



Core financial system review of procurement cards

Committee Audit and Standards

Date of meeting 26 November 2021

Date of report 5 October 2021

Report by Acting Chief Executive

1. Object of report

To advise the committee on the findings of a core financial system review of procurement cards. This engagement was included in the annual Internal Audit plan 2021/2022.

2. Background

The Financial Regulations and the Procurement Card Manual provide guidance and define responsibilities that apply to all employees who use procurement cards.

Procurement cards are used for on-line purchases, to support service delivery out-of-hours and for urgent/emergency payments. Engagement testing found that on-line accounts have been created using procurement cards for regularity.

Procurement cards are issued to authorised officers across all service delivery areas.

Procurement card threshold limits are in-built and spend is monitored by Finance management on a monthly basis throughout the financial year.

The objective of this engagement was to assess, evaluate and test controls in place for the use of procurement cards and to analyse performance information.

This engagement tested elements of the internal controls and mitigation against SPT22: Governance arrangements as identified in the Corporate Risk register.

3. Outline of findings

Engagement testing (August 2021) found that expenditure through the use of procurement cards reduced by 20% in 2020/2021 when compared to previous financial years.

Engagement testing found that procurement cards are mostly used to facilitate digital services and support access to training courses.

Engagement testing identified a requirement to refresh the internal procedural guidance for use of procurement cards to enhance current arrangements.

An area for improvement has been addressed by a recommendation. Finance management have agreed to implement the recommendation, which is currently being actioned.

4. Conclusions

The Audit and Assurance team has undertaken a core financial system review of procurement cards. One recommendation has been agreed from this engagement.

Key controls exist and are applied consistently and effectively in the majority of areas tested in this engagement.

Reasonable assurance can be taken from the internal controls in place.

5. Committee action

The committee is asked to note the contents of this report and agree that the Audit and Assurance Manager submits a follow-up report on the implementation of the recommendation to a meeting in approximately six months.

6. Consequences

Policy consequences	<i>None.</i>
Legal consequences	<i>None.</i>
Financial consequences	<i>None.</i>
Personnel consequences	<i>None.</i>
Equalities consequences	<i>None.</i>
Risk consequences	<i>As detailed in the report.</i>

Name Neil Wylie

Name Valerie Davidson

Title Director of Finance

Title Acting Chief Executive

For further information, please contact Iain McNicol, Audit and Assurance Manager, on 0141 333 3195.

**Reasonable
assurance**

Agreed action plan: Core financial system review of procurement cards

No.	Recommendation	Priority	Action Proposed	Lead Officer(s)	Due date
1	<p><u>Procedural guidance</u></p> <p>The Procurement Card Manual should be reviewed and updated to include guidance on the following:</p> <ul style="list-style-type: none">• use of web-based accounts;• regularity of card details usage;• physical security of cards in office/remote working;• security of pin numbers and card details;• arrangements for issue of new/replacement cards and physical destruction of old cards;• contactless payments. <p>A copy of the revised Procurement Card Manual should be provided to all procurement card holders together with refresher training.</p> <p>The intranet pages should also be refreshed to reflect updated documentation and guidance.</p>	Medium	Agreed, the Procurement Card Manual will be reviewed and updated in line with this recommendation.	Chief Accountant	December 2021

High: A fundamental control that should be addressed as soon as possible;

Medium: An important control that should be addressed within three months;

Low: An issue which is not fundamental but should be addressed within six months to improve the overall control environment.