

Eastern Shires Purchasing Organisation (ESPO)

Appendix 2

Summary of Internal Audit High Importance Recommendations

	Audit Title	Summary of Finding and Recommendation	Management Response	Action Date	Confirmed Implemented
	Supplier Account Management	<p>Poor segregation of duties meant officers could set up and amend supplier account details and fully process payments.</p> <p>Recommended that an adequate segregation of duties should be implemented</p>	A	Immediate	Yes
	Rebates (Phase 1)	<p>There was limited accountability for significant differences between rebates estimated and subsequently received, with too much emphasis placed solely on buyer intervention. For 'Dealing Directs' items, there was reliance on the honesty of suppliers to provide accurate information with regard to levels of turnover. This had been highlighted as a concern by ESPO Management with an indication that further audit work is required in this area.</p> <p>Recommended that evidence should be requested substantiating how the rebate has been calculated and test checks against key suppliers.</p>	A	August 12	Follow up audit planned in December 2012 to confirm implementation

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	Rebates (Phase 1)	<p>Inconsistent systems were operated to capture relevant data which created inefficiencies in the invoicing and sales ledger processes and a risk that all rebates actually due are not promptly and accurately collected and received.</p> <p>Recommended business processes to be established and subsequently documented to identify which area of the business should carry out various processes.</p>	A	July 12	Follow up audit planned in December 2012 to confirm implementation
	Rebates (Phase 1)	<p>There was a higher risk of non receipt of rebates, especially in the current economic climate, due to only collecting on an annual basis regardless of the perceived risk of supplier.</p> <p>Recommended that written procedures should be established to ensure there is a system for prompt invoicing of accurate amounts due as early as possible after due date.</p>	A	May 12	Follow up audit planned in December 2012 to confirm implementation
	Rebates (Phase 1)	<p>The revised business processes and written procedures recommended above, would be enhanced by establishing performance indicators in order to provide regular reporting to management team, which would also aid management decision making regarding the benefit or otherwise of each individual contract</p>	A	October 12	Follow up audit planned in December 2012 to confirm implementation

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Rebates (Phase 1)	Recommended that agreement for the release of rebate monies between member authorities should be addressed via the Pro5 Governance Group in order for an acceptable solution to be found enabling all rebates to be appropriately allocated between member authorities.	A	Next Pro 5 meeting	Follow up audit planned in December 2012 to confirm implementation
Collaborative procurement (Pro 5)	Governance issue around the treatment of any liability in the event of a legal challenge concerning a contract award. Recommended a new partner agreement. However, this may not be legally possible but partners are working towards an agreeable alternative.	MA		
Collaborative procurement (Pro 5)	There wasn't clarity over how rebates should be apportioned. Recommended updating the Memorandum of Understanding.	A		

Key to management response

A=Recommendation agreed; M=modified recommendation agreed; D=Assumed agreed; X=Not agreed