



Internal Audit plan 2025/2026

Date of meeting 21 February 2025

Date of report 10 February 2025

Report by Chief Executive

1. Object of report

To seek committee approval for the Internal Audit Charter and Internal Audit plan 2025/2026.

2. Background to report

Global Internal Audit Standards (GIAS) in the Public Sector: Application Note

The Internal Audit plan for 2025/2026 has been prepared in accordance with the Global Sector Internal Audit Standards (GIAS) in the Public Sector: Application Note.

The Internal Audit plan for 2025/2026 has been developed using the assurance framework and a risk-based methodology following consultation with the Strategy Group on the Partnership's objectives and priorities, and in accordance with the Internal Audit Charter.

Internal Audit Charter

The Internal Audit Charter has been reviewed and updated in accordance with the Global Sector Internal Audit Standards (GIAS) in the Public Sector: Application Note, is attached as Appendix 1.

3. Outline of proposals

Internal Audit plan 2025/2026

The Internal Audit plan for 2025/2026 provides the direction of travel and a framework for audit engagements in the forthcoming year. The plan is aligned to the Partnership's strategic objectives, the (local) code of corporate governance and assurance framework, whilst having scope to be responsive to change (see Appendix 2).

The risk-based plan and the scope of each engagement have been informed by:

- assurance framework;
- risk registers;
- Strategy Group consultation;
- external factors (i.e. government initiatives, intelligence, and networking).

Plan objectives

The main objective of the Internal Audit plan is to provide an agile assurance service that assesses the effectiveness and efficiency of the Partnership's systems for internal control. The plan will also include provision for advisory services and fraud-related work.

Assurance engagements are an objective examination of evidence for the purpose of providing an independent assessment on governance, risk management and control processes and to ensure operations are being conducted in accordance with external regulations, legislation, internal policies and procedures (e.g. financial, performance, compliance, system security engagements). Assurance levels are based upon findings and conclusions at an individual engagement level; which when collated on an annual basis, support SPT's view on systems for internal control.

Note: The assurance framework is mapped and updated on a regular basis.

Advisory services are services through which internal auditors provide advice to an organisation's stakeholders without providing assurance or taking on management responsibilities. The nature and scope of advisory services are subject to agreement with relevant stakeholders. Examples include advising on the design and implementation of new policies, processes, systems, and products; providing forensic services; providing training; and facilitating discussions about risks and controls. 'Advisory services' are also known as 'consulting services.'

Fraud prevention initiatives: Managing the risk of fraud and corruption is the responsibility of management. Audit and Assurance assist management in the effective discharge of this responsibility. The Counter Fraud Strategy (including Anti-Fraud and Corruption Policy, Whistleblowing Policy and Financial Regulations relating to financial irregularity) outlines the Partnership's commitment to prevent, detect, investigate, and report fraud. The annual Internal Audit plan includes provision for fraud-related work to support this strategy.

Data Analytics Strategy 2025/2026

Data analysis is the process of inspecting, cleansing, transforming, and modelling data with the goal of discovering useful information, informing conclusions, and supporting decision-making.

Audit and Assurance will continue to develop skills and knowledge in the use of data analytics to support delivery of the Internal Audit plan 2025/2026 as set out in the Data Analytics Strategy 2025/2026 (see Appendix 3).

4. Committee action

The Committee is asked to approve the Internal Audit Charter and Internal Audit plan for 2025/2026.

5. Consequences

Policy consequences	<i>In accordance with the Internal Audit Charter.</i>
Legal consequences	<i>In accordance with the Local Authority Accounts (Scotland) Regulations 2014.</i>
Financial consequences	<i>None.</i>
Personnel consequences	<i>None.</i>

Equalities consequences	<i>None.</i>
Risk consequences	<i>The implementation of agreed recommendations from assurance engagements mitigates risk.</i>
Climate Change, Adaptation & Carbon consequences	<i>None.</i>

Name	Lesley Aird	Name	Valerie Davidson
Title	Director of Finance & Corporate Support	Title	Chief Executive

For further information, please contact *Iain McNicol, Audit and Assurance manager* on 0141 333 3195.



Strathclyde Partnership for Transport

Internal Audit Charter

The Audit and Assurance function provides Internal Audit services to the Partnership.

This charter describes the strategy, mandate, purpose, authority, and responsibilities of Strathclyde Partnership for Transport's (SPT's) Audit and Assurance function.

Definition

The Global Internal Audit Standards (GIAS) define Internal Audit as:

'an independent, objective assurance and advisory service designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes'.

Strategy

The Internal Audit strategy is:

'to support SPT service delivery by providing risk-based and objective assurance, advice and insight'.

