



Item 7 (ii)

STAFFORDSHIRE POLICE AND CRIME COMMISSIONER, CHIEF CONSTABLE FOR STAFFORDSHIRE AND STAFFORDSHIRE FIRE & RESCUE SERVICES

Procurement

Final Internal Audit Report: 1.24/25

20 August 2024

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AUDIT OUTCOME OVERVIEW

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

Conclusion: Overall, our review has found that there is a well designed, efficient and effective control framework in place for Procurement across the Force and Service undertaken by the Commercial Services Team. For the majority of cases reviewed, the Commercial Services Team could demonstrate that contracts were being procured in line with the Contract Standing Orders. We have noted a few areas of improvement in relation to the retention of supporting documentation and the timely signing of contractual documentation.

Internal audit opinion:

Office of Police, Fire & Crime Commissioner Chief Constable of Staffordshire



Minimal Assurance



Partial Assurance




Reasonable Assurance







Substantial Assurance

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

Chief Constable of Staffordshire

				<p>Taking account of the issues identified, the Force can take substantial assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.</p>
Minimal Assurance	Partial Assurance	Reasonable Assurance	Substantial Assurance	

Staffordshire Fire & Rescue Service

				<p>Taking account of the issues identified, the Authority can take substantial assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.</p>
Minimal Assurance	Partial Assurance	Reasonable Assurance	Substantial Assurance	

Audit themes:

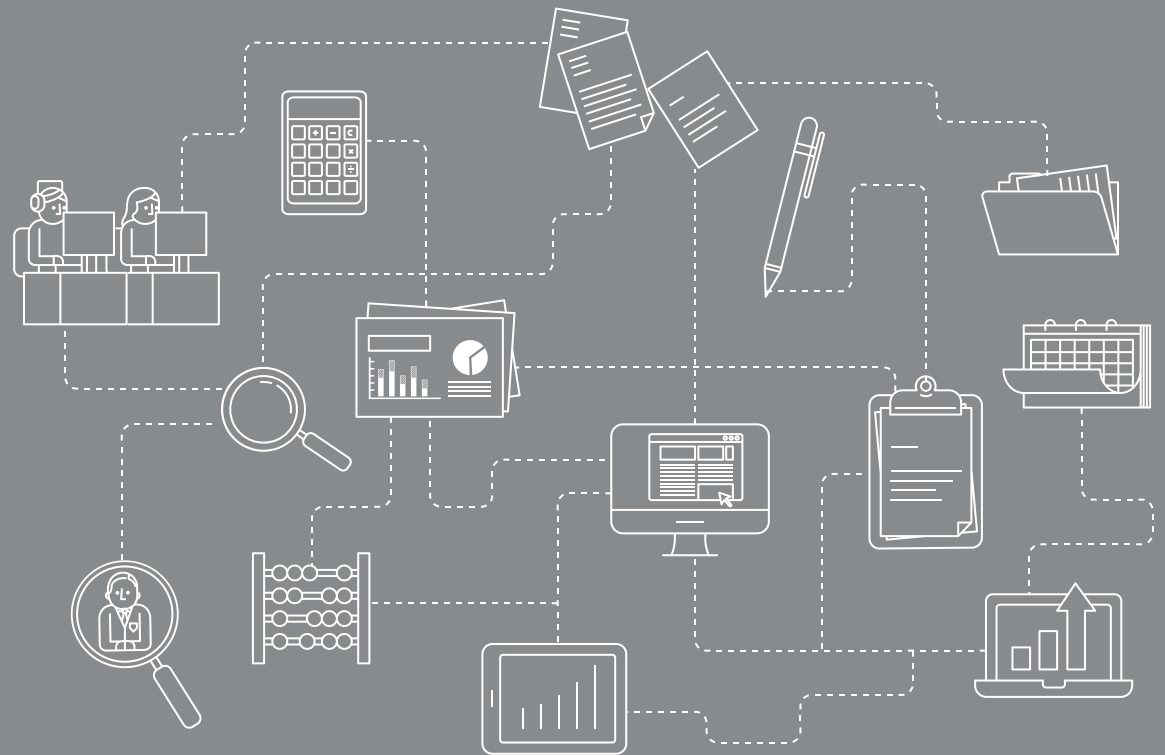
- **Compliance:** Our testing of the Contract Awarding Process for 15 Police procurements identified two cases where the supporting documentation (quotations) for the procurement was not maintained on file. It is important to obtain all quotes relating to procurements so that it can be demonstrated that the Contract Standing Orders (CSOs) are being complied with. **(Low)**
- **Waiver/Exemption:** As part of this testing we also identified two cases where there was only the quotation from the winning supplier held on file and in the second case, other suppliers were not engaged to request quotations. Valid reasons were provided as to why other suppliers

