

Agenda Item	9
Report No	AC/12/26

## THE HIGHLAND COUNCIL

**Committee:** Audit Committee

**Date:** 27 May 2026

**Report Title:** Internal Audit Plan 2026/27

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

### 1. Purpose/Executive Summary

1.1 This report presents the 2026/27 Internal Audit Plan for approval.

### 2. Recommendations

2.1 Members are asked to approve the 2026/27 Internal Audit Plan which is provided at **Appendix 1**.

### 3. Implications

3.1 **Resource** – details of the available resources are detailed in section 5.2.

3.2 There are **no Legal, Health and Safety** (risks arising from changes to plant, equipment, process, or people) or **Gaelic** implications arising from this report. The planned audits could cover some of these implications, but these would be addressed within the individual audit reviews and reported accordingly.

### 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 report relates to an audit plan and therefore an impact assessment is not required.

#### **4. Internal Audit Plan 2026/27**

- 4.1 In accordance with the Global Internal Audit Standards in the UK Public Sector, the Chief Audit Executive (Strategic Lead (Audit & Risk)) is required to prepare a risk-based audit plan which outlines the assignments to be carried out, their respective priorities and the estimated resources needed for the year.
- 4.2 This has now been undertaken, and the 2026/27 Internal Audit Plan is attached at Appendix 1.

#### **5. Audit Planning Process**

- 5.1 The plan is produced in accordance with the Internal Audit Charter and the requirements of the Global Internal Audit Standards in the UK Public Sector. To comply with the standards the Chief Audit Executive (CAE) must create an internal audit plan that supports the achievement of the organisation's objectives.

*'The Chief Audit Executive must base the internal audit plan on a documented assessment of the organisation's strategies, objectives, and risks. This assessment must be informed by input from the board (Audit Committee) and senior management as well as the Chief Audit Executive's understanding of the organisation's governance, risk management, and control processes. The assessment must be performed at least annually.'*

*The internal audit plan must:*

- *Consider the internal audit charter (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, risks operations, programs, systems, controls, and organisational culture.'*

A planning methodology has been used to inform the development of the internal audit plan this was underpinned by a review of the Council's risk management processes. The outcome of the planning process ranks areas of Council activity that are of higher strategic importance (e.g. linked to the Operational Delivery Plan 2024-2027) and of higher risk with a view to best targeting internal audit assurance work in these areas. Thus, supporting the Council in achieving its objectives.

The Chief Executive and the three Assistant Chief Executives have each reviewed the planning process and been consulted to gain an understanding of their priorities, views on risk and to identify any areas where they have concerns or feel that internal audit assurance would be beneficial. The resultant draft plan was then approved by the Corporate Management Team on 20/04/26.

The plan also includes an element of committed requirements each year such as the work to support the annual audit opinion within the Internal Audit Annual Report and for following up on previous audit recommendations (action tracking).

The plan includes audits carried forward from the 2025/26 Internal Audit Plan that have not yet commenced and are incorporated into the 2026/27 Audit Plan. The resources allocated to the 2026/27 Internal Audit Plan also reflect the need to complete outstanding 2025/26 audit work that is being finalised at year-end.

- 5.2 The establishment consists of 8 full time posts: comprising of 5 Internal Audit (4 qualified staff and 1 Trainee), 2 Corporate Fraud and the Corporate Audit Manager. The Chief Audit Executive has considered the internal audit team's access to technological resources (IT), and that these are in place to aid completion of the plan. The staff resources available to the internal audit team are considered sufficient to undertake the work required to enable provision of the annual audit opinions for 2026/27 which will be reported to the appropriate meeting of the Audit Committee.

The Chief Audit Executive confirms that that there are no significant threats to the independence of the internal audit activity such as inappropriate scope or resource limitations. Should there be any unexpected changes affecting the available audit resources or any other impairments which could impact upon the ability to provide the annual audit opinion then Committee will be informed accordingly.

