

Agenda Item	6
Report No	AC/9/26

## The Highland Council

**Committee:** Audit Committee

**Date:** 27 May 2026

**Report Title:** Internal Audit Annual Report 2025/26

**Report By:** Strategic Lead (Audit & Risk)

### 1. Purpose/Executive Summary

- 1.1 The attached report includes an assessment of the Council's framework of governance, risk management and control, and the associated annual audit opinion which provides information for the Council's Annual Governance Statement.

### 2. Recommendations

- 2.1 The Committee is invited to consider and **note** the content of the report, the audit opinion provided and to raise any relevant points with the Strategic Lead (Audit & Risk).

### 3. Implications

- 3.1 There are no **Resource, Legal, Risk** or **Gaelic** implications arising from this report. Any issues identified have already been addressed within previous reports to Committee.

### 4. Impacts

- 4.1 In Highland, all policies, strategies or service changes are subject to an integrated screening for impact for Equalities, Poverty and Human Rights, Children's Rights and Wellbeing, Climate Change, Islands and Mainland Rural Communities, and Data Protection. Where identified as required, a full impact assessment will be undertaken.
- 4.2 Considering impacts is a core part of the decision-making process and needs to inform the decision-making process. When taking any decision, Members must give due regard to the findings of any assessment.
- 4.3 This is an update report and therefore an impact assessment is not required.

### 5. Annual Report 2025/26

- 5.1 The Global Internal Audit GIAS (GIAS) came into effect from on 01/01/25. This was subsequently amended by the CIPFA Application Note on Global Internal Audit Standards in the UK Public Sector which are applicable from 01/04/25. Therefore, this is the first annual report under the GIAS in the UK Public Sector which requires the Chief Audit Executive to:

“... prepare an overall conclusion at least annually in support of wider governance reporting, mindful of any specific sector obligations or processes. This overall conclusion must encompass governance, risk management and control.”

“... report annually on the results of the quality assurance including progress against action plans to address instances of non-conformance.”

These requirements have been met by the report provided at Appendix 1 with section 2 of the report used to inform the Council’s Annual Governance Statement.

Designation: Strategic Lead (Audit & Risk)

Date: 12 May 2026

Author: Donna Sutherland

Background Papers:

CIPFA Application Note – Global Internal Audit Standards in the UK Public Sector  
Global Internal Audit Standards published 9 January 2024

**Appendix 1**



**The Highland Council**

**Internal Audit Annual Report 2025/26**

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## **1. INTRODUCTION**

- 1.1 The purpose of this report is to provide an annual Internal Audit opinion for the period 1<sup>st</sup> April 2025 to 31<sup>st</sup> March 2026, and a report that can be used by the Highland Council to inform its Annual Governance Statement.
- 1.2 This report has also been produced to meet the requirements of the Global Internal Audit GIAS (the GIAS) which came into effect from 1st January 2025 and apply to all internal audit service providers. CIPFA subsequently issued “The Application Note: Global Internal Audit GIAS in the UK Public Sector” which changed this date to 1st April 2025. Therefore, this is the first annual report produced under the GIAS.

## **2. ANNUAL GOVERNANCE STATEMENT**

### **2.1 Internal Control**

The Council's Financial Regulations requires that Senior Management ensures the principles of internal control are incorporated in the working practices of their Services.

Internal control is defined as *"the whole system of checks and controls, financial or otherwise, established by management in order to provide reasonable assurance"* regarding the achievement of one or more of the following objectives:

- The reliability and integrity of information.
- Compliance with policies, plans, procedures, laws, regulations and contracts.
- The safeguarding of assets.
- The economical and efficient use of resources.
- The accomplishment of established objectives and goals for operations or plans.

Any system of control can only provide reasonable, and not absolute assurance that control weaknesses or irregularities do not exist, or that there is no risk of material errors, losses, fraud or breaches of laws and regulations. Accordingly, the Council should seek continual improvement in the effectiveness of its systems of internal control.

### **2.2 Internal Audit**

The GIAS define internal auditing as *"an independent, objective assurance and advisory service governance, risk management and control processes"*. It also states that:

Internal auditing enhances the organisation's:

- Successful achievement of its objectives.
- Governance, risk management, and control processes.
- Decision-making and oversight.
- Reputation and credibility with its stakeholders.
- Ability to serve the public interest.

Internal auditing is most effective when:

- It is performed by competent professionals in conformance with the GIAS, which are set in the public interest.
- The internal audit function is independently positioned with direct accountability to the board.
- Internal auditors are free from undue influence and committed to making objective assessments.

The work undertaken by Internal Audit is documented in an audit report and issued to management. Any areas of concern together with the management agreed actions and target dates for implementation are summarised in an Action Plan within the report. It is the responsibility of management to ensure that implementation of these actions takes place as agreed. The Internal Audit Section will undertake periodic follow-up reviews to ensure that the

management agreed actions have been satisfactorily implemented and the results of this are reported to the Audit Committee.

The Internal Audit Section operates in accordance with the GIAS in the UK Public Sector and as required, a risk based tactical audit plan is produced each year and submitted for approval to the Audit Committee. Organisational independence is demonstrated by the Chief Audit Executive (Strategic Lead (Audit & Risk)) reporting in their own name to senior management, and having direct access to the Chief Executive, Section 95 Officer, Audit Committee, Pensions Committee, and/ or other Members as considered appropriate. There have been no impairments during the year which have affected this organisational independence.

### 2.3 Internal Audit work

On 28/11/24, the Audit Committee approved a plan covering the period 2024 - 2025/26. This plan met the requirements of the PSIAS but also took cognisance of the new GIAS.

All audit reports issued are provided as a standing agenda item to each Committee meeting together with details of progress against the Plan. Where the Plan requires adjustments during the course of the year these will be set out in the progress report for approval by Members.

A summary of the audit reports issued during the year together with the audit opinion and grades is provided at Section 3.2.

The GIAS also require an Internal Audit Strategy which sets out the direction and focus of the internal audit service. This was approved by the Audit Committee on 05/02/25. Progress on achieving the strategy's objectives is set out below.

