

Herefordshire Council

Proposed 2020-21 Internal Audit Plan and Internal Audit Charter

The Internal Audit Plan: Summary

Coronavirus (COVID-19)

Delivery of the internal audit programme planned for 2020-21 will be subject to change whilst the Council adapts to dealing with the impact of COVID-19.



Introduction and Objective of the Internal Audit Plan – Coronavirus COVID-19

Following the outbreak of Coronavirus (COVID-19) organisations, their environments and their ways of working are evolving rapidly and in ways that had not been previously envisioned. Internal Audit as the third line of defence is uniquely placed to play a key role in the response to COVID-19 crisis. As the Council has had to and will continue to adapt to dealing with the impact of COVID-19 the Internal Audit function has an important role to play to continue to provide critical assurance, help advise management on the shifting risk and controls landscape and help anticipate emerging risks.

The plans the council are putting in place to respond to the outbreak are likely to be in place for a period of time. Internal Audit are prepared to adapt to adjust to this period in a sustainable way and adapt to this 'new normal'.

There will be disruption to the Internal Audit Plan outlined in this report for 2020-21 and audits that are currently in progress for 2019-20. For those audits currently in progress we are taking a pragmatic approach and bringing each audit to a conclusion with the findings to date where there is no officer availability to complete the audit due to redeployment or critical role dealing with the impact of COVID- 19.

Internal Audit are currently working from home and utilising video conferencing for meetings. The team has been supporting the Council in the following COVID-19 activities:

- Contacting businesses for details to pay the small business grant
- Understanding of the changes to payment process controls
- Review of emergency decisions
- Review of funding for leisure facilities
- Advice on process for volunteer reimbursement
- Review of transport payments (planned for May)

Regular meetings are being held with the Chief Finance Officer and a meeting with each Director to establish which audits in the 2020-21 audit plan could be started. As stated above there will be disruption to the plan, and I will maintain regular discussion with the Chief Finance Officer and key officers throughout the COVID-19 period.

I will bring an update to each Audit and Governance Committee meeting so that you are kept informed of the status of the 2020-21 Internal Audit plan and the impact of COVID-19 on progress.

The Internal Audit Plan: Approach

The internal audit plan represents a summary of the proposed audit coverage that the internal audit team will deliver throughout the 2020/21 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 of defence' 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 Management Board and the Audit and Governance 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.

When reviewing the proposed internal audit plan (as set out in Appendix 1), key questions to consider include:

- Are the areas selected for coverage this coming year appropriate?
- Does the internal audit plan cover the organisation's key risks as they are recognised by the Management Board and Audit and Governance Committee?
- Is sufficient assurance being received within our annual plan to monitor the organisation's risk profile effectively?

