



**Lancashire
Constabulary**
police and communities together

**Lancashire Constabulary and the Office of the Police
and Crime Commissioner for Lancashire**

**Internal Audit Service - Monitoring report for the
period ended 28 February 2022**

1 Introduction

Purpose of this report

- 1.1 The Joint Audit and Ethics Committee approved the Combined Internal Audit Plan for 2021/22 in March 2021. This report details the progress to date in undertaking the agreed coverage and highlights any significant issues from the audit work performed in this period.
- 1.2 This report covers the period 1 April 2021 to 28 February 2022.

Acknowledgements

- 1.3 We are grateful for the assistance that has been provided to us by officers and staff contacted in the course of our work.

2 Key issues and themes arising

- 2.1 In August 2021, we concluded our work on *Premises' compliance*, and a summary of our findings was reported to Committee in September 2021. This confirmed that at the time of our audit we could only provide *limited* assurance, primarily due to gaps in the control framework for collating and reporting compliance rates and faults.
- 2.2 No other areas of concern have come to our attention in conducting our assurance work to date that requires bringing to the attention of committee members.

3 Internal audit work undertaken

- 3.1 To date, 197 days have been spent delivering items within the 2021/22 audit plan. Of the 16 reviews that form the current year audit programme, 9 have been completed, 3 are at a draft report stage, and four are still in progress.
- 3.2 An outline of the scope and findings from the work completed since we last reported to committee in December 2021 is included in the following paragraphs.

Neighbourhood Policing (NHP)

- 3.3 We have reviewed the Constabulary's NHP processes and how they adhere to the College of Policing (CoP) principles and guidance. We have considered the training provided in relation to recording, reviewing, and evaluating problem solving activity; the use of the Power Bi dashboard in identifying problem properties; the use of Civil Orders where these are deemed appropriate; and the success of NHP in reducing victimisation.
- 3.4 Overall, we can provide ***moderate*** assurance. The framework of control is adequately designed and effectively operated overall, but some action is required to enhance aspects of it and ensure that it is effectively operated throughout.

Follow up work

- 3.5 Under the Public Sector Internal Audit Standards, management has responsibility for ensuring that agreed actions in audit reports are implemented. Internal Audit should

then obtain assurances that actions have been implemented as agreed or that senior management has accepted the risk of not acting.

- 3.6 Our follow up audit work involves obtaining explanations and evidence where appropriate that actions have been implemented. We do not re-perform any testing on controls which were found to be adequately designed and operating effectively at the time of our original review, and neither do we re-assess the overall control environment.
- 3.7 The table at Appendix 2 confirms that we have now completed 8 of the 14 follow up audits included in this year's internal audit plan, comprising 38 actions from a total of 71 to be audited. Of these, 17 (45%) have been implemented, with 18 (47%) in varying degrees of progress. The need for two actions has been superseded and one action will not now be implemented. The remaining 6 follow up reviews are all nearing completion.

4 Overall summary and assurance provided

- 4.1 We have set out in the table at Appendix 1 the planned and actual days we have spent on each review, and a summary of the assurance we have been able to provide where work has been finalised.
- 4.2 On completion of the individual reviews, we assess the adequacy of each system, and its effectiveness in operation.

System adequacy: We define a system as adequate if its design enables it to achieve its core control objectives which, if operating as intended, serve to manage its inherent risks.

System effectiveness: We have defined a system as operating effectively if, after testing or other supporting evidence has been found, it is operating as intended.

- 4.3 The assurance we can provide over any area of control falls into one of four categories, and these are defined at Appendix 3.

Summary of our findings and assurance

Appendix 1

Review area	Audit days			Assurance		Comments/ timing
	Planned	Actual	Variation	Adequacy	Effectiveness	
Operational and support service reviews - Constabulary						
Neighbourhood Policing	20	22	(2)	✓	✓	Our review was completed in January 2022. Two medium and five low risk actions were agreed in relation to: <ul style="list-style-type: none"> • Publication of the Force Strategic Plan for Community Engagement. • Creating an additional Terms of Reference and agreement of a formal meeting schedule to support overall governance arrangements. • Development of an activity analysis to determine how much proactive time individual officers dedicate to problem solving and engagement. • A quarterly assessment and monitoring process is also to be introduced.
Mental Health	10	9	1	O/S	O/S	Fieldwork is complete and we are awaiting a response to our draft report.
Child Sexual Exploitation	15	11	4	O/S	O/S	The fieldwork has been completed and we are now producing our draft report.
Information assurance	15	8	7	O/S	O/S	Fieldwork is progressing.
CCTV compliance	15	13	2	O/S	O/S	Fieldwork is progressing.
Officer and staff on-boarding	20	13.5	6.5	O/S	O/S	Fieldwork is progressing.
Public Engagement processes	15	2	13	O/S	O/S	The audit scoping meeting has been held and we will shortly commence fieldwork.

