

Somerset County Council

2021-22 Internal Audit Plan and Internal Audit Charter

The Internal Audit Plan: Summary

The internal audit plan represents a summary of the proposed audit coverage that the internal audit team will deliver throughout the 2021/22 financial year.

Delivery of an internal audit programme of work that provides sufficient and appropriate coverage, will enable us to provide a well-informed and comprehensive year-end annual internal audit opinion.



Introduction and Objective of the Internal Audit Plan

Internal audit provides an independent and objective opinion on the Authority's risk management, governance, and control environment by evaluating its effectiveness.

Prior to the start of each financial year, SWAP, in conjunction with senior management, put together a proposed plan of audit work. The objective of our planning process and subsequent plan is to put us in a position to provide a well-informed and comprehensive annual audit opinion, based on sufficient and appropriate coverage of key business objectives, associated risks, and risk management processes.

The outcomes of each of the audits in our planned programme of work, will provide senior management and Members with assurance that the current risks faced by the Authority in these areas are adequately controlled and managed.

It should be noted that internal audit is only one source of assurance, and the outcomes of internal audit reviews should be considered alongside other sources, as part of the 'three lines' assurance model. Key findings from our internal audit work should also be considered in conjunction with completion of the Authority's AGS.

It is the responsibility of the Authority's Leadership Team, and the Audit Committee, to determine that the audit coverage contained within the proposed audit plan is sufficient and appropriate in providing independent assurance against the key risks faced by the organisation.

The Internal Audit Plan: Approach

To develop an appropriate risk-based audit plan, SWAP have consulted with senior management, as well as reviewing key documentation, in order to obtain an understanding of the organisation's strategies, key business objectives, associated risks, and risk management processes.



Approach to Internal Audit Planning 2021/22

The factors considered in putting together the 2021/22 internal audit plan have been set out below:



Our focus has been to identify the areas of highest risk across the Council in line with our risk based approach. By looking at developing areas or areas of change where there is less certainty surrounding the management of risk we are able to add the most value.

The Internal Audit Plan: Approach



The Internal Audit Plan: Risk Assessment

A documented risk assessment prior to developing an internal audit plan, ensures that sufficient and appropriate areas are identified for consideration.

Internal Audit Annual Risk Assessment

Our 2021/22 internal audit programme of work is based on a documented risk assessment, which SWAP will re-visit regularly, but at least every six months.

Below we have set out a summary of the outcomes of the risk assessment for Somerset County Council:



The Internal Audit Plan: Risk Assessment

Following our SWAP Risk Assessment above, we have set out how the proposed 21/22 plan presented in Appendix A provides coverage of the Authority's key corporate objectives and risks, as well as our core areas of recommended audit coverage.

Internal audit is only one source of assurance and should be considered in this context.



Internal Audit Coverage in 2021/22

Due to the pace of change within Local Authorities, it is getting more difficult to accurately predict longer-term organisational risks within a fixed twelve-month plan. This is very much apparent during the current year, responding to the Covid-19 pandemic has meant that the plan delivered will be significantly different to that originally planned.

For 2021/22 the aim is to produce an agile, risk-assessed work plan, containing key areas of coverage. We will initially focus on what can be delivered during the first six months of the year and will update the plan as the year progresses. Audits, particularly those scheduled for later in the year, have been agreed in outline only. During 2021 the impact of the pandemic will continue to be felt and the outcome of the local government reorganisation will be announced. We anticipate re-visiting and adjusting our programme of work around the mid-point of the year to cover this and ensure alignment with the changing risk profile.

Our 2021/22 audit plan therefore remains flexible to respond to new and emerging risks as and when they are identified. Following our SWAP risk assessment, we have set out the proposed plan in Appendix A which provides coverage of the Authority's revised corporate objectives and risks, as well as our core areas of recommended audit activity. Audits scheduled include those that were unable to be delivered in 20/21 due to Covid19.

To further improve flexibility and horizon scanning it is proposed to move towards having a rolling plan. New audits are risk assessed and added to the plan meaning lower risk audits will roll forward to be delivered at a point in the future. This year due to a combination of the number of proposals agreed with DMTs, roll forward from 20/21 and a small cut in the audit plan, some audits have already been rolled forward. These are reported within Appendix B.