Objective	Activity	Outcome	Progress 2025/26
(1) Enhancing Council governance, risk management and control processes.	Carrying out independent and objective evaluation and assessment to identify opportunities to improve the effectiveness of governance, risk management, control, processes.	Improved Council governance risk management and control processes through timely implementation of agreed actions.	Achieved through: <ul style="list-style-type: none"> <li>Internal Audit reports</li> <li>Internal Audit Annual Report 2025/26</li> <li>Fraud and Whistleblowing Annual Report 2025/26.</li> </ul>
(2) Supporting Council Strategic Initiatives.	Where appropriate provide assurance and advisory services for strategic projects and initiatives, advising on governance, risk management and control to assist	Improved governance risk management and control processes for strategic projects and initiatives through early	Demonstrated by the Strategic Lead's (Audit & Risk) role on: <ul style="list-style-type: none"> <li>Corporate Management Team</li> <li>Extended Corporate Management Team</li> </ul>

	achievement objectives.	of engagement, insight and communication of lessons learned.	<ul style="list-style-type: none"> <li>• Corporate Cluster Service Management Team</li> <li>• Operational Management Team.</li> </ul> <p>Also, a member on various Council Boards acting as the “critical friend”. This includes:</p> <ul style="list-style-type: none"> <li>• My Council Project Board</li> <li>• Corporate Solutions Board (one of the Operational Delivery Plan boards)</li> <li>• ICT Strategy Board.</li> </ul> <p>The Corporate Audit Manager’s role acting as the “critical friend” on:</p> <ul style="list-style-type: none"> <li>• HR and Payroll Programme Board (non-voting member)</li> <li>• Inverness and Cromarty Freeport Officers Group (non-voting member).</li> </ul>
(3) Improving the internal audit process.	Identify opportunities for process improvements and operational efficiencies across the internal audit function. Utilising appropriate technology to inform and improve the audit process.	Greater use of appropriate technologies to assist the audit process.	Examples include using: <ul style="list-style-type: none"> <li>• AI (Co-pilot).</li> <li>• Teams recording and transcripts for meetings.</li> <li>• A reporting tool to better enable the viewing of risks for audit planning purposes.</li> </ul>
(4) Recruit, train and further develop the Corporate Audit Team.	Promote the wider benefits of Highland life and Council employment to aid	Staff training completed. Improved staff knowledge,	Trainee Auditor undertaking IIA professional study towards Internal Audit

	recruitment. Actively support and fund staff training, development and CPD. Seek opportunities to increase auditors' digital literacy.	skills and experience.	Qualification. Provision of internal team development through training opportunities (SLACIAG and IIA Conference).
(5) Raise profile of internal audit through improved communication and collaboration with stakeholders.	Update website information on internal audit. Improve awareness and communication of internal audit planning, auditing processes, reporting and action tracking. Improved engagement through stakeholder surveys.	More informed understanding of the value and benefit of internal audit across the Council.	Achieved through internal training programme provided to the Audit Committee members by the Strategic Lead and Corporate Audit Manager. This consisted of: <ul style="list-style-type: none"> <li>• Refresher training for Audit Committee Members</li> <li>• Risk Management</li> <li>• Counter fraud arrangements.</li> </ul> <p>In addition, Audit Scotland provided training on the role of the External Auditor.</p> <p>Stakeholder surveys have been undertaken, see section 2.6.</p>

## 2.4 Areas of concern

Any areas of concern identified from an audit review will result in an audit recommendation being made which is contained within an action plan. These recommendations are graded as high, medium or low; high defined as “*major issues that managers need to address as a matter of urgency*”.

During 2025/26, a total of 40 audit recommendations were made across 10 separate audit reports. Further information showing the breakdown of the audit grades and the overall audit opinions can be found at Table 2 in section 3.2. This includes 12 high grade recommendations which had a number of agreed management actions arising from 4 audit reports. Further information can be found in Table 3 in section 3.3 of the report.

There are no particular trends identified from the high-grade recommendations with regard to the above and these are not considered sufficiently material to impact upon the audit opinion provided at section 2.12.

## 2.5 Action Tracking

As part of the audit process, all audit recommendations are action tracked to ensure that the management actions were implemented as agreed. Monthly tracking is undertaken whereby individual actions are then tracked once their due date has passed. The results of the action tracking, including delays in achieving the target dates are reported to each meeting of the Audit Committee. During the year, the reporting information was amended to provide details of the open actions by the number of days and action completion rates.

The action tracking process also allows for revision of the agreed action target dates. All actions were either satisfactorily implemented or revised target dates were agreed.

The status as at 31/03/26 showed that good progress has been made with implementing the audit recommendations. For the 40 audit recommendations made, 54 individual management actions were agreed to address these. Their status is as follows.

- 29 had been fully completed (54%)
- For the 25 remaining actions:
  - 14 (26%) were not yet due and
  - 11 (20%) had revised target dates.

## 2.6 Quality Assurance and Improvement Programme

Online surveys were issued requesting feedback on the Internal Audit Service. This involved a number of different stakeholders including client officers who had been subject to an audit review during the year, Senior Management and Audit Committee members. The questions posed to the client officers covered the quality of the audit service provided whereas the Senior Management and Audit Committee surveys sought to establish if the Internal Audit Service both understood and met their needs. Full details are provided at Appendix 2, but some headline messages include:

- The majority of client officers stated that the audit process through to issue of the final audit report was either “excellent” or “good”. Whilst there were some occasional responses classified as “fair”, there were none recorded as “poor”. In particular, the following responses were pleasing to read:
  - (i) 80% reported excellent in respect of audit recommendations being helpful in identifying areas for improvement
  - (ii) 80% reported excellent for the audit report improving business processes and controls
  - (iii) 100% reported that the audit was helpful and added value (80% excellent, 20% good).
- Client officers comments included:
  - *Just to emphasise the professionalism of the auditor, and also to add the format of audit reports is succinct, written in accessible language and identifies the salient points. I welcome audits as they provide assurances and where there are weaknesses and areas for improvement, then these are identified.*
  - *Excellent team and really beneficial for the team to have undertaken this audit Thank you.*

- Senior management also reported that Internal Audit had added value, and they were happy with the Internal Audit reports received.
- Eight responses were received from Audit Committee members. 6 out of 8 members assessed Internal Audit's overall performance as Strong, and 7 out of 8 considering that internal audit had added value to the Council.

