

**NCC Head of Audit and Risk Audit Report and 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 Council and 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. This includes compliance with the governance requirements set down in the CIPFA Statement on the role of the Head of Internal Audit.
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.
5. The IA team meets regularly with the EMSS Management Team and provides details of findings and assurance to its Operations Board.
6. Reports in respect of all reviews are issued to the responsible colleagues within EMSS. These reports include agreed recommendations within attached action plans and a level of assurance that is drawn from the findings.

**EMSS Audit Outturn 2021/22**

7. We have issued Final Audit Reports in respect of the four audit reviews that feature in the Audit Plan for 2021/22.
8. We have previously updated partners regarding the challenges that have been experienced by the Audit Team during 2021/22, which have included difficulties with:
  - Obtaining the appropriate level of access to Fusion
  - Identifying the required information, once access was granted
  - Accessing Payroll colleagues & essential documentation, as a consequence of the delay in Payroll/HR going live and EMSS work pressures
9. The fieldwork in respect of the Payroll/HR and System Admin / Access Controls was carried forward to 2022/23, with final reports being issued in June/July 2022.

10. EMSS colleagues have faced considerable challenges during 2021/22, including significant Payroll issues which, as mentioned above, has at times limited colleagues availability to assist with our reviews and has ultimately impacted upon the scope of our work. We also experienced some limitation to the scope of our work with regards to the Accounts Payable Audit. The Head of EMSS stated during 2022 that the challenges experienced during 2021/22 has made the operation of control activities, such as reconciliations, more challenging.

A summary of the work completed and the associated level of assurance is provided below.

<b>Assurance Related Audits 2021/22</b>					
<b>Audit</b>	<b>Focus</b>	<b>2020/21 Outcome</b>	<b>2021/22 Outcome</b>	<b>2021/22 Plan</b>	<b>2021/22 Actuals</b>
<b>Payroll</b>	System Control and Processes	Significant Assurance	Limited Assurance	40	36
<b>Accounts Receivable</b>	System Control and Processes.	Moderate Assurance	Significant Assurance	40	38
<b>Accounts Payable</b>	System Control and Processes.	Significant Assurance	Moderate Assurance	40	44
<b>System Admin and access controls</b>	System Control and Processes.	N/A	Moderate Assurance	30	13
<b>Contingency</b>	--	-	-	20	0

### **Head of Internal Audit Opinion - 2021/22**

On the basis of audit work undertaken during the 2021-22 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. This opinion is influenced by the ongoing serious concerns that exist within the Payroll function and the fact that there have been limitations placed upon the completion of our work programme.