

**Decision No. 2015/74**



**REPORT TO:** Police and Crime Commissioner for Lancashire

**REPORT BY:** Steve Freeman, Chief Finance Officer, Office of the Police and Crime Commissioner

**DATE:** 16 February 2016

**TITLE:** Internal Audit review – Commissioning of Victims' Services

Appendices A, B and C refer

## **EXECUTIVE SUMMARY**

As part of the annual audit plan a review of the arrangements for the commissioning of victims' services in Lancashire has been undertaken.

The outcome of this review has generated an agreed action plan which along with the findings of the review is detailed in this report

## **RECOMMENDATION**

The Commissioner is asked to

- Note the findings of the review
- Note the agreed action plan
- Note that a follow up review will take place in February 2016

**Decision taken by the Police and Crime Commissioner for Lancashire:**

Original decision, as set out in the attached report, approved without amendment (please delete as appropriate)	YES	NO
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Original decision required to be amended and decision as detailed below:
The reasons for the amended decision are as detailed below:

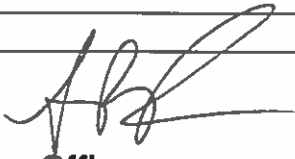
<b>Police and Crime Commissioner: Comments</b>
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The PCC is asked to consider any personal / prejudicial interests he may have to disclose in relation to the matter under consideration in accordance with the law, the Nolan Principles and the Code of Conduct.

**STATEMENT OF COMPLIANCE**

The recommendations are made further to legal advice from the Monitoring Officer and the Section 151 Officer has confirmed that they do not incur unlawful expenditure. They are also compliant with equality legislation.

<b>Signed:</b>  <b>Police and Crime Commissioner</b>  <b>Date:</b> 16 <sup>th</sup> February 2016	<b>Signed:</b>  <b>Chief Officer:</b>  <b>Date:</b>
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<b>Signed:</b>  <b>Chief Constable</b>  <b>Date:</b>	<b>Signed:</b>  <b>Chief Finance Officer:</b>  <b>Date:</b> 16/2/16
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## **1. Background and Advice**

As part of the agreed 2014/15 Internal Audit plan a review was undertaken of the commissioning arrangements in place in the Office of the Police and Crime Commissioner in respect of victims' services.

The review provided a limited assurance opinion with a number of recommendations being made by the internal audit team.

An action plan was agreed with the Chief Financial officer and it was also agreed that a follow up review would take place in February 2016.

The internal audit report including the agreed action plan is attached to this report at Annex A.

The report has been considered, and its finding noted, by the joint audit committee.

### **Implications:**

#### **Financial Implications**

There are no financial implications from this decision.

#### **Risk management**

### **Local Government (Access to Information) Act 1985 List of Background Papers**

Paper

Date

Contact



# **Lancashire Police and Crime Commissioner for Lancashire**

## **Internal audit report**

# **PCC Commissioning Arrangements**

## **Final report – September 2015**

### **Sponsor:**

**Steve Freeman, Chief Finance Officer of the Police and Crime Commissioner for Lancashire**

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## 1 Overall assessment

- 1.1 We have completed a review of the arrangements for commissioning Victims Services within the Office of the Police and Crime Commissioner for Lancashire (OPCC).

### Audit opinion

- 1.2 As a result of our audit we can only provide a **limited assurance** opinion. This means that weaknesses in the design and/ or inconsistent application of controls put the achievement of the service's objectives at risk. We have identified several areas where controls require improvement which are set out in Appendix A of the report.
- 1.3 The assurance we can provide over any area of control falls into one of four categories and these are defined at Appendix C.

### Significant findings

- 1.4 Our review has covered the period 2013/14 and 2014/15, during which the focus for the OPCC was predominantly to create and embed the victim's service infrastructure, and build capacity for service delivery. The objective for 2015/16, is to further enhance the service via development of a service delivery framework for Lancashire. The framework will facilitate the implementation of robust procedures and controls and facilitate efficient and effective service delivery.
- 1.5 A high level strategy that clearly reflects the objectives of the PCC with regards to victim support exists. The strategy was formally approved in June 2014, and is published on the PCC website. This is supported by the Ministry of Justice (MOJ), commissioning framework which has been adapted to the requirements of the PCC.
- 1.6 The Victims Services commissioned are aligned with the priorities stated within the PCCs Police and Crime Plan, and have been approved by the OPCC.
- 1.7 There is no appraisal of potential service providers in terms of past performance or financial standing/status prior to entering into agreements. This increases the risk that funding may be provided to organisations that do not have the capacity to provide the required outcomes, resulting in a waste of public resources.
- 1.8 The victims service funding has not been widely publicised by the OPCC. The approach has been to directly contact potential providers, informing them that funding is available. Grant conditions state that the OPCC must secure the best value for money whilst acting in a fair, open and non-discriminatory manner. We acknowledge that it is the view of the OPCC that the market for the provision of victims' services was initially very limited, and therefore the benefits of wider publication did not outweigh the cost.