## **2.7 Conformance with the Global Internal Audit Standards (GIAS)**

The GIAS set out the worldwide professional internal audit practice and provide the basis for evaluating and elevating the quality of the internal audit service. They consist of 5 Domains with a total of 15 guiding Principles to enable an effective internal audit service. These Principles are supported by 52 Standards that contain requirements, considerations for implementation and examples of evidence of conformance.

Standard 8.3 – Quality requires the Chief Audit Executive (CAE) to “*develop, implement, and maintain a quality assurance and improvement program that covers all aspects of the internal audit function.*” This program includes two types of assessments: Internal and External. For the Internal assessment, the results of this must be communicated to the Audit Committee and senior management at least annually. This requirement has been met by section 2.6 above.

Standard 12.1 - Internal Quality Assessment requires the CAE to “*develop and conduct internal assessments of the internal audit function's conformance with the Global Internal Audit Standards and progress toward performance objectives.*” This internal assessment has been completed which shows that 13 of the 15 Principles have the opinion of “generally conforms” with 2 “partially conforms”. These opinions are set out in the GIAS, and it should be noted that generally conforms is the highest opinion that can be achieved. The 2 Principles with partial conformance are as follows together with the planned actions to address them:

- Principle 8 – Overseen by the Board  
An External Quality Assessment is still to be completed.
- Principle 11 – Communicate Effectively  
The Audit Manual needs to be updated to include particular requirements from the GIAS.

Whilst the two actions are necessary to achieve general conformance against the above principles, these have also been captured against other principles as it will improve conformance. However, this has not impacted upon their conformance opinion. An action plan has been prepared in order to address the areas of non-conformance, and the Audit Committee will be updated as this progresses. The summary results of the internal self-assessment of conformance against the GIAS can be found at Appendix 3.

## **2.8 Governance Arrangements Assurances**

As part of the Annual Accounts process, the Chief Executive and the Assistant Chief Executives were asked to provide assurance that the following statements are valid in relation to the Council's governance arrangements:

- That Financial Monitoring Statements are regularly reviewed at Corporate/ Directorate Management Meetings.
- That Staff have been made aware of Financial Regulations and Contract Standing Orders.
- That Staff have been made aware of the Code of Conduct, Information Systems Security, Fraud and Corruption and Whistle blowing policies.
- That the Directorate has a robust scheme of delegation and that Staff have been informed of their supervisory and accountability responsibilities and that their responsibilities are documented in a Job Description.
- That segregation of duties is an important control mechanism operation within the Directorate and where it has not been possible to operate such a control a suitable alternative is in place.
- That appropriate targets have been established within the Directorate to measure financial and other performance.
- That a formal system of project management, including project governance operates within the Directorate.
- That appropriate arrangements are in place to govern companies.

The necessary assurances were provided and no governance issues highlighted.

## **2.9 Governance arrangements**

The Council has a Local Code of Corporate Governance which follows the format set out in the CIPFA/ SOLACE Guidance Note for Scottish Authorities – Delivering Good Governance in Local Government (2016). This guidance sets out the seven core principles and their associated sub-principles designed to demonstrate good governance. An Addendum to this guidance was issued by CIPFA in May 2025 and it applies to Annual Governance Statements for 2025/26 onwards.

The Code of Corporate Governance is reviewed each year and an update on progress in delivering the actions together with the revised annual Code is reported to the Audit Committee in August each year. The 2025/26 Code was approved by the Audit Committee on 20/08/25.

## **2.10 Risk Management**

Risk management is a key element of Corporate Governance. The Council has a Corporate Risk Management Strategy which demonstrates its commitment to maintaining a structured approach to risk management and ensuring that it effectively manages its risks. This strategy was last reviewed and amended in 2024. This included the creation of a new risk appetite statement which was approved by the Council on 14/03/24.

Overall responsibility for Corporate Risk sits with the Chief Executive. As part of its risk management process, the Council has a Corporate Risk Register which is regularly reviewed. The results of these reviews are reported as a standing item to the Audit Committee.

A new Operational Delivery Plan 2024/25 – 2026/27 was agreed by the Council on 09/05/24. The Delivery Plan, structured under six portfolios, contains a number of workstreams which are then divided into programmes and projects. The Strategy and risk management approach has been applied to each of these programmes and projects with key risks monitored using the

Performance and Risk Management System. Updates on management of the risks are provided as part of the regular Delivery Plan update reports to the relevant Strategic Committees. In addition, the Operational Delivery Plan Progress Report 2025/26 was considered by the Council on 14/05/26.

### **2.11 Compliance with the CIPFA Code on Managing the Risk of Fraud and Corruption**

The self-assessment exercise was revisited in order to assess the extent of the compliance with the CIPFA Code. There is one action identified which relates to the need to undertake fraud risk assessments. This will be progressed during 2026/27, and the Audit Committee updated on progress. It is considered that this action will further enhance the Council's fraud prevention arrangements and does not change the previous assessment that we fully comply with the Code.

The Council's Counter Fraud Policy was updated during the year to incorporate the new offence, of the "Failure to Prevent Fraud" under the Economic Crime and Transparency Act 2023, which came into effect on 01/09/25.

### **2.12 Audit Opinion**

On the basis of the work undertaken during the year, it is considered that the key systems operate in a sound manner and that there has been no fundamental breakdown in control resulting in material discrepancy. However, as no system of control can provide absolute assurance against material loss, nor can Internal Audit give that assurance, it is the audit opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the Council's framework of governance, risk management and control for the year to 31st March 2026.

### 3. INTERNAL AUDIT GRADINGS AND OPINIONS

3.1 During the year, a total of 14 final reports were issued. Where the report contains an audit recommendation, this is given a grading of high, medium or low. In addition, the report contains an overall audit opinion which is used to inform the Chief Audit Executive's annual audit opinion. With regard to the individual audit report opinions, there are five levels of assurance which have the following definitions:

Level	Definition
<b>Full Assurance</b>	There is a sound system of control designed to achieve the system objectives and the controls are being consistently applied.
<b>Substantial Assurance</b>	While there is a generally a sound system, there are minor areas of weakness which put some of the system objectives at risk, and/ or there is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.
<b>Reasonable Assurance</b>	Whilst the system is broadly reliable, areas of weakness have been identified which put some of the system objectives at risk, and/ or there is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.
<b>Limited Assurance</b>	Weaknesses in the system of controls are such as to put the system objectives at risk, and/ or the level of non-compliance puts the system objectives at risk.
<b>No Assurance</b>	Control is generally weak, leaving the system open to significant error or abuse, and/ or significant non-compliance with basic controls leaves the system open to error or abuse.

