



## Supplement for

**AUDIT & GOVERNANCE COMMITTEE - THURSDAY, 9 APRIL 2026**

<b>Agenda No</b>	<b>Item</b>
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| 11. | <b>Internal Audit Progress Report - April 3 - 26</b><br>To present a summary of the audit work concluded since the last meeting of this Committee. |
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Council name	<b>COTSWOLD DISTRICT COUNCIL</b>
Name and date of Committee	<b>AUDIT AND GOVERNANCE COMMITTEE – 9<sup>th</sup> April 2026</b>
Subject	<b>INTERNAL AUDIT PLAN 2026/27 AND INTERNAL AUDIT CHARTER AND MANDATE 2026/27</b>
Wards affected	N/A
Accountable member	Cllr Patrick Coleman, Cabinet Member for Finance Email: patrick.coleman@cotswold.gov.uk
Accountable officer	David Stanley, Chief Finance Officer Email: david.stanley@cotswold.gov.uk
Report author	Lucy Cater, Head of Internal Audit Email: lucy.cater@swapaudit.co.uk
Summary/Purpose	To present to the Audit and Governance Committee the Internal Audit Plan, Charter and Mandate 2026/27 for consideration and approval
Annexes	Annex A – Proposed Internal Audit Plan 2026/27 Annex B – Internal Audit Charter and Mandate 2026/27
Recommendation(s)	That the Audit and Governance Committee resolves to:  1. Approve the proposed Internal Audit Plan 2026/27 2. Approve the Internal Audit Charter and Mandate 2026/27
Corporate priorities	<ul style="list-style-type: none"> <li>• Delivering Good Services</li> <li>• Responding to the Climate Emergency</li> <li>• Delivering Housing</li> <li>• Supporting Communities</li> <li>• Supporting the Economy</li> </ul>
Key Decision	NO



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Exempt	NO
Consultees/ Consultation	(N/A



## **1. BACKGROUND**

### Internal Audit

The primary role of Internal Audit is to provide assurance that the Council's systems provide for a proper administration of its affairs. To this end, Internal Audit carries out a programme of audits that is agreed annually with the Council's Management Team and the Audit and Governance Committee. The Internal Audit service is provided to the Council by SWAP Internal Audit Services (SWAP).

To satisfy the requirements of the Global Internal Audit Standards and the UK Application Note, and to reflect changes within the Council, SWAP needs to focus upon areas where the organisation now requires assurance. This reinforces the requirement for Internal Audit to follow a more flexible and risk-based plan.

The core financial systems delivered to the Council by Publica are covered within the Core Financials section of the Audit Plan. The scope of audits will include both Publica and client-side activities providing;

- Assurance to the client (Cotswold District Council) over the controls, and system controls, operated by Publica Officers, for each financial module.
- Periodic assurance over the other services provided by Publica.
- The required support to the External Auditor.

### Internal Audit Charter and Mandate

The Internal Audit Charter and Mandate grants the internal audit function the authority to provide the audit committee and senior management with objective assurance, advice, insight, and foresight.

## **2. MAIN POINTS**

### Internal Audit Plan

A summary of the Proposed Internal Audit Plan for 202/27 is included in Annex A'. This lists the risk-based assurance and consultancy work planned for the year. Counter fraud related audit work has not been included in this audit plan.



The Plan outlines a programme of work for 2026/27 as developed throughout January and February 2026 but due to the pace of change within Local Authorities, it is becoming increasingly difficult to accurately predict longer-term key organisational risks and with Local Government Reorganisation our planning recognises this through a strategic 12 month rolling plan, whereby we have prepared an agile, risk assessed work plan containing key areas of coverage. This approach will ensure we are auditing the right areas, with the correct scope, at the right time.

We will revisit and adjust our programme of work on at least a quarterly basis 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 the Chief Financial Officer and review of the Authority's risk register will be considered in this process.

The audit plan contains an element of contingency in order that the plan can remain flexible and respond to new and emerging risks as and when they are identified and may include unannounced activity.

