



POLICE AND CRIME COMMISSIONER FOR CLEVELAND

Key Financial Controls – Procurement

Final Internal Audit Report: 3.25/26

10 September 2025

This report is solely for the use of the persons to whom it is addressed.

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.



CONTENTS

Audit outcome overview 3

Summary of management actions 7

Appendices

Detailed findings and actions 10

Appendix A: Categorisation of findings 16

Appendix B: Internal audit assignment opinions 17

AUDIT OUTCOME OVERVIEW

In line with our scope, the overview of our findings is detailed below.

Background / Why we did the audit

We undertook a review of the framework in place for procuring goods and services under the Procurement Act 2023 at the Police and Crime Commissioner for Cleveland. As part of the audit we have considered a range of areas, including the Corporate Governance Framework, procurement responsibilities and procedures, contract extensions, variations and waivers and the current reporting arrangements.

The Corporate Governance Framework outlines the Contract Standing Orders for Procurement and has been developed to provide all staff of the Office of the Police and Crime Commissioner for Cleveland (OPCC) and those under the direction and control of the Chief Constable of Cleveland Police who become involved in the contracting and procurement process with a clear regulation framework in which to operate to enhance the delivery of value for money for the PCC and the Force. The Contract Standing Orders are aligned to Section 135 of the Local Government Act 1972 and all other powers enabling the Police and Crime Commissioner for Cleveland. The Contract Standing Orders cover and comply with the provisions of the Procurement Act 2023 and Procurement Regulations 2024.

The rules governing public procurement are changing, the new Procurement Act will improve the way procurement is undertaken, so that every pound goes further for public services. Following on from this, a number of changes have been introduced by the Force following the introduction of the Procurement Act 2023. For example, planning to renew contracts with suppliers under the new regulations, the new reporting mechanisms will come into effect (under regulation 71 of the Act). An example of this is the new Contract Performance Notices which were required to be published (regulation 39 of the Act).

The current Procurement & Commissioning Manager is now supported by a new Strategic Contracts & Governance Manager, who will drive forward these changes to further enhance their compliance with the Procurement Act 2023.

Conclusion: As part of our review of the controls in place surrounding the Procurement Framework and testing of compliance of these, we found the controls were being complied with in practice and following the introduction of the changes to the systems in place this will further enhance their compliance with the Procurement Act 2023.

As a result of our audit testing we identified findings which have resulted in **three medium** and one **low** priority action being agreed with management. The medium priority management actions are in relation to reporting of supplier performance to the Joint Audit Committee; the second action was in relation to our data analytics review where we identified suppliers with an expenditure over £50,000, however did not explicitly appear on the contracts register.

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 area 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).

Audit themes:

Our review identified the following issues resulting in the agreement of two medium priority management actions:

Responsibilities and Accountabilities for Procurement

The Corporate Governance Framework outlines the key responsibilities and accountabilities for procurement activities and alignment with the Procurement Act 2023. Job descriptions are also in place for Buyer and Fleet Assistant, Category Leader and Strategic Contracts Governance Manager. The procurement team are currently undergoing a staffing change and are in the process of developing a job description for the newly created Procurement Team Member role and is still in the process of being finalised which is planned to be completed within the next three months before being presented for Board approval. **(Low)**

Register of Supplier Contracts

The Force has a register of supplier contracts in place, which details all live and archived contracts in place, as well as the contract start and end dates including details of the contract and contract owners. Any key changes made to these contracts are noted and the register is reviewed on a regular basis. However from review of the register there were some key fields not completed for a number of contracts, including start and end dates, and contract terms. **(Medium)**

Reporting

Quarterly procurement reports are produced and reported to the Chair and members of the Joint Audit Committee. This report advises the Joint Audit Committee on the use of Contract Standing Order 10 and the Procurement Activity and Performance during the period. Contract Standing Order 10 states that "Exceptional situations are those created by external actions and events over which the Force has no control but has an obligation to respond." In compliance with Contract Standing Orders, it is the practice to report every exceptional circumstance where it appears that the normal requirement to tender has not been followed.

Key supplier dependencies are also considered by Category Leads / Procurement Management on a contract-by-contract basis and monitored via regular stakeholder meetings.