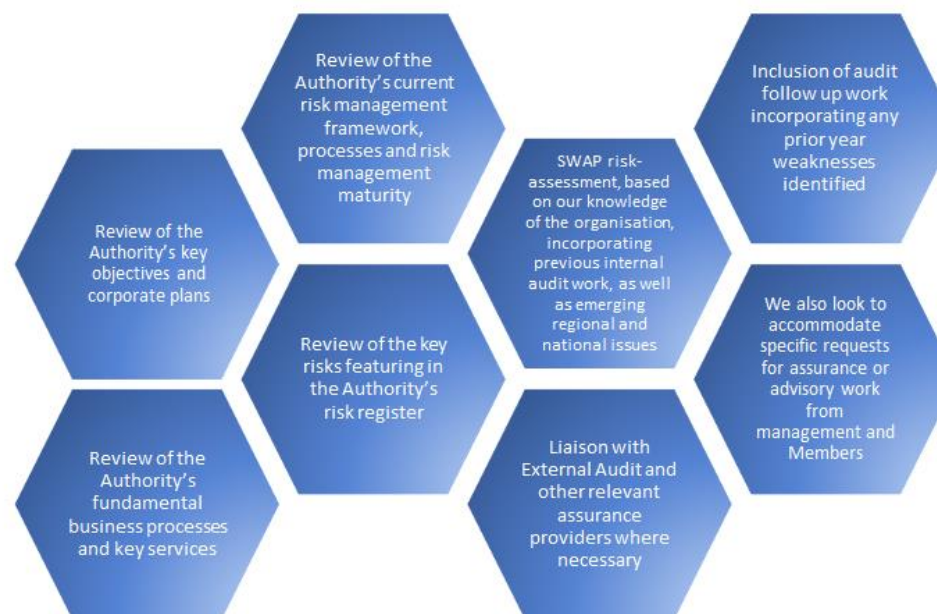
The Internal Audit Plan: Approach

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 2020/21

The factors considered in putting together the 2020/21 internal audit plan have been set out below:



Due to the pace of change within Local Authorities and now the impact of COVID -19, it is becoming increasingly difficult to accurately predict longer-term key organisational risks. Our approach to internal audit planning therefore reflects this. The risk-assessed work plan contains key areas of coverage, to ensure that we are auditing the right areas at the right time. The precise scope of each audit will be determined at the start of the review, in line with local risk factors at that time.