- 1.9 Grant agreements are not consistently completed. The grant agreement form is the contractual document between the PCC and the service provider. It may be problematic to challenge providers if the grant agreement has not been fully completed, and signed by both parties.
- 1.10 The OPCC were not aware of the requirement in the grant conditions to maintain a register of assets for any asset purchased with grant funding in excess of £1000.
- 1.11 There is currently no routine process for reconciling the victim service grants awarded to expenditure incurred. A monitoring spreadsheet recording individual transactions to support production of the MOJ grant return is maintained, but this is not reconciled to the general ledger. The spreadsheet was subject to numerous ad-hoc amendments during the audit review. Testing undertaken to validate transactions within the spreadsheet, highlighted anomalies. Assurance cannot be given that grant expenditure is valid if individual transactions cannot be substantiated. Failure to substantiate reported expenditure could ultimately result in the MOJ withdrawing the grant funding.
- 1.12 The current processes to monitor provider performance is to wait until the cessation of the grant agreement, and then request providers to submit a report detailing how they have met the agreed outcomes. The absence of interim monitoring routines may result in the agreed service outcomes not being achieved.

### **Risk assessment and our proposed actions**

- 1.13 Our detailed findings and actions are set out in Appendix A of this report. We have categorised the issues we have raised in the context of the residual risk to which the service is exposed. Our actions are therefore defined as 'extreme', 'high', 'medium' or 'low' in relation to the residual risk they are designed to address.
- 1.14 Our actions fall into the following categories:

<b>Risk/ priority</b>	<b>Total</b>
Extreme residual risk	0
High residual risk	1
Medium residual risk	8
Low residual risk	2
<b>Total</b>	<b>11</b>

#### ***Extreme residual risk***

- 1.15 Critical and urgent in that failure to address the risk could lead to one or more of the following occurring: catastrophic loss of the service, loss of life, significant environmental damage or huge financial loss, with

related national press coverage and substantial damage to the service's reputation.

***High residual risk***

- 1.16 Critical in that failure to address the issue or progress the work could lead to one or more of the following occurring: failure to achieve organisational objectives, disruption to the business, financial loss, fraud, inefficient use of resources, failure to comply with law or regulations, or damage to the service's reputation.

***Medium residual risk***

- 1.17 Less critical, but failure to address the issue or progress the work could impact on operational objectives and should be of concern to senior management.

***Low residual risk***

- 1.18 Areas that individually have no major impact on achieving the service's objectives or on the work programme, but where combined with others could have an effect at the process level, which could give cause for concern.

**Acknowledgements**

- 1.19 We would like to take this opportunity to thank the OPCC staff contacted during this review for their assistance and cooperation during the course of our work.

**2 Overall objectives and scope of our work**

- 2.1 This review has been undertaken as part of the 2014/15 annual audit plan, to fulfil our responsibility to provide assurance to the Police and Crime Commissioner for Lancashire that the controls in place to manage its business risks are adequately designed and effectively operated.

**Risks**

- 2.2 The specific risks and controls against which we have assessed the system and control environment are set out in Appendix B.

**Scope of our work**

- 2.3 The primary objective of the audit was to review the adequacy and effectiveness of the commissioning arrangements for allocating victims service grant funding, ensuring they are in line with the documented policies and legislation.
- 2.4 The audit review involved:



- Discussion with key contacts to identify key data, their sources and uses;
- Documentation and testing of key information systems and controls; and
- Testing all grant agreements and other items of expenditure funded from the MOJ Victims Services grant during 2013/14 and 2014/15, to confirm the controls are operating effectively.

