



Staffordshire Police, Fire & Crime Commissioner and the Chief Constable of Staffordshire (the Force)

Key Finance Controls

Revised Final Internal Audit Report: 7.24/25

28 May 2025

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AUDIT OUTCOME OVERVIEW

In line with our scope, included at Appendix B, the overview of our findings is detailed below.

Background / Why we did the audit

An audit of the Finance System was undertaken as part of the approved Internal Audit periodic plan for 2024/25 to allow the Staffordshire Police, Fire & Crime Commissioner and the Chief Constable of Staffordshire (the Force) to take assurance over those key controls in place in respect of the following areas:

- General Ledger;
- Payments and Creditors;
- Income and Debtors; and
- Cash and Treasury Management.

The Force previously used the Oracle system for its financial operations and HR. Whilst HR still use the Oracle system, the finance elements are now managed using the Integra system. The migration to this system began in October 2022 and was implemented in July 2023. Ongoing updates are still being completed, with the Force anticipating the System to be fully reflective of what they need by October 2025.

Conclusion: Overall, there is an appropriate control framework in place for the operational management of the Finance system. We identified a number of well designed controls, a significant number of which were being complied with based on the sample testing undertaken. One improvement has been highlighted in relation to the setting up of new suppliers.

Internal audit opinion:



Minimal Assurance



Partial Assurance



Reasonable Assurance



Substantial Assurance

Taking account of the issues identified, the Force can take reasonable assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.

However, we have identified issues that need to be addressed in order to ensure that the control framework is effective in managing the identified risk(s).

* Refer to Appendix A for more detail

Audit themes:

Through the course of our fieldwork, one 'Medium' and one 'Low' priority actions have been agreed. Further details of all actions can be found in the detailed findings section of this report.

Financial Regulations & Finance Procedures - The Financial Regulations detail responsibilities around Financial Control areas and the supporting General Ledger. They are subject to regular review and approval and are available to all staff. In addition, the Finance Department have a series of procedures which cover standard financial operations. They are regularly maintained and were up to date and are located on the local shared drive which is accessible to all relevant staff members.

Debtors

Debt Chasing - The Technical Team are responsible for debt chasing. On a monthly basis, the Transaction Team Leader reviews the month's aged debtor report and send out reminder letters and statements for the ten oldest debts. Discussions with the Transactional Team Leader identified that they are solely responsible for debt chasing. Integra is currently not set up to send out automatic reminders meaning that debts are only chased if they are one of the ten oldest when that report is run. Furthermore, should the Transactional Team Leader be absent, we were advised that there is insufficient staff available to cover these duties. As a result, at the time of the audit, no debt chasing had been completed for the December 2024 report and limited chasing following the November 2024 report. There is a risk that the debts are not being chased consistently and therefore not recovered. **(Medium)**

Raising of Invoice - An invoice is raised via one of the Finance Officers in Integra which captures all relevant information such as debtor information and amounts to be invoiced. The entry is reviewed for accuracy and authorised by one of the respective finance business partners. Testing undertaken on a sample of ten sales invoices identified no exceptions.

Write Offs - Debt write offs are subject to approval in line with delegated authority limits as per the Financial Regulations. We were informed by the Head of Financial Accounting that there has been no write offs since April 2024, therefore no testing was conducted around this control.

General Ledger

Month end timetable - A month-end timetable is in place which details when key month-end procedures need to be completed. The timetable is updated each month to record the name of the member of staff that completed each reconciliation and the date of completion. Review of the Month-End Timetables for a sample of 3 months confirmed that it contained relevant detail and had been updated for when tasks / actions were completed as well as notes where applicable.

User accounts - On a monthly basis, the Systems Administrator will review those user accounts and ascertain those that require deactivation. They will then produce a report from the system which is then reviewed by the Systems and Technical Accountant. For a sample of three months, we confirmed that an audit of user accounts had been completed.

Back Ups - A third party are responsible for completing the back-up of the finance system. The finance system is backed up daily at 11pm and all daily back ups are retained for 30 days. Additionally, there is a monthly backup which is taken on the last day of the month at 11pm and these are retained for 12 months. Review of allback ups for the period 19 August 2024 to 17 September 2024 confirmed that these had been completed within the required timeframe, with no issues identified.

