Committee	**Audit and Governance Committee** **25th September 2026** **Public**

Internal Audit Charter and Mandate

Cabinet Member:	Councillor Roger Evans – Portfolio Holder for Finance
Lead Director:	Duncan Whitfield – Interim Section 151 Officer
Service Area:	Internal Audit
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Electoral Divisions Affected	All
Key Decision?	Non Key
Cabinet Forward Plan	Not applicable
Report considered by	Not applicable

1. Purpose of Report

1.1. The purpose of this report is to present the Internal Audit Charter and Mandate for review and approval by the Audit and Governance Committee. The Charter defines the purpose, authority and responsibilities of the Internal Audit function, including its organisational independence, access rights and reporting arrangements, in line with the Global Internal Audit Standards (GIAS).

1.2. Approval of the Charter confirms that Internal Audit is appropriately positioned within the Council's governance framework and is operating in compliance with GIAS, enabling the Committee to be assured that the service has a clear, up-to-date and standards-compliant mandate to provide independent and objective assurance over the Council's governance, risk management and internal control arrangements.

1.3. Annual review of the Charter and Mandate forms part of the ongoing requirement to ensure that the Charter remains up to date, reflects current professional

standards and organisational arrangements, and continues to provide a clear and appropriate mandate for the delivery of independent assurance.

2. Recommendations

2.1. The Committee is asked to:

- Consider and approve the Internal Audit Charter and Mandate (**Appendix A**).

3. Background

3.1. The requirement to maintain an Internal Audit Charter and Mandate is set out in the GIAS, which require the purpose, authority and responsibility of the internal audit function to be formally defined and periodically reviewed. The Charter forms a key component of the Council's governance framework, setting out the position of Internal Audit within the organisation, including its independence, access to information and reporting lines to senior management and the Audit and Governance Committee.

3.2. The Internal Audit Charter sets out the core requirements of the GIAS, including Internal Audit's purpose, authority, responsibilities, organisational independence, individual objectivity, professional competence, due professional care and arrangements for quality assurance and improvement.

3.3. In applying these requirements locally, the Charter explains how Internal Audit operates within the Council's governance framework. It describes the scope and nature of audit work, planning and reporting arrangements, rights of access, the approach to advisory work, fraud and corruption responsibilities, and the way in which Internal Audit contributes to assurance, accountability and continuous improvement.

4. Summary of Main Proposals

4.1. The scope of Internal Audit activity is set out in **Appendix A**. The senior management and board representatives for Internal Audit's client organisations are set out in **Annex B** of the Charter. There are no significant changes proposed; any amendments are shown in bold, underlined and italic font.

4.2. There is no change to the areas of potential conflict identified in previous years, the details of which are repeated here. The role of Head of Policy and Governance has operational responsibility for Information Governance. In addition, it is proposed that the Council's corporate risk management function will move under the remit of Head of Policy and Governance imminently. The Internal Audit Manager post adds a layer of independence from the Chief Audit Executive (CAE) in the operational management of the audit team on a day-to-day basis. This is in line with CIPFA guidance on the Role of the Head of Internal Audit.[1]

4.3. The Internal Audit Manager has direct access to the Chief Executive, Chairman of the Audit and Governance Committee, Leader of the Council, S151 Officer and Monitoring Officer to ensure independence is maintained. In addition, the post

[1] The role of the head of internal audit | CIPFA

holder is required to be CCAB qualified and therefore bound by their professional body code of ethics as well as the general requirement to adhere to the Nolan principles on standards in public life.

5. Alternative Options

5.1. As this report seeks approval of the Internal Audit Charter and Mandate, the alternative option would be not to approve it. This is not recommended, as it may weaken the formal authority, independence and visibility of Internal Audit and reduce assurance that the Council's arrangements comply with professional standards.

6. Key Risks and Opportunities

6.1. The Audit and Governance Committee has a key function in ensuring that effective corporate governance arrangements are maintained in the Council. The Internal Audit Charter provides evidence of such arrangements in respect of the Internal Audit function and complies with the GIAS.

6.2. Through its independent, risk based reviews, Internal Audit identifies weaknesses in risk management, control and governance arrangements that may expose the Council to financial, operational or reputational risk. By bringing these to management's attention, Internal Audit supports informed decision-making and contributes to the continuous improvement of the Council's overall control environment and organisational performance.

Risk	Mitigation	Link to Strategic Risk
The Charter is outdated and does not reflect current professional standards.	Review the Charter regularly against the Global Internal Audit Standards, CIPFA guidance and current organisational arrangements, and update it where necessary before seeking Committee approval.	Governance, assurance and value for money.
The Charter does not clearly define Internal Audit's purpose, authority and responsibilities.	Ensure the Charter clearly sets out Internal Audit's purpose, authority, responsibilities, scope of work, access rights and reporting arrangements.	Governance, assurance and value for money.
The Charter does not adequately safeguard Internal Audit's independence and objectivity.	Confirm in the Charter the functional reporting relationship to the Audit and Governance Committee, appropriate administrative reporting lines, and protections for auditor objectivity and independence.	Governance, assurance and value for money.
The Charter is not approved or maintained	Present the Charter annually to the Audit and Governance Committee for review and	Governance, assurance and value for money.

Risk	Mitigation	Link to Strategic Risk
as a current mandate for Internal Audit.	approval, ensuring it remains aligned to GIAS and current organisational arrangements.	

6.3. Internal Audit findings can also identify opportunities to strengthen processes, improve efficiency and support value for money. This enables managers to address control weaknesses early and make better use of assurance activity to improve service resilience and performance.

6.4. Review and approval of the Internal Audit Charter provides an opportunity to reinforce Internal Audit's independence, authority and visibility within the Council's governance framework. An up-to-date Charter, aligned with GIAS, clarifies the scope of assurance and advisory work, strengthens the link between audit activity and the Council's risk management arrangements, and supports greater organisational understanding of Internal Audit's role in improving control, transparency and continuous improvement.

7. Council Priorities

7.1. The Internal Audit Charter and Mandate support delivery of the Council's Corporate Plan 2026–2030 by ensuring that Internal Audit is positioned to provide independent assurance over governance, risk management and the effective use of resources, all of which are central to financial sustainability and organisational improvement. By formalising Internal Audit's authority, independence and scope in line with GIAS, the Charter helps align audit activity to the Council's priorities and transformation programmes, supporting robust oversight of the controls and risks that underpin sustainable, efficient and resilient services for Shropshire's communities.

8. Financial Implications

8.1. The Internal Audit service operates within an approved budget agreed by the Council, and its activities are planned to maximise the value of this resource in providing independent assurance.

8.2. The review and approval of the Internal Audit Charter and Mandate does not give rise to direct financial implications. However, it supports effective use of the Council's resources by ensuring that Internal Audit is appropriately authorised, independent and aligned to professional standards. A clear and up-to-date mandate enables Internal Audit to provide assurance over financial systems, controls and governance arrangements, helping to identify inefficiencies, prevent loss and support value for money.

9. Legal and HR implications

9.1. There are no direct legal or human resource implications arising from this report; however, it supports the Council's compliance with statutory requirements and recognised governance standards. By formally defining the purpose, authority and responsibilities of Internal Audit, the Charter helps ensure appropriate oversight of legal compliance, employment practices and organisational conduct. In doing so, it

strengthens assurance over the Council's adherence to relevant legislation, policies and workforce-related procedures, reducing the risk of legal challenge, regulatory non-compliance and unmanaged employee related risks.

10. Electoral Division Implications

10.1. There are no direct electoral division implications arising from this report, as it relates to the corporate governance, risk management and internal control arrangements of the Council as a whole rather than impacts on specific localities.

11. Health, Social (including "Child Friendly Shropshire") and Economic Implications

11.1. This report does not have any direct health, social or economic implications. However, by supporting effective governance, risk management and internal control, the Charter contributes to the arrangements that underpin sound decision-making and effective service delivery across the Council, including services that affect wider health, social and economic outcomes.

12. Equality and Diversity Implications

12.1. There are no direct equality and diversity implications arising from this report. However, the Charter supports transparency, accountability and effective governance across Council services, which contributes to fair and evidence-based decision-making.

13. Climate Change, Biodiversity and Environmental Implications

13.1. There are no direct climate change, biodiversity or environmental implications arising from this report; however, it supports the Council's wider governance and assurance framework, including oversight of environmental risks, sustainability commitments and compliance with relevant legislation and policy requirements.

