



## STAFFORDSHIRE FIRE & RESCUE SERVICES

### Key Financial Controls – Accounts Payable and Accounts Receivable

Internal Audit Report: 5.24/25

19 March 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

The Service has a Corporate Governance Framework which includes the Service's Financial Regulations. Within the Financial Regulations, high level detail is contained with regards to the expenditure of the organisation. The organisation also has a well defined Scheme of Delegation that identifies the various authority limits for each of the budgets. The Service currently uses the Integra Finance System. The system has functionality across both the Accounts Payable and Accounts Receivable Functions. The system is a cloud-based system and is backed up every evening by third party IBSS, with weekly assurances being received of completed back-ups.

At the time of the review, we identified that the Service had a very low level of aged debt, which was circa £2,000 and compromised of three overdue invoices. The aged debt is monitored by the Transactional Finance Manager rning a weekly aged debt report, followed by action to recover the aged debts. The level of aged debt is not currently reported through a governance structure due to the low levels of aged debt, but instead a Debt Management Weekly Log is maintained for operational oversight, with comments and actions being updated in the log weekly.

As part of our audit, we have considered the Service's controls in the following key creditors areas: Policies and Procedures, Control Account Reconciliations, PO Invoices, Non-PO Invoices, Supplier Credit Notes, New Supplier Set Ups, Supplier Amendments and the Authorisation of Payment Runs. Additionally as part of the audit, we have considered the Service's controls in the following key debtors areas: Sales Invoices, Debtor Credit Notes, Credit Control, Monitoring and Reporting of Debtor Levels and Bad Debt Write-Offs. More broadly, we have also considered the following other key financial controls: Finance Access Controls, System Back Ups and Control Account Reconciliations.

## Conclusion:

Overall, there is an appropriate control framework in place for the operational management of the Finance system. Areas of improvement have been noted in relation to supplier amendments and access controls; which has resulted in the agreement of two 'medium' and seven 'low' priority management actions.

## Internal audit opinion:



Minimal Assurance



Partial Assurance



Reasonable Assurance



Substantial Assurance

Taking account of the issues identified, the board 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).

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## Audit themes:

### Policies and Procedures

During our review, we identified some instances of non-compliance with established policies and procedures. However, we were informed that the Services are aware that some procedures are out dated and the plan is for the Transactional Finance Manager to create the refreshed procedures by mid-to-late 2025. It is important that operating procedures, that are up to date and reflective of current working practices, are available across both the debtor and creditor functions to support staff in conducting key processes across the functions. Without up to date procedures in place, the risk of inconsistent application of processes and the chance of error are heightened. **(Low)**

### Non-Compliance with Policies and Procedures

#### PO-Invoices

We selected a sample of ten purchase order invoices and identified in one instance an invoice was received that was greater than the PO value (circa £54). Invoices should only be paid if the value of the invoice is covered by a quoted purchase order. If invoices are being paid without being covered by a purchase order, there is a risk that the Service are paying unapproved expenditure, which could have consequences on budgets and cashflow. **(Low)**

#### Supplier Amendments

We selected a sample of ten amendments, from a report generated from Integra and noted in one instance where the change related to the supplier's bank details, at a change to the supplier's details had not been authorised timely by a second member of the Finance Team, in one instance where the change related to the supplier's bank details, the comment confirming the verification did not include how the bank details were verified, nor the person who verified the bank details at the supplier, and in one instance where the change related to the supplier's bank details, the bank details were not verified. **(Medium)**

### Record Keeping

#### Payment Runs

For a sample of ten special payment runs, in two instances the accounts part of the special payment request form had not been completed. It is important that the Special Payment Request Form is fully completed, including the accounts department section, to confirm that all of the accounts tasks have been completed prior to the payment taking place. If assurance is not received of the completion of these tasks, there is a risk that the payment run occurs and an incorrect payment is made. **(Low)**

#### Sales Invoices

We selected a sample of ten sales invoices and noted that in four instances the sales invoice was not raised in a timely manner. **(Low)**

### Design of the control framework

#### Access Controls

We selected a sample of 10 access control changes which identified that in five instances, the Integra user form was incomplete and in five instances, the user access change/removal had not occurred timely (four leavers, one change). **(Medium)**

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#### Sales Invoices

The Service do not have a control to reconcile sales invoice requests to sales invoices produced. Due to the low level of invoice requests. As part of our testing on sales invoices, we identified four instances where the sales invoice was not raised in a timely manner. The mechanism developed as part of the management action may also aide the Service in ensuring that sales invoice requests are raised promptly, following request.