#### Internal Audit Charter and Mandate

The Internal Audit Charter & Mandate defines the nature, role, responsibility, status and authority of internal auditing within Cotswold District Council and outlines the scope of internal audit work, thereby providing context for consideration of the proposed Internal Audit plan. This document has been reviewed in accordance with the new Global Internal Audit Standards (GIAS) and the UK Application Note effective from April 2025

### **3. FINANCIAL IMPLICATIONS**

**3.1** The Internal Audit Service is operating within the contract sum.

### **4. LEGAL IMPLICATIONS**

**4.1** None directly from this report. Internal Audit reviews consider compliance with legislation relevant to the service area under review.

### **5. RISK ASSESSMENT**



**5.1** Any weaknesses in the control framework, identified by Internal Audit activity, continues to threaten organisational objectives until recommendations are implemented.

## **6. EQUALITIES IMPACT**

**6.1** Under equality legislation, the Council has a legal duty to pay 'due regard' to the need to eliminate discrimination and promote equality in relation to:

- Race
- Disability
- Gender, including gender reassignment
- Age
- Sexual Orientation
- Pregnancy and maternity
- Religion or belief

**6.2** The Council also has a duty to foster good relations, and to consider the impact of its decisions on human rights. The law requires that this duty to pay 'due regard' is demonstrated in the decision making process. Therefore, your report should contain a statement as to whether the recommendation has a particular impact on any of the above groups

**6.3** Any reports that relate to new policies, procedures or services or changes to policies, procedures or services must be accompanied by an appropriate equalities impact assessment (EIA) which should be included as an annex. You can access further guidance and the EIA template [via the portal](#) and the Council's Equality Policy [on the website.](#))

## **7. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS**

**7.1** These will be reported if identified in any of our audits

## **8. BACKGROUND PAPERS**

**8.1** The following documents have been identified by the author of the report in accordance with section 100D.5(a) of the Local Government Act 1972 and are listed in accordance with section 100 D.1(a) for inspection by members of the public:

- Internal Audit Progress Reports



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**8.2** These documents will be available for inspection online at [www.cotswold.gov.uk](http://www.cotswold.gov.uk) or by contacting democratic services [democratic@cotswold.gov.uk](mailto:democratic@cotswold.gov.uk) for a period of up to 4 years from the date of the meeting.

(END)

# Cotswold District Council

## Proposed Internal Audit Plan 2026/27

The internal audit plan represents a summary of the proposed audit coverage that the internal audit team will deliver throughout the 2026/27 financial year.

### Introduction and Objective of the 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.

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 Senior Management Team and Audit Committee?
- Is sufficient assurance being received within our annual plan to monitor the organisation's risk profile effectively?

## Internal Audit Planning 2026/27

The proposed 2026/27 plan presented in Appendix 1 provides coverage of the Authority's key corporate objectives and risks as well as core areas of recommended coverage.

**Internal audit is only one source of assurance and should be considered as such.**

### Update to Approach

It is becoming increasingly difficult to accurately predict longer-term key organisational risks. Our approach to internal audit planning recognises this through a strategic 12 month plan, whereby we have prepared an agile, risk assessed work plan containing key areas of coverage. This approach will ensure we are auditing the right areas, with the correct scope, at the right time.

We will revisit and adjust our programme of work on at least a quarterly basis 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 register will be considered in this process. Our 2026/27 audit plan will contain an element of contingency in order that the plan can remain flexible and respond to new and emerging risks as and when they are identified and may include unannounced activity.

The proposed audit plan at Appendix 1 provides coverage of the Authority's key principles, which support the corporate priorities, and strategic risks, as well as our core areas of recommended audit activity. In addition, due to services returning to the Authority, the audit plan identifies areas where audit activity will be split and assurance offered for each element, for example, payroll, strategic finance.

When compiling the audit plan Internal Audit has identified the human and technological resources necessary to complete the plan, in accordance with the fee paid by the Council.

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

# Internal Audit Planning 2026/27

Our documented risk assessment helps to ensure that sufficient and appropriate areas are identified for consideration in our internal audit programme of work.

As above, it is the responsibility of the Authority's Senior Leadership Team, and the Audit committee to ensure that, with consideration of our risk assessment, the overall programme of work throughout the year contains sufficient and appropriate coverage.

