

Summary outcomes of remaining 2014-15 audits at 22nd May 2015

Audits which are now 'concluded'

<u>Audit title</u>	<u>Conclusions and key recommendations</u>	<u>Opinion</u>
Risk Management	There is evidence that some risk management activities are operating adequately however, in terms of effectively embedding into operational activity, risk management could be strengthened across a number of areas. Recommendations around aligning ESPO's strategic objectives to its key risk register, re-evaluating the scores of key risks, reviewing the risk appetite, improved communication and training and a review of reporting to governance bodies.	Substantial assurance
Staff purchases	A need for some improvements especially to confirm annual compliance with Payment Card Industry standards. Recommendations around confirming the continuing provision of the scheme, establishing entitlement to use the scheme and documenting the processes. Further audit work in 2015-16 will evaluate compliance with payment card regulations	Substantial assurance
General Ledger Reconciliations	Accounting procedures are being applied to ensure the completeness and accuracy of the General Ledger. Minor recommendations to the reconciliation process.	Substantial assurance
Supply Chain	Directed testing showed that ESPO identifies, evaluates and monitors its supply chains to ensure integrity and sustainability. One minor recommendation to consider the use of accredited supply chain auditors across different procurement teams.	Substantial Assurance
Trading Performance	There is an adequate audit trail from reports presented to the Senior Management Team for January 2015 back to the General Ledger. One minor recommendation around clear methods of calculating adjustments.	Substantial assurance
Distribution of Surplus	Whilst the total dividend paid out was accurate, the distribution methodology hadn't been reviewed for a long time. Recommended the method for calculation of the dividend should be approved by the Consortium Treasurer and endorsed by the Chief Officer's Group	Substantial Assurance
Payment Cards	A third party hosts the purchasing card transactions process with ESPO's customers. Some medium recommendations around improving controls over systems access, business continuity (both at ESPO and at the third party) and information retention.	Substantial assurance
Fleet management	There was evidence the fleet is well managed. Recommended improvements to reporting vehicle utilisation and route efficiency.	Substantial assurance

IT General Controls - External Auditor Reliance	The objective of the audit is to provide assurance to management that the ICT infrastructure is robust and that the range of controls expected by the External Auditor are well designed and consistently applied. Recommended improvements to policies, access control and system administration.	Substantial Assurance
Business strategy (governance)	Discussions with Director and guidance offered around a framework for governing the four year strategy. Audit postponed due to Director commissioning a Project Health Check by LCC Transformation Unit	Consulting
Annual Governance Statement – 14/15	Advice to the Assistant Director (Finance) on compiling the annual statement	Consulting
Procurement & Compliance Risk Management	The auditor identified that key elements had been adequately covered in two other audits which had returned substantial opinions. Therefore additional areas were identified for testing in 2015-16	Consulting
National Fraud Initiative	ESPO volunteered relevant payroll and creditors' information to the bi-annual anti-fraud initiative. Outputs have been received & are being evaluated to determine if there are any 'matches' which might indicate fraud.	Investigatory

Audits at 22nd May where a draft report was issued, was pending or fieldwork was still in progress

<u>Audit title</u>	<u>Assurance objective</u>	<u>Position @ 22 May 2015</u>	<u>Likely opinion</u>	<u>Final report by...</u>
Information Management	Information is secure both on and off site and in transit and breaches are identified and investigated	Draft issued	Substantial Assurance	9 th June 2015
E-Tendering	ESPO complies with its role in e-tendering arrangements	Draft issued	Substantial Assurance	9 th June 2015
Applications Management	Risks (e.g. continuity and resilience) to the successful operation of key business management systems within ESPO have been identified and appropriately mitigated.	Draft being reviewed	TBC	9 th June 2015
Rebates Income	Annual audit to evaluate whether rebates received conform to estimates of supplier business generated	Draft being reviewed	TBC	9 th June 2015
Servicing authority	The servicing authority is providing service in line with the agreement	Work in progress	TBC	TBC

Audits planned for 2014-15 that were not undertaken

<u>Audit title</u>	<u>Indicative scope, i.e. to ensure that...</u>	<u>Reason for not conducting the audit</u>	<u>Carry forward to 2015-16</u>
Governance framework	The requirements of the Consortium Agreement, Constitution and appropriate	Insufficient time - but a range of others evaluated governance arrangements and	Yes – specifically around governance role of the

	schedules are embedded - to include role of Servicing Authority	the HoIAS has experienced first-hand that due process has been applied.	servicing authority
Counter fraud	There is no pattern of fraud in large data sets - use of data matching tool	Insufficient time – however ESPO agreed to volunteer to submit data to NFI after the plan was agreed, so time was spent on that	Yes
Business strategy (projects)	Control design (of specific project(s)) is adequate to mitigate risk	Because the audit of governance arrangements for implementing the strategy wasn't concluded	Yes