

AUDIT BOARD
21 October 2020

SELECTIVE INVOICE CHECKS

1. Summary

1.1 After the July 2020 meeting of the Board, the Chairman selected five creditor payments for checking. This report summarises the findings of this exercise and provides the opportunity for Members to select a further five payments for checking.

2. RECOMMENDATIONS

2.1 That Members **note** the content of this report and request any further explanations as required.

2.2 That Members **select** five further payments for checking by Internal Audit.

3. Background and Discussion

3.1. It is a regular feature of the Audit Board's work for Members to select a sample of payments made by the Council for review. Following review of these payments, Members receive a report on the findings, and consider them as part of each meeting. This is intended to provide Members with reasonable assurance that goods and services commissioned or procured, for which payments have been made, are in compliance with Council procedures. In particular, that they have been properly authorised, requisitioned, ordered and received, prior to making payment.

3.2. At the October 2019 meeting the Audit Board agreed a proposal to update the method by which payments are selected each month. The previous reports were arranged by alphabet, whereas the revised report would look back at the last quarter, to ensure that transactions tested were current.

3.3. The following approach was agreed:

Meeting	SIC Selection	Transaction Report Parameters
Q1 (April – June)	A B C D E F	Jan to March
Q2 (July – September)	G H I J K L M	April – June
Q3 (October – December)	N O P Q R S	July – September
Q4 (January – March)	T U V W X Y Z	October – December

3.4. The following five payments were selected by the Chair at random:

- GEEMG001 £993.50 (Gross)
- GOSAL005 £3,600.00 (Gross)
- The Green Planning Studio Ltd £924.00 (Gross)

AUDIT BOARD

21 October 2020

- Height Adjustable Desks £1,196.10 (Gross)
- Hi-Way Services Ltd £1,800.00 (Gross)

4. Summary of Findings

- 4.1 The results of testing confirm that four the spend decisions were made appropriately and in compliance with Council procedures. But one of the procurements was not in compliance with Contract Standing Orders. Detailed summaries of the outcome of each payment are set out below.

5. Detailed Findings

- 5.1 **GEEMG001** (£993.50 gross) – This was the monthly payment for April 2020, for the lease of a two-bedroom property in Greenhithe, under the Dartford Private Leasing Scheme. A two-year agreement between the Council and the owner was signed on 10 April 2017, but there were delays in handing the property back to the owner. The tenants were evicted in September 2019 and the property was eventually handed back to the owner in July 2020 following a number of repairs. During this time, the Council continued to compensate the owner for lost rent. Checks of the Cedar financial system confirmed that regular monthly payments were made to the owner. Testing confirmed that the payment was justified, made promptly and in accordance with payment procedures.
- 5.2 **GOSAL005** (£3,600.00 gross) – This was the quarter two payment for the lease of a three-bedroom property in Dartford, under the Dartford Private Leasing Scheme. The two-year agreement between the Council and the owner was signed on 16 November 2018. Checks of the Cedar financial system confirmed that regular quarterly payments were made to the owner. Testing confirmed that the payment was justified, made promptly and in accordance with payment procedures.
- 5.3 **The Green Planning Studio Ltd** (£924.00 gross) – This payment was the refund of a fee paid for an appeal against a Planning Enforcement Notice. The Green Planning Studio paid the fee to the Council in November 2018, but following the appeal being upheld by the Planning Inspectorate, the enforcement notice was withdrawn and the fee refunded. Testing confirmed that the payment was justified, made promptly and in accordance with payment procedures.
- 5.4 **Height Adjustable Desks** (£1,196.10 gross) – This payment was for the supply of a height adjustable desk for a member of staff, to allow them to work either standing up or sitting down. A quote was obtained in advance and a purchase order (P022768) was raised using the Council's e-Procurement system, in accordance with the Council's purchasing procedures. Testing confirmed that the payment was justified, made promptly and in accordance with payment procedures.
- 5.5 **Hi-Way Services Ltd** (£1,800.00 gross) – This payment was for the painting and removal of lines on the roads at various locations in Dartford

AUDIT BOARD
21 October 2020

on 2/3/20 and 3/3/20. Contract Standing Orders had not been complied with as a quotation was not sought in advance, nor had a purchase order been raised using the Council's e-Procurement System. Internal Audit identified that the cumulative spend with this company over the last three years meant that it had reached the threshold of requiring three quotations, as detailed in the Council's Procurement Guide. Appropriate advice has been provided to the service and they are in discussions with the Senior Finance and Procurement Officer. Testing confirmed that the payment was made promptly, but was not in accordance with procurement procedures.

6. Relationship to the Corporate Plan

Not applicable

7. Financial, legal, staffing and other administrative implications and risk assessments

Financial Implications	While there are no direct financial implications associated with the outcomes detailed in the report, compliance with agreed financial procedures helps to ensure that the Council maintains a sound systems of financial control and governance. It also helps ensure value for money.
Legal Implications	There is a risk of non-compliance with Public Contract Regulations 2015 if appropriate procurement routes are not followed.
Staffing Implications	None
Administrative Implications	None
Risk Assessment	Obtaining goods and services on behalf of the Council carries potential inherent risks of fraud, or misappropriation. The Selective Invoice Checks process is one of many steps employed by the Council to manage fraud risks and to ensure value for money.

8. Details of Exempt Information Category

Not applicable

9. Appendices

None

AUDIT BOARD
21 October 2020

BACKGROUND PAPERS

<u>Documents consulted</u>	<u>Date</u>	<u>Report Author</u>	<u>Section & Directorate</u>	<u>Exempt Information Category</u>
None	01/10/20	Audit Manager 01322 343004	Internal Audit Partnership & Strategic Director (Internal Services)	N/A