3.2 Table 2 below, provides a summary of the audit reports issued together with the audit opinion, number of recommendations and a breakdown of the associated grades.

**Table 2**

Report Name	Report Date	Audit Opinion	Recommendations			
			No.	High	Medium	Low
Council Tax refunds	13/05/25	Full Assurance	1			1
Review of Financial Arrangements in Primary Schools	14/05/25	Reasonable Assurance	4	1	2	1
Elections Management	17/07/25	Substantial Assurance	2		1	1
Financial Sustainability	31/07/25	Full Assurance	0			

Report Name	Report Date	Audit Opinion	Recommendations			
			No.	High	Medium	Low
Children's Service transitions arrangements	02/10/25	Reasonable Assurance	6	1	4	1
Climate Strategy & Sustainability	10/10/25	Reasonable Assurance	4		3	1
Wider review of internal controls following the Aberdeen City Council Tax Fraud	10/10/25	Substantial Assurance	3		2	1
Family Teams child protection	27/10/25	Substantial Assurance	5		3	2
Human Resources - Learning and Development	23/01/26	Reasonable Assurance	7	2	5	
Investigation into harbour's operations - control weaknesses	20/11/25	Limited Assurance	8	7	1	
<b>Totals</b>			<b>40</b>	<b>11</b>	<b>21</b>	<b>8</b>

3.3 Table 3 below provides further details of any high-grade recommendations made during the year and if the original target date has passed and the action was not fully implemented, further information on the current status is provided.

Report Name	No. High	Action Status			Current Status
		Complete	Not yet due	Revised	
Review of Financial Arrangements in Primary Schools	1	1	0	0	
Children's Services Transitions	1	0	0	1	An effective method for early resolution of disputes including an escalation process should be agreed and implemented so any potential delays in transferring accommodation are communicated to senior managers as early as possible. In relation to operational disputes which result in increased risk to a service an escalation process should be co designed and implemented by Highland Council and NHSH that links to the risk register allowing for early communication to senior

					management. Meetings held with NHSH have taken place. The escalation procedure, scope and remit will be produced and taken to the Joint Oversight Group for sign off. (Original target date 31/12/25. Revised action date 30/04/26).
Human Resources - Learning and Development	2	0	2	0	<p>(1) Formal linkages between the Corporate Risk Register and Service Cluster Risk Registers should be established, and current service risks reviewed to ensure alignment and escalation of significant workforce risks. Service Cluster Risk Registers should be updated in PRMS to reflect revised Service clusters and risks, using the new risk scoring system and ensuring each risk has clear ownership. Registers should then be subject to regular monitoring to confirm that mitigating actions remain effective and up to date. A reminder will be issued to Services on the risk management process and officer's role in the process including:</p> <p>A) Review risk registers to align to new service clusters (Action complete)</p> <p>B) Update PRMS</p> <p>C) Risks outlined in new framework and format.</p> <p>Service risks will be reviewed by the appropriate committee along with quarterly reviews of the Service Plan work (Quarterly Performance &amp; Revenue Reports) and linkages made from the identified service risks Service Corporate Risk register will be reviewed to reflect escalation of service risks. (Original target date 31/05/26).</p> <p>(2) Succession planning should be formally rolled out across all services as part of the workforce planning cycle. This should include clear timelines, responsibilities, and monitoring arrangements to confirm that succession plans are developed, maintained, and aligned with organisational workforce needs. A succession planning toolkit had been developed but succession planning had not yet been fully</p>

					implemented across the Council. (Original target date 30/06/26).
Investigation into harbour's operations - control weaknesses	8	7	1*		<p>Management should ensure there are robust arrangements in place to measure and record fuel stocks using accurately calibrated dipsticks for fuel measurement. Management should ensure all fuel sales are accurately recorded using the required forms. Regular reconciliations should be undertaken to verify fuel delivered, fuel sold, and fuel stock held. Any variances identified should be investigated in a timely manner and reported to Service Management and Finance for action as necessary.</p> <p><i>* Followed Up and subsumed in new action plan as part of additional Harbour Internal Audit review.</i></p>
<b>Totals</b>	<b>12</b>	<b>8</b>	<b>3</b>	<b>1</b>	

**Client officer audit feedback forms (5 responses received)**

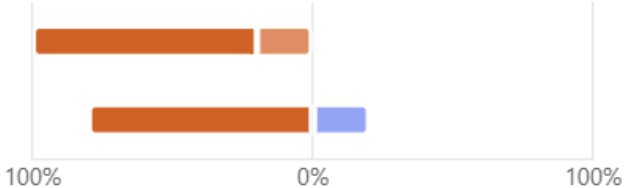
2. Audit Planning

[N](#)

- Excellent
- Good
- Fair
- Poor

Was the audit process, purpose and scope communicated and explained?

Did the scope cover the significant business areas / objectives and key risks?



### 3. Audit Process

[N](#)

● Excellent ● Good ● Fair ● Poor

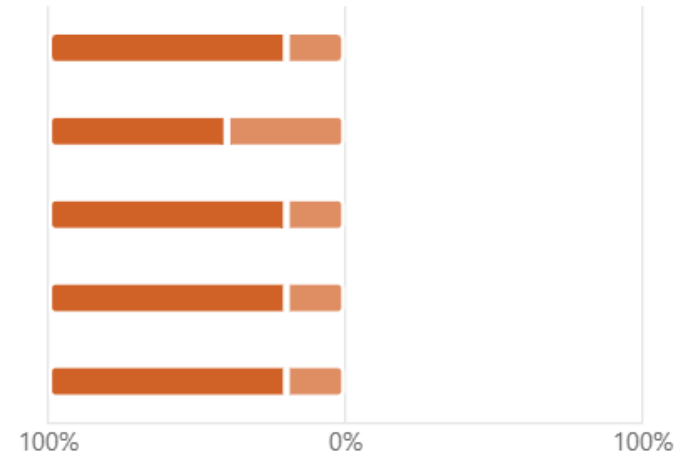
How satisfied were you with the level of communication during the audit?

