



STOCKPORT
METROPOLITAN BOROUGH COUNCIL

Internal Audit Strategy 2025-28

April 2025

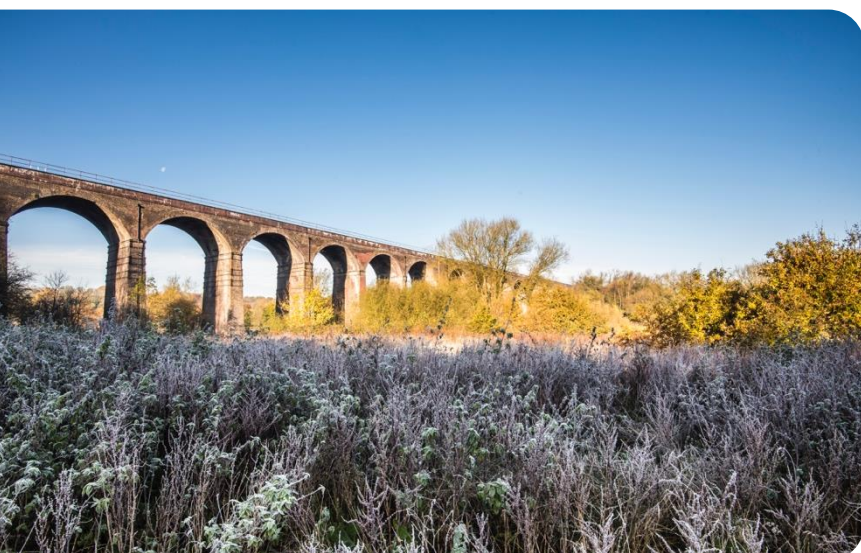


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Internal Audit Strategy 2025-28

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Executive Summary

1.0 Introduction

1.1 Background

1.1.1 The Global Internal Audit Standards (GIAS) (and the Application Note: Global Internal Audit Standards in the UK public sector) require the Head of Internal Audit (Head of Internal Audit, Risk & Insurance Services in Stockport MBC) to produce a high-level audit strategy highlighting how the Internal Audit service will be delivered and developed.

1.2 Aims

1.2.1 The principal aims of this strategy are to communicate the contribution that Internal Audit makes to the Council achieving its objectives. This includes:

- Internal Audit objectives and outcomes.
- The development of a Risk Based Internal Audit Plan.
- How the Head of Internal Audit will form and evidence his/her opinion on the control environment.
- How Internal Audit's work will identify and address local and national issues of risk.
- How the service will be provided.
- The resources and skills required to deliver the Internal Audit Service.

2.0 Strategic Objectives and Outcomes

2.1 Objective

2.1.1 The purpose of Internal Audit is to provide the Council with an independent and objective opinion on risk

management, control and governance, and their effectiveness in achieving the authority's objectives. This opinion forms part of the framework of assurance that the Council receives and supports the Annual Governance Statement.

2.2 Outcomes

2.2.1 Through a process of evaluation and testing, Internal Audit can give reasonable assurance as to the proper, economic, efficient, and effective use of resources.

2.2.2 Acting in an independent consultancy basis, Internal Audit can support managers to improve risk management, governance, and control within the areas they have responsibility for.

2.2.3 Internal Audit does not relieve management of their responsibility for establishing and maintaining adequate controls but assists in the effective discharge of this responsibility.

2.2.4 Internal Audit will provide a robust high quality audit service that delivers honest, evidenced assurance, by:

- **Focusing on what is important.** Deploying its resources where there is most value aligned to the corporate objectives and priorities as outlined in the Council Plan, the processes to facilitate these and the key risks to their achievement, whilst ensuring sufficient assurance to support the Annual Governance Statement.

- **Being flexible and responsive to the needs of the Council.** The Annual Plan will be risk assessed bi-annually enabling Audit resources to be redeployed as new risks emerge, with the agreement of senior management and Audit Committee.

