



YORK AND NORTH YORKSHIRE DEPUTY MAYOR FOR POLICE, FIRE AND CRIME – NORTH YORKSHIRE FIRE FUNCTION

Credit Cards

FINAL Internal Audit Report 1.25/26

29 August 2025

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AUDIT OUTCOME OVERVIEW

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

Background: We undertook a review to determine whether the Service has effective processes in place to monitor, report and review on the use of credit cards. As part of the audit we have considered a range of areas, including approval of the issue of corporate credit cards, card expenditure, credit card reconciliations, the leavers process for credit card holders, monitoring of expenditure and current reporting arrangements.

As part our testing, we looked at expenditure from April 2024 to March 2025, with total spend being £36,064 across 154 different transactions from seven different Service cardholders. We have included some graphics in Appendix A in relation to this.

Conclusion: As part of our review of the controls in place surrounding credit cards we concluded that the Service has some well designed controls in place to help mitigate risks associated with credit card spending, however these were not always consistently applied.

As a result of our audit testing, we identified findings which have resulted in **two low priority, two medium priority and one high priority** actions being agreed with management. The high action was agreed as a result of identifying non-compliance with the procedure for approving credit card purchases. Additionally, we have suggested the service review the outcome of our data analytics, regarding one instance in which the monthly credit card spend limit was exceeded for one cardholder. The medium actions relate to the Service not having a formal process in place to ensure credit cards are cancelled for leavers and monitoring of expenditure. The low actions are in relation to credit card acknowledgements not being signed in a timely manner and not reviewing or signing off reconciliations.

Internal audit opinion:



Minimal Assurance



Partial Assurance



Reasonable Assurance



Substantial 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).

Audit themes:

The following controls identified exceptions with our testing resulting in one high, two medium and two low priority actions:

Expenditure

When a need to use the credit card is identified an F21 form is required to be completed by the cardholder and approved by the relevant Budget Holder. Following approval, goods or services are procured by the Credit Card Holder and the completed F21 form are forwarded to the Finance Team alongside the VAT receipt/invoice on the same day. The Accounting Technician then posts the transaction to the finance system. For sample of 20 credit card transactions we identified that in six cases an F21 form had not been completed. In the 14 cases where there was an F21 form in place, in one case we could not confirm who had approved the purchase. In three cases the F21 had been approved by the card holder and not an independent member of staff and in 11 cases the F21 had been approved after the transaction had been made. Additionally, in 4/20 cases there was no supporting invoice or receipt available to support the credit card transaction. **(High)**

Leavers

There is no formal process in place to ensure that credit cards are cancelled for leavers. If a cardholder leaves the Service, it is their responsibility to ensure that the card is handed to their line manager and the Senior Accounting Technician is informed. The card is returned to the Senior Accounting Technician, who arranges for it to be cancelled. Testing of a sample of three leavers in the past 12 months identified that for two leavers, the credit cards were cancelled after their leave date, in one case two weeks after and in the other case five weeks after the leave date. **(Medium)**

Monitoring

Expenditure of credit cards is not formally reviewed and monitored on a regular basis to ensure non-compliance with the credit card policy is identified and followed up. There is a risk of inappropriate expenditure or expenditure in excess of the budgets available. **(Medium)**

Staff awareness

For a sample of 12 cardholders, we confirmed there was a signed credit card acknowledgment on file, which had been signed by the cardholder to acknowledge that they have read and understood the Corporate Credit Card Standard Operating Procedure. For eight cardholders, we confirmed that an acknowledgment had been signed prior to the issue of the credit card. However, for four cardholders we identified that the acknowledgment had been signed after the date that the card had been issued. We did however confirm that expenditure on the cards had not been incurred prior to the agreement being signed. **(Low)**

Reconciliation

Through review of the credit card reconciliations for December 2024 and February and April 2025, we confirmed that the total value of the transactions agreed to the credit card statements and finance system. However we noted that the reconciliations are not independently reviewed and signed off. **(Low)**

Data Analysis

Through analysis of credit card data, we confirmed all staff who had incurred expenditure on their credit card were all current staff. We reviewed the cumulative spend per supplier in the period and confirmed that all spend was under the value of £1,000 with three exceptions. We reviewed the cumulative spend per employee on a monthly basis and identified two instances where expenditure was over their respective credit card limit, in one case the limit had been increased temporarily, however in the second case the expenditure was £3,371 for the month of March 2025, however the credit card limit was £3,000. **(Suggestion)**

The following controls were well designed and complied with:

Reporting

Review of the Management Accounts for the period of February 2025 confirmed that although credit card expenditure is not being reported upon this is captured within the income and expenditure statements.