Internal audit coverage can never be absolute and responsibility for risk management, governance and internal control arrangements will always remain fully with management. As such, internal audit cannot provide complete assurance over any area, and equally cannot provide any guarantee against material errors, loss or fraud.

The Internal Audit Plan: Approach

SWAP Internal Audit Services is a public sector, not-for-profit partnership, owned by the public sector partners that it serves. The SWAP Partnership now includes 25 public sector partners, crossing nine Counties, but also providing services throughout the UK.

As a company, SWAP has adopted the following values, which we ask our clients to assess us against following every piece of work that we do:

- Candid
- Relevant
- Inclusive
- Innovative
- Dedicated

Your Internal Audit Service

Conformance with Public Sector Internal Audit Standards

SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application Note.

Every three years, SWAP is subject to an External Quality Assessment of Internal Audit Activity. The last of these was carried out in February 2020 which confirmed conformance with the Public Sector Internal Audit Standards. An annual self-assessment process confirms ongoing compliance.

Conflicts of Interest

We are not aware of any conflicts of interest within Somerset County Council that would present an impairment to our independence or objectivity. Furthermore, we are satisfied that we will conform with our IIA Code of Ethics in relation to Integrity, Objectivity, Confidentiality, & Competency.

Consultancy Engagements

As part of our internal audit service, we may accept proposed consultancy engagements, based on the engagement's potential to improve management of risk, add value and improve the organisation's operations. Consultancy work that is accepted, will contribute to our annual opinion and will be included in our plan of work.

Approach to Fraud

Internal audit may assess the adequacy of the arrangements to prevent and detect irregularities, fraud and corruption. We have dedicated counter fraud resource available to undertake specific investigations if required. However, the primary responsibility for preventing and detecting corruption, fraud and irregularities rests with management who should institute adequate systems of internal control, including clear objectives, segregation of duties and proper authorisation procedures.

Internal Audit Charter

The nature, role, responsibility, status and authority of internal auditing within Somerset County Council and an outline of the scope of internal audit work is provided in the Charter at Appendix C.

The Internal Audit Plan: Approach

Over and above our internal audit service delivery, SWAP will look to add value throughout the year wherever possible. This will include:

- Benchmarking and sharing of best-practice between our public-sector Partners
- Regular newsletters and bulletins containing emerging issues and significant risks identified across the SWAP partnership
- Communication of fraud alerts received both regionally and nationally
- Member training sessions

Our Reporting

A summary of internal audit activity will be reported quarterly to senior management and the Audit Committee. This reporting will include any significant risk and control issues (including fraud risks), governance issues and other matters that require the attention of senior management and/or the Audit Committee. We will also report any response from management to a risk we have highlighted that, in our view, may be unacceptable to the organisation.

Internal Audit Performance:

As part of our regular reporting to senior management and the Audit Committee, we will report on internal audit performance. The following performance targets will be used to measure the performance of our audit activity:

Performance Measure	Performance Target
<p style="text-align: center;"><u>Delivery of Annual Internal Audit Plan</u> Completed at year end</p>	>90%
<p style="text-align: center;"><u>Quality of Audit Work</u> Overall Client Satisfaction <i>(did our audit work meet or exceed expectations, when looking at our Communication, Auditor Professionalism and Competence, and Value to the Organisation)</i></p>	>95%
<p style="text-align: center;"><u>Outcomes from Audit Work</u> Value to the Organisation <i>(client view of whether our audit work met or exceeded expectations, in terms of value to their area)</i></p>	>95%

It should be noted that the audit titles and high-level scopes included below are only indicative at this stage for planning our resources. At the start of each audit, an initial discussion will be held to agree the specific terms of reference for the piece of work, which includes the objective and scope for the review.

