

NCC Head of Audit Update, including 2024/25 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. While EMSS management is responsible for maintaining effective internal control systems, the NCC Internal Audit team provides independent assurance over these processes. The audit plan is designed to focus on key systems operated by EMSS on behalf of both Councils; 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 2024/25

5. From 2023 onwards, the NCC Internal Audit service has experienced staffing challenges, including the long term absence and subsequent resignation of the Head of Internal Audit. As a result, no formal audit opinion was issued for 2023/24.
6. A summary of the work completed for 2023/24 and 2024/25 and the associated level of assurance is as follows:

Audit	Focus	2023/24 Outcome	2024/25 Outcome
Payroll	System Control and Processes	Limited Assurance	Moderate Assurance
Accounts Receivable	System Control and Processes.	Moderate Assurance	Moderate Assurance
Accounts Payable	System Control and Processes.	Significant Assurance	Moderate Assurance

System Admin and access controls	System Control and Processes.	Moderate Assurance	*No work undertaken
----------------------------------	-------------------------------	--------------------	---------------------

7. *No work was undertaken in 2024/25 for System Admin and Access Controls at the agreement of EMSS Head of Service.

Head of Internal Audit Opinion – 2024/25

8. On the basis of audit work undertaken during the 2024/25 financial year, the Interim Head of Internal Audit at Nottingham City Council concludes that a “moderate” 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 three audits, from 23/24 to 24/25 has varied, substantial improvement can be seen from the Payroll Audit. This opinion is influenced by the following concerns with the audits completed:

Payroll

- Completion of monthly payroll control accounts for NCC
- Agreement of legacy balances for NCC
- Issues around the collection/creation of salary overpayments

Accounts Payable

- Segregation of duties for bank account changes

Accounts Receivable

- Issues around the collection strategy/compliance

Internal Audit Plan 2025/26 The current position of the audits in the current year’s plan is as follows:

Audit	Status
Payroll 25/26	ToR to be agreed
Accounts Receivable 25/26	ToR to be agreed
Accounts Payable 25/26	ToR to be agreed
Business Continuity 25/26	ToR to be agreed

9. We expect the work on these audits to begin the third quarter of 2025/26

Richard Green
Interim Audit Manager
7th May 2025

This page is intentionally left blank