Creditors

Peak District National Park Authority

Internal Audit Report 2020/21

Business Unit: Finance
Responsible Officer: Head of Finance
Date Issued: 3rd March 2021
Status: Final
Reference: 69130/004

	P1	P2	P3
Actions	**0**	**0**	**0**
Overall Audit Opinion	Substantial Assurance		

Summary and Overall Conclusions

Introduction

Creditor payments is a key service within the Peak District National Park Authority and it forms a regular part of the audit plan as a main financial system due to the value and volume of transactions. This makes the financial system a potential for fraud. The Peak District National Park Authority use Exchequer as their main financial system.

Due to the recent Covid-19 Pandemic, many services have had to adapt their processes to ensure control and security with working in remote situations. This will form part of the audit to ensure that the authority are maintaining a secure system.

Objectives and Scope of the Audit

The purpose of this audit is to provide assurance to management that procedures and controls within the system ensured that:

- Supplies of goods and services were ordered and authorised following documented procedures.
- Payments were made only for goods and services that were suitably authorised, received and ordered.
- Requests to change supplier's details were evaluated in accordance with procedure before payment was authorised.
- Invoices were paid within 30 days, in line with the Late Payment of Commercial Debt Regulations 2013.

Key Findings

The supplies of goods and services which were sampled across a between April and November 2020, all 20 that were sampled were ordered and authorised correctly. As the process for authorising purchases of goods and services has been adapted for remote working, email trails confirming and authorising payments have been retained and held on file for each purchase order.

The processes for ensuring payments were made only for ordered, authorised and received goods and services were found to be strong. Clear records are retained of goods being received and subsequent authorisation for payments being completed by the budget managers for all 20 purchases sampled. As the process has changed to an electronic confirmation of receipt of goods and authorisation of payment, appropriate records of emails relating to purchases have been retained.

When there is a request to change supplier details suppliers are contacted directly using current contact numbers held on file to confirm that the request was made by the supplier. Since the start of the financial year 2020-21, there have been 4 requests to change supplier details, with all following the same procedure. All information is recorded, dated and signed on Exchequer to provide an audit trail.

Most of the invoices reviewed were paid within 30 days of receiving the invoice. The 3 invoices that were not paid within 30 days of receipt were delayed as evidence of goods receipt had not been provided. It is good practice that payments will not be made until goods receipting has been

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carried out but does cause delays in payment if there are delays in recording the receipt of goods. Regular reminders to staff to inform finance promptly when goods are received may be required if this continues to be an issue.

Overall Conclusions

A sound 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. Our overall opinion of the controls within the system at the time of the audit was that they provided Substantial Assurance

Annex 1

Audit Opinions and Priorities for Actions

Audit Opinions	
Our work is based on using a variety of audit techniques to test the operation of systems. This may include sampling and data analysis of wider populations. It cannot guarantee the elimination of fraud or error. Our opinion relates only to the objectives set out in the audit scope and is based on risks related to those objectives that we identify at the time of the audit. Our overall audit opinion is based on 4 grades of opinion, as set out below.	
Opinion	**Assessment of internal control**
Substantial Assurance	A sound 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.
Reasonable Assurance	There is a generally sound 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.
Limited Assurance	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
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 to the achievement of objectives in the area audited.

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.

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