

Exeter City Council

2026/27 Internal Audit Plan and 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 2026/27 and 2027/28 financial years.

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 internal 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).

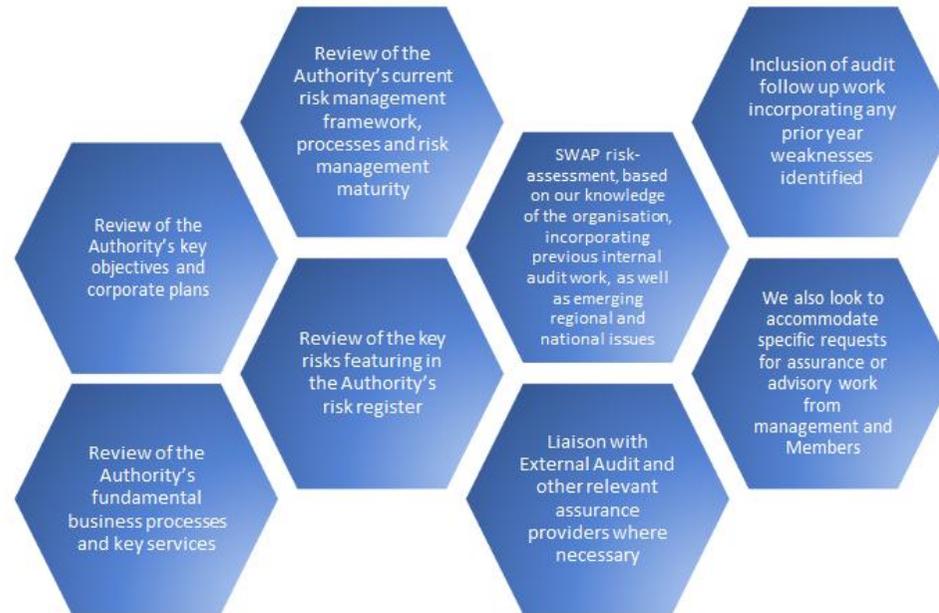
The council's senior management and the Audit and Governance Committee are responsible for confirming that the proposed Internal Audit Plan is adequate to provide independent assurance against the council's key risks.

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 2026/27 and 2027/28

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



In recent years, we have produced an annual plan. However, under current Government policy, Local Government Reorganisation (LGR) will abolish all English Exeter City councils and create new unitary councils from April 2028. Five proposals have been submitted for Devon, with a final decision expected in summer 2026.

Given the anticipated LGR, we believe it is necessary to plan internal audit coverage for the remainder of the council's life. This ensures we address all key assurance needs for the current council while also considering the successor authority. We have therefore produced a full plan for 2026/27 and an indicative plan for 2027/28, which will be reviewed and updated for formal approval by the Audit and Governance Committee in March 2027.

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

The proposed Internal Audit Plan is based on a documented risk assessment, which SWAP will review regularly. The assessment covers the Council’s corporate and operational risks and priorities, as well as broader SWAP risk themes and key systems. Below is a summary of the risk assessment outcomes for Exeter City Council:

Risk Assessment Considerations	
<p><u>Strategic Risks:</u></p> <ul style="list-style-type: none"> • Local Government Reorganisation • Net zero carbon city • Healthy and active city • AI, robotics and digitisation • Financial stability • Property and infrastructure assets • Delivering housing, building great neighbourhoods • Prosperous local economy • Customer and digital strategy 	<p><u>Local Issues:</u></p> <ul style="list-style-type: none"> • Counter fraud arrangements • Debt management • Procurement & contract management • Temporary Accommodation • CIL & S106 governance • Asset management • Information governance • Performance monitoring
<p><u>Core Areas of Recommended Coverage:</u></p> <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 	<p><u>National Issues:</u></p> <ul style="list-style-type: none"> • Financial sustainability • Housing and homelessness • Cybersecurity and information governance • Capital programmes, asset condition & building • Workforce capacity, skills and succession • Procurement, contracts and commissioning • Climate change • Social housing standards • Waste and recycling

The Internal Audit Plan: Risk Assessment

Following our SWAP Risk Assessment above, we have set out how the proposed 2026/27 Plan presented in Appendix B 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 2026/27 and 2027/28

Our aim is to produce a comprehensive, risk-assessed work plan, which covers the council's strategic risks. We have prepared a proposed plan for 2026/27, and an indicative plan for 2027/28.

During preparation of the proposed Internal Audit Plan, we:

- Reviewed previous suggestions and audits deferred during 2025/26
- met with the Chair and Deputy Chair of the Audit and Governance Committee
- met with Strategic Directors
- presented the final proposal to the Senior Management Board for endorsement

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

The council's strategic risk register, including the council's assessment of residual risk, is set out in **Appendix A**.

