

Somerset Council

Proposed 2024-25 Internal Audit Plan

The Internal Audit Plan: Summary

The internal audit plan represents a summary of the coverage that the internal audit team aims to deliver throughout the 2024-25 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.

SWAP, in conjunction with senior management, agree a proposed audit approach to deliver an internal audit plan. The objective of our planning process and subsequent programme of work agreed 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.

Internal Audit work is carried out in accordance with the professional requirements as set out in the [Public Sector Internal Auditing Standards](#).



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 2024/25

The factors considered in putting together the 2024/25 internal audit plan have been set out below:



The above factors are used to identify the areas of highest risk across the Council, in line with our risk-based approach.

Our approach to delivering your internal audit plan will remain flexible to respond to new and emerging risks. Our approach is an 'agile plan' with a 'live' continuous approach to assessing priorities for our work. Priorities will be assessed in conjunction with Senior Management. Members of the Audit Committee are welcome to share thoughts of priority areas for Assurance work at any time.

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 2024/25 internal audit programme of work is based on a documented risk assessment. SWAP will re-visit this assessment regularly.

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



The Internal Audit Plan: Risk Assessment

Following our Risk Assessment, we have set out how the proposed 2024/25 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 2024/25

Due to the pace of change within local authorities, it is increasingly difficult to accurately predict longer-term key organisational risks. Our aim is to produce an agile, risk-assessed work plan, containing key areas of coverage.

We will re-visit and adjust our programme of audit work regularly with a more in depth review at least six monthly to ensure alignment with the changing risk profile of the organisation's operations, systems and controls and with regard to sector risks. The regular input of senior management and review of the Authority's risk registers will be considered in this process and reference made to other assurances across the '3 lines'. Our 2024-25 internal audit plan therefore continues to accommodate provision for flexibility to respond to new and emerging risks as and when they are identified and which may include the delivery of reactive and unannounced activity. Planned activity will also include routine follow up activity including extended focus on lower opinion audits/higher priority actions.

The six-monthly planning approach means that the 2024/25 audit plan is flexible to respond to new and emerging risks as and when they are identified. We have set out the view for the next 12 months in **Appendix A**, recognising this will be re-evaluated mid-year. Member can follow this [link](#) to further information on the scope and overview of our rolling placeholder overview.

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: SWAP

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 22 public sector partners, providing services throughout the UK.

Your Internal Audit Service

Audit Resources

Delivery and resourcing are based on current capacity, on the assumption that resourcing remains stable. The current audit resources available represent a sufficient and appropriate mix of seniority and skill to deliver the planned work. The qualification mix of the in assigned Somerset Council team is Chartered Internal Auditors (CMIIA), Certified Internal Auditors (CIA), Certified Information Systems Auditors (CISA), Association of Accounting Technicians (AAT), IIA Certificate in Internal Audit. Wider qualified auditors within SWAP called upon for bespoke work includes: Chartered Institute of Public Finance and Accountancy (CIPFA); Associate Chartered Accountants (ACA); Chartered Accountants (CA); Certified Fraud Examiner (ACFE), Certification in Risk Management Assurance (CRMA).

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 five 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 and aim to undertake an External Assessment during 2024-25.

Conflicts of Interest

We are not aware of any conflicts of interest within Somerset 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.



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 22 public sector partners, providing services throughout the UK.

Your Internal Audit Service

Approach to Fraud

Internal audit will 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 the Somerset Council and an outline of the scope of Internal Audit work has previously been provided. An updated document (to include expanded information including the 'mandate' is currently under review in light of the new Global Internal Audit Standards (GIAS) which take effect from January 2025. As such a revised Internal Audit Charter and Mandate will be presented to a future meeting of the Audit Committee. **Appendix B** includes the current and (continuing Charter) for ease of reference pending the completion and submission of a revised document.



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**

Reporting

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%

These are currently under review and may be updated during the course of the year.



The audit titles included below are only indicative at this stage for planning our resources. At the start of each audit, we will hold an initial discussion to agree the specific terms of reference for the audit, which includes the objective and scope for the review. The scheduling of reviews is dependent on officer availability, resourcing, and priorities.

