



STAFFORDSHIRE FIRE & RESCUE SERVICES

Capital Framework

REVISED FINAL Internal Audit Report: 7.24/25

29 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 Staffordshire Fire and Rescue Services' (the Service) Capital Framework was undertaken as part of the approved internal audit plan 2024/25. The Service has a Capital Framework document in place which outlines the process for considering, approving and monitoring capital expenditure. The document was issued in November 2023 and came into effect from 1 April 2024. A Capital Authorisation Tracker is used to ensure schemes have been approved before a commitment is made by the Service which includes both financial governance and operational governance approval.

The capital programme for 2024/25 was approved by the Commissioner at £5.7m on 12th February 2024. In addition capital projects were re-profiled from 2023/24 (£0.9m) which resulted in a restated Capital Programme for 2024/25 of £6.7m. As at 28 February 2025, the capital programme forecast spend for 2024/25 had been updated to £4.9m, with £4.3m of capital spend showing as committed spend (87%). It was noted as being 'on track' to achieve the forecast. It is understood that the capital programme has been reviewed with all the capital budget managers to understand the deliverable programme, with £1.8m capital projects having been reprogrammed into 2025/26, mostly building projects, and an additional building project at JETS (jointly funded). The detailed explanations for this slippage have been included within the Finance Report.


The Capital Review Group, who meet on a quarterly basis, are responsible for developing and reporting on the current year capital programme.

Conclusion: Our review has found that the Service has a well deisgned control framework in place for the management of capital which has evolved since it was introduced. This includes a clear and detailed Capital Authorisation Tracker, clear approval limits and detailed reporting through the governance structure. However as these changes take place, it is important that the Service ensures policies and procedures remain up to date to avoid ambiguity. Whilst there has been slippage on the programme for 2024/25, this has been clearly reported through the governance structure. We have agreed one medium management action.


Internal audit opinion:




Minimal Assurance



Partial Assurance



Reasonable Assurance



Substantial Assurance

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

Audit themes: Policies and Procedures

We reviewed the Capital Framework document and confirmed that it outlined the Service's requirements for approving and monitoring capital expenditure. However, since its inception in November 2023, there have been changes in process as the Framework was being adapted namely the removal of Capital Programme Approval Forms and the need to consider the operational impact of the client. As such there is a risk that the document no longer reflects current working practices, which could impact the delivery of capital programmes. **(Medium)**

Capital Authorisation Tracker

The Capital Authorisation Tracker monitors the approvals of projects. The tracker is maintained by the Assistant Director of Finance and reviewed on a quarterly basis by the CRG to support compliance with the governance process. Review of the tracker confirmed that it listed all projects currently being considered and whether necessary approval had been obtained allowing the Service to ensure that projects are properly approved.

We reviewed the minutes and papers for the meetings held by the CRG since January 2024 and confirmed that the tracker was reviewed at the March 2024 and October 2024 meetings.

Financial Governance

Spend cannot be made against the Capital Programme until the expenditure has been adequately approved to ensure the spend is appropriate. Forms are approved as follows:

- Up to £250k - Directorate
- Up to £1m – Service Delivery Board/Service Management Board
- Above £1m – Staffordshire Commissioner (SGB)

From testing undertaken on a sample of ten projects present on the Capital Authorisation Tracker, we confirmed that the project had been reviewed and approved appropriately.

Operational Governance

Should a project have an operational impact, this impact is assessed by the same approving body to ensure that the implementation of the project will not negatively affect operations. From testing undertaken on a sample of ten projects present on the Capital Authorisation Tracker, we confirmed that the project had been reviewed and approved appropriately.

Overspend

In the event that the spend exceeds the initial estimate in the approved Capital Programme Approval Form, the project must be reviewed by the original body where the case was first approved to assess why the overspend happened and where the funds will be found to address the overspend. The levels of approvals must still be adhered to should the overspend go above the thresholds. We were informed by the Assistant Director of Finance that the organisation has experienced no overspend with their current capital projects and so testing could not be completed in this area. This was confirmed by review of the Capital Authorisation Tracker.