14. Background Papers

14.1. Global Internal Audit Standards (Institute of Internal Auditors 2024)
14.2. Local Government Application Note for the UK Public Sector Internal Audit Standards / Global Internal Audit Standards, CIPFA 2025
14.3. Internal Audit Quality Assurance External Assessment, February 2022
14.4. The Accounts and Audit Regulations 2015 (as amended)
14.5. Shropshire Council Constitution, including Financial Rules
14.6. Internal Audit Risk-Based Plan 2026/27 Audit and Governance Committee 5th February 2026.
14.7. CIPFA guidance on the role of the Head of Internal Audit
14.8. Internal Audit Charter and Mandate Audit and Governance Committee 27th November 2025.

15. Appendices

Appendix A - Internal Audit Charter and Mandate, including annexes A, B, C

Shropshire Council

Internal Audit Charter and Mandate 2026

Mission Statement

To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.

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Appendix A

INTERNAL AUDIT CHARTER AND MANDATE

INTRODUCTION

1. The Global Internal Audit Standards (GIAS) consist of five Domains, which encompass 15 guiding principles, supported by individual standards thereafter that include requirements, considerations and examples of application.

2. The 5 Domains are:

   • (I) Purpose of the Internal Auditing.

   • (II) Ethics and Professionalism.

   • (III) Governing the Internal Audit Function.

   • (IV) Managing the Internal Audit Function.

   • (V) Performing Internal Audit Services.

3. This Internal Audit Charter is compliant with the requirements of Domain I of the Standards in that it sets out the following minimum requirements:

   • Purpose of Internal Auditing.

   • Commitment to adhering to the Global Internal Audit Standards.

   • Mandate, including Authority and scope and types of services to be provided.

   • Organisational position and reporting relationships.

4. This charter establishes Internal Audit's position within the Council, including functional reporting relationships with the Audit and Governance Committee[2], authority to access personnel, records, and physical properties relevant to the undertaking of its engagements[3]; and defines the scope of the Internal Audit activity. Final approval of this Charter rests with the Audit and Governance Committee[4].

COMMITMENT TO ADHERING TO THE GLOBAL INTERNAL AUDIT STANDARDS

5. The Council's Internal Audit function will adhere to the mandatory elements of the Global Internal Audit Standards in the UK Public Sector. The Head of Policy and Governance will report annually to the Audit and Governance Committee and senior management regarding the Internal Audit function's conformance with the Standards, which will be assessed through a Quality Assurance and Improvement Programme (QAIP).

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[2] See glossary for translation of the terms used in the Global Internal Audit Standards in respect of Shropshire Council's Internal Audit activity and those of its external clients.
[3] Engagement is the term in the GIAS used to represent audit work.
[4] The Audit and Governance Committee is referenced in the GIAS as the Board.

6. The basis of internal financial administration within the Council lies in the Financial Rules contained in the Council's Constitution. This Charter should be read in conjunction with the relevant sections of these Financial Rules.

7. The authority and requirement for an internal audit function derives from two pieces of legislation: *Section 151 of the Local Government Act 1972,* requires that authorities 'make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs'. The *Accounts and Audit Regulations 2015* require that a relevant body must 'evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance'. Any officer or member of a relevant body shall if the body requires make available such documents, records and information and explanations as are considered necessary by the internal auditors.

8. The Financial Rules (Part 4, Appendix C2) state the Section 151 Officer has a 'statutory responsibility for the overall financial administration of the Council's affairs and is responsible for maintaining an adequate and effective internal audit'.

9. In accordance with good practice, The Audit and Governance Committee will review this Charter annually after consultation with senior management[5].

MISSION AND MANDATE OF INTERNAL AUDIT

10. The mission of Internal Audit is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.

11. The mandate of Internal Audit is prescribed by the council's Financial Procedure Rules under the obligation and intention to provide assurance to the Council about its financial and business systems and control arrangements. Responsibility The Chief Executive, (in consultation with the Executive Director (S151 Officer) and Monitoring Officer) must make provision for an internal audit function which is an independent review of the accounting, financial and other operations of the Council. The Head of Policy and Governance will report directly to the Chief Executive, the Chair of the Audit and Governance Committee or the External Auditor in any circumstance where the functions and responsibilities of the Executive Director (S151 Officer) are being reviewed. (Other than routine reporting of work carried out).

12. The Head of Policy and Governance will provide a written summary of the activities of the Internal Audit function to the Audit and Governance Committee at least three times per year and an Annual Report produced for consideration by the Audit and Governance Committee, including an audit opinion on the adequacy and effectiveness of the Council's risk management systems and internal control environment.

[5] Senior management comprises of the Head of the Paid Service, Monitoring Officer, Section 151 Officer and directors.

INTERNAL AUDIT PURPOSE AND RESPONSIBILITIES

Purpose

13. The purpose of Internal Audit as defined by Domain I of the Standards is:

    'To strengthen the organisation's ability to create, protect, and sustain value by providing independent, risk-based, and objective assurance, advice, insight and foresight.'

    Internal auditing is most effective when:

    - It is performed by competent professionals in conformance with the GIAS, which are set out in the public interest.
    - The internal audit function is independently positioned with direct accountability to the board (Audit and Governance Committee).
    - Internal auditors are free from undue influence and committed to making objective assessments.

14. Internal Audit risk based planning is aligned with the strategic objectives of the Council as set out in the Shropshire Council Corporate Plan 2026-2030[6]. The Internal Audit team supports the Council in achieving its vision through the delivery of the Internal Audit plans and consultancy activities.

Principles

15. Internal Audit, the auditors and the internal audit activity, comply with the following principles in delivering and achieving internal audit's mission:
    - Demonstrates integrity.
    - Demonstrates competence and due professional care.
    - Is objective and free from undue influence (independent).
    - Aligns with the strategies, objectives, and risks of the organisation.
    - Is positioned appropriately and resourced adequately.
    - Demonstrates quality and continuous improvement.
    - Communicates effectively.
    - Provides risk-based assurance[7].
    - Is insightful, proactive, and future-focused.
    - Promotes organisational improvement.

Objectives

16. Internal Audit's objective is to give assurance and an opinion to the Section 151 Officer, Audit and Governance Committee and the Council, on the adequacy of the Council's risk management, governance and control environment and the extent to

[6] ***The Shropshire Council Corporate Plan 2026-2030 | Shropshire Council***

[7] Assurance opinions and recommendation categories are defined in Annex A

which it can be relied upon, in line with the Accounts and Audit (England) Regulations 2015.

Responsibilities

17. Internal Audit is responsible for conducting an independent appraisal of all the Council's (and that of its external clients) activities, financial or otherwise, including services provided in partnership or under contract with external organisations. It provides this service to the Council and all levels of management.

18. Internal Audit complies with the requirements of the Global Internal Audit Standards (GIAS) including the Definition of Internal Auditing, the Principles and the Code of Ethics (see **Annex A**) and other relevant guidance; including those issued by individual auditors' professional bodies.

19. The scope of internal audit includes:
    - reviewing, appraising and reporting on the following;
    - the soundness, adequacy and application of internal controls;
    - the extent to which the Council's assets are accounted for and safeguarded from losses of all kinds arising from fraud and other offences, waste, extravagance, inefficient administration, poor value for money or other causes;
    - the suitability and reliability of financial and other management data developed within the Council;
    - conducting selected value for money reviews of the efficiency and economy of the planning and operation of the Council's functions;
    - providing a responsive, challenging and informative internal advice and consultancy service for committees and services;
    - undertaking any non-recurring studies as directed by the Section 151 Officer;
    - advising on or undertaking fraud investigation work, except for benefit fraud, in accordance with the Council's Fraud Investigation procedure, prosecutions policy and the disciplinary guide;
    - participating in the National Fraud Initiative; and
    - Periodically undertaking an audit needs assessment taking into consideration the authority's risk management process.

20. Internal Audit also conduct special reviews or assignments where requested by management, which fall outside the approved work plan and for which a contingency is included in the audit plan.

INDEPENDENCE AND OBJECTIVITY

21. Independence is the freedom from conditions that threaten the ability of the internal audit activity to carry out their responsibilities in an unbiased manner.

22. The role of Head of Policy and Governance has operational responsibility for Information Governance. ***It is proposed that the Council's corporate risk management function will move under the remit of Policy and Governance***

imminently. The Internal Audit Manager post adds a layer of independence from the CAE in the operational management of the audit team on a day-to-day basis.

23. Objectivity is an unbiased mental attitude that allows internal auditors to perform audit reviews in such a manner that they believe in their work product and that no quality compromises are made. Objectivity requires that internal auditors do not allow their judgement on audit matters to be influenced, distorted, or subordinated by others.

