

## **NCC Head of Audit Update, including 2022/23 Opinion**

1. EMSS is constituted under Joint Committee arrangements, to process payroll/HR, accounts payable and accounts receivable transactions for Leicestershire County Council and Nottingham City Council.
2. Nottingham City Council Internal Audit is the designated Internal Audit provider for EMSS. The Head of Internal Audit (HoIA) has ensured that the service has adopted and complies with the principles contained in the Public Sector Internal Audit Standards (PSIAS) and has met the requirements of the Account and Audit Regulations 2015 and associated regulations.
3. EMSS managers are responsible for ensuring that proper standards of internal control operate within their organisation. The NCC Internal Audit service undertakes reviews of the internal control procedures in respect of the key systems and processes run by EMSS on behalf of itself and its clients; the Annual Audit Plan continues to focus in these areas.
4. The Audit Plan is agreed annually and reported to LCC and NCC governance committees. Reports in respect of all reviews are issued to the responsible colleagues within EMSS and final agreed versions of reports are shared with LCC colleagues. These reports include agreed recommendations within attached action plans and a level of assurance that is drawn from the findings. The Internal Audit Team meets periodically with the EMSS Management Team to discuss progress.

## **EMSS Audit Outturn 2022/23**

5. During 2023, partners were made aware of the challenges experienced by the NCC Internal Audit Team, with NCC priorities and staffing shortages impacting on our ability to complete the featured audits within a reasonable time frame, with the final reporting for 2022/23 concluding in September 2023.
6. A summary of the work completed for 2022/23 and the associated level of assurance is as follows:

<b>Audit</b>	<b>Focus</b>	<b>2021/22 Outcome</b>	<b>2022/23 Outcome</b>
<b>Payroll</b>	System Control and Processes	Limited Assurance	Limited Assurance
<b>Accounts Receivable</b>	System Control and Processes	Significant Assurance	Moderate Assurance
<b>Accounts Payable</b>	System Control and Processes.	Moderate Assurance	Significant Assurance
<b>System Admin and access controls</b>	System Control and Processes.	Moderate Assurance	Limited Assurance

## Head of Internal Audit Opinion - 2022/23

7. Over and above the delays to completing the 2022/23 Plan, there has been a delay in providing an opinion for 2022/23 because the Head of Internal Audit experienced a prolonged period of absence from work.
8. On the basis of audit work undertaken during the 2022-23 financial year, the Head of Internal Audit (HoIA) at Nottingham City Council concludes that a “limited” level of assurance can be given that internal control systems are operating effectively within EMSS and that no significant issues had been discovered. Whilst the direction of travel for the four audits, from 2021/22 to 22/23 has varied, the overall movement over the year is not sufficient to warrant a “moderate” level of assurance. That said, we would fully expect the opinion to improve for 2023/24. This opinion is influenced by the following concerns with the audits completed:

### Payroll

- The outstanding work required to transform the service in order that it is fit for purpose, including dealing with outstanding issues previously raised by Internal Audit, i.e., completion monthly reconciliations of control accounts, approach to the recovery of salary overpayments and treatment of exception reporting. We experienced difficulties in completing all fieldwork because of the lack of available evidence, which delayed the process.

### Accounts Receivable

- Issues around the collection strategy/compliance
- Concerns around write-out of debt

### ICT Systems Admin/Access

- The need to perform an Oracle Health Check on a regular basis
- Improvements to business continuity arrangements

## Internal Audit Plan 2023/24 Update

9. The current position of the audits in the current year’s plan is as follows:

Audit	Status	2022/23 Outcome	2023/24 Outcome
Payroll 23/24	Fieldwork in Progress	Limited Assurance	
Accounts Receivable 23/24	Planning	Moderate Assurance	

<b>Accounts Payable 23/24</b>	Final Report	Significant Assurance	Significant Assurance
<b>System Admin and access controls 23/24</b>	Final Report	Limited Assurance	Moderate Assurance

10. In respect of systems administration, improvements to business continuity arrangements have been evidenced and progress has been made in responding to Oracle Health Check issues. However, whilst an intention has been communicated, we are yet to be advised of a confirmed regular arrangement for future Health Checks.

11. For reasons already stated, we expect the work on these audits to continue until at least the end of the first quarter of 2024/25.

### **Internal Audit Plan 2024/25**

12. From the third quarter of 2024/25, we intend to limit our work to just follow-up audits in respect of those recommendations made as part of 2023/24 reviews.

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