IJB Audit & Risk Committee 03.06.26
Agenda Item: 5.2.5
Purpose: For Decision

# Western Isles Integration Joint Board

## Strategic Internal Audit Plan

May 2026

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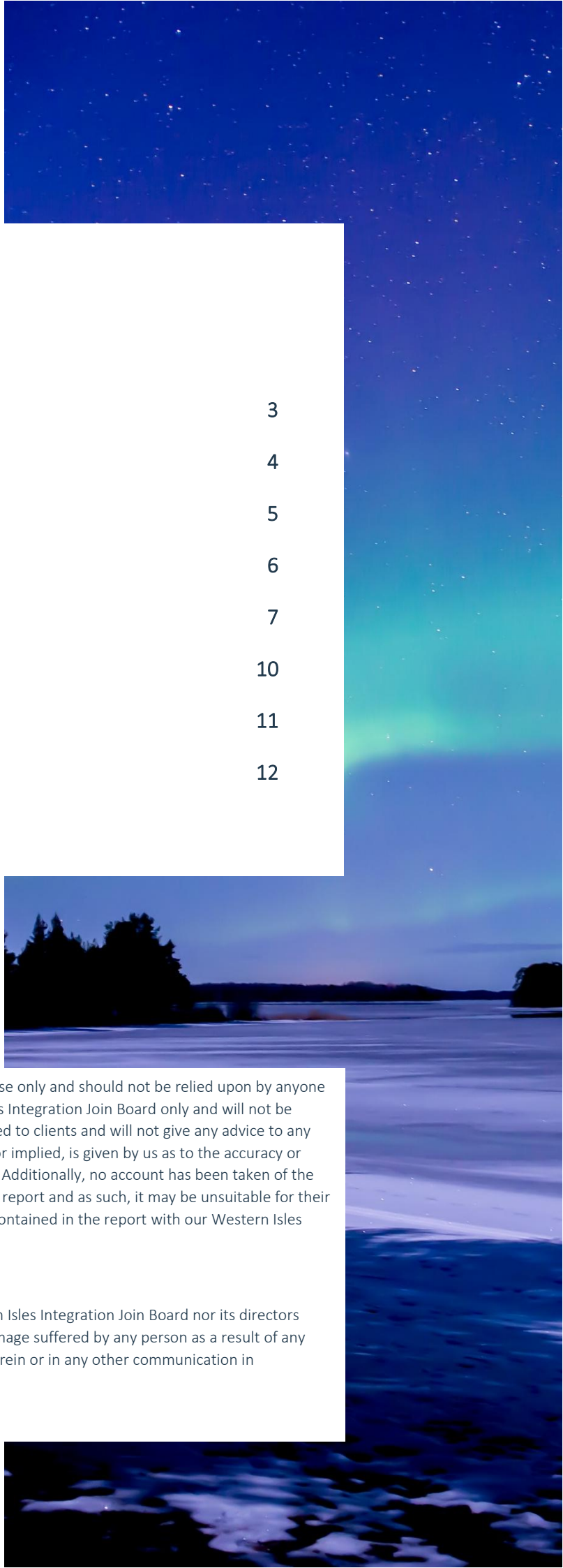

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# Introduction

Internal Auditing strengthens the organisation's ability to create, protect, and sustain value by providing the Board and management with independent, risk-based, and objective assurance, advice, insight, and foresight. Internal audit enhances an 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

**Purpose of Internal Audit from the Global Internal Audit Standards**

Our strategic internal audit plan is designed to support the achievement of Western Isles Integration Joint Board's (WI IJB) objectives. It will provide WI IJB, through the Audit and Risk Committee, with the assurance it needs to discharge its governance responsibilities effectively and comply with best practice in corporate governance. We also aim to contribute to the continuous improvement of governance, risk management and internal control processes through the implementation of this this plan.

