Appendix A

Internal Audit and Counter Fraud Quarter 1 Progress Report 2023/24

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Horsham District Council

1. Summary of Completed Audits

Private Sector Housing Assistance Grants Follow-up

1.1 An opinion of minimal assurance was previously provided in respect of the 2021/22 audit of the Private Sector Housing Assistance Grants. As part of our planned work for 2023/24, we agreed with management that we would undertake a follow up review of this audit.

1.2 The control objectives from the original review were:

- Ensure that arrangements for selecting contractors and monitoring of quotes are transparent and there is a robust process in place.

- Check that the process ensures that grant requirements are complied with.

- Ensure that accurate and detailed grant information is held and reported to confirm that grants have been correctly categorised; charges are registered on the property (where applicable) following an award; and repayments are correctly recorded.

1.3 We obtained the necessary evidence to confirm that all four actions agreed from the previous review have been fully implemented. Therefore, we have been able to provide a revised opinion of **Substantial Assurance** over the controls operating within the service.

Land Charges Follow-up

1.4 The purpose of this audit was to follow-up the agreed actions from the 2022/23 audit, in which we gave an opinion of Partial Assurance. Testing did not cover those controls which were found to be satisfactory during the previous review.

1.5 The control objectives from the original review were:

- Ensure that all applications for local land charge searches are processed promptly and in accordance with legislation.

- Ensure that local land charges are approved and set in accordance with regulations.

- Check the there is a robust process operating to ensure that all income due is received in full.

1.6 From the eight agreed actions agreed during the previous review, six have been fully implemented. One has an implementation date which has not yet been reached (so it has been repeated in our follow-up audit report), and one had been partially implemented. This has significantly reduced the overall level of risk to this service area.

1.7 Overall, we have been able to provide a revised opinion of **Substantial Assurance** over the controls operating within the area. The partially implemented action is considered to be low risk. The other control action is dependent upon the functionality of a new computer application system which isn't due to go live until the end of December 2024, and a compensatory control is in operation during the intervening period.

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2. Counter Fraud and Investigation Activities

National Fraud Initiative (NFI)

2.1 Internal Audit coordinated the submission of Council datasets for the biennial NFI exercise in November 2022. The results from the data matching were provided to the Council in January 2023 and Internal Audit has been liaising with the relevant departments to ensure that flagged matches are investigated and actioned appropriately.

Fraud Risk Assessments

2.2 Fraud risk assessments are regularly reviewed to ensure that the current fraud threat to the Council has been considered, and appropriate mitigating actions identified.

Counter-Fraud Strategy and Framework

2.3 Horsham DC has in place a Counter Fraud Strategy that sets out its commitment to preventing, detecting and deterring fraud.

3. Action Tracking

3.1 All high priority actions agreed with senior 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.

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 is kept 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 review has been added to the original audit plan during the year:

Planned Audit Work	Rationale for Addition
Information Governance audit	The risk of data breaches features on the Corporate Risk Register. The audit review has been requested by the Council's Monitoring Officer.

4.2 The Information Governance audit will be resourced from the contingency element of the audit plan. This is available for carry forwards from the previous financial year, unplanned work (including new and emerging risks), and special investigations.

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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:

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 29th March 2023.
	Annual Audit Report and Opinion	By end July	G	2022/23 report presented to the Audit Committee on 12th July 2023.
	Customer Satisfaction levels	90% satisfied	G	100%
Productivity and process efficiency	Audit Plan – completion to draft report stage	90%	G	7.7% completed to draft report stage at the end of Quarter 1, against a target of 22.5%. There are good reasons for the shortfall, and measures are being taken to bring the plan back on track. Delivery of the overall audit plan for 2023/24 is not considered to be at risk at the present time.
Compliance with professional standards	Public Sector Internal Audit Standards complied with	Conforms	G	Dec 2022 - External Quality Assurance completed by the Chartered Institute of Internal Auditors. Orbis Internal Audit was assessed as achieving the highest level of conformance available against professional standards with no areas of non-compliance identified, and therefore no formal recommendations for improvement arising. In summary the service was assessed as: • Excellent in: - Reflection of the Standards - Focus on performance, risk, and adding value • Good in: - Operating with efficiency - Quality Assurance and Improvement Programme • Satisfactory in:

				- Coordinating and maximising assurance
	Relevant legislation such as the Police and Criminal Evidence Act, Criminal Procedures and Investigations Act	Conforms	**G**	No evidence of non-compliance identified.
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**	88%[1]

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[1] Includes part-qualified staff

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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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