The proposed Internal Audit Plan for 2026/27 is included as **Appendix B**.

As part of the planning process we have identified some of the audits that we believe should take place in 2027/28. **Appendix C** maps the proposed audits for both 2026/27 and 2027/28 to the council's strategic risk register. It also shows our previous and planned audit coverage for each strategic risk over a five-year period (2023/24 to 2027/28). This demonstrates that we expect to cover all current strategic risks over that timeframe.

The proposed Internal Audit Charter and Mandate, which sets out our role, is included as **Appendix D**.

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 organisations throughout the UK. Exeter City Council is a part-owner of SWAP, and we provide the internal audit service for the council.

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 updates containing emerging issues, risks and fraud alerts identified across the SWAP partnership and beyond.

Your Internal Audit Service

Internal Audit Resources

The total budget allocated by the council for delivering the Internal Audit Plan in 2026/27 is £155,822.

We are satisfied that the current internal audit resources available represent a sufficient and appropriate mix of seniority and skill that can be effectively deployed to deliver the expected work. The key contacts in respect of your Internal Audit service are:

- Lisa Fryer, Assistant Director – lisa.fryer@swapaudit.co.uk
- Connor McLaughlin Nester, Principal Auditor – connor.mclaughlinnester@swapaudit.co.uk

We would encourage the council to seek alternative sources of assurance for risks that we have not been able to cover in the Internal Audit Plan.

External Quality Assurance

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 effect at that time.

In 2025 the new [Global Internal Audit Standards](#) (GIAS) came into effect. Alongside the GIAS, CIPFA published the [UK Public Sector Application Note](#), which sets out how public sector internal audit providers in the UK should interpret and apply the GIAS. We are conducting our work in line with these requirements.

Conflicts of Interest

We are not aware of any conflicts of interest with Exeter City Council that would impair our independence or objectivity. We will conform with the GIAS which includes ethics and professionalism standards in relation to integrity, objectivity, confidentiality, and competency.

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.

The Internal Audit Plan: Approach

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:

- People Centred
- Professional Integrity
- Supportive Collaboration
- Service Excellence
- Purpose-Driven Efficiency

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.

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 Charter

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

The GIAS requires the Internal Audit Charter to set out the internal audit functions:

- 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 2026/27 is included in this report as **Appendix E**.

Internal Audit Performance:

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

We measure our performance against the following targets:

The Internal Audit Plan: Approach

Performance Measure	Performance Target
<p><u>Delivery of Annual Internal Audit Plan</u> Completed at year end</p>	>90%
<p><u>Quality of Audit Work</u> Overall Client Satisfaction <i>(did our audit work meet or exceed expectations, when looking at our Communication, Auditor Professionalism and Competence, and Value to the Organisation)</i></p>	>95%
<p><u>Outcomes from Audit Work</u> Value to the Organisation <i>(client view of whether our audit work met or exceeded expectations, in terms of value to their area)</i></p>	>95%

Internal Audit Strategy

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 Exeter City 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:

SWAP Objective	How this supports Exeter City Council’s strategic priorities
Anticipatory Service Offer	Keeps our assurance and advice offer responsive to the council’s changing priorities over time.
Standards-Conforming Work	Improves the consistency and quality of internal audit work, strengthening assurance over ECC’s key delivery and governance arrangements.
Data-Driven Decisions	Enables more insight-led planning and reporting, supporting ECC’s focus on transparent decision making.
Partnership Benefits	Making partnership benefits tangible through consistent engagement and transparent reporting, helping ECC keep assurance aligned to priorities
Well-Governed Controls	Strengthening documented governance, risk and control arrangements to underpin service delivery across ECC priority areas

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.

Read SWAP’s Business Plan at this [link](#).

Exeter City Council Corporate Risk Register

Appendix A

The table below sets out the council's strategic risk register, last published in June 2025.

Risk ID	Risk Title	Residual Risk Score
1	Delivering against the key challenges in the Net Zero Carbon City section of the Corporate Plan	High
2	Making progress towards a Healthy and Active City	Medium
3	Adapting the council workforce to ensure appropriate skills and experience (developing a future proof workforce)	Medium
4	Maintaining the Financial Sustainability of the Council	High
5	Maintaining the Council's Property and Infrastructure Assets	High
6	Delivering Housing and Building Great Neighbourhoods and Communities	High
7	Maintaining a thriving Culture and Heritage sector	Low
8	Delivering against the key challenges in the 'Prosperous Local Economy' section of the Corporate Plan.	Medium
9	Progressing the design and delivery of a corporate Customer and Digital Strategy	Medium

The Risk Management Policy covers the criteria set by the council for assessing risk likelihood and impact. The residual risk assessment is the council's assessment of their risk exposure after mitigating action.