Governance Arrangements including Capital Review Group (CRG)

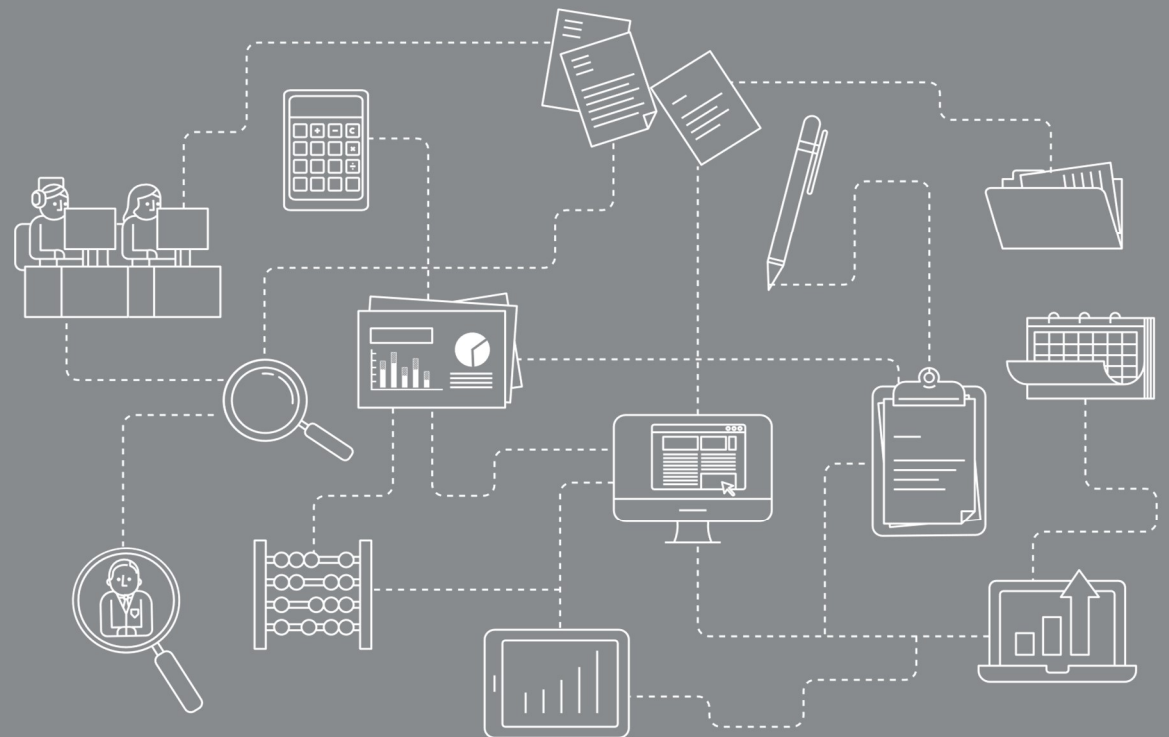
The CRG meet on a quarterly basis and are responsible for developing and reporting the current year capital programme including any slippage; identifying and reporting savings achieved as well as maintaining the Capital Authorisation Tracker.

Review of the minutes and papers of the group for the meetings held since April 2024 confirmed that capital monitoring was a standard item discussed. We note that the July 2024 meeting was cancelled due to a large number of members being unable to attend. The November 2024 meeting was only to discuss the three year capital programme 2025/26 - 2027/28.

In addition, the Finance Report which contains a detailed update in respect of the capital programme including the reasons for any slippage is circulated to all budget holders, senior team, ETAP and the Finance Panel, with the capital minutes reported at the Service Delivery Board (SDB). In addition, the Director of Finance provides a finance update and capital update at SGB with the Commissioner in attendance). Further to this, regular meetings are undertaken between the Director of Finance and the Commissioner where a finance brief and update is provided.

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	An interim review of the Capital Framework document will be completed to ensure it is reflective of current working practices and outlines what is required when considering the operational impact of a project.	Medium	Corrina Bradley	30 September 2025

