

# East Devon District Council

Proposed 2025/26 Half 1 Internal Audit Plan  
and 2025/26 Internal Audit Charter

## The Internal Audit Plan: Summary

**The Internal Audit Plan is a summary of the proposed audit coverage that SWAP will deliver in the 2025/26 financial year.**

**Delivering the Internal Audit Plan will enable SWAP to provide a comprehensive annual internal audit opinion.**

### Introduction and Objective of the Internal Audit Plan

Internal audit provides an independent and objective assessment of the council's risk management, governance, and control environment by evaluating its effectiveness.

Before the start of each financial year, SWAP works with senior management and members to create a proposed Internal Audit Plan.

The purpose of the Plan is to enable SWAP to provide an informed annual audit opinion, based on adequate coverage of key business objectives, risks, and risk management procedures.

Outcomes from our audits provide senior management and members with an independent judgment of the extent to which the council is adequately managing its current risks.

Internal audits are just one source of assurance. Internal audit outcomes should be considered alongside other sources as part of the 'three lines of defence' model. The key findings from our audits should also be considered alongside the Annual Governance Statement (AGS).

The council's senior management and the Audit and Governance Committee are responsible for confirming that the proposed Internal Audit Plan is adequate to provide independent assurance against the council's key risks.

## The Internal Audit Plan: Approach

To develop the Plan, SWAP consulted senior management and members. Additionally, SWAP reviewed key documentation to gain a comprehensive understanding of the council's strategies, key objectives, risks, and risk management processes.

### Approach to Internal Audit Planning for 2025/26

The factors considered in putting together the 2025/26 internal audit plan have been set out below:



Our approach to delivering the Internal Audit Plan is to stay flexible so we can respond to new and emerging risks. We have adopted an agile rolling plan. While this approach is continuous, planned work will only cover a six-month period, supported by a rolling backlog for future consideration. We will assess audit priorities with senior management and Audit and Governance Committee members.

## The Internal Audit Plan: Risk Assessment

Conducting a documented risk assessment prior to developing an internal audit plan ensures that all relevant areas are sufficiently and appropriately considered.

### Internal Audit Annual Risk Assessment

Our 2025/26 Internal Audit Plan is based on a documented risk assessment, which SWAP will review regularly. The assessment covers EDDC's corporate and operational risks and priorities, as well as the broader SWAP top 10 risk themes and Healthy Organisation areas. Below is a summary of the risk assessment outcomes for East Devon District Council:



## The Internal Audit Plan: Risk Assessment

Following our SWAP Risk Assessment above, we have set out how the proposed 2025/26 Half 1 Plan presented in Appendix A provides coverage of the council'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 Half 1 2025/26 – April to September 2025

Our aim is to produce an agile, risk-assessed work plan, containing key areas of coverage.

We maintain a rolling plan and continually update this as new areas of work are agreed. We risk assess all additions to the rolling plan. This means that lower risk or priority audits roll back to be delivered at a point in the future. The rolling plan is the basis of each six-monthly review, with audits agreed with senior management according to risk. This approach ensures the plan is flexible, and we can respond to new and emerging risks as they arise.

During preparation of the proposed Half 1 Internal Audit Plan, we:

- invited Audit and Governance Committee members to provide suggestions for the Plan
- met with the Chair of the Audit and Governance Committee
- met with Directors and Assistant Directors from all directorates; and
- met with the Chief Executive Officer

These meetings have been key to agreeing a programme of work that reflects corporate goals and associated risks.

We have set out the proposed Half 1 Internal Audit Plan in **Appendix A**.

Internal audit coverage can never be absolute and responsibility for risk management, governance and internal control arrangements will always sit with management. As such, we 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 public sector partners 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 (IIA), further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application Note.

At least every five years, SWAP is subject to an External Quality Assessment of Internal Audit Activity (EQA). Our last EQA took place in November 2024. This confirmed our conformance with the PSIAS.

The Global IIA has recently reviewed the Global Internal Audit Standards (GIAS), which set out the requirements for internal audit practice. The new Standards took effect on 9 January 2025. CIPFA has now published the Application Note for UK Public Sector Internal Audit, which sets out how public sector internal audit providers in the UK should interpret the GIAS. The Application Note takes effect on 1 April 2025. SWAP is developing a plan to ensure compliance with these new standards.

### **Conflicts of Interest**

We are not aware of any conflicts of interest with East Devon District Council that would impair our independence or objectivity.

