

**REPORT TO AUDIT COMMITTEE**  
**NORTHAMPTON BOROUGH COUNCIL**  
**14 NOVEMBER 2016**

LGSS INTERNAL AUDIT 2016-17

Background

Many financial activities transferred from Northampton Borough Council to LGSS during the 2013/14 financial year. It was agreed with the S151 Officer and the council's internal auditors (PwC) that where LGSS have the responsibility to undertake the functions, LGSS Internal Audit would complete the assurance work relating to LGSS functions, whilst PwC would continue to audit those aspects which remain in the direct control of the council. This approach was used each year and we have worked with PwC to plan and undertake our work to enable us to provide the assurance opinions, whilst minimising duplication of work.

2016-17 Audits - LGSS

Since the conclusion of our 2015-16 audit we have met with the NBC Section 151 Officer and the PwC internal auditors to plan the work to be undertaken in 2016-17. As part of the planning we have reviewed system diagrams to ensure that they accurately record the systems and in particular those part which require audit by LGSS Internal Audit and those falling under the responsibility of PwC internal auditors. Further work is taking place to finalise arrangements of the split with PwC. We have also followed up the agreed actions from the 2015-16 audit to confirm that implementation is complete or on track.

Having considered the work undertaken in 2015-16, the issues arising from the external audit ISA260 report and the requirements of the NBC Section 151 Officer we have devised a draft plan of audit work to provide 3<sup>rd</sup> party assurance to NBC on the key financial processes operated by LGSS.

The following audits are proposed to be undertaken by LGSS internal audit for 2016-17:

- Accounts Receivable
- Accounts Payable
- Payroll, including review of actions on data quality
- General Ledger
- IT System access – ICON and IBS
- Controls and processes for issuing loans
- Council Tax (High level controls)
- NNDR (High level controls)
- Housing Benefits (High level controls)

We work closely with PwC internal auditors to provide adequate assurance without duplication of effort. Audits of Accounts Receivable, Accounts Payable and Payroll are shared between LGSS and PwC internal audit to ensure complete coverage.

#### Timescale

This work is timetabled to commence in December and be completed in January to provide timely assurance for all stakeholders including the Chief Finance Officer, the Audit Committee and the external auditors.