Approval - Limits and issue

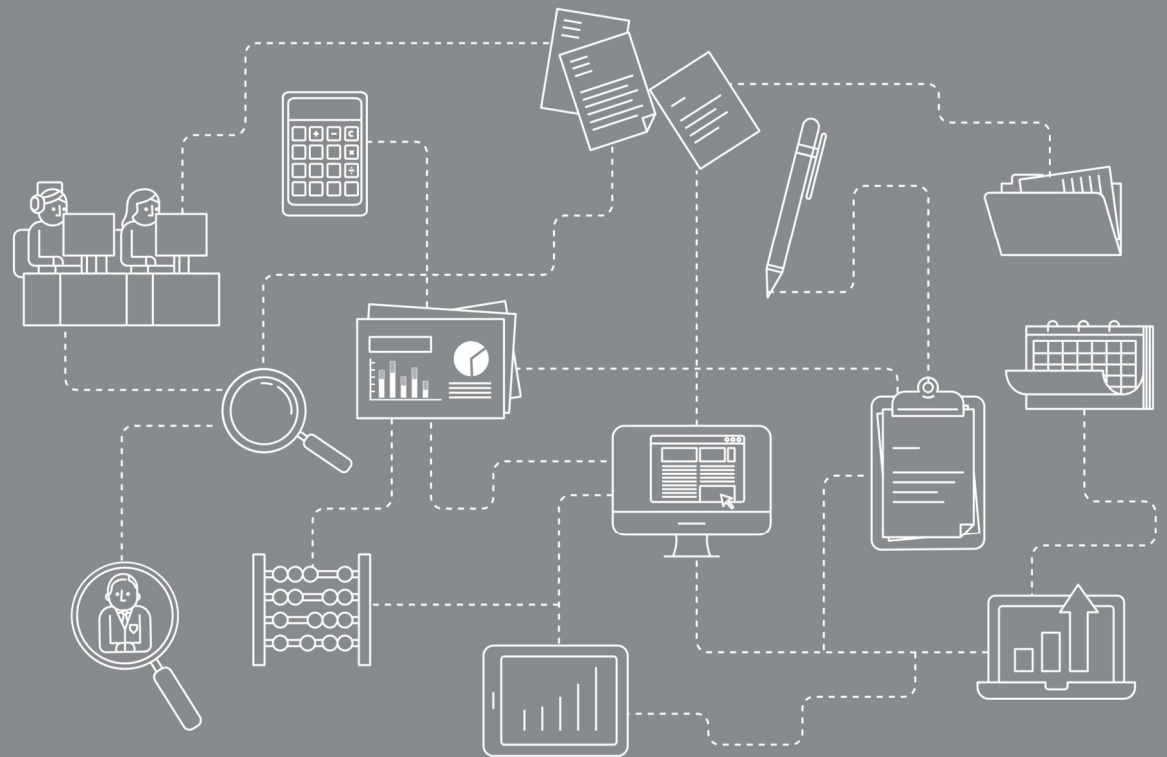
The issue of cards to staff is not formally required to be approved, but is stipulated in the credit card policy that all Fire Officers and Managers where required are provided with a credit card. Fire Officers are provided with a £500 limit on their credit card and where required, Managers will be provided with an increased limit which is approved prior to being issued.

Policies and Procedures

There is a Corporate Credit Card Standard Operating Procedure (SOP) in place which details the issue and use of credit cards, including roles and responsibilities and is available to staff via the intranet. The SOP is reviewed by the Accountant and approved by the Fire Finance Manager on an annual basis. We also identified that the Service are currently in the process of updating the SOP to include information regarding procurement.

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.