were not engaged and the contract award was approved in line with the CSO. However, in both cases a waiver/exemption form should have been completed so that the deviation from the stipulated procurement route was agreed. **(Low)**

- **Contracts & Supporting Procedures:** Our testing of Contract sign off for 15 Police procurements and five Fire procurements identified eight cases that related to the purchase of licences, subscriptions and warranties, meaning there was no need for a contract as such. We were informed by the Commercial Business Partners that these were entered onto the Contracts Register (Proquero) so that the remaining time on them could be monitored. We noted that this fact is not stipulated within the CSO. **(Low)**
- **Contracts:** Our testing of Contract sign off for 15 Police procurements and five Fire procurements identified six cases where the contract was signed after the commencement date of the contract. There is a risk that if contracts are not signed prior to commencement that they are not legally binding for the period where they are unsigned which potentially could leave the organisation open to liability in potential cases of dispute over contract with supplier. **(Medium)**

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

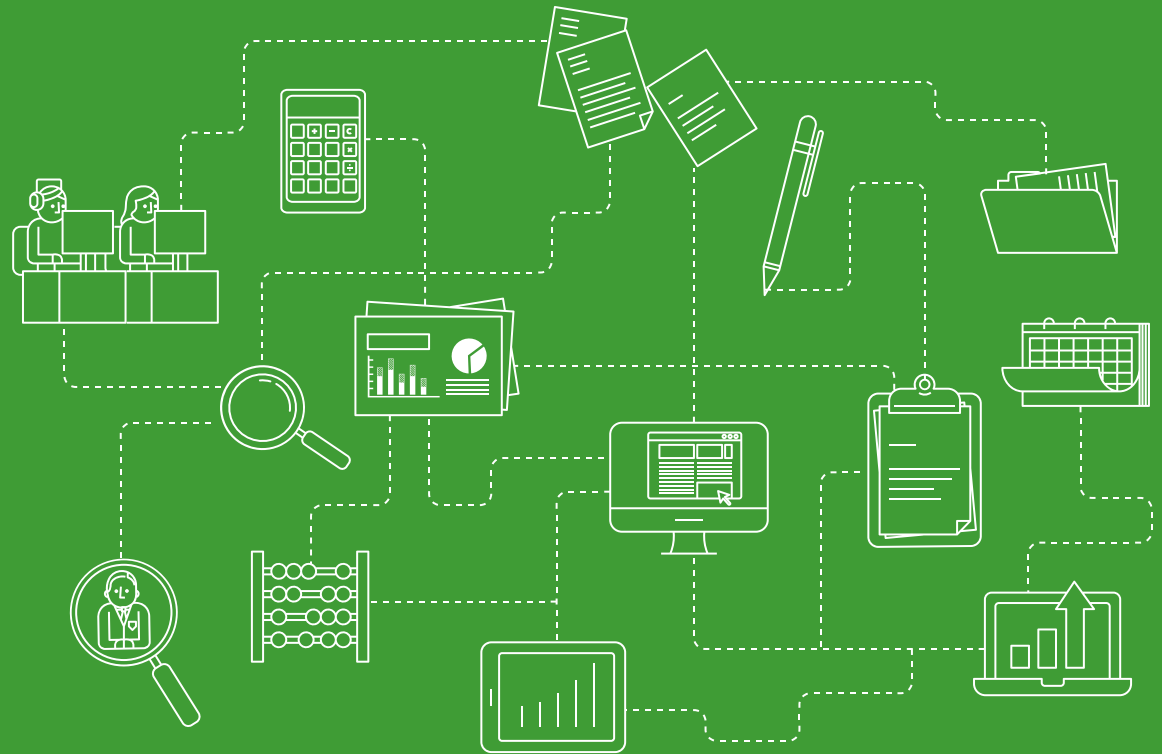
There is scope for enhancing control or improving efficiency.