Link to Corporate Objective/ Healthy Organisation Theme	Areas of Coverage and Brief Rationale	Audit Sponsor/ Senior Management Lead	Proposed Timing (H1, H2)
<p>Financial Reset <i>Balanced MTFP</i></p>	<p>ECI - Budget Management To focus on compliance with budget management/monitoring requirements across the service.</p> <p>Schools – Management of Deficit Balances To review how these are managed, including the use of recovery plans.</p> <p>Schools – Financial Management Standards Review of compliance with the updated standards.</p>	<p>Lead Director of ECI and Commissioning</p> <p>Director of Children’s Services</p> <p>Director of Children’s Services</p>	<p>H1</p> <p>H1</p> <p>H2</p>
<p>Renewal and Recovery</p> <ul style="list-style-type: none"> • <i>Strategic Direction</i> • <i>“new normal”</i> • <i>Transformation Programme</i> 	<p>Commissioning Governance Link to high strategic risk whereby external influences may impact on commissioning and SCC outcomes not achieved.</p> <p>Project Management – Benefits Realisation Review how the project management system is being used to improve the realisation of benefits for priority programmes and projects.</p> <p>Homeworking To cover ways of working incorporating homeworking.</p>	<p>Lead Director of ECI and Commissioning</p> <p>Strategic Managers – Business Change</p> <p>Head of HR and OD</p>	<p>H1</p> <p>H2</p> <p>H1</p>

Link to Corporate Objective/ Healthy Organisation Theme	Areas of Coverage and Brief Rationale	Audit Sponsor/ Senior Management Lead	Proposed Timing (H1, H2)
<p>Ongoing Covid-19 Response <i>Impacts effectively minimised, mitigated and managed.</i></p>	<p>Virtual and/or hybrid meetings Delivering democratic arrangements.</p> <p>Emergency Planning Part of high strategic risk organisational resilience.</p> <p>Business Continuity Focus on longer term incidents such as pandemics and potential issues arising from climate change. Part of high strategic risk organisational resilience.</p>	<p>Strategic Manager – Governance & Democratic Services</p> <p>Lead Director of ECI and Commissioning</p> <p>Lead Director of ECI and Commissioning/ Director of Public Health</p>	<p>H1</p> <p>H2</p> <p>H1</p>
<p>Health & Social Care development <i>Effective ICS & strategic commissioning</i></p>	<p>Adults Commissioning Agree key area to review.</p> <p>Adults Quality Assurance Framework Consider effectiveness of arrangements in place.</p> <p>Adults Workforce Planning Review how the workforce is aligned with priorities. (included below in workforce development)</p> <p>Adults Use of Eclipse Eclipse implementation during 21/22. Agree scope once system has embedded.</p>	<p>Director of Adult Social Care</p>	<p>H1</p> <p>H1</p> <p>H2</p> <p>H2</p>

Link to Corporate Objective/ Healthy Organisation Theme	Areas of Coverage and Brief Rationale	Audit Sponsor/ Senior Management Lead	Proposed Timing (H1, H2)
Children’s transformation including SEND <i>Strong outcomes for our most vulnerable children</i>	SEND – Costed Packages Review how robustness and equitable these newly introduced costed packages are.	Director of Children’s Services	H1
	School Property Condition Cover the prioritisation of resources. Joint review with Property.		H1
	Project Management – Implementation of the Early Help Portal Project management review, to include lessons learned.		H1
	Exclusions – Accuracy of Data Focus on accuracy and timeliness of data provided by schools.		H1
	Safeguarding – Complaints and Concerns Use of data to identify emerging issues. Link to strategic risk – Safeguarding Children.		H1
One Somerset <i>Secretary of State approval to implement</i>	Election Delivery Will inform preparations for unitary council elections. (Also included below in corporate governance)	Strategic Manager – Governance & Democratic Services	H1
	One Somerset Provision of audit support as required.		H1/2
Workforce Development <i>Capacity and capability to deliver</i>	Adults Workforce Planning To consider effectiveness of workforce planning arrangements. (Also included above in Health and Social Care Development)	Director of Adult Social Care	H2