24. Threats to objectivity and independence must be managed at the individual auditor, audit, functional and organisational levels.

25. Internal Audit has no executive responsibilities and is independent of the activities that it audits to enable Auditors to provide impartial and unbiased professional evaluations, opinions and recommendations. Internal Audit is free to plan, undertake and report on its work as the CAE deems appropriate, in consultation with relevant managers. Counter fraud is a responsibility of the CAE but remains independent of the services from where counter fraud controls are operating.

26. The CAE has direct access to the Section 151 Officer, Monitoring Officer, Chief Executive, the External Auditor, senior managers, the Leader, Audit and Governance Committee and other members as required.

27. The CAE fosters constructive working relationships and mutual understanding with management, external auditors and with other review agencies.

28. The CAE supports the Statutory Officers in the collation of evidence documenting the Annual Governance Statement (AGS).

29. Constructive working relationships make it more likely that internal audit work will be accepted and acted upon, although the internal auditor does not allow their objectivity or impartiality to be impaired.

30. Internal auditors are required to have an impartial, unbiased attitude characterised by integrity and objectivity in their approach to work. They avoid conflicts of interest and a register of interests is maintained. Audit reviews are planned to ensure potential conflicts are avoided. To ensure integrity and objectivity are not impaired, auditors will not audit areas of previous responsibility for a period of at least twelve months after the responsibility ended. Auditors should not allow external factors to compromise their professional judgement and must maintain confidentiality in their work.

31. The CAE cannot give total assurance that control weaknesses or irregularities do not exist. Managers are fully responsible for the quality of internal control within their area of responsibility. They should ensure that appropriate and adequate risk management processes, control systems, accounting records, financial processes and governance arrangements i.e. the control environment, exist without depending on internal audit activity to identify weaknesses.

32. The CAE is to be consulted about significant proposed changes in the internal control system and the implementation of new systems and shall make recommendations on the standards of control to be applied.

33. This need not prejudice the audit objectivity when reviewing the systems later.

COMPETENCIES AND STANDARDS

34. Audits must be performed with proficiency and due professional care. Internal auditors must possess the knowledge, skills and other competencies needed to perform their individual responsibilities.

35. The CAE holds a relevant professional accountancy/audit qualification and is suitably experienced. In addition, the CAE must maintain a team of staff who are properly trained to fulfil all their responsibilities and continue to enhance their knowledge, skills and competencies through continuing professional development.

36. Internal auditors are expected to:
    - exercise due professional care based upon appropriate experience, training, ability, integrity and objectivity;
    - apply confidentiality as required by law and best practice and
    - obtain and record sufficient audit evidence to support their findings and recommendations.

INTERNAL AUDIT PLANNING

37. The CAE produces the Council's annual risk-based audit plan, in consultation with the Section 151 Officer, to establish priorities, achieve objectives and ensure the efficient and effective use of audit resources. The plan considers the Accounts and Audit (England) Regulations 2015, the management of risk, previous internal/external audit work, discussions with the Head of the Paid Service and senior managers, external networking intelligence, local and national risks, comments from the Audit ***and Governance*** Committee and any requirements of the External Auditor.

38. The Plan is subject to regular reviews and revisions as required to reflect changes to the risk environment and these changes are approved when significant. The Plan includes an element of contingency to allow Internal Audit to be responsive to changing risks and requests for assistance from managers. It is the responsibility of the Section 151 Officer to ensure that the budget[8] and resources allocated to Internal Audit are sufficient to ensure delivery of the plan and to report any concerns to the Audit and Governance Committee. The Audit and Governance Committee agree the annual risk based plan and any significant change to the plan during the year.

39. The Internal Audit team has retained a suitable mix of skills in finance, information technology, contract management, governance, establishments, systems, counter fraud, investigations and project management. To help supplement the internal

[8] The budget, including the remuneration the Audit Service Manager is approved by Council.

resources and respond to demand during periods of change, additional audit time will be purchased from external contractors to deliver the plan.

NATURE OF WORK

40. The internal audit activity must evaluate and contribute to the improvement of governance, risk management and control processes using a systematic and disciplined approach.

Governance

41. The internal audit activity must assess and make appropriate recommendations for improving the governance process in its accomplishment of the following objectives:
    - promoting appropriate ethics and values within the organisation;
    - ensuring effective organisational performance management and accountability;
    - communicating risk and control information to appropriate areas of the organisation;
    - coordinating the activities of, and communicating information among, the Audit and Governance committee, external and internal auditors and management;
    - the internal audit activity must assess whether the information technology governance of the organisation supports the organisation's strategies and objectives.

Risk Management

42. Determining whether risk management processes are effective is a judgment resulting from the internal auditor's assessment that:
    - organisational objectives support and align with the organisation's mission;
    - significant risks are identified and assessed;
    - appropriate risk responses are selected that align risks and their mitigation with the organisation's risk appetite;
    - relevant risk information is captured and communicated in a timely manner across the organisation, enabling staff, management and the board to carry out their responsibilities.

43. The internal audit activity must evaluate the potential for the occurrence of fraud and how the organisation manages fraud risk.

44. When assisting management in establishing or improving risk management processes, internal auditors must refrain from assuming any management responsibility by managing risks.

Control

45. The internal audit activity must evaluate the adequacy and effectiveness of controls in responding to risks within the organisation's governance operations and information systems regarding the:
    - achievement of the organisation's strategic objectives;
    - reliability and integrity of financial and operational information;
    - effectiveness and efficiency of operations and programmes;

- safeguarding of assets; and
- compliance with laws, regulations, policies, procedures and contracts.

46. In accordance with the GIAS, most individual audits are undertaken using the risk-based systems audit approach, the key elements of which are listed below:
    - identify and record the objectives, risks and controls;
    - establish the extent to which the objectives of the system are consistent with higher level corporate objectives;
    - evaluate the controls in principle to decide if they are appropriate and can be reasonably relied upon to achieve their purpose;
    - identify any instances of over and under control;
    - determine an appropriate strategy to test the effectiveness of controls, i.e. through compliance and/or substantive testing;
    - arrive at conclusions and produce a report, leading to management actions as necessary and providing an opinion on the effectiveness of the control environment.

47. To reduce duplication of effort Internal Audit will work in partnership to identify and place reliance on assurance work completed elsewhere in the Council. A computerised audit management system, supported by working papers, is used to streamline working practices. This reflects best professional practice.

INTERNAL AUDIT REPORTING

48. Internal Audit findings are reported in writing to appropriate managers against four assurance opinions (good, reasonable, limited and unsatisfactory). The CAE sets standards for reporting, review and approval before issue. The reports:
    - prompt management action to implement recommendations for change, leading to improvement in performance and control;
    - provide a formal record of points arising from the assignment, and where appropriate, of agreements reached with management;
    - state scope, purpose and extent of conclusions;
    - make recommendations relative to the risk which are appropriate, relevant and flow from the conclusions;
    - acknowledge the action taken or proposed by management; and
    - ensure that appropriate risk-based arrangements are made to determine whether action has been taken on internal audit recommendations, or that management has understood and assumed the risk of not acting.

49. The CAE reports regularly to the Section 151 Officer and at least three times a year to the Council's Audit and Governance Committee on progress against the annual audit plan and other issues of concern in respect of the control environment and emerging issues. The Audit and Governance Committee meets at least four times per year and they have a detailed work plan agreed for the year. In addition, the CAE produces an annual report to the Section 151 Officer and Audit and Governance

Committee on the main issues raised by Internal Audit during the year and on the performance of Internal Audit. The annual report:

- includes an opinion on the overall adequacy and effectiveness of the Council's control environment (definitions in Annex A);
- discloses any qualifications to that opinion, together with the reasons for the qualification;
- presents a summary of the audit work undertaken to formulate the opinion, including reliance placed on work by other assurance bodies;
- draws attention to any issues the CAE considers particularly relevant to the preparation of the Annual Governance Statement;
- compares the work undertaken with the work as planned and summarises the performance of the Internal Audit function against its performance measures and criteria;
- comments on compliance with these standards and communicates the results of the Internal Audit quality assurance and improvement programme.

QUALITY ASSURANCE

50. To ensure Internal Audit independence, the audit of any areas managed by the CAE will be conducted by an appropriate auditor and reviewed by an audit senior. The CAE will take no part in the audit or review process other than in the role of auditee. The final report will be issued to the Section 151 Officer and the Service Director, Legal and Governance (Monitoring Officer) as the CAE's line manager.