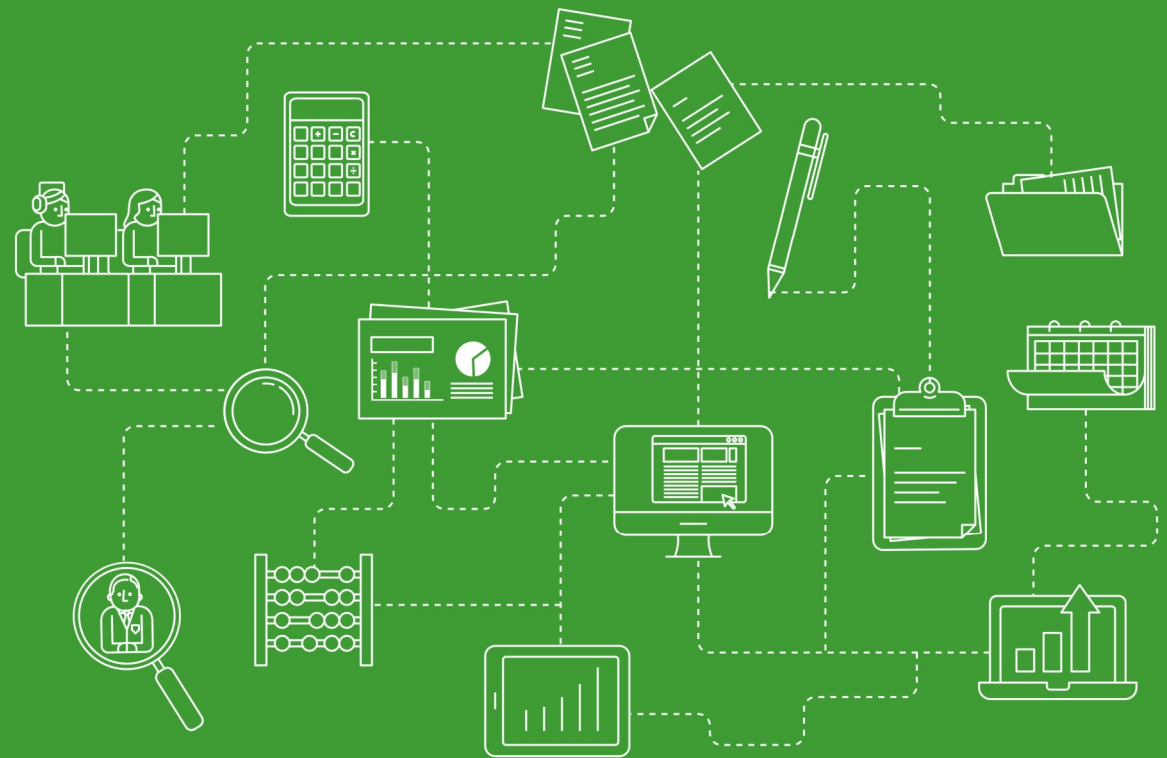
Low

There is scope for enhancing control or improving efficiency.

Ref	Action	Priority	Responsible Owner	Date
1	The Service will only issue credit card once the signed credit card agreement is available.	Low	Senior Accounting Technician	31 August 2025
2	The policy will be reviewed and communicated to Credit Card users and Budget Holders asking that the policy is complied with in all respects including authorisation of claims. Budget Holders are responsible for authorising expenditure. Finance will undertake quarterly dip sampling to check for non-compliance with the policy. Any instances of non-compliance will be investigated.	High	Finance Manager	30 September 2025
3	Monthly credit card reconciliations will be independently reviewed and signed off to confirm their accuracy.	Low	Accountant	31 August 2025
4	The leavers process will be amended to include that People Services will notify Finance when an individual is leaving the Service. Once notified, Finance will immediately cancel the card and contact individuals to ask them to promptly return their card before their leave date, so it can be cancelled.	Medium	Accountant	30 September 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: Credit Cards				
Control	Staff that are provided with a credit card are required to sign an agreement to confirm that they have read and understood the credit card policy and that they agree to use the credit card in line with the requirements of the agreement.			Assessment:
			Design	✓
			Compliance	×
Findings / Implications	For a sample of 12 cardholders, we confirmed there was a signed credit card acknowledgment on file for all 12, which had been signed by the cardholder to acknowledge that they have read and understood the Corporate Credit Card Standard Operating Procedure. For eight cardholders, we confirmed that an acknowledgment had been signed prior to the issue of the credit card. However, for four cardholders we identified that the acknowledgment had been signed after the date that the card had been issued. We did however confirm that expenditure on the cards had not been incurred prior to the agreement being signed. Where credit card agreements are not signed before being issued there is a risk that unauthorised expenditure is incurred.			
Management Action 1	The Service will only issue credits card once the signed credit card agreement is available.	Responsible Owner: Senior Accounting Technician	Date: 31 August 2025	Priority: Low