### **3 Background and context**

- 3.1 A high level strategy for victim support exists that has been formally approved and publicised. The strategy clearly reflects the objectives of the PCC.
- 3.2 The financial implications of delivering the strategy will be covered by the MOJ funding. Delivery of services that fall outside of the criteria set by the MOJ are funded from OPCC, or alternative external finance.
- 3.3 The OPCC received MOJ funding totalling £538,927 in 2013/14, and a further £506,539 in 2014/15, for local commissioning of victims support services. At the time of this review, a total of 25 individual grant agreements had been entered into with victim's service providers.
- 3.4 The OPCC has adapted the MOJ Victims Services Commissioning Framework, for the purpose of administering the grant. The period of 2013/14 was primarily spent identifying potential providers and building capacity within the OPCC to deliver the service, and so the majority of agreements began in 2014/15.

#### **Use of this report**

- 3.5 We have prepared this report solely for the use of the Police and Crime Commissioner for Lancashire and it would not therefore be appropriate for it or extracts from it to be made available to third parties other than the external auditors. We accept no responsibility to any third party who may receive this report, in whole or in part, for any reliance that they may place on it and, in particular, we expect the external auditors to determine for themselves the extent to which they choose to utilise our work.

## Findings/ action plan

## Appendix A

Control and audit findings	Implications	Proposed Action/ Category	Management response and implementation date
<p><b>C1 - Progress with delivering priorities is monitored using appropriate measures, and reported to the PCC on a regular basis.</b></p> <p>At the time of this review the progress made in delivering the victims service priorities had not been reported to the PCC. We are advised that a report will be produced annually. The initial review of the performance of all service providers during 2014/15 was due to commence in May 2015, and will be reported to the PCC once complete.</p>	<p>It may be more beneficial to provide an interim report to the PCC, in addition to the proposed annual report, as annual reporting does not facilitate timely intervention/ influence by the PCC.</p>	<p><b>A1:</b> We propose that consideration of interim/ half yearly reporting is considered in order to ensure that the PCC remains informed on the progress of service providers in delivering agreed objectives, and to facilitate intervention if required. <b>Medium risk/ priority</b></p>	<p>Agreed – reporting on a 6 monthly basis will be implemented during 2015/16. Reports will be distributed to the senior management team providing a general analysis of grant funding, and detailing the financial commitments. <b>Responsible officer:</b> Steve Freeman, Chief Finance Officer of the PCC for Lancashire</p>
<p><b>C2 – Value for money has been considered when entering into an agreement. Funding is used on sustainable projects.</b></p> <p><b>C3 – Organisations are researched prior to entering into any agreement to ensure that funding is only allocated to viable organisations/ services.</b></p> <p>The approach to research potential providers involves the Partnerships Officer meeting with them to discuss how their service can facilitate victim service delivery and meet the priorities of the PCC.</p> <p>There are no formal background checks, such as an independent appraisal of the service providers past performance or financial standing prior to entering into commissioning agreements.</p>	<p>Funding may be provided to organisations that do not have the capacity to provide the required outcomes, resulting in a waste of public resources.</p>	<p><b>A2:</b> We propose that prior to entering into formal agreements and allocating funding, appropriate background checks are undertaken to establish that organisations are viable and have the capacity to deliver the stated/ required outcomes. This should include an appraisal of potential service providers in terms of past performance and financial standing. <b>Medium risk/ priority</b></p>	<p><b>Agreed/ implemented –</b> background checks are now in place. An officer was appointed in February 2015 whose role incorporates validation of potential providers. <b>Responsible officer:</b> Robert Ruston, Partnerships Officer.</p>