51. The CAE will develop and maintain a quality assurance and improvement programme covering all aspects of the internal audit activity and conforming to the relevant standards. This will include an on-going internal assessment covering adequate supervision of work performed, an internal review process and the retention of appropriate evidence. In addition, at least once every five years, an external assessment of Internal Audit by an appropriate person[9] external to the Council will be conducted. The timing, form of the assessment, qualifications of any external assessor, results and any improvement plans will be agreed with and reported to the Audit and Governance Committee in the annual report[10]. Significant deviations will be considered for inclusion in the Annual Governance Statement.

52. The CAE develops and maintains a set of performance measures which are reported to the Section 151 Officer and Audit and Governance Committee. These are also documented within the service plan and within individual Performance Development Plan (PDP) documents for all members of the team.

FRAUD AND CORRUPTION

53. The Internal Audit Service is not responsible within services for the prevention or detection of fraud and corruption. Managing the risk of fraud and corruption is the responsibility of management.

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[9] Qualified independent assessor or assessment team

[10] For both internal and external reviews

54. The CAE should be informed of all suspected or detected fraud, corruption or impropriety and will consider the implications when giving an opinion on the adequacy and effectiveness of the relevant controls, and the overall internal control environment.

RIGHTS OF ACCESS

55. Under the Council's Financial Rules, internal auditors have the authority to:
    - access at reasonable times, premises or land used by the Council;
    - access all assets, records, documents, correspondence and control systems except for those from which they are statutorily prevented;
    - require and receive any information and explanation considered necessary concerning any matter under consideration;
    - require any employee of the Council to account for cash, stores or any other Council property under his/her control and produce supporting evidence and assets for inspection if required;
    - access records belonging to third parties, such as contractors, when required.

Reviewed September 2026

Global Internal Audit Standards

The GIAS define internal auditing as an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps organisations achieve their objectives by providing a systematic, disciplined approach to evaluating and enhancing the effectiveness of risk management, control, and governance processes. Essentially, internal audit strengthens an organisation's ability to create, protect, and sustain value by offering objective insights and foresight.

Overall Assurance Opinion

The GIAS require the CAE to provide an overall assurance opinion on the adequacy and effectiveness of the organisation's governance, risk management, and internal control frameworks. Opinions consider the expectations of senior managers, the board and other stakeholders and are supported by appropriate, reliable and useful information.

Overall Assurance Opinion	Indication of when this type of opinion may be given**	Traditional Opinion
Substantial	Limited number of medium risk related weaknesses identified but generally only low risk rated weaknesses have been found in individual assignments/ observations. No one area is classified as high or/ critical risk	Unqualified
Reasonable	Medium risk rated weakness identified in individual assignments/ observations that are not significant in aggregate to the system of governance, risk management or control. High risk rated weaknesses identified in individual assignments/ observations that are isolated to specific systems, processes and services. None of the individual assignment reports/ observations have an overall high or critical risk	
Limited	Medium risk related weaknesses identified in individual assignments that are significant in aggregate but discrete parts of the system of internal control remain unaffected and/or High risk rated weaknesses identified in individual assignments/ observations that are significant in aggregate but discrete parts of the system of internal control remain unaffected, and/or Critical risk rated weaknesses identified in individual assignments/ observations that are not widespread to the system of internal control, and More than a minority of the individual assignment reports/ observations may have an overall report classification or rating of high or critical risk	

Overall Assurance Opinion	Indication of when this type of opinion may be given**	Traditional Opinion
No Assurance	High risk rated weaknesses identified in individual assignments/ observations that in aggregate are widespread to the system of internal control and/or Critical risk rated weaknesses identified in individual assignments/ observations that are widespread to the system of internal control or More than a minority of the individual assignment reports/ observations have an overall report classification of either high or critical risk. Lack of management action to deliver improvements, may be identified by repeating recommendations of a high or critical risk	Qualified
Disclaimer	An opinion cannot be issued because insufficient internal audit work has been completed due to either: -restrictions in the agreed audit programme, which means that audit work would not provide sufficient evidence to conclude on the adequacy and effectiveness of governance, risk management and control, or - unable to complete enough reviews and gather sufficient evidence to conclude on the adequacy of arrangements for governance, risk management and control	Qualified

Audit assurance opinions for engagements are awarded on completion of audit reviews reflecting the efficiency and effectiveness of the controls in place and consideration of the engagement results and their significance.

Audit assurance Opinions for engagements are graded as follows:

Good	Evaluation and testing of the controls that are in place confirmed that, in the areas examined, there is a sound system of control in place which is designed to address relevant risks, with controls being consistently applied.
Reasonable	Evaluation and testing of the controls that are in place confirmed that, in the areas examined, there is generally a sound system of control but there is evidence of non-compliance with some of the controls.
Limited	Evaluation and testing of the controls that are in place performed in the areas examined identified that, whilst there is basically a sound system of control, there are weaknesses in the system that leaves some risks not addressed and there is evidence of non-compliance with some key controls.
Unsatisfactory	Evaluation and testing of the controls that are in place identified that the system of control is weak and there is evidence of non-compliance with the controls that do exist. This exposes the Council to high risks that should have been managed.

Audit recommendation categories are an indicator of the effectiveness of the Council's internal control environment and are rated according to their priority.

Best Practice (BP)	Proposed improvement, rather than addressing a risk.
Requires Attention (RA)	Addressing a minor control weakness or housekeeping issue.
Significant (S)	Addressing a significant control weakness where the system may be working but errors may go undetected.
Fundamental (F)	Immediate action required to address major control weakness that, if not addressed, could lead to material loss.

Consultancy Activity

Audit can, where resources and skills exist, provide independent and objective consultancy services, which apply the professional skills of Internal Audit through a systematic and disciplined approach, and may contribute to the opinion that Internal Audit provides on the control environment.

Consultancy comprises the range of services, which may go beyond Internal Audit's usual assurance roles, provided to assist management in meeting the objectives of the Council.

The nature and scope of the work may include:

- Facilitation;
- Process and/or control design;
- Training;
- Advisory services and
- Risk assessment support.

As with any piece of work, it is important to clearly define the terms of reference for the involvement of Audit in any consultancy activities, so that both the client and the auditor know what is expected from the involvement of Audit.

Any auditor asked to provide consultancy services or undertake a consultancy-style activity should consult their manager or the CAE before agreeing to provide such services. For any significant additional consulting services not already included in the plan, approval will be sought from the Audit and Governance Committee prior to accepting the engagement.'

Code of Ethics

Internal auditors in UK public sector organisations must conform to the Code of Ethics within the Standards. If individual internal auditors have membership of another professional body then he or she must also comply with the relevant requirements of that organisation.

There are four principles in the code of ethics:

1. **Integrity** – The integrity of internal auditors establishes trust and thus provides the basis for reliance on their judgement.

2. **Objectivity** – Internal auditors exhibit the highest level of professional objectivity in gathering, evaluating and communicating information about the activity or process being examined. Internal auditors make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests or by others in forming judgements.

3. **Confidentiality** – Internal auditors respect the value and ownership of information they receive and do not disclose information without appropriate authority unless there is a legal or professional obligation to do so.

4. **Competency** – Internal auditors apply the knowledge, skills and experience needed in the performance of internal audit services.

Internal auditors who work in the public sector must also have regard to the Committee on Standards of Public Life's Seven Principles of Public Life.[11]

[11] Information can be found at www.public-standards.gov.uk

Glossary of Terms for External Clients where they are different to the Council

Cornovii Development Ltd

Senior Management	Managing Director
Board	Cornovii Development Board

Oswestry Town Council

Senior Management	Town Clerk
Board	Town Council

Shropshire County Pension Fund

Senior Management	Pension Fund Administrator
Board	Pensions Committee

West Mercia Energy

Senior Management	Treasurer Managing Director
Board	Joint Committee

Internal Audit Strategy and Service Plan 2026–2029

Mission Statement

To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.

Table of Contents

Executive Summary

This Plan sets out how the Internal Audit function at Shropshire Council will support organisational improvement, financial sustainability, and good governance over the period 2026–2029. It reflects the Council's current financial and organisational context and demonstrates how Internal Audit will provide independent assurance, insight and early intervention during a period of recovery, transformation and change.
Internal Audit provides independent and objective assurance across governance, risk management and internal control, in accordance with its approved Internal Audit Charter and Mandate, Audit Manual and the Global Internal Audit Standards (GIAS). The service reports independently to the Audit and Governance Committee and plays a key role in supporting Members and senior leadership by providing assurance, constructive challenge and forward-looking insight.
This Plan is closely aligned to the Council's Corporate Plan, Improvement Plan, People Plan and A New Direction for Shropshire Council. Internal Audit will focus its work on the areas of highest risk and greatest importance to the Council's recovery and long-term sustainability, including financial resilience, governance, performance management, workforce capacity and major transformation activity. Audit work will be risk-based, proportionate and responsive, enabling early identification of issues and helping prevent problems from escalating.
The Plan also demonstrates how Internal Audit supports the Council's operating principles, including agility and adaptability, early intervention and prevention, partnership working, digital enablement, resident and customer focus, and the effective use of data and insight. Through flexible planning, thematic reporting, data analytics and early advisory input, Internal Audit will support informed decision-making while maintaining independence and objectivity. Over the life of the Plan, Internal Audit will continue to strengthen its capacity and capability, investing in skills, professional development and digital tools to improve the quality, timeliness and impact of audit work.