Area: Credit Cards				
Control	When a need to use the credit card is identified an F21 form is completed by the cardholder and approved by the relevant Budget Holder. Once the F21 is approved, goods or services are procured by the Credit Card Holder and the completed F21 forwarded to the Finance Team alongside the VAT receipt/invoice on the same day. The Accounting then posts the transaction to the finance system, Oracle Finance monthly.			Assessment:
			Design	✓
			Compliance	×
Findings / Implications	We selected a sample of 20 credit card transactions and identified that an F21 form had been completed in 14 cases, however in the remaining six cases there was no F21 form available. In the 14 cases where there was an F21 form in place we identified the following: In one case we could not confirm who had approved the purchase. We noted this had a value of £74; and			

Area: Credit Cards

- In three cases the F21 had been approved by the card holder and not an independent member of staff. We noted these purchases were valued between £483 and £668.

For the same 14 cases, we identified 11 cases in which the F21 form had been approved after the transaction had been made. We have not been able to confirm how many of the 11 cases were not able to be approved prior to purchase, for example if they were purchased in operation - do you mean whilst at operational incidents. However, we noted that examples of purchases included tickets for a conference, purchasing a display cabinet and booking a future hotel room. We noted that purchase value for the 14 cases ranged from £27 to £13,440, with the highest value purchase being made to pay for an online study programme delivered by University of York.

In 4/20 cases we identified that there was no supporting invoice or receipt available to support the credit card transaction. We noted that purchase value for the four instances ranged from £4 to £234. In each case the transaction had been posted to the finance system.

Where credit card expenses are not processed in line with the policy there is a risk that unauthorised purchases are made leading to financial loss.

Management Action 2	The policy will be reviewed and communicated to Credit Card users and Budget Holders asking that the policy is complied with in all respects including authorisation of claims. Budget Holders are responsible for authorising expenditure. Finance will undertake quarterly dip sampling to check for non-compliance with the policy. Any instances of non-compliance will be investigated.	Responsible Owner: Finance Manager	Date: 30 September 2025	Priority: High
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Area: Credit Cards

Control	Partially missing control - Credit Card reconciliations are completed on a monthly basis by the Accounting Technician to confirm that the credit card expenditure as per the credit card statement agrees to the Finance System. Reconciliations are not independently reviewed and signed off.		Assessment:	
			Design	×
			Compliance	×
Findings / Implications	We obtained the credit card reconciliations for December 2024 and February and April 2025, which had been completed by the Accounting Technician. In each case we confirmed that the total value of the transactions agreed to the credit card statements and finance system. However, we noted that the reconciliations are not independently reviewed and signed off, this could lead to unauthorised expenses being processed. As the total value per month was lower than £2,000 in all cases sampled, we have deemed the risk level to be low.			
Management Action 3	Monthly credit card reconciliations will be independently reviewed and signed off to confirm its accuracy.	Responsible Owner: Accountant	Date: 31 August 2025	Priority: Low

