

<b>COMMITTEE:</b>	Audit and Governance Committee
<b>MEETING DATE:</b>	16 September 2025
<b>BY:</b>	Service Manager Internal Audit
<b>REPORT TITLE:</b>	Revised Internal Audit Plan 2025/26
<b>REPORT STATUS:</b>	Public

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## **1 PURPOSE OF REPORT**

- 1.1 To inform the Audit and Governance Committee of Internal Audit's revised operational plan for 2025/26.

## **2 RECOMMENDATIONS**

Members are recommended to:

- 2.1 To approve the revised Audit Plan for 2025/26 see Appendix 1.

## **3 BACKGROUND**

- 3.1 A revised Internal Audit Plan for 2025/26 is being presented to the Audit and Governance Committee to take account of the ever-changing Council risk profile, all audits remaining within the plan focus on areas that are linked to corporate risks 1 to 7, excluding risk 5 in relation to Homelessness that is covered in the review of the Housing Assurance Statement completed on an annual basis.
- 3.2 The annual audit plan has been prepared in accordance with Global internal Audit Standards (GIAS) and the interpretation of the UK Public Sector Application note. Key changes in the plan are the removal of the Complaints Internal Audit and the replacement of this audit with the Cybersecurity review.
- 3.3 In preparing the annual audit plan a range of factors have been considered, including:

- the Council Plan 2022-27, and reprioritisation in February 2024.
  - areas highlighted by Senior Officers.
  - corporate and service area risk registers.
  - the Council's performance and financial statements.
  - changes in service delivery.
  - the findings from previous years' audit work; and
  - the need to incorporate flexibility for reactive/investigatory work.
- 3.4 Internal Audit's primary role is to independently review internal control systems within the Council. Internal Audit will evaluate the adequacy and effectiveness of governance processes and controls in responding to risks within the Council's governance, operations and information systems, regarding the:
- Achievement of the Council's strategic objectives.
  - Reliability and integrity of financial and operational information.
  - Effectiveness and efficiency of operations and programmes.
  - Safeguarding of assets.
  - Compliance with laws, regulations, policies, procedures and contracts.
- 3.5 The Service Manager Internal Audit is required under GIAS to provide an annual opinion on the adequacy and effectiveness of the Councils Group Governance, Risk Management and Internal Control processes. The work carried out in this plan will contribute to the opinion being provided.
- 3.6 The provision of the Internal Audit service is on an in-house basis by the Council's Internal Audit section of the Internal Audit and Counter Fraud Team. The revised plan assumes that there are no changes to the resources available to the Internal Audit team during the year, further revisions will be provided to the Audit & Governance Committee should resource availability change. The Committee should note that reactive work may impact on the ability to complete the audit plan. Contingency days are built in for 2025/26 but by its nature reactive work is difficult to predict, however the Audit & Governance Committee will be notified of significant contingency exercises being undertaken.
- 3.7 Internal Audit will adopt a risk-based approach to audit assignments as the principal means of providing assurance on the adequacy, reliability and effectiveness of governance, risk management and internal controls. Testing of controls will be carried out on a sample basis. Samples are selected according to an agreed sampling methodology.
- 3.8 For each individual audit, a detailed audit report is prepared for the relevant member(s) of the Council Management Team (CMT). Copies of the audit report are provided to the Chief Executive, External Audit and to members of the Audit and Governance Committee.

- 3.9 Follow-up audits will be carried out to review the implementation of the recommendations made

## INTERNAL AUDIT PERFORMANCE INDICATORS

- 3.10 Internal Audit will report on the completion of the annual audit plan, the percentage of audit recommendations accepted by Management and the percentage of audit staff with CCAB accounting qualifications.

## 4 POLICY IMPLICATIONS

- 4.1 There are no immediate policy implications from this report.

## 5 RESOURCE AND OTHER IMPLICATIONS

- 5.1 Finance: None in relation to this report.
- 5.2 Human Resources: None in relation to this report, although service areas should be aware of the requirement to respond to requests for audit information, explanation and access requirements in the areas highlighted for Internal Audit review.
- 5.3 Other (e.g. Legal/IT): None in relation to this report
- 5.4 Risk: The Corporate and Service Risk registers provide the basis for the Internal Audit Plan, where controls are found to not be operating as appropriate this will be fed back into the risk assessment within the risk registers as appropriate.

## 6 INTEGRATED IMPACT ASSESSMENT

- 6.1 ***Select the statement that is appropriate to your report by placing an 'X' in the relevant box.***

An Integrated Impact Assessment screening process has been undertaken, and the subject of this report does not affect the wellbeing of the community or have a significant impact on equality and human rights; tackling socio-economic disadvantages and poverty; climate change, the environment and sustainability; the Council's role as a corporate parent; or the storage/collection of personal data.

