

**Summary progress against 2015-16 audits as at 20<sup>th</sup> May 2016****Audits 'completed'**

<b><u>Ref<sup>1</sup></u></b>	<b><u>Type<sup>2</sup></u></b>	<b><u>Audit title</u></b>	<b><u>Assurance objective</u></b>	<b><u>Position @ 20<sup>th</sup> May 2016</u></b>
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
16/1b	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 quarter 1 2016-17.
16/2	GO	Business Strategy/Transformation - governance	Attainment of the objectives of the Strategy is well governed - follow up work commissioned from Transformation Unit	Completed – substantial assurance
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	Draft issued – substantial assurance
16/5	GO	Information management	The Payment Card Industry requirements are complied with	Draft issued – 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

16/7a	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
16/9	RM	Business Strategy/Transformation – individual projects	Control design (of specific project(s)) is adequate to mitigate risk	Completed – substantial assurance
16/10	RM	Customer satisfaction	The risks of customer loss are identified and mitigated	Draft issued – substantial assurance.
16/11	RM	Counter Fraud - NFI specific	Interpretation and investigation of outputs	Completed. 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 – framework	The framework is sufficiently robust to prove effectiveness and avoid liability.	Completed – substantial assurance
16/16	IC	BACS	Access is controlled and transactions are validated	Draft issued – substantial assurance
16/17	IC	Distribute Surplus - Design	The design and security of the revised financial model is robust	Draft issued – substantial assurance
16/18	IC	General ledger reconciliations <sup>3</sup>	Reconciliations are undertaken to facilitate the accuracy and completeness of the general ledger. Usual coverage of cash & treasury; receivables; payables; payroll and stock	Completed – substantial assurance
16/19	IC	IT general controls <sup>3</sup>	Controls expected by the External Auditor are well designed and consistently applied.	Draft issued – substantial assurance
16/20	IC	Servicing authority	The servicing authority is providing service in line with the agreement	Completed – substantial assurance
16/21	IC	Trading performance <sup>3</sup>	The trading results provided by ESPO, both for internal use and reported to the Management Committee, are in the general ledger	Completed – full assurance

**Audits in progress**

<b><u>Ref</u></b>	<b><u>Type</u></b>	<b><u>Audit title</u></b>	<b><u>Assurance objective</u></b>	<b><u>Position @ 20<sup>th</sup> May 2016</u></b>
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	Testing stage
16/20	IC	Rebates income	Annual audit to evaluate whether rebates received conform to estimates of supplier business generated	Testing stage

### Audits not started

<u>Ref</u>	<u>Type</u>	<u>Audit title</u>	<u>Assurance objective</u>	<u>Position @ 20<sup>th</sup> May 2016</u>
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	Postponed due to more time needed on other audits
16/15	IC	Warehousing	The temporary warehouse arrangements are adequately managed to attain vfm, avoid stock losses and avoid liability	Cancelled – decision taken to manage ‘peak’ demand in-house.
16/22	IC	Vehicle & Fleet operating costs	Revised arrangements are monitored and securing vfm	Postponed - the new fleet & associated telematics reporting only went live in February

<sup>1</sup>unique 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

<sup>2</sup>the three elements of the control environment (governance, risk management and internal control)

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

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