



Hyndburn
Borough Council

APPENDIX 1



INTERNAL AUDIT STRATEGY

2026 – 2028

Internal Audit Services
Town Hall – Broadway Annex

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INTERNAL AUDIT STRATEGY 2026 – 2028

Introduction

- 1.1 In line with Standard 9.2 of the Global Internal Audit Standards (GIAS), the Internal Audit Function must develop a strategy which sets out Internal Audit's vision, objectives and supporting initiatives. The strategy is supported by the annual Internal Audit Plan which is approved annually by Audit Committee.
- 1.2 This strategy recognises that it is management's responsibility to establish and maintain a sound internal control system and ensure that risks are appropriately managed. Internal audit work aims to identify areas requiring improvement and recommend solutions to enable the Council to achieve its objectives.
- 1.3 The strategy and annual plan consider the Council's objectives, stakeholder expectations and key risks. The strategy also considers development and improvement opportunities for the Internal Audit function, including the application of technology and tools to enhance audit efficiency and effectiveness.

Aims of Internal Audit

- 2.1 The primary aims of Internal Audit include:
 - **Enhancing Governance:** Strengthening the effectiveness of governance processes.
 - **Risk Management:** Evaluating and improving the effectiveness of risk management processes.
 - **Control Processes:** Assessing and enhancing the effectiveness of control processes.
 - **Objective Assurance:** Providing independent and objective assurance to the board and management.
 - **Advisory Services:** Offering advice and insights to improve organisational operations and decision-making.

Internal Audit Strategy Key Themes

- 3.1 Management holds the responsibility for creating and maintaining a robust internal control system, ensuring effective risk management. Internal Audit's role is to identify areas for improvement and propose solutions to help Hyndburn Borough Council achieve its goals. The strategy and plan aid Internal Audit in fulfilling its role.

3.2 The strategy centres around the following four key themes, which will be developed further over time through monitoring and review processes including more stakeholder feedback:

➤ **Investing in People**

Strengthening the internal audit function by enhancing team capabilities. Developing a diverse blend of skills, expertise, and experience to effectively delivery the audit plan and contribute to broader assurance efforts.

➤ **Embracing Digital Innovation**

Evolving into a tech-savvy internal audit function by aligning with the organisation's digital transformation, including the integration of emerging technologies like artificial intelligence, and equipping auditors with future ready competencies.

➤ **Driving Operational Excellence**

Embedding streamlined, high quality audit processes that prioritise timely delivery, continuous improvement, and proactive engagement with stakeholders to maximise value and impact.

➤ **Acting as a Trusted Strategic Partner**

Positioning internal audit as a key advisor by supporting the organisation in navigating both risks and opportunities that influence the achievement of strategic goals.

Internal Audit's Mission

4.1 Our mission is to be a trusted professional advisor to the Council providing independent, objective assurance and insight that supports effective governance, risk management, and internal control. We help the Council use public resources wisely, manage risks confidently, and achieve its strategic goals with integrity and accountability.

Internal Audit's Vision

5.1 The Council's Internal Audit function will provide value added audit and advisory services and build expertise to help drive positive change, be seen as a strategic advisor and promote integrity across the Council.

Stakeholder Engagement

6.1 Internal Audit maintains strong and continuous engagement with stakeholders across the Council to ensure its work remains relevant, responsive, and impactful.

Stakeholder input is actively sought during the annual audit planning process to align audit priorities with organisational risks and objectives. Following each audit engagement, internal audit quality questionnaires are issued to gather feedback on the audit experience and identify areas for improvement. In addition, Internal Audit staff regularly attend and contribute to officer boards, workings groups and strategic forums, enabling proactive insight sharing and early involvement in emerging initiatives. This integrated approach helps build trust, enhance audit value, and ensure alignment with the Council's evolving needs.