We did however note that the reports presented did not include any details surrounding the analysis of supplier performance, including feedback to inform supplier decisions and supplier management. **(Medium)**

Data Analytics

Through analysis of supplier expenditure over £50,000, we identified 34 suppliers out of the 119 in which there appeared to be no corresponding contract recorded on the contracts register. **(Medium)**

We noted the following controls to be adequately designed and operating effectively:

Corporate Governance Framework and Procedures

The Force's Corporate Governance Framework outlines the Contract Standing Orders for Procurement and is aligned with the requirements set under the Procurement Act 2023. The Contract Standing Orders are supported by a comprehensive set of procurement procedures outlining procedures in place for procurement activity including financial limits for tendering and quotations. In addition to these there are process flows in place which provide a step by step guide on procurement.

Quotations / Tenders

We confirmed through sample testing that quotations had been obtained in line with the financial limits outlined within the procurement procedures. We also confirmed that tender exercises had been undertaken for procurements contracts in line with the financial limits outlined in the Corporate Governance Framework.

Contract Extensions

Contract extensions are agreed prior to the end of the contract and are approved in line with the Corporate Governance Framework to ensure that they do not negatively impact the force. Through sample testing we confirmed a contract variation form had been completed and approved for each contract, in line with the requirements of the Corporate Governance Framework.

Contract Variations

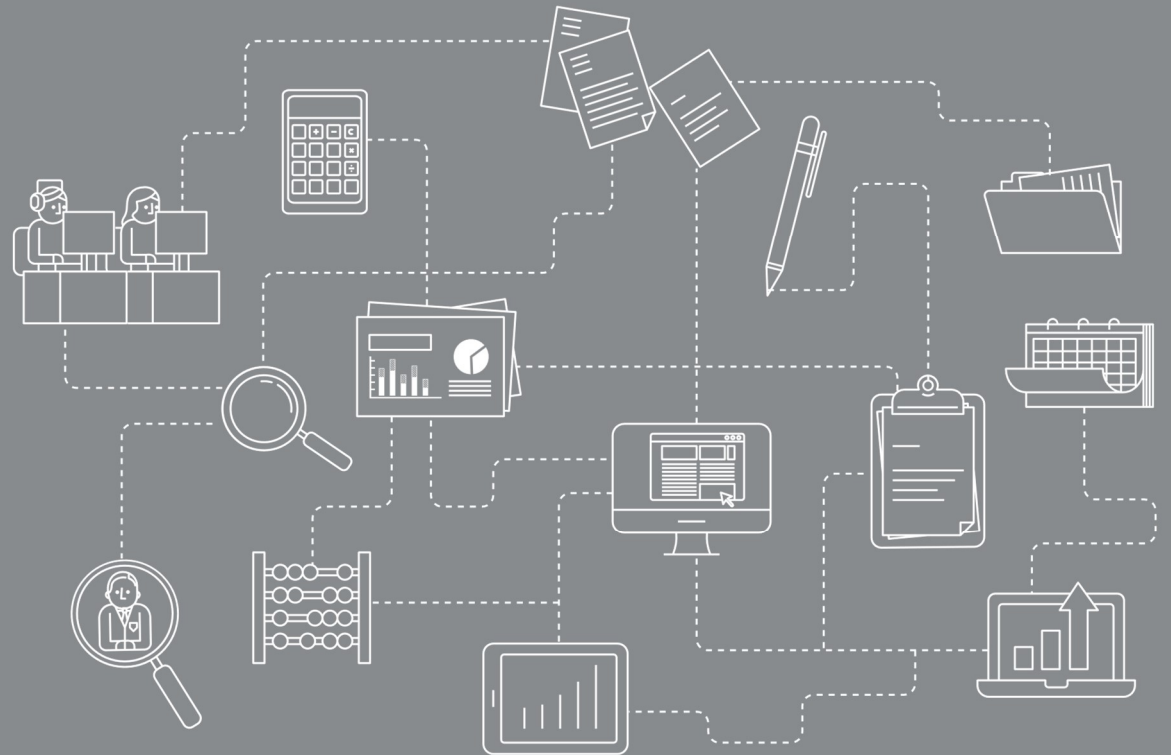
We confirmed through sample testing that a Deed of Variation Form had been completed and appropriately signed off in line with the Corporate Governance Framework for each contract variation.