Proposed Internal Audit Plan 2026/27

Appendix B

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	Audit Type	Planned Quarter	Rationale	Link to Strategic Risk Register	Corporate Priority
Fraud Risk Assessment	Assurance	1	Deferred from 25/26. Will identify areas at higher risk of fraud where improvement in control is needed.	4. Maintaining the Financial Sustainability of the Council	Well run Council
Fees & Charges	Assurance	1	This review will assess whether fees and charges set are appropriately determined, consistently applied and comply with relevant legislation and guidance.	4. Maintaining the Financial Sustainability of the Council	Well run Council
Use of Consultants	Assurance	1	Assurance on governance & processes followed, including procurement, in relation to the use of consultants. To include consultants engaged in project work.	3. Adapting the council workforce to ensure appropriate skills and experience	Well run Council
Health and Safety of Property Portfolio	Advisory	1	Deferred from 25/26. Review to determine control arrangements across the Property Portfolio.	5. Maintaining the Council's Property & Infrastructure Assets	Well run Council
Commercial Property Records	Assurance	2	To provide assurance of the accuracy and completeness of property records. It will support the council's preparations for LGR because these records will facilitate asset transfers and disposals.	5. Maintaining the Council's Property & Infrastructure Assets	Well run Council
Waste Management	Assurance	2	Deferred from 25/26. Look at recycle processing from receipt through to preparation for sale. Links to LGR readiness.		Local Economy
City Development (Development Management Service)	Assurance	2	To cover the end-to-end decision-making process for all types of planning applications including pre-application advice, delegated decision making, planning committee and post-decision work. Also to consider agreed procedures followed and documentation to support this.	6. Delivering Housing and Building Great Neighbourhoods and Communities	Homes
Financial Planning - MTFP	Assurance	2	Deferred from 25/26. Consider methodology followed including assessment of priorities and links to corporate plan.	4. Maintaining the Financial Sustainability of the Council	Well run Council
Safeguarding	Advisory	2	To review safeguarding arrangements across the Council and the procedures in place that are followed.	3. Adapting the council workforce to ensure appropriate skills and experience	Well run Council

Audit	Audit Type	Planned Quarter	Rationale	Link to Strategic Risk Register	Corporate Priority
Delivery of the Capital Programme	Assurance	2	Focus on delivery of capital projects, schedule once new Capital Programme Board embedded.	4. Maintaining the Financial Sustainability of the Council	Well run Council
HRA Housing Compliance	Assurance	3	To agree a particular area of focus to ensure relevant regulations are being complied with. Consider electrical testing, gas servicing, lifts, legionella testing, fire risk assessments and asbestos testing for the housing revenue account portfolio.	5. Maintaining the Council's Property & Infrastructure Assets	Homes
Procurement Cards - Fraud Focus	Assurance	3	To provide assurance that controls in place are adequate to minimise fraud. Use of data analytics to inform testing.	4. Maintaining the Financial Sustainability of the Council	Well run Council
Risk Management	Assurance	3	Deferred from 2025/26. The council has been working with Zurich to improve risk management processes and the strategic risk register is currently being updated. The review will assess the council's updated process.		Well run Council
Payroll	Assurance	3	Key financial control review. To provide assurance that key controls are operating effectively to ensure that payments are accurate, appropriately authorised and made in a timely manner. Audit assurance ahead of LGR.	4. Maintaining the Financial Sustainability of the Council	Well run Council
HRA Repairs & Maintenance	Follow-up	3	Limited assurance follow up.	5. Maintaining the Council's Property & Infrastructure Assets	Homes
Procurement	Follow-up	3	Limited assurance follow up.	4. Maintaining the Financial Sustainability of the Council	Well run Council
CIL/s106 Governance	Follow-up	3	Limited assurance follow up.	6. Delivering Housing and Building Great Neighbourhoods and Communities	Homes
Maintenance & Capital Programme of Works	Follow-up	3	Limited assurance follow up.	5. Maintaining the Council's Property & Infrastructure Assets	Homes
Consultation/ Community Engagement	Assurance	4	Review of new consultation & engagement strategy.		Well run Council

Audit	Audit Type	Planned Quarter	Rationale	Link to Strategic Risk Register	Corporate Priority
Communications Strategy	Follow-up	4	Limited assurance follow up.		Well run Council
Temporary Accommodation	Follow-up	4	Limited assurance follow up.	6. Delivering Housing and Building Great Neighbourhoods and Communities	Homes
Information Governance	Follow-up	4	Limited assurance follow up.	9. Progressing the design & delivery of a corporate customer and digital strategy	Well run Council
Emergency Planning	Follow-up	4	Limited assurance follow up.		Well run Council
Fraud Advice & Support	Advisory	1-4	Referrals and support as required		Well run Council

In addition to the programme of audits, we will also use our time provide support in the following areas during 2026/27.