We were advised that there have been issues with sales invoice requests being dated incorrectly. **(Low)**

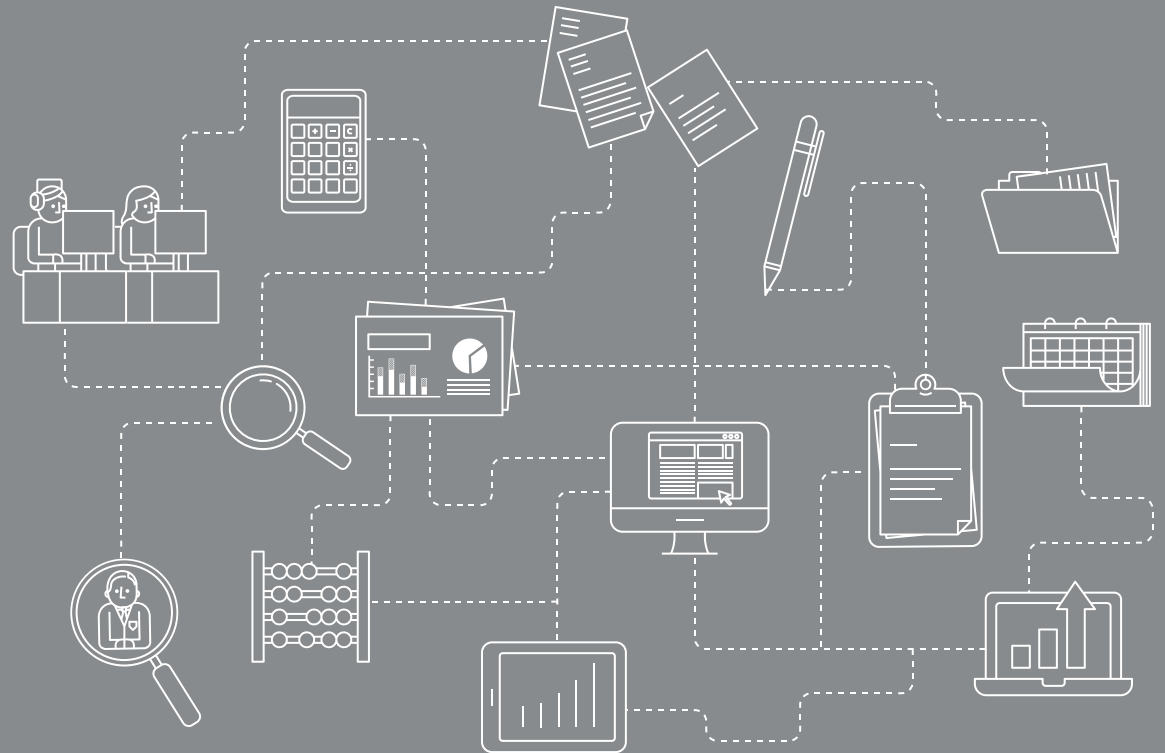
#### Aged Debts

As part of our testing, we identified that for some debt, the Finance Team rely on non-finance staff to chase the debt. Where Finance are reliant on non-finance staff to chase debts, it is important that assurance/evidence is received from the non-finance member of staff, to confirm that action has taken place.

Without the debt being actively chased for payment, there is an increased risk that the monies owed will not be recovered. **(Low)**

# Summary of Actions for Management

# 01



# 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	The organisation will create new debtors and creditors procedures that are reflective of current working practices, to help assist staff complete tasks and processes relevant to the functions. Once developed, the procedures will be made accessible to all relevant staff.	Low	Transactional Finance Manager	30 January 2026
2	<p>The Integra User Access Form will be fully completed and updated to confirm the staff leaving dates. The form should be presented with an accompanying action slip and email correspondence to confirm that the request has been authorised and to explain what change to access controls are required. Additionally, all leavers will be removed promptly from systems following their departure.</p> <p>Where users are employed that work for shared services, improvements are required around how the Fire Service are made aware of leavers. Furthermore, periodic checks will be conducted to ensure that all leavers have been removed from the system.</p>	Medium	Deputy Chief Finance Officer	30 June 2025
3	<p>We will ensure that where invoices are received which are not covered by the purchase order quoted, the additional expenditure will be approved by an appropriate authoriser or the invoice is rejected.</p> <p>All evidence relating to the approval of the additional expenditure will be retained and held centrally.</p>	Low	Transactional Finance Manager	30 May 2025
4	<p>When the supplier amendment relates to a change in supplier bank details, the Service will ensure:</p> <ul style="list-style-type: none"><li>• That all bank account changes are independently verified with the supplier, before the change is made, and any subsequent payments.</li><li>• The details of the verification will be recorded within Integra, detailing the person who the details were verified by (at the supplier) and the method of verification, i.e. by phone and/or email.</li><li>• Each verification is independently reviewed by a second member of staff, who confirms that the verification takes place and that there is supporting backing documentation.</li><li>• A monthly report is run to determine whether there are any suppliers with locked accounts that are awaiting authorisation, to unlock the account and allow payments.</li></ul>	Medium	Transactional Finance Manager	30 May 2025