Ref	Action	Priority	Responsible Owner	Date
1	All documentation that supports the procurement process should be filed on the local shared drive. The Force will consider whether there is any capability to file documents within Proquro, so there is one centralised record for procurement.	Low	Commercial Business Partners	30 September 2024
2	Where there is deviation from the Contract Standing Orders, a waiver/exemption will be completed and approved by the S151 Officer or Commissioner as necessary.	Low	Commercial Business Partners	30 September 2024
3	The Contract Standing Orders will be updated to reflect that the contract register contains entries that are not strictly contracts in order to monitor their expiry, including but not limited to: <ul style="list-style-type: none"> • Licences; • Warranties; • Duration of Support Services; and • Subscriptions. 	Low	Director of Commercial Services	31 October 2024
4	All contracts (or equivalent) will be signed by the correct signatory in line with the Standing Orders, prior to the commencement of the contract.	Medium	Commercial Business Partners	30 September 2024

* Refer to Appendix A 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.

Background

The Commercial Services Team comprises of the Director of Commercial Services, and three Commercial Business Partners who are supported by Procurement Officers. The Commercial Services Team are responsible for the procurement exercises undertaken for the Commissioners Office, Staffordshire Chief Constable and Staffordshire Fire and Rescue Services. The Commercial Services Team have been responsible for the procurement of the current 534 live contracts within the Proquro system (Contract Register) which equate to a total contract value of £150m.

This audit has focused on reviewing the controls and processes that are in place to ensure that contracts are let and suppliers are being appointed in accordance with the mandated requirements.

Area: Chief Constable - Contract Awarding Process

Control	Contracts are procured and awarded in line with the Standing Contract Orders outlined within the Financial Regulations.	Assessment:	
		Design	✓
		Compliance	×

Findings / Implications

Our testing of 15 contracts selected from the Contracts Register is broken down into the procurement route taken and detailed below;

Quotation

Appropriate documentation to confirm procured in line with Contract Standing Orders

In three cases, the procurement was less than £10,000 and as such should have one written quote on file, which is then processed like a normal Purchase Order (unless a contract needs to be arranged in which case the Commercial Services Team are engaged). Our testing identified the following exceptions:

- In two cases, the documentation provided suggested that a quotation had been obtained, but a quotation was not on file in either case and the following reasoning was provided:

Area: Chief Constable - Contract Awarding Process

- In one case, we were informed by the Commercial Business Partner that "A single quote was obtained by the business area for these goods in 2020 for newly formed 'MAST' team of 24 firearms officers. Due to the value we haven't kept a copy of the quote in our contract records";
- The decision paper records that a request for quotations was made via LVPS and we were informed by the Commercial Business Partner that the Procurement Officer who awarded this had left the team, as such the quotes could not be located.
- In one case, the contract had lapsed and as such it should not have been included in the Contracts Register. We were informed by the responsible Commercial Business Partner that IT had confirmed this was allowed to lapse as no longer required following a technology change. We were informed that this is a reminder on the Contracts Register and had incorrectly been recorded as live/ongoing. We obtained evidence during the audit that this note had now been archived and that moving forward IT are going to pass those workflows to the Commercial Services Team when there is any change made to Digicerts. As action was taken during the audit, no further action has been raised.

In two cases, the value was between £10k and £30k and as such should have had three written quotations on file from which the budget holder chooses the best quote, which is then processed like a normal Purchase Order (unless a contract needs to be arranged in which case the Commercial Services Team are engaged). Our testing identified the following exceptions:

- In both cases, there was only the quotation from the winning supplier on file and other suppliers were not engaged for quotes. Valid reasons were explained why other suppliers were not engaged (as outlined below). The procurement was approved in line with the Contract Standing Orders, but in both cases a waiver/exemption form should have been completed so that the deviation in the procurement route was approved:
 - In one case, the procurement was in relation to the use of a specific grant that had to be used for the systems/software used for sex offender management (NPCC ATOM Programme), as such there was only one supplier; and
 - In one case, the procurement related to an add on from a nationally mandated contract (UCCN between the Force and the Home Office), as such a specific supplier (Airwave solutions Ltd) had to be used.