- **Being outward looking and forward focused.** The service will be aware of national and local developments and of their potential impact on the Council's governance, risk management and control arrangements.
- **Providing Assurance.** There is value in providing assurance to senior managers and members that the arrangements they put in place are working effectively, and in helping managers to improve the systems and processes for which they are responsible.
- **Balancing independent support and challenge.** Avoiding a tone which blames but being resolute in challenging for the wider benefit of the Council and residents.
- **Having impact.** Delivering work which has buy-in and which leads to sustained change.
- **Enjoying a positive relationship with and being welcomed by the 'top table'.** Identifying and sharing organisational issues and themes that are recognised and taken on board. Working constructively with management to support new developments and projects.
- **Strengthening the governance of the Council.** Being ambassadors for and encouraging the Council towards best practice in order to maximise the chances of achieving its objectives, including the provision of consultancy and advice.

3.0 Head of Internal Audit Annual Opinion

3.1 Annual Opinion

3.1.1 The Head of Internal Audit provides an annual written audit report to those responsible for corporate governance to support the Annual Governance Statement.

3.1.2 This report is based on an assessment of the results of audit work undertaken throughout the year. A range of other assurance mechanisms contribute to the overall opinion including an evaluation of risk management and governance arrangements. These mechanisms are highlighted in the annual report.

3.1.3 Whilst providing this opinion of the control environment the Head of Internal Audit will reflect on the variance between work undertaken and that planned and will consider the performance of Internal Audit against its indicators and targets and the results of the annual quality assessment of the service.

4.0 Internal Audit Risk Identification

4.1 Risk Based Internal Audit Plan

4.1.1 An Audit Plan is agreed each year prior to the start of the next financial year. The Audit Plan is presented in a way that shows how each planned review aligns with the current Council's Corporate Priorities and corporate risks. Clearly a number of reviews will contribute to more than one priority/corporate risk. For presentational purposes the reviews will be listed under the priority/risk that is considered most clearly linked to that review area.

4.1.2 This is authorised by the Corporate Leadership Team, the Director of Finance (Section 151 Officer), and the Audit Committee.

4.1.3 Internal Audit develops an Audit Plan which is risk based and considers the following factors:

- Materiality, that is the level of significance attributed to the system including factors such as the number and value of transactions, the need to

demonstrate high standards of probity and reputational risk;

- Business Risk, this is the impact on objectives the system has the potential to create;
- Audit Experience, this includes previous Internal Audit, External Audit and Inspection reports, and the date of the previous audit coverage;
- The potential for the system to be subject to fraud or corruption.

4.1.4 The plan is determined from the priorities identified by risk assessment along with the productive audit days available, and aligns with all the strategies, objectives, and risks of the Council.

4.1.5 The plan is designed to remain flexible and dynamic to accommodate work that addresses any developing or emerging risks and consequently looks to ensure that it always remains 'future focussed.' This can be delivered as a traditional audit review or consultancy support on high-risk projects, for example.

4.1.6 The plan looks to identify key issues and risks known to the Authority and has built in flexibility to allow Senior Management to direct Internal Audit resources to newly identified Local and National risks.

4.1.7 Additional resource is set aside in the plan to allow for further identified risk areas to be including during the year.

4.2 Risk Identification

4.2.1 Local and National areas of risk are identified throughout the financial year through a number of factors, such as updates and discussions around corporate and directorate risks with colleagues, Cabinet and Committee reports, discussions with key personnel

(for example, the Chief Executive, Directors, the Director of Finance (Section 151 Officer), and the External Auditors), area forums, professional seminars and conferences and through reviewing relevant professional publications.

5.0 Service Provision

5.1 Operation

5.1.1 Internal Audit operates in accordance with the Global Internal Audit Standards which define the way in which internal audit services should be delivered across the sector.