Area: Credit Cards

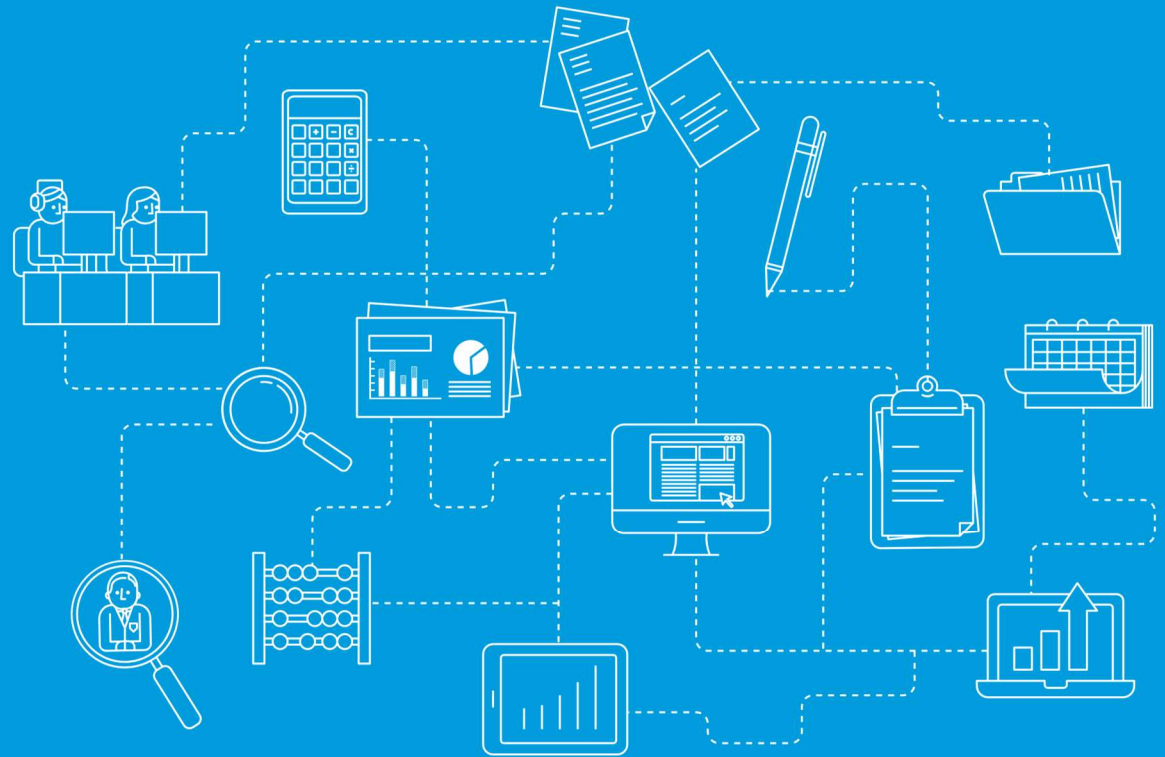
Control	Partially missing control - There is no formal process in place to ensure that credit cards are cancelled for leavers. If a cardholder leaves the Service, it is their responsibility to ensure that the card is handed to their line manager and the Senior Accounting Technician is informed. The card is returned immediately to the Senior Accounting Technician who will make arrangements for it to be cancelled.	Assessment:		
		Design		×
		Compliance		×
Findings / Implications	Review of the processes in place for leavers established that there was no formal process in place to ensure that staff leaving are prompted to return their card before their leave date. If a cardholder leaves the Service, it is their responsibility to ensure that the card is handed to their line manager and the Senior Accounting Technician is informed. The card is returned immediately to the Senior Accounting Technician who will make arrangements for it to be cancelled. Testing of a sample of three leavers in the past 12 months identified that for two leavers the credit cards were cancelled after their leave date, in one case two weeks after and in the other case five weeks after the leave date. We confirmed that there was no spend on these cards after the staff members had left the Service. Where leavers are not prompted to return their credit cards then there is a risk that the card is used for unauthorised purchases.			
Management Action 4	The leavers process will be amended to include that People Services will notify Finance when an individual is leaving the Service. Once notified, Finance will immediately cancel the card and contact individuals to ask them to promptly return their card before their leave date, so it can be cancelled.	Responsible Owner: Accountant	Date: 30 September 2025	Priority: Medium

Area: Credit Cards

Control	Missing control - Expenditure of credit cards is not formally reviewed and monitored on a regular to ensure non-compliance with the credit card policy is flagged.	Assessment:		
		Design		×
		Compliance		×
Findings / Implications	We noted that credit card expenditure is not formally reviewed and monitored regularly to ensure non-compliance with the credit card policy is being flagged and addressed. Where expenditure is not monitored there is a risk that value for money is not being achieved as well as unauthorised expenses being made.			
Management Action	See management action 2 on the agreed approach to spot checks going forwards.			