## Internal Audit Risk Assessment (updated)

Our 2026/27 internal audit programme of work is based on a documented risk assessment, which SWAP will revisit regularly, but at least annually. The input of senior management as well as review of the Authority's risk register has been considered in this process.

Below we have set out a summary of the outcomes of the risk assessment for Cotswold District Council



The Global Internal Audit Standards Standard 9.2 requires auditors to develop and implement an Internal Audit Strategy. The Strategy should set the medium-term direction for internal audit, support organisational objectives and align with Audit Committee and senior management expectations. It should set out:

- The service’s vision
- Its strategic objectives and
- Initiatives for how the objectives will be achieved.

The Strategy is distinct from the Annual Plan, which covers a shorter period and specific engagements supporting the Annual Opinion.

## How SWAP Addresses the Strategy Requirement

SWAP's [Five-Year Business Plan \(2025-2030\)](#) satisfies the Standards requirement for an Internal Audit Strategy. This plan outlines our strategic vision and details how we intend to develop and provide internal audit and assurance services throughout the five-year timeframe, including key objectives and the initiatives necessary to accomplish them. The Business Plan received unanimous approval from our Owner-Partners in December 2025.

## Alignment to Cotswold District Council’s Strategic Objectives

We designed our Business Plan around partner priorities and risks. In general, the Business Plan supports delivery of strategic objectives by aligning audit coverage, insight and capability to those priorities, for example:

Anticipatory Service Offer	Targets assurance to Cotswold priorities: future planning, good services, climate action, housing delivery, communities and economy
Data-Driven Decisions	Improves insight and reporting to strengthen delivery grip on services, housing programmes and climate performance
Standards-Conforming Work	Provides consistent, defensible assurance over governance and controls underpinning all six corporate priorities
Well-Governed Controls	Assures core controls supporting value for money, asset use, contractors and resilience in service delivery
LGR Support	Assurance and advice on transition governance, risk, interim controls, data migration and continuity ahead of April 2028 changes

## Monitoring the Business Plan

We monitor Business Plan delivery through SWAP’s governance. Oversight by an Executive Leadership team led by SWAP’s Chief Executive, regular reporting and challenge by our Board and biannual Owners’ meetings including representatives from every Partner organisation to review progress and agree material updates.

Core Audit Areas – Areas of Coverage and Brief Scope				
	Directorate	Link to Council Corporate Risk	Link to Council Principle	Proposed Qtr
<b>PUBLICA AUDITS - Controls and Transactional Testing</b>				
<b>Core Financials – Publica Controls and Transactional Testing</b> <i>A review of the controls operating within Publica in respect of the Core Financial systems:</i> <ul style="list-style-type: none"> <li>• <i>Main Accounting (Budgetary Control)</i></li> <li>• <i>Treasury Management – High Level Key Control Testing</i></li> <li>• <i>Bank Reconciliation – High Level Key Control Testing</i></li> <li>• <i>Payroll</i></li> <li>• <i>Procurement</i></li> </ul>	Finance	CDC_SRR_252601 CDC_SRR_252613	Key System - All	Qtr4 Qtr2/3 Qtr2/3 Qtr2/3 Qtr1
<b>Human Resources</b> <ul style="list-style-type: none"> <li>• <i>Manual Pay Calculations</i></li> </ul>	Workforce Planning and Transformation	CDC_SRR_252601	Key System - All	Qtr1
<b>Revenues and Benefits</b> <i>A review of the controls operating in respect of:</i> <ul style="list-style-type: none"> <li>• <i>Council Tax</i></li> <li>• <i>National Non-Domestic Rates</i></li> <li>• <i>Housing Benefit and Council Tax Support</i></li> </ul> <i>Scope to be confirmed</i>	Operations	CDC_SRR_252601	Key System - All	Qtr 2/3
<b>ICT Audits</b> <ul style="list-style-type: none"> <li>• Audits to be discussed and confirmed with the Chief Technology Officer and ICT Audit and Compliance Manager – BW Migration Project</li> <li>• Disaster Recovery – Annual Audit – Application / System to be agreed</li> </ul>	ICT	CDC_SRR_252611	Key System - All	Qtr1-4 Qtr2
<b>Governance</b> <ul style="list-style-type: none"> <li>• <i>Emergency Planning and Business Continuity</i></li> <li>• <i>Health and Safety – Mandatory Training / Risk Assessments / PPE</i></li> <li>• <i>Safeguarding (Children and Adults) – Review of all Service Areas include Section 11 Report</i></li> <li>• <i>Performance Management</i></li> <li>• <i>Data Retention – Governance for going into LGR – Data Protection Guidance</i></li> </ul>	Corporate Services	CDC_SRR_252610 CDC_SRR_252603 CDC_SRR_252604	Delivering Good Services Supporting Communities	Qtr1 Qtr1 Qtr1