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Review area	Audit days			Assurance		Comments/ timing
	Planned	Actual	Variation	Adequacy	Effectiveness	
Operational and support service reviews – OPCC						
Complaints review process	8	10	(2)	✓	✓	Our review was finalised in September 2021. Two medium and two low risk actions have been agreed in relation to formally documenting the methodology and decision-making processes and maintaining an action log to evidence learning arising from the review process.
				Substantial assurance		
Grants from the reducing reoffending fund	10	1	9	N/A	N/A	This audit has been removed from the audit programme.
Management of the Independent Custody Scheme	8	10	(2)	O/S	O/S	Audit fieldwork has been completed and we are producing our draft report.
Public/ partnership engagement	7	0.5	6.5	N/A	N/A	This audit has now been deferred until 2022/23.
Addressing Covid risks	7	6.5	0.5	✓	✓	Our review was finalised in August 2021. Two medium and one low risk actions have been agreed in relation to: <ul style="list-style-type: none"> • Updating the homeworking risk assessments. • Creating and maintaining a record of equipment removed from the office. • Updating the Business Continuity Plan with the lessons learned from Covid and taking forward actions for the recovery phase.
				Moderate assurance		

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Review area	Audit days			Assurance		Comments/ timing
	Planned	Actual	Variation	Adequacy	Effectiveness	
Key financial systems						
Treasury management	4	4.5	(0.5)	✓	✓	Our audit work was completed in November 2021. No areas for improvement were identified.
				Substantial assurance		
Payroll processing	9	10	(1)	✓	✓	Our audit work was completed in November 2021. One low risk action has been carried forward from 2020/21 re the rationalisation of the monthly payroll checklist and development of an expanded audit checking mechanism.
				Substantial assurance		
Accounts payable	9	9	0	✓	✓	Our audit work was completed in November 2021. Across these three financial systems, four low risk actions were raised relating to: <ul style="list-style-type: none"> Updating the authorised signatory list for known changes in personnel.
				Substantial assurance		
Accounts receivable	8	9.5	(1.5)	✓	✓	<ul style="list-style-type: none"> The issuing of a reminder re the importance of conducting additional Oracle checks before processing reminder or copy invoices. Ensuring there is sufficient clarity of individual roles and responsibilities in the Constabulary/ LCC Financial Services Memorandum of Understanding.
				Substantial assurance		
General ledger	6	6	0	✓	✓	<ul style="list-style-type: none"> Checking that LCC staff with access permissions to Constabulary accounting systems no longer required are removed.
				Substantial assurance		
Finalisation of reviews started during 2020/21						
Facilities management – premises compliance	20	25	(5)	X	✓	Our review was finalised in August 2021. Six medium and one low risk actions have been agreed in relation to: <ul style="list-style-type: none"> Finalising the leases and licenses register and obtaining assurance re premises compliance from third party landlords. Finalising and issuing detailed guidance notes to support a consistent and robust compliance checking process. Creating a training matrix applicable to each job role. Enhancing the compliance checklist in use.
				Limited assurance		

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Review area	Audit days			Assurance		Comments/ timing
	Planned	Actual	Variation	Adequacy	Effectiveness	
						<ul style="list-style-type: none"> Introducing a system to record the number of compliance checks conducted, visits missed, and faults logged. Enhancing the communication arrangements between departments associated with premises compliance. Developing an overall workplan to support monitoring of progress in implementing the improvement activity currently ongoing.
Other components of the audit plan						
Follow up audits	15	12	3	N/A	N/A	<i>Refer Appendix 2 for details.</i>
National Fraud Initiative	3	3	0	N/A	N/A	A summary of the current NFI activity will be provided in the Annual Report of the Head of Internal Audit.
Pension administration	1	0.5	0.5	N/A	N/A	Assurance over pension administration arrangements will be collated and reported for inclusion in the Annual Report of the Head of Internal Audit.
Management activity	10	11	(1)	N/A	N/A	Time spent to date includes: <ul style="list-style-type: none"> Attendance at meetings of the JAEC and preparation of monitoring reports and the 2020/21 Annual Report. Quarterly client meetings. Reissue of the Internal Audit Charter and Engagement Letter. Ad hoc activity: group meeting in June 2021 <i>Sharing audit experiences</i>
Total days	235	197	38			

