

# CHESHIRE EAST COUNCIL

## REPORT TO: Audit and Governance Committee

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**Date of meeting:** 8 December 2016  
**Report of:** Corporate Manager Governance and Audit  
**Title:** Cardiff Checks – Feedback from Member/Officer Group  
**Portfolio Holder:** Councillor Rachel Bailey

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### **1.0 Report Summary**

1.1 This report provides the Audit and Governance Committee with an overview of the Cardiff Checks undertaken by Internal Audit and the Counter Fraud Member/Officer Sub Group during 2016.

### **2.0 Recommendation**

2.1 That the Committee:

- i) note the findings from the report, and;
- ii) consider whether the Cardiff Checks provide them with the required level of assurance with regards to procurement and whether they wish them to continue.

### **3.0 Reasons for Recommendation**

3.1 The Committee should consider the level of assurance provided to it by the completion of these additional procurement checks and balance this against the cost to the organisation in order to be satisfied that it is proportional to the risk.

### **4.0 Wards Affected**

4.1 All wards.

### **5.0 Local Wards Affected**

5.1 Not applicable.

### **6.0 Policy Implications**

6.1 Not applicable.

### **7.0 Financial Implications (Authorised by the Chief Operating Officer)**

7.1 None.

## **8.0 Legal Implications (Authorised by the Director of Legal Services)**

8.1 None.

## **9.0 Risk Assessment**

9.1 None.

## **11.0 Background and Options**

11.1 In December 2015 Audit and Governance Committee agreed that the completion of a series of Cardiff Checks would be added to the work programme for the Counter Fraud Member/Officer Group.

11.2 These checks, which involve checking samples of procurement transactions against a series of standard procurement questions, have been completed in advance of the March, June and September 2016 Audit and Governance Committee meetings with the findings fed back to the Counter Fraud Member/Officer Group.

11.3 The transactions to be tested were chosen by Members from the 'Council Payments over £500' report and Internal Audit completed the testing schedule and gathering of evidence which was provided to the next meeting of the Member/Officer Group. Following the first round of testing, it was agreed with Members that social care payments would be excluded from the sample as they follow a different procurement methodology.

11.4 A total of 16 transactions have been tested with the values ranging from £526 to £569k with the following results:

- i) 11 of the 16 transactions were found to be fully compliant with the expected process.
- ii) 2 of the 16 transactions did not have a contract in place. In investigating these anomalies, it was established that Procurement were already aware of both instances and were actively engaged with the respective services to ensure that appropriate action was taken to rectify these matters. It should be noted that the value of these transactions was £649.20 and £867.50.
- iii) 1 of the transactions identified above was also non-compliant with regards to retaining paperwork to evidence that goods/services had been received and budget checks had not been carried out prior to committing the individual item of expenditure. It should be noted that this specific transaction was for £649.20 and the service had in place a process for inspecting work carried out but not for retaining a central record of this. Budget checks were found to be undertaken on a monthly basis.
- iv) A further transaction for £1,447.27 was found to have no retained copy of the goods received note but this was deemed to be a minor issue as the goods had been receipted on Oracle and it was possible to confirm receipt via other records.

- v) The final 2 anomalies were deemed to be minor and related to the level of detail being recorded on the Purchase Order. However, in investigating these transactions, it was confirmed that they were supported by a detailed management agreement and collective funding agreement respectively.
- 11.5 The findings from the Cardiff Checks have been fed back to Procurement and the services responsible for the transactions and will also be taken into consideration when scoping the reviews of Key Financial Systems that will take place during quarters three and four of 2016/17.
- 11.6 Members are asked to take assurance that the majority of transactions tested were found to have been procured in accordance with Finance and Contract Procedure Rules and that, in the main, identified anomalies were minor and in relation to retention of supporting documentation. Where this was not the case, it was reassuring that Procurement were already working with the services.
- 11.7 Unless Members request otherwise, Internal Audit will continue to undertake Cardiff Checks in line with agreed approaches in order to provide Audit and Governance Committee with the additional levels of assurance it has requested with regards to procurement transactions.

#### **11.0 Access to information**

The background papers relating to this report can be inspected by contacting the report writer:

Name: Michael Todd  
Designation: Principal Auditor  
Tel No: 01270 686567  
Email: [michael.todd@cheshireeast.gov.uk](mailto:michael.todd@cheshireeast.gov.uk)