



**FINAL INTERNAL AUDIT REPORT**  
**CHIEF EXECUTIVE'S DEPARTMENT**

**REVIEW OF PROCUREMENT CARDS**

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**Prepared by:** Principal Auditor

**Reviewed by:** Head of Audit and Assurance

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**Report No.:** CEX/11/2019/AU

## REVIEW OF PROCUREMENT CARDS

### INTRODUCTION

1. This report sets out the results of our audit of procurement cards. The audit was carried out as part of the work specified in the 2019-20 Internal Audit Plan agreed by the Section 151 Officer and Audit Sub-Committee. The controls we expect to see in place are designed to minimise the Council's exposure to a range of risks. Weaknesses in controls that have been highlighted will increase the associated risks and should therefore be addressed by management.
2. The procurement card system was previously audited in 2014 and given a 'Limited assurance' audit opinion. Eleven recommendations were made, three of which were considered high priority. The recommendations were followed up in 2015 and it was reported that progress had been made implementing them with two recommendations re-recommended. These related to a review of cards which had not been used and the need for managers to approve outstanding transactions recorded on the system.
3. Administration of the procurement card system was transferred to the Council's Exchequer Contractor on 1 October 2019 as an addition to the Exchequer contract. The Contract and Operations Manager in Finance Services continues to oversee the arrangement and provide advice as required following the transition. As shown in the table below, expenditure using procurement cards has increased over the last two financial years and, based on the level of total expenditure so far this financial year, is expected to increase further. We have not however been able to carry out any detailed analysis of expenditure and card usage to identify why this might be.

Year	Total amount spent using procurement cards
1 April 2017 - 31 March 2018	£265,506.70
1 April 2018 - 31 March 2019	£341,748.34
1 April 2019 - 29 November 2019	£281,133.90

4. We would like to thank all staff contacted during this review for their help and co-operation.

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**AUDIT SCOPE**

5. The original scope of the audit was outlined in the Terms of Reference issued on 11 July 2019. We identified the following key risks prior to the start of our review:
- Inappropriate purchases may be made
  - Cards are issued without appropriate authority
  - The use of cards may not be monitored and controlled
  - The issue and control of each card is not documented
  - Card users may not be aware of the terms and conditions of use and the Council’s regulations and procedures
  - There is no supporting evidence for purchases made

**AUDIT OPINION**

6. Our overall audit opinion, number and rating of recommendations are as follows.

<b>AUDIT OPINION</b>	
<b>Limited Assurance</b>	(Definitions of the audit assurance level and recommendation ratings can be found in Appendix B)

Number of recommendations by risk rating		
Priority 1	Priority 2	Priority 3
3	7	0

**REVIEW OF PROCUREMENT CARDS****SUMMARY OF FINDINGS**

7. Overall we found that controls were either not in place or not working effectively in a number of areas. These are summarised below:-
8. The responsibility and accountability of those teams and individuals involved in the different tasks or objectives of the procurement card system need to be clarified and agreed. This includes responsibility for undertaking independent periodic checks on transactions to identify any procurement card misuse.
9. Our testing identified instances where procurement cards had been used to purchase gifts and meals for individuals and teams. The circumstances around these are described in Appendix C and highlight a lack of documented evidence to support the purchase and/or why we considered it appropriate to question the use of the card for these purposes.
10. Those transactions included a 'thank you' meal for officers at the end of a project, gifts for individuals to celebrate long service, team meals and a gift card as part of the merit award scheme. We identified that there were tax and National Insurance Contributions (NIC) payable on these but we also found that they had not been paid. We recognise that the tax and NIC implications are not widely known by officers of the Council but it does however leave the Council seeking permission from HMRC to pay the tax and NIC due, together with any penalty charge arising. These tax and NIC issues have been addressed in a separate audit report with appropriate recommendations made.
11. We found that a significant number of procurement card transactions had not been submitted and/or approved timely. At the beginning of October there were 882 unauthorised transactions outstanding, totalling approximately £54,000. The oldest transaction was dated 29 January 2018.
12. Supporting documents to reclaim VAT on a number of procurement card transactions were either missing, or did not have the VAT correctly accounted for. Also, transactions showed that the VAT had not been reclaimed when it should have and in two cases from our sample testing the incorrect rate of VAT had been claimed.
13. The procurement card policy and procedures document, dated August 2017, which was in existence prior to the start of this audit, did not specify any excluded categories of expenditure except for cash withdrawals. It has since been revised to include that the purchase of gifts and numerous other categories of expenditure, should not be made.
14. The field for entering the transaction description on the procurement card system is a free text field but the system does not make it compulsory for it to be completed. We identified over 600 transactions between the period 1 August 2018 and 31 July

