



**Lancashire  
Constabulary**  
police and communities together

**Lancashire Constabulary and the Office of the  
Police and Crime Commissioner for Lancashire  
Internal Audit Service  
Combined Internal Audit Plan 2022/23**

# **Lancashire Constabulary and the Office of the Police and Crime Commissioner for Lancashire: Combined Internal Audit Plan 2022/23**

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## **1 Introduction**

- 1.1 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 a total resource of 200 audit days, which equates to an overall cost of £67,000 (ex VAT) at our daily rate of £335.
- 1.2 The Audit Plan for 2022/23 has been prepared in accordance with the requirements of the Public Sector Internal Audit Standards (PSIAS). The PSIAS represents mandatory best practice for all internal audit service providers in the public sector. The PSIAS require that the internal audit service is delivered and developed in accordance with the internal audit charter, which accompanies this plan.

## **2 Roles and responsibilities**

- 2.1 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. 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.
- 2.2 The Head of Internal Audit is required by professional standards to provide an opinion addressing governance, risk management and control and thereby to provide assurance that the risks to the objectives of the Police and Crime Commissioner and Chief Constable are being adequately and effectively controlled.
- 2.3 The Joint Audit and Ethics Committee's terms of reference require it to review and approve the internal audit plan.

## **3 Production of the audit plan**

- 3.1 An internal audit plan designed to provide the evidence necessary to support the opinion of the Head of Internal Audit needs to encompass coverage of the key components of each part of the opinion, namely, governance, risk management and control as well as sufficient coverage over operations as a whole either on an annual or periodic basis to enable production of a robust annual audit opinion.
- 3.2 Individual items are proposed for inclusion in the annual audit programme based on planned work deferred from 2021/22 which is still considered important; known changes to operational activity, systems or processes; review of the corporate risk registers and the Force Management Statements and information obtained from review of Scrutiny meetings, Annual Reports and Annual Governance Statements.
- 3.3 We have additionally liaised with senior management of both organisations to establish their views of those areas where independent assurance would be welcomed.
- 3.4 Where it is known that assurance will be provided from another body, (for example, Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services, or the external auditors), the Internal Audit Service will not duplicate

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work but will take it into account if it is relevant to the overall opinion on governance, risk management and control.

**4 Degrees of assurance**

4.1 For 2022/23 we will categorise our assurance levels using one of the following four definitions:

<b>Substantial assurance:</b> the framework of control is adequately designed and/ or effectively operated overall.
<b>Moderate assurance:</b> 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.
<b>Limited assurance:</b> 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.
<b>No assurance:</b> 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.

**5 Deployment of audit resources**

5.1 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 the specific content of individual reviews 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.

5.2 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 provided in the table below:

<b>Short title</b>	<b>Key elements for consideration</b>	<b>Audit days</b>
<b><i>Key Financial Systems and business processes</i></b>		
Accounts payable	The review will consider whether controls are effective in ensuring that purchase ordering and creditor payment processes are valid, accurate, and timely.	10
Accounts receivable	The review will consider the adequacy and effectiveness of the debt management processes in ensuring that income is maximised, collected on a timely basis and accounted for correctly.	10

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Short title	Key elements for consideration	Audit days
General ledger	The review will consider the adequacy and effectiveness of the controls over journal input, system access, separation of duties, account code set up and budget monitoring and reporting.	7
Payroll	<p>We will review the adequacy and effectiveness of the controls in place to ensure that officers and 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.</p> <p>We will additionally consider the newly developed internal quality assurance arrangements being developed by the payroll service which includes checks over the accuracy and validity of self-approved expense claims.</p>	13
<p><i>In support of the above key financial system reviews, we will additionally review the adequacy and effectiveness of the arrangements put in place to support a complete and accurate transfer of data from the current LCC hosted network to the future Constabulary service provider. In particular we will provide assurance over compliance with the signed Data Agreement between LCC and the Constabulary.</i></p>		
Treasury management	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.	4
Pension administration	<p>Assurance will be obtained from two sources:</p> <ul style="list-style-type: none"> <li>• the Head of Internal Audit's assessment of the assurance over the operation of the Pension Fund, informed by our own internal audit activity; and</li> <li>• the Annual Assurance Report prepared by LPPA Ltd in compliance with the Code of Practice 14: Governance and administration of public service pension schemes, issued by the Pensions Regulator in April 2015.</li> </ul>	1