Appendices

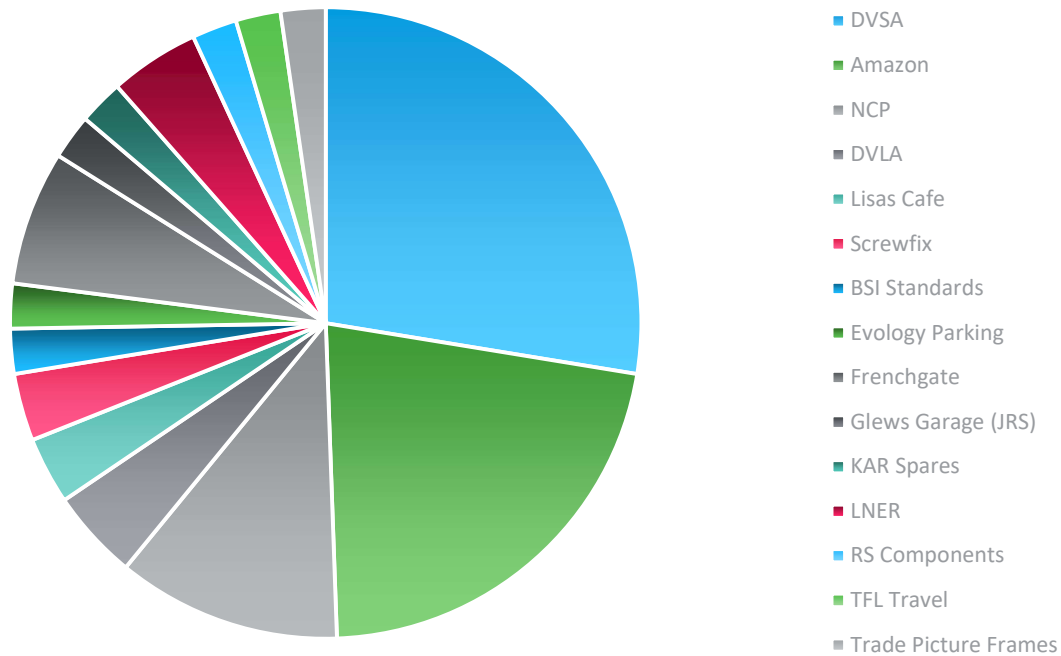
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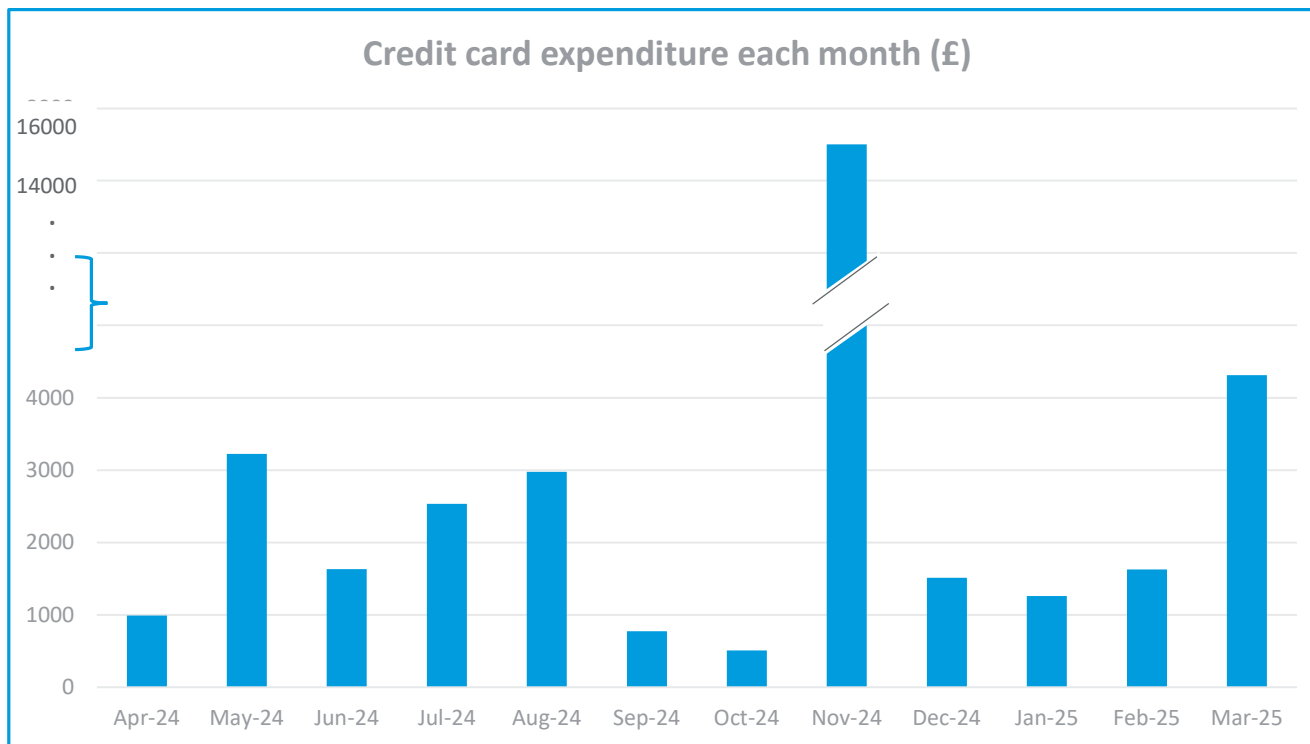


