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KCC's Internal Audit Function's Purpose Statement Where are we going?	
Purpose	Internal auditing strengthens the organisation's ability to create, protect, and sustain value by providing the Audit Committee and management with independent, risk-based, and objective assurance, advice, insight, and foresight.
Vision	The internal audit function will be recognised as a trusted partner and strategic advisor, providing real time foresight and insight.
Values	The internal audit function is committed to operating with excellence, integrity, objectivity, competency, due professional care, professional courage, and confidentiality.

Strategic Challenge(s) to be Addressed
A strategic scan of both external and internal factors revealed stakeholder expectations for the internal audit function to develop findings with better insights and foresight about management's governance, risk, and controls. The insights and foresight should be delivered promptly and support our organisation's strategy. Internal audit staff must understand the strategy and how stakeholders define and recognise great insight and foresight, prioritise the most impactful engagements, be efficient and timely, and communicate results that satisfy stakeholder expectations.

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Current position
The Internal Audit team undertook an External Quality Assessment in 2026 in which the service was assessed as **Generally conforms** with the Global Internal Audit Standards. A maturity assessment has also been undertaken which for the majority of areas the service is assessed as Optimising however, there are areas to develop further surrounding Organisational Relationships and Culture, Technology and Innovation and People and Resource Management. **Table 1** shows the current maturity of the Internal Audit Function.

Table 1 – Maturity Assessment

Key Success Factors	Position		Process, Technology and innovation				People & Resources
	Services and Role of IA	Organisational Relationships and Culture	Ethics and Professionalism	Performance Management & Accountability	Governance Structures	Technology and Innovation	People and Resource Management
Key GIAS	**Principle 9**	**Principle 6**	**Domain II**	**Principle 8**	**Principle 7**	**Standard 10.3**	**Principle 10**
Level 5 - Optimising	IA plays significant role in driving change and impact which it delivers using flexible assurance and advisory products.	IA advises and influences top-level management/ board.	Continuous improvement in professional practices, IIA/ industry alignment, strategic planning. full integrated assurance	Public reporting of IA effectiveness, & industry leader	Independence, power, and authority of the IA activity	Data analytics enabled. Integrated GRC tools across three lines, with real time monitoring and alerts.	Leadership Involvement with Professional Bodies, workforce projection, capacity optimisation role based competency

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			against risk appetite				framework, training and CPD support.
Level 4 - Managed	Various service offerings on Governance, Risk Management and Control.	Effective and ongoing communications & relationships with the board and EC.	Audit Strategy leverage Organisation's priorities & management of risks and integrated assurance against risk appetite.	Integration of qualitative and quantitative performance measures.	Independent oversight of the IA activity. CAE reports to top level authority. Leverage tech, DA, and innovation.	Data analytics managed. Integrated audit workflows and data sharing with other assurance functions.	IA contribute to management development. IA activity supports Professional Bodies. Workforce planning, competency framework, training, and CPD.
Level 3 - Implemented	Overall assurance on Governance, Risk Management and Control.	Coordination with other review Groups/assurance providers. Integral component of management team.	Quality assurance & improvement framework. Risk-based audit plans.	Performance measures. Cost information. IA management Reports	Management oversight of the IA activity. Funding mechanisms.	Data analytics defined. Specialised audit workflow tools used to support risk assessments delivery and reporting. Monitoring through unstructured data and reporting.	Team building and competency. Competent staff. Workforce coordination Training and some support for CPD.

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Level 2 - Defined	Cyclical/ compliance auditing.	Managing within the IA activity	Professional practices and processes framework. Audit plan based on management/ stakeholder priorities.	IA operating budget. IA business plan.	Full access to the organization's information, assets, and people. reporting relationships established.	Data analytics aware. Office technology used to support record keeping, with EUC solutions for universe and reporting. More manual business monitoring.	Individual professional Development. skilled people identified and recruited.
Level 1 - Initial	Ad hoc and unstructured; isolated single audits or reviews of documents and transactions for accuracy and compliance; outputs dependent upon the skills of specific individuals holding the positions; no specific professional practices established other than those provided by professional associations; funding approved by management, as needed; absence of infrastructure; auditors likely part of larger organizational unit; no established capabilities; therefore, no specific key process areas. Data analytics naïve with no data analytics skills.						

