

Procurement Cards - Follow up Action Plan

Recommendations discussed with Gabrielle Esplin – Finance Manager – Capital and Treasury Management

	<u>Recommendation</u>	<u>Weakness/Significance</u>	<u>Agreed/Not Agreed</u>	<u>Client Comments</u>	<u>Responsible Officer/ Timescale for Implementation</u>
1	We recommend that it should be ensured that a copy of the central guidance is issued to all new teams/services requesting a card.	Minor / Advisory	Agreed	We were informed that where new cards are issued a copy of the guidance is issued to the relevant service/team. Implemented	Finance Manager – Capital, Assets, VAT & Treasury With immediate effect
2	We recommend that the standard template set up to record monthly expenditure be amended to include the requisition order number.	Minor / Advisory	Agreed	The Finance Manager amended the template to include a column to record the order number. Implemented When providing us with this update the Finance Manager noted that the template had recently been revised again by the Financial Reporting Team and it no longer included a column for the order number. This will be highlighted to the team so it can be rectified.	Finance Manager – Capital, Assets, Vat & Treasury Within 3 months
3	We recommend that the guidance notes be updated to include the level of authorisation required when completing requisition forms.	Minor / Advisory	Agreed	The Finance Manager agreed to amend the guidance to provide further clarification of the required authorisation process. We were informed that the guidance was in the process of being updated. The copy of the guidance we were given as part of the follow-up was dated 2011. This therefore suggests the revisions have not yet been finalised. We also noted that the guidance document is not published on the Council’s Intranet for services to be able to access/refer to. Not Implemented	Finance Manager – Capital, Assets, Vat & Treasury Within 3 months

Internal Audit

Appendix C

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4	<p>We recommend that the guidance notes are updated to include the central roles of Accountancy covering the following processes:-</p> <p>a) monthly payment of card account statements; b) transfer of balances to Service's card holders holding accounts; c) journalling of expenditure to the service budgets; d) Checking the expenditure incurred is reasonable and in accordance with the approved types of expenditure; d) process to follow where Monthly Expenditure sheets are not received from the services.</p>	Moderate / Necessary	Agreed	Not implemented	Finance Manager – Capital, Assets, Vat & Treasury Within 3 months
5	<p>We recommend that it should be ensured that -</p> <p>a) the hardcopy /signed application forms should be retained in future. b) the record of card holders is fully completed with all required information.</p>	Moderate / Necessary	Agreed	<p>We were provided with an updated copy of the spreadsheet. We found most of the information had been recorded, but there were a few lines where the card number was not recorded or the expiry date. For the Children’s Services card the spreadsheet still has the name of the previous HOS as being the recipient of the paper bank statements.</p> <p>Partially Implemented</p>	Finance Manager – Capital, Assets, Vat & Treasury With immediate effect
6	<p>We recommend that :-</p> <p>a) the written guidance is updated to specify that the relevant Head of Service is responsible for ensuring that procurement cards are returned and cancelled in advance of a 'card holder/ member of staff leaving the Council.</p> <p>b) Consideration is given to instigating a checking process to validate that each card holder is still employed by the Council (we suggest that this is undertaken quarterly).</p>	Moderate/ Necessary	Agreed	<p>During draft report discussions the Finance Manager informed us that she intends to discuss the possibility of recording credit card holder details on individual employee records on ResourceLink.</p> <p>In addition, she will request that the cancellation of a credit card be included on the Human Resources ‘Leavers check list’.</p> <p>Not Implemented</p>	Finance Manager – Capital, Assets, Vat & Treasury Within 3 months
7	<p>We recommend that the Finance Manager - Capital & Treasury Manager issues a reminder to all card holders/their managers about the need to hold the card/card pin securely.</p>	Moderate / Necessary	Agreed	Not Implemented	Finance Manager – Capital, Assets, Vat & Treasury Within 1 month

Internal Audit

Appendix C

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8	<p>We recommend that the Finance Manager - Capital & Treasury Management, issues a reminder to all card holders/their managers covering the following:-</p> <p>a) The need to ensure that full details are recorded for each transaction in the Expenditure Record;</p> <p>b) All card bank statements should be retained.</p> <p>c) The standard template is used and transactions must be recorded at the time the purchases are made.</p>	Moderate / Necessary	Agreed	Not Implemented	<p>Finance Manager – Capital, Assets, Vat & Treasury</p> <p>Within 1 months</p>
9	<p>We recommend that the Finance Manager - Capital & Treasury Management liaises with the Service Accountants to ensure that the Expenditure Record standard template is used by each team to record their card transactions.</p>	Minor/ Advisory	Agreed	Not Implemented	<p>Finance Manager – Capital, Assets, Vat & Treasury</p> <p>Within 3 months</p>
10	<p>We recommend that the written procedures are amended to include the requirement for supporting receipts to be cross-referenced to the Expenditure Record to ensure the record is comprehensive /accurate and can be reconciled to the bank statements.</p>	Minor/ Advisory	Agreed	Not Implemented	<p>Finance Manager – Capital, Assets, Vat & Treasury</p> <p>Within 3 months</p>
11	<p>We recommend that teams/services holding a procurement card are reminded of the following:-</p> <p>a) Requisition orders must be completed for each transaction where the card has been used;</p> <p>b) The requisition must be completed in advance of the card being used;</p> <p>c) The requisitions should be appropriately signed on all occasions.</p> <p>d) The cards should not be used to incur expenditure that should be treated as staff travel and subsistence costs.</p> <p>e) The cards should not be used to incur costs for/on</p>	Moderate / Necessary	Agreed	<p>When discussing the draft report The Finance Manager – Capital, Assets, Vat & Treasury informed us that she will discuss the possibility of setting up a list of circumstances defining where it may be appropriate to book travel and accommodation online e.g. where a cheaper fare can be obtained on line or if the cost is high and the employee cannot reasonably be expected to meet this cost up front.</p> <p>We were informed that FAGG recommended some cards should be treated as Directorate Cards e.g. the HR card for occasional use by other services as this presents a lower risk than issuing cards to services which do not need to use them on a regular basis.</p>	<p>Finance Manager – Capital, Assets, Vat & Treasury</p> <p>Within 1 months</p>