Link to Corporate Objective/ Healthy Organisation Theme	Areas of Coverage and Brief Rationale	Audit Sponsor/ Senior Management Lead	Proposed Timing (H1, H2)
Climate Emergency <i>Carbon neutral Council and system wide impacts</i>	Climate Change Strategy A joint strategy with districts is now in place. High Strategic Risk.	Lead Director of ECI and Commissioning	H2
Economic Growth with a focus on inclusivity <i>Reduced economic inequalities and a growing economy</i>	Business Recovery – Post Covid Review of strategies in place within the national context.	Lead Director of ECI and Commissioning	H2
	Compliance with CDM (Construction Design Management) Regulations Focus on maintenance and infrastructure in highways/transport commissioning in relation to new projects.		H2
Healthy Organisation <i>Improved health and wellbeing and more people living healthy and independent lives for longer.</i>	This review gives a strategic overview across all areas of governance and is carried out every two years. Healthy Organisation 2020/21 Follow-up To assess progress against the 2020/21 audit report.	Governance Board	H2
Corporate Governance <i>Corporate Governance refers to the strategic management practices and values and beliefs by which the Council operates.</i>	Included above as part of corporate priorities: <ul style="list-style-type: none"> Virtual and/or hybrid meetings Election Delivery 	Strategic Manager – Governance & Democratic Services	H1
Financial Management <i>Effective Financial Management is the bedrock of any successful organisation and is vital to the ongoing ability of local authorities to deliver services that the public wants.</i>	Capital Accounting Review controls of key financial system	Finance Director	H1
	Changes to Vendor Data Review controls around changes to accounts payable standing data.		H1
	Schools - Use of Procurement Cards Review controls around issue and use of cards		H2

Link to Corporate Objective/ Healthy Organisation Theme	Areas of Coverage and Brief Rationale	Audit Sponsor/ Senior Management Lead	Proposed Timing (H1, H2)
<p>Risk Management <i>Organisations which operate under a structured and active risk management approach, are far more likely to be able to focus upon their key priorities and outcomes and, in doing so, take informed and robust decisions.</i></p>	<p>Risk Management Follow-up</p>	<p>Director of Finance</p>	<p>H2</p>
<p>Performance Management <i>Performance management provides a transparent platform upon which the service is accountable to its citizens and service users for the effectiveness of its service provision and delivery of its objectives.</i></p>	<p>No specific audits scheduled this year.</p>		

Link to Corporate Objective/ Healthy Organisation Theme	Areas of Coverage and Brief Rationale	Audit Sponsor/ Senior Management Lead	Proposed Timing (H1, H2)
<p>Commissioning & Procurement <i>Assessing Procurement & Commissioning activity of a Local Authority is a critical determinant in establishing its effectiveness in both being able to deliver benefit for its community, but also in showing whether it can maximise value for money for its taxpayers.</i></p>	<p>Contract Management Review of contract management arrangements in relation to key contracts.</p> <p>Included above as part of corporate priorities:</p> <ul style="list-style-type: none"> • Commissioning Governance 	<p>Corporate Affairs Director</p>	<p>H2</p> <p>H1</p>
<p>ICT/Information Management <i>Effective ICT will facilitate and support effective working, better decision-making, improved customer service and business transformation.</i></p>	<p>Cyber Security Reviews Two reviews will be carried out. Link to strategic risk Organisational Resilience</p> <p>ICT Governance Reviews Two reviews will be carried out across SCC ICT enterprise and infrastructure.</p>	<p>Corporate Affairs Director</p>	<p>H1/H2</p>

Link to Corporate Objective/ Healthy Organisation Theme	Areas of Coverage and Brief Rationale	Audit Sponsor/ Senior Management Lead	Proposed Timing (H1, H2)
<p>Programme & Project Management <i>Organisations which can demonstrate and operate under a structured and active approach are far more likely to be able to focus their efforts and successfully achieve the delivery of anticipated outcomes.</i></p>	<p>Also included above as part of corporate priorities:</p> <ul style="list-style-type: none"> • Project Management – Benefits Realisation 	<p>Strategic Managers – Business Change</p>	<p>H2</p>
<p>People Management <i>Organisations which can demonstrate and operate under a structured and active approach are far more likely to be able to focus resources against key priorities and, as a direct result, deliver improved outcomes.</i></p>	<p>Also included above as part of corporate priorities:</p> <ul style="list-style-type: none"> • Homeworking • Adults Workforce Planning 	<p>Director of HR & OD</p>	<p>H1 H2</p>

