

The Audit Committee is invited to consider and approve this internal audit plan.

Executive summary

This paper sets out a proposed plan of work to be undertaken by the Internal Audit Service for the Police and Crime Commissioner and the Chief Constable for the coming financial year. The plan amounts to an estimated total resource of **200** audit days.

The aim is to focus on the controls that manage the risks to the achievement of the Constabulary's and Police and Crime Commissioner's objectives, and the provision of assurance that these controls are adequately designed and effectively operated.

Background

Responsibility for maintaining and reviewing the system of internal control and for implementing a system of governance and risk management rests with the Office of the Police and Crime Commissioner (OPCC) and Lancashire Constabulary. However the process by which the Annual Governance Statement is produced includes obtaining assurances on the effectiveness of key controls and internal audit provides one of the key sources of such assurance.

Deployment of audit resources

The plan is stated in terms of days input, which represents our current best estimate of the way in which audit resources will be deployed.

Proposed work	Estimated audit days
Operational reviews	100
Key financial systems	65
Follow up reviews	10
Contingency	10
General management activity	15
Total audit days	200

Each of these areas is explained in more detail below.

Operational reviews

Following discussions with the Constabulary's Director of Resources and the Chief Executive and Chief Finance Officer of the Police and Crime Commissioner, the following areas have been identified for inclusion in the plan.

Area	Days	Outline of Audit Scope
Evidence-related property	25	We will consider the adequacy and effectiveness of the controls in place to manage the receipt, movement, storage and return/ disposal on a timely basis of evidence-related property.
Vetting and barring	15	We will consider the adequacy and effectiveness of controls over the vetting process and in particular the overall efficiency of the process, given the loss of key staff and the restructuring of the team.
Hi-tech Crime Unit	20	We will consider the case management framework in place to ensure that cases posing the highest risk to the Constabulary reputation are prioritised.
Information security	20	We will consider the adequacy and effectiveness of the controls in place to ensure that there is no unauthorised access to or disclosure of sensitive data, particularly where the Constabulary works in partnership with other organisations.
OPCC grant funding and monitoring arrangements	20	We propose to consider whether there are adequate and effective mechanisms in place to ensure that grant funding received by the OPCC is used for the purposes intended, and delivers the agreed outcomes, consistent with the key priorities as outlined in the Police and Crime Plan. In particular, we will consider the robustness of the controls in place to manage and monitor use of the Victim Support grants received.

Further consultation will be required as the detailed scope of our work is developed for individual audit reviews.

Key financial systems

The general ledger, treasury management, accounts payable, procurement, accounts receivable, payroll, pensions and expenses systems are regarded as key systems. Our estimate of the days required to undertake this work is based upon the completion of compliance testing of key controls which are already documented for the individual systems. In undertaking this work we intend to use computer assisted audit techniques to interrogate the systems and the data they hold wherever possible, to enable us to increase the audit coverage of each system, and also proactively to focus on areas susceptible to fraud.

Follow-up reviews

Under the Public Sector Internal Audit Standards, management has responsibility for ensuring that agreed actions in audit reports are implemented. Resources have therefore been identified to enable us to obtain assurances that actions agreed with management, arising from the prior year operational reviews have been implemented.

Contingency

A provision of 10 days has been included within this plan to cover additional work requests that were unanticipated at the time the original draft plan was drawn up.

Since meeting with the Chief Executive of the OPCC, we have been asked to utilise some of this provision to review the completeness and appropriateness of the policies, strategies and protocols in place within the OPCC to govern the strategic, financial, operational, scrutiny, and reporting functions and responsibilities of the Police and Crime Commissioner and his statutory officers.

General management and reporting

Resources have been allocated to cover attendance at meetings, preparation of annual and periodic monitoring reports, liaison with external audit and support provided in relation to the National Fraud Initiative.