1. Strategy

This section sets out the Internal Audit Strategy for the period 2026–2029, in accordance with the Global Internal Audit Standards. It defines the long-term purpose, positioning and strategic direction of the Internal Audit function at Shropshire Council and explains how Internal Audit will add value beyond compliance during a period of financial recovery, organisational change and improvement.

The Strategy establishes what Internal Audit exists to achieve, how it will contribute to the Council's objectives, and how assurance, insight and foresight will be balanced over the life of the Strategy. It provides the strategic framework within which annual Internal Audit Plans are developed, delivered and reviewed.

Strategic Purpose and Value

Internal Audit at Shropshire Council exists to provide independent and objective assurance, insight and foresight on the effectiveness of governance, risk management and internal control. The function plays a critical role in supporting good decision-making, accountability and public confidence by helping Members and senior leaders understand whether risks are being managed effectively and whether agreed improvements are being delivered as intended. An in-house Internal Audit service provides the Council with a deep understanding of its operating environment, governance arrangements and risk profile. By being embedded within the organisation, the service is able to deliver timely, proportionate and context-specific assurance, respond flexibly to emerging risks and provide informed insight that supports improvement as well as compliance. This approach enables Internal Audit to add value beyond individual audits by contributing to stronger controls, better decision-making and sustained improvement across the Council, while maintaining independence and objectivity in line with the GIAS.

In the current context of financial challenge, heightened scrutiny and organisational transformation, Internal Audit's role extends beyond retrospective assurance. The Strategy positions Internal Audit to:

- Provide robust, risk-based assurance over the Council's highest priority risks and improvement activity.
- Support early intervention and prevention by identifying emerging issues, systemic weaknesses and root causes.
- Offer constructive challenge and insight that supports sustainable improvement while maintaining independence and objectivity.

Strategic Positioning

Over the period 2026–2029, Internal Audit will operate as a core component of the Council's governance framework**,** supporting Members, the Senior Leadership Team and statutory officers through clear, timely and proportionate assurance.

The function will maintain its independence while working constructively with services, partners, External Audit, regulators and inspectors to maximise assurance coverage, minimise duplication and support effective scrutiny.

Internal Audit will continue to report independently to the Audit and Governance Committee, supporting Members in fulfilling their statutory oversight responsibilities.

Internal Audit acts as a strategic advisor to the Audit and Governance Committee and senior leadership, offering real-time advisory and assurance support. It uses advanced analytics to provide robust, evidence-based assurance, as well as insight and foresight.

Alignment and Scope

The Internal Audit Strategy is aligned with:

- The Council's Corporate Plan
- The Council's Improvement Plan and transformation priorities
- The Council's operating principles and People Plan
- A New Direction for Shropshire Council
- The Internal Audit Charter and Mandate
- The Internal Audit Manual
- The Global Internal Audit Standards and relevant UK public sector guidance

The Strategy applies across all assurance, advisory, counter-fraud and follow-up activity undertaken by Internal Audit and covers the full scope of the Council's governance, risk management and internal control arrangements, including partnership and commissioned activity where relevant.

Strategy and Delivery

This Strategy sets the long-term direction and priorities for Internal Audit over the period 2026–2029. Delivery of the Strategy is achieved through:

- An annual risk-based Internal Audit Plan, approved by the Audit and Governance Committee. The plan is regularly reviewed to respond to emergent risks and corporate priorities in line with Internal Audit capacity.

- Annual service objectives, performance measures and improvement actions which are developed with feedback from the Audit and Governance Committee and senior management in line with the GIAS.
- Ongoing review of risks, resources and capacity to ensure the Strategy remains deliverable and relevant. This is further supported by the Internal Audit Business Partnering model through regular engagement with senior management.

The Strategy is reviewed annually and refreshed where necessary to reflect changes in the Council's risk profile, priorities and operating environment.

2. Purpose and Context

The purpose of this Plan is to set out how the Internal Audit function at Shropshire Council will support organisational improvement, financial sustainability and good governance over the period April 2026 to March 2029. The Plan explains how Internal Audit will deliver independent and objective assurance, insight and early intervention in line with its approved Mandate and Charter and the Global Internal Audit Standards, and how it will continue to develop its capacity, capability and impact over the life of the Plan.

The Plan provides transparency to Members, senior leadership and stakeholders on the role of Internal Audit, the priorities that will shape audit activity, and how audit work will be planned, delivered, monitored and reviewed. It also establishes how Internal Audit performance will be measured and how the service will remain responsive to emerging risks, organisational change and evolving Council priorities.

This Plan has been developed in the context of significant financial challenge, organisational change and improvement activity at Shropshire Council. The Council is operating within a period of recovery and transformation, with a strong focus on strengthening governance, improving financial resilience, enhancing leadership grip and delivering sustainable improvement.

The Plan aligns directly with the Council's Corporate Plan, Improvement Plan, People Plan and A New Direction for Shropshire Council, and reflects the Council's operating principles. Internal Audit plays a key enabling role in this context by providing independent assurance over priority programmes and high-risk areas, identifying systemic weaknesses and recurring themes, and acting as a critical friend through early advisory input and constructive challenge.

Internal Audit reports independently to the Audit and Governance Committee and supports Members in fulfilling their oversight responsibilities by providing clear, timely and risk-based assurance on governance, risk management and internal control. The service also works closely with senior leadership, External Audit, regulators and inspectors to align assurance activity, minimise duplication and support effective scrutiny and accountability. The Internal Audit Charter and Mandate are endorsed by senior leadership and approved by the Audit and Governance Committee. The Internal Audit Charter defines Internal Audit's role, authority and position within the organisation and the expectations of senior leadership in supporting its delivery.

Over the life of the Plan, Internal Audit will continue to strengthen its workforce capacity and professional capability, investing in skills, continuous professional development and digital tools to improve the quality, timeliness and impact of audit work. Performance will be monitored through clear measures covering delivery, impact, quality, timeliness and conformance with professional standards, and the Plan will be reviewed annually to ensure it remains aligned to Council priorities, risks and the evolving operating environment.

3. Strategic Alignment

The Strategy is founded on a risk-based approach to audit planning and delivery. Strategic and annual planning are informed by:

- The Council's strategic objectives and corporate risks.
- The Corporate Plan, Improvement Plan and associated programmes.
- Engagement with senior leadership and Members.
- Intelligence from previous audit work, External Audit and wider sector developments.

Recognising the dynamic nature of risk, the Strategy incorporates flexibility. The annual audit plan will include contingency to allow Internal Audit to respond to emerging risks, urgent issues and requests for assurance from senior leadership and the Audit and Governance Committee.

Internal Audit will continue to operate as an independent, professional and collaborative function, applying a systematic and disciplined approach to its work.

Alignment to the Corporate Plan

The Corporate Plan [12] was approved by Council in May 2026 and sets out the Council's strategic direction for 2026–2030. The Plan provides the framework for prioritisation, decision-making, policy development and resource allocation, with a clear emphasis on financial sustainability, realistic delivery and achieving better outcomes for Shropshire through delivery, enablement and partnership. It is built around six priority ambitions, centred on financial sustainability and a Council with clear priorities, purpose and a workforce supported to excel. These ambitions focus on connected communities, safe and inclusive places, health and wellbeing, the environment and a thriving economy.

Internal Audit aligns with the Corporate Plan by using its strategic ambitions, alongside corporate risks, improvement priorities and the financial context, to inform and shape the risk-based audit plan and wider assurance activity. This means audit coverage will focus on the governance, financial resilience, performance, transformation, partnership and control arrangements that are most critical to successful delivery of the Plan. Through independent assurance, early advisory input, thematic insight and follow-up of agreed actions, Internal Audit will support Members and senior leadership to understand whether key arrangements are operating effectively, whether intended change is being embedded, and whether risks to delivery are being identified and managed in a timely and proportionate way.

