

Report to Audit Committee

29th June 2022

By the Chief Internal Auditor



**Horsham
District
Council**

INFORMATION REPORT

Not Exempt

Internal Audit – Annual Report and Opinion 2021/22

Executive Summary

This report has been compiled to:

- Provide an overall annual opinion on the adequacy of the Council's governance arrangements, risk management systems and control environment.
- Summarise performance against key indicators.

No assurance can ever be absolute; however, based on the internal audit work completed, the Chief Internal Auditor is able to provide 'reasonable' assurance that Horsham District Council has in place an adequate and effective framework of governance, risk management and internal control for the period 1 April 2021 to 31 March 2022.

Recommendations

- To note the annual opinion of the Chief Internal Auditor on the overall adequacy and effectiveness of the Council's internal control environment, governance and risk management systems (Annexe A).
- To note the performance of Orbis Internal Audit against performance targets.

Reasons for Recommendations

- To comply with the requirements set out in the Public Sector Internal Auditing Standards.
- The Audit Committee is responsible for reviewing the effectiveness of the Council's system of internal control.

Background Papers: Internal Audit Reports and Quality Assurance Self-Assessment.
Consultation: N/A
Wards affected: All
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Background Information

1. Introduction and Background

1.1 Annual Report and Opinion

The 2021/22 internal audit plan was approved by this committee in April 2021. All reviews have been completed, and our Annual Report and Opinion for the year is attached as Annexe A.

1.2 Quarter 4 Update

The Audit Committee receives periodic reports on the work carried out by the Internal Audit service as part of the Council's governance arrangements. Please see Annexe B for the summary of work undertaken by Internal Audit during Quarter 4 (1st January to 31st March 2022).

1.3 Staffing

The Horsham internal audit plan has been delivered by the Orbis Internal Audit Partnership in accordance with professional standards (see below). All auditors have the requisite skills and experience to effectively fulfil their responsibilities, and all auditors who have managed work for Horsham D.C during 2021/22 are professionally qualified. All work is overseen by the Chief Internal Auditor who is CMIIA qualified.

2 Relevant Policy / Professional Standards

2.1 Statutory Background

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 public sector internal auditing standards or guidance." This responsibility is discharged through the Orbis Internal Audit team.

2.2 Relevant Professional Standards

Internal Audit follows the standards set out in the Public Sector Internal Audit Standards (last revised in 2017).

The Chief Internal Auditor is required to report on an annual basis to provide an opinion on the overall adequacy and effectiveness of the Council's governance arrangements, risk management systems and internal control environment.

2.3 Relevant Council Policy

The Council's Constitution supports the statutory requirements outlined above. Financial Procedure Rule 4e 27 states that: "The Chief Finance Officer ensures the Council has appropriate arrangements in place to maintain an adequate and effective internal audit. The terms of reference for Internal Audit are detailed in the Council's Internal Audit Charter which is approved and reviewed annually by the Audit Committee".

3. Service Quality and Performance

3.1 As explained above, the Council's Internal Audit service is operated in accordance with the Public Sector Internal Audit Standards (PSIAS) which came into effect on 1st April 2013 (amended in 2017). The standards require that an external quality assessment is undertaken every five years by a qualified, independent assessor or assessment team from outside the organisation. The Internal Audit service at Horsham, which is provided by the Orbis Internal Audit Partnership, was externally reviewed by the South-West Audit Partnership in 2018. The overall conclusion was that the service had achieved the highest level of conformance. As well as self-assessing against the standards every year, performance of the service is also monitored through a range of performance indicators, the results of which are contained within Appendix A of the annual report.

3.2 The Internal Audit service has maintained its independence throughout 2021/22 in accordance with the Audit Charter.

4. Next Steps

Not applicable.

5. Outcome of Consultations

Heads of Service / Service managers are consulted during each audit. At the end of each review, audit findings and draft reports are discussed with the Heads of Service at a final meeting, and actions are agreed. An action plan is incorporated into the final report including details of responsible officers and agreed implementation dates. There are occasions when a director may also be consulted, particularly for audits which span a number of departments.

6. Other Courses of Action Considered but Rejected

Not applicable.

7. Resource Consequences

This report includes a summary of information about the work undertaken by Orbis Internal Audit on behalf of Horsham District Council, and therefore there are no direct financial or HR consequences.

8. Legal Considerations and implications

There are no legal consequences. Where compliance issues are identified during audit fieldwork, the Head of Legal & Democratic Services (or relevant legal specialist) will be consulted.

9. Risk Assessment

All internal audit work is undertaken using a risk-based approach.

10. Procurement implications

There are no procurement implications arising from this report as this report is for noting.

11. Equalities and human rights implications / public sector equality Duty

There are no implications under equalities and human rights nor the public sector equality duty as this report is for noting.

12. Environmental implications

There are no environmental implications as this report is for noting.

13. Other Considerations

There are no consequences arising from GDPR / Data Protection or crime and disorder as this report is for noting.