### **Consultancy Engagements**

As part of our internal audit service, we may accept consultancy engagements that have the potential to enhance risk management, add value, and improve the organisation's operations. Accepted consultancy work will contribute to our annual opinion and will be included in the Internal Audit Plan.

### **Approach to Fraud**

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

## The Internal Audit Plan: Approach

### Internal Audit Charter

Each year, we present our Internal Audit Charter to the Audit and Governance Committee for approval.

The updated GIAS requires the Internal Audit Charter to set out the internal audit function's:

- Purpose
- Commitment to adhere to the GIAS
- Mandate, including the scope and types of services to be provided, and the organisation's responsibilities and expectations regarding management's support of the internal audit function; and
- Organisational position and reporting relationships

Our proposed Internal Audit Charter for 2025/26 is included in this document as **Appendix B**.

## The Internal Audit Plan: SWAP

Over and above our internal audit service delivery, SWAP looks 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

We provide a quarterly summary of our activity to senior management and the Audit and Governance Committee.

This report will include any significant risk and control issues (including fraud risks), governance issues, and other matters requiring the attention of senior management and/or the Committee.

Additionally, we will report any management responses to risks we have highlighted that we believe may be unacceptable to the organisation.

### Internal Audit Performance:

As part of our regular reporting to senior management and the Audit and Governance Committee, we will report on internal audit performance.

We measure our performance against the following targets:

Performance Measure	Performance Target
<b><u>Delivery of Annual Internal Audit Plan</u></b> Completed at year end	>90%
<b><u>Quality of Audit Work</u></b> 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>	>95%
<b><u>Outcomes from Audit Work</u></b> Value to the Organisation <i>(client view of whether our audit work met or exceeded expectations, in terms of value to their area)</i>	>95%

# Internal Audit Plan Half 1 2025/26

## Appendix A

Please note that the audit titles and high-level scopes listed below are only indicative at this stage for resource planning. At the start of each audit, we will hold an initial discussion with management to agree on the specific terms of reference, including the objective and scope of the review.

Audit	Planned Quarter	Rationale	Link to Strategic Risk	Audit Sponsor
Contract Management	1	Procurement and contract management is moving from Finance to Governance and Corporate Services (GCS). GCS has requested a review of contract management practice for contracts with a value below £150k. Poor contract management can expose the council to financial, reputational and continuity risks.	Business failure of a major contractor or significant partner	Corporate Lead Legal Services
Development Management – Compliance with the Scheme of Delegation	1	This review will determine whether planning application decisions are being made in accordance with the approved scheme of delegation. There are reputational risks to the council if the scheme is not followed.	Failure to ensure the delivery of the Council Plan	Assistant Director Planning Strategy and Development Management
Finance Provision	1-4	Finance has requested that we set aside time to provide additional assurance for areas, not yet confirmed, that have not recently been covered by External Audit.	Adequacy of financial resource planning to deliver the council's priorities	Director of Finance
Fraud Provision	1-4	Finance has requested that we set aside time to cover unanticipated requests for fraud support or investigations. This provision is intended to limit the likelihood that any planned audits will be deferred.	Adequacy of financial resource planning to deliver the council's priorities	Assistant Director Revenues, Benefits, Customer Access, Fraud and Compliance
Fraud Risk Assessment	1	The Audit and Governance Committee recently approved the Fraud Delivery Plan, which includes a commitment to update the council's Fraud Risk Assessment. This work may identify future audit needs.	Adequacy of financial resource planning to deliver the council's priorities	Assistant Director Revenues, Benefits, Customer Access, Fraud and Compliance
Pest Control Service	1	The Pest Control Service generates income for the council. This review will confirm that the income generated is covering service delivery costs, there is no subsidy for service users, and consider service resilience and health and safety measures for officers.	Failure to adequately protect staff health and safety at work	Assistant Director Environmental Health