Advice & Support	<ul style="list-style-type: none"> • Committee attendance & reporting • Head of Internal Audit role and internal audit planning • Action tracking and dashboard • Ad-hoc advice • Fraud bulletins and News Round-up
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Mapping the Internal Audit Plan and Strategic Risk Register

Appendix C

The table below demonstrates how our completed and planned internal audit work links to the strategic risk register.

These audits are subject to change and formal approval by the Audit and Governance Committee in March 2027 but are named here for transparency.

Risk ID	Risk Title	Internal Audit Coverage				
		2023/24	2024/25	2025/26	2026/27	2027/28
1	Delivering against the key challenges in the Net Zero Carbon City section of the Corporate Plan	<ul style="list-style-type: none"> Net zero/carbon reduction 		<ul style="list-style-type: none"> Social housing decarbonisation grant certification 	<ul style="list-style-type: none"> Social housing decarbonisation grant certification 	
2	Making progress towards a Healthy and Active City	<ul style="list-style-type: none"> Leisure facilities – spa/ food and beverages 				<ul style="list-style-type: none"> Leisure Services
3	Adapting the council workforce to ensure appropriate skills and experience (developing a future proof workforce)	<ul style="list-style-type: none"> Health & safety training 	<ul style="list-style-type: none"> Occupational health services 	<ul style="list-style-type: none"> Health & safety at work 	<ul style="list-style-type: none"> Use of Consultants Safeguarding 	<ul style="list-style-type: none"> HR records
4	Maintaining the Financial Sustainability of the Council	<ul style="list-style-type: none"> Counter fraud Contract management Main accounting Income management Creditors Treasury Management VAT Payments & collection Sundry debtors NDR Payroll Corporate Governance 	<ul style="list-style-type: none"> Housing benefit decisions Budget management Creditors Council tax arrears Procurement Debt management 	<ul style="list-style-type: none"> Expenses payroll Contract register Fraud baseline assessment Housing rents & arrears 	<ul style="list-style-type: none"> Fraud Risk Assessment Fees & charges Financial Planning MTFP Procurements cards – fraud focus Delivery of the Capital programme Payroll 	<ul style="list-style-type: none"> Contract Management Treasury Management Creditors Business rates Council tax Debtors

Risk ID	Risk Title	Internal Audit Coverage				
		2023/24	2024/25	2025/26	2026/27	2027/28
5	Maintaining the Council's Property and Infrastructure Assets	<ul style="list-style-type: none"> Fleet management 	<ul style="list-style-type: none"> Corporate Property – Maintenance & capital programme HRA repairs & maintenance 	<ul style="list-style-type: none"> HRA housing Compliance 	<ul style="list-style-type: none"> Health and Safety of Property Portfolio Commercial Property Records 	<ul style="list-style-type: none"> HRA housing compliance HRA capital expenditure
6	Delivering Housing and Building Great Neighbourhoods and Communities	<ul style="list-style-type: none"> Planning 	<ul style="list-style-type: none"> Temporary accommodation 	<ul style="list-style-type: none"> Community safety Planning – biodiversity net gain Private sector housing 	<ul style="list-style-type: none"> Housing Development Management 	<ul style="list-style-type: none"> Social housing Housing needs
7	Maintaining a thriving Culture and Heritage sector	<ul style="list-style-type: none"> Visit Exeter 		<ul style="list-style-type: none"> RAMM MEND fund grant certification Museum renewal fund grant certification 		
8	Delivering against the key challenges in the 'Prosperous Local Economy' section of the Corporate Plan.	<ul style="list-style-type: none"> Taxi Licencing 				
9	Progressing the design and delivery of a corporate Customer and Digital Strategy			<ul style="list-style-type: none"> Information governance 		

We note not all risks have scheduled reviews against them in 2026/27 and 2027/28. The council is responsible for delivering a wide range of functions, and therefore it is not possible to cover all associated risks in any one year. We will monitor these risks and flexibly adapt our audit plan as appropriate and if required to cover these risks.

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 Exeter City 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 Exeter City 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 Exeter City Council and other specialized services from within or outside Exeter City 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 Exeter City 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 Exeter City Council or its affiliates.
- Initiating or approving transactions external to the internal audit function.
- Directing the activities of any Exeter City 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 Exeter City 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 Exeter City 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 Exeter City 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 Exeter City 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 Exeter City Council; 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 of Exeter City 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 Exeter City 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 Exeter City Council's strategic objectives are appropriately identified and managed.
- The actions of Exeter City Council's officers, directors, management, employees, and contractors comply with Exeter City 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 Exeter City 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.