

East Devon District Council

Proposed 2025/26 Half 2 Internal Audit Plan

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 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. Below is a summary of the risk areas considered:

Risk Assessment Considerations	
<u>Strategic Risks:</u> <ul style="list-style-type: none">• Local Government Reorganisation• Financial resource planning• Emergency planning and business continuity• Major contractor or partner failure• Climate change• Health and safety at work• Council Plan delivery• Housing Revenue Account• Increasing homelessness	<u>Local Issues:</u> <ul style="list-style-type: none">• Directorate strategies• Housing repairs and maintenance• Economic development• Regeneration and development planning• Waste and recycling services• Financial sustainability• Supplier resilience• Resourcing• Fraud prevention
<u>Core Areas of Recommended Coverage:</u> <ul style="list-style-type: none">• Financial Management• Health and safety• Planning, housing, environment and local economy• Governance (including risk and performance management)• Contracts, procurement and commissioning• Workforce• Technology, digital and security• Strategic asset management	<u>National Issues:</u> <ul style="list-style-type: none">• Climate change and sustainability• Fraud• Recruitment, retention and workforce planning• Procurement, contracts and commissioning• Health, safety and wellbeing• Strategic asset management• Planned and unplanned change• Cost of living crisis



The Internal Audit Plan: Risk Assessment

Following our SWAP Risk Assessment above, we have set out how the proposed 2025/26 Half 2 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 2 2025/26 – October 2025 to March 2026

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 2 Internal Audit Plan, we:

- Reviewed previous suggestions included in the rolling plan (see **Appendix B**)
- Requested input from service Directors
- Discussed proposals with the Senior Leadership Team; and
- Agreed the final proposal with the Chief Executive Officer

This has been key to agreeing a programme of work that reflects corporate goals and associated risks.

We have set out the proposed Half 2 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 the Global Internal Audit Standards (GIAS)

SWAP work is completed to comply with the GIAS, which set out the requirements for internal audit practice, and 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.

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 Public Sector Internal Audit Standards that were in place at that time.

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.



Half 2 Internal Audit Plan 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
Fees and Charges	3	The council has now established a fees & charges book. This audit will establish how fees are set, that fees are transparent and applied consistently, and to ensure there is an appropriate rationale for annual price increases. The review will also include benchmarking to identify areas that may be missing from the fees & charges book.	Adequacy of financial resource planning to deliver the Council's priorities	Chief Executive
Biodiversity Net Gain	3	There is a new requirement to enforce the achievement of a 10% biodiversity net gain (BNG) for new developments. There are also links to Corporate Plan actions to improve biodiversity in the district. This audit will establish how the council is managing the new BNG requirement.	Climate Change targets not achieved	Assistant Director Planning Strategy Assistant Director Countryside, Environment and Ecology
Community Asset Transfers	3	The Council Plan includes an action to encourage community asset transfers where there is a credible business case. This audit will consider the community asset transfer process, compliance with the process, and how this links to the council's wider strategic asset management.	Failure to ensure the delivery of the Council Plan	Assistant Director Place Assets and Leisure
Creditors	4	Key financial system last audited in 2021/22. Deferred from the 2024/25 Internal Audit Plan. The review will assess the council's processes for making accurate and timely payments to suppliers, including payment approval processes.	Adequacy of financial resource planning to deliver the Council's priorities	Director of Finance
Income Generation	4	This will be a cross-directorate review to consider the effectiveness of income generation approaches in discretionary services, e.g. cultural services.	Adequacy of financial resource planning to deliver the Council's priorities	Chief Executive
Risk Management	4	Key governance process not audited since 2021/22. The council has recently revised its risk management policy and strategic and operational risk registers. The review will assess the council's updated process.	Ensure robust decision making	Director of Finance

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

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