

DEPARTMENT	AUDIT REVIEW	FINAL REPORT ISSUED
Corporate Services	Creditor Payments (2023/24)	17 June 2024

BACKGROUND

The Creditor Payments system is incorporated within the Authority’s Financial Management System ‘Agresso’. The Accounts Payable module is controlled centrally by the Payments Section, within the Corporate Services Department.

A foundation for efficient ordering, receipt and payment of goods and services, is the implementation of an Achieving Purchase Order Compliance (APOC) policy. The policy requires high compliance with the purchase order process from the ordering of a product or service from a supplier, through to making the subsequent payment.

SCOPE

The purpose of the Audit was to assess the extent to which there are adequate procedures and controls in place for the creditor payments function, in particular:

- An adequate, approved, APOC policy exists to ensure orders are raised for the procurement of goods and services, when it is appropriate to do so.
- Procedures are in place to ensure appropriate and timely implementation of the policy.
- Adherence to the policy is appropriately managed and monitored with compliance reports produced and presented to relevant parties as necessary.
- Adequate controls exist over the processing and authorisation of creditor payments.
- Software utilised to identify duplicate payment and duplicate supplier information is operating as expected.
- Computer Assisted Audit Techniques (CAATS) were utilised to interrogate the Accounts Payable data held on the system to consider the risk of fraud or error arising from the following areas:

Duplicate Payments, Duplicate Addresses, Duplicate name and address, different supplier identification, and Duplicate Bank Details.

SUMMARY OF RECOMMENDATIONS

The audit findings and recommendations are detailed in the attached Action Plan.

A summary of these recommendations by priority is outlined below:

Priority	3*	2*	1*	Total
Number of Recommendations	0	1	1	2

ASSURANCE RATING

The post review assurance level for systems relating to Creditor Payments is categorised as: **ACCEPTABLE**.

Internal Audit review – Creditor Payments (2023/24)

Action Plan

Ref	Summary of Issue Identified	Recommendation	Priority Level	Planned Action Responsible Officer(s) Target Date	Updated Position
1	<p>Achieving Purchase Order Compliance Policy</p> <p>The 'Achieving Purchase Order Compliance' Policy was formally approved by the Corporate Management Team (CMT) on 25th November 2023; three action points were noted during this meeting, two of which currently remain outstanding.</p> <p>In addition, whilst information in relation to the Policy is available for staff and suppliers on the Authority's Intranet and Internet sites, the actual Policy has not been published.</p>	<p>The outstanding action points in relation to the 'Achieving Purchase Order Compliance' Policy, specified by CMT, should be completed as soon as possible, and supporting evidence retained.</p> <p>The approved 'Achieving Purchase Order Compliance' Policy should be published on the Authority's Intranet and Internet sites.</p>	*	<p>Agreed – we plan to feedback progress and learnings to CMT later this year from pilots in Chief Executive's Department and Childrens Services, before rolling out to the remainder of council services – including website publication and notices to suppliers – this approach is required because an individual supplier may provide goods and services to several different departments.</p> <p>▪</p> <p>Randal Hemingway Head of Financial Services</p> <p>31 December 2024</p>	Target date not yet reached
2	<p>Performance Indicators (PIs)</p> <p>A review of the PI for the payment of undisputed invoices within 30 days has found that the set target of 95% was not achieved during quarters 1 and 2 of 2023, when looking at the overall average. In quarter 1 the achieved PI was 94.7%, and in quarter 2 the achieved PI was 93%.</p>	<p>All officers responsible for the payment of invoices should be reminded of the requirement for the target of 95% for the payment of undisputed invoices within 30days to be achieved by all cost centres / departments, in order to comply with the Late Payment of Commercial Debts (Interest) Act 1998 and the</p>	**	<p>This is accepted, though it is noted that it can be, in large part, influenced by staffing vacancies in specific teams across the council whilst recruitment is undertaken, and fluctuations in the amount of invoices received from suppliers.</p> <p>Escalation is via the Head of Financial Services, who is raising awareness with</p>	Action complete

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	It is acknowledged that regular reports are circulated, and emails have been issued to relevant staff reminding them of their responsibilities in relation to invoice processing and the requirement to achieve the performance indicator target.	requirements of the Authority's Financial Procedure Rules. Consideration should be given to possible escalation routes where persistent non-compliance is identified.		senior management in areas of non-compliance. · Randal Hemingway Head of Financial Services 30 June 2024	