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2019 which had no description entered for the transaction made but which had been approved by the card holder's manager. We also identified a number of transactions made to the same supplier, where it was apparent that expenditure over £500 had been split into two or more transactions. This could have been done to avoid having to seek approval for an increase in the procurement card limit and authorisation at a higher level of authority.

15. During our audit we identified that there are numerous reports which can be run from the procurement card system to provide management information on purchases made. These could provide useful information to card holders and approvers but they have not yet been explored and introduced by management.
16. The Council's policy on travel and subsistence is dated 2013 and needs to be reviewed and updated, particularly the subsistence rates. It does not have an owner or review date. Whilst it is entitled 'Travel and subsistence' there is no reference in the document on how or when to claim travel expenses.
17. During discussion with a new card holder we identified that she had not been provided with any guidance when receiving her procurement card. We referred her to the intranet page on onebromley where the current version of the guidance, together with instructions for card holders and approvers can be found. On raising this with the Assistant Director of Exchequer Services, we were informed that the Council's Exchequer Contractor will be instructed to address this for new card holders in future.
18. We were unable to find records of the approved procurement card request form with the authorised approver's signature. We identified that these forms are shredded once the procurement card arrives.
19. We could not find a signed copy of the contract between the Council and the Council's banking provider for the procurement card scheme or a completed contract award document. Those matters are being addressed retrospectively by the Head of Procurement.

## **DETAILED FINDINGS / MANAGEMENT ACTION PLAN**

20. The findings of this report, together with an assessment of the risk associated with any control weaknesses identified, are detailed in Appendix A. Any recommendations to management are raised and prioritised, together with management's responses and timescales for implementation. Appendix B details the definition of the audit assurance and priority ratings.

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APPENDIX A

No	Finding and risk	Recommendation and Priority *Raised in previous Audit	Management Response	Agreed timescale and responsible manager
1	<p><u>Roles and responsibilities for the operation and governance of the procurement card system</u></p> <p>Administration of the procurement card system transferred to the Council's Exchequer Contractor on 1 October 2019 as an addition to the existing Exchequer contract. Exchequer Services, who previously administered the procurement card system, are now performing an advisory role and continuing to provide reports to managers periodically with details of all the card transactions outstanding. The procurement team have updated the procurement card guidance and uploaded that and other related guidance to the intranet site.</p> <p>The respective roles and responsibilities of teams and officers involved are not however clear. As a result of our findings and discussions, we are aware that the Head of Procurement has developed a RACI matrix (responsibility assignment matrix) showing the tasks and division of responsibilities for those involved in the procurement card system. This will be extremely useful in driving future discussions about roles, responsibilities and governance. It will also highlight where any gaps in these exist.</p> <p>We identified that there is also no evidence of second line of defence checks being carried out, eg:</p>	<p>Management should clarify and agree the roles and responsibilities of those involved in the different tasks or objectives of the procurement card system. It should include who will carry out periodic checks on procurement card expenditure and take action to address any issues identified such as authorising the removal of the procurement card facility where guidance has not been adhered to, and/or seeking explanation from Heads of Service/Directors if the purchase of items is considered inappropriate.</p> <p><b>Priority 1</b></p> <p>Appendix C provides details of instances we identified where procurement cards had been used to purchase gifts and meals for individuals and teams. They highlight a lack of documented evidence to support the purchase</p>	<p>The Assistant Director of Exchequer Services has confirmed the roles and responsibilities of the Council's Exchequer Contractor and the Exchequer Team. Changes to the draft RACI matrix have also been proposed and a meeting of the relevant parties is taking place in the near future to discuss and agree the respective roles and responsibilities.</p>	<p>31 January 2020</p> <p>To be decided</p>