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	<p>behalf on another team/budget holder unless noted as being for corporate use on the card register.</p>			<p>In such cases the requisition form should be signed by the budget holder or appropriate authorising officer for the service making the purchase. The procedure notes will be amended to reflect this.</p> <p>She further stated that the register will be updated to record which cards FAGG approved as being for corporate use.</p> <p>d) Some discussions did take place regarding the use of Procurement cards for travel costs. These did not progress as an issue was highlighted about how this would not be in accordance with the Council’s arrangement with the HMRC regarding employee expenses.</p> <p>e) FAGG’s recommendations regarding ‘corporate’ cards has not been progressed. However, bearing in mind the issues we have identified within one service regarding the lack of control over the use of the card where it is used across the whole service (see Appendix A for information), we do not consider that this is an option that should be progressed.</p> <p>Not Implemented</p>	
12	<p>We recommend that teams/services holding a procurement card should be reminded of the need for the following:-</p> <p>a) Receipts/ invoices must be obtained and retained as evidence of each purchase made;</p> <p>b) A V.A.T receipt must be obtained where V.A.T has been paid in order for the team/service to be able to claim the V.A.T cost.</p> <p>c) The types of purchases must be in line with the approved expenditure recorded on the initial application/bank card form or an application must be made in writing to the Finance Manager – Capital, Assets VAT & Treasury if there is a need to change the type of expenditure incurred.</p>	Moderate / Necessary	Agreed	<p>During draft report discussion we were informed that a request will be made to each credit card holder for them to provide an update on the type of expenditure required and to ensure that it complies with the type approved by FAGG.</p> <p>Not Implemented</p>	<p>Finance Manager – Capital, Assets, Vat & Treasury</p> <p>Within 1 months</p>

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13	<p>We recommend that:-</p> <p>a) a process is established to check that the unblocked types of supplier on the NatWest Bank form is consistent with the types of expenditure approved by FAGG;</p> <p>b) the East Locality team is required to submit an approved list of types of expenditure.</p>	Moderate/ Necessary	Agreed	<p>During draft report discussion we were informed that checks are carried out to ensure that the list of merchant types is based on the types of expenditure approved by FAGG.</p> <p>However, she stated that it is often difficult to predict which merchant types will apply to legitimate types of expenditure. For occasions where a type of merchant is unblocked there will be documented evidence (e-mail) from the Service Manager as confirmation of a request.</p> <p>a) Already in place, but this would only apply where there is a FAGG approved list.</p> <p>b) The team holding this card has not been requested to submit an approved list of expenditure. The central record shows this card to be allocated to Youth Services (cost centre 32400). It is in the name of Juliet Penley who is in Children’s Services. The details for this card therefore need to be amended.</p> <p>Partially Implemented</p>	<p>Finance Manager – Capital, Assets, Vat & Treasury</p> <p>Within 3 months</p>
14	<p>We recommend that:-</p> <p>a) teams/services issued with a procurement card are reminded that they need to carry out an independent reconciliation of the Monthly Record of Purchases to the bank statements.</p> <p>b) Accountancy teams are informed that they should only accept Expenditure Forms that have been appropriately authorised.</p> <p>This will require teams to sign/scan the documents before forwarding them to Accountancy for processing.</p> <p>If it is decided that this would cause difficulties for teams/services, then an alternative approach for obtaining confirmation about the accuracy/validity of the Expenditure Record needs to be determined.</p>	Moderate / Necessary	Agreed	<p>We were informed that Accountancy require an electronic copy of the record of payments to create a journal on Agresso.</p> <p>The Finance Manager informed us that as an alternative control she intends to propose that a system of authorisation by email should be put in place e.g., the person responsible for authorising the monthly record should forward the spreadsheet to Accountancy by email, confirming that the record has been checked and authorised.</p> <p>Not Implemented</p>	<p>Finance Manager – Capital, Assets, Vat & Treasury</p> <p>Within 3 months</p>

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15	We recommend that Accountancy undertake a cost/ benefit analysis of setting up of the Procurement card module in Agresso to replace the manual processes currently being used.	Moderate / Advisory	Agreed	Accountancy has not progressed the possibility of using Agresso for this. There is a current corporate exercise taking place to assess the use of procurement cards for specific suppliers, which could encompass the use of the service procurement cards. Not Implemented	Finance Manager – Capital, Assets, Vat & Treasury in conjunction with the Finance Manager – Financial Reporting Within 6 months

	Category of weakness		Significance
Fundamental	May result in a complete breakdown of the service and or fraud or other irregularity	Mandatory	For statutory, council regulations or service instructions fundamental control weaknesses
Significant	May result in a breakdown in the service and or fraud or other irregularity	Necessary	For Significant or moderate control weaknesses
Moderate	May result in some impact on the service	Advisory	For minor control weaknesses or efficiency improvements
Minor	Limited impact on the service		