<b>Regulatory Services</b> <ul style="list-style-type: none"> <li>Food Safety</li> </ul>	<b>Operations</b>	CDC_SRR_252606	Delivering Good Services Supporting Communities	Qtr2
<b>Operational Audits</b> <ul style="list-style-type: none"> <li>Land Charges – Walkthrough of process, including application processing, timeliness, fee recovery. KPIs</li> </ul>	<b>Operations</b>	CDC_SRR_252606	Delivering Good Services Supporting Communities	Qtr4
<b>Continuous and Annual Reviews</b> <ul style="list-style-type: none"> <li>Accounts Payable – Continuous Duplicate and Small Supplier Testing</li> <li>Procurement Review Unit – Review to support the services compliance with External Assessor</li> <li>Building Control – Review to support the services compliance with External Assessor</li> <li>Carbon Data</li> </ul>		CDC_SRR_252601 CDC_SRR_252602	Key System – All Key System – All  Delivering Good Services Responding to the Climate Emergency	Qtr1-4 Qtr1-4  Qtr1-4 Qtr4
<b>Proposed Audit Areas – Areas of Coverage and Brief Scope</b>				
<b>COUNCIL AUDITS</b>				
<b>Core Financials</b> <ul style="list-style-type: none"> <li>Payroll – Key Control Testing</li> <li>Main Accounting (Budgetary Control)</li> <li>Pay Levelling</li> </ul>		CDC_SRR_252601	Key System – All	Qtr2/3 Qtr4
<b>Business Grant Post Payment</b> Head of IA working with CFEU Manager re. recovery of overpayment of grants, Bad Debt information to BEIS				Qtr1-4
<b>Property Compliance</b> <ul style="list-style-type: none"> <li>Review to ensure the Health and Safety Compliance of Council Property</li> </ul>		CDC_SRR_252602	Social Value	Qtr4
<b>Grants</b> <ul style="list-style-type: none"> <li>Community Grants – review of new process – due diligence and appropriateness of allocation funds</li> </ul>		CDC_SRR_252601	Social Value Public Engagement	Qtr1

<p><b>Cemeteries</b></p> <ul style="list-style-type: none"> <li>Review to include health and safety and income control</li> </ul>		CDC_SRR_252606	Delivering Good Services Supporting Communities	Qtr2
<p><b>Planning</b></p> <ul style="list-style-type: none"> <li>Section 106 / CIL – New CIL process being introduced</li> <li>Planning Enforcement</li> </ul>		CDC_SRR_252609	All	
<p><b>Follow-Up Audits (Advisory and Limited Assurance)</b></p> <p><b>Data Retention</b> <i>Follow-Up of 2025/26 Audit</i></p> <p><b>Leisure and Culture</b> <i>Follow-Up of 2025/26 Audit</i></p> <p><b>Digital Exclusion</b> <i>Follow-Up of 2025/26 Audit</i></p>			All  Social Value	Qtr2  Qtr2  Qtr2
<p><b>Programmes and Projects</b></p> <p><i>Time allocated to support CDC Specific / Directed Programmes and Projects</i></p> <p><i>To include support to Local Government Re-Organisation Work Streams (when required)</i></p>			All	
<p><b>Proposed audits will be considered, during the year, and discussed with Council Managers and Directors, Publica Business Managers, and Council Statutory Officers to confirm scope, timing and if it remains appropriate to undertake the audit. Liaison meetings will also identify any further areas (not included above) that would benefit from an Internal Audit Review. The Audit Plan will be updated and agreed with the CFO as necessary.</b></p>				
<p><b>Further requested assurance / advisory / support work</b></p>				



