

Summary progress against 2015-16 audits as at 5th February 2016

Audits 'completed'

<u>Ref¹</u>	<u>Type²</u>	<u>Audit title</u>	<u>Assurance objective</u>	<u>Position @ 5 February 2016</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
16/2	GO	Business Strategy/Transformation	Attainment of the objectives of the Strategy is well governed - follow up work commissioned from Transformation Unit	Provisional draft issued to operational risk managers. Substantial assurance expected. Measured against good practice. Recommendations to be discussed and agreed so that are commensurate with the risks to the projects
16/7a	RM	Risk management	Recommendations from 2014-15 are implemented	Completed – substantial assurance
16/7b	RM	Risk management	Limited testing on ESPO's 2015-16 risk processes	Completed – substantial assurance
16/8	GO	Transparency	Comparison against other purchasing organisations' transparency on websites.	Draft findings sent to Director and Consortium Treasurer and Secretary in order to reach agreement on any development required
16/11	RM	Counter Fraud - NFI specific	Interpretation and investigation of outputs	Complete. No fraudulent matches found. Recommendation to improve data quality for future exercises and to decide if there is appetite to review any potential matches that were below NFI's recommended investigation limit threshold

16/12	RM	Counter Fraud	Systems and procedures are sufficiently robust to mitigate the risk of fraudulent or irregular activity	Proactive guidance issued e.g. managing the risk of procurement fraud and fraud alerts, also tools shared (e:learning on fraud). Some time was also used to investigate anomalies in the NFI duplicate payment report due to the data quality issue detailed immediately above
16/13a	RM	ICT applications - Optima Energy Software	To confirm prior year High Importance (HI) recommendations have been progressed	Completed – progressed. The ICT Auditor will continue to monitor the implementation through to business as usual
16/13b	RM	ICT applications – Aurora upgrade	The Aurora upgrade due in 2016 is adequately planned	Completed for 2015-16. Project documentation reviewed in order to evaluate timing of audit involvement in 2016-17.
16/14a	RM	Procurement & Compliance Risk Management	The framework is sufficiently robust to prove effectiveness and avoid liability.	Draft issued. Audit focused on how ESPO planned for and implemented the PCR 2015 transition.
16/20	IC	Servicing authority	The servicing authority is providing service in line with the agreement	Draft report issued – substantial assurance expected.

Audits in progress

<u>Ref</u>	<u>Type</u>	<u>Audit title</u>	<u>Assurance objective</u>	<u>Position @ 5 February 2016</u>
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	Work commenced.
16/5	GO	Information management	The Payment Card Industry requirements are complied with	Testing complete. Draft in preparation.
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 – due to test robustness of ESPO information provided.
16/9	RM	Business Strategy/Transformation – individual projects	Control design (of specific project(s)) is adequate to mitigate risk	Work completed. Draft imminent.
16/10	RM	Customer satisfaction	The risks of customer loss are identified and mitigated	Testing completed. Management review of testing currently taking place.
16/16	IC	BACS	Access is controlled and transactions are validated	Debits testing complete. Credits testing planned for w/c 8/2.
16/17	IC	Distribute Surplus - Design	The design and security of the revised financial model is robust	Work complete. Draft imminent.
16/18	IC	General ledger reconciliations ³	Reconciliations are undertaken to facilitate the accuracy and completeness of the general ledger. Usual coverage of cash & treasury; receivables; payables; payroll and stock	Work complete. Management reviewing.

16/19	IC	IT general controls ³	Controls expected by the External Auditor are well designed and consistently applied.	Testing complete. Draft in preparation.
16/20	IC	Rebates income	Annual audit to evaluate whether rebates received conform to estimates of supplier business generated	Information provided and testing underway.

Audits not yet started

<u>Ref</u>	<u>Type</u>	<u>Audit title</u>	<u>Assurance objective</u>	<u>Position @ 5 February 2016</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	Guidance given to Technical Accountant who is taking on the compilation role. Audit work on the approach scheduled for late quarter 4.
16/3	GO	Control environment	The obligations of the revised Accounts and Audit Regulations (April 2015) to have a sound system of internal control are met	Potential postponement due to more time needed on other audits
16/14b	RM	Procurement & Compliance Risk Management	ESPO's adherence to The Public Contracts Regulations 2015	Delayed due to clearance of part A (framework). Agreement will be reached with the Deputy Director whether to test part B (compliance) in the last quarter or at the beginning of 2016/17.
16/15	IC	Warehousing	The temporary warehouse arrangements are adequately managed to attain vfm, avoid stock losses and avoid liability	Potential cancellation – awaiting decision on future arrangements for managing 'peak' given recent improvements to ESPO warehouse.
16/21	IC	Trading performance ³	The trading results provided by ESPO, both for internal use and reported to the Management Committee, are in the general ledger	Scheduled w/c 22 February
16/22	IC	Vehicle & Fleet operating costs	Revised arrangements are monitored and securing vfm	Potential postponement - to enable data to be available for the new fleet & associated telematics reporting (only went live in Feb.)

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

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

³traditionally audits where the external auditor has placed reliance on the work of internal audit.