APPENDIX A: DATA ANALYTICS

The following is a summary of findings from our analytical work which we have discussed with management.

Most frequent uses of credit cards (all cases where it was used more than once)





November 2024 represents an outlier as it included a payment of £13,440 to cover the costs for an individual to complete an online study programme delivered by University of York, detailed in our findings throughout the report.

APPENDIX B: 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
Credit Cards	3 (9)	5 (9)	2	2	1
Total			2	2	1

* 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 C: 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

To determine whether the Function has effective processes in place to monitor, report and review on the use of credit cards and ensure appropriate financial controls are in place to enable internal compliance.

When planning the audit, the following were agreed:

Areas for consideration:

- The organisation has policies and procedures in place relating to credit cards, including roles and responsibilities, approval limits, and the criteria for using credit cards as opposed to using the procurement process in place. The policy and procedures are subject to review and approval and available to staff.
- Training is provided to users of credit cards and guidance is available and up to date.
- For a sample of credit cards, we will confirm:
 - There is appropriate authorisation of request to issue the card to the user;
 - The user has signed to acknowledge understanding of and compliance with credit card policy; and
 - Regular reconciliations are performed, checked and retained.
- For a sample of transactions made on credit cards, we will confirm:
 - Expenditure is in line with credit card policy; and
 - Transactions are supported by appropriate documentary evidence.
- There is a process in place to ensure that credit cards are stopped / cancelled and destroyed for all leavers.
- Credit card limits have been considered and implemented where appropriate.
- Credit card expenditure is monitored and non-compliance flagged and escalated where identified.
- Reporting arrangements regarding credit cards, related expenditure and instances of non-compliance are in place.

Data analysis:

- We will use data analytics to scrutinise credit card data with a particular focus on compliance with associated policies:
 - Non-compliant purchases (personal, entertainment etc);
 - Use of cards outside of working hours;
 - Unusual spending patterns;
 - Ghost cards; and
 - Split transactions to bypass approval limits.

Limitations to the scope of the audit assignment:

- We will not comment on the appropriateness of cards issued or of the limits set on cards.
- The areas of consideration documented above are only able to be completed if the appropriate data is able to be provided.
- The results of our data analytics work are reliant on the quality of data provided to us.
- Testing will be undertaken on a sample basis only and we will not re-perform reconciliations undertaken.
- We will not review payment of card balances or statements.
- We will not review user access and back up procedures for systems used for processing and recording card transactions.
- We will not comment on the leavers process as part of this review.
- We will not consider compliance with the entirety of the financial delegations or any other policy.
- We will not provide assurance that all purchasing activity had been undertaken appropriately.
- Our review will focus on the areas identified above, and will not consider expense payments, or any other financial area.
- We will not comment on whether the organisation is compliant with relevant purchasing laws and regulations.
- We will not comment on whether the organisation is obtaining value for money in its purchases, only that it is compliant with its own policies.
- We will not comment on the accounting for VAT.
- Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

Debrief held	2 July 2025
Draft report issued	10 July 2025
Responses received	5 August 2025

Final report issued	29 August 2025
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