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No	Finding and risk	Recommendation and Priority *Raised in previous Audit	Management Response	Agreed timescale and responsible manager
	<ul style="list-style-type: none"> <li>- identifying cards which have not been used or used infrequently within the past year,</li> <li>- identifying and seeking explanations for any expenditure which appears inappropriate,</li> <li>- identifying where supporting evidence has not been uploaded onto the procurement card system,</li> <li>- identifying transactions which have been split to bypass the individual transaction limit, and</li> <li>- identifying transactions where VAT has been recorded incorrectly on the procurement card system.</li> </ul> <p>A separate exercise to analyse supplier spend on procurement cards was carried out by an officer in the procurement team prior to this audit. That analysis was incorporated into our testing rationale.</p> <p><u>Risk</u></p> <p>A lack of independent checks may result in inappropriate expenditure not being identified, leading to a risk of fraud.</p> <p>Inappropriate use of a procurement card, leading to a lack of integrity, objectivity and discreditable conduct.</p> <p>Procurement processes which are not being adhered to</p>	<p>and/or why we considered it inappropriate use of the card.</p>		

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	or which are inefficient may not be identified.			
2	<p><u>Transactions not submitted timely and unauthorised transactions outstanding</u></p> <p>We noted from our sample of 20 transactions that:</p> <p>(i) 9 transactions were not submitted timely (e.g. one after 215 days of the 'Finance posting' date)</p> <p>(ii) 5 transactions were not approved timely (e.g. one after 107 days of the 'Expenditure submitted' date)</p> <p>A report was provided to us by the Contract and Operations Manager (Exchequer) on 4 October 2019. This showed 882 transactions on the system over six weeks old ie prior to 23 August 2019 and which remained unauthorised. They amounted to a total of £54,256 with the oldest transaction dated 29 January 2018. A further report was provided on 4 December showing 742 transactions outstanding, amounting to £32,708. The email accompanying that report was sent to all card holders and Directors and stated that if transactions were not cleared within one week then use of the card would be suspended until the outstanding transactions had been processed and approved.</p> <p>The procurement card policy and procedures document</p>	<p>Management should :</p> <p>(i) formalise the process of identifying outstanding procurement card transactions and instructing card holders and approvers that all outstanding transactions should be processed within seven days and all transactions should be approved within one month and</p> <p>(ii) run a report of outstanding transactions after one month to ensure that this has been done. Where the instruction has not been complied with the procurement card facility should be withdrawn temporarily from the card holder until those transactions have been cleared.</p> <p><b>Priority 1</b></p>	<p>All transactions outstanding over six weeks up to 20<sup>th</sup> October 19 have now been cleared. A report for transactions up to 30 November 2019 will be issued week commencing 13<sup>th</sup> January 2020.</p> <p>Procedures are now in place for reports to be run every six weeks. The reports will be issued to card holders and approvers and copied to the relevant Heads of Finance and Directors.</p> <p>Where the transactions remain outstanding a week after the report has been issued, the card will be suspended and the card holder/approver informed.</p>	<p>Completed / Assistant Director Exchequer Services</p>

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	<p>states:</p> <p>(i) the card holder should ensure that the invoice is paid within 14 days of receipt which implies that they should submit the expenditure before 14 days of the Finance posting date.</p> <p>(ii) Approvers should reject or approve the statements in a timely manner which must not exceed one month.</p> <p>The following automated email is sent to card holders each month:</p> <p>‘As we are approaching the end of the month, can you please ensure that any transactions you have outstanding are processed urgently so that payments are allocated against the appropriate budget codes.</p> <p>Please remember that if you have transactions outstanding for more than 6 weeks, which includes not yet authorised by your Approver, then you are at risk of your card being suspended.</p> <p>You are spending public money on your Purchasing Card and it is important that you process your transactions within an acceptable time-frame for the sake of transparency.</p> <p>If you are claiming VAT you MUST have a valid VAT receipt/invoice, which must be scanned onto the system against the relevant transaction.’</p>			

