

Appendices 1:

ISA260 Action Plan



NORTHAMPTON
BOROUGH COUNCIL

AUDIT COMMITTEE REPORT

Report Title	ISA260 2015/16 Action Plan Progress
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AGENDA STATUS: PUBLIC

Audit Committee Meeting Date:	6 March 2017
Policy Document:	No
Directorate:	Management Board
Accountable Cabinet Member:	Cllr B Eldred

1. Purpose

- 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

- 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

3.1 Report Background

- 3.1.1 The Audit Committee received the annual ISA260 External Auditor report from KPMG at the meeting on 5th 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 14th 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 January significant progress has been made and 29 of the actions have now been completed, with 12 outstanding. The table below is a summary of the progress against each of the recommendations:

KPMG recommendation area	Total actions	Completed	Outstanding
Retrospective orders	6	6	0
Internal Audit coverage and assurance	4	4	0
General IT controls	4	3	1
Controls/processes for issuing loans	6	4	2
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	1	2
Total	41	31	10

3.2.2 Since the audit committee in January 2017 a further 4 actions have been completed.

3.2.3 The 10 outstanding actions include 6 where the target completion date was not until after the end of February 2017. In relation to the 4 outstanding actions which have missed their target 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 action around year end accrual levels is still outstanding. The accrual level review has taken place, with the proposed revision is coming for approval along with the accounting policy review to the March 2017 audit committee.

3.2.5 There are two outstanding actions relating to controls and issues around processing and issuing of loans. The review of existing loans documentation has been done against an early summary checklist, however this is still to be done against the more extensive checklist which has received external review by auditors in February. The review of governance arrangements for issuing loans now forms part of the governance action plan, and will be monitored here from now on. Whilst this is finalised no further loans will be issued.

3.2.6 There is a risk around valuation work carried out by the estates section as there are no permanent full time staff due to a number of vacancies. Management are actively looking to recruit agency staff to carry out the necessary work as several agency staff have left since January, however the lack of continuity poses a risk to the process.

3.2.7 **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)

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

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

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