How satisfied were you that the audit was conducted with minimum disruption?

Was the auditor independent and objective in their approach to the work?

Did you get the opportunity to discuss and respond to key issues throughout the audit?

Did the auditor demonstrate competency (honesty and professional courage) in performing the audit work?

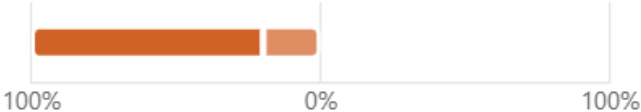


4. Draft Report

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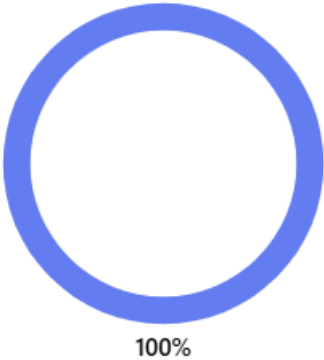
- Excellent
- Good
- Fair
- Poor

Was there sufficient opportunity provided to comment on draft audit findings and recommendations?



5. Was an opportunity provided to meet and discuss the draft report?

- Yes 5
- No 0



## 6. Final Report

[N](#)

● Excellent ● Good ● Fair ● Poor

Was the report balanced in terms of identifying, key findings, appropriate good practices and areas of concern?

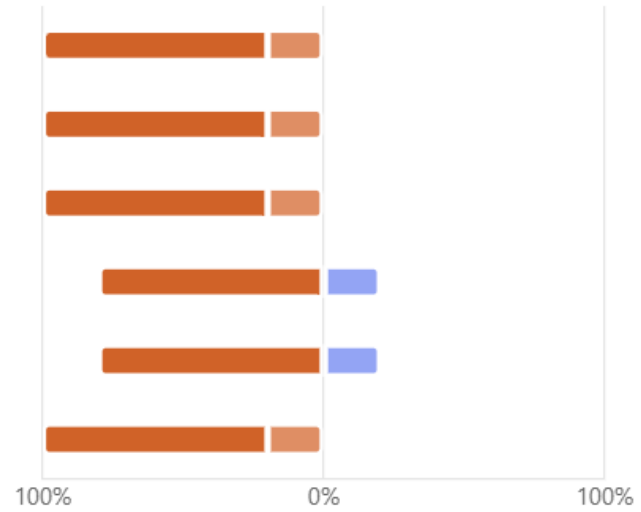
How would you rate the clarity and objectivity of the audit report?

How would you rate the accuracy of the audit report findings?

Were the audit recommendations helpful to identify areas for improvement?

How useful was the audit report in improving business processes and controls?

Was the audit on the whole helpful and did it add value?



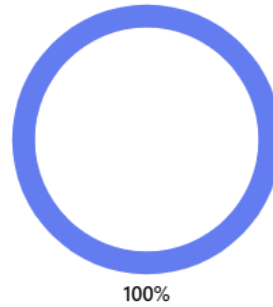
**7. If you have any comments on how Internal Audit could be improved or have observations on the general manner in which the audit was conducted or any areas that would benefit from future audit review, please comment in the space below.**

- The internal audit provided me insights to improve the service
- Just to emphasise the professionalism of the auditor, and also to add the format of audit reports is succinct, written in accessible language and identifies the salient points. I welcome audits as they provide assurances and where there are weaknesses and areas for improvement, then these are identified.
- This audit was very helpful and welcomed. I would like to thank the professionalism of the auditor throughout the audit. Thank you.
- Excellent team and really beneficial for the team to have undertaken this audit Thank you
- Due to the nature of this audit (ie 2 separate audits - THC and NHS), it has helped 2 organisations to work together on an area that spans both.

**Senior management feedback (2 Responses received)**

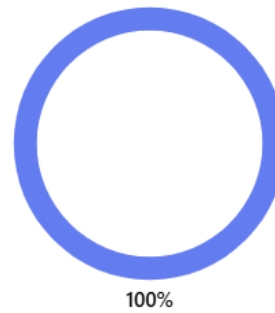
1. Is Internal Audit's role well understood within your area of responsibility?

- Yes 2
- No 0



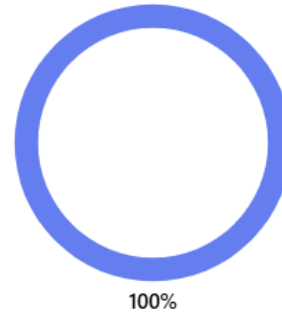
2. Has there been sufficient pre-planning and co-ordination with you by Internal Audit?

- Yes 2
- No 0



3. Has Internal Audit discussed its approach and major areas of audit focus with you for the year ahead?

- Yes 2
- No 0



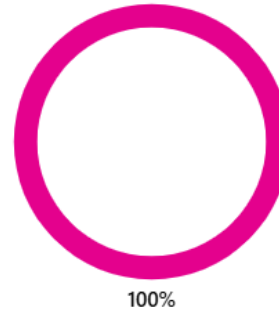
4. Have you raised any major areas of concern during the year that have not been reviewed by Internal Audit?

- Yes 0
- No 2



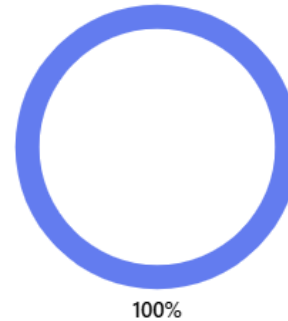
5. Assess the strength of Internal Audit's understanding of the Council's risk environment?

- Strong 0
- Adequate 2
- Needs improvement 0



6. Has Internal Audit consistently demonstrated independence in its deliberations?

- Yes 2
- No 0



7. How responsive has Internal Audit been to your service cluster's needs, including requests for special investigations?

- Strong 1
- Adequate 1
- Needs improvement 0



8. Have the Internal Audit reports you have received this year been:

N

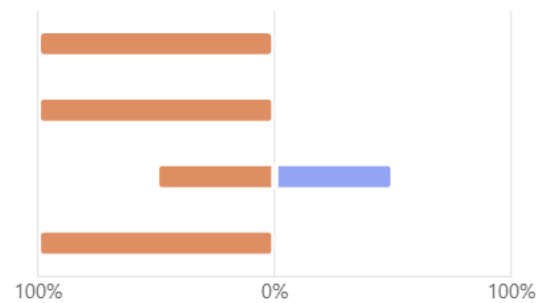
- Yes
- No

Relevant, clear and constructive?