# 2025/26 Half 1 Internal Audit Plan

## Appendix A

Audit	Planned Quarter	Rationale	Link to Strategic Risk	Audit Sponsor
Bank Reconciliation	2	The Audit and Governance Committee Chair has requested this review following concerns raised in recent External Audit update reports. This review will cover the reconciliation process, treatment of reconciling items and authorisations.	Adequacy of financial resource planning to deliver the council's priorities	Audit and Governance Committee Chair
Community Safety and Anti-Social Behaviour (ASB)	2	Housing and Health has requested a review of this service, which is delivered through a partnership, following a recent restructure.	Failure to ensure the delivery of the Council Plan	Assistant Director Environmental Health
Housing Landlord Compliance – Damp & Mould	2	There is a risk to tenant safety if the council does not comply with inspection/remediation regimes for its housing stock. Awaab's Law is coming into effect in October 2025. This review will consider how the council complies with current law and preparations for new requirements.	HRA budget issues	Assistant Director Regulated Housing
Housing Landlord Compliance - Fire Safety	2	There is a risk to tenant safety if the council does not comply with inspection/remediation regimes for its housing stock. This review will consider compliance with fire safety regulations across the council's housing stock.	HRA budget issues	Assistant Director Regulated Housing
Section 106 and Community Infrastructure Levy (CIL)	2	This review will focus on the collection and deployment of Section 106/CIL funds. This has been an area of concern for members in the past, but the service has been given additional resources. A CIL bidding and spend process is due to complete by May 2025.	Adequacy of financial resource planning to deliver the Council's priorities	Assistant Director Planning Strategy and Development Management

In addition to the programme of audits, we will also use our time to provide support in the following areas during the first half of 2025/26.

Advice & Support	<ul style="list-style-type: none"> <li>• Committee Attendance &amp; Reporting</li> <li>• Head of Audit role/planning</li> <li>• Action tracking and dashboard</li> <li>• Advisory role including fraud</li> <li>• Fraud bulletins and News round-up</li> </ul>
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## Purpose

SWAP Internal Audit Services creates, protects, and sustains value by providing the audit committee and management with independent, risk-based, and objective assurance, advice, insight, and foresight, that meets rigorous professional standards.

The internal audit function enhances East Devon District Council's:

- Successful achievement of its objectives.
- Governance, risk management, and control processes.
- Decision-making and oversight.
- Reputation and credibility with its stakeholders.
- Ability to serve the public interest.

The internal audit function is most effective when:

- Internal auditing is performed by competent professionals in conformance with the Institute of Internal Auditors Global Internal Audit Standards which are set in the public interest.
- The internal audit function is independently positioned with direct accountability to the audit committee.
- Internal auditors are free from undue influence and committed to making objective assessments.

## Commitment to Adherence to the Professional Standards

The Accounts and Audit (England) Regulations, 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."

The internal audit function will adhere to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, which are the Global Internal Audit Standards and Topical Requirements, subject to the Application Note for UK Public Sector Internal Audit. The chief audit executive will report annually to East Devon District Council's audit committee and senior management regarding the internal audit function's conformance with the Global Internal Audit Standards in the UK Public Sector, which will be assessed through a quality assurance and improvement program, managed and monitored by the SWAP senior management team and the SWAP board.

## Mandate

### **Authority**

The audit committee grants the internal audit function the mandate to provide the audit committee and senior management with objective assurance, advice, insight, and foresight.

The internal audit function's authority is created by its direct reporting relationship to the audit committee. Such authority allows for unrestricted access to the audit committee.

The audit committee authorises the internal audit function to:

- Have full and unrestricted access to all functions, data, records, information, physical property, and personnel pertinent to carrying out internal audit responsibilities. Internal auditors are accountable for confidentiality and safeguarding records and information.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communications to accomplish the function's objectives.
- Obtain assistance from the necessary personnel of East Devon District Council and other specialized services from within or outside East Devon District Council to complete internal audit services.

### ***Independence, Organisational Position and Reporting Relationships***

The chief audit executive will be positioned at a level in the organization that enables internal audit services and responsibilities to be performed without interference from management, thereby establishing the independence of the internal audit function. The chief audit executive will report functionally to the audit committee and administratively (for example, day-to-day operations) to the Director of Finance (Section 151 Officer).

This positioning provides the authority and status to bring matters directly to senior management and escalate matters to the audit committee, when necessary, without interference and supports the internal auditors' ability to maintain objectivity.

The chief audit executive will confirm to the audit committee, at least annually, the organisational independence of the internal audit function. If the governance structure does not support organisational independence, the chief audit executive will document the characteristics of the governance structure limiting independence and any safeguards employed to achieve the principle of independence. The chief audit executive will disclose to the audit committee any interference internal auditors encounter related to the scope, performance, or communication of internal audit work and results. The disclosure will include communicating the implications of such interference on the internal audit function's effectiveness and ability to fulfil its mandate.