\* Refer to Appendix B for more detail

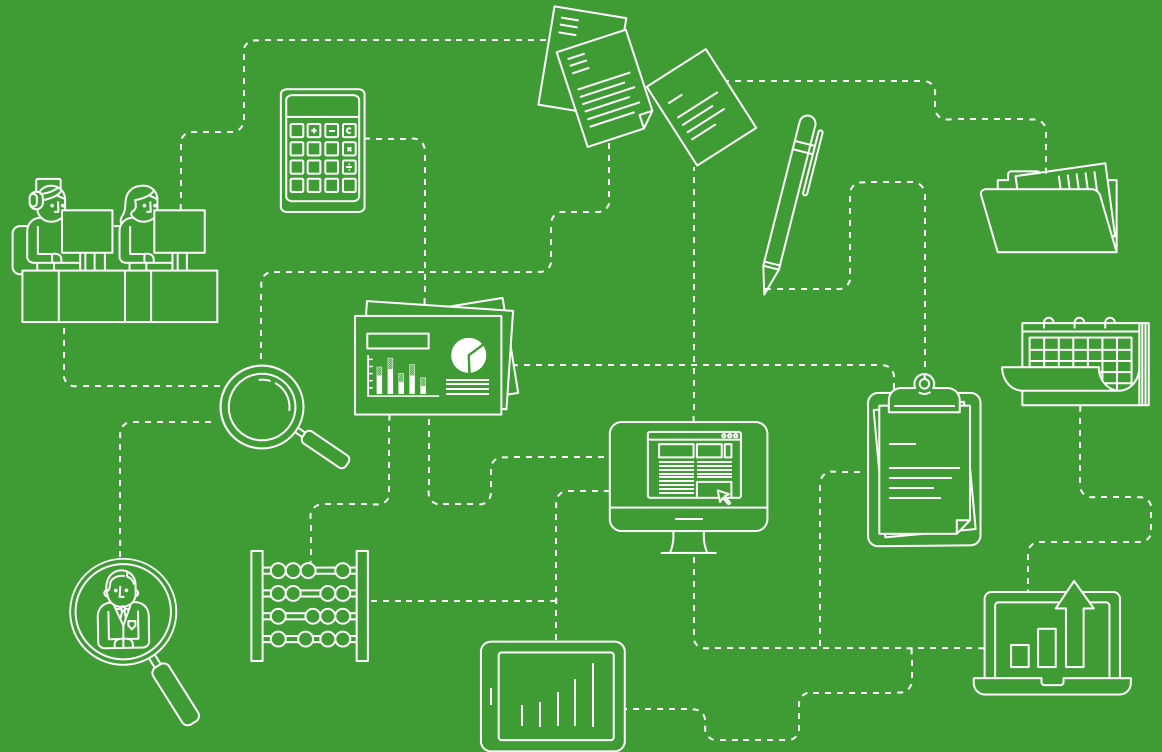
5	The Service will ensure that all financial documents and authorisation forms, including the special payment request form, are fully completed and signed-off to confirm that all the relevant checks have been completed and authorisation has been given to proceed.	Low	Transactional Finance Manager	30 April 2025
6	The Sales Invoice Request Form will be updated to include a 'Finance section' that logs when the request was received into the department.	Low	Transactional Finance Manager	30 April 2025
7	All credit notes will be raised promptly and allocated against the sales invoice to which they relate.	Low	Transactional Finance Manager	30 April 2025
8	Consideration will be given to implementing a mechanism to reconcile sales invoice requests to sales invoices produced to ensure that all requests are raised.	Low	TBC	30 April 2025
9	If the Service is to continue operating under the current mechanism, where a non-finance member of staff is responsible for chasing an aged debt, the Finance Team will ensure that evidence is obtained to confirm that debt-chasing activity has taken place. This will be stored centrally to confirm that the activity has taken place.	Low	Transactional Finance Manager	30 April 2025

\* Refer to Appendix B for more detail



# Detailed Findings and Actions

02



# 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.

Policies and Procedures - Creditors (Testing)				
Control	Policies and procedures relating to creditors (accounts payable) and debtors (accounts receivables) are in place including an authorised signatory list and delegated authority limits.	Assessment:		
	These are subject to periodic review to ensure that they remain up to date and reflect current operating practice.	Design	✓	
		Compliance	x	
Findings / Implications	We were informed by Assistant Director of Finance that the Organisation's policy and procedures documents are in the process of being refreshed, with the aim of creating a standardised, consistent suite across all procedural material that is reflective of current working practices by mid to late December 2025. We were provided with the following procedural documents (that had already been produced), relevant to the creditors function:			
	<ul style="list-style-type: none"><li>New Supplier Set Up</li></ul>			
	<ul style="list-style-type: none"><li>Credit Note Processing</li></ul>			
	<ul style="list-style-type: none"><li>Supplier Payment Process</li></ul>			
	With regards to the Debtor function, we were provided with the following procedural notes which in line with the comment above are in the process of being refreshed:			
	<ul style="list-style-type: none"><li>New Customer Set-Up Instructions</li></ul>			
	<ul style="list-style-type: none"><li>Account Receivable and Debt Management</li></ul>			
	<ul style="list-style-type: none"><li>Sales Invoice Production User Instructions</li></ul>			
	It is important that operating procedures that are up to date and reflective of current working practices are available across both the debtor and creditor functions to support staff in conducting key processes across the functions. Without such procedures in place, the risk of inconsistent application of processes and the chance of error are heightened.			
Management Action 1	The organisation will create new debtors and creditors procedures that are reflective of current working practices, to help assist staff complete tasks and processes relevant to the functions. Once developed, the procedures will be made accessible to staff for reference.	Responsible Owner: Transactional Finance Manager	Date: 30 January 2026	Priority: Low

