

APPENDIX C: Limited Assurance Statement

AUDIT:	Creditors	DATE:	March 2013
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Control Objective:

Limited Assurance Statement within audit opinion of report	Supplementary information relating to limited assurance statement
<p>There is a limited level of assurance in respect of the placement of orders within service areas. From a selection of 20 paid invoices, which focussed on high value purchases; 5 were found to have had no purchase order raised. In compliance with the Council's Financial Procedure Rules, an order should be raised for all goods and services (subject to certain exceptions as agreed by the Director of Resources). Audit testing also identified 3 purchase orders and 1 invoice, authorised by Officers where the value had exceeded their approved signatory limit.</p> <p>In addition to the procedural issues identified above, 2 of the sampled invoices were found to be non-compliant to the Contract Procedure Rules; it is therefore recommended that the following are reviewed in order to establish compliance:</p> <ul style="list-style-type: none"> • Printing of Committee papers (Democratic Services). • Provision of B&B accommodation provided to homeless persons (Housing Options). 	<p>In respect of the Council's Financial Procedure Rules, a number of non-compliance issues were identified:</p> <p><u>No official purchase order raised</u></p> <p>Audit testing established that for 5 of the 20 invoices sampled no official purchase order had been raised. Financial Procedure Rules state that "official orders must be issued for all work, goods or services to be supplied to the Council, except for supplies of utilities, periodic payments such as rent or rates, petty cash purchases, corporate credit card purchases, or other exceptions specified by the Director of Resources" and that "all orders for goods and services shall be placed using the Council's purchase order system". A further 2 invoices were found to have no purchase order; however, these could be compensated by a contract and/or agreement.</p> <p><u>Total order value and/ or actual invoice amount above the authorised signatory limit of the authorising Officer.</u></p> <p>A purchase order was raised in relation to Northgate Council Tax reduction software for total amount £62,500+vat- authorised signatory limit of the authorising Officer= £15k.</p> <p>A purchase order was raised in relation to Vodafone (new telephone system) for total amount £89,062.54 and an invoice for total amount £36,592.92- authorised signatory limit of the authorising Officer= £20k.</p> <p>A purchase order was raised in relation to EDRMS upgrade for total amount £17,750- authorised signatory limit of the authorising Officer= £5k.</p> <p>Financial Procedure Rules state that "orders must only be raised by an authorised Officer and in adherence to their individual limits".</p> <p>All of the above were retrospectively signed by the Director of Resources during the audit.</p>

E= Essential – Due to statutory obligation, legal requirement, Council policy or major risk of loss or damage to Council assets, information or reputation. Where possible it should be addressed as a matter of urgency.

N= Necessary - Could cause limited loss of assets or information or adverse publicity or embarrassment. Necessary for sound internal control and confidence in the system to exist and should be pursued in the short term, ideally within 6 months.

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	<p><u>Non-compliance to the Contract Procedure Rules</u></p> <p>A previous Homelessness audit identified that the accumulation of payments made relating to B&B rent exceeded £5000 on some creditor accounts and that a discussion should therefore take place with the Corporate Solicitor to establish compliance to the Contract Procedure Rules. Audit investigation concluded that a discussion had taken place however, the outcomes are yet to be implemented i.e. a formal agreement established between TBC and B&B landlords to assist in defining Council and landlord responsibilities/ liability and consideration given to a establishing a waiver to the Contract Procedure Rules. Therefore the previous audit recommendation remains outstanding.</p> <p>A review of expenditure in relation to the printing of Committee papers established that for, both 2011 and 2012, the accumulation of payments made in respect of this exceeded £5000. Therefore the arrangement for the printing of Committee papers should be reviewed in order to establish compliance to the Contract and Financial Procedure Rules.</p>
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