



CORPORATE GOVERNANCE COMMITTEE – 19 SEPTEMBER 2025

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 the Interim Team Leader, Nottingham City Council Internal Audit (NCCIA)) annual report and opinion for internal audit work undertaken at East Midlands Shared Service (EMSS) for the year 2024-25.
 - b. Provide details of the planned internal audit work at EMSS by NCCIA for the year 2025-26 and progress to date

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. EMSS operates through a Joint Committee (the Committee) established with Nottingham City Council and which consists of elected member representative from both authorities. The County Council's representatives on the Committee are currently Mr D. Harrison CC (Chair of the Committee) and Miss H. Butler CC. The Committee oversees and monitors the performance of EMSS and meets on a quarterly basis
5. EMSS 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. The functionality of the system is kept under constant review to identify improvements. The contract for the support provider will be reprocedured in 2026.

Internal Audit Provision

6. Nottingham City Council Internal Audit (NCCIA) is the designated internal audit provider for EMSS. EMSS managers are responsible for ensuring that proper standards of internal control operate within the organisation. NCCIA undertakes audits 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.
7. The NCCIA team meet with the EMSS Management Team on a quarterly basis to discuss the scope, draft report, and findings from the audits. The Head of EMSS aims to meet with the Sponsors' of EMSS from each Council monthly and provides them with updates as audits are completed, providing details of the findings, recommendations, and assurance. The LCC Sponsor is Simone Hines, Assistant Director of Corporate Resources.
8. Copies of the NCCIA audit reports are passed to Leicestershire County Council's Head of Internal Audit and Assurance Service (HoIAS), who will raise any questions directly with NCCIA or the Head of EMSS. The HoIAS refers to the audit work undertaken by NCCIA on the key financial systems in both his annual planning report and annual report and opinion for the County Council.
9. At its meeting on 16 June 2025, the Joint Committee received the Interim Team Leader at NCCIA annual report and opinion for internal audit work undertaken at East Midlands Shared Services (EMSS) for the year 2024-25. It was explained that three out of four planned audits had been completed and gave an overall positive opinion. The annual report and opinion are found at Appendix 1. The fourth audit was intended to look at the Oracle Fusion system. However this had been the subject of reviews in the previous years and had been found to be satisfactory, so the review was withdrawn.
10. The 2025-26 EMSS Internal Audit Plan (Appendix 2) has been discussed with the Head of EMSS and reviewed by the County Council's HoIAS. The assigned NCCIA resource has been reduced slightly as the systems have remained unchanged, and the sample testing will be reduced. If any concerns are raised during the review the testing will be extended as necessary and resourcing adjusted.

The 2025-26 Plan was approved by the Joint Committee at its meeting on 11 September 2025.

11. The Interim Team Leader at NCCIA will provide some detail on the appendices.

Resource implications

12. None

Equality Implications

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

Human Rights

14. None

Recommendation

15. The Committee is asked to note the contents of the report.

Background Papers

The Constitution of Leicestershire County Council – Part 3 Responsibility for Functions – Joint Arrangements – East Midlands Shared Services (page 9/23)

<https://democracy.leics.gov.uk/documents/s189336/Part%203%20Responsibility%20for%20Functions.pdf>

Scrutiny Commission 8 September 2025 - East Midlands Shared Services Annual Performance Update 2024-25

<https://democracy.leics.gov.uk/documents/s191392/EMSS%20Performance%20Update%20FINAL.pdf>

Circulation under the Local Issues Alert Procedure

None.

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Appendices

1. NCC Head of Audit Update, including 2024/25 Opinion
2. EMSS Proposed Audit Plan 2025-26

