



CHIEF CONSTABLE OF STAFFORDSHIRE

Follow Up

FINAL

Internal audit report: 10.18/19

9 May 2019

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Internal audit team

Daniel Harris - Head of Internal Audit
Angela Ward – Senior Manager
Pav Gill - Auditor

Client sponsor

John Bloomer - Chief Finance Officer & Section 151 Officer

Distribution

John Bloomer - Chief Finance Officer & Section 151 Officer

1 EXECUTIVE SUMMARY

1.1 Introduction

As part of the approved internal audit periodic plan for 2018/19 we have undertaken a review to follow up progress made by you to implement the previously agreed management actions. The audits considered as part of this follow up review were those actions that were reported as completed to the Ethics, Transparency & Audit Panel (ETAP) meeting in February 2019. This included previously agreed internal audit recommendations that were included in the following audits;

- Procure to Pay including Credit Cards;
- Accounts Receivable; and
- Capital Programme and Fixed Assets

The 20 management actions considered in this review comprised of two 'High', six 'Medium' and 13 'Low' priority actions.

1.2 Conclusion

Taking account of the issues identified in the remainder of the report and in line with our definitions set out in Appendix A, in our opinion the Chief Constable of Staffordshire has demonstrated **good progress** in implementing agreed management actions. We found that one 'medium' priority action remains ongoing in their implementation.

1.3 Action tracking

Action tracking enhances an organisation's risk management and governance processes. It provides management with a method to record the implementation status of actions made by assurance providers, whilst allowing the ETAP to monitor actions taken by management. ETAP receive the action tracking report at each meeting, which provides an update on progress made by the Force to implement previously agreed actions.

We are suggesting that just one medium priority action (details included at section 2) needs to be reinstated in the Force's action tracker as we could not confirm that the action had been fully implemented.

1.4 Progress on actions

Implementation status by review	Number of actions agreed	Status of management actions					
		Implemented (1)	Implementation ongoing (2)	Not implemented (3)	Superseded (4)	Not yet due (5)	Confirmed as completed or no longer necessary (1)+(4)
Procure to Pay including Credit Cards	7	2	-	1	4	-	6
Accounts Receivable	12	12	-	-	-	-	12
Capital Programme and Fixed Assets	1	1	-	-	-	-	1

Implementation status by action management priority	Number of actions agreed	Status of management actions					Confirmed as completed or no longer necessary (1)+(4)
		Implemented (1)	Implementation ongoing (2)	Not implemented (3)	Superseded (4)		
Low	12	10			2		12
Medium	6	4		1	1		5
High	2	1			1		2
Total	20	15		1	4		19

2 FINDINGS AND MANAGEMENT ACTIONS

This report has been prepared by exception. Therefore, we have included only those actions graded as 2 and 3. Each action followed up has been categorised in line with the following:

Status	Detail
1	The entire action has been fully implemented.
2	The action has been partly though not yet fully implemented.
3	The action has not been implemented.
4	The action has been superseded and is no longer applicable.
5	The action is not yet due.

Ref	Management action	Original date and priority	Audit finding	Current status	Updated management action and Priority	Owner responsible and revised date
Procure to Pay including Credit Cards						
1	a) Purchase orders should be updated to include the Conditions of Purchase that are available on the OPCC website in addition to the Staffordshire Police website. b) The Conditions of Purchase should be made available of both websites.	30 September 2017 Medium	Review of the websites for the Staffordshire Police, Fire and Crime Commissioner and Staffordshire Police Force did not include the conditions of purchase. Management action reiterated.	3	a) Purchase orders should be updated to include the Conditions of Purchase that are available on the OPCC website in addition to the Staffordshire Police website. b) The Conditions of Purchase should be made available of both websites. Medium	Julia Curtin (06159) 30 September 2019

APPENDIX A: DEFINITIONS FOR PROGRESS MADE

The following opinions are given on the progress made in implementing actions. This opinion relates solely to the implementation of those actions followed up and does not reflect an opinion on the entire control environment.

