget	Report	Review operation of centralised training budget.	1	Angus Council is efficient and effective
Budget Monitoring	Report	Review of budget monitoring process in selected services.	1	Angus Council is efficient and effective
Debt Recovery Process	Report	Review of corporate debt recovery process.	1	Angus Council is efficient and effective
IT Governance				
IT User Access Administration	Report	A core financial system for is selected for annual review. 2021/22 IDOX 2022/23 SEEMIS 2023/24 Integra 2024/25 Eclipse 2025/26 Northgate NEC – Revenues & Benefits	7	Angus Council is efficient and effective
IT Change Management	Report	TBC	7	Angus Council is efficient and effective
Development of Power BI for Data Analytics/Continuous Auditing	Improved use of data analytic techniques	Azets to provide support & training to the team in the use of Power BI for better data analytics/continuous auditing - will replace current software (IDEA)	1, 7	Angus Council is efficient and effective
Data analysis - System access	Reporting in activity report	Continuous auditing - review of system access data to identify logins that are no longer required	7	Angus Council is efficient and effective
Internal Controls				
Sickness Absence Process	Report	Review of sickness absence management process, including new absence management recording process on MyView.	3	Angus Council is efficient and effective
Workforce Planning	Report	Review of Best value action plan implementation	3	Angus Council is efficient and effective
Recruitment Process	Report	Review of online recruitment process and compliance with corporate policy & guidance.	3	Angus Council is efficient and effective

Audits	Output	Commentary	CRR ref.	
Procurement	Report	Review of compliance with procurement guidance and legislation in selected services (following rollout of corporate training programme.).	1, 2	Caring for the Economy
Asset Management				
Housing Voids Management Process	Report	Review of revised process for management of Housing Voids & bringing houses back into occupation.	4, 8	Caring for our People
Housing Shared Equity Scheme	Report	Review operation of scheme.	5	Caring for our People
Legislative and Other Compliance				
Trauma Informed Practice	Report	Review of implementation of action plan		Caring for our People
Gas Safety Compliance	Report	Review of compliance with Gas safety regulations in Council properties	8	Caring for our People
Other				
Follow-up of previous recommendations	Update reports to each Scrutiny & Audit Committee and CLT	Continuing work to identify progress in implementing agreed audit actions.	All	
Staff Training and Team Development	Nil	Ensuring staff have knowledge and expertise to perform audits and that Internal Audit meets relevant standards and achieves best practice.	2 and 3	
Angus Alive - Annual Plan	Reports to AA Finance & Audit sub-committee	Provision of Internal Audit Services to Angus Alive.	5	
Angus Health and Social Care Partnership (IJB)	Reports to IJB Chief Audit Officer	Provision of Internal Audit Services to AHSCP (IJB).	5	
Global internal Audit Standards Review	Part of Annual Report	Implementation of GIAS action plan. Self-assessment of compliance with GIAS.	2,3	
Committee engagement & involvement in corporate and national groups	Annual report if applicable		N/A	

Contingency, incl. ad hoc requests for advice	As required	As determined by requests	N/A	
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Audits	Output	Commentary	CRR ref.
Consultancy support for projects/Change Programme.	Advisory	As determined by requests	N/A
Counter Fraud Team			
Fraud Prevention and Detection	Bi-annual Report by Team Leader – Counter Fraud	<p>The team will</p> <ul style="list-style-type: none"> Carry out various reviews to proactively detect and prevent fraudulent activity. This work will include the use of data analytics to extend the overall scope of the reviews where possible. Lead on investigation of NFI match reports. Investigate allegations of fraud or misappropriation, and Contribute to controls identification and other fraud prevention initiatives, including provision of advice regarding fraud mitigation during set up of new grants administered by the Council. Be involved in our response to Serious Organised Crime 	1

2025/26 Outputs to Scrutiny & Audit Committee

The table below lists the outputs expected to be presented to the Angus Council Scrutiny & Audit Committee until June 2026. Once the Corporate Risk Register review is finalised reports on one risk will be brought to each committee except June.

Committee Meeting	Output
June 2025	Internal Audit Annual Report 2024-25 Internal Audit Update Report Counter Fraud Report Reports to Council and committees relevant to Scrutiny & Audit remit
September 2025	Internal Audit Update Report NFI update (dependent on timing of national NFI reporting)
December 2025	Internal Audit Update Report Counter Fraud Report Reports to Council and committees relevant to Scrutiny & Audit remit
February 2026	Internal Audit Update Report
April 2026	Internal Audit Update Report Internal Audit Annual Plan 2026-27 Reports to Council and committees relevant to Scrutiny & Audit remit Review of Internal Audit Mandate and Charter Review of Internal Audit Strategy
June 2026	Internal Audit Annual Report 2025-26 Internal Audit Update Report Counter Fraud Report

Conclusion

This report has outlined the audit planning and risk assessment process within the council to develop the annual internal audit plan and presents the proposed audit plan for 2025/26. Members are asked to consider and approve this plan, the discharge of which will be reported to the Scrutiny & Audit Committee at each Committee cycle.

Annex 1 – Summary of Corporate Risk Register (as at April 2025)

Risk No.	Description	Current Risk Score	Risk Target	March 24 Score
1	Financial Sustainability	25	9	25
2	Transforming for the future and Public Sector Reform (previously Transforming for the Future)	15	6	15
3	Sustainable Workforce	16	6	N/A
4	Governance, Data and Performance Management (Previously Performance Management)	12	4	6
5	Collaboration and Partnerships (Previously Partnerships)	9	6	9
N/A	Information Governance (now part of risk 4)	N/A	N/A	8
6	Public Protection (Previously Public Protection (Children & Criminal Justice))	8	8	8
N/A	Legislation	N/A	N/A	6
7	IT Resilience & Cyber Attack (Business Continuity)	16	8	16
8	Health & Safety Compliance	12	6	12
10	Climate Change & the impact of Emergencies (was Climate Change)	16	12	16