



# Orkney and Shetland Valuation Joint Board



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## Item: 8

**Orkney and Shetland Valuation Joint Board: 10 March 2026.**

**Internal Audit Strategy and Plan.**

**Report by Chief Internal Auditor.**

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## 1. Overview

- 1.1. The Institute of Internal Auditors Global Internal Audit Standards in the UK Public Sector include the requirement for the Chief Internal Auditor to develop a strategy and prepare a risk-based plan to determine the priorities of the internal audit activity, consistent with the organisation's goals.
- 1.2. On 30 June 2022, the Board approved an Internal Audit Strategy and Plan, which included planned areas for audit covering 2022/23 to 2024/25, noting that the plan would be updated annually. The plan was subsequently reviewed and approved by the Board on 2 March 2023, 7 March 2024 and again on 27 March 2025.
- 1.3. The internal audit strategy and the audit plan are combined and reviewed annually and updated as required.
- 1.4. The planning process involved the following:
  - Reviewing the Board's risk register.
  - Reviewing the Board's strategic and operational plans.
  - Reviewing external audit reports to identify areas of concern.
  - Reviewing the Board's website and internal policies and procedures.
  - Audit work previously undertaken, and the conclusions reached.
  - Consultation with the Assessor and Board Officers.

## 2. Recommendations

- 2.1. It is recommended that members of the Board:
  - i. Approve the Internal Audit Strategy and Plan for 2026/27, attached as Appendix 1 to this report.

**For Further Information please contact:**

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**Implications of Report**

1. **Financial** – None directly related to this report.
2. **Corporate Governance** - The Board’s consideration of Internal Audit recommendations and review of the actions taken, contributes to the continuing effectiveness of the governance framework.
3. **Human Resources** - None directly related to this report.
4. **Equalities** - None directly related to this report.
5. **Island Communities Impact** - None directly related to this report.
6. **Environmental and Climate Risk** - None directly related to this report.
7. **Risk** - None directly related to this report.
8. **Procurement** - None directly related to this report.
9. **Health and Safety** - None directly related to this report.

**List of Background Papers**

Global Internal Audit Standards in the UK Public Sector

**Appendix**

Appendix 1: Internal Audit Strategy and Plan 2026/27.



# Orkney & Shetland Valuation Joint Board



## Internal Audit Strategy and Plan

Issue date: 16 February 2026

### Contents

Introduction.....	1
Purpose, Vision and Mission .....	1
Internal Audit Objectives.....	2
Audit Needs Assessment .....	3
Internal Audit Plan .....	3
Service Delivery .....	6
Internal Audit Methodology.....	6

# Introduction

## Purpose of the Internal Audit Strategy

The purpose of this strategy is to outline the direction and focus of the Orkney and Shetland Valuation Joint Board's (VJB) Internal Audit Service, ensuring alignment with the VJB's strategy and conformance with the Global Internal Audit Standards in the UK Public Sector. It sets out how internal audit will support and promote improvements in governance, risk management and control, underpinned by the Internal Audit Charter which describes the mandate, purpose, authority and responsibility of the Internal Audit Service. The strategy also guides Internal Audit in developing staff, integrating new technology into the audit process and improving the internal audit function as a whole.

## Alignment with VJB Objectives

This strategy aligns internal audit activity with the overall mission and strategic objectives of the VJB by ensuring that internal audit plans and resources are prioritised to provide assurance over areas of strategic importance and highest risk to assist the VJB in achieving its objectives.

## Global Internal Audit Standards requirements

The Global Internal Audit Standards establish the following requirements regarding an internal audit strategy:

'The chief audit executive must develop and implement a strategy for the internal audit function that supports the strategic objectives and success of the organization and aligns with the expectations of the board, senior management, and other key stakeholders.

An internal audit strategy is a plan of action designed to achieve a long-term or overall objective. The internal audit strategy must include a vision, strategic objectives, and supporting initiatives for the internal audit function.

An internal audit strategy helps guide the internal audit function toward the fulfilment of the internal audit mandate. The chief audit executive must review the internal audit strategy with the board and senior management periodically'.

## Internal Audit Resources

The Internal Audit Service is provided by OIC, the Audit Team consists of 1 Internal Auditor, 2 Trainee Internal Auditors and the Chief Internal Auditor. The annual planning process includes a review of the resourcing requirements of the Internal Audit Team.

# Purpose, Vision and Mission

## Purpose

The purpose of the Internal Audit Service is to strengthen the VJB's ability to create, protect, and sustain value by providing the Board and senior management with independent, risk-based, and objective assurance, advice, insight, and foresight.

The Internal Audit Service enhances the VJB'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.

**Vision**

To be a trusted independent advisor to the Board and management, recognised for delivering, risk-based audit solutions that drive continuous improvement and add value.

**Mission**

To help the VJB achieve its objectives by providing independent and objective assurance, and to improve the effectiveness of risk management, control and governance processes.

**Internal Audit Objectives**

The table below details the objectives of the Audit Team, these are reviewed annually to ensure they remain relevant.

