



# Creditors 2017-18

## Peak District National Park Authority

### Internal Audit Report 2017/18

Business Unit: Finance  
 Responsible Officer: Head of Finance  
 Service Manager: Head of Finance  
 Date Issued: 04 April 2018  
 Status: Final  
 Reference: 69130/003

	P1	P2	P3
<b>Actions</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Overall Audit Opinion</b>	High Assurance		



# Summary and Overall Conclusions

## Introduction

It is essential for the Authority that legitimate, valid and prompt payments are made to suppliers. Duplicate, invalid and late payments pose significant risks in the form of fines, unnecessary expenditure and reputational damage. It is therefore imperative that the Authority has a robust control framework and system in place, in order to protect itself from exposure to such risks.

A creditors audit was carried out in 2016/17 and the audit only identified one minor finding relating to the creditors system. This is an additional piece of work using Interactive Data Extraction and Analysis (IDEA) software, which can undertake a 100% review of payments to identify unexpected data, through using data matching and interrogation techniques.

## Objectives and Scope of the Audit

The audit used the Interactive Data Extraction and Analysis tool IDEA to carry out a 100 percent check on the creditors database. The checks reviewed the database to identify:

- Potential duplicate payments
- Duplicated creditor records
- Missing or unaccounted for purchase order numbers
- Potential splitting of invoices to remain within authorisation or procurement limits
- Indications that bank details have been fraudulently changed

## Key Findings

Our analysis on the authority's payments and supplier details did not have any indication to suggest that there is any major issues with the creditor payments system or that fraudulent activity had taken place. The data analysis identified some potential issues but suitable explanations were provided by officers in all cases.

There was no gap within the purchase order numbers detected. This indicates that there have not been any cancelled or concealed purchase orders. There was no indication that payments had been split so that the payments were beneath the authorisation limits or under limit for a procurement exercise. We found that there were no payments that had no paid date entered without a logical reason e.g. the payments had been cancelled. There was no indication that any payments made to suppliers were duplicated. We also reviewed the supplier details to identify if there any key details that were missing. We did not identify any indication that the bank details had been changed incorrectly or fraudulently.

## Overall Conclusions

It was found that the arrangements for managing risk were very good. An effective control environment appears to be in operation. Our overall opinion of the controls within the system at the time of the audit was that they provided High Assurance.

# Audit Opinions and Priorities for Actions

## Audit Opinions

Audit work is based on sampling transactions to test the operation of systems. It cannot guarantee the elimination of fraud or error. Our opinion is based on the risks we identify at the time of the audit.

Our overall audit opinion is based on 5 grades of opinion, as set out below.

Opinion	Assessment of internal control
High Assurance	Overall, very good management of risk. An effective control environment appears to be in operation.
Substantial Assurance	Overall, good management of risk with few weaknesses identified. An effective control environment is in operation but there is scope for further improvement in the areas identified.
Reasonable Assurance	Overall, satisfactory management of risk with a number of weaknesses identified. An acceptable control environment is in operation but there are a number of improvements that could be made.
Limited Assurance	Overall, poor management of risk with significant control weaknesses in key areas and major improvements required before an effective control environment will be in operation.
No Assurance	Overall, there is a fundamental failure in control and risks are not being effectively managed. A number of key areas require substantial improvement to protect the system from error and abuse.

## Priorities for Actions

Priority 1	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management.
Priority 2	A significant system weakness, whose impact or frequency presents risks to the system objectives, which needs to be addressed by management.
Priority 3	The system objectives are not exposed to significant risk, but the issue merits attention by management.

Where information resulting from audit work is made public or is provided to a third party by the client or by Veritau then this must be done on the understanding that any third party will rely on the information