- 5.3 The audit plan includes the work undertaken by the Corporate Fraud Team. This includes acting as the Single Point of Contact (SPOC) with the Department of Work and Pensions, and Police Scotland, investigating all fraud referrals including those involving suppliers, employees, Council Tax and NDR benefits/ discounts, and investigation of Whistleblowing concerns. Appendix 1 details the allocation of time for planned activities. In addition to this, a contingency is held for allocating time for any unplanned fraud or whistleblowing investigations.

- 5.4 The audit plan refers to the planned work with regard to Highland Council only. In addition, the Internal Audit team also undertakes work for:
- The Pension Fund
  - The Valuation Joint Board
  - HITRANS
  - High Life Highland.

Separate plans are prepared for each of these organisations and approved by their relevant Boards/ Committees.

Designation: Strategic Lead (Audit & Risk)

Date: 21 April 2026

Author: Jason Thurlbeck, Corporate Audit Manager

Background Papers: -

Appendices: Appendix 1 - Internal Audit Plan 2026/27

**Internal Audit Plan 2026/27**

**Brought forward from Internal Audit Plan 2025/26**

Service Cluster	Audit Area	Audit Risk Score	Priority	Audit Days
Place	Roads Operations and Maintenance	38	High	30
Place	Property Capital Projects	37	High	30
Corporate	Strategic Improvement	35	Medium	30
Corporate	Insurance	32	Medium	30
Corporate	Legal Services	31	Medium	30
	<b>Total</b>			<b>150</b>

**New audits added 2026/27**

Service Cluster	Audit Area	Audit Risk Score	Priority	Audit Days
Corporate	Data Protection	37	High	30
Place	Inverness and Cromarty Firth Green Freeport	37	High	30
Corporate	Human Resources – Work Force Planning	35	Medium	30
Place	Building Maintenance	35	Medium	30
Place	Economy & Regeneration	35	Medium	30
Place	Housing Development	35	Medium	30
Corporate	Risk Management	33	Medium	30
People	Family Teams - Whole Family Wellbeing Fund	32	Medium	30
People	Family Teams - Self Directed Support	32	Medium	30
People	Secondary Schools - Employability Services	32	Medium	30
Place	Environmental Health	29	Medium	30
People	Fostering and Adoption - Families First	28	Medium	30
Corporate	Debtors	27	Medium	30
Place	Harbours	23	Medium	30
	<b>Total</b>			<b>420</b>
<b>Reserves</b>				
People	Family Teams - Child Plans	32	Medium	30
Place	Street Lighting and Communications	25	Medium	30
Corporate	Governance of Arms-Length External Organisations	23	Medium	30

**Global Internal Audit Standards (GIAS) and approach to planning audit work**

The GIAS require a detailed planning assessment to be carried out and evidenced. Therefore, as part of the planning phase for each audit the appropriate Assistant Chief Executive(s) and Chief Officer(s) will be consulted to assist the Internal Audit team to develop an understanding of the scope of activity to be reviewed, determine the organisational objectives and assess the relevant risks. Acknowledgement of

this and other requirements of the standards is reflected in the allocation of larger audit day budgets, and this may result in some flexing of these. Reserve audits have been added should additional time become available.

**Investigations- Planned activity 2026/27**

<b>Activity</b>	<b>Activity Scope</b>	<b>Planned Days</b>
SPOC work for DWP 2026/27	Allocation of time for work undertaken by the Corporate Fraud Team as the Single Point of Contact (SPOC) for the DWP.	35
SPOC work for Police Scotland 2026/27	Allocation of time for work undertaken by the Corporate Fraud Team as the Single Point of Contact (SPOC) for Police Scotland.	100
NFI 2026/27 exercise	Time for the co-ordination and reporting of the biennial NFI review.	25
Tenancy fraud investigations 2026/27	Allocation of time for investigating alleged tenancy fraud cases.	15
<b>Total Days</b>		<b>175</b>