



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

**Internal Audit Service - Monitoring report for the
period ended 1st December 2022**

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1. Introduction

- 1.1. This report supports the Joint Audit and Ethics Committee's responsibility under its terms of reference to consider performance reports from internal audit on progress with delivery of the 2022/23 audit plan, agreed at the March 2022 Committee meeting.
- 1.2. We are grateful for the assistance that has been provided to us in the course of our work.

2. Summary of progress against the 2022/23 audit plan

- 2.1. Work carried out during the period 1 April 2022 to 1 December 2022 was in accordance with the agreed audit plan. To date, 92 days have been spent this financial year on completion of the 2022/23 plan, equating to 46% of the total planned audit activity of 200 days. The table below shows the current status of all audit work.
- 2.2. Originally there was a piece of work within the Plan to review the adequacy and effectiveness of the arrangements in place to support a complete and accurate transfer of data from the current LCC hosted network (Oracle) to the future Constabulary service provider. This has now been moved to quarter 1 of 2023/24 due to a result of the revised timetable for the Constabulary migration to Oracle v12.2 which will be internally hosted
- 2.3. No areas of concern have come to our attention in conducting our assurance work to date that requires bringing to the attention of committee members.

| Audit review | Audit days | | | Status | Assurance Opinion/Conclusion |
|---|------------|--------|-----------|---------------------------|------------------------------|
| | Planned | Actual | Variation | | |
| Key Financial Systems and business processes | | | | | |
| Accounts payable | 10 | 4.5 | 5.5 | Interim testing commenced | N/A |
| Accounts receivable | 10 | 3 | 7 | Interim testing commenced | N/A |
| General Ledger | 7 | 3.5 | 3.5 | Interim testing commenced | N/A |
| Payroll | 13 | 0 | 13 | Not yet started | N/A |
| Treasury management | 4 | 4.5 | (0.5) | Completed | ● Substantial |
| Pension fund assurance. | 1 | 0 | 1 | Not yet started | N/A |

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| Audit review | Audit days | | | Status | Assurance Opinion/Conclusion |
|--|------------|--------------|-----------|---------------------------------|---|
| | Planned | Actual | Variation | | |
| <i>Operational reviews and support services</i> | | | | | |
| Governance and decision making | 12 | 0.5 | 11.5 | Scoping | N/A |
| Risk management | 10 | 1 | 9 | Scoping | N/A |
| Audit and assurance activity | 8 | 0.5 | 7.5 | Scoping | N/A |
| Health and Safety | 20 | 14.5 | 5.5 | Draft Report | N/A |
| Contract monitoring | 20 | 17 | 3 | Completed | ● Substantial |
| Insourced catering contract | 10 | 0 | 10 | Not yet started | N/A |
| Violence Reduction Network | 20 | 20 | 0 | Draft Report | N/A |
| Data Quality | 15 | 0 | 15 | Not yet started | N/A |
| Public/ partnership engagement | 10 | 2 | 8 | Progressing | N/A |
| <i>Other aspects of the audit plan</i> | | | | | |
| Follow up work | 18 | 12.5 | 5.5 | More information detailed below | |
| Audit programme management activity | 10 | 8 | 2 | Ongoing | This includes a day for work shadowing support. |
| National Fraud Initiative | 2 | 0 | 2 | Not yet started | N/A |
| Total | 200 | 91.50 | | | |

Follow up Work

2.4. The Internal Audit Service aims to follow up the action plans agreed by managers to address the risks identified through the audit process, to confirm that action has been taken. The plan for the year therefore includes an allocation of time for this work. The table below details the status of the agreed management actions.