Azets' internal audit methodology complies fully with the Global Internal Audit Standards (GIAS) and Topical Requirements, which cover the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework (IPPF).

The GIAS require the Chief Internal Auditor to produce a risk-based plan that takes into account the WI IJB's risk management framework, its strategic objectives and priorities and the views of senior management and the Audit and Risk Committee. The objective of audit planning is to direct audit resources in the most efficient manner to provide sufficient assurance that key risks are being managed effectively and efficiently.

This document addresses these requirements by setting out a strategic internal audit plan for the three-year period 2024/25 to 2026/27.

## Audit and Risk Committee action

In preparing the Strategic Internal Audit Plan we carried out an audit needs assessment, which included consideration of key risks, known issues, business plans, projects and the development of an audit universe to ensure all key processes have been reasonably subject to/considered for audit on a cyclical basis.

This version of the plan reflects our audits needs assessment undertaken between March and May 2026. This plan also reflects discussions with the Chief Officer and Corporate Business Manager over the course of May 2026.

**The Audit and Risk Committee is therefore asked to review the proposed areas of coverage (at Appendix 1) and to approve the plan for the 2026/27 audit year.**

In approving our plan, please note that it remains flexible to evolving risks and assurance needs, and any such changes will be subject to further approval by the Audit and Risk Committee and liaison with management.

# Internal audit approach

## Risk based internal auditing

Our methodology links internal audit activity to the organisation's risk management framework. The main benefit to WI IJB is a strategic, targeted internal audit function that focuses on the key risk areas and provides maximum value for money.

We have reviewed WI IJB risk management arrangements and have confirmed that they are sufficiently robust for us to place reliance on the risk register as one source of the information we use to inform our audit needs assessment.

## Audit needs assessment

Our internal audit plans are based on an assessment of audit need. "Audit need" represents the assurance required by the Audit and Risk Committee from internal audit that the control systems established to manage and mitigate the key inherent risks are adequate and operating effectively. The objective of the audit needs assessment is therefore to identify these key controls systems and determine the internal audit resource required to provide assurance on their effectiveness.

Our audit needs assessment involved the following activities:

- Reviewing WI IJB's risk register.
- Reviewing WI IJB's corporate and operational plans.
- Reviewing previous internal audit reports.
- Reviewing external audit reports and plans.
- Reviewing the WI IJB website and internal policies and procedures.
- Considering requirements of or changes to laws and regulations.
- Coverage provided by other assurance providers.
- Utilising our experience at similar organisations; and
- Discussions with senior management and the Audit and Risk Committee.

The plan has also been cross-referenced to the WI IJB risk register as at May 2026.

## Liaison with other assurance providers

We seek to complement the areas being covered by WI IJB external auditors, Audit Scotland. We welcome comments on the internal audit plan from Audit Scotland at any time and are willing to meet with Audit Scotland to discuss our proposed plan of work. This will help us to target our work in the most effective manner, avoiding duplication of effort and maximising the use of total audit resource.

# Delivering the internal audit plan

## Internal Audit Charter

At Appendix 4 we have set out our Internal Audit Charter, which details how we will work together to deliver the internal audit programme.

