

AUDIT REPORT 24'020**CREDITOR PAYMENTS- REGULARITY REVIEW****Executive Summary**

The Annual Audit Plan for the year 2023/24 provides for coverage of the Council's core financial systems. A review of payments made to suppliers of goods and services has been undertaken. The purpose of the audit was to confirm compliance with Financial, Procurement and Creditor Payment Processing Regulations from the sample checked. This review is part of the annual continuous auditing activity of non-salary expenditure and will be used to support the Audit and Risk Manager's annual opinion of the Council's internal control system.

Approximately £74 million was paid in the six months, April to September 2023, to suppliers of goods and services. Through the use of a data analysis software application, a random sample of individual payments with a collective total of £11.3 million was selected. The testing included a check to ensure invoices have been correctly authorised, coded and in compliance with regulations. The audit programme was developed from the Chartered Institute of Public Finance and Accountancy Systems Based Auditing Control Matrices and consultation with the External Auditor. In addition, the data analysis software application was also used to select a sample of high-value invoices to test and a check made of identical payment amounts made to the same supplier, which may indicate a potential duplicate payment.

Findings from the review found two examples where invoices had not been correctly authorised and an advance payment without the required authorisation of the Chief Financial Officer. In addition, off contract expenditure was also noted in the testing undertaken. Although audit testing noted errors, it is pleasing to report that explanations have been obtained for the discrepancies found, and it is considered that the findings do not indicate a systematic failure in operating arrangements. The Services have also taken the appropriate corrective action. It is considered from the sample checked and from the scope of this review that generally appropriate controls are operating effectively and the integrity of systems has been maintained.

The audit was carried out in accordance with the Public Sector Internal Audit Standards (PSIAS).