Follow up audit activity – 2021/22 audit programme

Appendix 2

Audit review	Date of original audit	Assurance opinion	Actions agreed		Date of follow up audit	Audit results	Comments
			Medium risk	Low risk			
Officer/ staff PDR	September 2020	Moderate	3	0	Currently in progress	N/A	N/A
Antifraud/ POCA	November 2020	Limited	10	3	Currently in progress	N/A	N/A
Business Continuity	January 2020	Limited	8	4	February 2022	Four actions implemented, eight in progress	Business Continuity management is currently being overhauled, with the introduction of new governance arrangements and operational leads.
Disclosure	June 2021	Moderate	5	2	February 2022	Five actions implemented, two superseded	Alternative control mechanisms have been introduced to replace the superseded actions.
IMU	October 2020	Moderate	5	2	Currently in progress	N/A	N/A
Ill health pension & injury benefits	June 2021	Substantial	0	6	February 2022	Two actions implemented, four in progress	Whilst many of the actions are still ongoing, good progress is being made.
On Call allowances	June 2021	Substantial	0	4	February 2022	Two actions implemented, two in progress	The remaining actions are being progressed in conjunction with other Constabulary teams.

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Audit review	Date of original audit	Assurance opinion	Actions agreed		Date of follow up audit	Audit results	Comments
			Medium risk	Low risk			
Partnership working (MASH)	June 2021	Moderate	3	1	Currently in progress	N/A	N/A
Project Management	June 2021	Substantial	0	2	Currently in progress	N/A	N/A
Positive Action	March 2021	Moderate	3	1	Currently in progress	N/A	N/A
Accounts Payable	December 2020	Substantial	0	4	November 2021	Three implemented, one in progress	The suite of formal governance documents still require final approval.
Accounts receivable	December 2020	Substantial	0	3	November 2021	Two implemented, one in progress	The debt management policy had still to be formally approved.
General Ledger	December 2020	Substantial	0	1	November 2021	Action not yet implemented	The action to remove access permissions for a small number of individuals has been repeated in the 2021/22 audit report.
Payroll	December 2020	Substantial	0	1	November 2021	Action in progress	The payroll audit framework is still under development.
Total actions			37	34			

Audit assurance levels and risk ratings

Appendix 3

For 2021/22 the following audit assurance levels apply:

<p>Substantial assurance: the framework of control is adequately designed and/ or effectively operated overall.</p>
<p>Moderate assurance: the framework of control is adequately designed and/ or effectively operated overall, but some action is required to enhance aspects of it and/ or ensure that it is effectively operated throughout the service, system or process.</p>
<p>Limited assurance: there are some significant weaknesses in the design and/ or operation of the framework of control that put the achievement of the service, system or process' objectives at risk.</p>
<p>No assurance: there are some fundamental weaknesses in the design and/ or operation of the framework of control that could result in failure to achieve the service, system or process' objectives.</p>

We categorise the issues we raise in the context of the residual risk to which the Constabulary and/ or the Office of the Police and Crime Commissioner are exposed. Actions agreed in our reports are therefore defined as 'extreme', 'high', 'medium' or 'low' in relation to the residual risk they are designed to address and fall into the following categories:

<p>Extreme residual risk: critical and urgent in that failure to address the risk could lead to one or more of the following: catastrophic loss of services, loss of life, significant environmental damage or significant financial loss, with related national press coverage and substantial damage to the Constabulary's and/ or the Office of the Police and Crime Commissioner's reputations.</p>
<p>High residual risk: critical in that failure to address the issue or progress the work would lead to one or more of the following: failure to achieve organisational objectives, significant disruption to business or to service users, significant financial loss, inefficient use of resources, failure to comply with law or regulations, or damage to the Constabulary's and/ or the Office of the Police and Crime Commissioner's reputations.</p>
<p>Medium residual risk: failure to address the issue or progress the work could impact on operational objectives and should be of concern to senior management.</p>
<p>Low residual risk: matters that individually have no major impact on achieving the service's objectives, but where combined with others could give cause for concern.</p>