## Internal Audit Team Contacts


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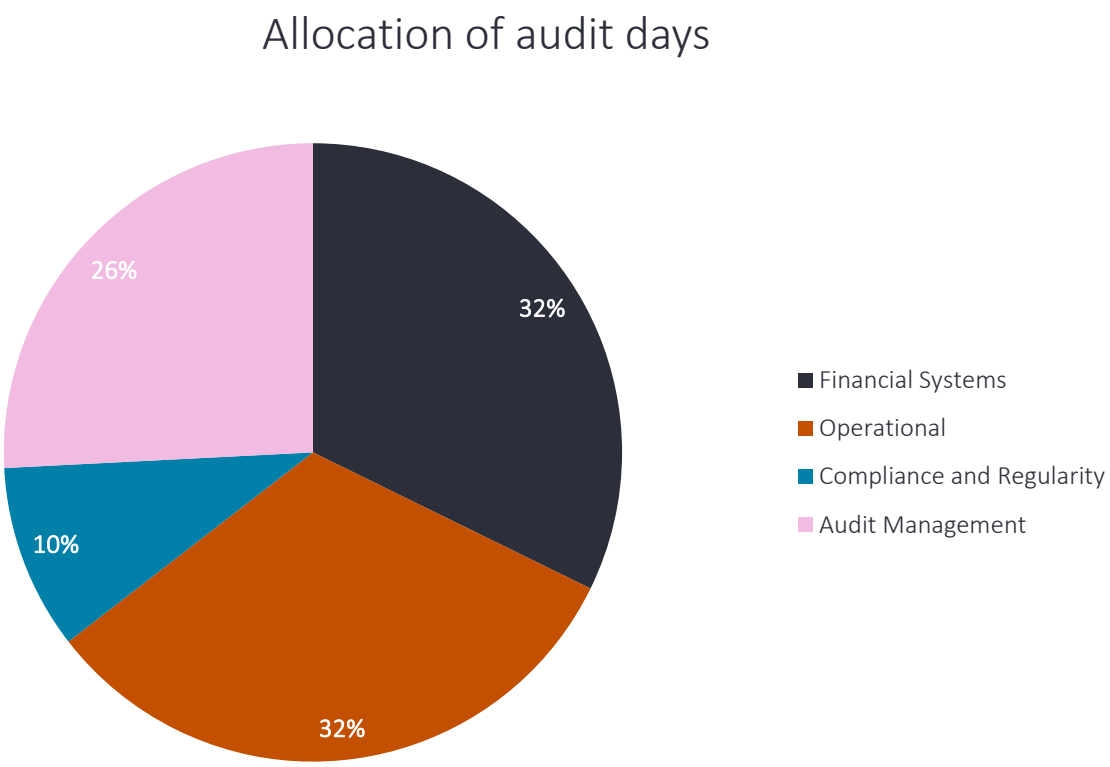
# Proposed Internal Audit Plan

Appendix 1 presents the internal audit plan for 2024/25 to 2026/27. The Internal Audit plan is based on our risk and audit needs assessment as at May 2026. As our approach is based on risk, the proposed plan is also cross-referenced to the corporate risk register, which is included at Appendix 2 for reference.

Internal audit is only one source of assurance for the Audit and Risk Committee. Assurance on the management of risk is provided from a number of other sources, including the senior management team, external audit and the risk management framework itself.

The table below demonstrates how the internal audit days for 2026/27 are allocated across each area of the audit universe.

The plan will be delivered by our pool of internal audit staff with specialist staff used as required dependent on the area under review, specific details of the staff utilised for each review will be detailed within the specific internal audit assignment plan. Staff will utilise relevant technological resources required for undertaking the review in question.



# Appendix 1 – Internal Audit Plan 2026/27

| Audit area | 2024/25 | 2025/26 | 2026/27 | Risk Register Ref | Audit objectives |
|---|---|---|---|---|---|
| **A. Financial systems** | | | | | |
| A.1 Financial Planning | | | 10 | | Review the adequacy and effectiveness of the arrangements in place for Financial Planning within the IJB. |
| **Subtotal A:** | - | - | **10** | | |
| **B. Risk Management and Governance** | | | | | |
| B.1 Risk Management | 10 | | | | A review of the policies, procedures and practices in place to support robust strategic risk management within the Integration Joint Board. |
| B.2 Corporate Governance | | 10 | | | Review of the corporate governance arrangements in place to ensure information is being presented, reviewed and challenged by the Board and governance committees. |
| **Subtotal B:** | **10** | **10** | - | | |
| **C. Operational** | | | | | |
| C.1 Integration Scheme Compliance | | | 10 | COR007 | A review of Western Isles Integration Joint Board's compliance with the requirements of the Integration Scheme. |

