

Appendices:



**NORTHAMPTON**  
BOROUGH COUNCIL

## AUDIT COMMITTEE REPORT

**Report Title**

**Update on 2020-21 LGSS Internal Audit Plan**

**AGENDA STATUS:**

**PUBLIC**

**Audit Committee Meeting Date: 25<sup>th</sup> March 2021**

**Policy Document: No**

**Services: Chief Finance Officer**

**Accountable Cabinet Member: Cllr Brandon Eldred**

### **1. Purpose**

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- 1.1 To update the Audit Committee on progress with delivery of the 2020-21 audit plan.

### **2. Recommendations**

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- 2.1 It is recommended that the Audit Committee note the progress with delivery of the 2020-21 audit plan.

### **3. Issues of note**

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#### **3.1 Report Background**

Many financial activities transferred from Northampton Borough Council to LGSS during 2013-14 financial year. It was agreed with the S151 Officer and the Councils previous internal auditors that where LGSS have the responsibility to undertake the functions, LGSS Internal Audit would complete the assurance work, whilst the Councils internal auditors would continue to audit those aspects which remain in the direct control of the council.

Since the decision was made on the future of LGSS in August 2020, the services for NBC are now being delivered either directly as hosted by the County Council until migration to West Northamptonshire Council, or via a lead authority depending on the service element.

This report provides the Audit Committee with an update on planned work for 2020-21.

### 3.2 Issues

#### Progress on Delivery of the 2020-21 Audit Plan

At the August 2020 Audit Committee, a revised plan for 2020-21 was agreed. Progress against this plan is detailed in the table below.

Audit	Status	Control Environment Assurance	Compliance Assurance	Organisation Impact
<b>c/fwd 2019-20 Reviews</b>				
Agresso IT Review	Complete	Satisfactory	Limited	Minor
Treasury Management	Planning			
General Ledger	Fieldwork			
<b>2012-21 Reviews</b>				
Council Tax	Complete	Good	Good	Minor
Q1-2 Balance Sheet Review	Complete	n/a	n/a	n/a
Q3 Balance Sheet Review	Complete			
Q4 Balance Sheet Review	Fieldwork			
Business Rates	Planning			
Accounts Payable	Planning			

Key points to note include:

- Q1-3 Balance Sheet Review** – The scope of the review covered the following - (a) bank account reconciliations and (b) control account reconciliations covering accounts payable, accounts receivable, payroll, rents, council tax and business rates. Overall, the review has found that there are effective processes in place to ensure that reconciliations are completed on a timely basis, are subject to review by an independent officer with action taken to clear unreconciled transactions on a timely basis.

The only issue identified was that limited progress has been made in resolving historical unreconciled payroll transactions. We will continue to assess progress with clearing these transactions as part of the planned Q4 reviews.

- **The Business Rates** review has had to be paused as the Revenues and Benefits Team did not have capacity to support the Audit because of the pressures on the Team to process a suite of covid 19 business grant payments to and ensure the grant payments to businesses are accurate and timely. As well as the expectation to complete the billing cycle, there is a requirement for the Team to submit monthly returns to the Government to demonstrate checks and balances undertaken to ensure accuracy and minimise fraud, in making these payments to businesses. An approach has been agreed with the Head of Service, for the service to produce an assurance statement for review by Internal Audit.
- **C/fwd 2019-20 Reviews -:**
  - Agresso IT audit -The key issues raised were that no evidence was found of testing of the resilience of failover processes and at the time of the Audit, security patching of systems was not being carried out. It has been confirmed that the recommendations raised in relation to these weaknesses have been implemented.
  - For the General Ledger audit, fieldwork has been completed and a report drafted. This is being subject to quality review before issuing for agreement with Management.
  - For Treasury management efforts are being made by the Audit Team to progress the audit but it is recognised that the Finance Team at NCC currently have many competing priorities including year-end activities and preparation for close down of the Council

Committee to note that every effort is being made by the Audit Team to progress the planned audits, but the demands on client staff resources has impacted on their capacity to support or prioritise audit work. Staff at NCC who provide the services have been required to support the Community through the pandemic; undertake work in preparation for the transfer to the new unitary Authorities as well as ensure continuity of normal service delivery, coupled with undoubted personal concerns around health and job security.

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

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### **4.1 Policy**

4.1.1 There are no policy implications associated with this report.

### **4.2 Resources and Risk**

4.2.1 There are no audit resource or risks implications associated with this report.

### **4.3 Legal**

4.3.1 There are no legal implications associated with this report.

#### **4.4 Equality**

4.4.1 There are no specific equality impacts relating to this report.

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

4.5.1 This update has been drafted in consultation with the Chief Finance Officer and Governance and Risk Manager.

#### **4.6 Other Implications**

4.6.1 None

#### **5. Background Papers**

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5.1 None

**Duncan Wilkinson - Chief Internal Auditor, LGSS**

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