

**REPORT TO AUDIT COMMITTEE**  
**NORTHAMPTON BOROUGH COUNCIL**  
**6<sup>th</sup> March 2017**

LGSS INTERNAL AUDIT UPDATE 2016-17 AND PLAN 2017-18

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 has been 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.

Update on 2016-17 Reviews

Fieldwork is now complete on the high level control reviews of Council Tax, NNDR and Benefits and the work is being reviewed. Walkthroughs of the controls for Accounts Receivable and Accounts Payable are almost complete, with General Ledger and IT system access to follow on from these shortly. The assurance reports will be formally reported at the next Audit Committee, by which time all of the work will have been finalised and any required actions agreed.

2017-18 Audit Plan - LGSS

Since the January 2017 Audit Committee we have met with the NBC Finance Business Partner and the PwC internal auditors to plan the work to be undertaken in 2017-18.

Having considered the work undertaken in 2016-17, the issues arising from the external audit ISA260 report and the requirements of the NBC Section 151 Officer we have devised a

draft 2017-18 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 2017-18:

- Follow up of 2016-17 agreed recommendations
- Accounts Receivable
- Accounts Payable
- General Ledger
- 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, and Accounts Payable are shared between LGSS and PwC internal audit to ensure complete coverage. Following the transfer of the service back to NBC, Payroll assurance will be completed by PwC internal audit.

#### Timescale

It has been agreed that our 3<sup>rd</sup> party assurance work can be undertaken earlier in the financial year and it is therefore proposed to complete all work on this plan by 31<sup>st</sup> January 2018.