Progress in implementing actions	Overall number of actions fully implemented	Consideration of high actions	Consideration of medium actions	Consideration of low actions
Good	> 75 percent	None outstanding	None outstanding	All low actions outstanding are in the process of being implemented
Reasonable	51 – 75 percent	None outstanding	75 percent of medium actions made are in the process of being implemented	75 percent of low actions made are in the process of being implemented
Little	30 – 50 percent	All high actions outstanding are in the process of being implemented	50 percent of medium actions made are in the process of being implemented	50 percent of low actions made are in the process of being implemented
Poor	< 30 percent	Unsatisfactory progress has been made to implement high actions	Unsatisfactory progress has been made to implement medium actions	Unsatisfactory progress has been made to implement low actions

APPENDIX B: SCOPE

Scope of the review

The internal audit assignment has been scoped to provide assurance on how the Chief Constable of Staffordshire manages the following objective:

Objective of the area under review

Management have introduced effective systems for the monitoring of implementation of recommendations and recommendations agreed are implemented in line with the agreed timescales.

When planning the audit, the following areas for consideration and limitations were agreed:

Areas for consideration:

This will include the agreed recommendations made in the following assignment reports:

- Procure to Pay including Credit Cards
- Accounts Receivable
- Capital Programme and Fixed Assets

Limitations to the scope of the audit assignment:

The review only covers audit recommendations previously made and does not review the whole control framework of the areas listed above, therefore we are not providing assurance on the entire risk and control framework.

We will only review those recommendations due for implementation at the time of the review.

We will ascertain the status of recommendations through discussion with management and review of the most recent recommendation tracking report presented to the ETAP. Where the indication is that recommendations have been implemented, we will undertake limited testing to confirm this. Where testing has been undertaken, our samples have been selected over the period since actions were implemented or controls enhanced. Our work does not provide any guarantee or absolute assurance against material and/or other errors, loss or fraud.

Where relevant to the recommendation being followed up, we will ascertain whether policies / procedures / documentation have been established but we have not assessed whether these are fit for purpose.

APPENDIX C: ACTIONS COMPLETED

From the testing conducted during this review we have found the following actions to have been fully implemented and are now closed:

Assignment title	Management actions
Procure to Pay including Credit Cards	<p>The Police Payments and Exchequer teams should ensure that the records of staff authorised to sign off Non-POP payments is kept up to date, ensuring:</p> <ul style="list-style-type: none"> a) Details include the name of each member of staff, maximum authorisation limit, budget areas and example of signature. b) The section / team manager should certify that the list is complete and date it. c) Such records to be circulated each year to check for changes in staff or duties affecting their level of authority. <p>(Medium)</p>
	<ul style="list-style-type: none"> a) Management should consider developing reporting mechanisms to inform and target those parts of the organisation that are not complying with the requirement to raise purchase orders. b) All budget holders should be reminded by e-mail that they need to place purchase orders unless it is an exempted area such as utilities, etc. <p>(Medium)</p>
Accounts Receivable	<p>The Force / OPCC should consider whether credit limits are needed for customers. This would mean that where there was uncertainty about whether a customer would be able to pay, the customer must pay in advance of the service. If the entity chooses to accept the risk of non-payment, then they should remove the Debtor Request Set-up form and change the Invoice Request form to include any additional details required for set up of a new customer.</p> <p>(Low)</p>
	<p>Finance Managers should be encouraged to monitor activity leading to expected income, so that orders can be requested at the earliest opportunity. The Technical Finance team should monitor invoice requests that are not raised promptly, so that the matter can be raised with originating departments / officers.</p> <p>(Medium)</p>
	<p>The Technical Finance team should provide instruction as to what are required fields as per the Invoice Request form. Invoice Request forms should be provided to the Technical Finance team with evidence that the customer has agreed to the service being provided; this should be in the form of a purchase order, or where this is not possible, copies of relevant correspondence.</p> <p>(Low)</p>

