

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:	27 June 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. The table below is a summary of the progress against each of the recommendations:

KPMG recommendation area	Total actions	Completed as at March Audit Committee	Completed since March	Outstanding as at mid June
Retrospective orders	6	6	0	0
Internal Audit coverage and assurance	4	3	1	0
General IT controls	4	3	1	0
Controls/processes for issuing loans	6	4	1*	1
Audit working papers	5	4	1	0
Revaluation of council dwellings	3	2	0	1
Reconciliations	6	4	1	1
Accrual levels	1	0	1	0
Pensions data	1	1	0	0
Payroll data quality	2	2	0	0
Business rate appeal provision	3	1	2	0
Total	41	30	8	3

*One action transferred to the governance action plan as reported to last audit committee

3.2.2 Since the audit committee in March 2017 a further 8 actions have been completed

- Final audit working paper requirements agreed with external auditors in March in preparation for closure of 2016/17 accounts
- System access audits have been undertaken by LGSS Internal Auditors on ICON cash receipting and IBS housing systems
- The action around project governance and approvals as reported to the March 2017 Audit Committee has been transferred to the governance action plan
- Payroll audit undertaken by PwC Internal Auditors since the transfer of the service back to NBC
- Revised de-minimus accruals limit increased to £5,000 and included as part of accounts closure processes
- Business rate appeal provision methodology and approach for NDR3 return documented as part of year end papers
- External review of business rate appeal provision calculations
- One action transferred to governance action plan

- 3.2.3 There are three outstanding actions which have all had progress against them, but are not fully complete and are listed below.
- 3.2.4 There is an outstanding action relating to controls and issues around processing and issuing of loans. A loans checklist has been developed by finance staff with input included from the council's bankers. Since the last audit committee the loans checklist has been further developed to incorporate comments by both sets of internal auditors against the draft version, and has been reviewed by the council's legal team during April/May. It has also been shared with the council's external auditors KPMG. A review of existing loans against the final checklist is currently being undertaken and is scheduled to be completed by the end of June.
- 3.2.5 The valuation of housing assets has been undertaken by an external valuer due to the internal assets team having no qualified valuers due to vacancies. The valuation has been completed in the required timeframe to meet the deadline for inclusion in the draft accounts, but assets and finance staff are in the process of signing off the main report. The risk remains around vacancies in this area for the next valuation during 2017/18, and management are reviewing how this will be delivered.
- 3.2.6 The responsibility for payroll reconciliations has transferred to the council's in house function from January 2017. LGSS payroll and finance staff have been working with the new team to identify a number of non-material historical balances which need to be written off. The write offs will be included in the draft accounts for 2016/17.
- 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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