

Audit Reports Action Log - Year to 31/05/2012

Note: Prior period completed recommendations have been removed from this report

Audit report	Ref	Recommendation	Priority	Response	Responsible Officer	Timeline
Strategic Business Plan - March 2010	5.3b	SMT to monitor Key actions in Strategic Action Plan		Agreed	Deputy Director	Ongoing regular agenda item
	5.4	Consistent format of Action Plans		Not Agreed	Deputy Director	Next revision of Member Action plans
	5.5a	Progress Report in tabular format with traffic light system		Agreed	Deputy Director	Next Report on Business Plan to Committee
	5.5b	Progress Report incorporate performance assessments		Agreed	Deputy Director	Feb 2010
	5.5c	SOG to review level and type of supplementary information to Committee		Agreed	Deputy Director	Feb 2010
Governance Report to Management Committee for 2009/10	1	The recommendations from CIPFA/ SOLACE on Corporate Governance assumes responsibilities relating to elected members that can only apply to member authorities, such as determining standards of conduct, members' training, succession planning and the role of "Leader".			Director and Deputy Director	March 2011
	2	Internal Audit "High" recommendations for a review of ESPO Business Plan regarding closer integration or separation of component elements and for updating the plan inline with members' strategic objectives.			Director and Deputy Director	March 2011
Stores - Carried out in March 2011, report completed in May 2011	5.2	Adjustments identified as "scrapped" should be scrutinised by the AD Operations and consider limiting decision on scrapping to Warehouse Auditors	M	Agreed	Assistant Director Operations	April 2011
		Disposal of surplus or obsolete stock should comply with Financial Instructions	M	Agreed, subject to agreement of revised Financial Instructions	Assistant Director Operations	June 2011

Update by Responsible Officer Comments	Officer Completion Date
This audit and these recommendations will be updated once the outcomes of the Deloitte Strategic Review are agreed and actioned. To be reviewed again in September 2011	
The Consortium Code of Practice will be updated once the Governance Workstream, from the Review outcomes, has finalised its documentation. This update will recognise the role and responsibilities of member authorities for elected committee members' standards of conduct, training, succession planning etc	September 2011
The Business Strategy and Business Plan are being rewritten as one of the Review outcomes. It will involve a process of developing and agreeing its form and actions with all key stakeholders including Member Authorities.	September 2011
Implemented	April 2011
The Financial Rules have been reviewed and are to be presented to the Management Committee for approval in June 2011	June 2011

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	5.3	Review Financial Rules re stock adjustments exceeding £2000 to distinguish between those arising at final stocktake and continuous stocktaking.	M	Agreed - The issues arising from this recommendation will form part of the discussions when the Finance Procedures are reviewed.	Assistant Director Operations in conjunction with Interim Director	June 2011
		Consider if the current limit for reporting deficiencies of £1000 should remain	M	The Assistant Director (Operations) indicated that the limit of +/-£1000 is reasonable with regard to surpluses and deficiencies arising from stocktaking	Assistant Director Operations in conjunction with Interim Director	June 2011
		Consider the role of Consortium Treasurer for approval of write-off.	M	Agreed - The issues arising from this recommendation will form part of the discussions when the Finance Procedures are reviewed.	Assistant Director Operations in conjunction with Interim Director	June 2011
		Consider reporting stock losses above £2000 to the Management Committee	M	Agreed - The issues arising from this recommendation will form part of the discussions when the Finance Procedures are reviewed.	Assistant Director Operations in conjunction with Interim Director	June 2011
	5.4	Identify and develop reporting requirements regarding stock surpluses or deficiencies in terms of: Data Source, Report format and reporting framework.	M	A regular excel report showing adjustments over a period of time will be produced by the Warehouse Auditor and reviewed by the Assistant Director (Operations). This information will also be reported to SMT at the agreed frequency.	Assistant Director Operations	April 2011
Pros 5 -draft stage (August 2011)		Awaiting comments from EW to update Action Plan				
General Ledger - Draft with Clive Pitt (April 2012)	5.1	All reconciliations should be signed and dated by the officer performing the reconciliation and the officer undertaking the review.	M	Yet to be agreed	Assistant Director Finance and Systems Accountant	Awaiting response-
	5.2	Confirmation of checks undertaken should be evidenced i.e. signed and dated.	M	Awaiting Response -Yet to be agreed	Systems Accountant	