Audit Risk Theme Universe	Strategic Risk / Directorate	Audit Type	Review (At the start of each review, specific detailed terms of engagement are agreed) Members can click here for wider scope & background information	Financial	Compliance	Operational	Cyber	Other
Governance								
Risk Management	None	Assurance	<ul style="list-style-type: none"> Risk Management – Crucial governance area. Review to examine effectiveness of arrangements in place. 					✓
Performance Management / Benchmarking	None	Assurance	<ul style="list-style-type: none"> Performance Management & Benchmarking Framework – important area of governance. To review how performance and benchmarking information is being used. 	✓		✓		✓
Corporate Governance	None	Advisory	<ul style="list-style-type: none"> Decision Making and Governance Structure – to work across the authority to bring a view on all the boards/groups operating and basis/influence on decision making. 		✓			✓
Partnership Governance	ORG0075	Assurance	<ul style="list-style-type: none"> Delivery of transformation of the Council’s locality working – assurance work around the delivery of transformation objectives. 	✓				
Business Continuity	ORG0053	Assurance	<ul style="list-style-type: none"> Business Continuity – important area at risk due to organisational change. 					✓
Finance								
Routine Financial Controls	ORG0057 ORG0068 ORG0063	Assurance	<ul style="list-style-type: none"> Key Financial Controls Contingency – time to support further work around: Budget planning; monitoring; Creditors; Debtors; Main Accounting and MSD. 	✓	✓			✓
	ORG0068 ORG0063	Assurance	<ul style="list-style-type: none"> Payroll – overtime, expenses and agency workers - Assurance that the payroll bill is being reduced and controls on overtime, expenses and agency workers are effective. 	✓				
		Assurance	<ul style="list-style-type: none"> Council Tax/NDR Parameter Testing - Support for 2nd line in ensuring that system parameters have been correctly applied to support the calculation of council tax and business rates. 	✓	✓			

Audit Risk Theme Universe	Strategic Risk / Directorate	Audit Type	Review ((At the start of each review, specific detailed terms of engagement are agreed) Members can click here for wider scope & background information	Financial	Compliance	Operational	Cyber	Other
Financial Resilience	ORG0057 FERG001 FERG0004	Assurance	<ul style="list-style-type: none"> Delivery of Savings - Assurance on the process for identifying, capturing and reporting on savings to be delivered as part of the transformation programme. 	✓				
Rents	ORG0057 ORG0068 Directorate	Assurance	<ul style="list-style-type: none"> Housing Rents/Arrears Management - Review to confirm processes are robust for collecting rents due and management of arrears. 	✓				
Counter Fraud	ORG0068	Assurance	<ul style="list-style-type: none"> Baseline Assessment of Fraud Maturity - Re-assessment of the new Somerset Council to baseline fraud controls against CIPFA's fighting fraud and corruption locally framework. 	✓	✓			
	ORG0068	Advisory	<ul style="list-style-type: none"> Fraud Risk Assessment - Audit support to move the risk assessment along to become more integrated to council functions. 	✓				✓
	ORG0068	Advisory	<ul style="list-style-type: none"> Revs and Bens Fraud Referrals - SWAP to triage initial cases of fraud referral for further action. 	✓				✓
	ORG0068	Advisory	<ul style="list-style-type: none"> Fraud Awareness Training - Delivery of fraud awareness training sessions for officers and members 					✓
	ORG0068	Advisory	<ul style="list-style-type: none"> Cifas Blue Badges/Insurance & Procurement/ Recruitment & Vetting - Utilising 3rd party data matching on SC data to identify potential fraud matches for further investigation. 	✓		✓		✓
Sustaining Care - Adults								
Adults Transformation		N/A	<ul style="list-style-type: none"> Peer Review & CQC Inspection – time held for work around outcomes from review and inspection. 	✓				✓
	ORG0057 ORG0071	Assurance	<ul style="list-style-type: none"> My Life My Future – Adults Transformation – Assurance that both financial and non-financial benefits have been delivered. 	✓				✓
Adults Operations	ORG0060	Assurance	<ul style="list-style-type: none"> Workforce and budgeting – Assurance around the steps being taken to reduce reliance on locums. 	✓				
Adults Commissioning	ORG0060	Assurance	<ul style="list-style-type: none"> Market Shaping – crucial area, time kept for work in this area after Peer review. 		✓	✓		
	ORG0060	Assurance	<ul style="list-style-type: none"> Adults Social Care Self-Assessment – review of the robustness of evidence used to support the self-assessment. 		✓			
Sustaining Care - Children								
Children & Families	ORG0009	Assurance	<ul style="list-style-type: none"> Parent and Family Support – Assurance that what is being paid for is being delivered in line with SLAs. 			✓		