X
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or

The subject of this report has been through the Integrated Impact Assessment process and impacts have been identified as follows:



## **7 APPENDICES**

7.1 Appendix 1 Revised Internal Audit Plan 2025/26.

## **8 BACKGROUND PAPERS**

8.1 Approved Internal Audit Plan 2025/26, March 2025 Audit & Governance Committee.

## **9 AUTHOR AND APPROVAL DETAILS**

### **Report Author(s)**

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<b>Date</b>	<b>02 September 2025</b>

### **Head of Service Approval**

<b>Name</b>	<b>Duncan Stainbank</b>
<b>Designation</b>	<b>Service Manager Internal Audit</b>
<b>Confirmation that IIA and other relevant checks (e.g. finance/legal) have been completed</b>	<b>Confirmed</b>
<b>Approval Date</b>	<b>02 September 2025</b>

**REVISED INTERNAL AUDIT PLAN 2025/26****Appendix 1**

SERVICE AREAS TO AUDIT	ALLOCATED AUDITOR DAYS	CURRENT PROPOSED AUDIT ASSIGNMENTS FROM RISK ANALYSIS
<b>Council Resources</b>	<b>90 Days</b>	<p><b>Transformation Projects:</b> Continue ongoing support and involvement in stage gate processes and consider specific reviews of control process adjustments resulting from implementation of the new finance system. (Inherent Risk Assessment: High)</p> <p><b>Cybersecurity:</b> Review the governance, risk management and control processes in place to ensure that the Council maintains best practice in an ever changing risk environment to minimise the risk of cyberattack across the Council Corporate, school and externally hosted IT systems environment, using the GIAS Topical Requirements to guide the Internal Audit work (Inherent Risk Assessment: High)</p> <p><b>Employee Performance Management:</b> Review assurance that the council has adequate staff performance management processes in place within Council Personal review and Development processes to ensure compliance best practice and appropriate feed through to further appropriate Performance Management Processes. (Inherent Risk Assessment: High)</p>
<b>Place (Infrastructure, Housing, Development, Communities &amp; Partnerships)</b>	<b>120 Days</b>	<p><b>Fleet Management and Planning:</b> Provide assurance that best practice fleet management practices have been implemented across the Council and that fleet planning provides a sustainable best value. (Inherent Risk Assessment: High)</p> <p><b>Housing Rents:</b> Assurance that housing rental charges are being set in accordance with Council Policy and regulatory best practice and that Governance and Control processes are in place in association with this process. (Inherent Risk Assessment: High)</p> <p><b>City Deal Innovation Hub:</b> Provide assurance that the operational governance structures are in place and operating to ensure appropriate control and risk management for the Council investment in this project and to manage the expected delivery of outcomes. (Inherent Risk Assessment: High)</p> <p><b>Commercial Rents:</b> Review the processes for ensuring that commercial rents are set collected and recovered in accordance with best practice and Council Income Policies to ensure best value. (Inherent Risk Assessment: Medium)</p>

SERVICE AREAS TO AUDIT	ALLOCATED AUDITOR DAYS	CURRENT PROPOSED AUDIT ASSIGNMENTS FROM RISK ANALYSIS
<b>Education &amp; Children's Services</b>	<b>90 days</b>	<p><b>School Transport:</b> Provide assurance that School Transport provision is being planned and provided for in accordance with Council Policy and appropriate legislation/ regulation, that routes are planned, procured and improved to provide best value to the Council. (Inherent Risk Assessment: High)</p> <p><b>PPP Contract Management:</b> Provide assurance that the Council PP contracts are being managed effectively to ensure that services are being provided effectively and actions resulting in additional fees appropriately reviewed and authorised, and payments are being accurately made. (Inherent Risk Assessment: High)</p> <p><b>Early Years:</b> Provide assurance on the appropriate planning of expenditure for development of appropriate provision of early years education in compliance with the appropriate legislation, regulations and guidance. (Inherent Risk Assessment: Medium)</p>
<b>Adult Social Work</b>	<b>60 Days</b>	<p><b>Care at Home:</b> Review the Control processes in place to ensure that best value is being achieved in the utilisation of care at home provision from external providers and in house provision, and the control processes are in place to ensure that appropriately qualified staff are available to meet identified needs. (Inherent Risk Assessment: High)</p> <p><b>Direct Payments – Self Directed Support:</b> Review the Control processes in place to ensure as much as regulation allows that needs are met through provision of self-directed support appropriate council processes that ensure appropriate, timely and accurate payments. (Inherent Risk Assessment: High)</p>
<b>ALEO's (Arm's Length External Organisations)</b>	<b>30 Days</b>	<b>Enjoy Leisure:</b> Establish if Enjoy Leisure has appropriate Governance and Assurance Processes in place that provide assurance to the council that risks are being properly managed within the organisation, and that the Council has appropriate processes in place to ensure appropriate risk