The model consists of five distinct levels, each representing a progressively more advanced stage of maturity:

- Level 1 - Initial: At this foundational level, the internal audit function is largely ad hoc and unstructured. Few processes are formally defined, and practices are applied inconsistently. The focus is primarily on compliance and basic financial controls, with limited use of data analytics or technology.
- Level 2 - Defined: As the function progresses to the Defined level, basic practices and procedures are established and performed on a regular, repeated basis. Audit planning becomes more risk-based, and the team begins to leverage data analytics to enhance testing and insights. Professional practices are defined but may not be fully integrated.
- Level 3 - Implemented: At the Implemented level, internal audit policies, procedures, and approaches are formally defined, documented, and integrated with one another. The function consistently adheres to professional standards, such as the GIAS. Technology and data analytics are embedded into the audit lifecycle, enabling more efficient and effective assurance.
- Level 4 - Managed: As the function reaches the Managed level, it becomes an integral component of the organisation's governance and risk management framework. Audit plans are dynamic and responsive to changing business needs. Continuous monitoring and data-driven insights enable proactive risk identification. The function is seen as a trusted advisor, delivering value beyond basic assurance.
- Level 5 - Optimising: At the pinnacle of maturity, the internal audit function is fully aligned with the organisation's purpose and strategic objectives. It focuses on continuous learning and improvement, leveraging advanced analytics and innovative techniques to deliver predictive insights. The function is adaptive and consistently delivers measurable value to the organisation.

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Strategic Objectives
Below sets out the strategic objectives of the Internal Audit team that will enable the achievement of purpose, vision and values.

Strategic Objectives		Performance Measures
1) Aligning our Coverage to Strategic Objectives and Key Risks	Internal Audit will provide improved insights and outcomes via ensuring that we have a strong understanding of the organisation's objectives and needs and providing assurance on the associated risks and promotion of good governance. By understanding clients' risks and needs, we can update our risk-based rolling audit plans, accordingly, ensuring a role in advising on strategic changes that benefits the organisation. This approach leads to insightful audits that effectively address issues and enhance value. Internal Audit will ensure there is extensive engagement with stakeholders across the organisation and regular client meetings foster trust whilst maintaining the critical independence and objectivity needed to add value and we believe this approach will elevate our impact across the organisation and to our clients.	Strategic alignment of Rolling Internal Audit Plan to Strategic Objectives and Key Risks
2) Innovative Approaches to Auditing	Internal Audit will embrace, develop and adopt the latest technologies and audit approaches across all our work. This innovation will drive more efficient ways of working and be utilised as part of improving the impact of the advice and insights we provide to continuously increase quality and outcomes for the organisation and clients we deliver to. Our innovative	Number of audits utilising Data Analytics Number of audits utilising Artificial Intelligence

	approach will embrace new technology and will include: • Maximising the benefits of artificial intelligence tools in the planning, testing and reporting of audits to further increase our productivity. • Transforming approaches to include automated testing, semi-automating the follow up process and continuous auditing. Developing real-time assurance will enable the function to deliver to concentrate on key risks and enable auditors to have more capacity to review more audits which create additional value and insights for the Organisation and our clients. • Increasing the leverage of advanced Data Analytics including continuous auditing to provide deeper insights, expanding risk coverage and provide greater assurance including continuous auditing. Maximising technological opportunities provides another significant opportunity for more efficient report writing, providing prompt and concise reporting with less manual time and effort, by using graphics to be as user friendly to our clients as possible. Innovation opportunities also include expanding the use of the agile audit approach to provide enhanced service to stakeholders and management, facilitating regular feedback loops during an audit and increased engagement with stakeholders throughout the audit process, which will increase reporting productivity and quality.	Continuous reporting measure
3) Workforce Planning and Talent Management	Internal Audit will continue, in accordance with organisation Strategies and Policies, to undertake ongoing Workforce Planning and Talent Management, reviews to regularly: • Review skills, capability, capacity, workforce profile and development requirements. • Ensure team members have development opportunities.	Number of qualified Staff Number of Staff undertaking and maintaining Professional qualifications. Number of experienced staff

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	• Take actions, wherever possible, on staff retention risks. • Ensure recruitment approaches attract and secure quality staff. • Ensure that adequate succession plans are in place to make the service future proof. Internal Audit will remain committed to promoting health and wellbeing for the team so that it creates a culture whereby everybody within the team collectively cares and supports each other. The team will be provided a safe space with a no blame culture to learn, try new ideas and pioneer audit practices.	Number of staff leavers
4) Creating Financial Value to the Organisation	The success in maintaining existing clients will, subject to agreement with our host organisation, be continued with the aim of maximising the income earned from the delivery of services to both ensure the long-term financial sustainability of the service and yield income for the host Organisation and to promote the maintenance of expertise and skills within the team. This is in addition to core audit and counter fraud work which will ensure adequate coverage of financial risks and, in relevant areas of coverage, seeks to promote areas of financial improvement for the organisation. Internal Audit will there is sufficient coverage within its Internal Audit plans of value for money audits, financially focused audits and fraud audits to help the organisation save money. Internal Audit will continue to maximise financial efficiency for the host organisation by effective budget management and implementation of cost efficiency.	Documented income to Council as KPI (KCC only) Added Value Through Perception Surveys Number of audits which are related to value for money, financially focussed or fraud.
5) Culture of Continuous Improvement	The culture and mindset of the Internal Audit team is one of continual learning, improvement and development and this will be the underlying	Outcomes of Quality Assurance Improvement Programme (QAIP)

