



For All Your Assurance Needs



Final Internal Audit Report

P-Card SELCP

Date: January 2024

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Contents

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Background and Scope	Page 1
Executive Summary Assurance Opinion and Key Messages	2
Management Response	7
Action Plan Findings, Recommendations and Agreed Actions	8
Appendices	
Appendix 1 – Assurance Definitions	27
Appendix 2 – Distribution List	30



Background and Context

Procurement cards (P Cards) provide a key facility across each Council for purchasing goods and services. The Council's Financial Procedures and the Procurement Card Policy stipulate how the cards are used highlighting the nature of the transactions permitted.

There are currently 157 cards in use across South & East Lincolnshire Councils Partnership (SELCP) with 59 registered cardholders throughout South Holland District Council (SHDC), 46 registered cardholders throughout Boston Borough Council (BBC) and 52 registered cardholders throughout East Lindsey District Council (ELDC) with an average spend of £1,000 a year per card.

All procurement cards are centrally managed by the card holders, they obtain valid VAT receipts and retain these as evidence before reviewing payments and seeking authorisation by relevant managers where needed. Payments are then submitted through the Lloyds Banking Group on line system (known as Lloyds Commercial Card Data Management (LCCDM) with payments being made monthly by Direct Debit.

SELCP Senior Management have requested this review of P-Card controls including policy and processes after an isolated incident of suspected fraudulent activity was identified at South Holland District Council. A separate investigation is being undertaken in respect of this incident and will not form part of this internal audit review.


Scope

The purpose of this review is to provide independent assurance that adequate controls are in place for the use of Procurement cards across each Council.

Our scope will include:

- End to end review of the procurement card process for each Council
- Compliance with policies and procedures
- Management monitoring, oversight and approval processes
- Roles, responsibilities and accountability
- Financial monitoring, reconciliations and spend analysis
- Adequacy of staff training
- Transactional testing

Executive Summary

	<p>No Assurance Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks in the achievement of the objectives for the area audited.</p>
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Risk	Rating (R-A-G)	Recommendations			
		Critical	High	Medium	Low
Inadequate or a lack of staff training increases the risk of misuse or fraud and error on Procurement Cards expenditure	Medium	0	2	1	0
A lack of process, monitoring controls and management oversight on Procurement Card expenditure exposes the councils to financial and reputational risk	High	0	6	1	0
The Procurement Card policy does not provide clear concise guidance on permitted use, this leads to an increased risk of misuse	Low	0	0	0	0
Fraud and error go undetected due to insufficient oversight, monitoring and financial reconciliations/ spend analysis.	Medium	0	2	0	0
TOTAL		0	10	2	0

Key Messages



We found that whilst there is a sufficient process in place for the use of P-Cards in SELCP this is not being followed by all card holders and their managers. This noncompliance with procedure leaves the partnership open to an increased risk of fraudulent or misuse of P-Cards and potential financial loss through unclaimed VAT.

The underlying root cause to this noncompliance is the lack of robust monitoring of expenditure. Currently the responsibility for oversight of P-Card transactions sits with the manager of the card holder. Our review identified that only 2 transactions from a total of 50 sampled had evidence of management approval. For the same sample only 2 transactions had evidence of a valid receipt. Without effective monitoring, noncompliance with procedures cannot be identified and subsequently there are no consequences for misuse.

The P-Card terms of use include the following 2 statements:

- I will follow the established procedures for the use of my P-Card and understand that VAT receipts need to be obtained for each purchase.
- I have read and understand all the above responsibilities and I agree to use my P-Card accordingly. I understand that failure to do so may result in my P-Card being cancelled or disciplinary action, including termination of my employment.

This is not enforced. Without consequences, there is no incentive to follow correct procedure and the partnership will continue to be vulnerable to the identified risks. Cards could be temporarily frozen until receipts are provided or cards could be cancelled and issued to someone else in their team. If the freezing of a card impacts on the service, then noncompliance with procedure should be escalated to senior management.