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	ORG0009	Advisory	<ul style="list-style-type: none"> Supporting Families – time for certification of claims made. 	✓		✓		
	ORG0009 ORG0057	Assurance	<ul style="list-style-type: none"> Residential and Foster Placement Contracts – budget pressure area. Time to review contracts are running and delivering as intended. 	✓	✓			
Education								
Education Establishments	Directorate	Assurance	<ul style="list-style-type: none"> Pupil Premium Grant – Review to assess value for money and outcomes being delivered. 	✓				✓
	ORG0057 Directorate	Advisory	<ul style="list-style-type: none"> Inclusion Financial Management control and Independent Non-Maintained Schools (INMS) – budget pressure area. To examine financial management and control. 	✓				
	ORG0009 Directorate	Assurance	<ul style="list-style-type: none"> Children Not in School, including Children Missing from Education follow up – To review data quality and whether new measures being put in place are working effectively. 		✓	✓		
		Assurance	<ul style="list-style-type: none"> Schools Financial Management Scheme Incl. Schools Financial Value Standard (SFVS) – review of financial management scheme including individual school visits for compliance as part of SFVS. 	✓				
	ORG0057 ORG0070	Assurance	<ul style="list-style-type: none"> High Needs Block – Deficit Management Plan – budget pressure area. Review of the forecasting model and whether steps being taken to control expenditure are working. 	✓				
School Transport	ORG0057	Assurance	<ul style="list-style-type: none"> Education Transport, incorporating Transport Governance follow Up – Budget pressure area – assurance that transformational work in this area is achieving it's intended outcomes. 	✓				
Contracts, Procurement and Commissioning								
Contract Management	ORG0057 ORG0068	Assurance	<ul style="list-style-type: none"> Contract Management & Supplier Resilience – Consider steps to bring contract management together from legacy authorities against the commercial continuous improvement framework outcomes and NAO good practice contract management framework. 	✓	✓			
Procurement & Value for Money	ORG0057	Assurance	<ul style="list-style-type: none"> Best Value Framework – A review of SC against DLUHC best value standards and intervention guide. 	✓	✓			
	ORG0057	Assurance	<ul style="list-style-type: none"> Procurement - Review of SC's procurement processes in place for compliance to new legislation and arrangements for VFM. 	✓	✓			



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Commissioning	Directorate	Assurance	<ul style="list-style-type: none"> Commissioning & Contract Delivery – focus on adults and children’s commissioning arrangements and contract delivery. 	✓	✓			
Workforce								
Culture	ORG0065 ORG0053 ORG0068	Assurance Assurance	<ul style="list-style-type: none"> Culture & Behaviours – Review the frameworks and guidance in place to ensure the authority creates the right cultures and behaviours and can monitor adherence to them. Ethical Governance - To ensure the Council has a robust framework in place which promotes a strong ethical culture, high ethical standards and upholds the values of good governance and behaviours within the organisation. 		✓			✓
Regulatory Compliance	None	Assurance	<ul style="list-style-type: none"> IR35 Compliance - review will provide assurance that there is proper management and controls in place to ensure legal compliance on assessing IR35 with consultants 		✓			
Health & Safety								
People	ORG0062	Assurance	<ul style="list-style-type: none"> Health & Safety Compliance - Follow up of original culture audit undertaken in 23/24 and more detailed review providing assurance on H&S compliance across each directorate within Somerset Council 		✓			
HRA Landlord	Directorate	Assurance	<ul style="list-style-type: none"> Housing Landlord Governance Arrangements - looking at the overall housing governance arrangements including controls and indicators to identify and minimise fraud risks. 		✓			
	Directorate	Assurance	<ul style="list-style-type: none"> Electrical Safety - Part of the rolling Landlord H&S compliance audit programme. 		✓			
	Directorate	Assurance	<ul style="list-style-type: none"> Gas Safety - Part of the rolling Landlord H&S compliance audit programme. 		✓			
Planning, Housing, Economy, Communities and Environment								
Economy		Advisory	<ul style="list-style-type: none"> Gravity - Notional time for audit assurance work around the EV Battery Factory announcement. 	✓		✓		
Environment	Directorate	Assurance	<ul style="list-style-type: none"> Highways Contract - Review of contract management arrangement in place since contracts went live 1 April 2024 to ensure outcomes and oversight is being achieved. 	✓	✓			