Control and audit findings	Implications	Proposed Action/ Category	Management response and implementation date
<p><b>C4 – Budgets are understood and monitored ensuring all available funding sources are used effectively.</b></p> <p><b>C5 – Expenditure is planned, and budgets are effectively monitored to ensure that victim support funding is maximised, preventing any future grant allocation being reduced.</b></p> <p>More efficient and effective budget monitoring routines need to be established. The majority of the transactions for 2014/15 were processed onto the general ledger system at year end resulting in accruals being raised.</p> <p>We obtained the grant monitoring spreadsheet that is maintained by the OPCC, and itemises all victim service grant transactions for 2013/14 and 2014/15. During the course of the audit review, the entries within the funding spreadsheet were amended several times. This was prevalent at the financial year end when the record was updated several times prior to completion of the MOJ grant return.</p> <p>There is currently no routine process for updating the spreadsheet - it is undertaken on an ad-hoc basis, and the record is not reconciled to the Oracle financial system.</p> <p>Testing undertaken to validate the transactions within the spreadsheet to source documentation, highlighted two anomalies:</p> <ul style="list-style-type: none"> <li>• One relating to a victims service review that was commissioned from a provider. Expenditure was recorded in the monitoring spreadsheet as £37,025, however only 4 invoices totalling £32,115 had been processed for payment.</li> <li>• Another amount of £88,199 was entered in the spreadsheet for 2013/14 relating to funding for video witness support facilities. The amount had been</li> </ul>	<p>Assurance cannot be given that grant expenditure is valid if individual transactions cannot be substantiated.</p> <p>The monitoring record is utilised for completion of the MOJ grant returns, and failure to substantiate reported expenditure could ultimately result in the MOJ withdrawing the grant funding.</p>	<p><b>A3:</b> We propose that effective monthly budget monitoring routines are established, to ensure accounting records are complete, accurate and consistent with the underlying records used for populating the MOJ grant returns. <b>Medium risk/ priority</b></p>	<p><b>Agreed -</b> A reconciliation will be undertaken between the transactions on the Oracle system and the grant return forms. <b>Responsible officer:</b> Steve Freeman, Chief Finance Officer of the PCC for Lancashire</p>

Control and audit findings	Implications	Proposed Action/ Category	Management response and implementation date
<p>transferred in error from a decision published on the PCC website, and was a duplicate of another decision relating to several individual grant agreements which had already been accounted for.</p>			
<p><b>C6 – Grant agreements are produced and signed by both parties prior to any funding being allocated. The agreements are comprehensive, and include details of the organisation's approach to delivering services, expected outcomes, and performance monitoring arrangements.</b></p> <p><u>Signing of agreements</u></p> <p>We reviewed all grant agreements generated during the period 2013/14 and 2014/15 (25 in total), for evidence that the agreements had been fully completed and formally signed prior to any funding being provided/ services commencing. The following issues were noted:</p> <ul style="list-style-type: none"> <li>• All agreements had been signed by the service provider, but 8 had not been signed off by the OPCC.</li> <li>• The 'OPCC use only' section of the grant agreements had not been completed for the above 8 agreements. The section records key details such as the date the signed agreement was received, the date it was discussed with and approved by the PCC, the decision reference number, the funding stream to be used, and the relevant accounting codes.</li> <li>• 3 agreements did not have a documented start date. The dates had been entered as ASAP.</li> </ul>	<p>The grant agreement form is the contractual document between the PCC and the service provider. It may be problematic to challenge providers if the grant agreement has not been fully completed, and signed by both parties.</p>	<p><b>A4:</b> Grant agreement documents should be completed in full and signed by the provider and a relevant officer of the OPCC. <b>Medium risk/ priority</b></p>	<p><b>Agreed/ ongoing</b> – a process map setting out the grant commissioning and award process will be produced, together with a checklist to facilitate completion of grant agreements. <b>Responsible officer:</b> Robert Ruston, Partnerships Officer.</p>

Control and audit findings	Implications	Proposed Action/ Category	Management response and implementation date
<p><b>Outcomes</b> With regard to the expected outcomes, testing recorded:</p> <ul style="list-style-type: none"> <li>• One agreement dated September 2014 stated 'specific, measurable, achievable, relevant and realistic objectives and targets will be set for the project within a specific timeframe and these will be monitored'. However there has been no verification by the OPCC as to what the targets are or if they are appropriate.</li> <li>• One grant agreement dated January 2015 did not state any expected outputs of the project - only the planned use of funding.</li> <li>• One agreement dated September 2014 stated that the management board consider project progress reports on a 2 monthly basis. The reports have not been requested/ reviewed by the OPCC.</li> </ul>	<p>The grant agreement form is the contractual document between the PCC and the service provider. It may be problematic to challenge providers if the grant agreement has not been fully completed, and signed by both parties.</p>	<p><b>A5:</b> Grant agreements should clearly state what outcomes can be expected. The outcomes should support the PCC priorities, and be jointly agreed between the PCC and the provider prior to commencement of the agreement and any funding provision. Achievement of agreed outcomes should be routinely monitored as per action 7 below. <b>Medium risk/ priority</b></p>	<p>Agreed/ ongoing – as per A4 above. <b>Responsible officer:</b> Robert Ruston, Partnerships Officer.</p>
<p><b>C7 – Organisations are made aware of what is deemed acceptable capital and revenue spend. Ownership of assets upon completion of the project is agreed and documented prior to any agreements being entered into.</b> The MOJ grant conditions state that the recipient (PCC), should maintain a register of any capital assets purchased with the funds provided. Also any asset costing more than £1,000 must not be sold or otherwise disposed of within five years of purchase without the written consent of the MOJ.  The OPCC were not aware of the above requirement prior to it being raised within this review, and consequently no register is maintained.</p>	<p>The MOJ may require the repayment of all or part of the Victims Services grant if the conditions are not adhered to.</p>	<p><b>A6:</b> We propose that in line with the MOJ grant terms and conditions, an asset register is maintained detailing all capital assets purchased using the victims support funding. Grant agreement forms should be amended to notify providers of this requirement. <b>Medium risk/ priority</b></p>	<p>Agreed – an asset register will be produced during 2015/16. Grant agreement forms will be amended to include the requirement for providers to supply details of assets procured using grant funding. <b>Responsible officer:</b> Robert Ruston, Partnerships Officer.</p>