Sufficiently detailed to provide assurance that the necessary audit work has been carried out to support the opinions/conclusions?

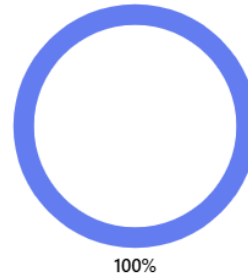
Sufficiently detailed to enable effective management action?

Issued on a timely basis?



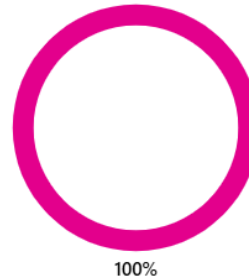
9. Has Internal Audit provided sufficient and timely information to assist you in ensuring agreed management actions are implemented in your service cluster?

- Yes 2
- No 0



10. Do you have any major unresolved disagreements with Internal Audit?

- Yes 0
- No 2

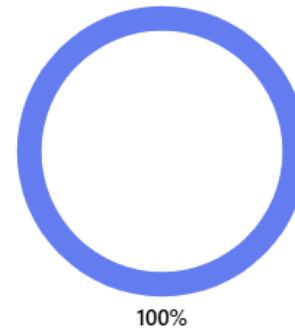


11. If yes, please provide an explanation and suggest areas where improvements could be made?

0 responses submitted

12. Has Internal Audit added value to your service cluster?

- Yes 2
- No 0



**12. If yes, in what ways has Internal Audit added value to your service cluster?**

- Value has been added by highlighting aspects of the service that can be improved and by identifying risks and mitigations for management action. In some cases, this has reinforced management's own assessment of the service and by providing an independent corroboration has assisted in pursuing the outcomes being sought.

**Audit Committee feedback (8 responses received)**

1 Member responded (needs improvement) to all areas of the survey with the exception of question 7 where adequate was recorded. No commentary/additional information was provided on any areas for improvement.

1. How well does Internal Audit demonstrate that it:

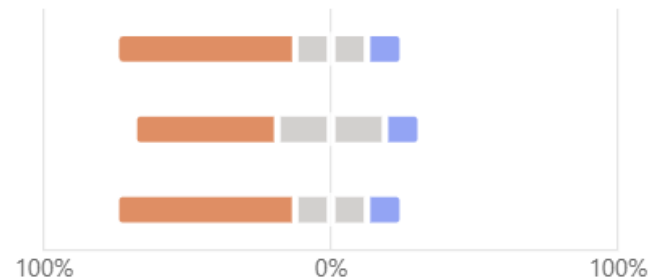
N

● Strong    ● Adequate    ● Needs improvement

Has a strong understanding of the responsibilities and operation of the Audit Committee?

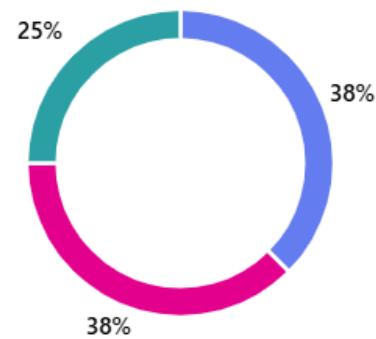
Understands the expectations of the Audit Committee?

Understands the Council's business and risk environment?



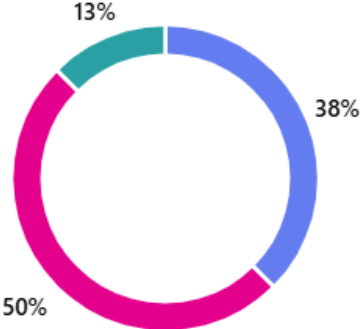
2. How would you assess the Audit Committee's confidence in Internal Audit?

● Strong                    3  
 ● Adequate                3  
 ● Needs improvement    2



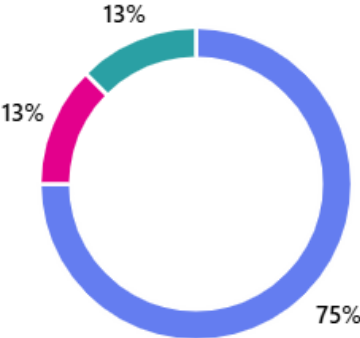
3. Evaluate Internal Audit’s openness in communications with the Audit Committee, including for difficult or contentious issues?

● Strong	3
● Adequate	4
● Needs improvement	1



4. Evaluate the quality, relevance and clarity of Internal Audit reports/papers considered by the Audit Committee.

● Strong	6
● Adequate	1
● Needs improvement	1



5. Does Internal Audit promptly advise the Audit Committee about significant issues and developments?

- Yes 7
- No 1



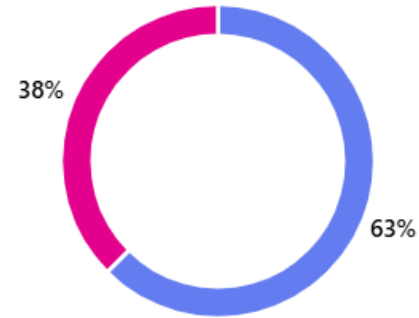
6. Does Internal Audit promptly advise the Audit Committee about significant changes to the Internal Audit plan?

- Yes 7
- No 1



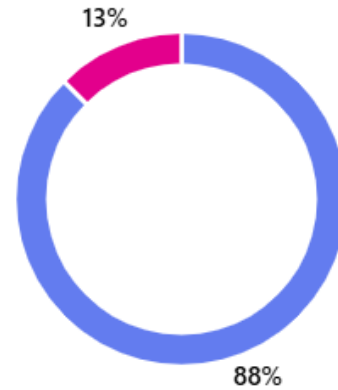
7. Evaluate the strength of Internal Audit's process for monitoring the status of agreed management actions (Action Tracking).

- Strong 5
- Adequate 3
- Needs improvement 0



8. Has Internal Audit contributed to the Audit Committee's understanding of the overall assurance framework within the Council?