Link to Corporate Objective/ Healthy Organisation Theme	Areas of Coverage and Brief Rationale	Audit Sponsor/ Senior Management Lead	Proposed Timing (H1, H2)
<p>Asset Management <i>Organisations which can demonstrate and operate under a structured and active approach are far more likely to be able to focus resources against key priorities and, as a direct result, deliver improved outcomes.</i></p>	<p>Property Services - Corporate Landlord Model Properties are now being managed centrally. This review will consider the effectiveness of these new arrangements.</p> <p>Property Services – Compliance with Regulations Covering regulations such as gas safety requirements, servicing checks.</p>	<p>Lead Director of ECI and Commissioning</p>	<p>H2</p> <p>H1</p>
<p>Grant Certification <i>As required by funding stream.</i></p>	<p>Troubled Families Internal audit requirement of DCLG to review claims submitted. Expect to audit six claim periods per year. Programme due to run until 2022.</p> <p>BDUK Audit Certification Annual certification is a requirement of BDUK to access funding.</p> <p>Local Transport Capital Block Funding Annual certification is a requirement of Department of Transport.</p> <p>Covid related bus services support grant tranche 3/4/5 Requirement for certification by Internal Audit.</p> <p>Track and Trace Requirement for certification by Internal Audit.</p>	<p>Director of Children’s Services</p> <p>Lead Director of ECI and Commissioning</p> <p>Lead Director of ECI and Commissioning</p> <p>Lead Director of ECI and Commissioning</p> <p>Director of Public Health</p>	<p>H1/H2</p> <p>H2</p> <p>H1</p> <p>H1</p> <p>H1</p>

Link to Corporate Objective/ Healthy Organisation Theme	Areas of Coverage and Brief Rationale	Audit Sponsor/ Senior Management Lead	Proposed Timing (H1, H2)
Other – Fraud Related	Cifas (National Fraud Prevention Service) Proactive fraud prevention work.	Director of Finance	H1/H2
	Provision for Fraud and Corruption Advice and review as required across the year.		H1/H2
Follow-ups <i>All partial opinion audits are followed up – as agreed with the audit committee.</i>	<p>Finance</p> <ul style="list-style-type: none"> Cash Handling Creditors <p>Risk Management</p> <p>Procurement</p> <ul style="list-style-type: none"> Supplier Resilience Compliance with Corporate Purchasing Policy <p>ICT</p> <ul style="list-style-type: none"> ICT Governance ICT Cyber Security Framework <p>Human Resources</p> <ul style="list-style-type: none"> Lone Working Corporate Management of Health and Safety Role of the Somerset Manager Apprenticeship Scheme Career Development and Pathways 	<p>Finance Director</p> <p>Finance Director</p> <p>Corporate Affairs Director</p> <p>Corporate Affairs Director</p> <p>Director of HR & OD</p>	<p>H2</p> <p>H2</p> <p>H2</p> <p>H2</p> <p>H2</p> <p>H2</p> <p>H1</p> <p>H1</p> <p>H2</p> <p>H2</p> <p>H2</p>

Link to Corporate Objective/ Healthy Organisation Theme	Areas of Coverage and Brief Rationale	Audit Sponsor/ Senior Management Lead	Proposed Timing (H1, H2)
	<p>Children’s</p> <ul style="list-style-type: none"> Children’s Education, Health and Care Plans (EHCPs) <p>Adults</p> <ul style="list-style-type: none"> FAB Assessments Mental Health - Financial Decision Making <p>Public Health</p> <ul style="list-style-type: none"> Transfer of Public Health Nursing Services <p>ECI</p> <ul style="list-style-type: none"> Application for Payment Certification 	<p>Director of Children’s Services</p> <p>Director of Adult Social Care</p> <p>Director of Public Health</p> <p>Lead Director of ECI and Commissioning</p>	<p>H1</p> <p>H2 H2</p> <p>H2</p> <p>H1</p>
<p>Advice and Support</p>	<ul style="list-style-type: none"> Audit Advice and Planning including Head of Internal Audit role. Committee Reporting and attendance at other corporate meetings. Recommendation tracking to give assurance that recommendations are being progressed. 		<p>H1/H2</p>

These reviews have been rolled forward to 2022/23. The expectation is that that following an updated risk assessment that delivery of these audits will take place early in 2022/23.