## Finance System - Access Controls

<b>Control</b>	<p>The Integra Finance System hierarchy is configured by job description, with access controls assigned relative to the position held. The Finance Team undertake house-keeping on access to the system on a periodic basis. Users are only set up on the system following receipt of an action form from HR. Similarly, an action form is received from HR for leavers for leavers to be removed from the system on the last working day.</p> <p>Any new employees (new users) are approved via the Employee Action Slip which the Finance System Administrator verifies before set up, with all changes also approved by the relevant manager. The information is recorded on the User Set up Form with email evidence of the request held.</p>	<b>Assessment:</b>		
		<b>Design</b>	✓	
		<b>Compliance</b>	×	
<b>Findings / Implications</b>	<p>We selected a sample of 10 access control changes (including new starters, leavers and amendments to existing rights) and tested to confirm that:</p> <ul style="list-style-type: none"><li>• There is a full completed Integra user form on file;</li><li>• There was an action slip and accompanying email correspondence; and</li><li>• There is a system screenshot that confirms that the new starter was added, the leaver removed, or the amendment made timely.</li></ul> <p>Our testing found the following exceptions:</p> <ul style="list-style-type: none"><li>• In 5/10 instances, the Integra user form was incomplete; and</li><li>• In 5/10 instances, the user access change/removal had not occurred timely (four leavers, one change).</li></ul> <p>We were informed by the Assistant Director of Finance that since Staffordshire Police joined Integra any employees that work for shared services (i.e. fire staff but police employees) are not captured with the HR Fire Action Form (as this form is for Staffordshire fire employees only). The Assistant Director of Finance acknowledged that there is a weakness in the system in obtaining up to date employee movements from the police HR team and a number of actions have since taken place:</p> <ol style="list-style-type: none"><li>The police users are updated from the police HR system via an import document. A report has been developed to regularly run all police user movements to check any fire impact.</li><li>A further report is under development to smooth this process further to enable Fire system administration not having to rely on user's line managers to notify to movements.</li><li>A regular user check has been performed by the Finance System Administrator by emailing the user lists to individual teams for confirmation of accuracy.</li></ol> <p>However, at the time of the review we did not test to confirm the above measures in practice. It is important that there is an effective mechanism to ensure that all leavers are removed from the Integra system timely, following their departure from the Service. Without an effective mechanism, there is a risk that leavers will access the system after their employment has ceased, which could lead to an increase in fraudulent transactions.</p>			
<b>Management Action 2</b>	The Service will continue to enhance the robustness of the existing controls around user access controls. The Integra User Access Form will be fully completed and updated to confirm the leave date of leavers. The form should be presented with an accompanying action slip and email correspondence to confirm that the request has been authorised and	<b>Responsible Owner:</b> Deputy Chief Finance Officer	<b>Date:</b> 30 June 2025	<b>Priority:</b> Medium

## Finance System - Access Controls

to explain what change to access controls are required.  
Additionally, all leavers will be removed promptly from systems following their departure.  
Where users are employed that work for shared services, improvements are required around how the Fire Service are made aware of leavers. Furthermore, periodic checks will be conducted to ensure that all leavers have been removed from the system.

## Creditors - Invoices (PO Invoices) (Testing)

Control	When an invoice is received the PO quoted on the invoice is matched to the PO on the finance system.		Assessment:	
			Design	✓
			Compliance	×
Findings / Implications	We selected a sample of ten purchase order invoices, from an invoice report generated from Integra, and tested to confirm that:			
	<ul style="list-style-type: none"><li>The invoice received was matched to a purchase order that covered its value before being sent for payment; and</li><li>The PO was not raised retrospectively to the invoice.</li></ul>			
	Our testing found the following exceptions:			
	<ul style="list-style-type: none"><li>In 1/10 instances, an invoice was received that was greater than the PO value (circa £54).</li></ul>			
	In the one instance identified above, we were informed that the additional charges related to carriage, which was not included on the original PO. The invoice was subsequently paid despite the purchase order not covering the full invoice value. We were informed there is an expectation that an additional line should be added in the matching process, but this action does not force the change to be certified within the Integra system. Recognising the lack of authorisation for the additional charge, we were provided with an email which showed that the Finance Team have been given guidance to seek approval from the authoriser for any additional charges, however this is an interim measure.			
	Going forward the Finance Team are to ensure that additional charges are forced through to approval from an authoriser. The Finance Manager informed us that this will be picked up in the development programme. Invoices should only be paid if the value of the invoice is covered by a quoted purchase order. If invoices are paid without being covered by a purchase order, there is a risk that the Service are paying unapproved expenditure, which could have consequences on budgets and cashflow.			
Management Action 3	Finance will ensure that where invoices are i which are not covered by the purchase order quoted, the additional expenditure is approved by an appropriate authoriser or the invoice is rejected. All evidence relating to the approval of the additonal expenditure will be retained and held centrally.	Responsible Owner: Transactional Finance Manager	Date: 30 May 2025	Priority: Low