Key Messages



At present there is no regular independent monitoring of P-Card expenditure. Without it there is an increased risk of fraudulent or inappropriate expenditure and failure of following the agreed process. Regular monitoring should be undertaken each month. Any transactions without a description, receipt or management approval should be examined. A sample of receipts should be reviewed to ensure they relate to the description given and any expenditure that looks unusual considering the role of the card holder should be investigated further. If staff are aware their expenditure is being scrutinised, they will be more likely to follow procedure and provide all the required supporting documentation.

Transactional testing of a sample of purchases that had minimum details found that a significant number had no evidence of receipts or management approval. We were unable to test any purchases from Boston Borough Council as there is a lack of understanding on who is responsible for obtaining supporting documentation. Staff we met from PSPSL and BBC both believed the other organisation were responsible for P-Card Admin.

Without receipts managers cannot approve purchases as they have not seen supporting documentation. VAT cannot be claimed without a valid receipt which will result in a financial loss to the Councils. The risk of fraudulent or inappropriate use of P-Cards is increased if there is no receipt or management approval. There is confusion between BCC and PSPSL as to responsibility for P-Card administration. Responsibilities need to be clarified to avoid the continued confusion. Cardholders and their managers must be reminded of their responsibilities and the importance of always providing receipts.

Executive Summary

Areas of Good Practice



During our review we were advised of an internal review taking place across PSPSL for P-Card process. We were advised an outcome is to update the Lloyds software used, which is currently being piloted in PSPSL. The new update will be a smart phone-based app which allows card holders to upload photos of receipts to individual transactions and managers can log in to approve them. There will also be a drop-down menu of appropriate GL codes to choose from, it is proposed this should reduce the chance of human error in manually typing in a code.

We were not successful in obtaining a meeting with the officer who led this review to ascertain further information as they were unfortunately unavailable.

These improvements should make it easier for receipts to be attached and for managers to approve payments after reviewing the receipts, however it is unlikely to address the lack of monitoring, oversight and noncompliance observed.

Further details of all our findings can be found in the action plan below. We would like to thank all staff who met with us and provided the information we requested during this audit.

Managing your risks



Good risk management, including maintaining risk registers, helps you to identify, understand and reduce the chance of risks having a negative impact on achievement of your objectives.

During our audit work we identified the following significant or high risks that we feel should be considered for inclusion on your service Operational Risk register:

- Ineffective management and review of procurement card expenditure increases the risk of fraudulent or inappropriate purchases going undetected.
- Lack of understanding of which officers are responsible for obtaining supporting documentation for Boston Borough Council increases the risk of fraudulent or inappropriate purchases going undetected.
- Where valid VAT receipts are not obtained for procurement card transactions the council cannot claim back VAT resulting in a financial loss to the partnership.

Management Response

Management Response



This audit has flagged issues of significant concern which have been immediately and pro actively addressed by the Councils. A complete review of compliance is under way and limits reviewed. Management action will be taken where policy is not being complied with. The new system will significantly assist in ensuring compliance and coding which in itself will assist scrutiny.

Deputy CX & S151 Officer

It is obviously very disappointing to have a 'no assurance' outcome and the review has noted failure by P-Card holders and managers to follow procedure, as well as weaknesses in procedures that PSPS were already aware of and are in the process of working with the Councils to resolve. We are implementing a new P-Card solution that will be more accessible and easier for colleagues to use. Alongside this new system, updated communications, guidance, and training will be rolled out to ensure expectations are clear and colleagues understand how to follow procedure correctly. We will also be implementing additional operational controls to help our Council colleagues in tackling non-compliance, including targeted transaction spot-checks and oversight reporting to senior colleagues.

The issues flagged at BBC will be resolved by the above changes, and in the meantime colleagues at the Council have agreed to review and monitor the current processes to minimise any risk until the improvements are live.

It is unfortunate that the project officer responsible for implementing the new P-card solution was on extended unplanned absence during the completion of this audit, making them unavailable to comment and advise on the full extent of the project and the improvements it will realise.