We will regularly re-visit and adjust our programme of audit work to ensure that it matches the changing risk profile of the organisation's operations, systems and controls. Our 2020/21 audit plan therefore remains flexible to respond to new and emerging risks as and when they are identified.

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.

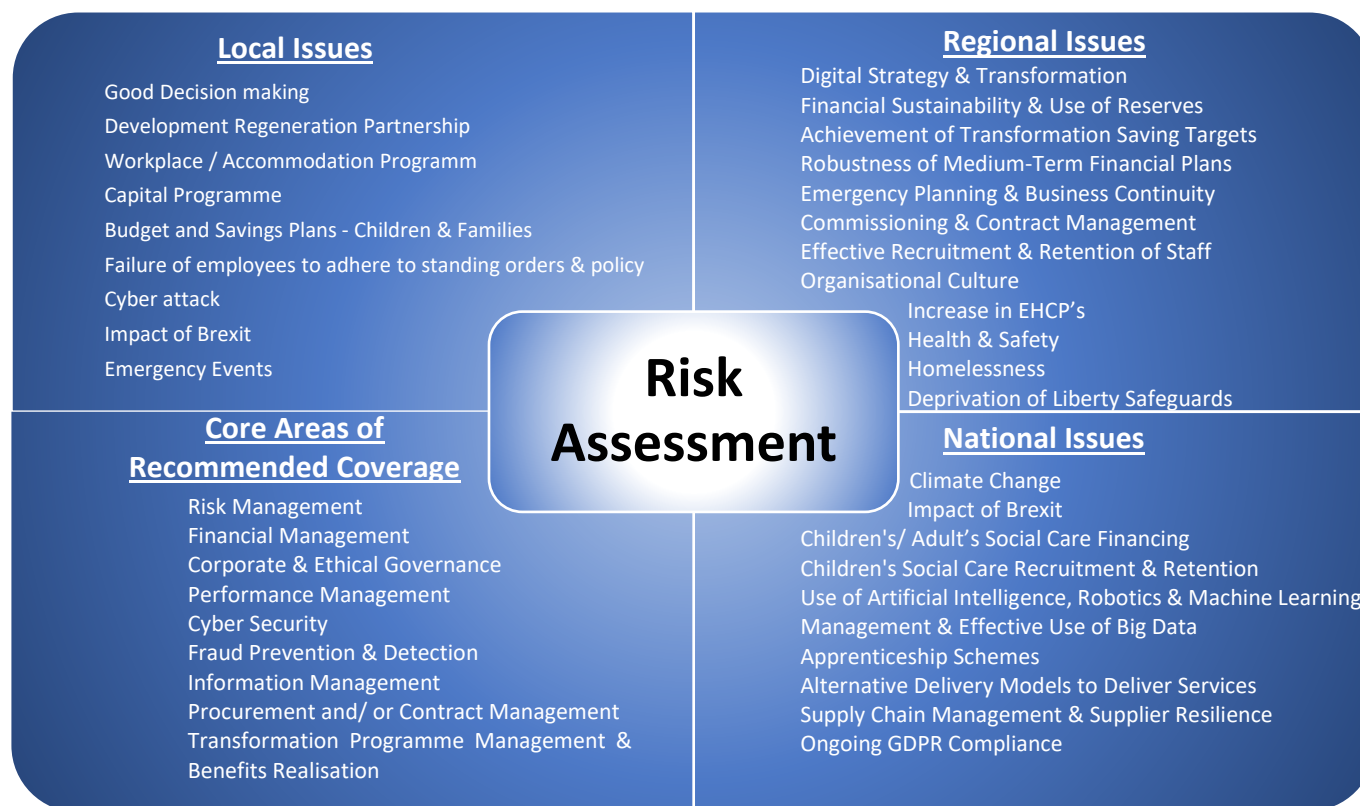
As above, it is the responsibility of the Authority's Management Board and the Audit and Governance Committee to ensure that, following our risk assessment, the proposed plan contains sufficient and appropriate coverage.