* Refer to Appendix A for more detail

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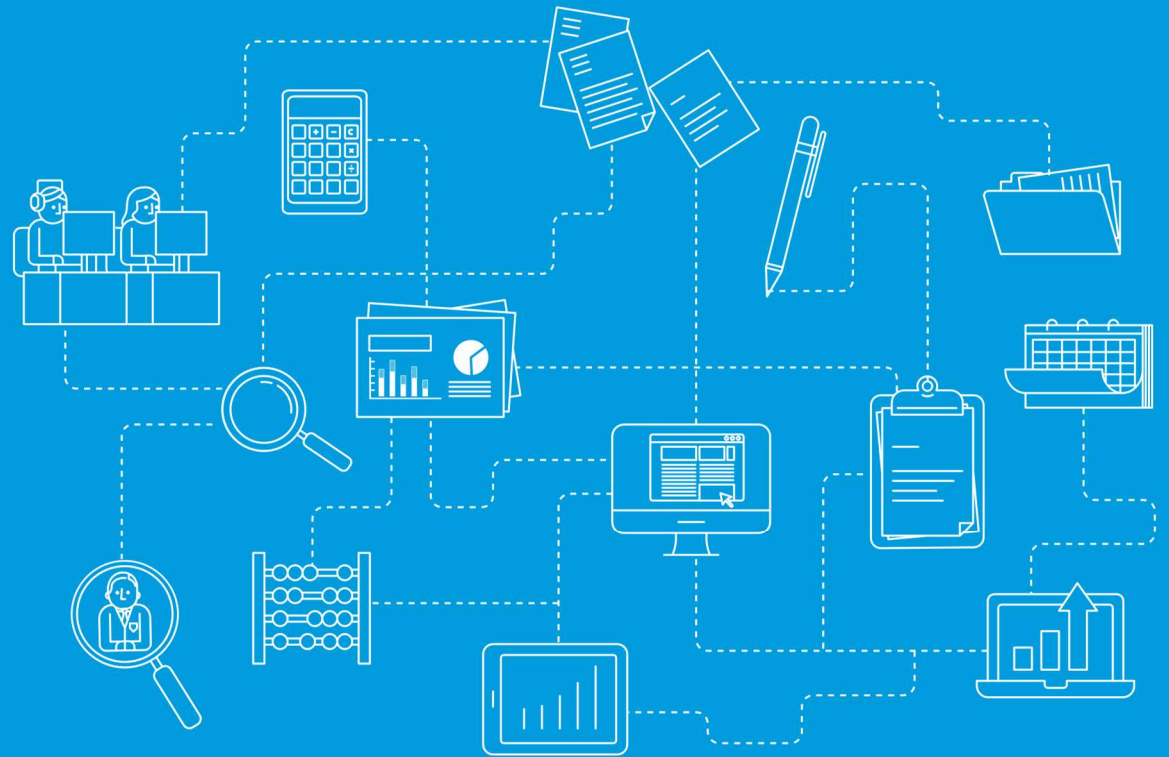
DETAILED FINDINGS AND ACTIONS

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: Capital Framework				
Control	<p>A Capital Framework Document is in place to ensure that business is carried out efficiently and decisions are not unnecessarily delayed. The document was reviewed by the CRG as well as the Service Management Board (SMB) where approval was given.</p> <p>Once it had been confirmed that correct governance had been followed by the Finance Panel of the Ethics, Transparency and Audit Panel (ETAP), the Capital Framework was published. The document is re-reviewed on a two yearly basis and available via the staff intranet.</p>	Assessment:		
		Design		✓
		Compliance		×
Findings / Implications	<p>We confirmed that the processes defined in the document were largely reflective of the process described in conversations with the Assistant Director of Finance. However, processes have changed since the framework was issued as the Service adapted to it. Namely Capital Programme Approval Forms have been removed in favour of papers which are considered by the relevant body. These were seen as being less onerous on the author.</p> <p>Additionally, the need to consider and approve the operational impact of a project was identified and added to the Capital Authorisation Tracker. With no information for this process in the framework, there is ambiguity around what this entails.</p> <p>This has also meant that the original Capital Authorisation Tracker appended to the framework does not align with the one currently in use. The organisation should ensure that the framework is amended to reflect current working practices and reduce the risk of confusion should there be a turnover of staff.</p>			
Management Action 1	An interim review of the Capital Framework document will be completed to ensure it is reflective of current working practices and outlines what is required when considering the operational impact of a project.	Responsible Owner: Corrina Bradley	Date: 30 September 2025	Priority: Medium

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
Capital Framework	0 (6)	1 (6)	0	1	0
Total			0	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 objective:

Objective of the risk under review	Risks relevant to the scope of the review	Risk source
This will focus on the revised Framework for capital spend and monitoring and to consider its overall effectiveness.		

When planning the audit, the following were agreed:

Areas for consideration:

- A Capital Framework Document is in place which has been approved and communicated across the Service.
- A governance process has been established within the Capital Framework which sets out the governance approval required for projects based on their respective capital project amount.
- A Capital Authorisation Tracker is in place and maintained to track projects within the Capital Framework to ensure appropriate governance approval has been received prior to commencement.
- A sample of projects will be selected and tested from the Tracker to ensure documented approvals can be substantiated to supporting documentation.
- For any projects which have exceeded their original budget, we will ensure that appropriate approval was received prior to committing to the extra expenditure and supporting documentation of this has been maintained on file.
- An update of the Capital Framework and the Authorisation tracker is presented to the Capital Review Group on a quarterly basis.

Limitations to the scope of the audit assignment:

- We will not comment on the appropriateness of the approval for any capital projects.
- We will not confirm that value for money has been achieved for capital projects.
- Legal and regulatory compliance is outside the scope of this review.
- IT related controls are outside the scope of this audit.
- Testing will be completed on a sample basis only.
- The results of our work are reliant on the quality and completeness of data and information provided to us.

- We will not confirm capital projects will be completed on time/within budget.
- 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	21 March 2025
Draft report issued	30 April 2025
Responses received	27 May 2025
Final report issued	27 May 2025
Revised final report issued	29 May 2025

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