

Appendices 1:

ISA260 Action Plan



NORTHAMPTON
BOROUGH COUNCIL

AUDIT COMMITTEE REPORT

Report Title	ISA260 2015/16 & 2016/17 Interim Audit Report - Action Plan Progress
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AGENDA STATUS: PUBLIC

Audit Committee Meeting Date:	11 September 2017
Policy Document:	No
Directorate:	Management Board
Accountable Cabinet Member:	Cllr B Eldred

1. Purpose

- 1.1 To inform Audit Committee of the progress and closing off of the recommendations raised as part of the External Auditor's 2015/16 ISA260 Report and their 2016/17 Interim 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 and 2016/17 Interim Report 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. The Interim Audit report received by Audit Committee in June 2017 also included a further recommendation around the use of interim staff.

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. There was one further recommendation in the 2016/17 Interim Audit report which had two management actions reported against it. This gives a total of 43 actions. The table below is a summary of the progress against each of the recommendations:

KPMG recommendation area	Total actions	Completed as at June Audit Committee	Completed since June	Outstanding as at August
Retrospective orders	6	6	0	0
Internal Audit coverage and assurance	4	4	0	0
General IT controls	4	4	0	0
Controls/processes for issuing loans	6	5*	1	0
Audit working papers	5	5	0	0
Revaluation of council dwellings	3	2	0	1
Reconciliations	6	5	1	0
Accrual levels	1	1	0	0
Pensions data	1	1	0	0
Payroll data quality	2	2	0	0
Business rate appeal provision	3	3	0	0
Use of temporary and interim staff **	2	0	0	2
Total	43	38	2	3

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

**Additional recommendation from 2016/17 Interim Audit Report

3.2.2 Since the audit committee in June 2017 a further 3 actions have been completed

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 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, assets and finance staff have signed off the main report, but the valuation process has not been documented.

- 3.2.5 The two actions around recruiting permanent staff to the LGSS Integrated Finance Team, and finalising how year end valuation work within the Assets Service will be delivered, are yet to be completed.
- 3.2.6 The actions around development of a loans checklist have all been completed, however at this stage the checklist has not been used to assess any new loans so its effectiveness has not been fully tested. The authority have received initial feedback from the external auditors on the checklist, but this will be finalised following completion of the audit.
- 3.2.7 The improved process and signoff for checking the completion of payroll reconciliations has only been implemented in July 2017 and is still bedding in.
- 3.2.8 Appendix 1 includes the detail and progress around all the action plans to address the external audit recommendations, for this report the appendix has been condensed from previous versions to focus on the areas outstanding.

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.
- 5.2 The 2016/17 Interim Audit Report presented to Audit Committee on 27th June 2017

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