

Summary progress against 2015-16 audits as at 30th October 2015

Audits 'completed'

<u>Ref¹</u>	<u>Type²</u>	<u>Audit title</u>	<u>Assurance objective</u>	<u>Position @ 30 October 2015</u>
16/1a	GO	Annual governance statement 2014/15	Compliance to the principles of good governance is demonstrated - to include any framework revisions planned by CIPFA	Completed Based on interviews (without gaining evidence). Minor recommendations to: - <ul style="list-style-type: none"> • improve the AGS composition process • formalise induction for new members • improve communications to staff
16/7a	RM	Risk management	Recommendations from 2014-15 are implemented	Completed Whilst a number of recommendations had been addressed, some areas linked to the risk management statement will be followed up in the last quarter (see 16/7b).
16/13a	RM	ICT applications - Optima Energy Software	To confirm prior year High Importance (HI) recommendations have been progressed	Position reviewed and an update report issued showing that significant progress has been made and the HI recommendations are being managed sufficiently to reduce the internal audit risk rating to amber. The ICT Auditor will continue to monitor the implementation through to business as usual

16/14a	RM	Procurement & Compliance Risk Management	The framework is sufficiently robust to prove effectiveness and avoid liability.	<p>Provisional draft issued – substantial</p> <p>Audit focused on how ESPO planned for and implemented the PCR 2015 transition.</p> <p>Part b of the audit will test ESPO's compliance against procurement undertaken post 26 February 2015.</p>
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Audits in progress

<u>Ref</u>	<u>Type</u>	<u>Audit title</u>	<u>Assurance objective</u>	<u>Position @ 30 October 2015</u>
16/2	GO	Business Strategy/Transformation	Attainment of the objectives of the Strategy is well governed - follow up work commissioned from Transformation Unit	In progress – further clarification is required from ESPO in order to finalise the ToE ³
16/6	GO	Management Information - Profitability of Framework Agreements	Strategic & operational decision making (e.g. to develop or end frameworks) is based on good quality information	In progress – ESPO has provided information in order to develop the ToE.
16/8	GO	Transparency	Comparison against other purchasing organisations' transparency on websites.	In progress. Some 'desktop' comparisons undertaken. Awaiting clarification from the Consortium Secretary
16/9	RM	Business Strategy/Transformation – individual projects	Control design (of specific project(s)) is adequate to mitigate risk	In progress – further information is required from ESPO in order to develop the ToE
16/10	RM	Customer satisfaction	The risks of customer loss are identified and mitigated	Awaiting ToE approval. Testing is imminent.
16/16	IC	BACS	Access is controlled and transactions are validated	ToE approved. However, ESPO has requested a delay until late early December due to a system upgrade
16/17	IC	Distribute Surplus - Design	The design and security of the revised financial model is robust	ToE drafted. Awaiting full approval of the re-designed principle.
16/20	IC	Servicing authority	The servicing authority is providing service in line with the agreement	Draft report imminent

Audits not yet started

<u>Ref</u>	<u>Type</u>	<u>Audit title</u>	<u>Assurance objective</u>	<u>Position @ 30 October 2015</u>
16/1b	GO	Annual governance statement 2015-16	Compliance to the principles of good governance is demonstrated - to include any framework revisions planned by CIPFA	Planned late quarter 4
16/3	GO	Control environment	The obligations of the revised Accounts and Audit Regulations applicable from April 2015 to have a sound system of internal control are met	Research stage
16/4	GO	Governance framework	The requirements of the Consortium Agreement, Constitution and appropriate schedules are embedded - to include role of Servicing Authority and potentially a review of the effectiveness of Committees	Research stage
16/5	GO	Information management	The Payment Card Industry requirements are complied with	
16/7b	RM	Risk management	Limited testing on ESPO's 2015-16 risk processes (might include review of policy)	Planned early quarter 4
16/11	RM	Counter Fraud - NFI specific	Interpretation and investigation of outputs	
16/12	RM	Counter Fraud	Systems and procedures are sufficiently robust to mitigate the risk of fraudulent or irregular activity	
16/13b	RM	ICT applications – Aurora upgrade	The Aurora upgrade due in 2016 is adequately planned	Enquiring on internal audit role in initial development work

16/14b	RM	Procurement & Compliance Risk Management	ESPO's adherence to The Public Contracts Regulations 2015	
16/15	IC	Warehousing	The temporary warehouse arrangements are adequately managed to attain vfm, avoid stock losses and avoid liability	
16/18	IC	General ledger reconciliations ⁴	Reconciliations are undertaken to facilitate the accuracy and completeness of the general ledger. Usual coverage of cash & treasury; receivables; payables; payroll and stock	
16/19	IC	IT general controls ⁴	The range of controls expected by the External Auditor are well designed and consistently applied.	
16/20	IC	Rebates income	Annual audit to evaluate whether rebates received conform to estimates of supplier business generated	Planned quarter 4
16/21	IC	Trading performance ⁴	The trading results provided by ESPO, both for internal use and reported to the Management Committee, are well founded in the general ledger	
16/22	IC	Vehicle & Fleet operating costs	Revised arrangements are monitored and securing vfm	Awaiting

¹unique reference numbers based on the financial year in question (i.e. '16' relates to 2015-16), in the sequence of the approved internal audit plan

²the three elements of the control environment (governance, risk management and internal control)

³terms of engagement

⁴traditionally audits where the external auditor has placed reliance on the work of internal audit.

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