

# Internal Audit and Counter Fraud Quarter 1 Progress Report 2018/19

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## 1. Summary of Completed Audits

- 1.1 A number of audits were completed during Quarter 1. However, these related to the previous financial year (2017/18), and the outcomes were included in the annual audit report which was presented to the Committee on 12<sup>th</sup> July 2018.
- 1.2 The audit plan for 2018/19 is progressing well, and a range of audits are in progress and will be reported in December. These include Incident Management, Community Infrastructure Levy and Parking Enforcement.

## 2. Counter Fraud and Investigation Activities

### Proactive Counter Fraud Work

- 2.1 Following the establishment of the Orbis Counter Fraud Team in April 2018, focus in the first quarter has been on aligning investigative practices and procedures between the sovereign authorities to ensure a consistent approach is adopted across the Orbis partnership in line with best practice and relevant guidance. Quarter 2 will see the implementation of an integrated Fighting Fraud Plan across Orbis partners that will strengthen our ability to prevent and detect fraud.
- 2.2 Internal audit is currently liaising with departments in preparation for the forthcoming National Fraud Initiative (NFI) data matching exercise. This exercise is mandatory, and data sets are due to be submitted during the week commencing 8th October 2018. Data matching reports will then be made available for review at the end of January 2019.

### Summary of Completed Investigations

- 2.3 None to report.

## 3. Action Tracking

- 3.1 All high and medium priority actions agreed with management as part of individual audit reviews are subject to action tracking. As at the end of quarter 1, 95% of high priority actions due had been implemented within agreed timescales.

- 3.2 Implementation of High and Medium Priority agreed audit actions (based on a 12 month rolling period):

Period to:	High & Medium Priority Agreed Actions Due	Not implemented	Implemented	% Implemented
30/06/18	56	2	54	96

- 3.3 Internal Audit will continue to work with senior management to ensure that sufficient attention is given, and an update on progress will continue to be reported to this committee.

### 3.4 Details of outstanding priority agreed actions:

Audit / Agreed Action	Directorate	Due Date	Revised Date	Progress to date
<b>Medium Priority</b> <u>Debtors:</u> The documented process for debt recovery will be revised to provide clarity to responsibilities.	Corporate Resources	31/08/17	31/12/18	<u>September 2018 Update:</u> Better reports including those on debt are in the pipeline to be reviewed and designed once the budget setting and budget monitoring and forecasting elements of the T1 module are fully up and running.
<b>Medium Priority</b> <u>Creditors:</u> Orders raised as a percentage of invoices received:  A target of 60% has been re-introduced for 2017/18 and will be reported within the performance indicators to the Finance and Performance Committee on a quarterly basis.	Corporate Resources	31/12/17	30/11/18	<u>September 2018 Update:</u> We still anticipate this information being available by the end of November. Attention has been on improving the budget setting and monitoring and forecasting modules within T1.

## 4. Amendments to the Audit Plan

4.1 In accordance with proper professional practice, the internal audit plan for the year remains under regular review to ensure that the service continues to focus its resources in the highest priority areas based on an assessment of risk. Through discussions with management, the following reviews have been added to the audit plan during the year:

- Housing Benefits Subsidy - Lessons Learnt
- Review of bomb / lockdown procedures for Parkside and buildings owned by Horsham D.C.
- Input to the review of the Council's Constitution

4.2 Through the same process, the following audits have been removed or deferred from the audit plan and, where appropriate, will be considered for inclusion in the 2019/20 plan as part of the overall risk assessment completed during the annual audit planning process:

- Contracts (Procurement)

The Procurement Manager has been under significant pressure to deliver the procurement work programme due to significant staff shortages within her team. The review of Contracts (Procurement) has therefore been deferred until 2019/20 with the agreement of the Director of Corporate Resources.

## 5. Internal Audit Performance

5.1 In addition to the annual assessment of internal audit effectiveness against Public Sector Internal Audit Standards (PSIAS), the performance of the service is monitored on an ongoing basis against a set up agreed key performance indicators as set out in the following table:

Aspect of Service	Orbis IA KPI	Target	RAG score	Actual Performance
Quality	Annual Audit Plan agreed by Audit Committee	By end April	G	Approved by Audit Committee on 11/04/18
	Annual Audit Report and Opinion	By end July	G	2017/18 report approved by Committee on 12/07/18
	Customer Satisfaction levels	90% satisfied	G	N/A. No surveys received.
Productivity and process efficiency	Audit Plan – completion to draft report stage	90%	G	29 % completed to draft reports stage by end of Q1 (against a Q1 target of 25%)
Compliance with professional standards	Public Sector Internal Audit Standards complied with	Conforms	G	Based on external assessment undertaken on 08/02/18
	Relevant legislation such as the Police And Criminal Evidence Act, Criminal Procedures and Investigations Act	Conforms	G	No evidence of non-conformance identified
Outcome and degree of influence	Implementation of management actions agreed in response to audit findings	95% for high & Medium priority agreed actions	G	95%
Our staff	Professionally qualified / accredited	80%	G	85%

## Audit Opinions and Definitions

Opinion	Definition
<b>Substantial Assurance</b>	Controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.
<b>Reasonable Assurance</b>	Most controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.
<b>Partial Assurance</b>	There are weaknesses in the system of control and/or the level of non-compliance is such as to put the achievement of the system or service objectives at risk.
<b>Minimal Assurance</b>	Controls are generally weak or non-existent, leaving the system open to the risk of significant error or fraud. There is a high risk to the ability of the system/service to meet its objectives.