

# Glasgow City Council Internal Audit Section

## Committee Summary

### Corporate Review – Purchase Cards

Item 5(c)

17th September 2025

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## 1 Introduction

- 1.1 As part of the agreed Internal Audit plan we have carried out a review of the arrangements in place for the issue and usage of purchase cards by council employees.
- 1.2 Purchase cards (P-cards) are charge cards that work similarly to a debit or credit card, allowing for goods or services to be purchased without the need for petty cash. Purchases require approval by a manager or supervisor once expenditure has been incurred. Purchases should only be made on P-cards when no other procurement route is available such as ordering through PECOS or using contracted suppliers. There are over 600 P-Cards in use across the Council, with spend totalling approximately £5m.
- 1.3 The purpose of the audit was to gain assurance that there are adequate controls in place for the administration of purchase cards in use within all services, that all expenditure is monitored appropriately, and that associated controls are operating effectively. The scope of the audit included a review of key controls in the following areas:
  - Roles and responsibilities.
  - Documented procedures.
  - Processes for approval and the control of spend.
  - Reconciliations and appropriate segregation of duties in relation to this.
  - Arrangements for the management of VAT, and
  - Arrangements for the issue of P-cards and managing the loss of any cards.

## 2 Audit Opinion

- 2.1 Based on the audit work carried out a reasonable level of assurance can be placed upon the control environment. The audit has identified some scope for improvement in the existing arrangements and two recommendations which management should address.

## 3 Main Findings

- 3.1 The main key controls are in place and generally operating effectively.
- 3.2 There are policy and procedure documents in place for the use of P-cards which cover major tasks such as purchasing, authorising, system admin, refunds and disputed charges.
- 3.3 Applications for P-cards are sent to appropriate officers in each service and require authorisation by the appropriate managers before cards are issued. New P-card holders and approvers are required to undertake mandatory GOLD training before cards are issued or managers are allowed to approve spend. New cardholders are also required to sign a term of usage to accept the terms of the P-card.
- 3.4 We found that transaction thresholds are based on the card user's job role and the business needs of their work location. Card thresholds cannot be exceeded except in circumstances where the limit is temporarily increased to support a business need. Increases to threshold limits require authorisation by the appropriate managers before the bank (Royal Bank of Scotland (RBS)) will increase the limit on the P-card.
- 3.5 Expenditure incurred on P-cards is reviewed and approved by managers to ensure that spend is appropriate, is in line with policy and P-cards have not been used to bypass other purchasing routes such as PECOS. From a sample of 50 transactions we found that they had all been appropriately authorised. Reports on P-card expenditure are also produced and would identify any potential misuse of P-cards to bypass the correct purchasing routes and these are reviewed by a senior officer.
- 3.6 When P-cards are lost, employees will contact the relevant team within their service as well as RBS to report the lost card. P-cards are then frozen by the bank and recent spend is reviewed to ensure all expenditure is valid. A replacement card will be issued by the bank as required. We found that 28 cards had been lost in the last 2 years and the correct procedures were followed in all cases.
- 3.7 We found that although reconciliations, between spend on P-cards and invoices/receipts, are not carried out, there is an adequate segregation of duties for P-card expenditure as P-card holders cannot approve their own expenditure, instead, approval is required by a manager / supervisor. Additionally, as part of budget monitoring, Services ensure P-card

expenditure is in line with expectations and budget requirements.

3.8 However, we also identified some opportunities for improvement. From a sample of 50 transactions taken, there were 10 instances in which the appropriate supporting documentation such as receipts could not be provided at the time of the fieldwork, although we were advised that it would have been available when the manager authorised the expenditure. For the 40 transactions in which a receipt was provided we found 7 instances where the appropriate VAT element of the receipt was missing.

3.9 We also found that although there are policy and procedure documents in place for the use of P-cards, only documents from the Health and Social Care Partnership are easily accessible to staff via Connect, others are held locally or by an individual team. For other services, policy and procedure documents are not available on the intranet and are not easily accessible to staff.

3.10 An action plan is provided at section four outlining our observations, risks and recommendations. We have made two recommendations for improvement. The priority of each recommendations is:

Priority	Definition	Total
High	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	0
Medium	Less critically important controls absent, not being operated as designed or could be improved.	2
Low	Lower level controls absent, not being operated as designed or could be improved.	0
Service Improvement	Opportunities for business improvement and/or efficiencies have been identified.	0

3.11 The audit has been undertaken in accordance with the Public Sector Internal Audit Standards.

3.12 We would like to thank officers involved in this audit for their cooperation and assistance.

3.13 It is recommended that the Head of Audit and Inspection submits a further report to Committee on the implementation of the actions contained in the attached Action Plan.

## 4 Action Plan

No.	Observation and Risk	Recommendation	Priority	Management Response
<b>Key Control:</b> Employees and managers are following the P-card policies and procedures, with segregation of duties in place to ensure all purchases made are approved by a supervisor or manager, with purchases challenged and refunds processed when necessary.				
1.	<p>From a sample of 50 transactions there were 10 instances in which the appropriate supporting documentation such as receipts was not provided. It is therefore not possible to verify the appropriateness of this expenditure.</p> <p>We also found that 7 receipts did not contain the valid VAT details as required for HMRC purposes. Without an appropriate VAT receipt there is an increased risk that the Council is not able to reclaim VAT or reclaims VAT incorrectly, potentially risking HMRC sanctions.</p>	<p>Valid receipts should be obtained and retained for purchases made using P-cards.</p> <p>Management should ensure that purchases are not approved unless there is a valid VAT receipt provided or if a receipt cannot be provided a FIN 18 form is completed, for all relevant purchases.</p>	Medium	<p><b>Response:</b></p> <p>SWS – A VAT guidance document to be sent to all House Managers, p-card requisitioners, approvers and coders via email.</p> <p>EDS – All P-card users and approvers will be reminded of the responsibility to ensure that purchases contain a VAT receipt for all valid purchases.</p> <p><b>Officer Responsible for Implementation:</b></p> <p>SWS – Principal Officer, Financial Compliance Team</p> <p>EDS – Head of Resources</p> <p><b>Timescales for Implementation:</b></p> <p>SWS – 30 June 2025</p> <p>EDS – 31 July 2025</p>

No.	Observation and Risk	Recommendation	Priority	Management Response
<b>Key Control:</b> Written policies and procedures relating to P-cards are available to all employees and cover the relevant processes.				
2.	<p>Procedure documents are available in relation to P-cards, however only the documents for the HSCP are easily accessible to staff via Connect. For other services staff could not easily locate the procedure documents.</p> <p>Without easily accessible procedure documents, there is an increased risk that incorrect processes are followed.</p>	Management should ensure that procedure documents are easily available to all staff.	Medium	<p><b>Response:</b></p> <p>EDS – Where relevant the procedure documents will be stored in the most appropriate place. All staff also already get access to the procedure documents when issued with their card.</p> <p>CED – Accepted. Relevant areas of the services will be communicated with regarding this recommendation.</p> <p>NRS – Accepted. Procedure guides are currently held within EDRMS and the intranet. NRS will issue a communication to all relevant managers reminding them of where these documents are held and how to access them.</p> <p><b>Officer Responsible for Implementation:</b></p> <p>EDS – Head of Resources</p> <p>CED – Corporate Governance and Planning Manager</p> <p>NRS – Assistant Finance Manager</p> <p><b>Timescales for Implementation:</b></p> <p>EDS – 31 July 2025</p> <p>CED – 31 July 2025</p> <p>NRS – 30 June 2025</p>