Decisions as to approve procurement has been undertaken by an appropriate group/individual:

In accordance with the Contract Standing Orders, for procurement with a value less than £30k, once the evaluation of the received quotes is completed and the successful Supplier informed, a Purchase Order must be raised by the Budget Holder via the Integra (financial accounting system), unless a contract is being signed in which case the Commercial Services Team has to be engaged. Our testing identified no exceptions.

Tender

Appropriate documentation to confirm procured in line with Contract Standing Orders

In one case, the value of procurement was over the value of £214,904 and as such should have engaged the Commercial Services Team to run a full tender in line with PCR 2015. Our testing identified the following explained exception:

- In the case, we noted from the evidence on file that this did not go to tender because it is a central procurement run by the Police ICT company who wanted to extend the current contract for all forces to the national i2 'Access for All' agreement with IBM, commissioned via the Police ICT Company, to benefit from planned upgrades and access to a new 'Digital Garage'. As this was a competitive procurement

Area: Chief Constable - Contract Awarding Process

run by the Police ICT company a further tender exercise did not need to be run by the Commercial Services Team, and the contract extension was presented to the Modern Policy Enabling Board, for approval.

Decisions as to approve procurement has been undertaken by an appropriate group/individual:

We found no exceptions in regard to the approval of the procurement outlined in the sample mentioned above. The contract extension was approved on 23 February 2021 by the Modern Policy Enabling Board as evidenced by a decision paper, which is in with the Contract Standing Orders (Modern Policy Enabling Board is now called the Financial Investment Review Board).

Framework Agreement

Appropriate documentation to confirm procured in line with Contract Standing Orders

In four cases, the procurement was undertaken as a Call Off from a Framework Agreement. Of these cases, we identified no exceptions as this is a procurement route that is in line with the Contract Standing Orders and there was evidence on file for each of our sample (such as frameworks, decision papers and associated call offs).

Decisions as to approve procurement has been undertaken by an appropriate group/individual:

In reference to our sample where Framework Agreements were used, we identified no exceptions. The approval to call off from the respective Framework Agreement was documented and approved by the relevant body/group in line with the Contract Standing Orders, including the Modern Policy and Enabling Board, Contract Review Group and Executive Management Board.

Waivers:

In five cases, the procurement requirements of the Contract Standing Orders were waived. In four cases (all <£100k), our testing identified no exceptions, as there was an exemption form on file, which confirmed the reason for the waiver (was in line with the Contract Standing Orders) and the waiver had been signed as approved by the S151 Officer/CFO in accordance with the Contact Standing Orders.

In the remaining case, the waiver form was on file and was fully completed, but it had not been signed by the S151 Officer/CFO. We were provided with alternative evidence to demonstrate that the waiver was approved by the Contracts Review Group that the S151 Officer/CFO sits on.

Proquro/Contract register

In 15 cases, we obtained screenshots of the procurement being logged within the Proquro system. No exceptions were noted.

Management Action 1	All documentation that supports the procurement process will be filed on the local shared drive. The Force will consider whether there is any capability to file documents within Proquro, so there is one centralised record for procurement.	Responsible Owner: Commercial Business Partners	Date: 30 September 2024	Priority: Low
Management Action 2	Where there is deviation from the Contract Standing Orders, a waiver/exemption will be completed and approved by the S151 Officer or Commissioner as necessary.	Responsible Owner:	Date:	Priority: Low