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	None	Assurance	<ul style="list-style-type: none"> Public Transport Bus Operators - A review to examine bus operators and the mechanisms they have in place to provide reliable and accurate information for SC monitoring purposes. 			✓		
	ORG0057	Advisory	<ul style="list-style-type: none"> Fleet Management - Advisory work on efficiencies and processes to help support staff put appropriate controls in place. 	✓				
	ORG0057	Advisory	<ul style="list-style-type: none"> Waste Recycling Contract - Cost pressure area to SC and SWAP have been asked to provide support and assurance in this area. 	✓				
Communities	ORG0057 Directorate	Advisory	<ul style="list-style-type: none"> Octagon Theatre Support - On-going support as critical friend role on project board. 	✓				
Housing	Directorate	Assurance	<ul style="list-style-type: none"> HRA Service & Lease Charges - To review the process to ensure services charges are clearly identified and processes followed under Section 20 of the Landlord and Tenant Act 1985. 	✓		✓		
	ORG0061	Certification	<ul style="list-style-type: none"> Home Upgrade Grant - Head of Audit Grant Sign off. 		✓			
Grants	Directorate	Certification	<ul style="list-style-type: none"> BDUK – Head of Audit Grant Sign off. 	✓	✓			
	Directorate	Certification	<ul style="list-style-type: none"> Mobile Boost - Head of Audit Grant Sign off. 	✓	✓			
	Directorate	Certification	<ul style="list-style-type: none"> LEP Grants (residual) - Head of Audit Grant Sign off. 	✓	✓			
	None	Certification	<ul style="list-style-type: none"> Bus Service Improvement Plan (BSIP) - Head of Audit Grant Sign off. 	✓	✓			
	None	Certification	<ul style="list-style-type: none"> LA Bus Subsidy Revenue Grant - Head of Audit Grant Sign off. 	✓	✓			
	None	Certification	<ul style="list-style-type: none"> Emergency Active Travel Grant - Head of Audit Grant Sign off. 	✓	✓			
	None	Certification	<ul style="list-style-type: none"> Local Transport Capital Block Funding - Head of Audit Grant Sign off. 	✓	✓			
Technology, Digital and Security (only 4 of the below review will be selected for 2024-25)								
Information Security	ORG0053	Assurance	<ul style="list-style-type: none"> Backup and Restore 				✓	
	Directorate	Assurance	<ul style="list-style-type: none"> User Access (Active Directory) 		✓		✓	
	Directorate	Assurance	<ul style="list-style-type: none"> Network Boundary Defences (Including management of network assets) 				✓	
	Directorate	Assurance	<ul style="list-style-type: none"> SIEM (Security Incident and Event Management) 				✓	
	Directorate	Assurance	<ul style="list-style-type: none"> Incident Management 				✓	



Audit Risk Theme Universe	Strategic Risk / Directorate	Audit Type	Review ((At the start of each review, specific detailed terms of engagement are agreed) Members can click here for wider scope & background information	Financial	Compliance	Operational	Cyber	Other
Technology Infrastructure	Directorate	Assurance	• Data Centres (Physical and Environmental Controls)		✓		✓	
	ORG0053	Assurance	• Disaster Recovery				✓	
	Directorate	Assurance	• Hardware Asset Management (End User Devices)				✓	
	ORG0057	Assurance	• Transformation Programme Review	✓				
Digital		Assurance	• Use of AI (Copilot)					✓
		Assurance	• Digital Skills across the workforce			✓		
Strategic Asset Management								
Acquisitions, Disposals & Valuations	ORG0057	Assurance	• Asset Management - <i>To review the overall framework and governance around asset management within the Authority.</i>	✓		✓		
	ORG0057 ORG0063	Assurance	• Asset Disposal - <i>Assurance work around the disposal process of assets to ensure VFM achieved</i>	✓		✓		
Housing	ORG0068	Assurance	• Decent Homes - <i>Capital Programme Contract Management - A review to look at the overall governance and control processes in place within this area.</i>	✓		✓		

Follow Up audits

Where an audit returns an opinion of No or Limited Assurance, we will schedule a follow up audit to confirm recommendations have been implemented and risks reduced in that area. When we have received confirmation from management that recommendations have been completed, we will commence the follow up work. The list below are the review to be brought forward from 2023-24. Those in *italics* are being followed up in 2024-25 as part of a wider review in those areas.