PSPSL CFO

Action Plan

	Risk Description	Current Rating	Target Rating
1.	A lack of process, monitoring controls and management oversight on Procurement Card expenditure exposes the councils to financial and reputational risk	High	Low
Findings			
<p>There is a section in the P-Card terms of use that states that if a card holder continues to not follow the agreed procedure, they may have their card taken away from them. Through discussion with staff, we were advised that this is rarely enforced. At present it is the responsibility of the manager of the card holder to ensure the procedure is followed. Our sample of transactions we tested found that out of 50 transactions only 2 had receipts attached and only 2 had management approval. We did not contact card holders to ascertain whether they were made aware they were not following agreed procedure, but we did find evidence the procedure was not being followed.</p>			
Implications			
<p>Without consequence for misuse of the P-Card there is no incentive for staff to adhere to the procedures they have signed to say they will comply with. Not obtaining receipts means VAT cannot be claimed which is a financial loss to the Council and also means there is no way to confirm transactions are bona fide.</p>			
Recommendation			
<p>There needs to be a consequence for failing to follow P-Card procedure. Noncompliance with procedure should be brought to the card holders' attention and they should be reminded of the consequence if they continue to not follow procedure. Their card could be stopped temporarily until valid receipts are provided. Card holders should be chased to provide receipts and if they do not comply this should be escalated.</p>			High
Agreed Action		Responsibility	Implementation date

Action Plan

<p>1.1 Implement new P-Card procedure that will include spot-checks and reporting to the Council of any observed failures to comply with procedures.</p>	<p>PSPSL CFO</p>	<p>March 2024</p>
<p>1.2 Agree to and enforce a two-strike rule where card holders receive one warning and the second time they do not comply their card will be blocked until they do comply, or the card is cancelled.</p>	<p>Deputy CX & S151 Officer</p>	<p>March 2024</p>

Action Plan

2.	Risk Description	Current Rating	Target Rating
	Fraud and error go undetected due to insufficient oversight, monitoring and financial reconciliations/ spend analysis.	Medium	Low
Findings			
<p>Discussion with P-Card team members confirmed that they do not monitor P-Card expenditure. All responsibility on ensuring transactions are appropriate is with the manager who approves the transaction. We did not see any evidence that managers are challenging transactions as we were looking for evidence of management approval of transactions as per the P-Card process. Unfortunately, our testing identified that not all managers are approving transactions. With only 2 of 50 transactions, we sampled having evidence of management approval. All P-Card statements are paid via direct debit regardless of whether they have a receipt or management approval.</p>			
Implications			
<p>Without regular monitoring of expenditure, the risk of fraudulent or inappropriate expenditure going undetected is increased.</p>			
Recommendation			
<p>Independent monitoring on monthly P-Card expenditure should be introduced. All transactions that have no description, receipt or management approval should be followed up.</p> <p>Any transactions that look unusual considering the card holders role should be investigated further.</p>			High
Agreed Action		Responsibility	Implementation date
<p>2.1 PSPSL to develop and introduce monthly sample checks procedures, looking at appropriateness of expenditure and reporting any findings to Councils.</p> <p>Any discrepancies will be escalated back to management and follow up action will align to the two-strike rule.</p>		PSPSL CFO	March 2024

Action Plan

3.	Risk Description	Current Rating	Target Rating
	Inadequate or a lack of staff training increases the risk of misuse or fraud and error on Procurement Cards expenditure	Medium	Low
Findings			
<p>We found when interviewing staff that there was a lack of understanding between Boston Borough Council and PSPSL as to who was responsible for P-Card Admin in Boston. PSPSL staff believed BBC managed their P-Cards separately to the rest of the partnership and BBC staff advised their only involvement was to enter the GL code onto the Lloyds software and any supporting documents were forwarded to PSPSL. The Chief Executive of PSPSL later confirmed to us that PSPSL were not responsible for P-Card admin at BBC.</p>			
Implications			
<p>If staff in the different organisations both believe that the other one is responsible for obtaining and checking supporting documentation, then there is no oversight or monitoring of current P-Card expenditure for appropriateness or fraudulent use.</p>			
Recommendation			
<p>Boston Borough Council and PSPSL need to agree on who is responsible for administration, monitoring and oversight of Boston procurement cards. This is something that should be picked up as part of the current ongoing review of P-Cards.</p>			High
Agreed Action		Responsibility	Implementation date
<p>3.1 The current process of P-Card administration at Boston Borough Council will be reviewed and a temporary process will be put into place until the roll out of the new process can be implemented.</p>		AD Corporate SELCP	December 2023

