Internal Audit and Counter Fraud

Quarter 1 Progress Report 2022/23

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1. Summary of Completed Audits

Network Access Management (2021/22)

1.1 This audit sought to provide assurance over the management of access to the Council's network. This included a review of controls used to manage users' network accounts and the access to systems and data for new starters, those moving departments, and those leaving. It also considered the Council's Active Directory and how this is managed; the contents contained within it and controls in place to ensure that it is accurate. The audit was undertaken in line with the following objectives:

- Staff network accounts are up to date and only have the correct network access permissions relevant to their job role;

- The Active Directory is regularly reconciled, and all leavers have been removed;

- User permission changes are completed efficiently for movers to ensure users have correct access relevant only to their new role;

- New starters network accounts are set up with the correct access relevant for their role with no access to systems or information outside their responsibilities.

1.2 We were able to provide an opinion of **Reasonable Assurance** on the basis that:

- There is an effective process for identifying and reconciling permanent payroll leavers. This includes a list of permanent payroll leavers provided to the helpdesk engineers monthly, that is then reviewed against the Active Directory (AD) to ensure that user accounts have been disabled/deleted.

- New network accounts and amendments to accounts are completed using an online form by the line manager and HR approval is required for this form before it is actioned by the engineers.

- There are sufficient controls over who can access the new accounts, once created.

- With the exception of the leaver process, which needs updating, the access management processes carried out by the team are not formally documented and this, combined with no consistent quality review, could create inconsistencies with the processing of requests. Appropriate actions have been agreed to improve this area.

- General maintenance of the AD is conducted by the senior engineers within the team as required and the housekeeping of the AD is completed for permanent leavers using the monthly HR leavers list previously mentioned.

- Individual user AD network accounts have no unique identifiers attached to them which could create issues with account management within the AD if multiple users have the same name.

Electoral Registration (including Canvassing) (2022/23)

1.3 The Council is required to maintain an electoral register and ensure a revised register is published annually. The Electoral Register within Horsham District is made up of approximately 66,000 properties and lists the names and addresses of people who are registered to vote in public elections. The electorate in the district is in the region of 111,000. The Register is used predominantly for electoral purposes and

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ensures that only eligible people can vote. The annual canvass begins in July and the Register is published on 1st December.

1.4   The purpose of this audit was to provide assurance that controls are in place to meet the following objectives:

- Appropriate and effective processes are in place for electoral registration and canvassing, which helps to ensure that statutory requirements are adhered to;

- There are robust processes in place to ensure that an accurate and complete electoral register is maintained, and that information governance requirements are adhered to;

- Canvassers who are engaged to visit properties are subject to appropriate pre-employment checks, training, and supervision;

- Canvassers are paid correctly for visits that they have undertaken;

- Business continuity arrangements have been adequately considered.

1.5   As a result of our work, we were able to provide an opinion of **Reasonable Assurance** in this area. We found that the statutory requirements for undertaking an annual electoral registration and canvass are being adhered to. Canvassers are provided with training prior to undertaking their role and appropriate processes are in place to ensure they are correctly remunerated for the work they undertake.

1.6   Areas were identified to improve the overall controls in place, this included measures to:

- Complete a risk assessment and address lone working and safeguarding as part of the canvassers' training and information pack, prior to starting work.

- Update the department's business continuity plan, furnishing the Emergency Planning Officer with a copy.

- Review and update the Record of Processing Activity and Information Asset Register to ensure all data held and processed by the Department is handled in compliance with data protection legislation and regulations. In addition, the Data Protection Retention Schedule will be reviewed as part of the canvass process to ensure all areas are covered accordingly.

- Introduce and update documented procedures for the team, which will be saved on the team's shared drive.

1.7   An action plan to address the findings of the review has been agreed with management.

Corporate Compliance – Community Safety, Health and Wellbeing Follow Up (2022/23)

1.8   The Community Safety, Health and Wellbeing Team fulfil several distinct roles. The team offers a free service to adults in accessing local services and providing advice to improve their health and wellbeing. In addition, as part of the community safety function, there is partnership working undertaken by this service to provide and promote community cohesion and resilience.

1.9   An audit of Corporate Compliance (Community Safety, Health and Wellbeing) was completed in 2021/22 and we provided an opinion of Partial Assurance. As part of our planned work for 2022/23 we agreed

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with management to undertake a follow up review to ensure agreed actions had been fully implemented. This follow up review did not cover controls which were found to be satisfactory during the previous review.

