

Public Sector Standard	Illustration of SWAP compliance
Purpose, Authority and Responsibility	<p>The Standard requires this to be formally defined in an internal audit charter. This is reviewed annually by SWAP and presented to Audit Committee alongside the Internal Audit Plan for the forthcoming year.</p> <p>The Charter includes all requirements of the Standard, such as the responsibilities of the auditor and management, and the reporting lines open to the auditor, including the “unreserved right to report directly to the Leader of the Council, the Chairman of the Audit Committee, the Council’s Chief Executive or the External Audit Manager”.</p>
Independence and Objectivity	<p>SWAP has absolute organisational independence as a separate legal entity, and Directors appointed by the partners are non-executive.</p> <p>By reporting to the Audit Committee (the Standard uses the term “board”) directly and publically, this removes any possibility of inappropriate SCC management interference.</p> <p>Access to all levels within SCC (as above) also increases this compliance with this Standard.</p> <p>This also ensures that the internal auditor do not have to “subordinate” their judgement, which is another Standard test.</p>
Proficiency and Due Professional Care	<p>SWAP is staffed by an increasingly higher proportion of qualified auditors, who direct work from any junior staff members. All SWAP officers in senior posts are suitably qualified.</p> <p>SWAP’s audit delivery processes have been independently assessed and meet all professional expectations. SWAP’s methodology as they carry out their audit work is highly suitable in driving the auditor to meet this Standard.</p>

<p>Quality Assurance and Improvement Programme (QAIP)</p>	<p>SWAP has had a QAIP since before the Standard came into effect. This is regularly reviewed by SWAP managers and the Board of Directors.</p>
<p>Managing the Internal Audit Activity</p>	<p>SWAP is heavily involved in the planning work ahead of the Internal Audit Plan, which includes our risk-based priorities. The Plan looks at other sources of assurance that are available.</p> <p>SWAP is able to comment on the audit days (i.e. resources) allocated to the Internal Audit Plan, and has done so in the past when audit days were reduced to confirm that it can provide an annual opinion.</p> <p>The partnership arrangements make it less probable that the work will suffer from unexpected loss of staff. Our plan and processes include the necessary annual audit opinion and for it to be brought to the Audit Committee in public session.</p>
<p>Nature of Work</p>	<p>SWAP audit reports always “include appropriate recommendations for improving the governance process” and such key objectives as “communicating risk”.</p> <p>SWAP audit reports also consider key areas in this Standard such as “information technology governance”.</p>
<p>Engagement Planning</p>	<p>SWAP always provides a Terms of Reference for each piece of work, with the necessary discussion and agreement of the relevant SCC manager.</p> <p>Each Term of Reference will include a preliminary assessment of the risks. The scope (and days allocated) of SWAP audits ensures that they cover sufficient work to address the agreed-upon objectives.</p> <p>Should this not be the case as the work is delivered, this is reviewed and additional days allocated as required.</p>

<p>Performing the Engagement</p>	<p>Our Financial Procedures make the necessary provision for SWAP to access all necessary information to perform the audit.</p> <p>There is an agreed escalation process, endorsed by Audit Committee, to deal with any poor clienting by SCC officers.</p> <p>SWAP's audit methodology and supervision by senior auditors provides the necessary assurance on ensuring objectives are met and on quality.</p>
<p>Communicating Results</p>	<p>Individual audits include a "close-out" meeting with the relevant managers to report findings and to discuss recommendations.</p> <p>All opinion audits are subject to a rating system from Substantial to No Assurance.</p> <p>Communication on completed audits and key risks and findings are provided quarterly to Audit Committee.</p> <p>Overall results for a financial year are given in the annual opinion.</p>
<p>Monitoring Progress</p>	<p>The reports to Audit Committee also detail the progress on the Internal Audit Plan overall, and the assurance levels that have been given.</p>
<p>Communicating the acceptance of risks</p>	<p>If the internal auditor believes that managers are accepting a level of risk that is unacceptable to the organisation, the Charter sets out the availability of communication routes open to the auditor.</p>