Area: Chief Constable - Contract Awarding Process

Commercial
Business Partners 30 September
2024

Area: Chief Constable - Contract Sign Off

Control	Contracts are maintained on file for all contracts documented within the Contracts Register and that they have been signed off in accordance with approved delegated authority limits (Contract Standing Orders).	Assessment:	
		Design	✓
		Compliance	×
Findings / Implications	<p>From our sample selected there were eight cases where a contract was not in place;</p> <ul style="list-style-type: none">In seven cases, the procurement related to the purchase of licences, subscriptions and warranties. We were informed by the Commercial Business Partners that these were entered onto the Contracts Register (Proquro) so that the remaining time on them could be monitored. We noted that this is not stipulated within the Contract Standing Orders, and as such have raised an action for them to be updated. We obtained copies of the associated purchase order of these procurements (with the exception of one case as this was processed in the old finance system), which would have provided approval of the purchase made; andIn one case, (as previously mentioned) this contract had lapsed, as such it should not have been included on the Contracts Register. <p>Of the remaining seven cases where a contract (or equivalent was in place), we tested to confirm whether the contract was on file and signed by an authorising officer in line with the Contract Standing Orders. In five cases, we identified no exceptions as the contract was on file and signatory was in line with the Contract Standing Orders. Of the remaining two cases, we identified the following:</p> <ul style="list-style-type: none">In one case, the contract was on file and was for a value between £100k and £500k and as such should have been signed by the S151 Officer, but it was signed by the Head of Commercial Services. We were informed that this was because the thresholds have changed since the call off was signed in February 2020; andIn one case, the contract was on file and was for a value between £100k and £500k and as such should have been signed by the S151 Officer, however it was signed by the Deputy S151 Officer as the S151 Officer was on annual leave. <p>Of the cases where there were contracts (or equivalent) in place, we tested whether they were signed prior to commencement of the contracts. In three cases, we identified no exceptions as the contracts were signed prior to the start date. Of the remaining four cases, we identified the following exceptions:</p> <ul style="list-style-type: none">In one case, the contract was signed after the contract start date due to a signing delay because of a docusign error;		

Area: Chief Constable - Contract Sign Off

- In one case, the contract extension was signed by the Head of Commercial Services, but as the extension was not dated we could not determine if it was signed before the extension start date;
- In one case, the contract was signed after the contract start date due to a signing delay caused by last minute contract negotiations to negotiate more favourable terms and lack of staff availability because of annual leave; and
- In one case, the original call off was signed after the start date of the contract due to a signing delay.

There is a risk that if contracts are not signed prior to commencement that they are not legally binding for the period where they are unsigned which potentially could leave the Force open to liability in potential cases of dispute over contract with suppliers. We were informed by the Business Partners that the Force is currently investigating whether docusign has the functionality to link the contract start date to the date the contracts are signed, which may help to mitigate this issue.

Management Action 3	The Contract Standing Orders will be updated to reflect that the Contract Register contains entries that are not strictly contracts in order to monitor their expiry, including but not limited to: <ul style="list-style-type: none"> • Licences; • Warranties; • Duration of Support Services; and • Subscriptions. 	Responsible Owner: Director of Commercial Services	Date: 31 October 2024	Priority: Low
Management Action 4	All contracts (or equivalent) will be signed by the correct signatory in line with the Standing Orders, prior to the commencement of the contract.	Responsible Owner: Commercial Business Partners	Date: 30 September 2024	Priority: Medium

Area: Fire & Rescue Service - Contract Sign Off

Control	Contracts are maintained on file for all contracts documented within the Contracts Register and that they have been signed in accordance with approved delegated authority limits (Contract Standing Orders).	Assessment:	
		Design	✓
		Compliance	×
Findings / Implications	It is outlined within the Contract Standing Orders that where a contract is required to be signed or sealed by deed, the following individuals can be the signature on behalf of the Commissioner:		

Area: Fire & Rescue Service - Contract Sign Off

- Annual Value of up to £100,000 - Head of Commercial Services (or the Commissioner or Chief Executive or Head of Commissioning and Partnerships of the SCO, if it is SCO budget);
- Up to £1,000,000 - CFO (or the Commissioner or Chief Executive of the SCO, if it is SCO budget);
- Over £1,000,001 - The Commissioner or the Chief Executive of the SCO; and
- Contracts required to be sealed by deed - Sealed by the Chief Executive of the SCO by applying the common seal of the SCO.