## Creditors - Amendments to Existing Supplier Data (Testing)

Control	Any requests to change supplier bank details are verified prior to being enacted. All other requests are actioned timely following notifications of change and evidence to support the change is retained centrally.	Assessment:			
		Design	✓		
		Compliance	x		
Findings / Implications	We selected a sample of ten amendments, from a report generated from Integra, and tested to confirm that:				
	<ul style="list-style-type: none"><li>There was evidence of where the change request originated;</li></ul>				
	<ul style="list-style-type: none"><li>Where bank details were requested to be changed, these requests were verified with the supplier prior to the change; and</li></ul>				
	<ul style="list-style-type: none"><li>The changes were made promptly to the supplier account following the request.</li></ul>				
	Our testing found the following exceptions:				
	<ul style="list-style-type: none"><li>In 1/4 instances, where the change related to the supplier's bank details, we identified that a change to the supplier's had not been authorised timely by a second member of the Finance Team (change made in September but not authorised until November).</li></ul>				
	<ul style="list-style-type: none"><li>In 1/4 instances, where the change related to the supplier's bank details, we identified that the comment confirming the verification did not include how the bank details were verified, nor the person who verified the bank details at the supplier.</li></ul>				
	<ul style="list-style-type: none"><li>In 1/4 instances, where the change related to the supplier's bank details, we identified that the bank details were not verified.</li></ul>				
	Once bank details have been verified, a comment is left in Integra to record who verified the bank details and through what method. Once verified, a second individual in Finance is required to authorise that the verification has taken place, prior to the system allowing the change. In the one instance where the details were not authorised timely, we were informed that there is no mechanism within the system to alert Finance Staff that they need to authorise verifications. Therefore, the process is reliant on one individual asking a second individual to authorise the verification.				
	In this instance, the risk to the Service remains low as without authorisation, payments cannot be made to the amended bank details. In this case, the lack of authorisation was noticed when an invoice was due to be paid, which then prompted the authorisation. Whilst the risk is minimal, the Assistant Director of Finance has suggested that a report could be built to identify instances where locked suppliers are awaiting authorisation for the change in their bank details. The Assistant Director suggested that this report could be run each month to identify such cases.				
Management Action 4	When the supplier amendment relates to a change in supplier bank details, the Service will ensure:		Responsible Owner:	Date:	Priority:
				30 May 2025	Medium

## Creditors - Amendments to Existing Supplier Data (Testing)

- That all bank account changes are independently verified with the supplier, before the change is made, and any subsequent payments. Transactional Finance Manager
- The details of the verification will be recorded within Integra, detailing the person who the details were verified by (at the supplier) and the method of verification, i.e. by phone and/or email.
- Each verification is independently reviewed by a second member of staff, who confirms that the verification takes place and that there is supporting backing documentation.
- A monthly report is run to determine whether there are any suppliers with locked accounts that are awaiting authorisation, to unlock the account and allow payments.

## Creditors - Authorisation of Payment Runs (Testing)

<b>Control</b>	<p>BACs runs are undertaken on a weekly basis and ad-hoc payment runs are undertaken when required. For BACs payment runs, a basic projection is run, which details a list of suppliers and invoices to pay. Once run, this is sent to a second member of the Finance Team to conduct checks on the invoices they plan to pay (i.e. checking VAT, ensuring POs are quoted etc). After this, a duplication report is run to check the BACs run, which will suggest possible duplicate invoices.</p> <p>A member of staff will check the suggested duplications and make any necessary amendments, before the update report is run. Once the update report is run, a check is undertaken on the invoice total count and total payment run value and reconciled against the audit report. The BACs submission is then produced and a form is sent to Integra who process the run for the service. An email is then sent back to the service from Integra, when the run has been processed.</p> <p>Special (Ad-Hoc) Payment Runs are completed via the completion of a Special Payment Request Form, which is authorised by the relevant budget holder. Once received, Accounts will undertake checks on the form, and any accompanying banking documentation, and ensure that the details are accurate. The form will then go to the Assistant Director or Director of Finance for final approval, who will then request that the Treasurers complete the payment. All payment runs are authorised in line with the authorised signatory listing.</p>	<p><b>Assessment:</b></p> <p><b>Design</b> ✓</p> <p><b>Compliance</b> ×</p>
<b>Findings / Implications</b>	<p>We selected a sample of 20 payment runs (consisting of ten BACs runs and ten special payment runs). For the sample of ten BACs runs, we tested to confirm that:</p> <ul style="list-style-type: none"> <li>• There was a projection run on file, which details a list of suppliers and invoices for payment.</li> <li>• Each projection run had been checked by a second member of staff, who conducted checks on the invoices within the run (email evidence confirming the run can go ahead)</li> </ul>	

## Creditors - Authorisation of Payment Runs (Testing)

- A duplication report is run to check the BACs run, which will suggest possible duplicate invoices.
- All subsequent audit reports run matched the value of the projection run.
- There was a BACs submission on file, which matched the number of payments and cumulative payment run total of all previous runs; and
- There were email confirmations that confirmed Integra received and successfully completed the run, on behalf of the Service

Our testing found no exceptions.