Service Area/ HO Theme	Areas of Coverage and Brief Rationale	Audit Sponsor/ Senior Management Lead
<p>Children’s Services</p>	<p>Children's - Independent Placements - Financial Controls & Contract Management Further work on contracts and placements following previous partial assurance.</p> <p>Major Projects - Schools Joint review with Property – looking at in-house and FFS projects.</p> <p>Children’s Workforce Planning Review how the workforce is aligned with priorities.</p>	<p>Director of Children’s Services</p>
<p>ECl</p>	<p>Enterprise centre design and build - Wells and Wiveliscombe Cover Benefits Realisation.</p> <p>Highways Development Management Implementation of improvement plan.</p> <p>Workforce Planning Review how the workforce is aligned with priorities.</p>	<p>Lead Director of ECl and Commissioning</p>
<p>Corporate Governance</p>	<p>Whistleblowing Review of Updated Scheme</p> <p>Members Development Strategy Review of new strategy</p>	<p>Strategic Manager – Governance & Democratic Services</p>

2
3

Service Area/ HO Theme	Areas of Coverage and Brief Rationale	Audit Sponsor/ Senior Management Lead
Finance	<p>Main Accounting Review of key financial system</p> <p>Charging for Services Review how charges are set and agreed. Include one-off funding and recovery rates. Need to ensure set at an appropriate level to cover costs.</p>	Director of Finance
Commissioning	<p>New Commissioning System Review of Intergr8</p>	Lead Director of ECI and Commissioning
Information Management	<p>Information Asset Register Links to strategic risk operational resilience</p>	Corporate Affairs Director

4

Purpose

The purpose of this Charter is to set out the nature, role, responsibility, status and authority of internal auditing within Somerset County Council, and to outline the scope of internal audit work.

Approval

This Charter was last approved by the Audit Committee on 18th June 2020 and is reviewed each year to confirm it remains accurate and up to date.

Provision of Internal Audit Services

The internal audit service is provided by the SWAP Internal Audit Services (SWAP). This charter should be read in conjunction with the Service Agreement, which forms part of the legal agreement between the SWAP partners.

The budget for the provision of the internal audit service is determined by Somerset County Council in conjunction with the Members Meeting. The general financial provisions are laid down in the legal agreement, including the level of financial contribution by the organisation, and may only be amended by unanimous agreement of the Members Meeting. The budget is based on an audit needs assessment that was carried out when determining the organisation's level of contribution to SWAP. This is reviewed each year by the S151 Officer in consultation with the Chief Executive of SWAP

Role of Internal Audit

The Accounts and Audit (England) Regulations 2015, state that: *"A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account the public sector internal auditing standards or guidance."*

Internal audit is an independent, objective assurance and consulting activity designed to add value and improve the Organisation's operations. It helps Somerset County Council accomplish its objectives by bringing a systematic disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Responsibilities of Management, Audit Committee and Internal Audit

Management¹

Management is responsible for ensuring SWAP:

- has the support of management and the organisation; and
- has direct access and freedom to report to senior management, including the Chief Executive and the Audit Committee
- is notified of suspected or detected fraud, corruption or impropriety.

Management is responsible for maintaining internal controls, including proper accounting records and other management information suitable for running the Organisation. Management is also responsible for the appropriate and effective management of risk.

Audit Committee²

The audit committee is responsible for approving the scope of internal audit work, receiving communications from the SWAP Assistant Director on the progress of work undertaken, reviewing the independence, objectivity, performance, professionalism and effectiveness of the Internal Audit function,

¹ In this instance Management refers to the Senior Management Team and Statutory Officers.

² In this instance the Audit Committee relates to "The Board" referred to in the PSIAS.

and obtaining reassurance from the SWAP Assistant Director as to whether there are any limitations on scope or resources.

Internal Audit

The SWAP Assistant Director, as Head of Internal Audit, is responsible for determining the scope, except where specified by statute, of internal audit work and for recommending the action to be taken on the outcome of, or findings from, their work.

Internal audit is responsible for operating under the policies established by management in line with best practice.