* Refer to Appendix A for more detail

Journals - Currently journals are not individually authorised. Instead, journal sampling is undertaken on a quarterly basis. This will be reviewed by the Senior Finance Business Partner who selects a sample of 10 journals once the period has closed and reviews the evidence to confirm it is sufficient and correct. Review of a sample of journal sampling reports confirmed that these had been signed off by either the Service Director for Finance (Deputy Section 151 Officer) or the Senior Finance Business Partner, with comments noted against a journal to highlight issues or future considerations. For each journal, we confirmed that there were segregation of duties between who posted the journal and who it was signed off by.

Control Account Reconciliations - Control account reviews are completed for all balance sheet codes. A reconciliation schedule is prepared with supporting documentation, including system generated reports. The individual who prepares the reconciliation signs and dates the schedule. This is reviewed and dated by a second member of staff. All discrepancies are investigated and rectified during the reconciliation process and evidence is retained of this. Testing for a sample of reconciliations for 3 months confirmed the reconciliation officer and reviewer had recorded their initials for each control account and the date they completed the task, all had been completed in a timely manner and all reconciled

Payments and Creditors

New Suppliers - Two New Creditor Request Forms are completed for all new supplier requests. An NCR1 Form is completed by the member of staff who wants a new supplier to be set up. This form captures details such as the name of the requestor, date requested, reason for set up, supplier detail and who the goods are to be used by (PCC/Police/both). The completed form is then reviewed and approved by the Purchasing Manager. An NCR2 form is then sent to the supplier for completion. This form confirms the company details with the supplier, captures the supplier's bank details and is signed and dated by the supplier. Sample testing identified one instance of non-compliance whereby an NCR2 Form (which captures the new supplier's details) was not signed and dated by the supplier raising the risk that the supplier's details captured on the form are false or incorrect. **(Low)**

Supplier Amendments - All requests for changes to supplier standing data are independently verified using the software Sort Checker and LexisNexis. If the change is regarding a change of bank details another member of staff will independently review and approve the change of details for accuracy. All changes are actioned and subsequently logged on the Integra System to detect potential dubious amendments in the future. We selected a sample of amendments that had taken place during 2024/25 and found no exceptions.

Purchase Orders - Purchase orders are completed, where applicable, for all purchases. All orders are authorised by the relevant budget holder in line with the delegated authority limits as set up within the Finance System independent of the person who first entered the Order on the System. Testing of a sample of paid purchases from the 2024/25 financial year identified no exceptions.

Payment Runs - A member of the Technical Team will generate the payrun listing report and highlight and review those items greater than £50k, ensuring that the original amount matches to relevant invoice. They will sign and date the payrun listing report once this is done. The report will then be reviewed by the Transactional Team Leader (or Head of Financial Accounting in their absence) to ensure this check was completed. The payment of invoices in accordance with prompt payment targets is monitored and invoices are paid in a timely manner. Testing on a sample of ten paid purchase invoices raised in the 2024/25 financial year, confirmed that these were supported by the required documentation such as purchase orders and any authorisation required was captured within Integra. BACS payment runs were appropriately reviewed and signed off. We also confirmed that each invoice was paid in line with the set due date.

Segregation of Duties - We selected a sample of ten paid purchases from the 2024/25 financial year and tested to confirm that appropriate segregation of duties was in place for the purchasing process. Our testing found that, in all cases, appropriate segregation of duties was in place.

* Refer to Appendix A for more detail

Cash and Treasury Management

Reporting - The Executive Management Board (EMB) review a quarterly or monthly Finance Report to gain assurance around the current financial position of the Force and discuss any remedial action if required. Review of a sample of reports for 2024/25 confirmed that these reports were comprehensive including detailed appendices. Review of a sample of EMB minutes confirmed that both reports were presented to the EMB by a member of the Finance Team who summarised the report and highlighted current issues negatively affecting the Force's financial position, with appropriate challenge recorded in the minutes.

Treasury Management Meetings are also held three times a year to review the Force's cash position including the cash flow forecast. Review of the Force's cash flow forecast for April 2024 to March 2025 confirmed that the Force had forecasted for the following: Core funding; Capital Receipts; Injury Pensions and Charges; Non-Pay; and Capital Spend. Review of the minutes for a sample of meetings confirmed that the attendees discussed the economic environment, Forecast, borrowing and use of cash and the Investment Strategy.

Cash Flow Forecast - The Force have prepared a cashflow forecast for the 2024/25 financial year (which is formally reported on a monthly basis). The forecast also showed detailed cash movement from the year to date, with variations between actual and forecasted figures calculated. Where variances are significant, a note is prepared explaining the reason why.