Internal Audit will support delivery of the Corporate Plan by:

- Providing independent assurance over the governance, financial resilience, performance and control arrangements that are critical to delivery of the Corporate Plan.
- Aligning the risk-based audit plan to the Council's strategic ambitions, corporate risks, improvement priorities and financial context.
- Reviewing whether key transformation activity, partnerships and enabling arrangements are well governed and capable of delivering intended outcomes.
- Supporting Members and senior leadership with assurance that decision-making, prioritisation and resource allocation support delivery of the Council's strategic objectives.
- Identifying systemic weaknesses, recurring themes and root causes that may prevent successful delivery of the Corporate Plan.
- Providing early advisory input on new initiatives, redesigned processes and major change activity to strengthen delivery and reduce implementation risk.
- Using thematic insight and follow-up work to highlight whether agreed improvements are being embedded and barriers to delivery addressed.
- Supporting transparency and accountability through clear reporting on the effectiveness of the arrangements underpinning delivery of the Corporate Plan.

Alignment to the Improvement Plan

The Improvement Plan [13], approved by Council in December 2025, sets out the Council's response to governance, financial and organisational weaknesses, focusing on strengthening controls, improving leadership oversight and delivering sustainable improvement.
Internal Audit plays a key enabling role in supporting delivery of the Improvement Plan through independent assurance, insight and early intervention. This will provide assurance to Members and senior leadership that progress against the Improvement Plan is being effectively managed and controlled.
Internal Audit will support delivery of the Improvement Plan by:

- Providing independent assurance over the priority programmes and enabling actions within the Improvement Plan, including financial resilience, governance, performance management, and organisational capacity. This will enable Members and senior leadership to understand whether agreed changes are being implemented effectively and delivering the intended outcomes.

[1] Shropshire Council Corporate Plan
13 Shropshire Council Improvement Plan

- Supporting stronger governance and oversight by reviewing decision-making, accountability arrangements, and the operation of key corporate controls.
- Aligning the risk-based audit plan to Improvement Plan themes, ensuring audit coverage focuses on the Council's most significant risks.
- Supporting the Council's Best Value duty through targeted assurance on economy, efficiency, and effectiveness.
- Identifying systemic weaknesses, recurring themes and root causes to inform corrective action and organisational learning.
- Acting as a critical friend by offering early advisory input on redesigned processes, new controls and transformation activity to help prevent issues arising or escalating.

Alignment to the People Plan

The People Plan [14] was approved by Council in December 2025 and sets out the Council's ambition to develop a high-performing, inclusive and sustainable workforce, recognising that organisational recovery and long-term improvement depend on strong leadership, capability, culture and wellbeing.

Internal Audit supports delivery of the People Plan by providing independent assurance, insight and constructive challenge over the arrangements that enable the workforce to thrive. Internal Audit supports the Council's ambition to be an employer of choice, helping to ensure that people related improvement activity is well governed, risk-aware and capable of delivering sustainable organisational change.

The Internal Audit Service will support delivery of the People Plan by:

- Investing in developing a resilient, skilled, and adaptable audit team.
- Promoting a learning culture through constructive assurance, clear recommendations, and follow-up.
- Modelling Council values through inclusive behaviours, collaboration, and continuous professional development.
- Providing assurance over workforce governance arrangements, including roles, responsibilities, decision-making and accountability for people-related risks and improvement activity.
- Reviewing the design and operation of key people processes and controls, such as workforce planning, recruitment, agency use, performance management and learning and development, to support consistency, fairness and effectiveness.
- Supporting delivery of the Improvement Plan by aligning audit activity to people-related improvement themes arising from the Corporate Peer Challenge and financial recovery actions.
- Identifying systemic issues, root causes and cultural factors that affect staff experience, capacity and capability, and reporting these transparently to the Senior Leadership Team and Members.

[14] Shropshire Council People Plan

- Acting as a critical friend by providing early advisory input on new workforce initiatives, structural changes and ways of working, helping to mitigate risk and prevent unintended consequences.

Alignment to A New Direction for Shropshire Council

A New Direction [15] for Shropshire Council was presented to Council in September 2025 and sets out the Administration's strategic direction as a precursor to the new strategic plan. The report outlined the planned approach for supporting financial recovery and sustainability, strengthening governance accountability and transparency, enabling the delivery of the Improvement Plan and supporting a new culture and ways of working.

Internal Audit plays a central enabling role in delivering A New Direction for Shropshire by providing independent assurance, insight and early challenge across financial recovery, governance, improvement delivery and risk management. Through a flexible, risk-based approach, Internal Audit supports transparency, accountability and sustainable change, helping Members and officers navigate the Council's financial emergency while building stronger foundations for the future.

Internal Audit will support the Council's evolving operating model by:

- Focusing audit effort on transformation, new ways of working and redesigned processes while providing assurance over improvement programmes, transformation activity and delivery risks.
- Providing assurance over partnership arrangements, commissioning, and enabling roles.
- Supporting innovation while ensuring risks are understood and managed appropriately.
- Providing independent assurance over budget management, savings delivery, and financial controls, helping Members and officers understand whether recovery actions are operating as intended.
- Prioritising audits in high-spend, high-risk areas to support early identification of control weaknesses.
- Highlighting systemic financial control issues, recurring themes and cross-cutting barriers to improvement to inform corrective action and help prevent repeat failures.
- Providing assurance on the effectiveness of governance frameworks, risk management, decision-making, and compliance with the Constitution and key policies.
- Reporting independently to the Audit and Governance Committee, supporting transparency and democratic oversight.
- Tracking and reporting implementation of agreed actions, enabling Members to hold service areas to account.
- Aligning the risk-based audit plan to Improvement Plan priorities and enabling actions.

[15] A New Direction for Shropshire Council

- Acting as a critical friend, providing constructive challenge rather than retrospective criticism.
- Using clear, proportionate recommendations focused on learning and improvement.
- Working with External Audit, inspectors and regulators to align assurance and avoid duplication.
- Using audit findings to provide insight and foresight, not just compliance checking.
- Supporting Members by translating complex assurance information into clear, accessible reporting.

4. Alignment to the Council's Operating Principles

Agility and Adaptability - We make decisions quickly, learn as we go, and don't let process or perfection slow us down. We trust people to use their judgement and adapt when things change.

Internal Audit supports agility and adaptability by providing proportionate, timely assurance and constructive challenge that enables confident decision-making, encourages learning, and ensures governance frameworks support, rather than slow, effective delivery.
Internal Audit will support this by:

- Operating a flexible, risk-based audit plan that can be reprioritised in response to emerging risks, financial pressures, and organisational change.
- Providing clear, risk-based assurance and advice that helps leaders focus on what matters most, while distinguishing between acceptable risk taking and unmanaged or unrecognised risk.
- Focusing audit work on key controls, outcomes and behaviours rather than exhaustive compliance checking.
- Highlighting where delegations, decision-making routes or controls can be streamlined without increasing risk.
- Building contingency into the audit plan to support Improvement Plan work, fraud investigations, counter-fraud activity and responsive advisory support.
- Using shorter, focused reviews and auditing at the speed of risk to support management in implementing actions before risks materialise.
- Maintaining close alignment with corporate risk registers, improvement priorities, and leadership concerns.

Early Intervention and Prevention - We step in early to stop problems from getting worse — for residents, communities, and our own services. We use insight to spot patterns and fix root causes, not just symptoms

Internal Audit supports early intervention and prevention by providing forward-looking insight, early challenge and system-level learning to help the organisation prevent harm to residents, communities and services. It uses risk-based insight, thematic analysis and root cause analysis to identify emerging issues early, challenge systemic weaknesses and address underlying causes rather than repeatedly reacting to symptoms.
Internal Audit will support this by:

- Using risk-based audit planning informed by strategic and operational risks, emerging issues and intelligence from across the organisation.

- Using agile auditing methodologies that support a rapid and proportionate response to emerging risks, enabling Internal Audit to add value through timely assurance and insight.
- Maintaining flexibility within the audit plan to respond quickly to new or escalating risks and provide advice on organisational change.
- Engaging with the Senior Leadership Team to identify areas of pressure, change or instability where early assurance or advisory input can prevent later failure.
- Using thematic analysis to identify patterns and systemic weaknesses across services and over time, and sharing insights with senior leadership to enable early, organisation-wide corrective action.
- Placing greater emphasis on identifying control weaknesses early, particularly in high-risk and high-spend areas.
- Providing advisory input at the design stage of new systems, processes, and transformation programmes.
- Helping service areas anticipate unintended consequences and build prevention into design rather than correcting failures later.
- Flagging significant emerging issues with senior managers to facilitate rapid risk response and mitigation.