	basis within the Strategy for fostering an environment to ensure quality and success. Forward thinking, adaptability and being receptive to change will be at the core of how the Internal Audit service develops and will involve being vigilant, recognising when change is on the horizon and being prepared to change, as necessary. This agility will allow the service to seize opportunities, mitigate risks and continue a path of growth and success. Adaptability requires a mindset that values continuous learning, improvement and innovation over any false comfort of the status quo. This is underpinned by the organisations own continuous improvement ensuring adequate implementation of agreed management actions which are implemented timely.	Review outcomes of self-assessments Training / CPD hours attended Questionnaire feedback Implementation of agreed management actions. Stakeholder perception survey

Supporting Initiatives How do we plan to achieve the objectives and who is responsible?	Owner	Start Month/ Year	End Month/ Year
1.1 Internal Audit will ensure there is extensive engagement with stakeholders across the Council and regular client meetings.	Head of Internal Audit	April 2026	July 2027
2.1 Maximising the benefits of artificial intelligence tools in the planning, testing and reporting of audits to further increase our productivity.	Head of Internal Audit	April 2026	July 2028
2.2 Transforming approaches to include automated testing, semi-automating the follow up process and data driven assurance and continuous auditing activities.	Head of Internal Audit	April 2026	July 2028
3.1 Review skills, capability, capacity, workforce profile and development requirements.	Head of Internal Audit	April 2026	July 2027

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3.2 Ensure team members have development opportunities.	Head of Internal Audit	April 2026	July 2027
3.3 Take actions, wherever possible, on staff retention risks.	Head of Internal Audit	April 2026	July 2027
3.4 Ensure recruitment approaches to attract and secure quality staff.	Head of Internal Audit	April 2026	July 2027
3.5 Develop succession plans to make the service future proof.	Head of Internal Audit	April 2026	July 2027
4.1 Maintain existing clients through ongoing relationship management.	Head of Internal Audit	April 2026	July 2027
5.1 Review and update Data Analytics and Artificial Intelligence Strategy.	Head of Internal Audit	April 2026	July 2027
5.2 Integration of Artificial Intelligence into Audit processes to enhance efficiency.	Head of Internal Audit	April 2026	July 2027
5.3 Development of follow-ups dashboards for monitoring of implementation of agreed management actions.	Head of Internal Audit	April 2026	July 2027
5.4 Inclusion of standard agenda item at each internal team meeting on continuous improvement.	Head of Internal Audit	April 2026	July 2027
5.5 Re-establish subject matter experts (SME) and provide Dedicated research / horizon scanning time outside of the annual audit planning exercise for client leads.	Head of Internal Audit	April 2026	July 2027

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What are the risks that could prevent us from or impede meeting our objectives?
1. The learning curve for internal auditors implementing new methodologies may initially delay engagement completion rather than increasing efficiency.
2. The learning curve related to using new audit software may initially delay engagement completion rather than increasing efficiency.
3. Internal auditors' view of how engagement objectives, findings, and conclusions proactively support management actions to deliver on the organisation's strategy may differ from the perspectives of individual members of the board and management because aligning these elements is subjective and the organisational strategy may evolve.
4. Financial pressure on the host organisation may result in spending controls leading to Internal Audit function having an inability to undertake external training.
5. Skilled staff leaving as we approach Local Government Reorganisation.
6. Access to technologies and licenses needed to support innovation.

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What are the key dependencies within our organisation related to the internal audit function’s strategic objectives and initiatives? (Who must do what for the strategic objective to be met?)
1. Internal auditors must have access to the organisation’s strategy, and the chief audit executive must have open ongoing communication with the board, senior management, and other key stakeholders regarding the strategy and how governance, risk management and control processes impact the strategy.
2. Members, management, and other key stakeholders must complete stakeholder surveys promptly.
3. Management must promptly cooperate with the internal audit function’s requests for information and respond to draft audit communications within the requested timeframes.
4. The internal audit function must be given an adequate budget for resources, software and technical support.
5. The internal audit function must be given the resources and time necessary for training.