

**Appendices 1:**

**ISA260 Action Plan**



**NORTHAMPTON**  
**BOROUGH COUNCIL**

## **AUDIT COMMITTEE REPORT**

<b>Report Title</b>	<b>ISA260 2015/16 Action Plan Progress</b>
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**AGENDA STATUS: PUBLIC**

<b>Audit Committee Meeting Date:</b>	16 January 2017
<b>Policy Document:</b>	No
<b>Directorate:</b>	Management Board
<b>Accountable Cabinet Member:</b>	Cllr B Eldred

### **1. Purpose**

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- 1.1 To inform Audit Committee of the progress against the recommendations raised as part of the External Auditor's 2015/16 ISA260 Report.

### **2. Recommendations**

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- 2.1 That the Audit Committee notes the progress achieved to date against the action plan developed by the statutory S151 Chief Finance Officer (CFO) to make improvements in line with the 2015/16 ISA260 Recommendations.

### **3. Issues and Choices**

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#### **3.1 Report Background**

3.1.1 The Audit Committee received the annual ISA260 External Auditor report from KPMG at the meeting on 5<sup>th</sup> September which included a number of recommendations for improvements, and initial responses from management. The 2015/16 annual external auditor letter reported to audit committee on 14<sup>th</sup> November also included a further recommendation around business appeal provisions.

3.1.2 Audit Committee requested from management that a regular report be brought to each subsequent audit committee detailing progress against the audit recommendations.

## 3.2 Progress against external audit recommendations

3.2.1 The ISA260 action plan included 41 separate actions to deal with the 9 recommendations from the 2015/16 ISA260 and audit letter, and 2 recommendations brought forward from 2014/15. To the end of December significant progress has been made and 27 of the actions have now been completed, with 14 outstanding. The table below is a summary of the progress against each of the recommendations:

<b>KPMG recommendation area</b>	<b>Total actions</b>	<b>Completed</b>	<b>Outstanding</b>
Retrospective orders	6	5	1
Internal Audit coverage and assurance	4	4	0
General IT controls	4	3	1
Controls/processes for issuing loans	6	3	3
Audit working papers	5	3	2
Revaluation of council dwellings	3	2	1
Reconciliations	6	4	2
Accrual levels	1	0	1
Pensions data	1	1	0
Payroll data quality	2	2	0
Business rate appeal provision	3	0	3
<b>Total</b>	<b>41</b>	<b>27</b>	<b>14</b>

3.2.2 Since the last progress report to audit committee in November 2016 a further 10 actions have been completed, and many are on the way to completion within the next month.

3.2.3 The 14 outstanding actions include 4 where the original target completion date was not until after December 2016. There have been a number of competing priorities including developing the governance action plan, setting the draft budget and supporting the enhanced due diligence process for bringing forward cabinet reports which have impacted on available resource over the last few months to progress some areas of the action plan. However in relation to the 10 outstanding actions which have missed their target date, work has been undertaken which means that these are either close to completion during January or have been assigned a revised completion date. All actions are still planned to be completed by the end of April 2017 in accordance with the year end timetable requirements.

3.2.4 The two recommendations around year end accrual levels and business rate appeals provision still have all actions outstanding, however there has been progress made in both these areas. The accrual level review has taken place, work is being finalised so that the proposed revisions will come for approval along with the accounting policy review to the March 2017 audit committee. Significant work has also been done analysing the business rate appeal provision information prior to the end of December (making use of external

advisors information as well) to allow a review by senior finance management in January.

3.2.5 Appendix 1 includes the detail and progress around all the action plans to address the external audit recommendations.

### **3.3 Choices (Options)**

3.3.1 The Committee are being asked to review the ISA260 action plan and note progress against it.

3.3.2 The Committee could request that following review, amendments are made to the action plan.

## **4. Implications (including financial implications)**

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### **4.1 Policy**

4.1.1 There are no policy implications arising from this report.

### **4.2 Resources and Risk**

4.2.1 There are no direct financial implications arising from this report.

### **4.3 Legal**

4.3.1 There are no legal implications arising from this report.

### **4.4 Equality**

4.4.1 There are no equality implications arising from this report.

### **4.5 Consultees (Internal and External)**

4.5.1 Management Board has been engaged in the production of the management action plan, and have been reviewing it at regular intervals

### **4.6 Other Implications**

4.6.1 There are no other implications arising from this report.

## **5. Background Papers**

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5.1 The External Audit ISA260 report presented to Audit Committee on 5<sup>th</sup> September 2016 and External Audit Annual Audit Letter presented to Audit Committee on 14<sup>th</sup> November 2016.

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