5.2 Position

5.2.1 Internal Audit has a unique position within the Authority, which allows for comprehensive coverage of the Authority's activities and unrestricted access to all records and assets deemed necessary during their assurance and consultancy work, including unrestricted access to:-

- The Chief Executive.
- Director of Finance (Section 151 Officer).
- Chair/Deputy of the Audit Committee.
- Directors and Senior Management teams (CLT and SMT).
- All authority employees.

5.2.2 Internal Audit work completed will look to ensure that continuous ongoing improvements in risk management and the overall control and governance environment are undertaken.

5.3 Monitoring the Plan

5.3.1 The Head of Internal Audit monitors the actual work against the plan on a regular basis and takes appropriate action to address any issues arising. This includes informing Directors, Officers, and

Members of any changes in a timely manner.

5.3.2 The plan is designed to be flexible and dynamic allowing it to continually adapt to any emerging risks, changing circumstances and priorities. The plan is formally risk assessed every six months and changes to the agreed plan are approved by Audit Committee.

5.4 Audit Reporting

5.4.1 All audit assignments have a formal report issued on completion. This is following the production of a draft which is distributed to agreed recipients as part of the Terms of Reference.

5.4.2 Audit reports look to identify any risks associated with the internal control environment and recommend actions to address any weaknesses, with an agreed action plan to ensure that they are completed in a timely manner.

5.4.3 Reports will contain recommendations that are high, medium, or low priority for attention.

5.4.4 Each report will also look to identify areas of good practice.

5.4.5 A monthly report is issued to each Director giving updates on progress against the plan, any outstanding audit recommendations, and an update on key risks. Internal Audit colleagues will regularly attend SMT meetings to discuss these areas.

5.4.6 The Head of Internal Audit, Audit Manager and Risk Manager attend Directorate Senior Manager Team meetings on a quarterly basis. This allows proactive discussion of the audit plan to ensure that it looks to cover key identified risks.

5.4.7 The Head of Internal Audit submits regular reports to the Audit Committee identifying work completed against the plan, any significant control issues found and the potential for improving the risk

management and control processes. This report also informs the committee of any changes made to the annual plan after the six-month risk assessment.

5.5 Quality Checking

5.5.1 At the end of each audit, a quality survey is issued to the related auditee. This survey seeks input from managers to assess the overall usefulness of the audit, the auditor's conduct, and the quality of the report.

5.5.2 Each audit assignment is subject to a quality check by the Audit Manager and Risk Manager to ensure that the objectives have been achieved and that recommendations made are consistent with the findings and evidence recorded.

5.5.3 In addition, the Head of Internal Audit undertakes further quality checks for a sample of completed audits during the year.

6.0 Resources and Skills Required to Deliver the Service

6.1 Resource

6.1.1 The main resource required to deliver the service is the Internal Audit team. This is supported by the use of digital technology to undertake elements of data testing (including Power BI software).

6.1.2 The Head of Internal Audit regularly reviews the structure of the team to ensure that it remains current and fit for purpose. This includes the buy in of high skill technical areas such as ICT/digital, partnership working with STAR colleagues (Rochdale, Trafford, Tameside, St Helens and Knowsley) and joint working where benefits can be realised (for example, counter fraud).

6.2 Skills

6.2.1 Internal Auditors are recruited based on the skills and experience needed to provide a high-quality service.

6.2.2 All colleagues within Internal Audit are provided with the opportunity for continued professional development, including the chance to undertake relevant professional qualifications.

6.2.3 Training needs of all colleagues are identified through the My

Conversation personal development process, regular 1-2-1 meetings, audit team meetings and through the annual Quality Assurance and Improvement Programme (QAIP).

6.2.4 Colleagues are also asked to annually review and sign a Code of Ethics that indicates that they will continue to perform their duties with integrity.



**Thinking
Stockport**



**Achieving as a
Team**



**Working with
Ambition**



**Showing everyone
Respect**