Strategic Risk Link OR Directorate	Audit Type	Audit Name	Directorate
	Follow up	CSC Training & Safeguarding Follow Up	Children's Services
SC ORG0057	Follow up	<i>Transport Budget Governance Follow Up</i>	Climate and Place & Children's Services
Directorate Risk	Follow up	Strategic Commissioning Follow Up	Strategy, Performance & Localities



Strategic Risk Link OR Directorate	Audit Type	Audit Name	Directorate
Directorate Risk	Follow up	School Balances Follow Up	Children's Services
	Follow up	Community Learning Partnerships Follow Up	Children's Services
SC ORG0009	Follow up	<i>School Exclusion Data Follow Up</i>	Children's Services
SC ORG0009	Follow up	<i>Children Missing Education Follow Up</i>	Children's Services
	Follow up	<i>Schools Financial Value Standard</i>	Children's Services
SC ORG0009 SC ORG0057	Follow up	CLA – Procurement and Contracts	Children's Services
SC ORG0061	Follow up	Climate Change Strategy Follow Up	Climate and Place
Directorate Risk	Follow Up	Homes England – Grant Compliance	Communities
Directorate Risk	Assurance	Housing Landlord Health & Safety compliance– Fire Safety	Communities



Purpose

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

Approval

This Charter is based on the previously approved Charter that was last reviewed by the Somerset County Council's Audit Committee in March 2022.

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 the 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 Council, and may only be amended by unanimous agreement of the Members Meeting. The budget is based on an audit needs assessment which 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 Council's operations. It helps the 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 Council;
- direct access and freedom to report to senior management, including the Council's Chief Executive and the Audit Committee; and
- Notification of suspected or detected fraud, corruption, or impropriety.

Management is responsible for establishing (including the tracking and implementation of Internal Audit recommendations) and maintaining internal controls, including proper accounting records and other management information and 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 (as Head of Internal Audit³) 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.

³ PSIAS refers to the 'chief audit executive'.

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 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 designed to provide assurance and add value.

Internal audit is responsible for operating under the policies established by management in line with best practice. A range of SWAP policies exist to underpin staff and service development, including to seek out and implement new innovative audit techniques and increase technological solutions to ensure provision of an efficient and effective service and consolidate the role of Trusted Advisor.

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 conform 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 a minimum of one year has elapsed.

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 and Assistant Director also report to the Section 151 Officer, and report to the Audit Committee as set out below.

The Assistant Director will be the first and primary point of contact for Somerset Council 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 the 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 Somerset Council.

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 (and investigating where necessary) ethical expectations and corporate, social and environmental values and responsibilities; and.
- at the specific request of management, internal audit may provide consultancy services (including e.g. data analytics, benchmarking, strategic/project reviews/investigations etc) provided:
 - the internal auditor's independence is not compromised
 - the internal audit service has the necessary skills to conduct the assignment, or can obtain such skills without undue cost or delay
 - the scope of the consultancy assignment is clearly defined and management can resource the work.

Management understand that the work being undertaken is not internal audit work although the outcomes may contribute to the annual opinion.

Planning and Reporting

SWAP will submit an internal audit plan to Management and the Audit Committee for approval, setting out the recommended scope of work and which will be developed with reference to current and emerging risks. The plan will be reviewed on a regular basis to ensure it remains relevant and adequately resourced.

SWAP will carry out the work as agreed, report the outcomes and findings both during and on completion of reviews, and make recommendations on action to be taken to the appropriate officers and copied to the S151 Officer. SWAP will present a regular summary of their work to Management and the Audit Committee, including assessing the organisation's implementation of previous recommendations along with any significant, persistent and outstanding issues.

Internal audit reporting will normally comprise a brief presentation to relevant officers and accompanied by an appropriately detailed written report, with the format tailored as necessary to the nature of the work. The detailed report will also be copied to the Section 151 Officer and to other relevant line management.

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 the Council, based upon, and limited to, internal audit activity 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 Chair of the Audit Committee, the organisation's Chief Executive Officer or the External Audit Manager.

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