Mandate

The Local Authority Accounts (Scotland) Regulations 2014 (Section 7: Internal Audit) state:

7.—(1) A local authority must operate a professional and objective internal auditing service in accordance with recognised standards and practices in relation to internal auditing.

(2) Any officer or member of a local authority must, as required by those undertaking internal auditing—

(a) make available such documents of that authority which relate to its accounting and other records for the purpose of internal auditing; and

(b) supply such information and explanation as those undertaking internal auditing consider necessary for that purpose.

(3) A local authority must from time to time assess the efficiency and effectiveness of its internal auditing, in accordance with the standards and practices referred to in paragraph (1).

(4) The findings of the assessments referred to in paragraph (3) must be considered, as part of the consideration of the system of internal control referred to in regulation 5(2), at the meeting referred to in regulation 5(3).



Governance

In accordance with the GIAS, the generic terms of *'Board,' 'Senior Management'* and *'Chief Audit Executive'* require to be defined. For SPT, the *'Board'* is the Audit & Standards committee, *'Senior Management'* is the Strategy Group, and the *'Chief Audit Executive'* role is undertaken by the Audit and Assurance Manager.

Independence

A professional, independent, and objective Internal Audit service is one of the key elements of good governance.

The Audit and Assurance function must be independent in its planning and operation.

Audit and Assurance has direct access to the Chief Executive; including the reporting of audit outcomes; the Strategy Group and all levels of management. In the event that the Audit and Assurance Manager believes these specific reporting lines are compromised, they have direct access to the Chair of the Audit and Standards Committee.

Code of Ethics

Audit and Assurance staff shall govern themselves by adherence to the Institute of Internal Auditors' (IIA) 'Code of Ethics,' the Principles of Public Life and internal auditors own professional bodies' Code of Ethics.

Purpose

The purpose of the Audit and Assurance function is to strengthen Strathclyde Partnership for Transport's (SPT's) ability to create, protect, and sustain value by providing the Partnership and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

The Audit and Assurance function seeks to support SPT's:

- Successful achievement of its objectives.
- Governance, risk management, and control processes.
- Decision-making and oversight.
- Reputation and credibility with its stakeholders.
- Ability to serve the public interest.

Authority

Audit and Assurance is granted the authority to:

- have unrestricted access to all Partnership premises;
- have unrestricted access to all assets, correspondence, documents, records, and systems (computerised and otherwise);
- have access to all personnel relevant to the performance of engagements;



- receive any information and explanation, considered necessary, concerning any matter under investigation;
- require any Partnership employee to account for cash, stores, and any other asset(s) under their control; and
- access records belonging to third parties i.e., contractors and partner organisations, when required (this must be written into all agreements and contracts entered into with third parties).

Audit and Assurance will, at all times, act with integrity and take a professional, reliable, independent and innovative approach to their work. Audit and Assurance 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.

When an audit opinion is requested, it will be unbiased and based upon the facts available.

Responsibilities

The scope of Audit and Assurance encompasses the examination and evaluation of the adequacy and effectiveness of the organisation's governance, risk management process, system of internal control, and the quality of performance in carrying out assigned responsibilities to achieve the Partnership's strategic objectives, including:

- review the reliability and integrity of financial and operating information and the means used to identify, measure, classify, and report such information;
- review the systems established to ensure compliance with policy, plans, procedures, laws, and regulations which could have a significant impact on operations and reports, and whether the organisation is compliant;
- review the means of safeguarding assets and, as appropriate, verifying the existence of such assets;
- review and appraise the economy and efficiency of resource allocation;
- review operations or programmes to ascertain whether results are consistent with established objectives and goals and whether the operations or programmes are being carried out as planned;
- review specific operations at the request of management or the Audit and Standards Committee, as appropriate;
- monitor and evaluate the effectiveness of the organisation's risk management arrangements;
- investigate allegations of fraud, bribery and corruption.

Audit planning

Annually, Audit and Assurance shall submit an Internal Audit plan for the forthcoming year to the Chief Executive and the Audit and Standards Committee for approval.

The annual Internal Audit plan will be developed using a risk-based methodology and will be aligned to the assurance framework, risk registers and strategic objectives. Consultation with key stakeholders (Strategy Group) will also be undertaken in the formulation of the annual Internal Audit plan.

Any significant deviation from the formally approved plan shall be communicated to the Strategy Group and the Audit and Standards Committee.



Quality Assurance

Quality assurance and continuous improvement will be monitored by way of post engagement appraisal feedback provided by senior management on the performance of internal audit activity at an individual engagement basis, through an annual self-assessment exercise and external assessment (at least once every 5 years).