**Other Audit Involvement****Management**

*Preparation of IA Monitoring Reports and preparation and attendance at Audit committee. Annual Audit Planning. Attendance at Governance and Risk Groups. High level programme monitoring. Liaison meetings with CFO and Management Team. IA Team Liaison Meetings.*

**Follow-Up Audits**

*Follow-Up of Previous Year's Agreed Actions*

**Specialist Groups**

*IA attendance at specialist groups e.g. Health and Safety Working Group, Procurement and Commissioning Board*

**Grant Certification**

*Review (income and expenditure) and certification of Grants received by the Council ensuring funding requirements have been met (to include Disabled Facilities Grants)*

**Working with the Counter Fraud and Enforcement Unit**

*Provision to ensure collaborative working with the CFEU and to ensure control weaknesses, identified during CFEU activity, are being actioned. Regular liaison meetings*

**Contingency**

*Provision for new work based on emerging risks and Investigations.*

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## Internal Audit Charter for SWAP Internal Audit Services (SWAP)

### Purpose

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

The internal audit function enhances:

- 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 and governance committee.
- Internal auditors are free from undue influence and committed to making objective assessments.

### Commitment to Adherence to the Global Internal Audit 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 the partner audit and governance committee and senior management regarding the internal audit function's conformance with the Standards, 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 and governance committee grants the internal audit function the mandate to provide the audit and governance 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 and governance committee. Such authority allows for unrestricted access to the audit and governance committee.

The audit and governance 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 the Partner and other specialized services from within or outside the Partner organisation 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 and governance committee and administratively (for example, day-to-day operations) to the Section 151 Officer. This positioning provides the authority and status to bring matters directly to senior management and escalate matters to the audit and governance committee, when necessary, without interference and supports the internal auditors' ability to maintain objectivity.

The chief audit executive will confirm to the audit and governance 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 and governance 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 fulfill its mandate.

## Changes to the Mandate and Charter

Circumstances may justify a follow-up discussion between the chief audit executive, audit and governance 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 in the Global Internal Audit Standards.
- A significant acquisition or reorganisation within the organisation.
- Significant changes in the chief audit executive, audit and governance 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 and Governance Committee Oversight

To establish, maintain, and ensure that the internal audit function has sufficient authority to fulfill its duties, the audit and governance 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 and governance 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 in the UK Public Sector, 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 the Partner organisation and be able to recognize conduct that is contrary to those expectations.
- Encourage and promote an ethics-based culture in the organisation.
- Report organisational behavior 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 the Partner organisation or its affiliates.
- Initiating or approving transactions external to the internal audit function.
- Directing the activities of any Partner organisation's employees that are 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 and governance 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 and governance committee and senior management for review and approval.
- Communicate the impact of resource limitations on the internal audit plan to the audit and governance committee and senior management.
- Review and adjust the internal audit plan, as necessary, in response to changes in the Partner organisation's business, risks, operations, programs, systems, and controls.
- Communicate with the audit and governance 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 and governance 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 fulfill the internal audit mandate.
- Identify and consider trends and emerging issues that could impact the Partner organisation and communicate to the audit and governance 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 the Partner organisation'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 and governance 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 and governance committee.

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

The chief audit executive will report [annually] to the audit and governance 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 IIA's 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 and governance 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 the Partner organisation'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 and governance 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 the Partner Organisation; qualifications must include at least one assessor holding an active Chartered 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 the Partner organisation'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 and governance committee and management on the adequacy and effectiveness of governance, risk management, and control processes for the Partner organisation.

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 the Partner Organisation's strategic objectives are appropriately identified and managed.
- The actions of the Partner organisation's officers, directors, management, employees, and contractors comply with the Partner organisation'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 the Partner organisation.
- The integrity of information and the means used to identify, measure, analyze, classify, and report such information is reliable.
- Resources and assets are acquired economically, used efficiently and sustainably, and protected adequately.

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