Medium Term Financial Strategy - The Medium Term Financial Strategy (MTFS) sets out the Force's anticipated income and expenditure to help identify income due to the Force. We reviewed a report that was presented to the Police, Fire and Crime Panel which explained the MTFS. The MTFS, which covers the period 2024/25 to 2027/28, sets out the income and expenditure the Force expects to incur based on a series of assumptions and consideration of the 2024/25 budget, noting the use of £1.621m of revenue reserves to balance the 2024/25 budget. The approved MTFS was found to be comprehensive including identification of core funding, key corporate risks and clear assumptions, with scrutiny and appropriate challenge undertaken by the Commissioner.

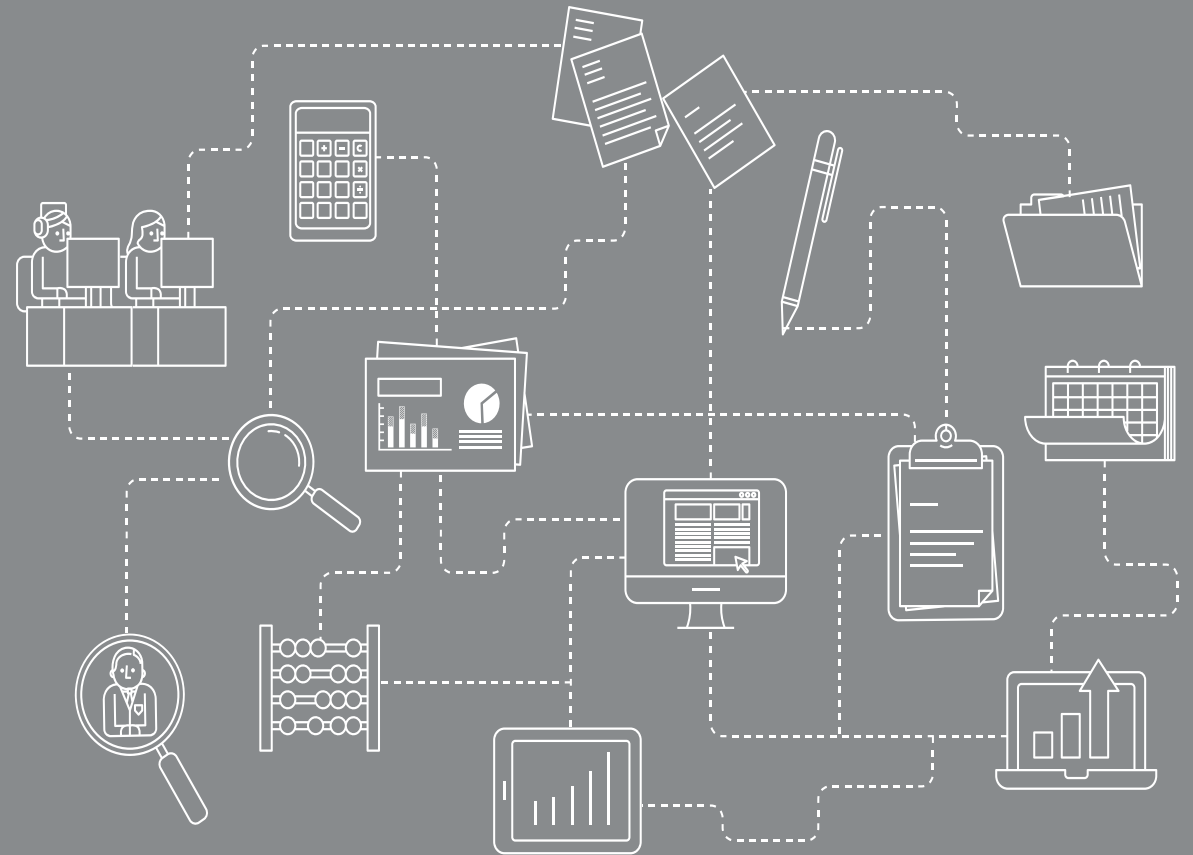
Budget Reporting - All Budget Holders receive a monthly report directly from Integra with information relevant to their area of business only allowing them to review their current spend against the budget. We reviewed the Budget Holder reports which had been ran from Integra for Period 4 (July 2024) and Period 7 (November 2024) and confirmed that it contained a table for: Consolidated Summary for each area of business, Revenue Performance Summary, Overtime Summary, and a detailed overview of Revenue Performance. Additionally, the reports contain a link for each line in the table to enable the budget holder to obtain a breakdown of the underlying numbers in Integra.