Alignment with Organisational Ambitions and Values

7.1 The Council's Corporate Strategy 2025-2030 includes the following four priorities:



7.2 The Council's Corporate Values underpin how its staff work:



Our Corporate Values underpin how we work

Customer Focus

- We will make best use of our resources to support the delivery of excellent services to our customers
- We will treat each customer as a valued individual and show sensitivity to their needs and differences

Integrity

- We will always try and do the right thing
- We will act and communicate honestly and openly, honour our commitments and be accountable for our actions

Positive Attitude

- We will be proactive and optimistic in finding solutions to challenges, open to improved ways of working and to updating our knowledge and skills to meet these changes

Teamwork

- We will promote a friendly and supportive working environment and we will work together across teams, services and with partners to achieve the objectives of the Council and the best outcomes for our customers



7.3 The strategy and planning processes reflects the evolving nature of the control environment. It highlights the importance of continuous review and reassessment to identify and respond to emerging risks, particularly in light of the financial challenges facing the public sector and the anticipated changes in Local Government across Lancashire. The strategy ensure that the service remains flexible enough to take account of the following considerations:

- Key and emerging risks to the achievement of the Council's objectives.
- The introduction of new initiatives, services, and areas of activity.
- Changing organisational priorities and areas of concern.
- Developments in national and local policy direction.
- The impact of growth, transformation and new delivery models on the Council's control environment.
- Structural and policy changes, including local government reorganisation and devolution.
- Evolving partnership arrangements and service delivery models. The effect of these changes on existing control structures.

7.4 The strategy aims to establish a responsive internal audit approach which:

- Provides Members and management with an annual overall opinion on Hyndburn Borough Council's risk management, control, and governance

framework, supporting the Annual Governance Statement in the audited financial statements.

- Auditing of Hyndburn Borough Council's risk management, control, and governance systems by assessing risks to Hyndburn Borough Council's objectives and prioritising audit engagements accordingly.
- Identifies the internal audit resources needed to deliver a service that meets the GIAS and provides sufficient audit coverage to form an opinion on Hyndburn Borough Council's control environment.
- Identifies other assurance sources from various providers to inform the focus of internal audit activities.

7.5 Based on the available budget for internal audit work, the strategy and audit activities will ensure:

- Adequate coverage of all major financial systems to provide necessary audit assurance.
- Attention to new systems and emerging high-risk areas as Hyndburn Borough Council matures and grows.
- Support for corporate governance, focusing on issues identified in Hyndburn Borough Council's annual governance statement.
- Monitoring the implementation of internal audit recommendations.

Strategy Delivery

8.1 Workforce Development and Strategic Capability

- Develop a structured workforce and succession plan to identify current and future skills needs, support staff development, and ensure continuity of service.
- Support continuous professional development through training and access to emerging technologies, including digital tools and AI.
- Embed these initiatives to ensure the audit function remains agile, skilled, and positioned as a trusted strategic partner to the Council.

8.2 Investing in People.

- Review and update training and development plans to align with emerging audit needs and strategic goals.
- Utilise regular performance reviews to support growth and align individual development with organisational priorities. This includes informal catch-ups, 1-2-1s, audit quality questionnaire feedback, and annual appraisals.

8.3 Driving Operational Excellence

- Review the audit methodology and the Quality Assurance and Improvement Programme (QAIP) against the GIAS, producing a gap analysis.
- Develop an action plan to address any issues identified in the GIAS gap analysis.
- Use Internal Audit Quality Questionnaires after each audit engagement to assess value and improve the service.

8.4 Acting as a Trusted Strategic Partner

- Attend officer boards, workings groups and strategic forums to stay informed and contribute to insights.
- Provide advisory services on new initiatives, policies, or transformation projects.

8.5 Cross-Cutting Actions

- Maintain a dynamic audit plan that is regularly updated based on emerging risks and organisational changes.
- Align audit work with the Council's values (Customer Focus, Integrity, Positive Attitude and Teamwork).
- Maintain monitoring and reporting of audit recommendation implementation to demonstrate follow-through and impact.

KPIs

9.1 Key Performance Indicators (KPIs) can provide useful insights into the delivery and timeliness of internal audit activities. They help monitor progress and identify areas for operational improvement. However, many external factors, such as changes in service availability, management responsiveness, or shifting organisational priorities, can influence KPI outcomes and are often beyond the control of the audit team. While KPIs are helpful for tracking certain aspects of performance, they do not fully reflect the quality, insight, or added value that internal audit brings to the organisation. For this reason, KPIs should be considered as part of a broader performance framework that includes qualitative feedback, professional judgement, and the strategic contribution of audit work.