Corporate Procurement Card Audit Service Update

Audit & Governance Committee – 7 February 2024

Pro-active Fraud Audit – Corporate Procurement Cards

Pro-active Fraud audit as part of Anti-Fraud, Bribery and Corruption Policy prevention activity.

Testing focused on inappropriate, unauthorised and/or fraudulent transactions.

Corporate Purchasing Cards is an area of heighten fraud risk. Procedures are set corporately. Process is carried out in service.

‘High’ limited assurance audit opinion – no instance of fraud was found but control weaknesses were identified, and management action plan drawn up to address 5 findings and weaknesses. There were no priority 1 actions.

Key Findings

The council has shown it is keen to review processes to deter and prevent fraud.
The process for increasing limits is adequate and managed appropriately.

Information in the master list was not complete and signed guidance notes not complete. These are known issues and had not been addressed from previous audits.
Dormant cards were found to exist.
Changes of roles and leavers had no clear notification process.

Finding 1 - Appropriate card holder authorisations were not present

Action: We will ensure that the appropriate authorisations and signed guidance agreements are obtained for each procurement card holder. This will include those who have been granted historically. This documentation will also be stored centrally so that it is accessible for the purposes of review.

Update: The cards falling into this category were applied for/issued some years ago. The process for requesting and issuing of new cards has been tightened and the team now managing new card requests are aware of the approval process and ensure that such approvals are obtained and saved. A review of historic cards will be undertaken.

Finding 2 - No communication of leavers to Accounts Payable

Action: We will have a wider discussion with HR/Payroll to enable implementation of a notification for Accounts Payable/Procurement Team upon the return of leaver's procurement cards.

Update: Investigations are underway to assess if this could be added to the standard automated leaver form contained within the HR module in Oracle. The implementation team are looking at this and will update us as we move forward with the implementation of the HR/Payroll modules. In the mean-time reports are to be created to ensure a temporary manual control is in place.

Finding 3 - There are no processes in place for reviewing the procurement card master list for appropriateness

Action: We will assign responsibility for procurement card master list reviews and determine an appropriate review schedule.

Update: The council's new Oracle system has a separate module for processing of monthly procurement cards states/invoices. We are currently in the process of changing over from the old processes to the new. Once the staff have been trained and the process established, we will then write new process notes, agree an appropriate review schedule and issue any user guidance as required.

Finding 4 - Limited use of transactional data

Action: We will consider whether Finance can make better use of the transactional procurement card data submitted for payment, to enable proactive counter-fraud data analysis to take place and to inform oversight of trends in procurement card spend across the council.

Update: Once the processing of procurement cards statements has moved over to Oracle reports will be used to aid the analysis of expenditure and will be shared with the procurement service.

Finding 5 - Not all Reimbursement Claims are submitted by the Purchasing Card Holders in the time frame required

Action: Following the change of staff in this team, it is acknowledged that whilst this has been done during the year, the follow up of outstanding returns has not been completed in a consistent and timely manner.

Having successfully recruited to the team, this has been picked up again recently and a new member of the team will be fully trained in the correct process for purchasing cards. Outstanding returns will be pursued each month and appropriate action taken with persistent offenders.

Update: Checking and chasing of outstanding returns had returned to a monthly basis, however, there was a gap when this wasn't done between Oracle go live and the start of 2024. This has now resumed and will continue on a monthly basis.