	Finance Managers should track invoice requests and chase when these are not processed within an appropriate time period. (Low)
	Update the handbook and have it approved by the appropriate body. (Low)
	A systematic way of adding all bank receipts onto the General Ledger should be introduced and approved as part of a procedure document. The procedures should include steps to be followed to ensure income is coded in the event of illness of key members of staff. (Low)
	Providing an email address on invoices to which remittance advice can be sent as an alternative option for customers to posting remittances may increase the volume of remittances received. (Low)
	All cash receipts should be recorded onto the financial ledger promptly. (Low)
	A periodic (quarterly for instance) meeting should exist between the Senior Finance Assistant and the CFO to improve accountability and enable actions to be taken forward against non-paying customers. This should be included as part of the entities policies and procedures. (Low)
	A consistent policy should be put in place for the recovery of outstanding debts, including standardised letters to be posted to debtors at fixed intervals, and detailing evidence of recovery action taken. Such a policy should be subject to regular review. (Medium)
	The current Write-off Policy should be updated to reflect the correct process for identification and approval of bad debt write offs. Existing long-standing debts should then be considered against the Policy. (Low)
	The Force should document a policy that outlines the responsibilities of authorising credit notes clearly. (Low)
Capital Programme and Fixed Assets	The following measures should be adopted across the Force to enable an efficient budget process: a) Initial budgetary meetings should be completed with the Finance Manager and the Project Manager where a robust and challenging meeting should take place to review the forecast budget report and the supporting reasons proposed for changes in the budget.

- b) Subsequently, a second meeting should take place which reviews and finalises the budget proposed.
 - c) The finance team should provide monthly budget reports / cost centre report which outline the expenditure made on the specific cost centre. This report should be monitored by the Project Manager and relevant action taken to address any issues reflected within the report.
- (High)**
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APPENDIX D: ACTIONS SUPERSEDED

The following management actions have been superseded following our review of Key Financial Controls (4.18/19). Management should aim to address the issues in the Key Financial Controls report.

Assignment title	Management actions
Procure to Pay including Credit Cards	<p>a) The production of KPI data on a monthly basis should be re-instated to provide management with some data on the payment cycles.</p> <p>b) The Excepted Receipts report to identify the number of orders still not cleared against goods receipt notes should be reported to identify both the number of orders but also some break down of reasons which could be used to improve training / issuing guidance to staff on problems to avoid e.g. accounting for carriage.</p> <p>c) Similarly, the On-Hold invoice report should be monitored to highlight problems and even identify teams that persistently delay clearing invoices, which will also pick up possible duplicate invoices.</p> <p>Regular meetings led by a senior member of staff bringing together the different elements of the procurement process would provide a forum for highlighting gaps within the teams operations, training and IT issues to be cascaded down to staff across the service.</p> <p>(High)</p>
	<p>Staff are asked to ensure that documents are filed against the internal reference number and any links to other documents should be noted on the Oracle system.</p> <p>(Low)</p>
	<p>Staff are recommended that NCR2 forms should be used in accordance with procedures.</p> <p>Also, both the NCR1 and NCR2 forms should be reviewed as to whether certain sections remain relevant as they are rarely completed. However, the sections identifying the supplier number iProc, date created and authoriser should be completed.</p> <p>(Low)</p>
	<p>a) It is recommended that card holders are reminded to use blank monthly claim forms in order to enter correctly the breakdown of expenditure and to identify where a VAT invoice is available.</p> <p>b) Staff should ensure that the transaction log and credit card statement totals agree prior to input into Oracle.</p> <p>c) In addition, monitoring of usage of credit cards should be completed to ensure that staff are submitting the invoices promptly for payment and that staff still need the cards or the level of expenditure.</p> <p>(Medium)</p>

FOR FURTHER INFORMATION CONTACT

Angela Ward, Senior Manager

Angela.Ward@rsmuk.com

07966 091471

rsmuk.com

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