

Summary audit objectives, findings and conclusions**Audits concluded or in progress at 27th May 2014****Audits which are now 'concluded'**

<u>Audit title</u>	<u>Findings & conclusions</u>	<u>Opinion</u>	<u>Stage @ 27/5</u>	<u>Complete by</u>
Risk Management	Whilst there was evidence that some risk management activities were operating adequately, there was further scope to improve effective embedded risk management into operational activity.	Substantial	Finalised	N/A
Business forecasting	There are adequate controls in place to ensure that forecasts and annual budgets are approved correctly and are reviewed on an annual basis. Responsibilities are clearly assigned and timescales agreed for preparation of the annual budget. Information used in the annual budget process is accurate and budget holders are consulted. Minor recommendations around reporting key assumptions and improving budget working papers to include reasons for any significant changes, and clearly identifying when savings are as a result of specific projects within the Efficiencies Programme.	Substantial	Finalised	N/A
Fleet management – Vehicle Operating Licence	Evaluation of controls and testing confirmed that ESPO is compliant with the Vehicle Operating Licence 'General Conditions and Undertakings'	Full	Finalised	N/A

Audit title	Findings & conclusions	Opinion	Stage @ 27/5	Complete by
Trading performance & distribution of surplus	<p>There is an adequate audit trail from the Combined Preliminary reports presented to the Senior Management Team (SMT) for February 2014 back to the General Ledger.</p> <p>An framework for the calculation and distribution of dividends payable to members exists. Verification of the dividends distributed will be subject to a short audit in the 2014/15 financial year.</p>	Full	Finalised	N/A
Payroll changes	<p>Variations to pay are adequately supported by appropriately authorised documentation and changes have been made in accordance with instructions.</p> <p>Recommended that ESPO investigates delays by East Midlands Shared Services in issuing contracts and ESPO management is reminded on procedures in relation to new starters and the use of e-notification forms</p>	Substantial	Finalised	N/A
General ledger reconciliation	<p>This audit is required by the External Auditor in their annual assessment of the likelihood of material misstatement in the Authority's financial accounts.</p> <p>Accounting procedures are being applied to ensure the completeness and accuracy of the General Ledger.</p>	Substantial	Finalised	N/A
Rebates processes – HI rec's follow up	Received sufficient evidence to prove ESPO had taken appropriate action on the HI recommendations. Annual audit of rebates income should prove whether controls/improvements are fully embedded	Should be able to give substantial in future	Finalised	N/A

Audit title	Findings & conclusions	Opinion	Stage @ 27/5	Complete by
Attendance management	Recommended ESPO develop absence performance metrics now that there is meaningful data also recommended to ensure consistent application of the Attendance Management Policy by managers and a more efficient method of informing payroll of absences	Substantial	Finalised	N/A
Budget management	Whilst the budget position is reported accurately to SMT regularly and discussed and there have been some delegations to Assistant Directors, the audit recommended that processes could be improved by introducing a longer timeframe for reviewing budgets, producing forecasts and the introduction of commitments.	Substantial	Finalised	N/A
Servicing Authority	The draft SLA and processes were evaluated. Recommendations around including responsibilities and naming of key officers, clarifying the basis of charges both proposed and invoiced and monitoring and reporting service provision	Substantial	Finalised	N/A

Audits at 27 May 2014 where fieldwork has been concluded and a draft report either issued or is pending but not finalised

<u>Audit title</u>	<u>Findings & conclusions</u>	<u>Opinion</u>	<u>Stage @ 27/5</u>	<u>Finalise by</u>
Anti-fraud and corruption	The scope contained a review of policies and procedures, awareness and training. Minor recommendations are reliant on developments at the Servicing Authority	Substantial pending agreeing recommendations	Draft issued	Before committee
IT General controls	The External Auditor relies on this audit in their annual assessment of the likelihood of material misstatement in the Authority's financial accounts. Assurance is partly obtained through review of the integrity of the ICT infrastructure and associated applications that either directly or indirectly contributes to the production of the financial statements. Substantial assurance that the ICT infrastructure is robust and that the range of controls expected by the External Auditor are well designed and consistently applied.	Substantial pending agreeing recommendations	Draft issued	Before committee
Stock management	Evaluation of controls designed to ensure optimum stock management and warehouse operations. A few recommendations about performance indicators and mitigating risks to the optimisation model. The External Auditor may choose to place reliance on this audit.	Substantial pending agreeing recommendations	Draft issued	Before committee
Rebates income	Annual audit to validate that ESPO has received rebate in line with what was expected based on suppliers' turnover. Some disparity was found and although values are not material, ESPO will have scope to follow up with suppliers	Substantial pending agreeing recommendations	Draft pending	Before committee
Energy	The objective is to ensure that all relevant customers' records had been migrated to the new gas contract.	Still awaiting information	Draft pending	Before committee

Audits planned in 2013-14 that were not undertaken, reason, and indication of whether they'll for part of the 2014-15 plan

Audit title	Indicative scope, i.e. to ensure that...	Reason for not conducting the audit	Carry forward to 2014-15
ESPO Services	The key principles to providing the individual categories within the ESPO service menu are complied with	Scope agreed with Assistant Director but start deferred at ESPO's request due to an operational priority	Yes
Collaborative procurement	Framework and other collaborative arrangements do not jeopardise ESPO interest or risk a liability	Agreed with Director that it would be better to await the design and implementation of risk management relating to compliance and commercial activity, by way of a documented risk strategy.	Yes
Electronic transactions	P-card and other electronic transaction methods are PCI compliant	Insufficient resource at the time	Yes
Information management	Information is secure both on and off site and in transit and breaches are identified and investigated	Insufficient resource at the time	Yes
E-tendering	The security arrangements and audit trail are robust	Some advice to LCC during pilots	Yes
Applications management	Risks (e.g. continuity and resilience) to the successful operation of key business management systems within ESPO have been identified and appropriately mitigated	Insufficient ICT audit resource at the time. However, some coverage was obtained in the key IT controls audit for the External Auditor.	Yes

Audit title	Indicative scope, i.e. to ensure that...	Reason for not conducting the audit	Carry forward to 2014-15
Governance framework	The requirements of the Consortium Agreement, Constitution and appropriate schedules are embedded	No specific audit but a range of others have needed to evaluate governance arrangements and the HoIAS has experienced first-hand that due process has been applied.	Yes – specifically around governance role of the servicing authority
Fleet management	The fleet is managed effectively and efficiently (loading, routing, maintenance etc).	Full scale logistics review was prioritised over the audit.	Potential that once the fleet has been re-organised there could be scope to confirm operating as planned
Supply chain	ESPO identifies, evaluates and monitors its supply chains to ensure integrity and sustainability	Scope agreed with Assistant Director but start deferred at ESPO's request due to an operational priority	Yes