Working with Others in Partnership - We work openly and consistently with partners, sharing information, skills and responsibility. We focus on shared outcomes, not organisational boundaries.

Internal Audit supports this principle by providing independent assurance, constructive challenge and insight that strengthens partnership governance while enabling effective joint working.
Internal Audit will support this by:

- Working collaboratively with management, External Audit, regulators, and inspectors to minimise duplication and maximise assurance coverage.
- Engaging constructively with services through the Business Partner Model to build trust, promote ownership of improvement actions, and understand directorate objectives, risks and delivery challenges.
- Engaging openly with services to agree audit scope, timing and priorities, reinforcing trust and shared ownership of outcomes.
- Supporting effective partnership governance by reviewing shared services, commissioned services, and joint working arrangements to provide assurance that these arrangements are clearly governed, with defined roles, responsibilities and decision-making processes.
- Reviewing compliance with Financial Rules, Contract Procedure Rules and approval requirements, helping ensure accountability is maintained when working across organisational boundaries.

- Supporting Members and senior leaders with assurance that partnership activity delivers value, impact and accountability, not duplication or fragmentation.
- Identifying alternative sources of assurance, evaluating their contribution and, where appropriate, reporting this to the Audit and Governance Committee.

Digitally Enabling and Automation - We use digital tools and automation to make services easier, quicker and more consistent — for staff and residents. Everyone should feel confident using data and digital technology in their work.

Internal Audit supports this principle by using digital tools in its own work, providing assurance over digital change, and helping the organisation adopt technology safely and effectively.

Internal Audit will support this by:

- Increasing use of data analytics, computer assisted audit techniques (CAATs) and AI to support audit planning, testing, and continuous assurance.
- Embracing artificial intelligence, automation, and continuous auditing to process large data sets, improve efficiency, and enhance accuracy.
- Developing tools, where possible, to enable continuous monitoring at the second line of control.
- Developing auditor capability and skills to ensure the team can use and interpret data effectively as part of audit work.
- Using an audit management system (Pentana) to plan, deliver and track audits and recommendations, improving consistency, transparency and oversight.
- Upgrading the audit management system to the latest version, with operational practices reviewed to maximise value from the investment and support an integrated assurance approach.
- Reviewing the design and operation of automation and emerging technologies, such as robotic process automation (RPA), to ensure controls are built in from the outset.
- Helping the organisation gain confidence that digital solutions are robust, compliant and sustainable, rather than creating new unmanaged risks.
- Promoting automation and standardisation within the audit process to improve efficiency and consistency.
- Providing assurance over digital transformation, cyber security, data governance, and emerging technologies.
- Providing practical recommendations that improve how digital systems and automated processes are governed, used and controlled.

- Supporting management in understanding how automation can reduce error, improve consistency and free up capacity for higher value work.
- Ensuring that automation is implemented with appropriate oversight, accountability and controls, rather than replacing one risk with another.

Resident and Customer Focus - We design services around what residents value most: clarity, fairness, speed and good communication. We set clear expectations and involve residents in shaping how services work.

Internal Audit supports this principle by providing assurance that services are designed, governed and delivered in ways that are transparent, fair and responsive to feedback, and by using insight from complaints and service users to drive improvement.
Internal Audit will support this by:

- Assessing the impact of controls, service delivery, and improvement actions on residents and service users.
- Prioritising audits in areas of high public impact, vulnerability, or reputational risk.
- Supporting improvements in customer experience, complaints handling, and accessibility.
- Making recommendations that improve transparency and manage expectations, helping residents understand what will happen and when.
- Challenging where slow responses or unresolved issues risk escalating complaints or damaging trust with residents.
- Seeking formal feedback from audit customers on clarity, communication, timeliness and professionalism, and using this to improve the service.
- Communicating audit findings in a clear, practical and constructive way, focused on improvement rather than blame.

Data, Insight and Demand Management - We use good-quality data to understand what's happening, plan ahead and manage demand. Data helps us make better decisions and improve outcomes, not just report on activity.

Internal Audit supports this principle by turning data into insight, identifying patterns and pressures, and helping leaders focus on the issues that most affect performance, risk and demand, enabling the organisation to plan ahead, prioritise resources and manage demand more effectively.
Internal Audit will support this by:

- Using management information, performance data, and audit intelligence to target audit effort where it adds most value.

- Identifying trends, root causes and cross-cutting issues to highlight where control weaknesses, capacity pressures or system limitations may drive future demand and risk.
- Supporting demand management by highlighting inefficiencies, control failures, and opportunities for better resource use.
- Basing the audit plan on risk register information, performance data and management intelligence, refreshed as the risk environment changes.
- Focusing audit effort on areas of greatest pressure, dependency or impact, where unmanaged demand is most likely to escalate.
- Using audit canvases and pre-audit reviews to identify what data, metrics and intelligence are available and how they can be used to add value.

5. Strategic and Annual Service Objectives

5.1 Strategic Objectives

Over the period 2026–2029, Internal Audit will pursue the following strategic objectives, which set the long-term direction and priorities for the function. These objectives guide the development of annual Internal Audit Plans and underpin how assurance, insight and foresight are delivered.

1. Provide robust assurance over the Council's highest risks - Focus audit coverage on the Council's most significant strategic, financial, operational and governance risks, including those arising from financial recovery, transformation activity, partnership working and major change. This will support Members and senior leaders in understanding whether risks are being effectively managed and controls are operating as intended.

2. Support financial sustainability and value for money - Provide independent assurance over budget management, savings delivery, financial controls and value for money arrangements, helping to strengthen financial resilience and support the Council's Best Value duty.

3. Strengthen governance, risk management and internal control - Assess and challenge the effectiveness of governance frameworks, decision-making arrangements and internal control systems, identifying systemic weaknesses, root causes and recurring themes to support sustainable improvement.

4. Improve the impact and influence of Internal Audit - Enhance the clarity, relevance and usefulness of audit reporting through proportionate approaches, thematic analysis and clear conclusions that support practical improvement and informed decision-making.

5. Build sustainable audit capacity and capability - Invest in workforce planning, professional development and digital tools to ensure the Internal Audit function remains resilient, flexible and capable of responding to a changing risk environment.

6. Maintain full conformance with professional standards - Ensure the Internal Audit function continues to operate in line with the Global Internal Audit Standards and relevant UK public sector guidance, supported by a robust quality assurance and improvement programme.

5.2 Annual Service Objectives

The annual service objectives translate the Internal Audit Strategy into specific, time-bound delivery priorities for each year of the strategy period. They set out what Internal Audit will deliver in practice, within available resources, to support achievement of the strategic objectives set out in Section 5.1.

Annual service objectives are reviewed and refreshed each year as part of the annual planning process to ensure they remain aligned to:

- The Council's current risk profile and priorities;
- The Corporate Plan, Improvement Plan and associated programmes, and
- Emerging risks, organisational change and external developments

Annual service objectives are delivered through the annual risk-based Internal Audit Plan, which is approved by the Audit and Governance Committee.

For each year of the strategy period, annual service objectives will typically include:

- Delivery of a risk-based Internal Audit Plan focused on the Council's highest priority risks and improvement activity.
- Provision of timely assurance, advisory and counter-fraud work in line with agreed priorities and contingencies.
- Follow-up and reporting on the implementation of agreed actions, enabling effective accountability and oversight.
- Targeted support for Improvement Plan delivery through assurance, early intervention and thematic reporting.
- Development and implementation of agreed service improvement actions arising from performance monitoring, feedback and the quality assurance and improvement programme.

Progress against annual service objectives is monitored through agreed performance measures and reported regularly to senior leadership and the Audit and Governance Committee. Where significant changes to priorities, risks or resources arise, annual objectives and plans are updated and reported transparently.

6. Workforce and Capacity

The Internal Audit Service is delivered through an in-house Internal Audit Team. This delivery model maintains a strong base of in-house knowledge and, subject to full staffing, provides sufficient resources to deliver the plan.

Given the range and complexity of areas to be reviewed, it is important that suitable, qualified, experienced and trained individuals are appointed to internal audit positions. The Global Internal Audit Standards in the UK Public Sector require that the Chief Audit Executive must hold a professional qualification such as CMIIA (Chartered Member of the Institute of Internal Auditors), CCAB (Consultative Committee of Accountancy Bodies qualified accountant) or equivalent and be suitably experienced.