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	<p><u>Risk</u></p> <p>Inappropriate expenditure might be incurred by card holders.</p> <p>There is an inaccurate budgetary position and funds may not be available due to outstanding expenditure awaiting approval.</p>			
3	<p><u>Supporting documents for VAT reclaim were missing</u></p> <p>Our sample testing identified the following:</p> <p>8 out of 20 transactions did not have the VAT correctly accounted for,</p> <p>6 out of 20 transactions showed the VAT claimed but without a supporting VAT invoice uploaded,</p> <p>8 out of 20 transactions showed that the VAT had not been reclaimed when it should have been,</p> <p>The incorrect rate of VAT had been claimed in 2 out of 20 transactions.</p> <p>The Council's VAT Officer has created a flowchart setting out the process for recovering VAT on</p>	<p>Card holders and approvers should be reminded that :</p> <p>(i) VAT should be claimed where eligible, with the VAT field on the procurement card system completed correctly with a clear indication of VAT claimed,</p> <p>(ii) a valid VAT invoice must be uploaded to support any VAT claimed and</p> <p>(iii) where checks (as proposed in recommendation 1) show that this practice has not been followed consistently by a card holder, the card facility should be withdrawn.</p>	<p>A VAT flowchart guidance is available on the procurement card site on OneBromley for card holders and approvers.</p> <p>Monthly email reminders are also being issued now.</p> <p>VAT checks will be carried out from February. Where the checks reveal that this has not been followed consistently by a card holder, card suspension</p>	<p>Completed / Assistant Director Exchequer Services</p> <p>February 2020 / Contract and Operations Manager</p>

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	<p>procurement card transactions and this is given to new card holders when they collect their card from Finance Directorate. It has now been uploaded to onebromley.</p> <p><u>Risk</u></p> <p>VAT is not accounted for correctly leading to a loss of income for the Council.</p> <p>Where VAT has been claimed incorrectly the Council could be fined.</p>	<p><b>Priority 1</b></p>	<p>will be considered.</p>	
4	<p><u>Procurement card policy and procedures</u></p> <p>The procurement card policy and procedures document, dated August 2017, which was in existence prior to the start of this audit, did not specify any excluded categories of expenditure except for cash withdrawals.</p> <p>The document has since been revised and states that the purchase of gifts and numerous other categories of expenditure, should not be made.</p> <p>Responsibility for the administration of procurement cards transferred to the Council's Exchequer Contractor on 1 October 2019 and their new role and responsibilities are not reflected in the guidance.</p>	<p>Management should revise and re-issue the current procurement card policy and procedures document, taking into account the findings and recommendations arising from this audit, the tax and National Insurance Contribution issues arising from gifts and meals purchased for individuals and the role and responsibilities now undertaken by the Council's Exchequer Contractor.</p> <p><b>Priority 2</b></p>	<p>The Procurement Team will update and publish the Procurement Card Policy, addressing in particular the areas identified through the audit. Following the completion of the document, a further decision will be sought on the ownership of the policy in future.</p>	<p>The estimated timescale for finalisation of the policy document is March 2020; however, this timescale may be dependent upon the outcome of other actions arising from this audit.</p> <p>Assistant Director, Governance &amp; Contracts / Head of</p>