### **Changes to the Mandate and Charter**

Circumstances may justify a follow-up discussion between the chief audit executive, audit committee, and senior management on the internal audit mandate or other aspects of the internal audit charter. Such circumstances may include but are not limited to:

- A significant change to the Global Internal Audit Standards in the UK Public Sector.
- A significant acquisition or reorganisation within the organisation.
- Significant changes in the chief audit executive, audit committee, and/or senior management.
- Significant changes to the organisation's strategies, objectives, risk profile, or the environment in which the organisation operates.
- New laws or regulations that may affect the nature and/or scope of internal audit services.

### **Audit Committee Oversight**

To establish, maintain, and ensure that the internal audit function has sufficient authority to fulfil its duties, the audit committee will:

- Discuss with the chief audit executive and senior management the appropriate authority, role, responsibilities, scope, and services (assurance and/or advisory) of the internal audit function.

- Ensure the chief audit executive has unrestricted access to, communicates, and interacts directly with the audit committee, including in private meetings without senior management present.
- Ensure arrangements are in place to notify the chief audit executive of all suspected or detected fraud, corruption, or impropriety.
- Discuss with the chief audit executive and senior management other topics that should be included in the internal audit charter.
- Participate in discussions with the chief audit executive and senior management about the “essential conditions,” described in the Global Internal Audit Standards, which establish the foundation that enables an effective internal audit function.
- Approve the internal audit function’s charter, which includes the internal audit mandate and the scope and types of internal audit services.
- Review the internal audit charter annually with the chief audit executive to consider changes affecting the organisation, such as the employment of a new chief audit executive / head of internal audit or changes in the type, severity, and interdependencies of risks to the organisation; and approve the internal audit charter annually.
- Approve the risk-based internal audit plan.
- Collaborate with senior management to determine the budgets, qualifications, and competencies the organisation expects in a chief audit executive, as described in the Global Internal Audit Standards in the UK Public Sector.
- Review the chief audit executive’s performance, provide feedback to the SWAP CEO, plus senior management, and the organisation’s CEO.
- Receive communications from the chief audit executive about the internal audit function including its performance relative to its plan.
- Ensure a quality assurance and improvement program has been established.
- Review of the results of the quality assurance and improvement program annually.
- Make appropriate inquiries of management and the chief audit executive to determine whether scope or resource limitations are inappropriate.

### Chief Audit Executive Roles and Responsibilities

#### *Ethics and Professionalism*

The chief audit executive will ensure that internal auditors:

- Conform with the Global Internal Audit Standards in the UK Public Sector, including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality.
- Understand, respect, meet, and contribute to the legitimate and ethical expectations of East Devon District Council and be able to recognize conduct that is contrary to those expectations.
- Encourage and promote an ethics-based culture in the organisation.
- Report organisational behaviour that is inconsistent with the organisation’s ethical expectations, as described in applicable policies and procedures.

#### *Objectivity*

The chief audit executive will ensure that the internal audit function remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication. If the chief audit executive determines that objectivity may be

impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgment on audit matters to others, either in fact or appearance.

Internal auditors will have no direct operational responsibility or authority over any of the activities they review. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, or engage in other activities that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing operational duties for East Devon District Council or its affiliates.
- Initiating or approving transactions external to the internal audit function.
- Directing the activities of any East Devon District Council employee that is not employed by the internal audit function, except to the extent that such employees have been appropriately assigned to internal audit teams or to assist internal auditors.

Internal auditors will:

- Disclose impairments of independence or objectivity, in fact or appearance, to appropriate parties and at least annually, such as the chief audit executive, audit committee, management, or others.
- Exhibit professional objectivity in gathering, evaluating, and communicating information.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid conflicts of interest, bias, and undue influence.