Action Plan

4.	Risk Description	Current Rating	Target Rating
	A lack of process, monitoring controls and management oversight on Procurement Card expenditure exposes the councils to financial and reputational risk	High	Low
Findings			
<p>We tested a sample of transactions to see whether receipts were being obtained.</p> <p>We were unable to test any transactions at Boston as no one was sure who had the supporting docs for their transactions.</p> <p>We tested 25 from SHDC and 25 from ELDC and found 48 where there were no receipts available. 38 transactions in our sample were chosen as there were no descriptions on the GL transaction report provided and so we would have liked to have seen the receipt to ensure the items purchased looked appropriate for the role of the card holder.</p> <p>The current process is that card holders send copies of receipts along with the card statement they relate to to their manager each month. The manager should check each receipt against the statement and sign the statement as approved and forward to the P-Card Team. The P-Card Team then saves as supporting evidence. From the sample we looked at it was evident not all staff are obtaining receipts and not all managers were approving and forwarding to the P-Card Team.</p>			
Implications			
<p>The process is not being followed which has several knock-on effects:</p> <ul style="list-style-type: none"> • Where no receipt is provided there is no evidence to be checked to monitor whether spend is appropriate or fraudulent. • Without seeing receipts, managers cannot approve payment as they have no evidence of what was purchased. • Without receipts being obtained then the Council cannot claim back VAT. Two Councils had a yearly limit of £500k and one had £250k. On a yearly total limit of £1,250 million at 20% standard VAT then there is potential financial loss to the partnership of £250k if no receipts are obtained and saved as evidence. 			

Action Plan

Recommendation		
<p>Staff need to be reminded to follow procedure and obtain a valid VAT receipt to enable the partnership to claim VAT.</p> <p>This needs to be enforced. If staff do not adhere to procedure and there are no ramifications, then there is little incentive to comply.</p> <p>The introduction of the new Lloyds system update should make it easier for staff to take photos of receipts with their smart phones and attach to the transaction on the phone app. The manager can then log in and see the receipt when they approve, but this does not necessarily mean all staff are going to follow the new procedures.</p> <p>The plan is that all card holders will receive training and will be required to sign new terms of use which should help but card holders who persistently do not provide receipts need to be pursued.</p>		High
Agreed Action	Responsibility	Implementation date
<p>4.1 Roll out guidance and training to all P-Card holders and managers covering their responsibilities under the new P-Card process. Training should include an explanation of the importance of obtaining VAT receipts and that non-compliance with the agreed procedure will be enforced with cards being blocked and potentially cancelled.</p>	<p>PSPSL CFO</p>	<p>March 2024</p>

Action Plan

	Risk Description	Current Rating	Target Rating
5.	A lack of process, monitoring controls and management oversight on Procurement Card expenditure exposes the councils to financial and reputational risk	High	Low
Findings			
<p>We tested a sample of 50 transactions, 25 each at SHDC & ELDC to see if there was evidence that the card holder's manager had approved them.</p> <p>We found 48 where there was no evidence that the manager had approved.</p>			
Implications			
<p>If payments are being made without a manager approving, then there is no control over the expenditure being incurred. The risk of fraud or inappropriate expenditure on a P-Card is higher if no one else is involved in the process.</p>			
Recommendation			
<p>Card transactions should not be paid until written approval from a manager has been received.</p> <p>The introduction of the Lloyds update to their software should make it easier for managers to approve transactions but if the transactions continue to be paid whether they have been approved or not this will continue to be a high risk.</p>		High	
Agreed Action		Responsibility	Implementation date
No further action required – already covered as part of actions above.			