Internal audit is responsible for conducting its work in accordance with the mandatory elements of the Code of Ethics and Standards for the Professional Practice of Internal Auditing as set by the Institute of Internal Auditors and further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application Note. SWAP has been independently assessed and found to be in Conformance with the Standards.

Internal audit is not responsible for any of the activities which it audits. SWAP staff will not assume responsibility for the design, installation, operation or control of any procedures. SWAP staff who have previously worked for the organisation will not be asked to review any aspects of their previous department's work until one year has passed since they left that area.

Relationship with the External Auditors/Other Regulatory Bodies

Internal Audit will co-ordinate its work with others wherever this is beneficial to the organisation.

Status of Internal Audit in the Organisation

*The Chief Executive of SWAP is responsible to the SWAP Board of Directors and the Members Meeting. Appointment or removal of the Chief Executive of SWAP is the sole responsibility of the Members Meeting.

The Chief Executive for SWAP, the Executive Director and Assistant Director also report to the Section 151 Officer, and reports to the Audit Committee as set out below.

The Assistant Director will be the first and primary point of contact for the organisation for all matters relating to the Audit Committee, including the provision of periodic reports, as per company policy. The Assistant Director is also responsible for the design, development and delivery of audit plans, subject to the agreement of Somerset County Council.

Scope and authority of Internal Audit work

There are no restrictions placed upon the scope of internal audit's work. SWAP staff engaged on internal audit work are entitled to receive and have access to whatever information or explanations they consider necessary to fulfil their responsibilities to senior management. In this regard, internal audit may have access to any records, personnel or physical property of the organisation.

Internal audit work will normally include, but is not restricted to:

- reviewing the reliability and integrity of financial and operating information used for operational and strategic decision making, and the means used to identify, measure, classify and report such information;
- evaluating and appraising the risks associated with areas under review and make proposals for improving the management and communication of risks;

- appraise the effectiveness and reliability of the enterprise risk management framework and recommend improvements where necessary;
- assist management and Members to identify risks and controls with regard to the objectives of the organisation and its services;
- reviewing the systems established by management to ensure compliance with those policies, plans, procedures, laws and regulations which could have a significant impact on operations and reports, and determining whether the organisation is in compliance;
- reviewing the means of safeguarding assets and, as appropriate, verifying the existence of assets;
- appraising the economy, efficiency and effectiveness with which resources are employed;
- reviewing 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, with performance and accountabilities established.
- reviewing the operations of the organisation in support of their anti-fraud and corruption policy, ethical expectations and corporate values, investigating where necessary.
- at the specific request of management, internal audit may provide consultancy services (including fraud investigation services) provided:
 - the internal auditor's independence is not compromised
 - the internal audit service has the necessary skills to carry out the assignment, or can obtain such skills without undue cost or delay
 - the scope of the consultancy assignment is clearly defined and management have made proper provision for resources the work.
 - management understand that the work being undertaken is not internal audit work.

Planning and Reporting

SWAP will submit to the Audit Committee for approval, an annual internal audit plan, setting out the recommended scope of their work in the period.

The annual plan will be developed with reference to the risks the organisation will be facing in the forthcoming year, whilst providing a balance of current and on-going risks, reviewed on a cyclical basis. The plan will be reviewed on a quarterly basis to ensure it remains adequately resourced, current and addresses new and emerging risks.

SWAP will carry out the work as agreed, report the outcome and findings, and will make recommendations on the action to be taken as a result to the appropriate manager and Director. SWAP will report at least two times a year to the Audit Committee or as agreed. SWAP will also report a summary of their findings, including any persistent and outstanding issues, to the Audit Committee on a regular basis.

Internal audit reports will normally be by means of a brief presentation to the relevant manager accompanied by a detailed report in writing. The detailed report will be copied to the relevant line management, who will already have been made fully aware of the detail and whose co-operation in preparing the summary report will have been sought.

The Assistant Director will submit an annual report to the Audit Committee providing an overall opinion of the status of risk and internal control within Somerset County Council, based on the internal audit work conducted during the previous year.

In addition to the reporting lines outlined above, the Chief Executive of SWAP and SWAP Directors and Assistant Directors have the unreserved right to report directly to the Leader of the Council, the Chairman of the Audit Committee, the organisation's Chief Executive Officer or the External Audit Manager.