| Audit area | 2024/25 | 2025/26 | 2026/27 | Risk Register Ref | Audit objectives |
|---|---|---|---|---|---|
| Subtotal C: | - | - | 10 | | |
| D. I.T. | | | | | |
| D.1 Cyber Security | 12 | | | | An advisory review of the strategic impact and ongoing risk of the cyber-attack experienced by the local authority, to the IJB. This will consider any issues to access data which may impact financial plans, the impact on the Board's ability to communicate with stakeholders, ability for the Board to conduct its obligations and duties over the next 6-12 months, including any operational impacts and ability to produce and report on performance information. |
| E.2 Cyber Security – Follow Up | | 10 | | | Review of the IJB's progress in implementing recommendations from the report presented to the IJB Audit & Risk Committee meeting in November 2025.<br>The review will include a critical friend review of measures being implemented which allow the IJB to gain assurance that effective cyber security supply chain risk management is in place. |
| Subtotal E: | 12 | 10 | - | | |
| E. Compliance and regularity | | | | | |

| Audit area | 2024/25 | 2025/26 | 2026/27 | Risk Register Ref | Audit objectives |
|---|---|---|---|---|---|
| E.1 Follow-up | 2 | 3 | 2 | | Biannual update to confirm that management actions have been implemented as agreed. |
| **Subtotal F:** | **2** | **2** | **2** | | |
| **F. Management** | | | | | |
| F.1 Audit needs assessment / annual plan preparation | 1 | 1 | 1 | | Refresh of ANA and preparation of annual plan. |
| F.2 Audit and Risk Committee planning and attendance | 4 | 4 | 4 | | Covers preparation for and attendance at meetings, plus pre-meet with Chair. |
| F.3 Contract management including liaison with external audit | 2 | 2 | 2 | | To cover liaison with key contacts, and progress reports to ARC as well as ongoing management of the service and to respond to issues as/when they arise during year. |
| F.4 Annual internal audit report | 1 | 1 | 1 | | Preparation of annual report. |
| **Subtotal G:** | **8** | **8** | **8** | | |
| **TOTAL** | **32** | **31** | **30** | | |

# Appendix 2 – Corporate Risk Register

As part of our audit needs assessment, we reviewed the Corporate Risk Register (as at May 2026) to consider auditable areas against identified risks.

| Risk Code | Strategic Risk Event | Current | Target |
|---|---|---|---|
| IJBSR1 | Failure to plan for strategic change | 12 | 6 |
| IJBSR2 | Workforce. Inability to attract and retain workforce to deliver delegated services. | 20 | 16 |
| IJBSR3 | Increasing demand for delegated services. Demand outstrips capacity. | 16 | 12 |
| IJBSR4 | Insufficient financial resources in order for the partnership to deliver it statutory obligations. | 16 | 16 |
| IJBSR5 | Organisational, professional and cultural barriers inhibit the ability of the H&SCP and in turn the Board to develop services and deliver on strategic ambition. | 6 | 6 |

# Appendix 3 – Review timetable 2026/27

We have provided indicative dates below for each of the planned reviews for 2026/27 and will confirm exact timings with management following approval of the plan at the June 2026 Audit and Risk Committee meeting.

| Review | Audit Sponsor | Start fieldwork | Complete fieldwork | Draft Report | Management Response | Final Report | ARC Meeting |
|---|---|---|---|---|---|---|---|
| A.1 Financial Planning | Chief Financial Officer | Nov 26 | Nov 26 | Dec 26 | Jan 27 | Jan 27 | Feb 27 |
| C.1 Integration Scheme Compliance | Chief Officer | Jan 27 | Jan 27 | Feb 27 | Feb 27 | Feb 27 | Jun 27 |
| E1. Follow up – Q2 | N/A | N/A | N/A | N/A | N/A | N/A | Nov 26 |
| E1. Follow up – Q4 | N/A | N/A | N/A | N/A | N/A | N/A | Jun 27 |
| Annual internal audit report | N/A | N/A | N/A | N/A | N/A | N/A | Jun 27 |

# Appendix 4 – Internal Audit Charter

### Purpose

The purpose of the internal audit function is to strengthen WI IJB's ability to create, protect, and sustain value by providing those charged with governance (hereafter referred to as the Audit and Risk Committee) and senior management with independent, risk-based, and objective assurance, advice, insight, and foresight.

