



*Our vision is for socially and economically thriving communities with a focus on sustaining our quality of life, natural heritage, and Gaelic language and culture*

**INTERNAL AUDIT**  
**SERVICE BUSINESS PLAN**

For the Period 1 April 2023 to 31 March 2024

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## INTRODUCTION

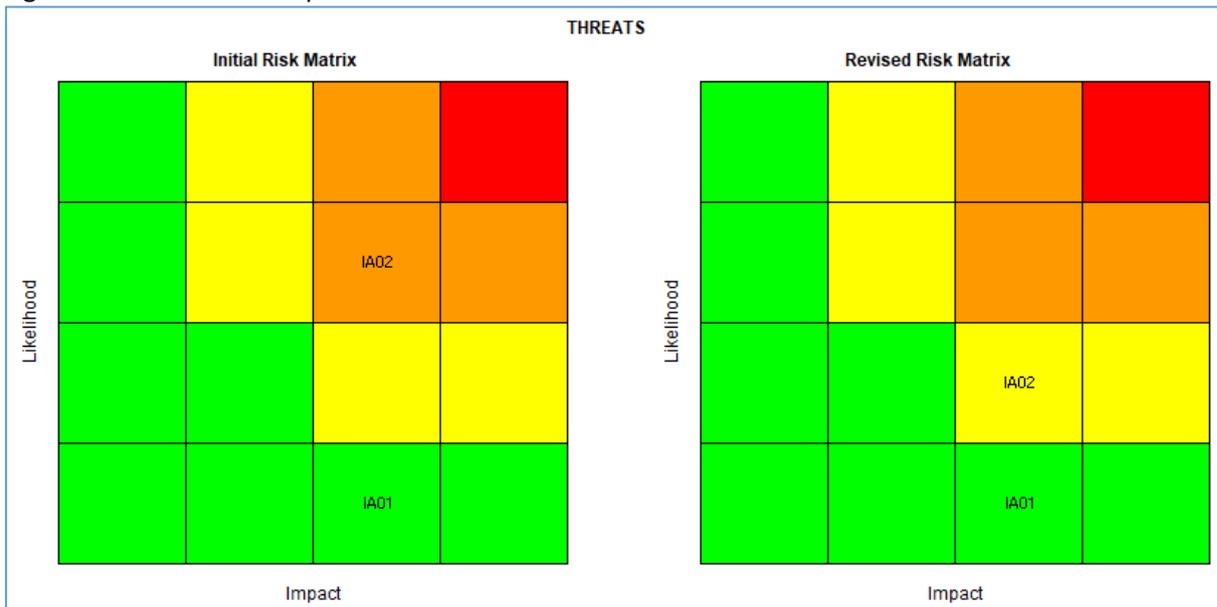
- 1.1. I am pleased to introduce our Service Business Plan for 2023-24 which sets out our outcomes and priorities for the coming year. This is the main annual business planning document for the service. It reflects the council's key priorities as set out in the Corporate Strategy 2022-2027 and provides an overview of the service's main areas of activity.
- 1.2. Internal Audit is an independent, objective assurance and consulting 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 risk management, control, and governance processes. The Internal Audit Service is responsible for:
  - a) Support elected Members and officers of the Comhairle in the effective discharge of their governance responsibilities.
  - b) To continue to support and promote the need for sound financial and operational systems and controls.
  - c) Provide a quality advisory and investigative service which contributes to the aim of safeguarding the public pound.
  - d) Maintain a level of independence and integrity which supports the proper delivery of the internal audit function.
  - e) Promote Best Value and assess that in terms of how the Comhairle spend its finite resources in an effective and efficient way.
- 1.3. Internal Audit's role, as a statutory service, is to offer advice and to provide assurance on the adequacy of the system of internal control operating throughout the Comhairle. The principal mechanism by which this is achieved is by undertaking audits.

Sandy Gomez  
Chief Internal Auditor

## KEY AREAS OF RISK FOR THE YEAR AHEAD

- 2.1 The Comhairle currently recognises three levels of risk: Strategic risk aligned to the Comhairle’s Corporate Strategy; Operational risk aligned to Service Business Plans; and Project risk concerned with specific projects.
- 2.2 Operational risks represent threats that may affect the achievement of service business plan actions, and the Internal Audit Service has identified significant risks for the coming year. These will be reviewed periodically throughout the year.
- 2.3 The Initial Risk Matrix at Figure 1 represents the current risk profile of the Service, and the Revised Risk Matrix represents the target risk profile once risk actions have been successfully implemented. 2.4 contains a list of identified risks, categorised by risk treatment.

Figure 1: Internal Audit Operational Risks



- 2.4 The Service has identified two significant threats and these are listed below categorised by Risk Treatment:

### Risks retained (acceptable level of risk)

1 risk identified is at an acceptable level and will continue to be monitored:

- 4.1.5. IA01 Increase in theft/fraud or irregularities.

### Risks reduced (action will be taken to reduce the risk to an acceptable level)

1 risk identified will be reduced.

- 4.1.5. IA02 Unable to carry out the Internal Audit Strategic Plan or Operational Plan.
  - *Risk Action:* Consider shared resourcing or outsourcing if not able to recruit a qualified accountant.

