

Internal Audit Progress Report

May 2016

Northampton Borough Council

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Distribution list	Audit Committee
Background and scope	The purpose of this report is to provide a progress update on the delivery of internal audit services to the Council.

Internal audit update

2015/16 Audit Plan

The 2015/16 internal audit plan was approved by the Audit Committee on 7 September 2015 and since then we have undertaken work in accordance with the plan.

There have been a number of changes to the plan during the year and some reviews are running over the year end and will be finalised as part of the 2016/17 internal audit plan.

At the time of our previous update we gave updates on both the LGSS and Section 151 reviews. Our LGSS review highlighted that whilst the Council has made progress against previous recommendations, a number of issues continue to impact the effective delivery of this contract including robust processes to review and validate contract cost and service information. We also found a number of areas where processes in LGSS could be improved to provide more transparency to the Council over the services they are receiving.

As noted previously, while the above provides the Council with the means of increasing its understanding of the contract and improving its monitoring of the service going forward, in order to support the Council's wider assessment of value for money around the LGSS contract, we have agreed a Phase 2 to this work. Phase 2 will focus specifically on reviewing the actual resources in place within LGSS to deliver the full range of contracted services, comparing that to the Council's understanding of the services being received and the resource committed to their activities. In addition, Phase 2 will consider non-staff costs invoiced to the Council. We have agreed Terms of Reference for this review with the Council and our observations and recommendations from both Phase 1 (a review of processes and controls supporting the delivery of specified LGSS services) and Phase 2 (a focused review of actual staff and non-staff levels within LGSS to deliver services across the full range of the contracted services) will be incorporated into one report. Before we are able to commence this second phase, LGSS are meeting with the Director of Customers and Communities. This meeting was scheduled for 4th May and we will be commencing phase 2 as soon as possible after that date.

We have completed our review of the Section 151 Officer role and we are now in the process of finalising the report following a meeting with management which resulted in some further information being provided.

Our Internal Audit Annual Report will be presented to the June meeting following discussion and clearance with management. The annual report will also include a summary of relevant reviews undertaken by LGSS along with the associated opinions. LGSS has agreed to provide this information to us in order that we can incorporate the details in our Annual Report.

2016/17 Audit Plan

We are in the process of finalising the audit plan in consultation with management. Over the next few weeks we will be consulting with senior management and will also attend a meeting of the management board. Following this we will produce an initial draft plan and will then invite members of the Audit Committee to review and comment on the draft plan prior to bringing a final version to the June meeting for Committee approval. We anticipate that the audit plan for 2016/17 will place more emphasis on providing assurance across a broader range of the council's operations and will see an increase in the number of audit reviews and reports within the existing cost envelope.

NTFC Loan

We are continuing our review of policies and procedures relating to the provision of loan finance to Northampton Town Football Club in accordance with our agreed terms of reference.

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