The internal audit function enhances WI IJB'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.

WI IJB's internal audit function is most effective when:

- Internal auditing is performed by competent professionals in conformance with the IIA's Global Internal Audit Standards, which are set in the public interest.
- The internal audit function is independently positioned with direct accountability to the Audit and Risk Committee; and
- Internal auditors are free from undue influence and committed to making objective assessments.

### Commitment to Adhering to the Global Internal Audit Standards

Azets internal auditors will adhere to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, which are the Global Internal Audit Standards and Topical Requirements. The Chief Audit Executive will report periodically to the Audit and Risk Committee and senior management regarding the internal audit function's conformance with the Standards, which will be assessed our Quality Assurance and Improvement Programme.

## Mandate

### Authority

The WI IJB Audit and Risk Committee grants the internal audit function the mandate to provide the Audit and Risk Committee and senior management with objective assurance, advice, insight, and foresight.

The internal audit function's authority is created by its direct reporting relationship to the Audit and Risk Committee. Such authority allows for unrestricted access to the Audit and Risk Committee.

The Audit and Risk Committee authorises the internal audit function to:

- Have full and unrestricted access to all functions, data, records, information, physical property, and personnel pertinent to carrying out internal audit responsibilities. Internal auditors are accountable for confidentiality and safeguarding records and information
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communications to accomplish the function's objectives.

### Independence, Organisational Position and Reporting Relationships

The Chief Audit Executive should be positioned at a level in the organisation that enables internal audit services and responsibilities to be performed without interference from management, thereby establishing the independence of the internal audit function.

The Chief Audit Executive will report functionally to the Audit and Risk Committee and administratively (for example, day-to-day operations) to the Chief Officer. This positioning provides the organisational authority and status to bring matters directly to senior management and escalate matters to the Audit and Risk Committee, when necessary, without interference and supports the internal auditors' ability to maintain objectivity.

The Chief Audit Executive will confirm to the Audit and Risk Committee, at least annually, the organisational independence of the internal audit function. The Chief Audit Executive will disclose to the Audit and Risk Committee any interference internal auditors encounter related to the scope, performance, or communication of internal audit work and results. The disclosure will include communicating the implications of such interference on the internal audit function's effectiveness and ability to fulfil its mandate.

### Changes to the Mandate and Charter

Circumstances may justify a follow-up discussion between the Chief Audit Executive, Audit and Risk Committee, and senior management on the internal audit mandate or other aspects of the internal audit charter. Such circumstances may include but are not limited to:

- A significant change in the Global Internal Audit Standards
- A significant acquisition or reorganisation within the organisation
- Significant changes in the Chief Audit Executive, Audit and Risk Committee, and/or senior management
- Significant changes to the organisation's strategies, objectives, risk profile, or the environment in which the organisation operations
- New laws or regulations that may affect the nature and/or scope of internal audit services.