- Yes 7
- No 1

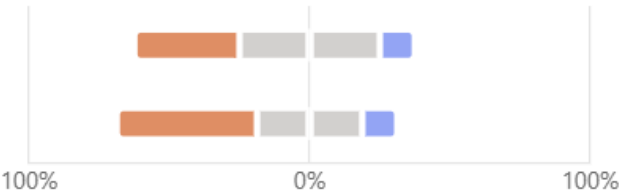


9. Assess the quality of the Internal Audit plan in terms of its:

[N](#)

- Strong
- Adequate
- Needs improvement

Comprehensiveness, clarity and timeliness  
 Coverage of priority and high-risk areas

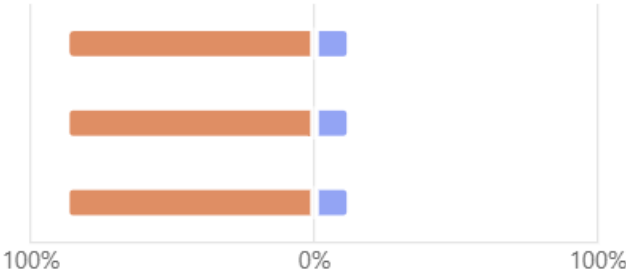


10. Is it clear from its reporting to the Audit Committee that Internal Audit:

[Mc](#)

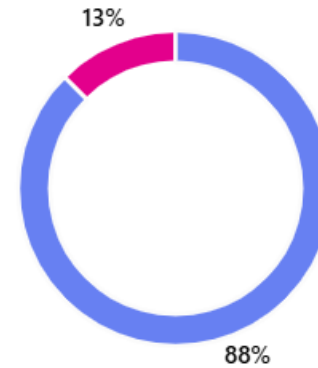
- Yes
- No

Has delivered the services outlined in the plan?  
 Has been in accordance with the agreed timetable?  
 Has performed the audit work necessary to reach its opinions/conclusions?



11. Do you consider that internal audit has added value to the Council?

- Yes 7
- No 1

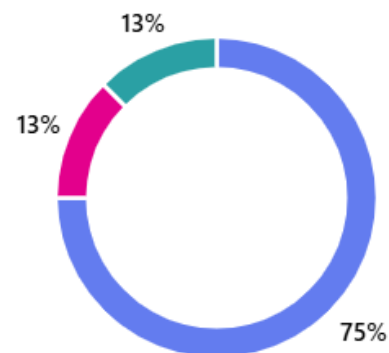


**12. If yes, in what way has Internal Audit added value to the Council?**

- By highlighting areas where improvement is needed.
- Comprehensive information.
- Changes have been highlighted to improve efficiency.
- Gives reassurance to councillors and senior management.
- An internal audit allows risks to be identified early so that mitigation or effective strategies can be implemented to address these.
- Helps to let Councillors know the financial position of the Council.
- It has highlighted areas of weakness in management that would otherwise have been neglected. It assists managers by demonstrating areas that could easily be improved backed by comprehensive reports.

13. How would you assess Internal Audit's overall performance?

● Strong	6
● Adequate	1
● Needs improvement	1



**14. If answering Adequate or Needs Improvement above, please provide information on any areas for improvement?**

- Some papers have been produced late.

**15. Please provide information on any further areas where you feel that Internal Audit could improve its service?**

- Incidentally there are a couple of questions above where I would have answered don't know had there been the opportunity. Like I really don't know whether it has performed all the audit work necessary to reach its conclusions as I have no detailed knowledge of what work is needed. I'd appreciate something more than a straight yes/no alternative.
- Look at funding streams from Scottish Government that is spent by CPP's and how the funding which passes through HC is meeting the outcomes of the funding. That there is adequate governance in place.
- None at present.
- If the Internal Audit Team was increased in size, many more internal audits could be conducted and therefore higher efficiency achieved across the Council.

### Appendix 3 - Summary results of internal self-assessment of conformance against the GIAS

<b>Financial year</b>	2025/26
<b>Date completed</b>	April 2026
<b>Assessment Opinion</b>	<b>Generally Conforms</b>

#### Assessment Opinion

<b>Opinion</b>	<b>Description</b>
<b>Generally Conforms</b>	Relevant structures, policies and procedures, as well as the processes by which they are applied, conform with the requirements of the GIAS in all material respects. This means that for the Domains, and Principles, there is general conformance to the majority of the GIAS requirements. There may be significant opportunities for improvement, but these do not represent any situations where the Principles and/ or Standard requirements have not been applied effectively, or the stated objectives have not been achieved. Note general conformance does not require complete/ perfect conformance.
<b>Partially Conforms</b>	Good faith efforts are being made to conform to the overarching requirements of the GIAS but fall short of achieving some major objectives. These may present significant opportunities for improvement. Some deficiencies may be beyond the control of the Internal Audit service and may result in recommendations to senior management or the Audit Committee.
<b>Does not Conform</b>	Not aware of, nor making good faith efforts to conform with, or failing to achieve many/ all of the objectives of the GIAS. These have a significant negative impact on the effectiveness of the Internal Audit service and its potential to add value to the Council. There may be significant opportunities for improvement, including actions by senior management or the Audit Committee.
<b>Not applicable</b>	Unable to comply with the requirements of the GIAS due to circumstances out with the control of the Internal Audit service such as the team size, regulatory/ legal requirements.

Domain	Principle (P)/ Standard (S)	Conformant? Yes/ No	Actions required
<b>I: Purpose of Internal Auditing</b>	No Principles or Standards for this Domain. However, this is assessed using information from other Domains as shown below. NB each of these have been highlighted using * against the relevant Principle/ Standard as appropriate.		
	Domain III Introduction	Generally Conforms	
	S6.2 Internal Audit Charter	Generally Conforms	
	P2 Maintain Objectivity	Generally Conforms	
	P6 Approved by the Board	Generally Conforms	
	P7 Positioned Independently	Generally Conforms	
	P3 Demonstrate Competency	Generally Conforms	
	P1 Demonstrate Integrity	Generally Conforms	
<b>II: Ethics and Professionalism</b>	<b>P1 Demonstrate Integrity *</b>		
	S1.1 Honesty and Professional Courage	Yes	
	S1.2 Organisation's Ethical Expectations	Yes	
	S1.3 Legal and Ethical Behaviour	Yes	
	<b>Assessment P1</b>	Generally Conforms	
	<b>P2 Maintain Objectivity *</b>		
	S2.1 Individual Objectivity	Yes	
	S2.2 Safeguarding Objectivity	Yes	External Quality Assessment to be undertaken by March 2027.
S2.3 Disclosing Impairments to Objectivity	Yes		