Action Plan

	Risk Description	Current Rating	Target Rating
6.	A lack of process, monitoring controls and management oversight on Procurement Card expenditure exposes the councils to financial and reputational risk	High	Low
Findings			
<p>We were unable to provide any assurance that managers were approving the issue of cards to their staff and setting their transaction limits. We could not check any BBC cards as it was unclear at the time of the audit who was responsible for retaining this information. Of the 44 cards we sampled across SHDC & ELDC no evidence could be provided for any of them that the manager had approved.</p> <p>We were advised that approval is given by email, and it all depends on who in the P-Card Team received the email. There has also been some staff turnover in the team and emails with approval may have been sent to those staff who have since left.</p>			
Implications			
<p>If management approval is provided by email and that email is not saved centrally where all staff in the P-Card Team can access, then it is difficult to provide evidence that an appropriate manager approved the issue of the card. Likewise, there is no evidence of the original transaction limits that were set.</p>			
Recommendation			
<p>A central electronic filing system should be set up where all supporting documents can be saved relating to the admin of cards. A register should be maintained with the card number, card holder name, transaction limits, a marker to show they have signed the terms of use and that their manager has approved the card and the transaction limits.</p> <p>A signed copy of the terms of use should be saved centrally so all in the P-Card Team can access.</p> <p>A form should also be devised for the manager to complete with the transaction limits and their signature to say they approve the card is issued and that as their manager they will follow the P-Card process that they are</p>			High

Action Plan

responsible for - checking receipts and statements and approving expenditure. The Lloyds upgrade should make it easier for receipts to be attached and visible for managers and they should be logging in and approving. They should be signing to agree they are responsible for ensuring their staff attach receipts and they check them for appropriateness.		
Agreed Action	Responsibility	Implementation date
6.1 Implement robust governance procedures whereby managers are required to approve the issue of a P-Card and evidence of this will be saved centrally.	PSPSL CFO	March 2024

Action Plan

7.	Risk Description	Current Rating	Target Rating
	Inadequate or a lack of staff training increases the risk of misuse or fraud and error on Procurement Cards expenditure	Medium	Low
Findings			
We were advised that there was refresher training made available to P-Card holders pre-Covid, but this has not been run since then.			
Implications			
Without regular refresher training on the correct use of P-Cards, card holders could slip into bad habits and forget what is deemed acceptable and unacceptable use of the card.			
Recommendation			
Regular refresher training is reintroduced on the use of P-Cards. This will be especially important when the Lloyds system is upgraded, and the user guidance and terms of use are updated after the current review of the P-Card process.			High
Agreed Action		Responsibility	Implementation date
No action required. Above actions already cover the commitment to implement the new system and deliver training.			

Action Plan

	Risk Description	Current Rating	Target Rating
8.	A lack of process, monitoring controls and management oversight on Procurement Card expenditure exposes the councils to financial and reputational risk	High	Low
Findings			
<p>The guidance states that when someone leaves the organisation, they need to cut their card in half and pass to their manager. The manager should then inform the P-Card team so they can cancel the card. Discussion with staff in the P-Card team confirmed that they rely solely on Managers informing them of card holders leaving.</p> <p>During our review of transaction reports, we found several staff who had a card issued to them and we could not find their details on Outlook. This could be because of a name change or because they have now left the organisation and the P-Card Team have not been informed. We sent a list of those staff to the P-Card Team to investigate.</p>			
Implications			
Reliance on Managers informing the P-Card Team of card holders leaving the organisation is not a completely reliable control to ensure cards are cancelled in a timely manner.			
Recommendation			
The P-Card Team should request to be added to the mailing list for the regular leavers report that HR produce. This will tell them all staff that are leaving in that month, and they can then cross reference to their list of card holders and arrange to have the cards cancelled on the date they leave.			High
Agreed Action		Responsibility	Implementation date

Action Plan

<p>8.1 We will review the training to ensure it includes reference to managers' responsibilities when P-Card holders leave the organisation.</p>	<p>PSPSL CFO</p>	<p>March 2024</p>
<p>8.2 Review leavers processes at the Council to consider whether it should include P-Card checks.</p>	<p>AD, Corporate SELCP</p>	<p>March 2024</p>