### Audit and Risk Committee Oversight

To establish, maintain, and ensure that WI IJB's internal audit function has sufficient authority to fulfil its duties, the Audit and Risk Committee will:

- Discuss with the Chief Audit Executive and senior management the appropriate authority, role, responsibilities, scope, and services (assurance and/or advisory) of the internal audit function
- Ensure the Chief Audit Executive has unrestricted access to and communicates and interacts directly with the Audit and Risk Committee, including in private meetings without senior management present
- Approve the internal audit function's charter, which includes the internal audit mandate and the scope and types of internal audit services
- Review the internal audit charter annually with the Chief Audit Executive to consider changes affecting the organisation such as changes in the type, severity, and interdependencies of risks to the organisation; and approve the internal audit charter annually
- Approve the risk-based strategic and annual internal audit plan
- Approve the budget for internal audit services
- Collaborate with senior management to determine the qualifications and competencies the organisation expects in a Chief Audit Executive, as described in the Global Internal Audit Standards
- Review the performance of the internal audit service
- Receive communications from the Chief Audit Executive about the internal audit function, including its performance relative to its plan
- Receive communications from the Chief Audit Executive about the results of internal audit's quality assurance and improvement programme
- Make appropriate inquiries of senior management and the Chief Audit Executive to determine whether scope or resource limitations are inappropriate.

The Audit and Risk Committee meets four times a year, normally in February, June, September and November. Dates for Audit and Risk Committee meetings will be provided to internal audit as soon as they are agreed. The Chief Internal Auditor and/ or Internal Audit Manager will attend all meetings of the Audit and Risk Committee. Internal audit will schedule its work so as to spread internal audit reports reasonably evenly over Audit and Risk Committee meetings. The annual internal audit plan will detail the internal audit reports to be presented to each Audit and Risk Committee meeting. The internal auditor will generally present specific reports to the committee as follows:

| Output | Meeting |
|---|---|
| Annual internal audit plan | February / June |
| Follow-up report | November / June |
| Annual report | June |
| Progress report | All meetings |

## Chief Audit Executive Roles and Responsibilities

### Ethics and Professionalism

Azets commits to:

- Conforming with the Global Internal Audit Standards, including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality
- Understanding, respecting and meeting the legitimate and ethical expectations of the organisation and be able to recognise conduct that is contrary to those expectations
- Encouraging and promoting an ethics-based culture in the organisation
- Reporting organisational behaviour that is inconsistent with the organisation's ethical expectations, as described in applicable policies and procedures.

### Objectivity

The Chief Audit Executive will ensure that the internal audit function remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication. If the Chief Audit Executive determines that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgment on audit matters to others, either in fact or appearance.

Internal auditors will have no direct operational responsibility or authority over any of the activities they review. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, or engage in other activities that may impair their judgment.

Where members of the internal audit function are involved, or should become involved, in management or decision-making activities, the Chief Audit Executive will ensure appropriate safeguards are in place to limit the threat to independence and objectivity.

Internal auditors will:

- Exhibit professional objectivity in gathering, evaluating, and communicating information
- Make balanced assessments of all available and relevant facts and circumstances
- Take necessary precautions to avoid conflicts of interest, bias, and undue influence.

## Managing the Internal Audit Function

The Chief Audit Executive has the responsibility to:

- Develop a risk-based strategic internal audit plan and, at least annually, develop an annual internal audit plan that considers the input of the Audit and Risk Committee and senior management. Discuss the plans with the Audit and Risk Committee and senior management and submit the plan to the Audit and Risk Committee for review and approval
- Review and adjust the internal audit plan, as necessary, in response to changes in WI IJB's business, risks, operations, programmes, systems, and controls
- Communicate with the Audit and Risk Committee and senior management if there are significant interim changes to the internal audit plan
- Ensure internal audit engagements are performed, documented, and communicated in accordance with the Global Internal Audit Standards
- Ensure the internal audit function collectively possesses or obtains the knowledge, skills, resources and other competencies and qualifications needed to meet the requirements of the Global Internal Audit Standards and fulfil the internal audit mandate
- Identify and consider trends and emerging issues that could impact WI IJB and communicate to the Audit and Risk Committee and senior management as appropriate
- Establish and ensure adherence to methodologies designed to guide the internal audit function
- Ensure adherence to WI IJB's relevant policies and procedures unless such policies and procedures conflict with the internal audit charter or the Global Internal Audit Standards. Any such conflicts will be resolved or documented and communicated to the Audit and Risk Committee and senior management.

