

## Report to Audit Committee

18<sup>th</sup> December 2019

By the Horsham Chief Internal Auditor



### INFORMATION REPORT

Not Exempt

## Internal Audit Progress Report – Quarter 2 (01/07/19 - 30/09/19)

### Executive Summary

To provide Members with an update on all internal audit and counter-fraud activity completed during the quarter, including a summary of all key findings. The report also includes details of progress on delivery of the annual audit plan along with an update on the performance of the internal audit service during the period.

### Recommendations

The Committee is recommended to:

- Note the report and consider any further action required in response to the issues raised; and
- Identify any new or emerging risks for consideration for inclusion in the internal audit plan.

### Reasons for Recommendations

- i) To comply with the requirements set out in the Public Sector Internal Audit Standards 2013 (amended April 2017).
- ii) The Audit Committee is responsible for reviewing the effectiveness of the Council's systems of internal control.

### Background Papers

Internal Audit Strategy and Annual Plan 2019-20

**Wards affected:** All.

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## **Background Information**

### **1 Introduction and Background**

#### **Background**

- 1.1 This progress report covers work completed between 1 July 2019 and 30 September 2019.

#### **Supporting Information**

- 1.2 The current annual plan for internal audit is contained within the Internal Audit Strategy and Annual Plan 2019-20 which was approved by the Audit Committee on 10 April 2019.

### **2 Relevant Policy / Professional Standards**

- 2.1 Internal Audit follows the mandatory standards set out in the Public Sector Internal Audit Standards (PSIAS) published by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Chartered Institute of Internal Auditors.
- 2.2 The Council's Constitution supports the statutory requirements outlined above. Financial Procedure Rule 4e 27 states that: "the Chief Finance Officer, as determined by the Council, will ensure that 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 by the Audit Committee.

### **3 Conclusion and Reasons for Recommendation**

- 3.1 Key audit findings from final reports are summarised in Appendix A.
- 3.2 Overall, of the seven formal audits finalised during the quarter, one received an opinion of 'minimal assurance' (see separate exempt report), three received an opinion of 'partial assurance' and two received an opinion of 'reasonable assurance'. We did not give an opinion for our review of the Year of Culture as this was undertaken part way through the project.
- 3.3 Formal follow up reviews continue to be carried out for all audits where 'minimal assurance' opinions have been given and for higher risk areas receiving 'partial assurance'. Progress on action tracking is provided in Section 3 of Appendix A, and details of outstanding high and medium actions are provided in Section 3.4.
- 3.4 Members will recall that flexibility was built into the audit plan to allow resources to be directed to any new and emerging risks. We continue to liaise with departments to identify these but would also welcome input from Members. Details of those reviews added and removed from the plan so far this year are set out in section 4 of Appendix A.
- 3.5 Progress against our performance targets (focussing on a range of areas relating to our service) can be found in section 5 of Appendix A. All targets have been assessed as on target (green).

## **4 Next Steps**

- 4.1 The Committee will be kept informed about progress in terms of the delivery of the audit plan for 2019/20.

## **5 Outcome of Consultations**

- 5.1 Heads of Service / Service Managers are consulted during each audit. At the end of each review, audit findings 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**

- 6.1 Not applicable.

## **7 Resource Consequences**

- 7.1 This report summarises information about the work undertaken by Internal Audit, and therefore there are no direct financial or HR consequences.

## **8 Legal Consequences**

- 8.1 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**

- 9.1 All Internal Audit work is undertaken using a risk based approach.

## **10 Other Considerations**

- 10.1 Internal Audit is a reporting function and there are no consequences in respect of Crime & Disorder; Human Rights; Equality & Diversity; or Sustainability. However these areas are considered where appropriate during audit fieldwork.