

BACKGROUND

Compliance and proper use of corporate P-cards has been consistently below expectations. There are two broad categories of non-compliance:

- Incorrect completion of expenditure reports (transactional errors)
- Failure to complete expenditure reports (unidentified potential misuse)

The focus of recent and current work is on improving the control framework to ensure completion of expenditure reports. Correct completion of expenditure reports is addressed by existing continuous improvement activity (monitoring and education)

SUMMARY OF AUDIT FINDINGS

Approximately 4000 P-card transactions per year are not submitted for review or approval, this equates to roughly £350k of unverified expenditure.

Internal Audit has worked collaboratively with the Financial Shared Services team to review and enhance control arrangements

KEY INSIGHTS

- There is no management oversight of expenditure where a P-card user fails to submit expenditure reports.
- Repeated non-compliance with simple processes, including expense reporting, can create the impression that financial controls are not taken seriously, which may negatively influence organisational culture.

NEXT STEPS AND REQUIRED ACTION

A comprehensive management action plan is in place that will significantly increase the rigour of the control framework to ensure submission of expense reports, including:

- Enhanced monitoring and reporting
- Exploring system developments to improve transparency
- Targeted communication to Senior Leaders and budget managers
- Greater sanctions for persistent misuse