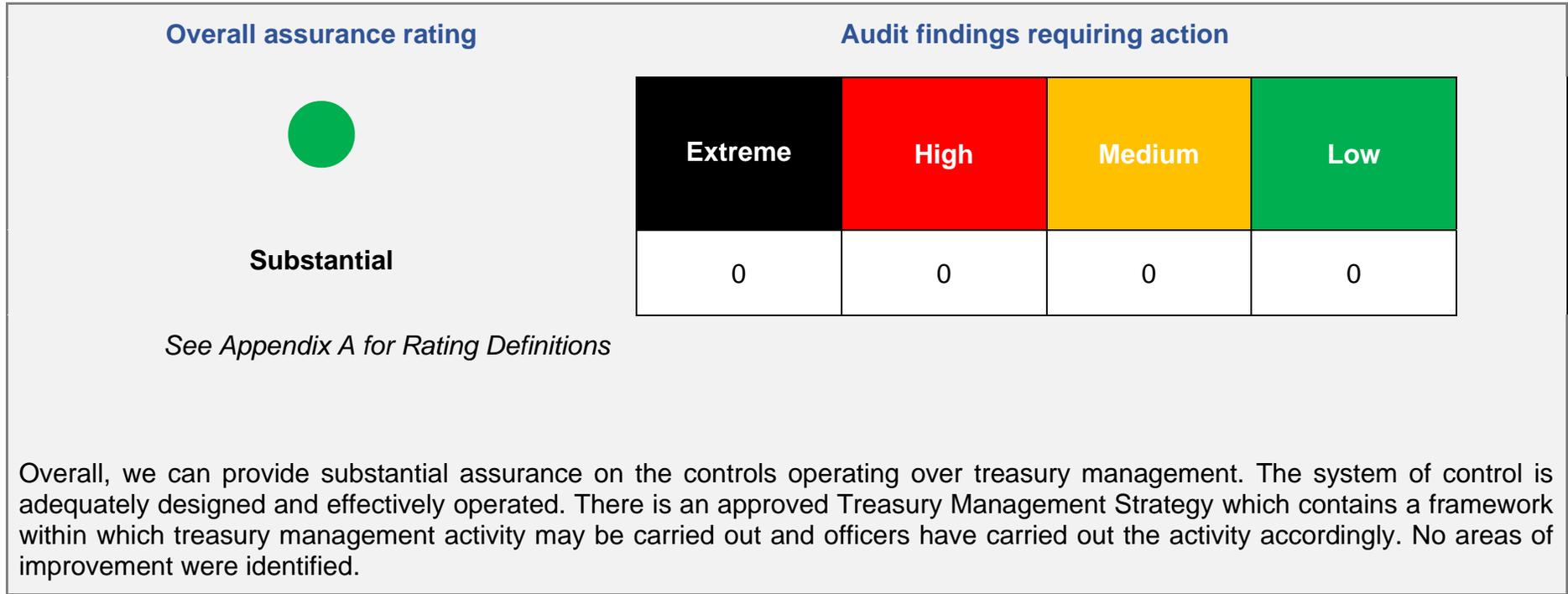
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| Audit review | Date of original audit | Assurance opinion | Actions agreed | | Audit progress |
|------------------------------|------------------------|-------------------|----------------|-----------|---|
| | | | Medium risk | Low risk | |
| Complaint reviews | September 21 | Substantial | 2 | 2 | Completed August 2022 All actions implemented. |
| Addressing Covid risks | August 21 | Moderate | 2 | 1 | Completed August 2022 All actions implemented |
| Management of the ICV Scheme | May 22 | Substantial | 1 | 2 | Progressing |
| CCTV | May 22 | Moderate | 3 | 1 | Draft report completed |
| Premises compliance | September 21 | Limited | 6 | 1 | Completed August 2022 Three actions implemented, three in progress and one superseded |
| Mental Health | May 22 | Substantial | 1 | 2 | Not yet started |
| Child Sexual Exploitation | May 22 | Moderate | 3 | 1 | Not yet started |
| Public Engagement processes | May 22 | Substantial | 1 | 4 | Completed November 2022 Three actions implemented and two progressing |
| Neighbourhood Policing | January 22 | Moderate | 2 | 5 | Progressing |
| Accounts Payable | November 21 | Substantial | 0 | 2 | Progressing |
| General Ledger | November 21 | Substantial | 0 | 2 | Progressing |
| Payroll | November 21 | Substantial | 0 | 1 | Not yet started |
| PCRO Onboarding | May 22 | Moderate | 2 | 2 | Not yet started |
| Total actions | | | 23 | 26 | |