- 2.5 Elected Members can view the full risk register in the Comhairle’s performance management system, Interplan, within the Integrated Risk Management (IRM) module.

## DELIVERING THE SERVICE BUSINESS PLAN AND ACHIEVING BEST VALUE

### Strategic Outcomes

- 3.1 The Internal Audit Service contribute to strategic outcome 4.1.5 *Effective governance of the Comhairle is in place* to support the delivery of the Comhairle’s Strategic Priorities.

### Best Value

- 3.2 In working towards strategic outcome 4.1.5, the service aims to ensure that there is good governance and effective management of resources, with a focus on improvement, to deliver the best possible outcomes for the public and to make arrangements for the reporting to the public of the outcome of the performance of its functions. Table 1 lists the service outcomes established to support the delivery of the Service Business Plan (SBP) and to achieve Best Value.

Table 1: Service Outcomes

Delivering the SBP and achieving Best Value
<p><b>Service Outcomes</b></p> <ul style="list-style-type: none"><li>• The service demonstrates integrity, competence and due professional care, and quality and continuous improvement.</li><li>• The service is objective and free from undue influence.</li><li>• The service communicates effectively, provides risk-based assurance, is insightful, proactive and future-focused, and promotes organisational improvement.</li></ul>

## MEASURES AND ACTIONS

- 4.1 The Comhairle’s Best Value Assurance Report (BVAR) advised that the Comhairle together with its partners responded well to the Covid-19 pandemic, but highlighted concern over the financial challenges ahead for the Comhairle and emphasised that service performance and public satisfaction with services has declined overall in the past five years. The performance measures for the Internal Audit Service are detailed in Table 2.
- 4.2 The Comhairle’s Corporate Strategy 2022-27 was approved in September 2021 and takes account of national priorities and local needs, but does not include actions to achieve its strategic outcomes as these have been developed by the Corporate Management Team and included in the appropriate SBP for monitoring and reporting to ensure that the Comhairle’s mission is achieved. The actions for the Service are detailed in Table 3.

### How we will measure our performance

- 4.3 Table 2 displays which Strategic Priority the performance measures aligned to and include the Corporate Strategy 2022-27 ‘Measures of Success’ Strategic Outcome KPIs that the service contributes to and the LPIs chosen by the service to strengthen its focus on improvement. There are no Local Government Benchmarking Framework (LGBF) SPIs aligned to the Internal Audit Service.
- 4.4 Each performance measure includes the baseline year and data, the target for 2023-24, and the aspirational target for 2030.

**Strategic Priority 4.1 Be a sustainable and inclusive Council.**

**Strategic Outcome: 4.1.5 Effective governance of the Comhairle is in place.**

Table 2: Performance Measures

Measure (KPI)	Baseline 2019/20	Target 2023-24	Target 2030	Service
4.1.5.CS4 Percentage of Internal Audit recommendations found to be outstanding at the Follow-up Review.	42%	20%	20%	Internal Audit
Measure (KPI)	Baseline 2014/15	Target 2023-24	Target 2030	Service
4.1.5 AFR044: Percentage of Service Audit Reports followed up by individual Services.	100%	90%	90%	Internal Audit
4.1.5 AFR045: Percentage of audit recommendations accepted by management.	100%	90%	90%	Internal Audit
4.1.5 AFR039: Cost of Internal Audit per £1m of Net Expenditure	£1,619	£2,650	£3,250	Internal Audit
4.1.5 AFR046: Cost of Internal Audit per day recharged to the user.	£357	£630	£750	Internal Audit
4.1.5 AFR047: Percentage of Internal Audit client satisfaction surveys that were positive.	100%	90%	90%	Internal Audit
4.1.5 AFR048: Percentage of Internal Audit reports issued to management within 14 days of completion of field work.	89%	85%	85%	Internal Audit
4.1.5 AFR040: Percentage of Audit Plan completed.	96%	80%	80%	Internal Audit

**What actions we will take**

- 4.5 The SBP strengthens the links with the Corporate Strategy and the LOIP. The actions take into consideration the key areas of focus identified at section two whilst focusing on progressing the strategic outcomes.

**Strategic Priority: 4.1 Be a sustainable and inclusive Council.**

**Strategic Outcome: 4.1.5 Effective governance of the Comhairle is in place.**

Table 3: SBP Actions

Action	Service
4.1.5.50 To independently review and report on the adequacy of controls in relation to the council's key risks.	Internal Audit
4.1.5.51 To prevent, detect and investigate fraud committed against the council.	Internal Audit

## **RESOURCING THE PLAN**

- 5.1 The funding and staffing resources identified to implement our SBP will be summarised at 5.2 – 5.4 after the Comhairle’s budget for 2023/24 is approved.

### **Revenue Budget 2023-24**

- 5.2 The Internal Audit Service has a Net Revenue Budget of £#m.

### **Capital Budget 2023-24**

- 5.3 There is no Capital Budget for the Service.

### **Service Employees**

- 5.4 The Internal Audit Service have three FTE employees working across the service. We support these employees to deliver their duties through a range of policies including personal appraisal and a robust training framework.