Action Plan

	Risk Description	Current Rating	Target Rating
9.	Fraud and error go undetected due to insufficient oversight, monitoring and financial reconciliations/ spend analysis.	Medium	Low
Findings			
<p>During our review of P-Card transactions across SELCP over a 12-month period we found multiple instances of inappropriate expenditure. The current P-Card guidance states that the P-Card should not be used for the following:</p> <ul style="list-style-type: none"> • Subscriptions • Fuel • Oyster card top ups • IT Hardware <p>We found 47 transactions relating to subscriptions, 22 transactions relating to fuel, 2 transactions relating to Oyster cards and 7 transactions relating to IT hardware. We also found 18 transactions relating to car park tickets - staff should pay for car parking and then claim back through payroll.</p> <p>We also found a transaction for purchase of goods from Espo a company we would expect SELCP to have a corporate contract with. And a substantial amount was spent throughout the year on one card for paper towels. These should be purchased through a value-based purchase order and be paid on an invoice.</p>			
Implications			
<p>Responsibility for ensuring P-Card expenditure is appropriate is with the authorising manager who should approve all purchases when they receive a copy of the statement and supporting receipts. Our testing identified that not all transactions are being approved and as such inappropriate expenditure is being allowed</p>			
Recommendation			

Action Plan

<p>All card holders and managers of card holders should be reminded of what P-Cards can and cannot be used for. Managers should be held accountable for approving transactions and there should be regular independent scrutiny of transactions being made on P-Cards. Inappropriate expenditure should be followed up and card holders and their managers should be informed they are not following agreed guidance.</p> <p>Independent scrutiny of card transactions would also improve the identification of unusual activity that could be potential fraudulent use that requires further investigation.</p>		<h1>High</h1>
Agreed Action	Responsibility	Implementation date
9.1 Training and guidance to explain what transactions will be considered inappropriate.	PSPSL CFO	March 2024
9.2 Sample-check procedure to include consideration of inappropriate transactions.	PSPSL CFO	March 2024

Action Plan

	Risk Description	Current Rating	Target Rating
10.	A lack of process, monitoring controls and management oversight on Procurement Card expenditure exposes the councils to financial and reputational risk	High	Low
Findings			
<p>Under current procedure all P-Card transactions are paid by direct debit regardless of whether a general ledger code has been provided. The transaction is charged against a central P-Card suspense account until the card holder provides a code. This could mean the transactions remain in the suspense account potentially until year end when a decision has to be made by Finance where to re-code it in order to clear the account. We did request a report from the P-Card Team of the suspense account so we could ascertain how regularly the account was cleared, unfortunately this was not provided.</p>			
Implications			
<p>As long as the transaction sits in the suspense account the budget holder could be unaware that this transaction has been made and it could come as a surprise when it is transferred to their cost centre. This could result in an unexpected overspend against a cost centre that had not previously reported one.</p>			
Recommendation			
<p>We were advised that the new upgrade to the Lloyds system will address this. The proposal is to create a P-Card suspense account against each cost centre that a P-Card is linked too. Each month when a transaction has to be paid where a code has not been supplied it will code to that individual cost centres suspense account. This means the budget holder will see it sooner and can make a decision themselves on what code it should be paid too.</p> <p>We would recommend that this proposed process change is implemented across all of SELCP, and that staff are reminded of the importance of providing a code for each transaction.</p>			High

Action Plan

Agreed Action	Responsibility	Implementation date
10.1 Monitor implementation of new system and associated processes and ensure all non-coded P-Card transactions are still coded to the relevant cardholders assigned core budget.	PSPSL CFO	March 2024

Action Plan

11.	Risk Description	Current Rating	Target Rating
	A lack of process, monitoring controls and management oversight on Procurement Card expenditure exposes the councils to financial and reputational risk	High	Low
Findings			
We were advised that the card holders' manager sets P-Card transaction limits when they approve the issue of the card. There is not currently any review of the limits. If a temporary or permanent increase is required, then a request can be submitted to The Section 151 Officer of SELCP for approval.			
Implications			
If someone is regularly spending significantly less than their set transactional limit each month their limit should be reduced to reduce the financial risk to SELCP of potential fraudulent use of the card. Without regular review of spend against limits then potential for lowering the limits will not be identified.			
Recommendation			
Regular review of actual spend against set monthly transactional limits should be undertaken annually to identify any cards where the limit has been set higher than is required. The limit for those cards could then be reduced in line with their actual use.			Medium
Agreed Action		Responsibility	Implementation date
11.1 Complete a full review of P-Card limits ahead of new system roll out.		AD, Corporate SELCP	March 2024