Contract Waivers / Single Tender Actions

We confirmed through sample testing for five contracts that had been contracted under the exemption route that a request for exemption form had been completed and approved in line with the Corporate Governance Framework.

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	<p>The Force will conclude the review of roles and responsibilities for the procurement team, and ensure that these are clear, there is no duplication, and staff are suitably trained and experienced to undertake their proposed duties.</p> <p>Monthly learning & development sessions will take place and focus on various procurement processes including evaluation and moderation, the tender process, contract management, managing price increases and In-Tend.</p> <p>A review will also be undertaken of the current team roles / tasks to determine whether time is being utilised effectively.</p>	Low	Commissioning & Procurement Manager	31 December 2025
2	<p>The contract register will be reviewed and key fields will be updated to ensure completeness of information. The Procurement Manager will then sense check the register before it is fed into the Procurement Act.</p>	Medium	Commissioning & Procurement Manager	30 September 2025
3	<p>The Procurement Team will undertake a review to identify the key suppliers / key contracts that present the highest risk to the Force, after which the contract owners will be consulted as well as other stakeholders throughout the Force to understand and manage the risks for each. A contract Management Plan for all high-risk contracts will then be created detailing how contracts are to be managed moving forward.</p> <p>The Procurement Team will attend Command Meetings so they have access to key information relating to key suppliers / key contracts activity. Following on from this the Force will then produce procurement performance reports to be presented to the Joint Audit Committee meeting and will include an analysis of supplier performance, including feedback to inform supplier decisions and supplier management.</p>	Medium	Commissioning & Procurement Manager	31 August 2026

* Refer to Appendix B for more detail

Ref	Action	Priority	Responsible Owner	Date
4	The Force will review the 34 suppliers where the annual expenditure is over the tender limit for £50,000 and confirm if there is a corresponding contract in place which was as a result of a competitive tender exercise to ensure that value for money is being achieved for goods or services being procured. Where contracts are not in place, a decision will be made as to whether the services are required to be market tested and contracts entered, to ensure compliance with procurement regulations.	Medium	Commissioning & Procurement Manager	31 December 2025

* Refer to Appendix B for more detail

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.

Area: Responsibilities and Accountabilities for Procurement				
Control	<p>The Corporate Governance Framework outlines the key responsibilities and accountabilities for procurement activities and alignment with the Procurement Act 2023.</p> <p>Job descriptions are in place for Buyer and Fleet Assistant, Category Leader and Strategic Contracts Governance Manager.</p> <p>(Note: The procurement team are currently undergoing a staffing change and are in the process of developing a job description for a new role, yet to be titled or defined, within the Procurement Team.)</p>	Assessment:		
		Design		Partial
		Compliance		-
Findings / Implications	<p>Through review of the Corporate Governance Framework we confirmed that the roles and accountabilities of the Procurement Team including the Commissioning and Procurement Manager, Procurement Transactional Team, local procurement team are outlined. The Contract Standing Orders make reference to the provisions of the Procurement Act 2023/Procurement Regulations 2024 and endeavour to ensure that the procurement processes are transparent and fair.</p> <p>We also confirmed that there are job descriptions in place for Buyer and Fleet Assistant, Category Leader and Strategic Contracts Governance Manager. We noted that the job descriptions highlighted they were last updated in March 2019, however the procurement team are currently undergoing a staffing change and are in the process of developing a job description for a newly created role within the Procurement Team, which is due to be finalised within the next three months before being presented for Board approval.</p>			
Management Action 1	<p>The Force will conclude the review of roles and responsibilities for the procurement team, and ensure that these are clear, there is no duplication, and staff are suitably trained and experienced to undertake their proposed duties.</p> <p>Monthly learning & development sessions will take place and focus on various procurement processes including evaluation and moderation, the tender process, contract management, managing price increases and In-Tend.</p> <p>A review will also be undertaken of the current team roles / tasks to determine whether time is being utilised effectively.</p>	Responsible Owner:	Date:	Priority:
		Commissioning & Procurement Manager	31 December 2025	Low

