

Report to Audit Committee

7th December 2022

By the Horsham Chief Internal Auditor



INFORMATION REPORT

Not Exempt

Internal Audit Progress Report – Quarter 2 (01/07/22 - 30/09/22)

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 together 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.
- 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 2022-23.

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 2022 and 30 September 2022.

Supporting Information

- 1.2 The current annual plan for internal audit is contained within the Internal Audit Strategy and Annual Plan 2022-23 which was approved by the Audit Committee on 30 March 2022.

2 Relevant Council Policy / Professional Standards

- 2.1 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 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".
- 2.3 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.

3 Details

- 3.1 Key audit findings from final reports are summarised in Appendix A.
- 3.2 Six formal audits were finalised during the quarter. One of the audits received an opinion of 'substantial assurance', four received an opinion of 'reasonable assurance', and one received an opinion of 'partial assurance'. We also reviewed the PRS (Planning and Regulatory Services) project governance arrangements which was a non-opinion piece of work.
- 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.
- 3.4 Flexibility is 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 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.

4 Next Steps

- 4.1 The Committee will be kept informed about progress in terms of the delivery of the audit plan for 2022/23.

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 relevant Head(s) 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 Considerations and Implications

- 8.1 There are no legal considerations or implications. Where legal 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. Procurement implications

- 10.1 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

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

12. Environmental implications

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

13. Other Considerations

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