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Short title	Key elements for consideration	Audit days
<b><i>Operational reviews and support services</i></b>		
Governance and decision making	The review will consider the adequacy and effectiveness of the revised Constabulary governance and decision-making arrangements, and in particular will consider the transparency of process and rationale, and the inter-dependencies between individual board roles and responsibilities. We will additionally consider how the revised governance arrangements, combined with the updated performance management framework are aligned with the Constabulary vision and core priorities.	12
Risk management	The review will consider the operation of revised risk management arrangements across the Constabulary and consider the identification and escalation of risks and internal scrutiny processes.	10
Audit and assurance activity	The review will assess the adequacy and effectiveness of the audit and assurance activities undertaken across the Force to support formal accreditation and inspection processes as well as demonstrating continuous improvement.	8
Health and Safety	We will review the adequacy and effectiveness of the control arrangements put in place to ensure the health and safety of police officers, police staff, specials and volunteers. We will consider the training and guidance provided to staff, the development of health and safety plans and risk assessments, the internal inspection and accident investigation processes, and the collation and reporting of accident statistics.	20
Contract monitoring	The review will seek to obtain assurance as to whether: <ul style="list-style-type: none"> <li>• The contracted service provision is delivering intended outcomes.</li> <li>• Invoiced charges are consistent with contractual terms in relation to the quality and timeliness of the service provided.</li> <li>• Poor or declining service is identified and addressed promptly including the collection of service credits if these fall due.</li> </ul>	20

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Short title	Key elements for consideration	Audit days
	<ul style="list-style-type: none"> <li>Staff have the requisite skills to properly monitor contracts and in particular the quality of delivery.</li> </ul>	
Insourced catering contract	The review will assess the adequacy and effectiveness of the control framework in place over the recently insourced catering contract, to ensure compliance with expected quality and delivery standards and budgetary provisions.	10
Violence Reduction Network	A review to examine the work being progressed through the Violence Reduction Network, considering whether there are clear aims and objectives, budgetary analysis and review, and operational monitoring and analysis of results to determine if primary objectives are being achieved.	20
Data Quality	This review will consider the adequacy and effectiveness of the control framework in place to ensure data quality at point of capture.	15
Public/ partnership engagement	<p>The review will consider:</p> <ul style="list-style-type: none"> <li>Methods used to publicise the work of the PCC and the OPCC including whether there is an assessment on the success of different forms of engagement.</li> <li>Ease with which the public/ partners can make contact and the timeliness and robustness of the response provided back to them.</li> <li>The efficiency and effectiveness with which relevant matters are raised with the Constabulary and how actions introduced to address those matters are then publicly promoted.</li> </ul>	10
<b><i>Other aspects of the audit plan</i></b>		
Follow up audits	<p>These reviews will comprise a self-assessment by management of the progress made in implementing agreed actions, and selective test checking of controls and review of documentary evidence.</p> <p>Specific follow up audits will be conducted in relation to the following assignments completed during 2021/22:</p> <ul style="list-style-type: none"> <li>Complaint reviews</li> <li>Addressing Covid risks</li> <li>Management of the Independent Custody Visitor Scheme</li> </ul>	18

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Short title	Key elements for consideration	Audit days
	<ul style="list-style-type: none"> <li>• Information Assurance</li> <li>• CCTV compliance</li> <li>• Premises' compliance</li> <li>• Mental Health</li> <li>• Child Sexual Exploitation</li> <li>• Public Engagement processes</li> <li>• Neighbourhood Policing</li> <li>• On-boarding/ recruitment</li> </ul> <p>Additionally, we will follow up actions arising from our work on Key Financial Systems as part of the 2022/23 audits of these areas.</p>	
Audit programme management activity	<ul style="list-style-type: none"> <li>• Attendance at meetings of the Joint Audit and Ethics Committee.</li> <li>• Production of the annual audit plan.</li> <li>• Preparation of the periodic monitoring reports.</li> <li>• Preparation of the annual report of the head of internal audit.</li> <li>• Liaison with external audit; and</li> <li>• Ad hoc advice or support as required.</li> </ul>	10
National Fraud Initiative	<ul style="list-style-type: none"> <li>• Support to Constabulary staff as required with the testing of data matches identified.</li> <li>• Selective test checking of matches as agreed with the Constabulary.</li> </ul>	2
<b>Total days</b>		<b>200</b>