Area: Register of Supplier Contracts

Control	There is a register of supplier contracts in place which detail all live and archived contracts in place and details the contract value, contract start and end date, contract owners and any key changes. This contract register is reviewed on a regular basis by the Commissioning & Procurement Manager place to ensure that the Force is aware in advance of any contracts nearing their end date.		Assessment:	
			Design	✓
			Compliance	×
Findings / Implications	We confirmed that there is a central Contract Register in place which outlines all live and archived contracts that are in place. The register includes the following for each contract: <ul style="list-style-type: none">• Procurement Regulation reference;• Contract details including name, contract number supplier details;• Contract value;• Contract owner;• Start and end date;• Term of contract;• Due of review date;• Annual cost and total value of the contract over the term;• Risk status; and• If Supplier is registered on In-tend We noted that the register details any key changes to the contract including details of any risks identified, the risk status of each contract and the contract extension date if applicable. Commissioning & Procurement Manager stated that this contract register is reviewed on a regular basis by them to ensure that the Force is aware in advance of any contracts nearing their end date, which would prompt discussions with the supplier. The contract register is available to all members of the Procurement Team. We also noted that there is a column titled 'Notes relating to current contract' which had been used to record detail of any changes made to the contract including extensions, variation and reviews undertaken. From review of the register we noted that the following information for the key fields was missing: <ul style="list-style-type: none">• The contract start date was missing for three contracts and contract end date was missing for eight contracts;• The contract term was missing for three contracts;• There was no contract value/annual cost noted for nine contracts; and• There was no contract owners noted for 14 contracts. Where key fields on the contract register are not completed there is a risk that management of procurement contracts is ineffective and may lead to a breach of the Procurement Act.			
Management Action 2	The contract register will be reviewed and key fields will be updated to ensure completeness of information. The Procurement Manager will then sence check the register before it is fed into the Procurement Act.	Responsible Owner:	Date: 30 September 2025	Priority: Medium

Area: Register of Supplier Contracts

Commissioning &
Procurement
Manager

Area: Reporting

Control	<p>Quarterly procurement reports are produced and reported to the Chair and members of the Joint Audit Committee. These reports include an analysis of the spend in order to aid effective decision making and enable:</p> <ul style="list-style-type: none">• The identification and management of key supplier dependencies (e.g. single suppliers for business-critical goods or services).• Analysis of supplier performance, including feedback to inform supplier decisions and supplier management.• Expenditure outside of policy including contract waivers/single tender actions.	Assessment: Design × Compliance ×
Findings / Implications	<p>Review of the March 2025 meeting minutes of the Joint Audit Committee meeting confirmed that the Contract Standing Orders- Exemptions Report had been presented and the minutes recorded the discussions that took place. The report noted three recommendations, noting exceptional situations within the reporting period, nine exemptions in total in the final reporting period, all fall under proprietary product exemption clause. Eight of these were software that only one provider can arrange due to bespoke nature, exemption for this was applied. The ninth exemption related to the continuation of the fire extinguisher maintenance contract.</p> <p>We also reviewed the reports presented at this meeting which confirmed that the following papers were reported:</p> <p><u>Exceptional Situations and Procurement Performance Report</u></p> <p>This report advises the Joint Audit Committee on the use of Contract Standing Order 10 and the Procurement Activity and Performance during the period December 2024 to March 2025. Contract Standing Order 10 states that “Exceptional situations are those created by external actions and events over which the Force has no control but has an obligation to respond.” In compliance with Contract Standing Orders, it is the practice to report every exceptional circumstance where it appears that the normal requirement to tender has not been followed. The report provided details of the nine exemptions to the Contract Standing Order and the cost implications.</p> <p>The report also detailed the procurement performance:</p> <ul style="list-style-type: none">• The PCC has 318 live contracts as of 10/03/2025. <p>In the period December 2024 to March 2025, 58 of these contracts were due to end or be extended:</p> <ul style="list-style-type: none">• 23 were extended in line with annual renewal contract terms e.g. Software Licences / Maintenance subscriptions etc. (40%)• 5 were extended via an exception to contract standing orders. (proprietary = 4 / Operational Emergency = 1) (9%)	

Area: Reporting

- 10 were extended in line with the contract term e.g. if a contract was awarded as a 3-year contract with an option to extend for two further 12-month periods. (17%)
- 9 were contracted via Framework Agreements (15%)
- 11 were terminated as no longer required. (19%)

Procurement report for the Commissioning of the Oracle ERP & DMS Managed Service

An Open Tender Procurement was the chosen as the most effective way to procure the services to enable a wide selection of bidders to apply and through this competitive process, Sopra Steria won a re-contract of the Managed Service commencing from 01 September 2020 to 31st August 2025. The purpose of this report is to advise the Police and Crime Commissioner of the procurement process undertaken during the recent exercise to award a replacement contract for the Oracle ERP and DMS Managed Services.