For the sample of ten special payment runs, we tested to confirm that:

- There was a fully completed special payment request form on file, that had been authorised by a budget holder;
- There was an accompanying invoice on file and other backing documentation to support the request for payment;
- There was a payment request sent to the Treasury Team, from the Director or Assistant Director of Finance, instructing the payment to be made.

Our testing found the following exceptions:

- In 2/10 instances, we identified that the accounts part of the special payment request form had not been completed.

It is important that the Special Payment Request Form is fully completed, including the accounts department section, to confirm that all of the accounts tasks have been completed prior to the payment taking place. If assurance is not received of the completion of these tasks, there is a risk that the payment run occurs and an incorrect payment is made.

<b>Management Action 5</b>	The Service will ensure that all financial documents and authorisation forms, including the special payment request form, are fully completed and signed-off to confirm that all the relevant checks have been completed, and authorisation has been given to proceed.	<b>Responsible Owner:</b> Transactional Finance Manager	<b>Date:</b> 30 April 2025	<b>Priority:</b> Low
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## Debtors - Sales Invoices (Testing)

<b>Control</b>	Sales invoices are raised timely following the receipt of an authorised sales invoice request form.	<b>Assessment:</b>	
		<b>Design</b>	✓
		<b>Compliance</b>	x
<b>Findings / Implications</b>	Review of the Finance Department User Instructions document, we identified that the process follows the following key stages: <ul style="list-style-type: none"><li>• Requests will be received from various people in the organisation</li></ul>		

Debtors - Sales Invoices (Testing)

- Check the request form to ensure all information has been provided
- Check all supporting documents have been received
- Process the sales invoice request

We selected a sample of ten sales invoices, from a system generated report from Integra, and tested to confirm that:

- There was a sales requisition form that was fully completed;
- The form was authorised in line with the authorised signatory listing;
- The sales invoice was raised accurately and timely in line with the request; and
- The sales invoice was added to the debtor account.

Our testing found the following exceptions:

- In 4/10 instances we identified that the sales invoice was not raised timely (in comparison to the date of the request).

In one instance above, the sales invoice request had been dated as 8 July 2020, however we received email evidence to confirm that the actual request was received in November 2024 and the requestor had forgotten to amend the request date from a previous template. For the other three instances, the organisation was unable to confirm why there was such a delay (raised 12,9 and 39 days after the sales invoice request). However, the Assistant Director of Finance did inform us that there have been issues with sales invoice requests being dated incorrectly and for there to be delays between the invoice request form being completed and the actual request being received.

Therefore, it has been agreed that the form is to be amended to include the date the request was received by Finance, so that in future, a better analysis of the timeliness of request completion can be undertaken.

<b>Management Action 6</b>	The Sales Invoice Request Form will be updated to include a Finance section that logs when the request was received into the department.	<b>Responsible Owner:</b> Transactional Finance Manager	<b>Date:</b> 30 April 2025	<b>Priority:</b> Low
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Debtors - Credit Notes (Testing)

<b>Control</b>	The Finance Team raise credit notes timely following the request to raise credit notes.	<b>Assessment:</b>	
		<b>Design</b>	✓
		<b>Compliance</b>	x



Debtors - Credit Notes (Testing)

Findings / Implications	<p>We were informed by the Transactional Finance Manager that the Service very rarely has to raise credit notes on the sales ledger, partially down to the activity levels on the sales ledger itself. Review of an Integra generated report identified that the Service had only raised three credit notes since 1 April 2024. We therefore selected one credit note and tested to confirm that:</p> <ul style="list-style-type: none"><li>There was a credit note request form that was fully completed;</li><li>The form was authorised in line with the authorised signatory listing;</li><li>The credit note was raised accurately and timely in line with the request; and</li><li>The credit note was added to the debtor account and applied to the original invoice timely.</li></ul> <p>Our testing found the following exceptions:</p> <ul style="list-style-type: none"><li>Despite the credit note being raised on the 24 October 2024, it was not allocated against the original sales invoice until 11 December 2024.</li></ul> <p>Whilst we recognise that the risk here is low, it is best practice to allocate credit notes promptly to sales invoices, so that the sales invoice amount due no longer appears as outstanding on Integra and prevents the unnecessary chasing of debt that has already been resolved.</p>			
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Management Action 7	All credit notes raised will be promptly allocated against the sales invoice to which they relate.	Responsible Owner: Transactional Finance Manager	Date: 30 April 2025	Priority: Low
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Debtors - Sales Invoice Checks (Testing)