The skills and knowledge of Internal Auditors are kept up to date through a range of in-house and specialist training courses and seminars. Internal Auditors are required to conform to the Codes of Ethics of the professional accountancy bodies of which they are members and to the Code of Ethics and Standards included within the Global Internal Audit Standards in the UK Public Sector. Internal Auditors must also have regard to the Committee on Standards of Public Life's Seven Principles of Public Life. Staff training requirements will be identified as part of management supervision meetings and the Council's performance appraisal process.

The Internal Audit Team is independent and does not have any operational responsibilities. It does not 'own' any system or have any responsibility for any aspect of work subject to audit. Auditors are not assigned assurance work in areas where they have had any recent operational or other involvement.

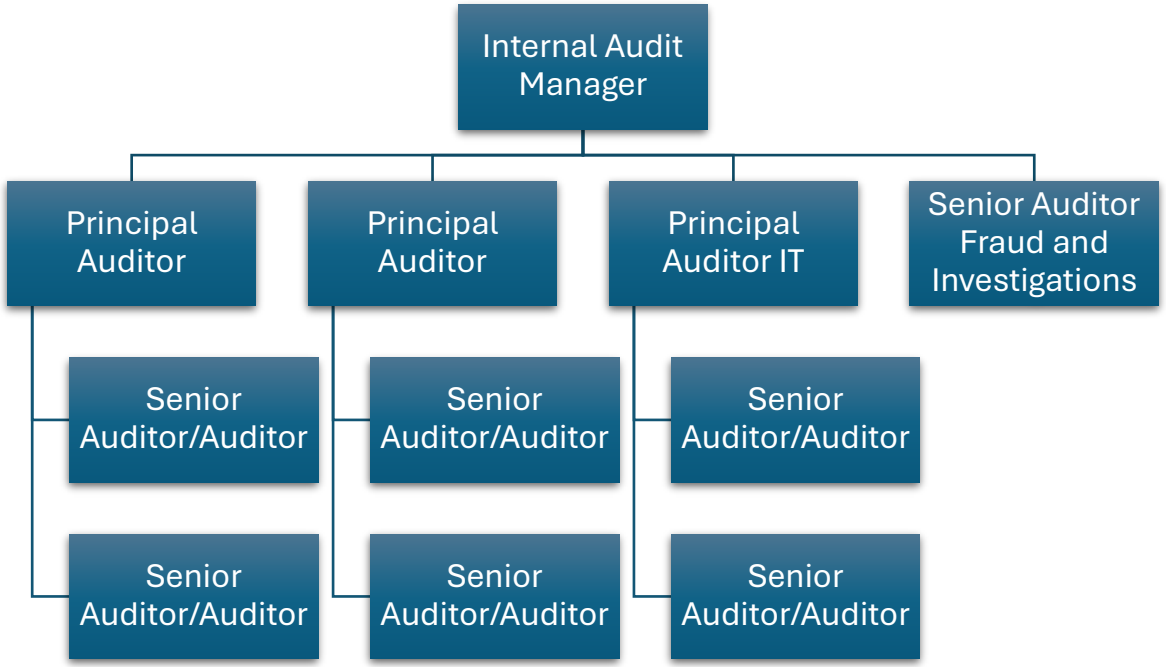
The Council has committed to creating an in-house counter-fraud team from 2027/28. During 2026/27, preparatory work will be undertaken to develop this capability.

The CAE is a Chartered Internal Auditor and the Internal Audit Manager is a CIPFA qualified accountant. Staff within the Internal Audit team hold the following Qualifications:

- CMIIA
- CIPFA
- ACCA
- AAT
- ISACA

- CIPFA Accredited Counter-Fraud Specialist

Internal Audit Structure 2026



Delivering this Strategy depends on having the right skills, capacity and capability within the Internal Audit team. This will be done by:

- Maintaining a clear understanding of required capacity to deliver the annual audit plan, statutory responsibilities, and responsive work in accordance with GIAS.
- Balancing assurance delivery with advisory support, follow-up, and improvement activity.

- Using a mix of in-house expertise, temporary support, and specialist resources where required to address peaks in demand or technical risk areas.
- Ensuring staff maintain appropriate professional qualifications and technical competence. Supporting continuous professional development aligned to service and organisational priorities.
- Developing skills in areas such as data analytics, digital assurance, counter-fraud, project assurance, contract management and value for money.
- Encouraging constructive challenge, professional curiosity, and ethical behaviour.
- Using standardised methodologies, templates and automation to maximise productive audit time.
- Continuously reviewing how work is planned, delivered and reported to improve efficiency and impact.

Workforce and capacity considerations are reviewed annually to ensure the Internal Audit service remains deliverable, resilient and sustainable within available resources. Succession planning is considered as part of the training and development needs of the team and aligned to the Council's Corporate Plan and People Plan.

7. Delivery and Performance

Performance against this Strategy will be monitored through a balanced set of measures. The Internal Audit Team will:

- Deliver an annual risk-based audit plan approved by the Audit and Governance Committee.
- Track implementation of agreed actions and report progress transparently.
- Use performance measures and feedback to continuously improve the service and the timeliness of audit work.
- Comply with the Global Internal Audit Standards and relevant UK public sector guidance.

The Strategy and supporting Service Plan will be reviewed annually to ensure continued alignment with Council priorities, risks and the external environment. Significant changes will be reported to the Audit and Governance Committee.

8. How Success Will Be Measured

Key performance indicators focus on delivery, responsiveness, impact, quality and standards conformance.

Theme	Measure	What good looks like	Reporting / Evidence
Delivery	Audit plan delivery including revisions to the plan	≥90% of planned work delivered at year end	Quarterly / annual reports to Audit and Governance Committee
Coverage	Coverage of strategic risks	Internal Audit work completed across strategic risk areas	Quarterly / annual reports to Audit and Governance Committee
Impact	Recommendation implementation	Significant and fundamental recommendations implemented on time	Internal Audit Follow-up reports CAE Annual Opinion report
Standards and Quality	GIAS conformance	General conformance against each element of the Standards	Annual self-assessment and External Quality Assessment
Stakeholder confidence	Customer feedback	85% excellent or good scores on customer feedback	Post-audit surveys % score reported annually to Audit and Governance Committee
Engagement	Internal Audit Business Partner Meetings	≥90% of meetings completed	Internally measured via Internal Audit Management meetings

9. Monitoring, Review and Continuous Improvement

This Service Plan will be reviewed annually to ensure continued alignment with Council priorities, risks, and operating principles. Internal Audit will remain responsive to change, focused on adding value, and committed to supporting Shropshire Council's improvement journey.
The Council's performance appraisal process will also be used to inform this strategy for all Internal Audit staff.
The actions and priorities in this Service Plan will be monitored through Internal Audit management team meetings, with activities and milestones recorded on an action tracker.

Version	Date	Owner	Review cycle
Draft v0.1	4 June 2026	Barry Hanson	Annual

Appendix A – Standards Mapping

This appendix provides a high-level mapping between this Internal Audit Strategy and Service Plan and the five domains of the Global Internal Audit Standards (GIAS). It shows how the document supports conformance in principle and should be read alongside the Internal Audit Charter and Mandate, Audit Manual, Quality Assurance and Improvement Programme (QAIP), and annual audit planning and reporting arrangements. The table below summarises alignment to each GIAS domain and is intended as a practical cross-reference rather than a full conformance assessment.

GIAS domain	How this Strategy and Service Plan aligns	Relevant sections in this document	Other supporting evidence
1. Purpose of Internal Auditing	Sets out Internal Audit's purpose, value and strategic role in governance, risk management and internal control.	Executive Summary; Sections 1, 2 and 3	Internal Audit Charter and Mandate; Annual Audit Plan; Annual Internal Audit Opinion and Report
2. Ethics and Professionalism	Reinforces independence, objectivity, professional competence and ongoing development.	Sections 1, 2 and 6	Code of Ethics requirements; Training and development records; Supervision and appraisal arrangements
3. Governing the Internal Audit Function	Explains reporting lines, independence, committee accountability and alignment with Council priorities.	Sections 1, 2, 3 and 9	Internal Audit Charter and Mandate; Audit and Governance Committee reporting; Constitution and governance framework
4. Managing the Internal Audit Function	Describes how the service is planned, resourced, monitored and improved.	Sections 5, 6, 7, 8 and 9	Annual Audit Plan; QAIP; Performance reporting; Supervision, resource and skills planning documentation
5. Performing Internal Audit Services	Covers risk-based planning, flexible delivery, advisory work, thematic insight, follow-up and reporting.	Sections 3, 4, 5 and 7	Audit Manual and methodologies; Assignment planning and reporting templates; Follow-up process; Audit canvases and working papers