SERVICE AREAS TO AUDIT	ALLOCATED AUDITOR DAYS	CURRENT PROPOSED AUDIT ASSIGNMENTS FROM RISK ANALYSIS
		management of the Council risks within the transactions provided and the arrangements in relation to use of Council assets. (Inherent Risk Assessment: High)
Miscellaneous Grants	10 Days	Internal Audit are currently undertaking annual audits of the <b>Tyne and Esk Communities Development Fund</b> . (Inherent Risk Assessment: Low)
Scottish Housing Regulator (SHR) Annual Assurance Statement	20 Days	Work required to provide assurance on the regulatory requirements set out in the Scottish Housing Regulators Chapter 3 of the Regulatory Framework. (Inherent Risk Assessment: Low)
Fraud & Irregularity	10 Days	Internal Audit will assist in investigations of suspected fraud or irregularity to support the 1 FTE of Counter Fraud Officer availability over the next year when required
National Fraud Initiative (NFI)	10 Days	Time has been allocated for providing some assistance to the Corporate Fraud Officer in reviewing the NFI matches in particular the Creditors Matches.
Integration Joint Board	75 Days	Time has been allocated for work that will be undertaken by Internal Audit for the East Lothian Integration Joint Board (IJB). A separate audit plan will be prepared which will be presented to the IJB Audit and Risk Committee for approval.
Review of Previous Year's Work	30 Days	Internal Audit will review the outcome of our previous year's work to ensure recommendations have been actioned as agreed and that risks accepted by Management have been properly managed.

<b>SERVICE AREAS TO AUDIT</b>	<b>ALLOCATED AUDITOR DAYS</b>	<b>CURRENT PROPOSED AUDIT ASSIGNMENTS FROM RISK ANALYSIS</b>
<b>Attendance at Stocktakes</b>	<b>5 Days</b>	Internal Audit will attend the year-end stocktakes at Property Maintenance, Road and Waste Services. We will review the final stock sheets.
<b>Annual Governance Statement</b>	<b>10 Days</b>	Completion of the Activities to assist with the CMT review of Governance and the administration of Governance Information to provide a draft Annual Governance Statement for consideration by the Audit & Governance Committee and inclusion in the draft accounts.
<b>Audit &amp; Governance Committee Annual Review</b>	<b>4 Days</b>	Assist the Chair and Audit & Governance Committee Members with the completion of the Annual review of the Committee in line with the CIPFA Statement and best practice
<b>Annual Planning</b>	<b>10 Days</b>	Complete the review of Risk Assessment processes, identification of key risk areas assessment against the audit universe and identification of the links between the Council Objectives and the Internal Audit work for the 2026/27 annual audit plan.
<b>Attendance at Boards and Committees</b>	<b>20 Days</b>	Attendance at EMT, CMT, SMT, Audit & Governance Committee, Corporate Risk Group and Linking Risks Group
<b>Advice and Consultancy</b>	<b>10 Days</b>	<p>Consultation on New Systems – for new systems implemented, Internal Audit will provide advice on internal control matters.</p> <p>Financial Reports – providing service areas with financial information about companies and offering advice where applicable.</p> <p>Consultancy – providing advice and consultancy on internal control issues.</p>



SERVICE AREAS TO AUDIT	ALLOCATED AUDITOR DAYS	CURRENT PROPOSED AUDIT ASSIGNMENTS FROM RISK ANALYSIS
<b>Training</b>	<b>40 Days</b>	An adequate allocation of budget resources and time will be given to maintaining and improving the knowledge base and quality of the staff resource. This includes time to attend the Scottish Local Authority Chief Internal Auditor Group (SLACIAG) and attend the Biannual Conference, ensure appropriate Ethics and Objectivity training in line with Global Internal Audit Standards and to ensure that all qualified staff to undertake continuous professional development in line with institute requirements and provide training towards qualification were necessary.
<b>Quality Assessment</b>	<b>20 Days</b>	The Global Internal Audit Standards that apply to the Council from the 1 April 2025 requires an annual Internal Quality Assurance review is completed by the Service Manager – Internal Audit on an annual basis and that the results are reported to the Audit & Governance Committee. the Internal Audit section will also be subject to an External Quality Assessment (EQA) at least every five years, by appropriately qualified and independent reviewers. EQA processes are completed by inclusion on the SLACIAG peer review process which provides substantial best value in ensuring this process is completed.
<b>Total</b>	<b>651 Days</b>	