Control and audit findings	Implications	Proposed Action/ Category	Management response and implementation date
<p><b>C8 - Contract extensions are dependent on the provider complying with contract requirements, and achieving the desired performance standards.</b> No contract extensions had been issued at the time of this review.</p>	n/a	n/a	n/a
<p><b>C9 - There is a formal decision making process in place for allocation of grant funding. Decisions are authorised by the PCC and published on the PCC website in the interests of transparency.</b> All funding decisions had been discussed with the PCC.</p>	Effective control is operated.	No action is required.	n/a
<p><b>C10 – Accurate, timely and appropriate monitoring data is provided by organisations. The data is reviewed regularly to verify progress in achieving agreed outcomes and to ensure that grant expenditure is only used for eligible purposes.</b></p> <p><u>Monitoring framework</u> Grant agreements include a 'Summary of Performance Management Framework and Reporting Structure' section in which providers detail what outcomes can be expected from the funding they receive. Rather than developing a specific monitoring regime, the OPCC approach is to rely on the monitoring regimes of the service providers. We are advised that the OPCC undertook an exercise in May 2015, to contact all providers in receipt of funding and request them to complete a year end/ project end form detailing how they have met the agreed outcomes. The exercise was undertaken after this audit review was completed.</p>	<p>In the absence of interim monitoring routines, the agreed service outcomes may not be achieved.</p>	<p><b>A7:</b> Performance monitoring regimes should be implemented to review service outcomes on an interim basis, rather than waiting until the cessation of the grant agreement term. Ongoing dialogue should be held with service providers, regarding delivery of agreed outcomes. The monitoring requirements of the PCC should be agreed with the provider and documented within the grant agreement. <b>High risk/ priority</b></p>	<p><b>Agreed/ ongoing</b> – work is currently ongoing to develop a robust performance monitoring framework. An officer was appointed from February 2015, who is tasked with ensuring agreed performance outcomes are appropriate/ achieved. The grant agreement forms have been revised to strengthen performance monitoring conditions, and from 2015/16, providers are required to submit monthly performance data, and attend quarterly performance meetings. <b>Responsible officer:</b> Robert Ruston, Partnerships Officer.</p>

