

Summary audit scope and outcomes

Audits completed 1 April 2012 to 31 October 2012

Stock

Annual stock reconciliation process, and the system in place for free of charge orders including returns. Objective was to provide assurance that the financial information held on the warehouse system and the general ledger with regard to stock are aligned. Recommendations around surplus/deficit thresholds; management information; operational processes and monitoring and performance information were agreed to be implemented.

Rebates Phase 2

Review and confirm the accuracy of levels of rebates paid to ESPO by a sample of suppliers. Objective was to ensure that for a sample of suppliers, the levels of turnover indicated by the suppliers and consequently the level of rebate paid to ESPO by the supplier were accurate. Whilst the audit indicated that for the sample examined the majority of rebates paid were in fact accurate, the process is labour intensive. One recommendation around following up any discrepancies was agreed to be implemented.

Warehouse Picking System

An audit of the current performance of the warehouse order picking system in order to enable comparable performance statistics to be obtained once the new warehouse system has been implemented. Objective was to obtain and evaluate key performance indicators currently in operation/available and to subsequently measure these against the new Indigo system (Stage Two 12/13 audit) in order to ascertain if the key deliverables of the project have been achieved. One recommendation around developing key performance indicators was agreed to be implemented.

Annual Governance Statement

An audit of the procedures in place for the production of the Annual Governance Statement (2011/12). The objective was to ensure that there are adequate arrangements in place to demonstrate compliance to the principles of good governance outlined in the CIPFA/SOLACE Framework. There was only one recommendation but this was deemed High Importance (HI) and so is covered in **Appendix 3**.

Supplier Performance

An audit of systems and procedures in place to ensure supplier performance is monitored. Objective was to provide assurance that arrangements are in place to ensure poor supplier performance is identified, monitored and managed effectively. A number of recommendations were identified and whilst individually none of them individually scored as HI, in totality they restricted the overall assurance. Recommendations around improving complaints procedures and customer relationship records; introducing satisfaction questionnaires; management information and key performance indicators and targets and escalation procedures were all agreed to be implemented.

Health & Safety

Health & Safety Compliance process. The objective was to ensure that ESPO assesses and monitors that it is compliant with Health & Safety requirements & legislation and, in particular, that the recommendations coming from the LCC review of Health & Safety (March 2012) had been fully considered and, where appropriate, implemented. Recommendations relating to regular reviews of policies; records of checks; proactive risk management and reviewing first aid cover were all agreed to be implemented.

Risk Management

To confirm that there is an effective risk management framework in place within the organisation. Recommendations relating to reviewing policy; reporting arrangements; alignment to business priorities; quarterly reporting training and guidance and publicity were all agreed to be implemented. A recommendation to include risk management responsibilities in job descriptions was not agreed but will be addressed through other methods.