



**Lancashire
Constabulary**
police and communities together

**Lancashire Constabulary and
Police and Crime Commissioner for Lancashire
Internal Audit Service
Combined Internal Audit Plan 2017-18**

Introduction

This paper sets out a draft plan of work to be undertaken by the Internal Audit Service for the Police and Crime Commissioner and the Chief Constable of Lancashire Constabulary for the coming financial year. The plan amounts to a total resource of **200** audit days, which is consistent with prior years.

Responsibility for maintaining and reviewing the system of internal control and for implementing a system of governance and risk management rests with the Police and Crime Commissioner and the Chief Constable of 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.

The Joint Audit and Ethics Committee's terms of reference require it to review and approve the internal audit plan. The Committee's views on this draft plan of work will therefore be welcome.

Definition of internal auditing

"Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes."

"The provision of assurance services is the primary role for internal audit in the UK public sector. This role requires the chief audit executive to provide an annual internal audit opinion based on an objective assessment of the framework of governance, risk management and control."

*The Institute of Internal Auditors, and
Public Sector Internal Audit Standards, 2013*

Relevant regulations

Internal audit: "A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance."
Regulation 5. (1)

Review of internal control system: "A relevant authority must, each financial year (a) conduct a review of the effectiveness of the system of internal control ... and (b) prepare an annual governance statement."

Regulation 6. (1)

Accounts and Audit Regulations 2015

Key planning principles

An internal audit plan designed to provide the evidence necessary to support an opinion on governance, risk management and control needs to encompass the following:

- Coverage of the key components of each part of the opinion, namely, governance, risk management and control;

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- Sufficient coverage over operations as a whole so that a fair assessment may be made across both organisations;
- Coverage of the controls that serve to mitigate the most significant risks to an acceptable level;
- Coverage of the controls that operate most broadly to mitigate the most significant risks in the greatest number of individual instances to an acceptable level; and
- Follow up of the actions agreed by management to mitigate risks identified through previous audit activity.

Because the overall opinion covers a 12 month financial period, the evidence will relate to the controls in operation for that period.

Where it is known that assurance will be provided from another body, (for example, Her Majesty's Inspectorate of Constabulary, or the external auditors), the Internal Audit Service will not duplicate work but will take it into account if it is relevant to the overall opinion on governance, risk management and control.

Deployment of audit resources

The plan is stated in terms of days input, which represents our current best estimate of the way in which the audit resources will be deployed. The plan itself should however be viewed as a fluid document, with both the specific content of individual reviews and the timing of audit activity being subject to revision if required following the more detailed scoping meetings held with client management teams prior to formal commencement of individual audit reviews.

The specific audits contained within this plan have been identified following discussions with the Chief Executive and the Chief Finance Officer of the Police and Crime Commissioner (OPCC) and the Constabulary's Director of Resources and additionally have taken into consideration matters recorded in the risk registers maintained by both organisations, and other review activity planned by Her Majesty's Inspector of Constabulary.

The content and outline scope of each audit within the proposed plan, as well as an estimate of the number of audit days considered appropriate, is summarised below and then further detail is provided in the table attached.

Component of the governance framework	Audit days
Governance and democratic oversight	10
Business effectiveness	20
Service delivery	50
Service support	40
Business processes	50
Follow up audit activity	15
Other components of the audit plan	15
Total audit days	200

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Title	Outline audit scope	Days	Planning principle
<i>Governance and democratic oversight</i>			
Governance and decision making	<ul style="list-style-type: none"> • Effectiveness of OPCC scrutiny arrangements; • Robustness of Constabulary and OPCC decision making processes; • Transparency of process and rationale; and • Board roles and responsibilities. 	10	Key component of the audit opinion and coverage across the Constabulary and the OPCC.
		10	
<i>Business effectiveness</i>			
Risk management	<ul style="list-style-type: none"> • Risk management arrangements across both the Constabulary and OPCC; • Identification and escalation of risks from departmental registers to the corporate risk registers; and • Scrutiny processes. 	10	Key component of the audit opinion and coverage across the Constabulary and the OPCC.
Data quality	<ul style="list-style-type: none"> • This review will consider the adequacy of the control framework in place to ensure data quality at point of capture, including for example, training, monitoring, analysis, dip sampling; and • The review will also consider how the introduction of phase 2 of the Connect system will impact on the quality of crime data recording. • <i>No specific analysis of the accuracy of crime data recording will be undertaken, as it is anticipated that this will be covered by the HMIC crime data integrity review.</i> 	10	Audit to address a significant area of risk to the Constabulary.
		20	
<i>Service delivery</i>			
Workforce planning	<ul style="list-style-type: none"> • The review will consider the adequacy and effectiveness of the controls in place to ensure the operational resilience of the Force is maintained, which will encompass whether officers and staff have the 	25	Audit to address a significant area of risk to the Constabulary.

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Title	Outline audit scope	Days	Planning principle
	<p>right skillset to effectively perform their duties, (<i>considering the changing responsibilities of civilian and warranted officers and the increasing use of digital technology</i>) and the right tools to undertake them (<i>recognising the increased use of mobile technology</i>).</p> <ul style="list-style-type: none"> • We will also consider whether there are appropriate mechanisms in place to ensure that the right person is deployed to incidents at the outset (<i>considering information arising from the demand analysis of the force control room</i>); and • We will assess the degree to which the Constabulary is able to respond to higher than predicted abstraction levels. 		
Detention of vulnerable persons	<ul style="list-style-type: none"> • The review will consider the adequacy and effectiveness of the partnership working arrangements between the Constabulary, health and social care organisations and voluntary groups to minimise the circumstances and periods under which vulnerable persons are detained by the Constabulary; • We will consider the effectiveness of the preventative measures undertaken through the Early Action Scheme; and • Where detention by the Constabulary is unavoidable we will consider the adequacy of controls in place to ensure that the vulnerable person receives an appropriate quality of care and protection. • We will also consider whether police officers and staff are equipped with sufficient and relevant knowledge of safeguarding procedures to protect both themselves and the vulnerable 	25	Audit to address a significant area of risk to the Constabulary.