Control and audit findings	Implications	Proposed Action/ Category	Management response and implementation date
<p><u>Audit programme</u> The MOJ grant agreement states that the PCC should ensure that the grant should fall within the scope of the recipients internal and external audit programme. The OPCC were not aware that this is a mandatory requirement of the grant agreement, or that there is an expectation that the external auditor will sign off an independent assurance statement.</p> <p>During this review we were made aware that the PCC received an additional grant (the PCC Competed Fund Grant), from the MOJ in 2014/15. Review of the associated grant agreement confirmed it should also fall within the internal and external audit programme.</p>	<p>There is a risk that the MOJ grant conditions are not met, which could result in the MOJ requiring all or part of the grant funding to be repaid (paragraph 27 of agreement).</p>	<p><b>A8:</b> We propose that the OPCC review the agreements for all grants received and ensure that appropriate audit arrangements are in place, as per the terms of the grant agreements. <b>Medium risk/ priority</b></p>	<p><b>Implemented</b> – the OPCC have received clarification from the MOJ as follows: <i>'MOJ are not requiring PCCs to specifically audit the MOJ grants by entering into any formal arrangements with their normal auditors outside of your arrangements for the annual audit of the PCC's overall spend. An Independent Assurance Statement specifically in relation to the MOJ grant is not required.'</i></p>
<p><u>Clawback/ withholding funds</u> The current grant agreements do not refer to any clawback /withholding of grant funds pending achievement of expected outcomes. It would be prudent (especially for the high value agreements), to incorporate this element into the written agreements.</p>	<p>There is a risk that the MOJ grant conditions are not met, which could result in the MOJ requiring all or part of the grant funding to be repaid (paragraph 27 of agreement).</p>	<p><b>A9:</b> Consideration should be given to withholding full grant payment pending achievement of interim outcomes. The requirements of the PCC should be agreed with the provider and documented within the grant agreement. <b>Low risk / priority</b></p>	<p><b>Agreed/ ongoing</b> – the OPCC are currently developing the grant payment process to incorporate phased/ performance related payments where it is practical to do so. This has already been implemented for some of the larger 2015/16 grant agreements such as the Victims Support Service. Consideration is also being</p>

Control and audit findings	Implications	Proposed Action/ Category	Management response and implementation date
			<p>given to amending the grant agreements to incorporate a clawback provision for poor performance. A policy is to be produced to formalise the approach to grant payments.  <b>Responsible Officer:</b>            Steve Freeman, Chief finance Officer of the PCC for Lancashire.</p>
<p><b>C11 - An independent appraisal of the success of each organisation in achieving the desired outcomes is undertaken at the end of each project and reported to the PCC. Mechanisms are in place to ensure that lessons are learned from the grant funding process.</b>            As above - the OPCC monitoring regime is to undertake an exercise to contact providers (once the grant agreement period has expired), and request them to submit an annual report documenting how the service has performed with regards to achieving the agreed outcomes. This information will then be incorporated into a report to be submitted to the PCC.            However, there are no specific processes in place to capture lessons learned from the grant funding process. It would therefore be prudent to implement a system to evaluate and improve the commissioning process.</p>	<p>There is a risk that lessons are not learned from commissioning activity.</p>	<p><b>A10:</b> Ongoing appraisal of commissioning activity is fundamental to continuous service improvement.            However, there is currently no process in place to formally capture this information. It would be prudent to implement a system to evaluate commissioning activity, determine whether the key objectives have been met, determine where efficiencies can be made, and facilitate lessons learned.  <b>Low risk/priority</b></p>	<p><b>Agreed/ ongoing</b> – as per A7 above.  <b>Responsible officer:</b>            Robert Ruston, Partnerships Officer.</p>
<p><b>C12 - A commissioning framework exists.</b>            The victims service funding has not been widely publicised to potential providers. The previous approach has consisted</p>	<p>Failure to comply with any of the conditions set out in the grant agreement may require all or part of the grant to be repaid to the</p>	<p><b>A11:</b> It would be prudent to ensure that the victims service funding is widely advertised, thus ensuring processes are transparent and fair, and</p>	<p><b>Agreed/ ongoing</b> – It is acknowledged that historically victims service funding has not been widely publicised due to the</p>



Control and audit findings	Implications	Proposed Action/ Category	Management response and implementation date
<p>of the OPCC directly approaching particular providers, informing them that funding is available. It is reasonable that in order to provide a comprehensive service it may be necessary to approach and engage specific providers of specialist services. However, the MOJ grant conditions state that the requirements of the Public Contracts Regulations 2006 must be complied with, securing the best value for money whilst acting in a fair, open and non-discriminatory manner in all purchases of goods and services.</p>	<p>MOJ.</p>	<p>facilitating the involvement of the broadest range of suppliers. <i>Medium risk/ priority</i></p>	<p>lack of quality providers within the market. However, as the service continues to embed, a Lancashire framework is being developed for victims' service delivery. The framework includes development of a marketing strategy. <b>Responsible Officer:</b> Robert Ruston, Partnerships Officer.</p>
<p><b>C13 - There is a commissioning strategy that is linked to the PCC priorities.</b></p>	<p>Effective control is operated.</p>	<p>No action is required.</p>	<p>n/a</p>
<p><b>C14 - Funded projects are linked to the Police and crime Plan. Funding is only allocated to services that meet the priorities within the PCCs Police and Crime Plan.</b></p>	<p>Effective control is operated.</p>	<p>No action is required.</p>	<p>n/a</p>