1.10   Our work identified that 11 of the previously agreed actions had been fully implemented. Three actions had been partially implemented and as a result, we were able to issue an opinion of **Substantial Assurance**. The three outstanding actions were all assessed as low risk and an action plan was developed and agreed with management to address these.

2.   Counter Fraud and Investigation Activities

Proactive Counter Fraud Work

2.1   The Orbis Internal Audit service came into effect from 1st April 2018. The integrated structure was designed to deliver resilience, flexibility and quality, along with specific specialisms. A key strand of this was the formation of a counter fraud team that would deliver both reactive and proactive fraud services across the partnership, including to Horsham District Council.

National Fraud Initiative (NFI)

2.2   The organisation uploaded the required data sets at the end of 2020 / beginning of 2021. Data matches were made available by the Cabinet Office on 28th January 2021, and these are in the process of being investigated.

Fraud Risk Assessments

2.3   A Fraud risk assessment has been undertaken to ensure that the current fraud threat for the Council has been considered and appropriate mitigating actions identified. The outcomes from the assessment help to inform the annual internal audit plan.

Counter-Fraud Strategy and Framework

2.4   The Orbis Counter Fraud team has developed a Counter-Fraud Strategy and Framework for Horsham. This has been approved by the Council's Senior Leadership Team and is published on the Council's Intranet. This is due for review in October 2022, and a new strategy and framework is currently under development.

3.   Action Tracking

3.1   All high priority actions agreed with management as part of individual audit reviews are subject to action tracking. As at the end of quarter 1, 100% of high priority actions due had been implemented within agreed timescales.

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3.2   Internal Audit will continue to work with senior management to ensure that sufficient attention is given to any high or medium priority actions that are overdue and an update on progress with high priority actions will continue to be reported to this committee.

4.   Amendments to the Audit Plan

4.1   In accordance with proper professional practice, the Internal Audit plan for the year was kept under regular review to ensure that the service continued to focus its resources in the highest priority areas based on an assessment of risk. Through discussions with management, the following reviews were added to the original audit plan during the year:

Planned Audit Work	Rationale for Addition
Protect & Vaccinate Grant Certification	Central Government directive
COMF (Contain Outbreak Management Fund) Grant Certification	Central Government directive
Bespoke Risk Management Training	Client request
Declaration of Interest Reports compiled and sent to each Head of Service covering their individual areas of responsibility.	Client request
Provision of audit advice following changes in officer roles for administering the payroll function.	Client request - Potential risk to the control environment

4.2   In order to allow this additional work to take place, the following audits have been removed or deferred from the audit plan and, where appropriate, will be considered for inclusion in future audit plans as part of the overall risk assessment completed during the annual audit planning process. These changes have been made on the basis of risk prioritisation and/or as a result of developments within the service areas concerned requiring a rescheduling of audits:

•   Private Sector Leasing Scheme. (Advisory work in respect of the process will be undertaken instead, with a view to undertaking a full audit once the Scheme is operational).

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 of agreed key performance indicators as set out in the following table:

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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 the Audit Committee on 30th March 2022.
	Annual Audit Report and Opinion	By end July	G	2021/22 report presented to the Audit Committee on 29th June 2022.
	Customer Satisfaction levels	90% satisfied	G	100%
Productivity and process efficiency	Audit Plan – completion to draft report stage	90%	A	18.8% completed to draft report stage at the end of Quarter 1, against a target of 22.5%. This is expected to improve by the end of Quarter 2.
Compliance with professional standards	Public Sector Internal Audit Standards complied with	Conforms	G	January 2018 – External assessment by the South-West Audit Partnership gave an opinion of 'Generally Conforms' – the highest of three possible rankings.

April 2022 - Updated self-assessment against the standards within the PSIAS underway and preparations for a full independent external assessment in progress.

June 2022 - Quality Review of audit assignments identified no major areas of non-conformance. |
| | Relevant legislation such as the Police and Criminal Evidence Act, Criminal Procedures and Investigations Act | Conforms | G | No evidence of non-compliance identified. |

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Outcome and degree of influence	Implementation of management actions agreed in response to audit findings	95% for high & Medium priority agreed actions	G	100%
Our staff	Professionally qualified / accredited	80%	G	94%[1]

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Audit Opinions and Definitions

Opinion	Definition
Substantial Assurance	Controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.
Reasonable Assurance	Most controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.
Partial Assurance	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.
Minimal Assurance	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.

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