Internal Audit Annual Risk Assessment

Our 2020/21 internal audit programme of work is based on a risk assessment, which SWAP will re-visit regularly, but at least annually. The input of senior management as well as review of the Authority's risk register will be considered in this process.

Below we have set out a summary of the outcomes of the risk assessment for Herefordshire Council pre COVID-19:



The Internal Audit Plan: Coverage

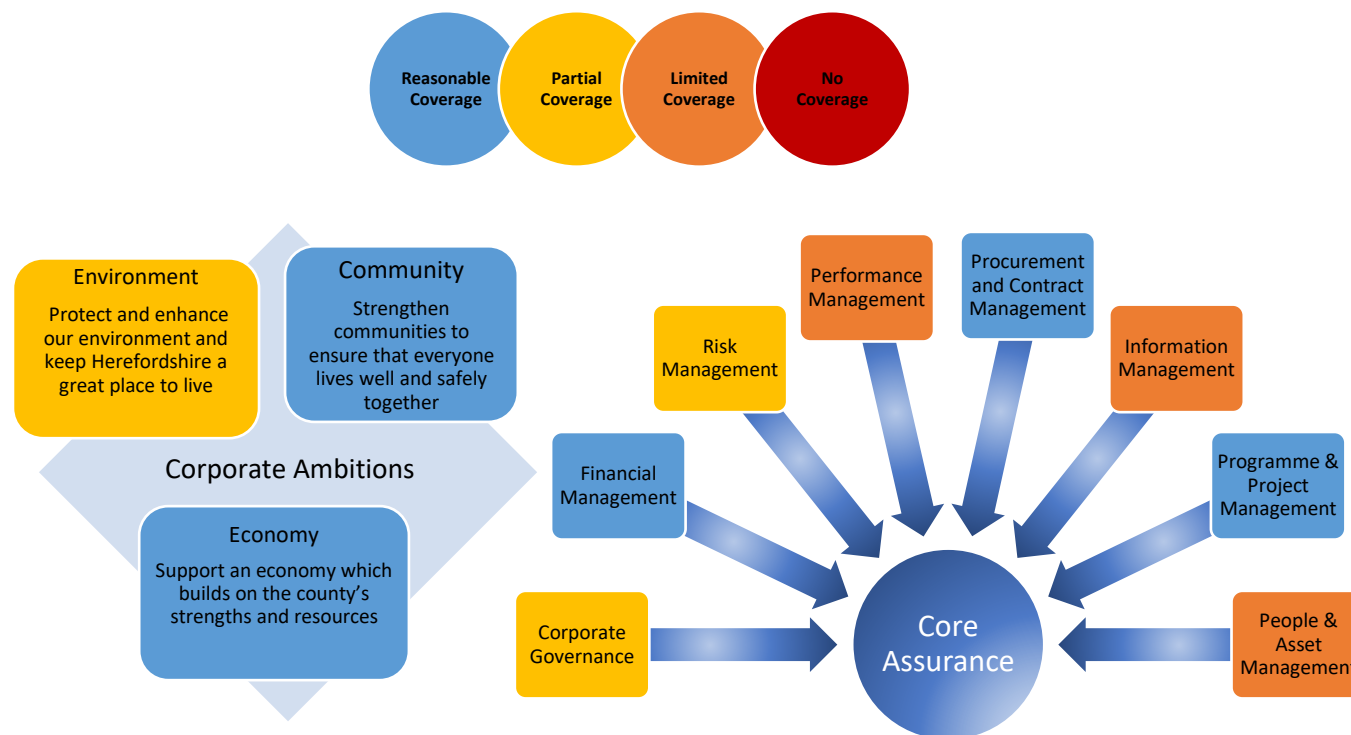
Following our SWAP Risk Assessment above, we have set out how the proposed 2020/21 plan presented in Appendix 1 provides coverage of the Authority's key corporate ambitions and risks, as well as our core areas of recommended audit coverage.