### ***Managing the Internal Audit Function***

The chief audit executive has the responsibility to:

- At least annually, submit a risk-based internal audit plan to the audit committee and senior management for review and approval.
- Communicate the impact of resource limitations on the internal audit plan to the audit committee and senior management.
- Review and adjust the internal audit plan, as necessary, in response to changes in East Devon District Council's business, risks, operations, programs, systems, and controls.
- Communicate with the audit committee and senior management if there are significant interim changes to the internal audit plan.
- Ensure internal audit engagements are performed, documented, and communicated in accordance with the Global Internal Audit Standards in the UK Public Sector.
- Follow up on engagement findings and confirm the implementation of recommendations or action plans and communicate the results of internal audit services to the audit committee and senior management annually and for each engagement as appropriate.
- Ensure the internal audit function collectively possesses or obtains the knowledge, skills, and other competencies needed to meet the requirements of the Global Internal Audit Standards in the UK Public Sector and fulfil the internal audit mandate.
- Identify and consider trends and emerging issues that could impact East Devon District Council and communicate to the audit committee and senior management as appropriate.
- Consider emerging trends and successful practices in internal auditing.

- Establish and ensure adherence to methodologies designed to guide the internal audit function.
- Ensure adherence to East Devon District Council's relevant policies and procedures unless such policies and procedures conflict with the internal audit charter or the Global Internal Audit Standards in the UK Public Sector. Any such conflicts will be resolved or documented and communicated to the audit committee and senior management.
- Coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services. If the chief audit executive cannot achieve an appropriate level of coordination, the issue must be communicated to senior management and if necessary escalated to the audit committee.

### ***Communication with the Audit Committee and Senior Management***

The chief audit executive will report annually to the audit committee and senior management regarding:

- The internal audit function's mandate.
- The internal audit plan and performance relative to its plan.
- Significant revisions to the internal audit plan.
- Potential impairments to independence, including relevant disclosures as applicable.
- Results from the quality assurance and improvement program, which include the internal audit function's conformance with the Global Internal Audit Standards in the UK Public Sector and action plans to address the internal audit function's deficiencies and opportunities for improvement.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other areas of focus for the audit committee.
- Results of assurance and advisory services.
- Management's responses to risk that the internal audit function determines may be unacceptable or acceptance of a risk that is beyond East Devon District Council's risk appetite.
- Clarification over the responsibility to complete a fraud risk assessment, and presentation of this where responsibility belongs to SWAP.

### **Quality Assurance and Improvement Program**

The SWAP senior leadership team in collaboration with the chief audit executive / will develop, implement, and maintain a quality assurance and improvement program that covers all aspects of the internal audit function. The program will include external and internal assessments of the internal audit function's conformance with the Global Internal Audit Standards in the UK Public Sector, as well as performance measurement to assess the internal audit function's progress toward the achievement of its objectives and promotion of continuous improvement. The program also will assess, if applicable, compliance with laws and/or regulations relevant to internal auditing. Also, if applicable, the assessment will include plans to address the internal audit function's deficiencies and opportunities for improvement.

Annually, the chief audit executive will communicate with the audit committee and senior management about the internal audit function's quality assurance and improvement program, including the results of internal assessments (ongoing monitoring and periodic self-assessments) and external assessments. External assessments will be completed at least once every five years by a qualified, independent assessor or assessment team from outside both SWAP and East Devon

District Council; qualifications must include at least one assessor holding an active Certified Internal Auditor® credential.

### Scope and Types of Internal Audit Services

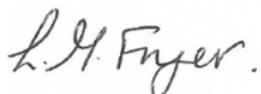
The scope of internal audit services covers the entire breadth of the organization, including all of East Devon District Council's activities, assets, and personnel. The scope of internal audit activities also encompasses but is not limited to objective examinations of evidence to provide independent assurance and advisory services to the audit committee and management on the adequacy and effectiveness of governance, risk management, and control processes for East Devon District Council.

The nature and scope of advisory services may be agreed with the party requesting the service, provided the internal audit function does not assume management responsibility. Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during advisory engagements. These opportunities will be communicated to the appropriate level of management.

Internal audit engagements may include evaluating whether:

- Risks relating to the achievement of East Devon District Council's strategic objectives are appropriately identified and managed.
- The actions of East Devon District Council's officers, directors, management, employees, and contractors comply with East Devon District Council's policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations and programs are consistent with established goals and objectives.
- Operations and programs are being carried out effectively and efficiently.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact East Devon District Council.
- The integrity of information and the means used to identify, measure, analyse, classify, and report such information is reliable.
- Resources and assets are acquired economically, used efficiently and sustainably, and protected adequately.

### Approval



27/02/2025

**Lisa Fryer, Chief Audit Executive (SWAP)**

Date

**Cllr Christopher Burhop, EDDC Audit Committee Chair**

Date



27/02/2025

**Moya Moore, Executive Director of Operations (SWAP)**

Date