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The Financial Rules have been reviewed and are to be presented to the Management Committee for approval in June 2011	June 2011
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Implemented	May 2011

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PWC Key ICT Controls - February 2012 - Draft Report	5.1	A formal E-communications Policy and Information Security Policy should be implemented. In addition to this existing policies need to be reviewed and updated where relevant. This may be achieved through a formal work plan with defined timescales and actioning officers.	M	Agreed	IT Manager in conjunction with the Interim Director of ESPO	Jul-12
	5.2	Senior Management should provide clarification on the roles and responsibilities of ESPO and LCC personnel for any HR/Payroll related functions e.g. <ul style="list-style-type: none"> · Signing of policies for new starters & retention of this documentation · Submission of Leaver forms to ensure access is removed to the network and key systems 	M	Needs to be agreed by D Summersgill	Interim Director of ESPO	Jul-12
	5.3	Consideration should be given as to whether the Key Operational IT Objectives need to be agreed at the start of the Financial year.	M	Agreed with Margaret Geary, needs to be agreed with David Summersgill	IT Manager in conjunction with the Interim Director of ESPO	Jul-12
	5.4	A formal risk assessment process and policy should be developed and embedded in the organisation for all:- <ul style="list-style-type: none"> - New Products - New Projects - Existing Products - Existing Systems	M	Agreed	IT Manager in conjunction with the Interim Director of ESPO	Jul-12
	5.5	See 5.2	M	Needs to be agreed by D Summersgill	Interim Director of ESPO	Jul-12
	5.6	Consideration should be given to arranging a full penetration test by an independent company to cover both the internal network and the wireless network.	M	recommendation was already actioned at the time of finalising the report. The internal network and wireless network penetration testing was undertaken in January 2012. Any issues that were identified by the tests have now been actioned.	IT Manager in conjunction with the Interim Director of ESPO	Jul-12

Update by Responsible Officer	Officer
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				<p>There are formal steering group meetings and minutes with action points are circulated. A record of issues and risks are documented. Test plans and action lists are also documented.</p> <p>Further audit comment: - Processes are in place, however the overall project governance arrangements and processes need to be documented (at a high level pulling together all the key</p>		
	5.7	Project Management arrangements need to be formally documented.	M		IT Manager in conjunction with the Interim Director of ESPO	Jul-12
	5.8	The change control policy should detail business user and management responsibilities and then should be approved and endorsed by the Management Team and users educated accordingly in order to fully embed into the organisation.	M	Agreed	IT Manager in conjunction with the Interim Director of ESPO	Jul-12
	5.9	Once the draft business continuity plan has been signed off further IT specific work needs to be undertaken in the following areas:- · Alignment of the Disaster Recovery Arrangements and the Business Continuity plans · Testing of the Business Continuity Plan	M	Agreed	IT Manager in conjunction with the Interim Director of ESPO	Jul-12

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				<p>If the call requires a significant amount of work or cannot be dealt with immediately then we will document this in the helpdesk system but if the request can be dealt with in a few minutes then we would just undertake the work</p> <p>Further audit comment:- All requests should be logged on the help desk system so that a more accurate figure can be provided to management on IT</p>	IT Manager in conjunction with the Interim Director of ESPO	Jul-12
		Verbal calls should also be formally logged on 5.10 the IT Service Desk call recording system	M			
Rebates - Phase 1 Draft issued in February 2012- number of HIs- to be summarised						
Stocks - Draft issued (June 2012) to B Walker - awaiting comments						
		<p>The set up of new supplier process and the process for amendments to supplier details should be reviewed and updated where relevant. The updated processes should state the roles and responsibilities of the relevant sections within ESPO.</p> <p>The forms used should clearly indicate who has undertaken each of the checks required.</p>				
Supplier Account Management - Draft (March 2012)		The updated forms/processes should then be rolled out to relevant officers.	M	Agreed - Processes will be reviewed, updated and consulted with relevant stakeholders	Clive Pitt Assistant Director - Finance	Jul-12