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	<p>We also identified tax and National Insurance Contribution (NIC) issues arising from the use of procurement cards to buy gifts and meals for staff. These have been addressed in a separate audit report but the implications of tax and NIC on items purchased will need to be included in the revised guidance.</p> <p>Furthermore, reference is made in the procurement card guidance to the use of Oyster cards. The Procedure Notes for buying and topping-up Oyster Cards are documented on onebromley. They state that further information on the purchase of cards and the records required to be kept can be obtained from Internal Audit. This is not however the role and responsibility of Internal Audit and the ownership should be re-assigned.</p> <p><u>Risk</u></p> <p>Card holders and approvers may not be aware of the procedures to be followed, leading to the risk of inappropriate expenditure.</p>			Procurement
5	<p><u>Split or disaggregated transactions and description of transactions not entered on the system</u></p>	<p>Card holders and approvers should be reminded that: (i) they cannot split transactions</p>	<p>The Procurement Card Policy provides card holders and approvers with clear instructions that transactions should not be</p>	

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	<p>Our testing of transactions made between 1 August 2018 and 31 July 2019 identified 12 instances of card holders making more than one transaction to the same supplier on the same day. In 11 instances expenditure with the supplier had been more than £500 and for 10 of these it was apparent that expenditure over £500 had been split into two or more transactions. This could have been to avoid having to seek authorisation at a higher level of authority.</p> <p>The procurement card policy and procedures document states that: ‘You must not split the cost of goods or services that exceed the £500 limit to enable the authorisation to go through. Card holders and approvers are reminded that transaction splitting or disaggregation is in contravention of the Council’s Financial Regulations and the Contract Procedure Rules and, if it occurs, will result in the withdrawal of the card(s) and any sanctions allowed for under Financial Regulations being taken.’</p> <p>The field for entering the transaction description on the procurement card system is a free text field but the system does not force it to be completed. We identified 676 transactions between the period 1 August 2018 and 31 July 2019 which had no description entered for the transaction made but had been approved by the Card holder’s manager.</p>	<p>to avoid having to seek authorisation at a higher level of authority and</p> <p>(ii) a description of the transaction should always be entered on the procurement card system.</p> <p>If the checks carried out as recommended in recommendation 1 identify that transactions have been split without sufficient reason or the transaction description has not been entered, then the card facility should be withdrawn.</p> <p style="text-align: center;"><b>Priority 2</b></p>	<p>split and that a description of the transaction should always be provided.</p> <p>In addition quarterly email reminders are now being issued to card holders and approvers.</p>	<p>Completed / Assistant Director Exchequer Services</p>

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	<p><u>Risk</u></p> <p>Financial limits are not adhered to leading to the risk of inappropriate expenditure being made by card holders.</p> <p>Where the details and purpose of the transaction are not recorded, there is a risk of fraudulent transactions being made and approved.</p>			
6	<p><u>Reports which can be run from the procurement card system</u></p> <p>During our audit we identified that there are numerous reports which can be run from the procurement card system to provide management information on purchases made. These include a report of purchases which have not had supporting receipts/invoices uploaded and there are other report options. They have not yet been explored and introduced by management.</p> <p><u>Risk</u></p> <p>A lack of independent checks may result in inappropriate expenditure not being identified, leading to a risk of fraud.</p> <p>Procurement processes which are not being adhered to or which are inefficient may not be identified.</p>	<p>Management should explore and use the management information reports which can be obtained from the procurement card reporting system.</p> <p><b>Priority 2</b></p>	<p>The Contract and Operations Manager will explore what reports are available from the Council's banking services system to assist the managers responsible for ensuring the procurement cards are being used appropriately and the policy is being adhered to. Managers will be advised of the reports available and how to access them.</p>	<p>February 2020 / Contract and Operations Manager</p>