Objective	Action	Outcome
Enhancing VJB governance risk management and control.	Carrying out independent and objective evaluation and assessment to identify opportunities to improve the effectiveness of governance, risk management and control processes.	Improved VJB governance risk management and control processes through timely implementation of agreed actions.
Improving Internal Audit Processes.	Identify opportunities for process improvements and operational efficiencies across internal audit. Utilising appropriate technology to inform and improve the audit process.	Greater use of appropriate technologies such as data analytics and artificial intelligence to assist the audit process.
Develop Internal Audit skill sets.	Support and fund staff training, development and CPD. Seek opportunities to increase auditors' digital skills.	Improved staff knowledge, skills and experience.
Raise the profile of Internal Audit through stakeholder engagement.	Improve awareness of internal audit planning, auditing processes, reporting and action tracking.	More informed understanding of the value and benefit of internal audit across the VJB.

## Audit Needs Assessment

There are a number of regulatory, operational and financial risks faced by any organisation. The purpose of an Audit Needs Assessment is to identify these risks and assess the audit coverage required to give the VJB and the Assessor assurances that the control environment is effective in reducing the risks to an acceptable level.

The Audit Needs Assessment involved the following activities.

- Reviewing the Board's risk register.
- Reviewing the Board's strategic and operational plans.
- Reviewing external audit reports to identify areas of concern.
- Reviewing the Board's website and internal policies and procedures.
- Audit work previously undertaken, and the conclusions reached.
- Consultation with the Assessor and Board Officers.

The above process has resulted in a Strategic Plan which has been prepared on the basis of a three year cycle but will be revised on an ongoing basis to take account of any changes in the Board's risk profile.

## Internal Audit Plan

The strategic plan details specific areas of audit which will be subject to review each year and gives an outline scope and the number of days allocated for each audit.

The table below shows which audits are planned for the coming three years (shaded in green). For the financial year 2026/27 we will focus on controls and procedures relating to the Non-Domestic Rates Revaluation process and the Electoral Registration procedures for the Scottish Parliamentary Election.

Auditable Areas	Last Audit Report	26/27	27/28	28/29	Scope of Audit	Link to Risk register
Performance Reporting	17 March 2025				To consider the format, content, accuracy and timeliness of management information, both financial and non-financial, provided to the Board in terms of the Annual Public Performance Report.	Risks 2.2 & 1.2 (ERO)
Council Tax	24 May 2024				Adequacy and effectiveness of the controls relating to the accuracy of records relating to domestic property including property bandings, new entries, deletions, amendments, proposals and appeals.	Risks 5.1 & 5.2
Non-Domestic Rates	24 May 2024				The adequacy and effectiveness of the controls and procedures in place to ensure that the 2026 revaluation was completed timeously and accurately.	Risks 5.1 & 5.2
Electoral Register	14 February 2024				The adequacy and effectiveness of the controls and procedures in place to ensure that the Registers of Electors published annually for the Orkney and Shetland VJB areas are up to date and accurate.	Risks (ERO) 1.1, 2.1, 6.1 to 6.3, 7.4 and 8.1
Workforce Planning	28 May 2025				To consider whether the Board is making best use of staff included a review of workforce planning, recruitment, training, and succession planning.	Risks 4.1 to 4.9 and 7.1 to 7.5 (ERO)
Budget Setting & Budgetary Control	17 March 2025				The adequacy and effectiveness of the processes and controls in place for budget setting and budgetary control within the VJB.	Risks 2.1 to 2.3
Corporate Governance & Risk Management	26 February 2026				That the Board's corporate governance arrangements are in accordance with best practice as set out in the CIPFA / SOLACE Delivering Good Governance in Local Government: Framework (2016) and accompanying guidance notes. This audit reviews the processes in place for the maintenance of policies and procedures	

Auditable Areas	Last Audit Report	26/27	27/28	28/29	Scope of Audit	Link to Risk register
					and reviews the Board's procedures for assessing, monitoring and mitigating risk.	
Financial Controls	25/26				Review the financial systems documentation to ascertain the current processes and procedures and review the financial controls in place to ensure that they are adequate and effective. This will include a review of procurement, Contract Standing Orders and Financial Regulations.	Risks 2.1 to 2.5
IT Network and Security	10 February 2023				To review the VJB's IT network and cyber security arrangements including Data Governance and compliance with data protection legislation.	Risks 3.1 to 3.9, 6.2 & 6.3 (ERO)
Payroll	16 February 2026				To review the controls in place around the input and update employee information, the calculation of remuneration and deductions and to test payroll transactions for accuracy.	
Electoral Registration					Review of the procedures and processes for Electoral Registration - following the Scottish Parliamentary Election	

## Service Delivery

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 Internal Auditor 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.

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.

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.

## Internal Audit Methodology

Each year the Strategic Plan will be reviewed and presented to the Board for approval. Once approved, an audit timetable will be agreed, and detailed planning will be carried out for each area. The audit process will include:

- Producing an audit brief.
- Identifying the expected controls.
- Reviewing systems to identify actual controls.
- Consideration of established Best Practice in the area.
- Testing of controls to ensure they are operating effectively.
- Discussion of findings and recommendations with the relevant managers.
- Issue of a draft report to confirm factual accuracy and obtain official management responses for inclusion in the final report.
- Recommendations will be graded to help management prioritise their importance.
- Issue of a final report including an action plan with areas for improvement, responsibility for the implementation and a timeframe for completion.

The outcomes of individual audit reports feed into the Internal Audit Annual Report and Assurance Statement which will be presented to the Board.