Control	Missing control: Checks are carried out to ensure that invoices are raised for all relevant debtors.		Assessment:	
			Design Compliance	× N/A
Findings / Implications	<p>We were informed by the Assistant Director of Finance that, at present, the Service do not have a control to reconcile sales invoice requests to sales invoices produced due to the low level of invoice requests.</p> <p>As part of our testing on sales invoices, we identified the following exceptions:</p> <ul style="list-style-type: none"><li>In 4/10 instances we identified that the sales invoice was not raised timely (in comparison to the date of the request).</li></ul> <p>Due to these identified exceptions, the Service may wish to consider implementing a control to ensure that all sales invoice requests are raised timely. If sales invoices are raised late, there is an increased risk of not recovering monies due.</p>			

### Debtors - Sales Invoice Checks (Testing)

<b>Management Action 8</b>	Consideration will be given to implementing a mechanism to reconcile sales invoice requests to sale invoices produced to ensure that all requests are raised.	<b>Responsible Owner:</b> TBC	<b>Date:</b> 30 April 2025	<b>Priority:</b> Low
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### Debtors - Credit Control (Testing)

Control	The Transaction Finance Manager will chase aged debt up, as per the aged debt process, or instruct colleagues to chase on behalf of the finance function.	Assessment:	
	All evidence in relation to debt collection is retained and stored on file.	Design	✓
	The debt management process flow involved the following interventions:	Compliance	×
	<ul style="list-style-type: none"><li>• Generate 1st Reminder 2 days from due date</li><li>• Generate Final Warning 14 days after 1st</li><li>• Continue with debt recovery action / write off as bad debt</li></ul>		

Findings / Implications	At the time of the review, the Services had very little aged debt, with the cumulative total of the aged debt under £2,000, compromising of just three invoices. Therefore, we selected two aged debts (one between 31-60 days old and another 61-90 days old) and tested to confirm that the Service had chased the debt, as per the debt management process flow.
	Our testing found the following exceptions: <ul style="list-style-type: none"><li>• Neither of the two aged debts had been chased in accordance with the Debt Management Process Flow document.</li></ul>
	As our testing identified that the current debt management process flow document is not operating in practice, it is important that the Service update their existing procedures around debt management and that staff are aware of the updated procedure. Without procedures being reflective of current working practices, there is a risk of inconsistent procedure application. Please refer to the earlier management action raised re Debtors Procedures. Despite this, we were able to confirm that there was evidence of the Service chasing both debts and that both debts had been subsequently been paid.
	Furthermore, as part of our testing, we also identified that for some debt, the Finance Team rely on non-finance staff to chase the debt largely due to non-finance staff not providing sufficient information to the Finance Team to enable the debt to be chased. For the two aged debts we selected for sample testing, in one instance we identified that the Transactional Finance Manager had requested an update on payment from the Business Resilience Coordinator in December 2024, but there was then no subsequent assurance/evidence that the Business Resilience Co-Ordinator had chased the debt.
	In January 2025 (circa 6 weeks post the email to the Business Resilience Coordinator) the Transactional Finance Manager chased the debt up themselves and the debt was subsequently paid. Where Finance are reliant on non-finance staff to chase debts, it is important that assurance/evidence is received

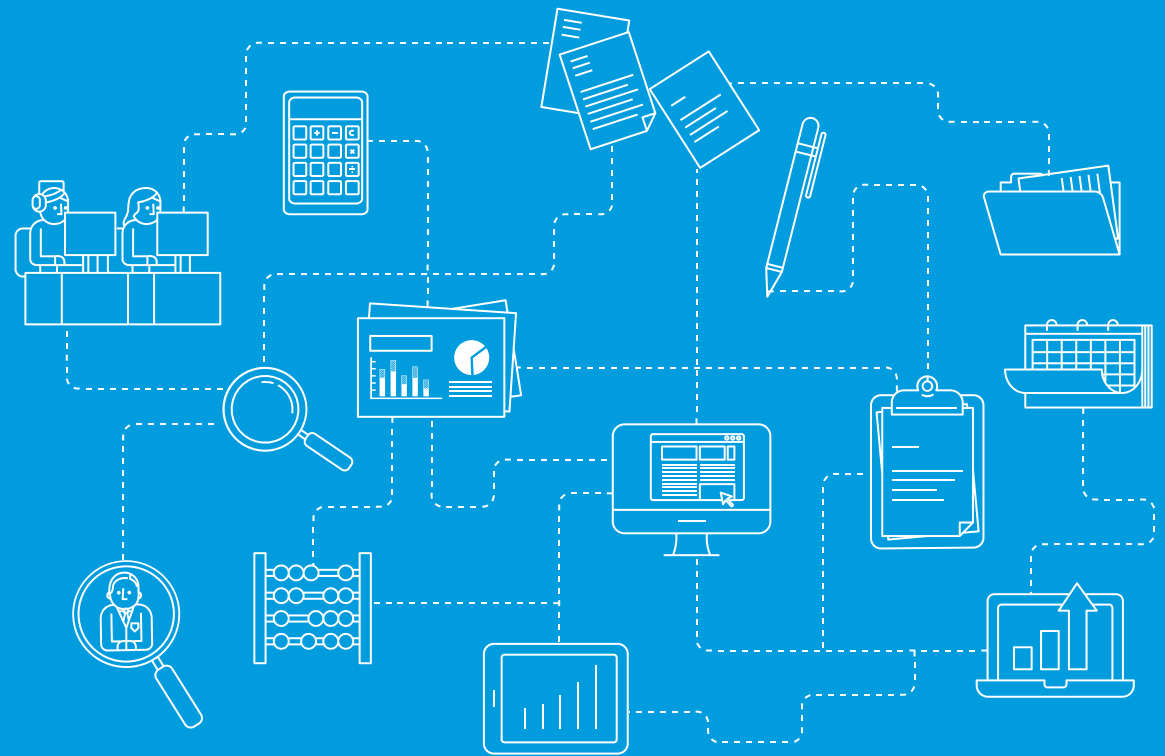
Debtors - Credit Control (Testing)