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7	<p><u>Travel and subsistence</u></p> <p>We identified a number of meals purchased using procurement cards. These included meals consumed by officers attending evening meetings of the Council or meeting with external stakeholders. This is allowed within the terms of the existing subsistence policy. We noted that they had only been made by one Directorate. Where the card had been used to purchase several meals in one transaction, implying that these were for more than one person, the names of the other people had not been recorded on the procurement card system ie description field. Where we could identify the name of the card holder, we confirmed that there had been no duplicate claims made for these transactions via the payroll or imprest accounts.</p> <p>The Council's policy on travel and subsistence is dated 2013 and needs to be reviewed and updated. It does not have an owner or review date. Whilst it is entitled 'Travel and subsistence' there is no reference in the document on how or when to claim travel expenses.</p> <p>Travel and subsistence can now be claimed on-line via the payroll and this should be the primary method of reimbursement, with supporting documents uploaded to support each claim.</p>	<p>Management should review the travel and subsistence policy, ensuring that it sets out clear guidance on these subjects, subsistence rates are uplifted, overnight rates are included and the document is given a future review date.</p> <p><b>Priority 2</b></p>	<p>This policy will be reviewed by 31 March 2020.</p>	<p>31 March 2020 Head of HR Business, Systems and Reward</p>

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8	<p><u>Records of approved procurement card request forms were not kept</u></p> <p>We did not find records of the approved procurement card request form with the authorised approver's signature. We identified that these forms are shredded once the procurement card arrives. We only saw the records of procurement card acceptance form, signed by the holder at the time of receiving it.</p> <p><u>Risk</u></p> <p>Evidence of the approval for a procurement card to be provided may not be available in the event of a future enquiry by management or an investigation.</p>	<p>An electronic or a physical copy of the procurement card request form should be kept for future reference.</p> <p><b>Priority 2</b></p>	<p>Copies of approved procurement card request forms have been kept since October 2019. The Council's Exchequer Services provider procedures have been updated to reflect the requirement to retain a scanned copy.</p>	<p>Completed / Assistant Director Exchequer Services</p>
9	<p><u>Information provided to new card holders</u></p> <p>During discussion with a new card holder we identified that she had not been provided with any guidance when receiving her procurement card. We referred her to the intranet page on onebromley where the current version of the guidance, together with instructions for card holders and approvers can be found.</p> <p>Her card had been issued by the Senior Finance Officer at the time when the Council's Exchequer Services provider was in the process of taking over the arrangements for issuing procurement cards so there is</p>	<p>Management should ensure that new procurement card holders are being provided with links to the procurement card guidance and other necessary information by the Council's Exchequer Services provider.</p> <p><b>Priority 2</b></p>	<p>The Council's Exchequer Services provider is now providing new card holders with a link to the procurement card guidance together with other relevant information at the same time as informing them their card is ready for collection.</p>	<p>Completed / Assistant Director Exchequer Services</p>

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	<p>a need to check that new card holders are being provided with all the necessary information by the Council's Exchequer Services provider.</p> <p><u>Risk</u></p> <p>New card holders and approvers may not be aware of the procurement card policy and accompanying instructions.</p>			
10	<p>We were unable to evidence a signed complete copy of the contract between the Council and the Council's banking services provider for the procurement card operation. We saw a copy of the signed business application with terms and conditions but this was incomplete because it had pages missing. There was no contract award document evidenced. These matters are being addressed by the Head of Procurement.</p> <p><u>Risk</u></p> <p>The Council is unaware of what it has legally agreed to in its contract with the Council's banking services provider for the procurement card service, leading to a risk of the Council incurring additional and unexpected costs and being unable to meet terms and conditions agreed to.</p>	<p>Management should ensure that a signed complete copy of the contract with the Council's banking services provider is in place, with key individuals aware of the terms and conditions and an electronic copy uploaded to the contracts' database.</p> <p><b>Priority 2</b></p>	<p>A signed complete copy of the contract with the Council's banking services provider is in place and is available. The document has been uploaded to the Contracts Database.</p> <p>Authorisation for retrospective contract award is being regularised and will be completed by 31 January 2020.</p>	<p>Implemented</p> <p>31 January 2020 Assistant Director, Governance &amp; Contracts / Head of Procurement</p>

**OPINION DEFINITIONS**

**Assurance Level**

Assurance Level	Definition
<b>Substantial Assurance</b>	There is a sound system of control in place to achieve the service or system objectives. Risks are being managed effectively and any issues identified are minor in nature.
<b>Reasonable Assurance</b>	There is generally a sound system of control in place but there are weaknesses which put some of the service or system objectives at risk. Management attention is required.
<b>Limited Assurance</b>	There are significant control weaknesses which put the service or system objectives at risk. If unresolved these may result in error, abuse, loss or reputational damage and therefore require urgent management attention.
<b>No Assurance</b>	There are major weaknesses in the control environment. The service or system is exposed to the risk of significant error, abuse, loss or reputational damage. Immediate action must be taken by management to resolve the issues identified.