	<b>Assessment P2</b>	<b>Generally Conforms</b>	
	<b>P3 Demonstrate Competency *</b>		
	S3.1 Competency	Yes	See S2.2 – EQA to be completed by March 2027.
	S3.2 Continuing Professional Development	Yes	
	<b>Assessment P3</b>	<b>Generally Conforms</b>	
	<b>P4 Exercise Due Professional Care</b>		
	S4.1 Conformance with the Global Internal Audit Standards	Yes	Audit Manual to be updated.
	S4.2 Due Professional Care	Yes	See S2.2 – EQA to be completed by March 2027.
	S4.3 Professional Scepticism	Yes	See S4.1 - Audit Manual to be updated. To include process for dealing with false/ misleading information.
	<b>Assessment P4</b>	<b>Generally Conforms</b>	
	<b>P5 Maintain Confidentiality</b>		
	S5.1 Use of Information	Yes	See S4.1 – Audit Manual to be updated.
	S5.2 Protection of Information	Yes	See S4.1 – Audit Manual to be updated.
	<b>Assessment P5</b>	<b>Generally Conforms</b>	
<b>III: Governing the Internal Audit Function</b>	<b>P6 Authorised by the Board *</b>		
	S6.1 Internal Audit Mandate	Yes	
	S6.2 Internal Audit Charter *	Yes	
	S6.3 Board and Senior Management Support	Yes	
	<b>Assessment P6</b>	<b>Generally Conforms</b>	
	<b>P7 Positioned Independently *</b>		

	S7.1 Organisational Independence	Yes	
	S7.2 Chief Audit Executive Qualifications	Yes	
	<b>Assessment P7</b>	<b>Generally Conforms</b>	
	<b>P8 Overseen by the Board</b>		
	S8.1 Board Interaction	Yes	See S2.2 – EQA to be completed by March 2027.
	S8.2 Resources	Yes	
	S8.3 Quality	Yes	
	S8.4 External Quality Assessment	No	See S2.2 – EQA to be completed by March 2027.
	<b>Assessment P8</b>	<b>Partially Conforms</b>	
<b>IV: Managing the Internal Audit Function</b>	<b>P9 Plan Strategically</b>		
	S9.1 Understanding Governance, Risk Management and Control Processes	Yes	
	S9.2 Internal Audit Strategy	Yes	
	S9.3 Methodologies	Yes	See S4.1 - Audit Manual to be updated.
	S9.4 Internal Audit Plan	Yes	
	S9.5 Co-ordination and Reliance	N/A	Not applicable.
	<b>Assessment P9</b>	<b>Generally Conforms</b>	
	<b>P10 Manage Resources</b>		
	S10.1 Financial Resources Management	N/A	Not applicable to public sector.
	S10.2 Human Resources Management	Yes	
	S10.3 Technological Resources	Yes	
	<b>Assessment P10</b>	<b>Generally Conforms</b>	
	<b>P11 Communicate Effectively</b>		

	S11.1 Building Relationships and Communicating with Stakeholders	Yes	See S4.1 - Audit Manual to be updated.
	S11.2 Effective Communication	Yes	
	S11.3 Communicating Results	Yes	
	S11.4 Errors and Omissions	No	See S4.1 - Audit Manual to be updated with details of new methodology.
	S11.5 Communicating the Acceptance of Risks	Yes	
	<b>Assessment P11</b>	<b>Partially Conforms</b>	
	<b>P12 Enhance Quality</b>		
	S12.1 Internal Quality Assessment	Yes	
	S12.2 Performance Measurement	Yes	Commentary to be included in the Annual Internal Audit Report 2025-26 to record performance against the Internal Audit Strategy.
	S12.3 Oversee and Improve Engagement Performance	Yes	
	<b>Assessment P12</b>	<b>Generally Conforms</b>	
<b>V: Performing Internal Audit Services</b>	<b>P13 Plan Engagements Effectively</b>		
	S13.1 Engagement Communication	Yes	See S4.1 - Audit Manual to be updated.
	S13.2 Engagement Risk Assessment	Yes	
	S13.3 Engagement Objectives and Scope	Yes	
	S13.4 Evaluation Criteria	Yes	
	S13.5 Engagement Resources	Yes	
	S13.6 Work Programme	Yes	
	<b>P13 Assessment</b>	<b>Generally Conforms</b>	
	<b>P14 Conduct Engagement Work</b>		

	S14.1 Gathering Information for Analysis and Evaluation	Yes	
	S14.2 Analysis and Potential Engagement Findings	Yes	
	S14.3 Evaluation of Findings	Yes	See S4.1 - Audit Manual to be updated.
	S14.4 Recommendations and Action Plans	Yes	
	S14.5 Engagement Conclusions	Yes	
	S14.6 Engagement Documentation	Yes	
	<b>P14 Assessment</b>	<b>Generally Conforms</b>	
	<b>P15 Communicate Engagement Results and Monitor Action Plans</b>		
	S15.1 Final Engagement Communication	Yes	
	S15.2 Confirming the Implementation of Actions or Action Plans	Yes	
	<b>P15 Assessment</b>	<b>Generally Conforms</b>	

## Action Plan

The following actions are planned to address the areas of non-conformance identified.

<b>Action no.</b>	<b>Standard Reference</b>	<b>Action Required</b>	<b>Action to be taken</b>	<b>Responsible Officer</b>	<b>Target Date</b>
1	S2.2, S3.1, S4.2, S8.1 and S8.4	External Quality Assessment of conformance against the GIAS to be undertaken.	This will be undertaken through the Scottish Local Authority Chief Internal Auditors Group (SLACIAG).	Strategic Lead (Audit & Risk)	31/03/27 (at the latest)
2	S4.1, S4.3, S5.1, S5.2, S9.3, S11.1, S11.4, S13.1, and S14.3	Audit Manual to be updated to ensure that it includes all necessary procedures and guidance for staff.	Audit Manual updated as required with the relevant changes communicated to the Internal Audit Team.	Corporate Audit Manager	31/07/26