Action Plan

11.2 Implement, as part of the new process, an annual review of P-Card limits whereby PSPS report the information to relevant Council officers and they review and agree any amendments appropriate.	PSPSL CFO	March 2024
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Action Plan

12.	Risk Description	Current Rating	Target Rating
	Inadequate or a lack of staff training increases the risk of misuse or fraud and error on Procurement Cards expenditure	Medium	Low
Findings			
<p>We were sent a copy of the current P-Card user guidance for East Lindsey and South Holland District Councils. We were advised Boston Borough Council would have their own guidance. When we met with the officers in Boston involved in the card administration, they advised they do not have any involvement other than entering the GL code onto the Lloyds system and were not aware of a separate guidance for Boston.</p> <p>We did notice that the contact details for P-Card queries were out of date as the main contact is no longer with the organisation.</p>			
Implications			
<p>The current guidance is clear on what cards can and cannot be used for, but the details of the contact person is no longer correct and there is no mention of Boston Borough Council. This could lead to confusion for card holders not knowing who to contact and for card holders in Boston being unsure of their responsibilities.</p>			
Recommendation			
<p>The current card guidance should be updated with one version that applies to all and the contact details should be updated to the current contacts for any queries.</p>			Medium
Agreed Action		Responsibility	Implementation date
<p>No action – above actions already commit to rolling out appropriate training and guidance.</p>			

Appendix 1 - Assurance Definitions

Substantial	Adequate
<p>A reliable system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.</p> 	<p>There is a generally reliable system of governance, risk management and control in place. Some issues non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.</p> 
Limited	No
<p>Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks in the achievement of objectives in the area audited.</p> 	<p>Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks in the achievement of the objectives for the area audited.</p> 

Appendix 1 - Assurance Definitions

Risk Ratings	
Current	Reflects the residual risk after assessing the controls in place.
Target	<p>Represents what level risk an organisation may wish to take, or what level of risk is considered acceptable. Where risk ratings are not at target levels, then recommendations will be given within the report to help achieve the expected risk rating.</p> <p>In some areas the target risk rating may not be “Low” and we may be willing to accept a “Medium” target risk rating. These situations could be found where:</p> <ul style="list-style-type: none"> • An organisation wishes to realise potential opportunities and as a result has a higher risk appetite. • The area under review is so inherently risky that we accept that risk mitigation strategies are unable to achieve a “Low” target risk rating.

Appendix 1 - Assurance Definitions

Action Priority	
Critical	Fundamental breakdown in internal control; significant risk of fraud, irregularity, impropriety. These must be addressed as a matter of urgency.
High	Significant weakness in internal control; non-compliance with regulations/legislation; material loss or public criticism. These actions must be completed within a short time period
Medium	Weakness that undermines systems of internal control. These risks should be completed within a medium time frame and can have various milestone to be adhered to over the project duration.
Low	Best Practice. These will make the function as good as possible and should be implemented over the course of 9-12 months.

Appendix 2 – Distribution List

Distribution List



Samantha Knowles – Head of Finance, PSPSL

Amanda Webster – Treasury Manager, PSPSL

Christine Marshal – S151 Officer, SELCP

Phil Perry - Assistant Director, SELCP

James Gilbert – Assistant Director Corporate, SELCP

Lewis Duckett – Chief Executive Officer, PSPSL

Mark Elsom – Audit Liaison Officer, PSPSL

Portfolio Holders for ELDC, SHDC & BBC

Disclaimer

The matters raised in this report are only those which came to our attention during our internal audit work. Our quality assurance processes ensure that our work is conducted in conformance with the UK Public Sector Internal Audit Standards and that the information contained in this report is as accurate as possible – we do not provide absolute assurance that material errors, fraud or loss do not exist.

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