Update by Responsible Officer Comments	Responsible Officer Completion Date

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	2	Adequate Supporting documentation should be retained for the set up of new supplier accounts and amendments to supplier details as evidence of the verification checks having been undertaken	M	Agreed - This will be highlighted in the revised processes	Clive Pitt Assistant Director - Finance	Jul-12		
	3	The purpose and appropriateness of the verification checks will also need to be assessed i.e. the purpose of the Receivables Section checking the bank details have been input correctly	M	Agreed - The IT Manager will be consulted on whether it is possible to report directly from the system on all changes made to supplier information. Further Audit Comment This report could then be run on a daily basis by the Receivables Section to ensure that evidence is seen to support all the changes reported.	Clive Pitt Assistant Director - Finance	Jul-12		
	4	Consideration should be given to requesting comments from the Compliance Officer and other key stakeholders (e.g. the Buyers Section) when the processes are being revised.	M	Agreed - Relevant stakeholders will be consulted on the revised processes and procedures for Supplier Account Management.	Clive Pitt Assistant Director - Finance	Jul-12		
	5	Staff should be reminded that forms (if they are to be used as part of the revised process) should be correctly certified before being processed.	M	Agreed	Clive Pitt Assistant Director - Finance	Jul-12		
	6.1	Staff should be reminded that emails should not be accepted from suppliers as verification of a change to supplier details. All supplier amendments should be requested on letter headed paper.		Agreed - The revised processes will clearly state what documentation should be retained and used as evidence from suppliers submitting a change to their details.				
	6.2	Furthermore for bank account changes, these need to be verified by a phone call to the supplier, with a record being maintained of when this check was undertaken and who confirmed this both at ESPO and at the supplier.	M	Agreed - This is now being done. Changes will be verified via a phone call to the supplier and the date, time and person who the change is confirmed with at the supplier end will be documented.	Clive Pitt Assistant Director - Finance	Jun-12		

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		A timeframe should be defined on deactivating supplier accounts after a significant period of 7 inactivity i.e. XX month/ XX years	M	Agreed - A timeframe of 2 years is likely to be agreed with Senior Managers for deactivating supplier accounts that have not been used for this period.	Clive Pitt Assistant Director - Finance	Jun-12
		Consideration should be given to producing periodic management information on supplier accounts not used for XX period as agreed in 8 recommendation 4	M	Agreed - The practicality of producing this report will be discussed with the IT Manager.	Clive Pitt Assistant Director - Finance	Jun-12
		Reasons for the 3 blank supplier accounts and the last sales date being in the future needs to 9 be investigated	M	Agreed - The Accounts Payable Manager will investigate the reasons for the blank supplier accounts and dates entered in the future as a last sales date.	Clive Pitt Assistant Director - Finance	Jun-12
		A clean up exercise needs to be undertaken on the supplier accounts that have not been used for a significant period. (period to be agreed per 10 recommendation 7)	M	Agreed - This will be undertaken by the Accounts Payable Manager now that a timeframe of 2 years has been agreed to deactivate inactive accounts.	Clive Pitt Assistant Director - Finance	Jun-12

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				<p>Agreed - The Accounts Payable Manager confirmed that some of the reasons for the duplicate accounts may be as a result of a supplier having a separate despatch address and a separate billing address. However these will all be investigated and reasons for the duplications will be provide to internal audit.</p> <p>Further audit comment</p> <p>The report provided by Internal Audit at the time of the review was matched on supplier address and post code. However the 36 supplier accounts appear to have the same data in address 1,2,3,4 and 5 as provided in the system report. However the report does not show whether there are 5 separate address fields within a separate billing screen and a separate despatch screen, therefore the 36 potential duplications will still need to be investigated and can be reported to Internal Audit.</p>		
		The 36 potential duplications identified need to be investigated to determine if they are genuine duplications. Where the match is a result of a supplier name change, the old supplier account 11 should be deactivated from the system.	M		Clive Pitt Assistant Director - Finance	Jun-12
		Adequate segregation of duties should be implemented within the Payables system to ensure no one individual can set up/amend supplier information and fully process a payment. If it is decided that having this segregation of duties is not practical, and no other compensating controls are implemented, this risk needs to be formally accepted by the 12 organisation within their risk register.	H	At the close of the audit, this recommendation had been actioned. Access rights for inputting an invoice and changing of vendor details has been removed for the four officers within the Finance Section where segregation was not being afforded at the time of the review.	Clive Pitt Assistant Director - Finance	Immediate

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Warehouse Order Picking System - Final Position statement has yet to be agreed but the recommendation from the draft has been agreed		Once the new system has been implemented, Key Performance Indicators (KPIs) in all relevant areas of the warehouse order picking system should be established, agreed, monitored and reported to key stakeholders at an agreed 1 regularity.	M	Agreed	Barry Walker Warehouse Support Manager	Jan-13	

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