Findings:

Of our sample, for one case there was no contract in place for the following:

- One case related to the purchase to support services for Wavetec technology already acquired, meaning there was no need for a contract as such. We were informed by the Commercial Business Partner that this was entered onto the Contracts Register (Proquero) so that the remaining time of the support could be monitored. We noted that this fact is not stipulated within the Contract Standing Orders, and as such have raised an action for them to be updated. We obtained copies of the associated purchase order of these procurements, which would have been approved for purchase within the Integra system (outside of the scope of the audit).

Of the remaining four cases where a contract (or equivalent was in place), we tested to confirm whether the contract was on file and signed by an authorising officer in line with the Contract Standing Orders. In all cases, we identified no exceptions as the contract was on file and the signatory was in line with the Contract Standing Orders.

Of the cases where there were contracts (or equivalent) in place, we tested whether they were signed prior to the commencement of the contract. In two cases, we identified no exceptions as the contracts were signed prior to the start date. Of the remaining two cases, we identified the following exceptions:

- In both cases, the contract was signed by the respective signatory after the start date of the contract due to a signing delay caused by lack of senior management availability.

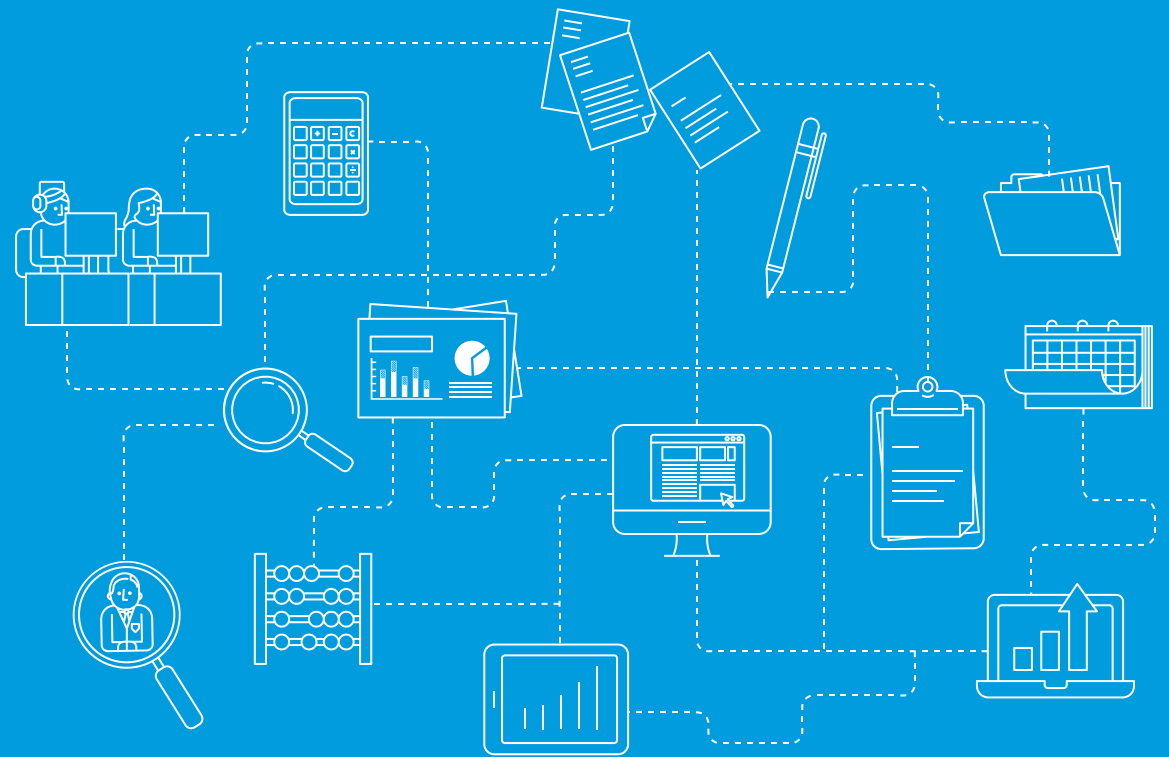
There is a risk that if contracts are not signed prior to the commencement that they are not legally binding for the period where they are unsigned which potentially could leave the Force open to liability in potential cases of dispute over contract with suppliers.