Internal audit is only one source of assurance; therefore, where we have highlighted gaps in our coverage, assurance should be sought from other sources where possible in order to ensure sufficient and appropriate assurances are received.



Internal Audit Coverage in 2020/21

Following our SWAP risk assessment, we have set out below the extent to which the proposed plan presented in Appendix 1 provides coverage of the Authority's key corporate ambitions and risks, as well as our core areas of recommended audit coverage:



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: Coverage

The page above sets out how our proposed 2020/21 internal audit plan provides coverage of the Authority's key corporate ambitions and risks, as well as our core areas of recommended audit coverage.

This page highlights any key risk areas where we believe internal audit coverage is currently missing.

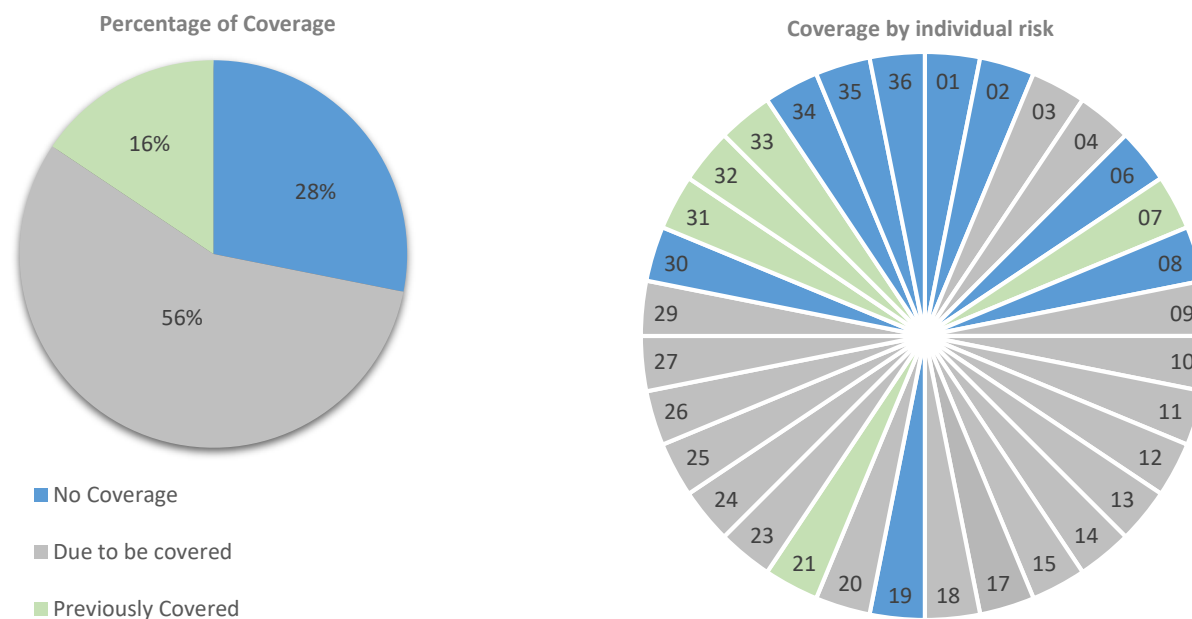


Risk Coverage Missing from Proposed 2020/21 Internal Audit Plan

Following our SWAP risk assessment and the preparation of the proposed 2020/21 audit plan, we have set out below coverage of corporate risks (December 2019 Corporate Risk Register).

Where we have highlighted no coverage, Senior Management and the Audit and Governance Committee should seek and confirm assurance from alternative sources, or consider re-focussing internal audit resource to provide coverage of these areas:

Coverage of audits in the 2020/21 audit plan against the Corporate Risk Register



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 24 public sector partners, crossing eight 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

Audit Resources

The 2020/21 internal audit programme of work will be equivalent to 900 days. The current internal audit resources available represent a sufficient and appropriate mix of seniority and skill to be effectively deployed to deliver the planned work. The key contacts in respect of your internal audit service for Herefordshire Council are:

Jacqui Gooding, Assistant Director – Jacqui.gooding@swapaudit.co.uk, Tel: 0787250675

Amy Probert, Principal Auditor – amy.probert@swapaudit.co.uk, Tel: 01432 260492

External Quality Assurance

SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors (IPPF).

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 general conformance with the IPPF.

Conflicts of Interest

We are not aware of any conflicts of interest within Herefordshire 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 and have included some focused proactive fraud work in the plan. 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.

The Internal Audit Plan: SWAP

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
- Annual Member training sessions

Our Reporting

A summary of internal audit activity will be reported quarterly to senior management and the Audit and Governance 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 and Governance 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 and Governance 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
<u>Delivery of Annual Internal Audit Plan</u> Completed at year end	>90%*
<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>	>95%
<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>	>95%

*subject to impact assessment from COVID-19

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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 Ambition/ Corporate Risk Register	Areas of Coverage	Brief Description	Requested/Agreed by or Rationale for audit
Corporate Centre (including ICT)			
Environment, Community, Economy CRR.10 CRR.23	Key Financial Controls Accounts Payable Main Accounting - Follow Up Payroll Accounts Receivable Capital Accounting Council Tax NNDR - Business rates avoidance Treasury Management - Follow Up Housing and Council Tax Benefits	Review of key financial system to provide assurance on effectiveness of controls and management of risks remaining with the Council. The work will assess responses to previous audit coverage and any changes to the control environment. The audit work will also include the use of data analytics.	Review of the Authority's fundamental business processes and key services.
Accountable Body Requirement	NMITE Project (University)	Final review to cover February/March 2020	Statutory requirement.
Environment, Community, Economy CRR.24 CRR.23 CRR.20	MTFS	The revenue and capital budgets are set following a robust process using sound and realistic assumptions.	Agreed with Chief Finance Officer
	Commercial Investments	The acquisition of commercial property has become a significant area of activity for some authorities in recent years. Local authorities acquire commercial property for a variety of reasons, but yield is currently an important factor.	Agreed with Chief Finance Officer
	Balfour Beatty Contract 1 year (minor to major repairs)	Review of compliance with contract.	Agreed with Chief Finance Officer