Reporting

A written report will be prepared and issued by Audit and Assurance following conclusion of each engagement to the Strategy Group. A summary report will then be presented to the Audit and Standards Committee.

Each report will detail the engagement work undertaken, the specific findings and any recommendations. Management's response will outline the agreed action to be taken to address any areas for improvement, identify a lead officer for each recommendation and provide the anticipated timescale to complete each agreed action.

Audit and Assurance will perform a follow-up review on engagement findings and recommendations, (normally six months after the report date) to test implementation performance. The results of follow-up reviews will be presented to the Chief Executive and the Audit and Standards Committee.

An annual Internal Audit opinion and report will be included in the Annual Governance Statement contained in the Partnership's Financial Statements.

The annual Internal Audit opinion must conclude on the overall adequacy and effectiveness of SPT's framework of governance, risk management and control.

The annual Internal Audit report must incorporate:

- the Internal Audit opinion;
- a summary of the work that supports the opinion; and
- a statement on conformance with the Global Internal Audit Standards (GIAS) and the results of the quality assurance and improvement programme.

Resources

The resources required to deliver the annual Internal Audit plan for the forthcoming year shall be presented to the Chief Executive and the Audit and Standards Committee for approval.

Valerie Davidson
Chief Executive

Cllr. Donald Reid
**Chair of the
Audit and Standards Committee**



Audit and Assurance
Internal Audit plan 2025/2026

Assurance engagements

Core Financial Systems review of Scottish Government interfaces
Contract audit of emergency service network
Data Analytics – bus station facilities
Data Analytics – Subway station offices
Digital Controls – managed network security
Regularity Audit of climate change initiatives
Regularity Audit of training outcomes
Regularity Audit of HR policy application
Regularity Audit of Bus infrastructure and Subway stock counts
Regularity Audit of Procurement outcomes
Contingency allocation
Follow-up reviews

Advisory services

Audit Scotland reports
Assurance framework
Local code of corporate governance
Risk management arrangements
Contingency allocation

Fraud prevention and investigation

Fraud awareness and prevention initiatives including NFI

Global Internal Audit Standards (GIAS)

Implementation of the new Internal Audit Standards (GIAS)

Number of days available

300



APPENDIX 3
Audit & Standards committee – 21 February 2025
Internal Audit plan 2025/2026

Data Analytics Strategy 2025/2026
(to support the Internal Audit plan 2025/2026)

Definition

Data analysis is the process of inspecting, cleansing, transforming, and modelling data with the goal of discovering useful information, informing conclusions, and supporting decision-making. Data analysis has multiple facets and approaches, encompassing diverse techniques under a variety of names, and is used in different business and science domains. In today's business world, data analysis plays a role in making decisions more scientific and helping businesses operate more effectively.

Background

With the ever-increasing volume of digital data received, processed and produced across all service delivery areas in SPT, it is good practice to outline the use and analysis of data by Audit and Assurance.

Over recent years, Audit and Assurance has, where possible, progressed from the traditional approach to Internal Audit sampling and testing to developing alternative testing methodology to utilise the growing and complex populace of data in line with the General Data Protection Regulation (GDPR).

Data analytics is a critical tool to add to the auditors' toolkit to assist in the delivery of the Internal Audit plan.

This strategy outlines how Audit and Assurance aims to practice the use of data analytics to address the challenge posed by the increase in digital data.

This strategy supports conformance with the Global Internal Audit Standards (GIAS) at:

4.2 Professional Care: 'Internal auditors must exercise due professional care by assessing the nature, circumstances, and requirements of the services to be provided, including the use of appropriate techniques, tools, and technology.'