Management Action See Management Action 3 above

Management Action See Management Action 4 above

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	Control design not effective*	Non-compliance with controls*	Agreed actions		
			Low	Medium	High
An effective framework is in place for governing procurement processes to ensure value for money (VfM) is being achieved.	0	4	3	1	0
		Total	3	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

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

An effective framework is in place for governing procurement processes to ensure value for money (VfM) is being achieved.

When planning the audit, the following were agreed:

Areas for consideration:

- A Procurement Plan is in place which sets out the processes to be followed for supplier expenditure as well as VfM consideration. The Plan is currently being updated in preparation for the implementation of the Public Procurement Act (PA2023).
- Procedural documentation is in place to ensure procurement activities are performed in a consistent and effective manner.
- Roles and responsibilities have been defined for Commercial Business Partners and Procurement Officers.
- All contracts have been ranked based on a gold, silver or bronze rating based on contract risk, value and impact.
- Work plans are in place for each Commercial Business Partner for their categories documenting a forward 12 months look of workload.
- Clear communication channels are in place for business departments to work with the Procurement Department for the commissioning of products and works.
- The Proquro system is used for the logging, management and tracking of procurement activities and contracts, although this system has only been in place less than 12 months.
- Training has been provided to staff members for use of the Proquro System.
- A Contracts Register is in place which is regularly reviewed to ensure it remains complete and accurate.
- A sample of Force contracts will be reviewed to ensure the contract awarding process has been completed in line with Policy requirements and supporting evidence retained on file.
- Contracts are maintained on file for all contracts documented within the Contracts Register and that they have been signed off in accordance with approved delegated authority limits.
- Contracts coming up for renewal are identified in a timely manner to ensure sufficient time is available for appropriate market testing and to determine the best course of action.
- Regular contract monitoring is undertaken which is proportionate to the contract value and risk involved. Any performance issues are highlighted and actioned in a timely manner.
- Performance and management information is compiled and reported to Senior Management where applicable.

Limitations to the scope of the audit assignment:

- 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 comment on the selection of specific suppliers or purchases, only that established processes were followed in line with policy guidance.
- Testing will be completed on a sample basis.
- We will not consider the IT Systems and supporting controls.
- Supplier expenditure data was too large to be shared and therefore we could not undertake and further testing in this area.
- Legal and regulatory compliance is outside the scope of this review.
- We have confirmed that policies/procedures/guidance exist but we have not verified that these are fit for purpose.
- The results of our work are reliant on the quality and completeness of the information provided to us.
- Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

Debrief held 6 June 2024 & 31 July 2024
Draft report issued 31 July 2024
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Internal audit Contacts Daniel.Harris@rsmuk.com / +44 1908 687915
Angela.Ward@rsmuk.com / +44 1212 143225

Client sponsor John Bloomer, Director of Resources ACC
Helen Holden, Service Director – Commercial & Interim
Strategic Lead for Fleet

Distribution John Bloomer, Director of Resources ACC
Helen Holden, Service Director – Commercial & Interim
Strategic Lead for Fleet

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FOR FURTHER INFORMATION CONTACT

Daniel Harris, Head of Internal Audit

Email: Daniel.Harris@rsmuk.com

Telephone: **+44 1908 687915**

Angela Ward, Associate Director

Email: Angela.Ward@rsmuk.com

Telephone: **+44 1212 143225**

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The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Actions for improvements should be assessed by you for their full impact. This report, or our work, should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

Our report is prepared solely for the confidential use of Staffordshire Police and Crime Commissioner, Chief Constable for Staffordshire and Staffordshire Fire & Rescue Service and solely for the purposes set out herein. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights from RSM UK Risk Assurance Services LLP for any purpose or in any context. Any third party which obtains access to this report or a copy and chooses to rely on it (or any part of it) will do so at its own risk. To the fullest extent permitted by law, RSM UK Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

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We have no responsibility to update this report for events and circumstances occurring after the date of this report.

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