Review of the January 2025 meeting minutes and papers confirmed that the Exceptional Situations and Procurement Performance Report had been presented for review and discussion at the Joint Audit Committee meeting.

We did however note that the reports presented did not include any details surrounding the following:

- The identification and management of key supplier dependencies (e.g. single suppliers for business-critical goods or services).
- Analysis of supplier performance, including feedback to inform supplier decisions and supplier management.

Further discussions with the Commissioning & Procurement Manager confirmed that although this is not formally reported to a group (e.g. Chief Officer Team / Exec Management Board etc.) it is considered by Category Leads / Procurement Management on a contract-by-contract basis and monitored via regular stakeholder meetings / performance meetings. Some strategic contracts e.g. the PFI contracts have risk registers maintained by Corporate Services Team who map supplier dependencies. One example of this is the Tactical Training Centre PFI project where specialist subcontractors (single suppliers) have been identified and recorded on the PFI Gold Group (which is a command level meetings) project documents. Additionally, there is a Risk Manager in the organisation who maintains a log of these risks (alongside other organisational risks).

Supplier performance management is embedded with the core Contract Terms and this has been the previous methodology of analysing supplier performance. An example of this is the Custody Management contract where rectification plans / processes were implemented in accordance with the contract. With the Procurement Act 2023 launching in February, there are now established requirements and processes in place to measure and report on supplier performance. As the Force begins to re-contract with suppliers under the new regulations the new reporting mechanisms will come into effect (under regulation 71 of the Act). An example of this is the new Contract Performance Notices required to publish (regulation 39 of the Act).

Where supplier performance activity is not reported to the Joint Audit Committee there is a risk that poor performance and quality is not identified and addressed which may lead to financial loss or breaches against the Corporate Governance Framework and the Procurement Act 2023.

Management Action 3	The Procurement Team will undertake a review to identify the key suppliers / key contracts that present the highest risk to the Force, after which the contract owners will be consulted as well as other stakeholders throughout the Force to understand and manage the risks for each. A contract Management Plan for all	Responsible Owner: Commissioning & Procurement Manager	Date: 31 August 2026	Priority: Medium
--------------------------------	---	---	--------------------------------	-----------------------------------

Area: Reporting

high-risk contracts will then be created detailing how contracts are to be managed moving forward.

The Procurement Team will attend Command Meetings so they have access to key information relating to key suppliers / key contracts activity. Following on from this the Force will then produce procurement performance reports to be presented to the Joint Audit Committee meeting and will include an analysis of supplier performance, including feedback to inform supplier decisions and supplier management.

Area: Data Analytics

Data Analytics Test We undertook analytics of supplier details/spend to confirm it is appropriate and recorded effectively.

Findings / Implications

We undertook an analysis of the total supplier expenditure as per the finance system over the period 1 April 2024 to 31 March 2025 and compared this to the suppliers who have a contract in place. This was to ensure that supplier expenditure over the tender limit of £50,000 was in relation to an existing contract.

Our analysis identified that of the 119 suppliers where the expenditure was over £50,000, 85 had contracts in place which were recorded on the contracts register. However, for the remaining 34 suppliers there appeared to be no corresponding contract recorded on the contracts register.

There is a risk that value for money is not achieved for supplier expenditure as well as there being a breach against the Corporate Governance Framework.

Management Action 4

The Force will review the 34 suppliers where the annual expenditure is over the tender limit for £50,000 and confirm if there is a corresponding contract in place which was as a result of a competitive tender exercise to ensure that value for money is being achieved for goods or services being procured. Where contracts are not in place, a decision will be made as to whether the services are required to be market tested and contracts entered, to ensure compliance with procurement regulations.