An assignment plan will be drafted prior to the start of every assignment setting out the scope, objectives, timescales and key contacts for the assignment. Specifically, the assignment plan will detail the timescales for carrying out the work, issuing the draft report, receiving management responses and issuing the final report. The assignment plan will also include the name of the staff member who will be responsible for the audit (review sponsor) and the name of any key staff members to be contacted during the review (key audit contact).The assignment plan will be agreed with the review sponsor and the key audit contact (for timings) before the review starts.

## Communication with the Audit and Risk Committee and Senior Management

The Chief Audit Executive will report periodically to the Audit and Risk Committee and senior management regarding:

- The internal audit function's mandate
- The internal audit plan and performance relative to its plan, including any significant revisions to the internal audit plan

- Potential impairments to independence, including relevant disclosures as applicable
- Results from the quality assurance and improvement programme and action plans to address any deficiencies and opportunities for improvement
- Significant risk exposures and control issues, including fraud risks, governance issues, and other areas of focus for the Audit and Risk Committee
- Management's responses to risk that the internal audit function determines may be unacceptable or acceptance of a risk that is beyond WI IJB's risk appetite
- Results of assurance and advisory services
- Internal audit budget and resource requirements.

A written report will be prepared and issued by the Chief Audit Executive or designee following the conclusion of each internal audit engagement and will be distributed to the review sponsor and key contacts identified in the assignment plan for management responses and comments.

Draft reports will be issued by email within 10 working days of fieldwork concluding. The covering email will specify the deadline for management responses, which will normally be within a further 10 days. The management comments and response to any report will be overseen by the review sponsor. Internal Audit will make time after issuing the draft report to discuss the report and, if necessary, meet with the review sponsor and/or key contact to ensure the report is factually accurate and the agreed actions are clear, practical, achievable and valuable.

The internal auditors will issue the final report to the review sponsor. The final report will be issued within five working days of the management responses being received. Finalised internal audit reports will be presented to the Audit and Risk Committee. Finalised internal audit outputs must be in the hands of the Committee Administrator by prescribed dates annually.

## Quality Assurance and Improvement Programme

Azets has in place a quality assurance and improvement programme that covers all aspects of the internal audit function. The programme includes external and internal assessments of the internal audit function's conformance with the Global Internal Audit Standards, as well as performance measurement to assess the internal audit function's progress toward the achievement of its objectives and promotion of continuous improvement.

Annually, the Chief Audit Executive will communicate with the Audit and Risk Committee and senior management about the internal audit function's quality assurance and improvement programme, including the results of internal assessments and external assessments. External assessments are conducted at least once every five years by a qualified, independent assessor.

## Scope and Types of Internal Audit Services

The scope of internal audit services covers the entire breadth of the organisation, including all WI IJB's activities, assets, and personnel. The scope of internal audit activities also

encompasses but is not limited to objective examinations of evidence to provide independent assurance and advisory services to the Audit and Risk Committee and management on the adequacy and effectiveness of governance, risk management, and control processes for WI IJB.

Internal audit are available as a resource to investigate / assist management in responding to suspected or actual fraud.

Internal audit engagements may include evaluating whether:

- Risks relating to the achievement of WI IJB's strategic objectives are appropriately identified and managed
- The actions of WI IJB's officers, directors, management, employees, and contractors or other relevant parties comply with WI IJB's policies, procedures, and applicable laws, regulations, and governance standards
- The results of operations and programmes are consistent with established goals and objectives
- Operations and programmes are being carried out effectively and efficiently
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact WI IJB
- The integrity of information and the means used to identify, measure, analyse, classify, and report such information is reliable
- Resources and assets are acquired economically, used efficiently and sustainably, and protected adequately.