



## **CORPORATE GOVERNANCE COMMITTEE – 21 NOVEMBER 2022**

### **REPORT OF THE DIRECTOR OF CORPORATE RESOURCES**

#### **EAST MIDLANDS SHARED SERVICE - INTERNAL AUDIT WORK UNDERTAKEN BY NOTTINGHAM CITY COUNCIL**

##### **Purpose of Report**

1. The purpose of this report is to:
  - a. Provide details on internal audit work undertaken at East Midlands Shared Service (EMSS) by Nottingham City Council Internal Audit (NCCIA) for the year 2021-22;
  - b. Provide a progress update against planned internal audit work at EMSS by NCCIA for the year 2022-23.

##### **Background**

2. In 2010, Nottingham City Council (NCC) and Leicestershire County Council (LCC) formed a partnership to share their HR, Payroll and Finance IT system and jointly deliver HR administration, payroll and finance transactional services.
3. East Midlands Shared Services (EMSS) was created on 1 September 2012. The Employee Service Centre is based at County Hall in Leicestershire and the Finance Service Centre at Loxley House in Nottingham.
4. The Service operates on a shared IT platform. In 2018, the partner Councils procured a replacement system, Oracle Fusion Cloud, and commenced an implementation programme, 'Fit for the Future', across HR, Payroll, Finance and Procurement. The programme completed in March 2022 with the implementation of the new system across the two Councils and EMSS.

##### **Internal Audit Provision**

5. Nottingham City Council Internal Audit (NCCIA) is the designated provider for EMSS. EMSS managers are responsible for ensuring that proper standards of internal control operate within the organisation. NCCIA 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 on these areas.

6. The Annual Audit Plan is agreed annually at the EMSS Joint Committee in March and reported to the County Council and NCC governance committees. The NCCIA team meet with the EMSS Management Team on a quarterly basis to discuss the scope, draft report and findings from the audits.
7. The Head of EMSS meets with the Sponsors' of EMSS from each Council on a monthly basis and provides them with updates as audits are completed, providing details of the findings, recommendations and assurance. The LCC Sponsor is Declan Keegan, Assistant Director of Corporate Resources.
8. Copies of the audits are passed to the Head of Internal Audit and Assurance at LCC, who will raise any questions directly with NCCIA or the Head of EMSS.
9. In order to conform with the Public Sector Internal Audit Standards (PSIAS), the Head of Audit and Risk at NCCIA, not only produces an annual plan of audits, but also an Annual Report to include an opinion on the overall adequacy and effectiveness of the organisations' (EMSS) control environment. The opinion also appears in Leicestershire County Council's Annual Governance Statement and the HoIAS places reliance on the work conducted by NCCIA.
10. Simon Parsons, Audit Manager at NCCIA will present the Annual Report and opinion for 2021-22 and the Annual Plan of work for 2022-23.
11. The work of NCCIA for 2021-22 was included as part of the annual report to the Scrutiny Commission on 9 November 2022, 'East Midlands Shared Service Annual Performance Update'.

### **Resource implications**

12. None

### **Equality and Human Rights Implications**

13. There are no discernible equality and human rights implications resulting from the audits listed.

### **Recommendation**

14. That the contents of the report be noted.

### **Background Papers**

[The Constitution of Leicestershire County Council – Part 3 Responsibility for Functions – Joint Arrangements](#)

[Report to Scrutiny Commission 9 November 2022 East Midlands Shared Service Annual Performance Update](#)

**Circulation under the Local Issues Alert Procedure**

None.

**Officer to Contact**

Neil Jones, Head of Internal Audit and Assurance Service

Tel: 0116 305 7629

Email: [neil.jones@leics.gov.uk](mailto:neil.jones@leics.gov.uk)

**Appendices**

Appendix 1	NCC Head of Audit and Risk Audit Report and Opinion 2021-22
Appendix 2	Proposed EMSS Audit Plan 2022-23

This page is intentionally left blank