# Risk and Control Evaluation

# Appendix B

Risks:	Commissioned services do not support the priorities of the OPCC	Commissioned services do not support the priorities of the MOJ.	The funding available is not transparent to all potential providers.	Grants are not awarded on an equitable or transparent basis.	The amount of grant awarded is inappropriate/ disproportionate to the linked priority.	The timing of grant payments does not appropriately match the provider outputs.	Commissioned services do not achieve the desired/ planned outcome.	Action(s)
<b>Controls:</b>								
<b>Preventative</b>								
C1	Progress with delivering priorities is monitored using appropriate measures, and reported to the PCC on a regular basis.	•					•	A1
C2	Value for money has been considered when entering into an agreement. Funding is used on sustainable projects.						•	A2
C3	Organisations are researched prior to entering into any agreement to ensure that funding is only allocated to viable organisations/ services.						•	A2
C4	Budgets are understood and monitored ensuring all available funding sources are used effectively.						•	A3
C5	Expenditure is planned, and budgets are effectively monitored to ensure that the victim support funding is maximised, and preventing any future grant allocation being reduced.		•				•	A3

C6	Grant agreements are produced and signed by both parties prior to any funding being allocated. The agreements are comprehensive, and include details of the organisations' approach to delivering services, expected outcomes, and performance monitoring arrangements.	•	•					•	A4, A5
C7	Organisations are made aware of what is deemed acceptable capital and revenue spend. Ownership of assets upon completion of the project is documented/ agreed.		•						A6
C8	Contract extensions are dependent on the provider complying with contract requirements, and achieving the desired performance standards.							•	n/a
C9	There is a formal decision making process in place for allocation of grant funding. Decisions are authorised by the PCC, and published on the PCC website in the interests of transparency.	•	•				•		n/a
<b>Detective</b>									
C10	Accurate, timely and appropriate monitoring data is provided by organisations. The data is reviewed regularly to verify progress in achieving agreed outcomes and to ensure that grant expenditure is only used for eligible purposes.							•	A7, A8, A9

<b>Corrective</b>										
C11	An independent appraisal of the success of each organisation in achieving the desired outcomes is undertaken at the end of each project and reported to the PCC. Mechanisms are in place to ensure that lessons are learned from the grant funding process.									A10
<b>Directive</b>										
C12	A commissioning framework exists.	•	•	•	•	•	•	•	•	A11
C13	There is a commissioning strategy that is linked to the PCC priorities.	•	•	•	•	•	•	•	•	n/a
C14	Funded projects are linked to the police and crime plan. Funding is only allocated to services that meet the priorities within the PCCs Police and Crime Plan.	•	•	•	•	•	•	•	•	n/a
<b>Adequacy of current controls</b>										
		✓	x	✓	x	✓	x	✓	x	

## Audit assurance model

## Appendix C

The assurance we can provide over any area of control falls into one of four categories as follows:

**Full assurance:** there is a sound system of internal control which is adequately designed to meet the service's objectives and is effective in that controls are being consistently applied.

**Substantial assurance:** there is a generally sound system of internal control, adequately designed to meet the service's objectives, and controls are generally being applied consistently. However some weakness in the design and/ or inconsistent application of controls put the achievement of particular objectives at risk.

**Limited assurance:** weaknesses in the design and/ or inconsistent application of controls put the achievement of the service's objectives at risk.

**No assurance:** weaknesses in control and/ or consistent non-compliance with controls could result/ has resulted in failure to achieve the service's objectives.

**Key audit information****Appendix D****Audit personnel**

<b>Roles</b>	<b>Names and contact details</b>
Key sponsor	Steve Freeman, Chief Finance Officer of the Police and Crime Commissioner for Lancashire
Key operational staff	Robert Ruston, Partnerships Officer, Police and Crime Commissioner for Lancashire
Audit managers	Ruth Lowry, Chief Internal Auditor Judith Taylor, Audit Manager
Audit team member	Nicola Bickerstaffe, Senior Auditor

**Audit milestones**

<b>Key events</b>	<b>Date</b>
Fieldwork started	February 2015
Draft report issued	August 2015
Closure meeting	September 2015
Responses received	September 2015
Final report issued	September 2015