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	Councillor Allowances	Review of allowances with Members Expenses follow up	At the request of the Monitoring Officer.
	Overspend		
	Voting restrictions for Members	Review of process and how this is monitored.	At the request of the Monitoring Officer.
Environment, Community, Economy	Staff Car Parking - Business passes	Review of process.	At the request of the Assistant Director Corporate Support
CRR.10	Better Ways of Working (BWOW)	Review of BWOW principles and delivery of agreed programme. Deferred from 2019-20	Review of the key risks featuring in the Authority's risk register.
CRR.23			
CRR.15	Risk Management	Last reviewed in 2014. Is the Risk Management Framework in place effective and appropriate for managing and monitoring risk?	At the request of the Monitoring Officer.
CRR.26			
CRR.09	Strategic/Significant Partnerships	Review the governance arrangements in place between the council and Significant Partners to ensure they support effective transparency and communication and there are adequate contractual or partnership arrangements in place.	At the request the Monitoring Officer.
	Brexit Preparedness	Is the council prepared for the opportunities and risks that Brexit will bring? Are the short and long term issues that matter most to communities being addressed.	Deferred from 2019/20. Agreed with the Chief Finance Officer.
Environment, Community, Economy	Cyber Security Framework	This review covers 20 key controls regarding cyber security and allows senior and strategic management to assess risk from a high level and provide requirements or challenge to the ICT provider or service. This review is being undertaken across SWAP partners so can facilitate future benchmarking. A continuous audit approach will be applied to update the results of this review annually.	Agreed with the Assistant Director Corporate Support.
CRR.13			
CRR.25	ICT Governance Risk Review	A high-level holistic risk review covering ICT Governance, Infrastructure and Enterprise. This allows senior and strategic management to gain	Agreed with the Assistant Director Corporate Support.

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		exposure to current ICT risks and to inform future value added ICT audit.	
Environment, Community, Economy CRR.12 CRR.23 CRR.10 CRR.29	Schools Educational visit service	Review of Health and Safety advice to Schools and process for school buy in.	Agreed with Assistant Director People – Corporate Services.
	Staff benefit scheme	Scheme has been running since July 2019. Review of scheme and accuracy of data - is the scheme delivering the benefit intended.	Agreed with Assistant Director People – Corporate Services.
	Employee Expenses	Review of automated approval process for expenses under £100. Assurance that self-certification is complying with guidance. Use of Data Analytics Proactive Fraud Work	Agreed with Assistant Director People – Corporate Services and Assistant Director Corporate Support. Use of Data Analytics Proactive Fraud Work
	Leavers Process	Review of adequacy of process. Previous weaknesses identified in process.	Agreed with Assistant Director People – Corporate Services and Assistant Director Corporate Support.
Economy and Place			
Environment, Community, Economy CRR.14 CRR.27 CRR.20 CRR.10 CRR.11 CRR.18	Development Regeneration Programme	Scope to be agreed.	Agreed with Chief Finance Officer.
	Local Transport Block Funding	Grant Certification	Requirement of grant funding.
	Bus Subsidy Grant	Grant Certification	Requirement of grant funding.
	Bellwin /Resilience Management	Grant Certification	Requirement of grant funding.
	Commercial Properties/Rents	Review of the processes and procedures in place for commercial rentals owned and managed by Herefordshire Council. Areas to review - setting of rents and payment terms; discounts; invoicing and debt recovery; write-offs; vetting; rent reviews; tenancy starts and terminations and lease contents. Last reviewed in 2015-16.	At request of Strategic Property Services Manager. Agreed at Economy & Place Directorate Management Team meeting.
	Herefordshire Waste Contract	Herefordshire Council and Worcestershire County Council waste treatment, recycling and disposal services are managed by Mercia Waste	Agreed at Economy & Place Directorate Management Team meeting.