3. Extracts from Audit Reports

3.1. Extracts of assurance summaries are shown below.

Treasury Management



Contract Monitoring

| Overall assurance rating | Audit findings requiring action | | | |
|---|---------------------------------|-------------|---------------|------------|
|  Substantial | Extreme | High | Medium | Low |
| | 0 | 0 | 0 | 1 |

See Appendix A for Rating Definitions

Overall, we can provide **substantial** assurance that the control framework to support achievement of the Constabulary objectives in relation to Contract Monitoring for national framework or collaboration agreements managed on behalf of the Constabulary is adequately designed and effectively operated.

We have undertaken a review to ascertain if the contracted service provision is delivering intended outcomes; invoiced charges are consistent with contractual terms in relation to the quality and timeliness of the service provided; poor or declining service is identified and addressed promptly including the collection of service credits if these fall due; staff have the requisite skills to properly monitor contracts and in particular the quality of delivery.

Each of the contracts we reviewed were subject to national framework or collaboration agreements and therefore the contract management role was carried out by specific contract management teams on behalf of the Constabulary or in line with established national guidelines. In support of these arrangements, each contract has an assigned business lead within the Constabulary who oversees the contract on a day-to-day basis, liaising with contract management teams and also directly with suppliers. Business leads receive updates and information in respect of contract operation and performance and have access to forums to discuss and raise issues. Management information is available and reported to key stakeholders and there is a focus on continuous improvement.

We have agreed one action to enhance the control framework which relates to Constabulary staff, in particular business leads, accessing any available training opportunities associated with contract monitoring.

Public Engagement Processes- Follow Up

| Original audit assurance rating | Status of agreed actions | | | | |
|---|--------------------------|------|--------|-----|---|
| | Extreme | High | Medium | Low | |
|  <p>Substantial</p> <p><i>See Appendix A for Rating Definitions</i></p> | Number of actions | | 1 | 4 | |
| | Implemented | | | 3 | |
| | Superseded | | | | |
| | Progressing | | | 1 | 1 |
| | Not to be implemented | | | | |
| | | | | | |

A follow-up audit has been conducted to determine the progress made by Lancashire Constabulary in implementing the actions agreed following the internal audit review of public engagement processes, issued in May 2022. Our original review provided substantial assurance over the adequacy and effectiveness of the arrangements in place to facilitate victims to report crimes on-line. The review concluded that adequate systems and resources exist to ensure reports received are effectively triaged and recorded on the Connect crime recording system, and performance monitoring and reporting regimes are established with regards to online reporting activity.

One medium and four low risk actions to be implemented by September 2022 were agreed as a result of the review and based on the information and evidence provided to us, we are satisfied that good progress has been made in implementing those actions.

Audit assurance levels and classification of residual risk

Note that our assurance may address the adequacy of the control framework's design, the effectiveness of the controls in operation, or both. The wording below addresses all of these options and we will refer in our reports to the assurance applicable to the scope of the work we have undertaken.

- **Substantial assurance:** the framework of control is adequately designed and/ or effectively operated.
- **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.
- **Limited assurance:** there are some significant weaknesses in the design and/ or operation of the framework of control that put the achievement of its objectives at risk.
- **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 its objectives.

Classification of residual risks requiring management action

All actions agreed with management are stated in terms of the residual risk they are designed to mitigate.

- **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 the Constabulary and/ or the Office of the Police and Crime Commissioner, loss of life, significant environmental damage or significant financial loss, with related national press coverage and substantial damage to the Constabulary and/ or the Office of the Police and Crime Commissioner reputation. *Remedial action must be taken immediately.*
- **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 the Constabulary and/ or the Office of the Police and Crime Commissioner business or to users of its services, significant financial loss, inefficient use of resources, failure to comply with law or regulations, or damage to the Constabulary and/ or the Office of the Police and Crime Commissioner reputation. *Remedial action must be taken urgently.*
- **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. *Prompt specific action should be taken.*
- **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. *Specific remedial action is desirable.*