

**East Midlands Shared Services Joint Committee**  
**18 March 2024**

<b>Subject:</b>	East Midlands Shared Services Internal Audit Plan 2024/25		
<b>Corporate Directors</b>	Simone Hines – Assistant Director of Finance, Strategic Property and Commissioning, Leicestershire County Council (LCC)  Shabana Kausar – Director of Finance, Nottingham City Council (NCC)		
<b>Report author and contact details:</b>	Shail Shah, Head of Audit & Risk, Nottingham City Council		
<b>Key Decision</b>	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	<b>Subject to call-in</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Summary of issues (including benefits to citizens/service users):</b>			
This report updates Joint Committee on Internal Audit work and seeks approval for the EMSS Audit Plan 2023 / 2024			
<b>Recommendation(s):</b> The EMSS Joint Committee is requested to:			
1. Note the progress and outcomes of the 2022/23 audits and opinion			
2. Note the progress of the 2023/24 audits			
3. Approve the 2024/25 audit plan			

**1 Reasons for recommendations**

- 1.1 To provide assurance to Joint Committee that EMSS has robust audit arrangements in place.

**2 Other options considered in making recommendations**

- 2.1 A Robust Audit plan is a key pillar of the governance and assurance framework for EMSS. The audit updates for 22/23 and 23/24 and the plan for 2023/24 has been produced by Nottingham City Council’s Head of Internal Audit for comment and approval by Joint Committee.

**3 NCC Head of Audit Update, including 2022/23 Opinion**

- 3.1 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.
- 3.2 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.

- 3.3 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.
- 3.4 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

#### 4 EMSS Audit Outturn 2022/23

- 4.1 During 2023, partners were made aware of the challenges experienced by the NCC Internal Audit Team, with NCC priorities and staffing shortages impacting on our ability to complete the featured audits within a reasonable time frame, with the final reporting for 2022/23 concluding in September 2023.
- 4.2. A summary of the work completed for 2022/23 and the associated level of assurance is as follows:

Audit	Focus	2021/22 Outcome	2022/23 Outcome
Payroll	System Control and Processes	Limited Assurance	Limited Assurance
Accounts Receivable	System Control and Processes.	Significant Assurance	Moderate Assurance
Accounts Payable	System Control and Processes.	Moderate Assurance	Significant Assurance
System Admin and access controls	System Control and Processes.	Moderate Assurance	Limited Assurance

#### 5 Head of Internal Audit Opinion - 2022/23

- 5.1 Over and above the delays to completing the 2022/23 Plan, there has been a delay in providing an opinion for 2022/23 because the Head of Internal Audit experienced a prolonged period of absence from work.
- 5.2 On the basis of audit work undertaken during the 2022-23 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. Whilst the direction of travel for the four audits, from 2021/22 to 22/23 has varied, the overall movement

over the year is not sufficient to warrant a “moderate” level of assurance. That said, we would fully expect the opinion to improve for 2023/24. This opinion is influenced by the following concerns with the audits completed:

### **Payroll**

- The outstanding work required to transform the service in order that it is fit for purpose, including dealing with outstanding issues previously raised by Internal Audit, i.e., completion monthly reconciliations of control accounts, approach to the recovery of salary overpayments and treatment of exception reporting. We experienced difficulties in completing all fieldwork because of the lack of available evidence, which delayed the process.

### **Accounts Receivable**

- Issues around the collection strategy/compliance
- Concerns around write-out of debt

### **ICT Systems Admin/Access**

- The need to perform an Oracle Health Check on a regular basis
- Improvements to business continuity arrangements

## **6 Internal Audit Plan 2023/24 Update**

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

<b>Audit</b>	<b>Status</b>
<b>Payroll 23/24</b>	Fieldwork in Progress
<b>Accounts Receivable 23/24</b>	Planning
<b>Accounts Payable 23/24</b>	Fieldwork in Progress
<b>System Admin and access controls 23/24</b>	Follow Up Completed and Drafting Report

6.2 For reasons already stated, we expect the work on these audits to continue until at least the end of the first quarter of 2024/25.

## **7 Internal Audit Plan 2024/25**

7.1 From the third quarter of 2024/25, we intend to limit our work to just follow-up audits in respect of those recommendations made as part of 2023/24 reviews.

## **8 Finance colleague comments (including implications and value for money/VAT)**

8.1 None.

**9 Legal and Procurement colleague comments (including risk management issues, and legal, Crime and Disorder Act and procurement implications)**

9.1 None

9.3 There are no Crime and Disorder Act implications considered to arise directly from this report.

**10 Social value considerations**

10.1 None

**11 Equality Impact Assessment (EIA)**

11.1 Has the equality impact of the proposals in this report been assessed?

No



An EIA is not required because:

The report details the Audit arrangements for EMSS

**12 List of background papers relied upon in writing this report (not including published documents or confidential or exempt information)**

12.1 None

**13 Published documents referred to in this report**

13.1 None