



## INTERNAL AUDIT REPORT

# CREDITORS

## PEAK DISTRICT NATIONAL PARK AUTHORITY

Status: Final

Date issued: 4 July 2024

Responsible officer: Finance Manager

	Critical	Significant	Moderate	Opportunity
Findings	0	0	0	0
Overall audit opinion	Substantial assurance			

## INTRODUCTION

Creditor payments are a key service within the Peak District National Park Authority (PDNPA). Effective controls need to be in place to mitigate the risks associated with creditors payments, including bank mandate fraud and overpayments to suppliers.

PDNPA introduced a new cloud-based finance system in October 2023, iplicit. This new system has changed how purchase orders and invoices are authorised, automated many processes and creditor payments are now made electronically.

## OBJECTIVES AND SCOPE

The purpose of this audit was to provide assurance to management that procedures and controls within the system will ensure that:

- ▲ Payments for supplies and services are suitably ordered, authorised, and received
- ▲ Invoices are paid within an appropriate timescale
- ▲ Supplier and invoice information is recorded correctly on the iplicit system and requests to change supplier's details are evaluated in accordance with procedures
- ▲ There is appropriate segregation of duties built into the iplicit system

At the time of the audit the opening balances for the new system had not been uploaded to iplicit due to the external audit for 2022/23 not yet being completed. Consequently, this work did not review the new systems opening balance sheet. We have confirmed that the balances have subsequently been uploaded.

## KEY FINDINGS

We found that from the selected cases examined (Exchequer to September 2023 and iplicit from October 2023) that all payments to suppliers had been appropriately authorised and were within delegated authority limits. There was evidence available in all cases including that goods had been received and receipted. Testing of all purchase orders to confirm whether they were raised prior to the invoice date was not possible due to a lack on information available in the reports that could be run from the systems. We confirmed that all purchase orders examined had been raised in advance of the invoice date.

All invoices checked were paid promptly and within the 30 day timescale. During the four previous financial years the percentage of invoices paid within 30 days ranged from 91% and 94%. However, during the 2023/24 financial year we found that performance had dropped to 81% The delays in payment were in the main attributable to the move from Exchequer to iplicit, with performance dropping to 71% during that period alone. A contractor was hired temporarily to help with the system onboarding and to clear the supplier invoice backlog. The contract completed on the 31st March 2024, and this change has already shown some improvements with performance for quarter 1 of 2024/25 increasing to 76%. However, we found that the information produced from iplicit includes data in relation to disputed invoices which is distorting the results. The National Park Authority are working with the system provider to help them interpret the data, as well as working through the reporting available to them within the system.

We established that when the finance team receives a request for a change of supplier details, contact is made with the supplier using the details already held on the system so that the information is verified. Finance also check the name and address of the supplier to see if they already exist in the system to ensure that all appropriate anti-fraud measures are followed before any details are updated. We also found that a data cleanse of suppliers was undertaken prior to the transfer to the new iplicit system during 2024, and no duplicate suppliers were identified. A list of all change requests received by the National Park Authority was provided by the service for examination during the audit, and the evidence supporting the changes was all found to be in order.

Segregation of duties was reviewed as part of the sample testing. We established that the iplicit system has enforced appropriate segregation of duties, and testing confirmed appropriate segregation in all instances. There was no requirement within Exchequer for the purchase order raiser and authoriser to be separate, but we still found that all payments were authorised appropriately.

## OVERALL CONCLUSIONS

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.

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 four grades of opinion, as set out below.

Opinion	Assessment of internal control
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.

Finding ratings

Critical	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management.
Significant	A significant system weakness, whose impact or frequency presents risks to the system objectives, which needs to be addressed by management.
Moderate	The system objectives are not exposed to significant risk, but the issue merits attention by management.
Opportunity	There is an opportunity for improvement in efficiency or outcomes but the system objectives are not exposed to risk.

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