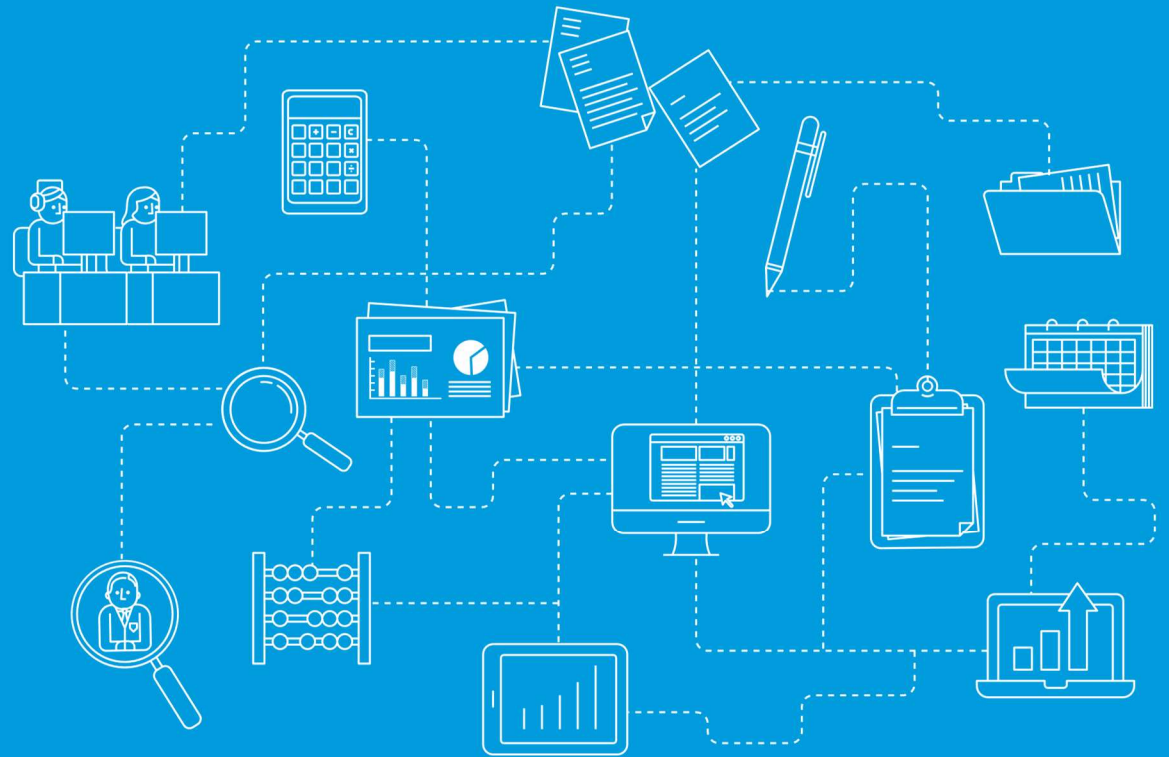
Responsible Owner:
Commissioning &
Procurement Manager

Date:
31 December
2025

Priority:
Medium

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
Procurement	1 (10)	3 (10)	1	3	0
Total			1	3	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: INTERNAL AUDIT ASSIGNMENT OPINIONS



Minimal Assurance

Taking account of the issues identified, the board cannot take assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.

Urgent action is needed to strengthen the control framework to manage the identified risk(s).



Reasonable 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).



Partial Assurance

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

Action is needed to strengthen the control framework to manage the identified risk(s).



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.

Debrief held	19 June 2025
Updated Debrief Issued	10 July 2025
Draft report issued	17 July 2025
Responses received	7 August 2025 10 September 2025
Revised draft issued	8 August 2025
Final report issued	10 September 2025

Internal audit Contacts	Dan Harris, Head of Internal Audit Matt Stacey, Managing Consultant Rakxa Parmar, Senior Consultant Ella Robson, Consultant
Client sponsor Distribution	Ian Wright, Chief Finance Officer for the Chief Constable Ian Wright, Chief Finance Officer for the Chief Constable

We are committed to delivering an excellent client experience every time we work with you. If you have any comments or suggestions on the quality of our service and would be happy to complete a short feedback questionnaire, please contact your RSM client manager or email admin.south.rm@rsmuk.com.

rsmuk.com

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 the Police and Crime Commissioner for Cleveland, 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.

This report is released to you on the basis that it shall not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted by agreed written terms), without our prior written consent.

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

RSM UK Risk Assurance Services LLP is a limited liability partnership registered in England and Wales no. OC389499 at 6th floor, 25 Farringdon Street, London EC4A 4AB.