

Audit extract - 25/26 Annual Report NCC Head of Audit Update, including 2025/26 Opinion

- 5.1 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 combined with system support.
- 5.2 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.
- 5.3 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.
- 5.4 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 Opinion 2025/26

- 5.5 From 2023 onwards, the NCC Internal Audit service experienced a number of staffing challenges. However, a new Head of Internal Audit was appointed and started January 2026, together with a new Audit Manager this is expected to strengthen capacity within the team and support the delivery of the approved audit plan.
- 5.6 A summary of the work completed for 2024/25 and 2025/26 and the associated level of assurance is as follows:

Audit	Focus	2024/25 Outcome	2025/26 Outcome
Payroll	System Control and Processes	Moderate Assurance	Moderate Assurance
Accounts Receivable	System Control and Processes.	Moderate Assurance	Significant Assurance
Accounts Payable	System Control and Processes.	Significant Assurance	Significant Assurance

System Admin and access controls	System Control and Processes.	*No work completed by NCCIA as external audit completed checks on all processes with satisfactory outcome.	**No work to be undertaken
Business Continuity Planning	Governance and Ownership of BC arrangements		Significant Assurance

*No Audit work was undertaken on System Admin and Access Controls in 2025/26 following discussions with the Head of EMSS in 2024/25 which confirmed positive external audits already completed for both LCC and NCC on this service revealing satisfactory processes.

Head of Internal Audit Opinion – 2025/26

5.7 On the basis of audit work undertaken during the 2025/26 financial year, the Head of Internal Audit at Nottingham City Council concludes that a “significant” level of assurance can be provided that the organisation’s framework of governance, risk management, and internal control is generally operating effectively. Audit reviews identified that key financial systems and operational processes are in place and functioning adequately, with areas of notable practice across several core systems. The audit outcomes suggest that the organisation is moving in a positive direction, with improving control maturity in key financial systems and an ongoing commitment to strengthening governance and resilience arrangements. This Conclusion is based on the following recommendations for continued improvement being implemented:

Payroll

- Standing data amendments to be tracked.
- Strengthening of controls in the recording and tracking of salary overpayments.
- Agreement of legacy balances for NCC (This has now been completed.)
- Updated process maps for the dealing of salary overpayments should be aligned to both Partners.

Accounts Payable – no recommendations raised

Accounts Receivable

- Key Performance Indicator (KPI) Packs to be further developed with Partners. (This work is already in progress)

Business Continuity Plans

- Frequency of testing to be determined and documented
- Testing to be reported to EMSS Joint Committee

The definition for significant assurance is “A sound system of governance, risk management, and internal control is in place and operating effectively. Only minor weaknesses or opportunities for improvement were identified, none of which are considered to pose a significant risk to the achievement of objectives.”.

Internal Audit Plan 2026/27

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

Audit	Status
Payroll 26/27	ToR under consideration
Accounts Receivable 26/27	ToR under consideration
Accounts Payable 26/27	ToR under consideration
Systems Admin & Business Continuity Follow Up 26/27	ToR under consideration

Work is expected to begin on these audits during the third quarter of 2026/27

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