from the non-finance member of staff, to confirm that action has taken place. Without the debt being actively chased for payment, there is an increased risk that the monies owed will not be recovered.

Management Action 9	If the Service is to continue operating under the current mechanism, where a non-finance member of staff is responsible for chasing an aged debt, the Finance Team will ensure that evidence is obtained to confirm that debt-chasing activity has taken place.  This will be held centrally to confirm that the activity has taken place.	Responsible Owner: Transactional Finance Manager	Date: 30 April 2025	Priority: Low
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# Appendices

# 03



# 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 / Risk	Control design not effective*	Non-compliance with controls*	Agreed actions		
			Low	Medium	High
Key Financial Controls – Accounts Payable and Accounts Receivable	2 (20)	7 (20)	7	2	0
Total			7	2	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
Annual coverage of key financial controls. The exact nature of the scope will be determined nearer the time of audit, however the audit will consider the impact of staff changes taking place within the Finance Department.	Failure to secure financial sustainability that ensures and maintains effective service delivery against the Safety Plan	Corporate risk register

### When planning the audit, the following were agreed:

#### Areas for consideration:

- Policies and procedures relating to creditors (accounts payable) are in place including authorised signatory list and delegated authority limits. These are subject to periodic review to ensure that they remain up to date and reflect current operating practice.
- Testing of the purchasing process from raising the purchase order, processing the invoicing, goods receipting, credit notes and the process for invoices which are not matched to a purchase order.
- Review of the process by which standing data, supplier names, addresses and bank account details are updated / amended. Establish what independent checks are taken on their validity before any changes are actioned; or a new supplier set up.
- Authorisation of payment run including BACS and Cheques. Confirming authorisation is in line with the authorised signatory list.
- Policies and procedures relating to debtors (accounts receivable) are in place including authorised signatory list and delegated authority limits. These are subject to periodic review to ensure that they remain up to date and reflect current operating practice.
- The timely creation and processing of appropriately authorised invoice requests including the updating of debtor accounts.
- The approval and timely processing of credit note requests for cancellation or part cancellation of invoices.
- Checks are carried out to ensure that invoices are raised for all relevant debtors.
- Processes are in place for regular debt management / debt chasing. Clear roles and responsibilities over who is accountable for this process, including issuing of letters, debt recovery actions and updating of debtor details.
- Regular monitoring and reporting of debtor levels (e.g. aged debtor reports) is undertaken and reported.
- Approval and reporting of bad debt write offs is included with the policy, to ensure write-offs are only made with prior authorisation.

- Month end control account reconciliations are completed and reviewed in a timely manner.
- Access to the purchase order (accounts payable) and debtors (accounts receivable) systems; and back-ups of the systems.

#### **Limitations to the scope of the audit assignment:**

- We will not comment on the selection process for the use of suppliers and / or goods and services. Procurement, ordering or value for money processes will not form part of this review.
- We will not verify any changes to supplier standing data, rather the processes in place for checking the changes are genuine.
- We will not confirm whether goods or services procured are fit for purpose. We will not substantively re-perform reconciliations
- Testing will be completed on a sample basis from transactions within the current financial year.
- It is the responsibility of the organisation to identify income receivable and raise invoices accordingly. We shall therefore not cover the accuracy and validity of the debt requests made by the client, including the appropriate charging of VAT.
- Review of the debt write off process has been undertaken to provide assurance that policy requirements were met, not the appropriateness of the write off.
- This review will not provide assurance that all debtor amounts raised / due will be received.
- Our work will not provide assurance that the organisation has identified all debts / monies owed to it
- We will not consider the procedures or performance of any third-party debt management contractors used.
- 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**  
**Draft report issued**  
**Responses received**  
**Final report issued**

6 March 2025  
 19 March 2025

#### **Internal audit Contacts**

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 Louise Davies, Managing Consultant

#### **Client sponsor Distribution**

Corrina Bradley, Deputy Chief Finance Officer  
 Corrina Bradley, Deputy Chief Finance Officer

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