Loans and Investments - The Force's loans and investments are managed by the Staffordshire Pension Fund as part of the Staffordshire County Council (SCC). Review of the Service Level Agreement in place with SCC confirmed that it outlined the agreement between the Council and the Office of the Police and Crime Commissioner for Staffordshire (OPCC) in managing the OPCC's treasury management and banking arrangements including the requirement of the Council to provide the OPCC with weekly reports.

Review of a sample of weekly reports from the Council confirmed these consisted of a principal outstanding report and a settlement report. The information contained within all reports was found to be sufficient and fit for purpose. Reports were found to have been provided and reported by the Force in a timely manner. We have not completed any testing on any transactions made, as these are managed and processed by SCC.

Summary of Actions for Management

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SUMMARY OF MANAGEMENT ACTIONS

The action priorities are defined as*:

High

Immediate management attention is necessary.

Medium

Timely management attention is necessary.

Low

There is scope for enhancing control or improving efficiency.

Ref	Action	Priority	Responsible Owner	Date
1	Those involved in purchasing will be reminded of the need to ensure a New Creditor Request (NCR2) Form is fully completed, signed and dated by the Supplier.	Low	Head of Financial Accounting	31 July 2025
2	The Force will investigate the use of automatic reminders with Integra to ensure debtors are regularly chased.	Medium	Purchasing Manager	31 July 2025

* Refer to Appendix A for more detail

DETAILED FINDINGS AND ACTIONS

This report has been prepared by exception. Therefore, we have included in this section, only those areas of weakness in control or examples of lapses in control identified from our testing and not the outcome of all audit testing undertaken.

Area: New Suppliers

Control	<p>Two New Creditor Request Forms are completed for all new supplier requests. An NCR1 Form is completed by the member of staff who wants a new supplier to be set up.</p> <p>This form captures details such as the name of the requestor, date requested, reason for set up, supplier detail and who the goods are to be used by (PCC, Police, Both). The completed form is then reviewed and approved by the Purchasing Manager.</p> <p>An NCR2 form is then sent to the supplier for completion. This form confirms the company details with the supplier, captures the supplier's bank details and is signed and dated by the supplier.</p>	Assessment:	
		Design	✓
		Compliance	×

Findings / Implications	<p>Testing identified the following exceptions:</p> <ul style="list-style-type: none"> In 1/10 cases, the NCR2 Form was not signed and dated by the Supplier. <p>An unsigned form raises the risk that supplier details on the Form are incorrect / inaccurate.</p>
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Management Action 1	Those involved in purchasing will be reminded of the need to ensure a New Creditor Request (NCR2) Form is fully completed, signed and dated by the Supplier.	Responsible Owner: Head of Financial Accounting	Date: 31 July 2025	Priority: Low
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Area: Debt Chasing

Control	<p>The Technical Team are responsible for debt chasing. On a monthly basis, the Transaction Team Leader will review the month's aged debtor report and will send our reminder letters and statements for the ten oldest debts.</p>	Assessment:	
		Design	✓
		Compliance	×

Findings / Implications	We obtained the Aged Debtor Reports for the months October, November and December 2024. These reports are reviewed by the Transactional Team Leader but also sent to the Head of Financial Accounting. Review of the Reports found that they outlined the amount of debt owed to the organisation and separated the totals showing what was overdue in 30 days, 60 days, 90 days, 120 days and above 120 days.
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Area: Debt Chasing

The Transactional Team Leader advised that they are solely responsible for debt chasing. Integra is currently not set up to send out automatic reminders meaning that debts are only chased if they are one of the ten oldest when that report is run. Furthermore, should the Transactional Team Leader be absent, we were advised that insufficient staff are available to cover these duties. They informed us that this had resulted in no debt chasing completed for the December 2024 report and minimal chasing following the November report 2024.