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Title	Outline audit scope	Days	Planning principle
	person. <i>Recognising the recruitment of officers with specific skills in working with vulnerable persons.</i>		
		50	
<i>Service support</i>			
Management of CCTV systems	<ul style="list-style-type: none"> The review will consider the adequacy and effectiveness of the controls in place to ensure compliance with the Surveillance Commissioner's Code of Practice re the installation, management, monitoring, storage and deployment and disclosure of information provided by CCTV devices. The review will encompass all categories of surveillance equipment including body worn videos, CCTV, drones and automatic number plate recognition systems. 	20	Audit to address a significant area of risk to the Constabulary.
Staff wellbeing and support	<ul style="list-style-type: none"> The review will consider whether there are adequate and effective controls in place to support a healthier and more productive workforce as a result of fewer days lost due to sickness. In particular we will consider the work being undertaken to improve the Occupational Health Unit and the intelligence and lessons learned from the analysis of sickness and attendance data that is undertaken. 	20	Audit to address a significant area of risk to the Constabulary.
		40	
<i>Business processes</i>			
Accounts Payable	<ul style="list-style-type: none"> The review will consider whether controls within the accounts payable system are effective in ensuring that purchase ordering and creditor payment processes are valid, accurate, and timely. 	7	Audit to ensure coverage of the controls that operate most broadly to mitigate the most significant risks

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Title	Outline audit scope	Days	Planning principle
			across both organisations.
Accounts Receivable	<ul style="list-style-type: none"> The review will consider the adequacy and effectiveness of the debt management processes in place to ensure that income is maximised, collected on a timely basis and accounted for correctly. 	8	Audit to ensure coverage of the controls that operate most broadly to mitigate the most significant risks across both organisations.
General Ledger	<ul style="list-style-type: none"> The review will consider the adequacy and effectiveness of the controls over budget setting and financial monitoring and reporting. 	5	Audit to ensure coverage of the controls that operate most broadly to mitigate the most significant risks across both organisations.
Human resources (HR)/ payroll processing	<ul style="list-style-type: none"> We will review the adequacy and effectiveness of the controls in place to ensure that police officers and police and OPCC staff are paid the right amount at the right time. In particular we will verify that appropriate pre-employment checks have been completed and payments to starters and leavers, and amendments to pay have been accurately processed. We will also consider compliance with the framework of controls within the new HR system introduced by the Constabulary in February 2017. 	12	Audit to ensure coverage of the controls that operate most broadly to mitigate the most significant risks across both organisations.
Procurement	<ul style="list-style-type: none"> This will be a piece of consultancy support which will consider the adequacy of the arrangements in place within the Constabulary to secure value for money in procurement arrangements. 	6	Audit to ensure coverage of the controls that operate most broadly to mitigate

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Title	Outline audit scope	Days	Planning principle
			the most significant risks.
Pensions administration	<ul style="list-style-type: none"> The review will consider the adequacy and effectiveness of the controls in place within the Constabulary and Lancashire Pensions Partnership Limited to ensure that new starters are appropriately entered into the scheme, transfers in and out are correctly accounted for, and pension benefits, including lump sums are calculated and paid in accordance with scheme rules. 	7	Audit to ensure coverage of the controls that operate most broadly to mitigate the most significant risks.
Treasury Management	<ul style="list-style-type: none"> The review will determine the adequacy and effectiveness of the treasury management procedures operated by or on behalf of the OPCC to ensure that cash flow management and the resultant borrowing and investment activities are conducted in accordance with the approved Treasury Management strategy, which is consistent with the CIPFA Code of Practice. 	5	Audit to ensure coverage of the controls that operate most broadly to mitigate the most significant risks.
		50	
Follow up audit activity			
Health and Safety	<ul style="list-style-type: none"> Audit resources have been identified to ensure that actions agreed with management arising from the prior year operational reviews are followed up. The review will incorporate a self-assessment by management of the progress made in implementing agreed actions; and Selective test checking of controls introduced to address identified unmitigated risk. 	3	Required by the Public Sector Internal Audit Standards
Freedom of Information/ Subject Access Requests		2	
Vetting and Barring		2	
Code of Ethics		1	
Digital media investigation unit		1	

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Title	Outline audit scope	Days	Planning principle
Evidence related property		4	
Information management and security		2	
<i>Days</i>		15	
<i>Other components of the audit plan</i>			
Management	<ul style="list-style-type: none"> • Attendance at meetings of the Joint Audit and Ethics Committee; • Production of the annual audit plan; • Preparation of the periodic monitoring reports; • Preparation of the annual report of the head of internal audit; and • Liaison with external audit. 	13	Compliance with the terms of the Internal Audit Charter
National Fraud Initiative	<ul style="list-style-type: none"> • Tasks associated with data preparation and submission; and • Support to staff in the testing of the data matches identified. 	2	Contribution to fraud prevention
<i>Days</i>		15	
<i>Total days</i>		200	