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		Management. What assurance do the council have that the contract is delivering against service expectation, contract delivery.	
	S106 Agreements	Review of expenditure against s106 agreements - Covers all aspects of s106's not just E&P so include children. Focus on delivery against commitments.	Agreed at Economy & Place Directorate Management Team meeting.
	Climate Change	Herefordshire Council has been working to reduce greenhouse gas emissions by 40% between 2008/09 and 2021, with a new aspirational target for achieving carbon neutrality by 2030. Review of the obligations and processes around carbon management.	Agreed at Economy & Place Directorate Management Team meeting.
	Emergency Planning	Review of Emergency Planning response	Agreed at Economy & Place Directorate Management Team meeting.
	Capital Programme/Capital Projects	Capital Programme - to review a sample of projects across each Directorate.	Agreed at Economy & Place Directorate Management Team meeting and with Chief Finance Officer.
Adults and Communities			
Community Ambition CRR.23 CRR.17 CRR.10	Care Providers - risk of fraud.	What assurances do the Council have care is provided as per contract/agreement and the individual annual care plan. Proactive Fraud Work	Requested by Head of Care Commissioning. Agreed at Adults and Communities Commissioning Programme Board. Proactive Fraud work
	Care Panel.	Assurance around the process – is it effective?	Agreed by Director for Adults and Communities.
	Support to self-funders.	What is the level of support provided by the Council and how does it compare to other LA's – to include cross partner comparison report.	Requested by Head of Care Commissioning. Agreed at Adults and Communities Commissioning Programme Board.
	Integrated Short-Term Support and Care Pathway - Carers Assessment	Pathway, system changes and a new contract in place. Deferred from 2019-20 to allow for implementation of new contract.	Agreed by Director for Adults and Communities.

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	Integrated Short-Term Support and Care Pathway phase 4 Housing Pathway	Deferred from 2019-20. Is the Pathway prospective providing a customer journey with consideration of the system in respect of: <ul style="list-style-type: none"> • Moving at the right pace • Fit for purpose • Operating correct model of practice 	Agreed by Director for Adults and Communities
	Client Finances	Client Finance System - Interface between all systems. Deferred from 2019-20.	Agreed by Director for Adults and Communities.
	West Midlands Peer Review	Compliance to peer review and progress against recommendations.	Agreed by Director for Adults and Communities.
Children's and Families			
Community Ambition CRR.03 CRR.23	Troubled Families	Grant Certification review of claims monthly.	Requirement of grant funding
	Schools thematic audit	Scope to include elements of SFVS and Prevention of Fraud	Agreed by Children's and Families Directorate Management Team meeting.
	Schools - Off rolling.	Building upon the 19/20 schools exclusion work. Piece of work specifically on off rolling.	Agreed by Children's and Families Directorate Management Team meeting
	DP Pre Paid Cards	Review of controls for the use of and issue of pre-paid cards. Use of Data Analytics - Proactive Fraud Work.	Use of Data Analytics - Proactive Fraud Work. Agreed by Children's and Families Directorate Management Team meeting.
	Accommodation based support service for care leavers with complex needs	Approach and accommodation for 16-18-year olds.	Agreed by Children's and Families Directorate Management Team meeting.
	EHCP (Education, Health and Care Plans)	Education, Health and Care (EHC) Plans are legally binding. A request for an EHC Needs Assessment is made where a child does not make expected progress following the Assess/Plan/Do/Review cycle and the special educational provision required cannot reasonably be provided from within the resources normally available to their educational setting.	Agreed by Children's and Families Directorate Management Team meeting.

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	Looked after Children and Complex Needs Children's Placements	A review of the process and the delivery of placements.	Agreed by Children's and Families Directorate Management Team meeting
	Support for young people not in education, employment or training (NEET)	Review of support available - include care leavers and looked after children.	Agreed by Children's and Families Directorate Management Team meeting
Follow Up Audits			
Follow Up Audits	Members Expenses - Follow Up	Partial assurance 19/20. The work will assess responses to previous audit coverage and any changes to the control environment.	Inclusion of audit follow up work incorporating any prior year weaknesses identified.
	CHC - Follow Up		
	SWTP Phase 1 - Follow Up		
	SWTP Phase 2 - Follow Up		
	Contingency - Follow Up		

The Internal Audit Charter

Purpose

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

Approval

This Charter was approved by the Audit and Governance Committee on 19th March 2019 and is presented to the Committee today 17th March 2020 to ensure 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 Herefordshire 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 Herefordshire 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 and Governance Committee and Internal Audit