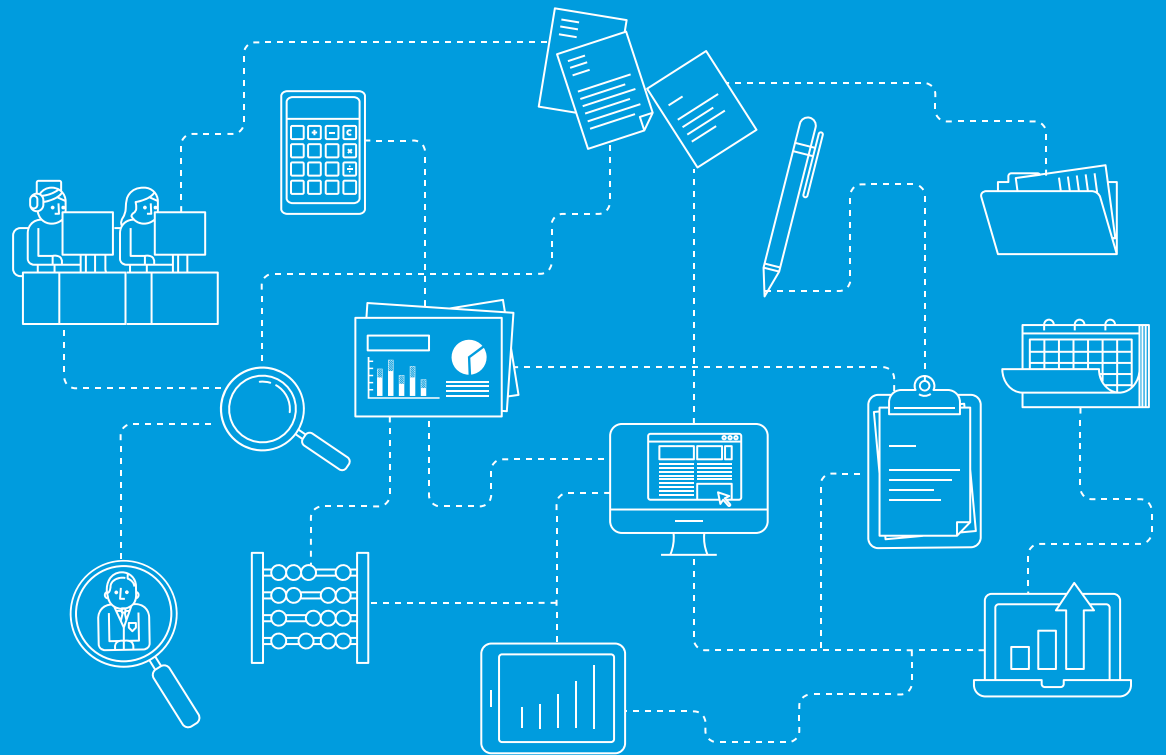
There is a risk that the debts are not being chased consistently and therefore not recovered. To ensure that the Force can compensate for the Transactional Team Leader's absence they should investigate whether Integra can send automatic reminders.

The Transactional Team Leader advised that the Force do not have sufficient levels of debt to warrant enhanced debt chasing activities such as the use of a debt collection agency.

Management Action 2	The Force will investigate the use of automatic reminders with Integra to ensure debtors are regularly chased.	Responsible Owner: Purchasing Manager	Date: 31 July 2025	Priority: Medium
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Appendices

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APPENDIX A: CATEGORISATION OF FINDINGS

Categorisation of internal audit findings

Low

There is scope for enhancing control or improving efficiency.

Medium

Timely management attention is necessary. This is an internal control risk management issue that could lead to: Financial losses which could affect the effective function of a department, loss of controls or process being audited or possible reputational damage, negative publicity in local or regional media.

High

Immediate management attention is necessary. This is a serious internal control or risk management issue that may lead to: Substantial losses, violation of corporate strategies, policies or values, reputational damage, negative publicity in national or international media or adverse regulatory impact, such as loss of operating licences or material fines.

The following table highlights the number and categories of management actions made as a result of this audit.

Area	Control design not effective*	Non-compliance with controls*	Agreed actions		
			Low	Medium	High
Key Finance Controls	0 (20)	2 (20)	1	1	0
		Total	1	1	0

* Shows the number of controls not adequately designed or not complied with. The number in brackets represents the total number of controls reviewed in this area.

APPENDIX B: SCOPE

The scope below is a copy of the original document issued.