**Recommendation ratings**

Risk rating	Definition
<b>Priority 1</b>	A high priority finding which indicates a fundamental weakness or failure in control which could lead to service or system objectives not being achieved. The Council is exposed to significant risk and management should address the recommendation urgently.
<b>Priority 2</b>	A medium priority finding which indicates a weakness in control that could lead to service or system objectives not being achieved. Timely management action is required to address the recommendation and mitigate the risk.
<b>Priority 3</b>	A low priority finding which has identified that the efficiency or effectiveness of the control environment could be improved. Management action is suggested to enhance existing controls.

**Recommendation 1 – Detailed findings**

Our audit of procurement cards identified a number of instances where procurement cards had been used to purchase gifts and meals for individuals and teams. These are described below and highlight a lack of documented evidence to support the purchase and/or why Internal Audit considered it appropriate to question the use of the card for these purposes.

End of project thank you meal

We identified two transactions which had been made by the same card holder on the same day (28 Nov 2018) at a restaurant in Bromley. They were for a meal attended by 12 people with a total cost of £675.34, split into two transactions of £400.00 and £275.34. The card holder's financial authority limit was £500. We noted that the total cost of the alcohol consumed was £155.55.

The purpose of the meal was described on the procurement card system as an end of project thank you for the team involved on a major project. The card holder had left the Council prior to the start of the audit so we were unable to ask them for more information about this, including who had attended the meal. We have now identified who attended the function and have passed these details to HR because there are tax and NIC implications arising from this.

The two transactions had been approved on the system by the relevant authorising officer and we discussed the circumstances with him. He told us that the meal had been agreed by the former Chief Executive at that time but he had no documentary evidence confirming this. He had been aware that it was due to take place but no limit had been set on the total cost.

Leaving lunches

We identified two instances of 'leaving lunches' purchased using a procurement card. These were described on the procurement card system as 'Leaving lunch for (name of officer leaving)'. One was on 25 February 2019 and totalled £118.93. The other was on 18 April 2019 and totalled £64.29. The card holder told us that they had been agreed each time by the Head of Service. We noted that for the February 2019 lunch the Head of Service who agreed it was also the officer leaving. We have passed these details to HR because there are tax and NIC implications arising from this.

Team lunches

We identified a payment of £120.10 made by a procurement card holder on 15 May 2019 for a 'team lunch'. We have passed these details to HR because there are tax and NIC implications arising from this.

Department store gift card

We identified one transaction of a Department store gift card costing £99.99 for a long service award. We have passed the details to HR because there are tax and NIC implications arising from this.

Gift of engraved pen

An engraved pen costing £58.64 had been purchased for an employee to commemorate his long service. We have passed these details to HR because there are tax and NIC implications arising from this.

Purchase of a 'Company A' gift card

One of the transactions in our testing sample was a payment of £1,000 on 23 November 2018 for a 'Company A' gift card. The transaction had been made by the procurement card holder and approved by the Head of Service. We ascertained that this was for an officer who had been given a mini merit award. The circumstances arising from this are detailed in the separate report on tax and NIC issues. This was a departure from the usual procedure for procuring merit award vouchers. The tax and NIC was not paid at the time, resulting in a late payment declaration to HMRC.

Gift of flowers

A gift of flowers costing £34.29 had been purchased for an officer on long term sick leave.

Whilst not a gift, we also identified that an ipad had been purchased from 'Company B' at a cost of £394.95 for a vision impaired pupil in a mainstream school that is supported by a team within the Council. When we asked them why this had not been purchased via the corporate IT contract they informed us that they were unaware that it could have been obtained in that way.