Management¹

Management is responsible for ensuring SWAP has:

- the support of management and the organisation; and
- direct access and freedom to report to senior management, including the Chief Executive and the Audit and Governance Committee
- notification 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 and Governance Committee

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

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

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 and Governance 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 and Governance 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 Herefordshire 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 and Governance 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 and Governance Committee or as agreed. SWAP will also report a summary of their findings, including any persistent and outstanding issues, to the Audit and Governance 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 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 and Governance Committee providing an overall opinion of the status of risk and internal control within Herefordshire 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 and Governance Committee, the organisation's Chief Executive Officer or the External Audit Manager.

A Move to Agile Auditing

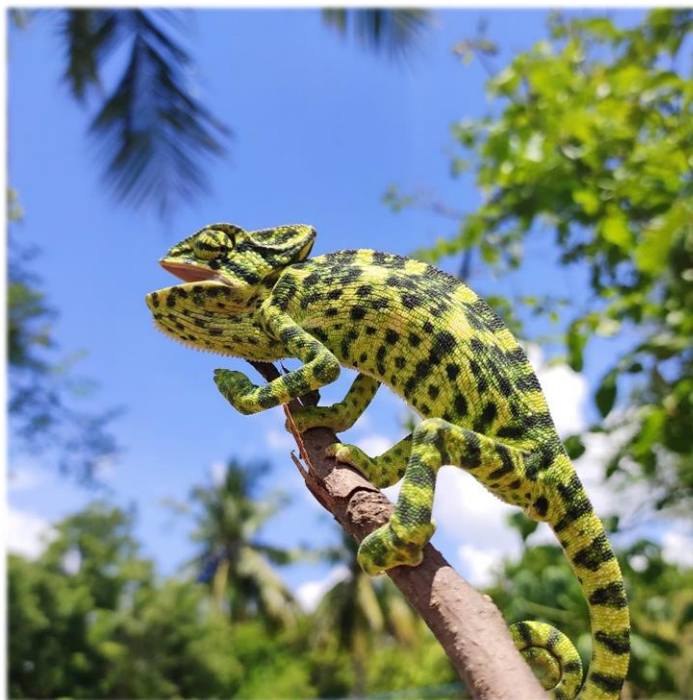
When delivering the 2020/21 Internal Audit Programme of work, as presented, we will be looking to embrace the concept of Agile Auditing.

What is Agile Auditing?

Agile Auditing breaks a typical audit engagement down into several shorter stages, with us reporting any findings as we go. It involves increased communication and collaboration with stakeholders throughout the audit process, with greater speed but also transparency. It is likely to involve a team of audit staff instead of one individual.

Why the move to it?

- We recognise that the speed of change (and subsequent risk) is increasing within our Partners. As auditors we therefore need to adapt in order to be able to react and respond quicker.
- We constantly seek ways in which we can add value to our Partners, in order to help them succeed. Increased communication and collaboration through Agile Auditing will support this.
- We also want to move towards shorter and more impactful audit reports; Agile Auditing will facilitate this.



What will it involve?

As above, an Agile audit engagement is likely to involve a small team of audit staff as opposed to one individual. This will ensure that the audit proceeds and concludes with greater pace.

Although we are likely to require more frequent interaction with staff in the area we are auditing, the interaction will be quicker and more focussed. We are confident that the overall time required from staff will actually be less than through a traditional audit approach.

We will look to discuss any audit findings with staff throughout the stages of the audit. This will ensure that by the time we come to report, we already have agreement to any proposed actions required, and even provide the opportunity for any findings to be actioned prior to the completion of our audit.

What will be the benefits?

- ☒ Ability to provide faster assurance
- ☒ Enhanced ability to add value
- ☒ Audit observations resolved more quickly
- ☒ Shorter, more impactful audit reports
- ☒ Reduced negotiations at audit report start

We hope you support our move towards Agile Auditing.

If you would like to discuss the concept in more detail, please speak to your SWAP contact.