Scope of the review

The scope was planned to provide assurance on the controls and mitigations in place relating to the following risk:

Objective of the risk under review	Risks relevant to the scope of the review	Risk source
Yearly coverage of the organisation's key financial controls systems to ensure they are adequately designed and are being complied with.	1. There is a risk that the Force IT infrastructure fails. 2. Caused by legacy equipment and systems. 3. Resulting in failure of IT systems to support delivery of an efficient and effective service.	Corporate risk register

When planning the audit, the following were agreed:

Areas for consideration:

- There are clear financial regulations, policies and procedures are in place for all key financial areas;
- Access to the finance system is adequately controlled; this includes amendments to approval limits; and
- Controls are in place to ensure accurate financial reporting is made to all levels of the organisation (strategic and operational information).
- Journal creation and posting is controlled and includes a segregation of duties;
- The finance system is periodically backed up and assurances are received confirming its completion;
- There is a month end timetable in place which sets out the key deadlines; and
- Control account reconciliations are undertaken and independently reviewed in a timely manner following month end (reconciliations include Purchase Ledger, Sales Ledger, Cash Book, Bank Account(s) and Suspense Account(s)).
- New suppliers are subject to due diligence checks and authorisation before being set up on the finance system;
- Amendments to supplier details (including bank details) are subject to independent due diligence checks;
- Purchase orders are used for all purchases and are authorised in line with the delegated authorities;
- Goods are received on the finance system when received by the organisation;
- Invoices received are matched to purchase orders and goods received notes;
- Non purchase order purchases are subject to review and challenge;

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- Payment runs are prepared for all invoiced and received goods;
 - The payment run is subject to authorisation in line with the delegated authorities;
 - There is adequate segregation of duties in the ordering, goods receipting and approving of invoices process; and
 - The payment of invoices in accordance with prompt payment targets is monitored.
 - Processes are in place to identify all income due to the organisation;
 - Invoices are subject to review and approval in line with the delegated authorities;
 - Invoices are raised and issued in a timely manner;
 - There is adequate segregation of duties in the agreeing the sale, the income value and the sales invoice;
 - Aged debtor reports are run on a regular basis and reviewed by management;
 - Regular and structured debt chasing activities are undertaken with the outcomes clearly documented;
 - Bad and doubtful debts are subject to review and enhanced debt chasing activities; this includes the consideration of the use of debt recovery agencies; and
 - Debt write offs are subject to approval in line with the delegated authorities.
 - Cash flow forecasts are prepared on a regular basis using information from AP and AR;
 - Cash flow forecasts are subject to regular review by management and actions taken to ensure adequate cash flow;
 - Cash flow forecast accuracy is monitored to improve the reliability of the information provided;
 - Investments are only made in line with the organisations treasury management rules following approval in line with the delegated authorities;
 - Loans are only made in line with the organisations treasury management rules following approval in line with the delegated authorities; and
 - Loan covenants, where in place, are monitored on a regular basis with risks identified and actioned in a timely manner.

Limitations to the scope of the audit assignment:

- We will not confirm that the finance system workflows are enforcing approval limits;
- We will not confirm that journals are valid, only that they have been reviewed and approved appropriately;
- We will not confirm that the finance system has been backed up, only that a confirmation has been received;
- We will not substantively re-perform control account reconciliations;
- We will not confirm the accuracy of budget reporting within this review;
- We will not confirm the validity or appropriateness of new suppliers or amendments to supplier details;

- We will not confirm that goods and services paid for have been received by the organisation;
- We will not confirm the amount paid for goods and services reflect value for money;
- We will not confirm that all income due has been identified and invoiced for in a timely manner;
- We will not confirm that all actions have been taken to collect income due to the organisation;
- Testing will be completed on a sample basis from transactions within the current financial year;
- The results of our work are reliant on the quality and completeness of the information provided to us.
- Our work will not provide an absolute assurance that material errors, loss or fraud do not exist.

Please note that the full scope of the assignment can only be completed within the agreed budget if all the requested information is made available at the start of our fieldwork, and the necessary key staff are available to assist the internal audit team. If the requested information and staff are not available we may have to reduce the scope of our work and/or increase the assignment budget. If this is necessary we will agree this with the client sponsor during the assignment.

To minimise the risk of data loss and to ensure data security of the information provided, we remind you that we only require the specific information requested. In instances where excess information is provided, this will be deleted, and the client sponsor will be informed.

Debrief held	17 April 2025
Draft report issued	7 May 2025
Responses received	27 May 2025
	28 May 2025
Final report issued	27 May 2025
Revised final report issued	28 May 2025

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