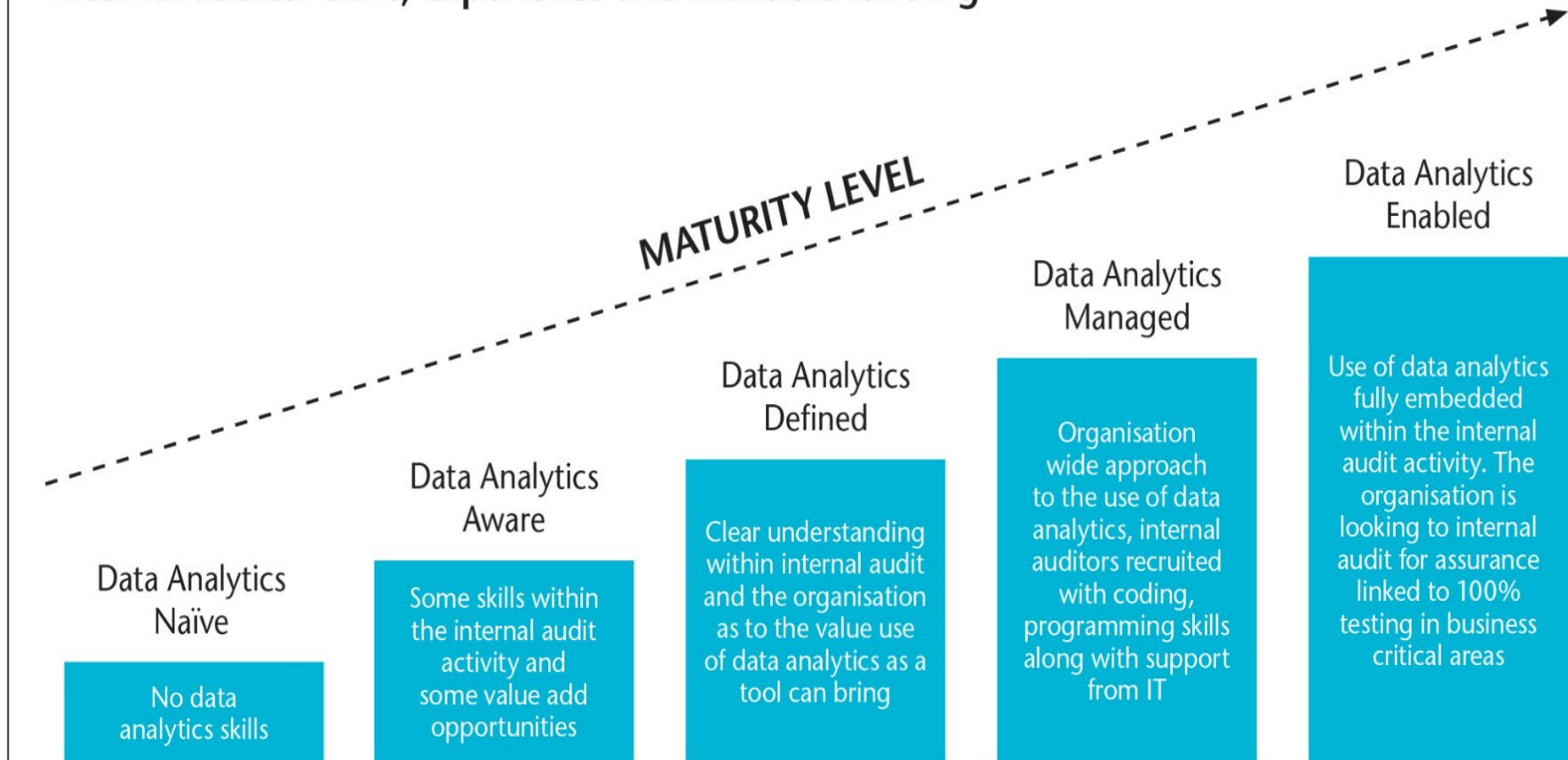
14.2 Analyses and Potential Engagement Findings: 'Internal auditors should understand and use technologies that improve the efficiency and effectiveness of analyses, such as software applications that enable testing of an entire population rather than just a sample.'

Data Analytics Maturity Model

The Data Analytics Maturity Model shown on the next page illustrates the five levels of maturity. Audit and Assurance has, through the use of data analytics techniques over recent years, progressed to the *Data Analytics Aware* phase and will work with management to achieve the *Data Analytics Defined* phase.

Data Analytics Maturity Model

The data analytics maturity journey linked to business requirements, assurance, internal auditor skills, experience and available funding



Objectives

The following table outlines the objectives to deliver this strategy in support of the Internal Audit plan 2025/2026.

Objective	Lead officer(s)	Timescale
To develop data analytics skills, knowledge and use of alternative testing methodology.	Audit and Assurance Manager	31 March 2026
To optimise the use of data analytics to increase audit coverage and/or 100% sampling.	Audit and Assurance Manager	31 March 2026
To utilise data analytics to enhance data matching capabilities to assist management in line with the Partnership's commitment to raise awareness, prevent, detect, investigate and report fraud.	Audit and Assurance Manager	31 March 2026
To embed data analytics as part of standard process and structure of Audit and Assurance work.	Audit and Assurance Manager	31 March 2026
To support management to identify and mitigate risk through the use of data analytics.	Audit and Assurance Manager	31 March 2026
To assist management to clarify understanding and value of the use data analytics as a tool can bring.	Audit and Assurance Manager	31 March 2026

Conclusion

Data analysis is the process of inspecting, cleansing, transforming, and modelling data with the goal of discovering useful information, informing conclusions, and supporting decision-making.

Audit and Assurance will continue to develop skills and knowledge in the use of data analytics to support delivery of the Internal Audit plan 2025/2026.