

SWAP Internal Audit Services

A brief overview of SWAP, and what the Committee can expect from us

Audit and Governance Committee – 28.09.21

Brief Background to SWAP

- Set up in 2005 when two councils came together to share internal audit services
- Grew to a much larger size. In 2013 we incorporated as a not-for-profit company, limited by guarantee
- Wiltshire Council joined SWAP as a Partner in 2011
- Owners Board & Executive Board to manage SWAP
- Now 25 public-sector Partners, across eight counties

SWAP - who we are



Benefits of being part of SWAP

- Access to a wider range of resources, including specialist teams
- Information and risk sharing, along with benchmarking
- Close links to the Institute of Internal Auditors (IIA)
- Partnership ethos
- And a local SWAP team, with local knowledge

SWAP – benefits of using us



Why have internal audit?

- Statutory requirement – must have *‘an effective internal audit to evaluate the effectiveness of [the Authority’s] risk management, control and governance processes’*
- Provides independent assurance to management & Members that the Council is functioning well and that risks are well controlled
- Risk Management improvement suggestions, as well as efficiency ideas

Internal Audit – why have it?



What is Internal Audit?

Definition of Internal Audit

- Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations.
- It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.
- It provides assurance to the board and senior management who are within the organisations governance structure and evaluates and improves the effectiveness of governance, risk management and control processes.

Internal Audit – what is it?



And what it's not...

- External Audit
- Telling management what to do or how to do it
- Expecting actions to be implemented immediately, or expecting all actions to be accepted

Internal Audit – what it's not



So what do we do & how?

- Provide an overall annual opinion on the Authority's internal controls, governance and risk management
- Report to Senior Management and Members with independence & objectivity
- Carry out a broad range of reviews across the Authority each year, with an individual assessment of each area
- Provide independent review and challenge, and provide suggestions for risk management improvement

Internal Audit - what we do & how



Purpose of committee

The Audit and Governance Committee will be responsible for:

Internal audit activity

- to approve the terms of reference and strategy for internal audit, and the annual internal audit plan
- to monitor and review the effectiveness of internal audit to ensure compliance with statutory requirements
- to consider the head of internal audit's annual report and opinion, and a summary on internal audit activity and the level of assurance it provides on the council's corporate governance arrangements
- to consider specific internal audit reports as requested, and monitor the implementation of agreed management actions.

Our Reporting to Committee



What will the Audit & Governance Committee see?

- Regularly updated Internal Audit Plan (*usually quarterly*)
- Progress update reports with ongoing audit opinion (*quarterly*)
- Year end Internal Audit Annual Opinion (*usually June/ July*)
- SWAP news round ups on areas of interest/
emerging risk areas
- Access to free SWAP Member Training

Our Reporting to Committee



In our progress updates to Audit & Governance Committee, we will provide further detail with regards to any ‘High’ risks that we have identified in our work

| Risk | Reporting Implications |
|--------|--|
| High | Issues that we consider need to be brought to the attention of both senior management and the Audit Committee. |
| Medium | Issues which should be addressed by management in their areas of responsibility. |
| Low | Issues of a minor nature or best practice where some improvement can be made. |

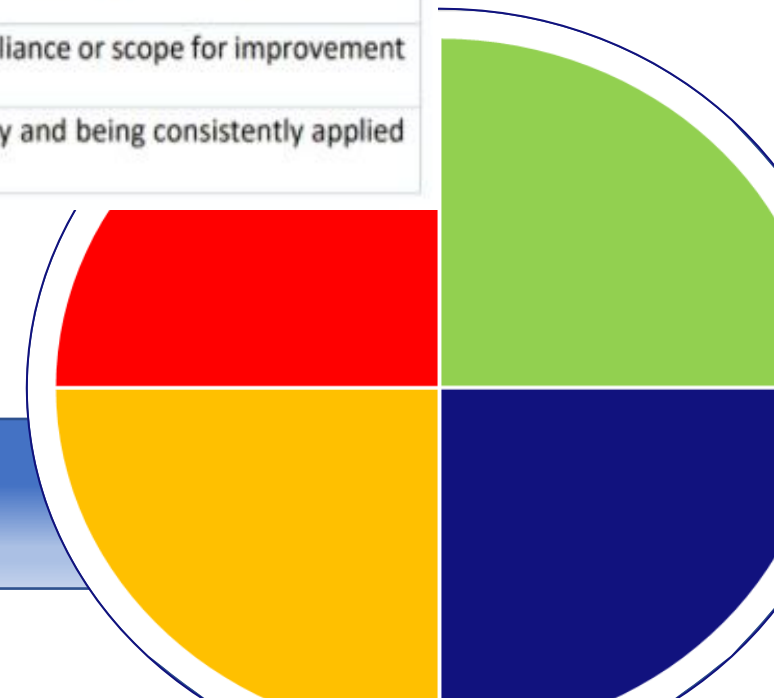
Highlighting Significant Risks



Our audit assurance levels provide management and Audit & Governance Committee an indication of how well we perceive risks to be managed in the area we have reviewed

| Audit Assurance Definitions | |
|-----------------------------|--|
| No | Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited. |
| Limited | Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited. |
| Reasonable | There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited. |
| Substantial | A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited. |

Our Assurance Opinions



What do we think best practice internal audit looks like?

- Agile audit planning and continuous risk assessment
- Clear assessment of risk coverage, and ideally assurance sources mapped
- Shorter, more focussed audit reporting
- Introduction of Continuous Auditing
- Increasing focus on data and the analysis of this data throughout out audit work

The future of internal audit



Thank you – any questions?

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Questions?

