

**Item 9: Appendix A**



**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 31 August 2021**

## 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 31 August 2021.

### 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 We have recently concluded our work on *Premises compliance* which formed part of our 2020/21 audit programme, but which we were unable to conclude before we reported to committee in June. A summary of our findings is shown in paragraphs 3.8 to 3.12 below. This confirms that we can only provide *limited* assurance at this time, primarily due to gaps in the current control framework for collating and reporting compliance rates and faults. We are however satisfied that work is already in progress to address the areas of weakness we have identified.
- 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, 64 days have been spent delivering items within the 2021/22 audit plan, equating to 27% of the total audit programme of 235<sup>1</sup> days.
- 3.2 An outline of the scope and findings from the work completed to date is included in the following paragraphs. The table at Appendix 1 then identifies where work is currently in progress, or where we have agreed dates for starting the audit work with the Constabulary or Office of the Police and Crime Commissioner (OPCC).

### ***Complaint review process***

- 3.3 This review sought to determine the adequacy and effectiveness of the OPCC complaint review process, considering case management, policy compliance, timeliness of response, management, and reporting, and we have provided *substantial* assurance. This means that overall, the framework of control is adequately designed and effectively operated to meet its objectives.

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<sup>1</sup> This comprises the approved audit plan of 215 days, and the 20 days associated with the Premises Compliance review carried forward from 2020/21.

### ***Addressing Covid risks***

- 3.4 We have completed a review to consider the adequacy and effectiveness of the control arrangements put in place to support the continued operational activity of the OPCC as it was impacted by the Covid-19 pandemic.
- 3.5 The scope of the audit included consideration of:
- Whether policy and procedure documents had been amended.
  - If and how operational processes and the IT infrastructure had been adapted, including supporting staff to work from home, and ensuring the office was Covid safe for those that needed to work from an office base on some days.
  - How employee health and wellbeing had been supported.
  - The impact of the pandemic on OPCC finances.
  - Whether there had been implementation and compliance with the OPCC business continuity framework.
- 3.6 Whilst we have seen good examples of how the senior management team supported staff through the pandemic, in relation to both health and wellbeing and ensuring they were able to work efficiently and effectively, and whilst we acknowledge that operational activity has continued as a result of utilising technology effectively to conduct much of its business virtually, our review has established that the requirements of the OPCC overarching Business Continuity Plan framework had not been followed. Additionally, whilst we have seen examples of the risk management arrangements put into practice by the senior management team, we note that as their meetings are not minuted, we cannot provide assurance over the background and context in which key decisions were discussed and agreed.
- 3.7 Overall, therefore we can provide *moderate* assurance that Covid risks have been appropriately managed and controlled.

### ***Premises compliance***

- 3.8 We conducted a review to assess the adequacy and effectiveness of the arrangements in place to obtain assurance that Constabulary premises comply with relevant health and safety and other legislative requirements.
- 3.9 The audit review involved:
- Consideration as to whether there is clarity on roles and responsibilities of the various teams involved in aspects of premises compliance.
  - Maintenance of the property register and inspection schedules.
  - Guidance and training for staff with responsibility for premises compliance.
  - Inspection checklists and summary reporting for in house compliance checks.
  - Arrangements in place for technical inspections and certifications carried out by approved contractors.
  - Overall premises compliance reporting.
  - Compliance testing of a sample of premises, conducted in accordance with Covid safe guidance from the Constabulary.
- 3.10 Whilst our audit testing and work shadowing did not identify any significant weaknesses in the Facilities Management (FM) divisional arrangements for conducting weekly premises compliance checks and the reporting and resolution of faults, we have found

that the overarching assurance framework for premises compliance across FM and Estates overall is lacking. The reporting mechanisms currently in place do not provide an overall picture of the extent of premises compliance checks undertaken or missed, nor the impact of faults waiting to be remedied, or delays in approved contractor inspections, or indeed whether third party properties occupied by the Constabulary are compliant with statutory health and safety requirements.

- 3.11 The FM and Estates departments do not currently have access to any ICT software which would allow them to bring together the work activity of both areas, providing managers with the tools necessary to be able to plan, deliver, monitor and report on all aspects of premises management and to become more proactive instead of reactive.
- 3.12 We do acknowledge that there are many planned improvements in progress which will address some of the inadequacies in the current control framework, although these are not yet implemented or embedded, with some aspects having been delayed due to recruitment activity and also Covid-19 related priorities. As a result, we can at this time only provide *limited* assurance that the framework of control in place to ensure that all Constabulary premises are compliant with relevant legislative requirements is adequately designed and effectively operated.

#### **Follow up work**

- 3.13 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.
- 3.14 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.
- 3.15 The table at Appendix 2 identifies the follow up audit activity that forms part of this 2021/22 internal audit programme. No follow up audit activity has been completed to date.

#### **National Fraud Initiative (NFI)**

- 3.16 Following the submission of data in October 2020, the resulting matches were released by the Cabinet Office in January 2021. The table below provides details of the total number of matches identified, processed, and in progress, and the errors found, alongside the resultant savings on recovery. None of the errors were a result of fraud.

Category of data	Number of matches identified	Number of matches processed	Number of matches in progress	Errors and value of savings identified
Pensions	105	102	3	1 @ £752.31 (see Note 1)
Payroll	30	12	18	-
Creditors	692	86	0	1 @ £3,918.00 (see Note 2)
Procurement	11	11	0	-
	<b>838</b>	<b>211</b>	<b>21</b>	<b>2 @ £4,670.31</b>

**Notes:**

1. A pensioner died and the overpayment is in the process of being recovered.
2. A duplicate payment has been identified and the money is being recovered.

#### **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	
<b>Operational and support service reviews - Constabulary</b>						
Neighbourhood Policing	20	0.5	19.5	O/S	O/S	Some internal scoping has been completed on each of these assignments and we are currently liaising with the Constabulary regarding the timing of the audits.
Mental Health	10	1	9	O/S	O/S	
Child Sexual Exploitation	15	1	14	O/S	O/S	
Public Engagement processes	15	0	15	O/S	O/S	We have agreed with the Constabulary that this work will be progressed during quarter 4.
Information assurance	15	4	11	O/S	O/S	Our initial scoping is complete on both these assignments and our engagement e-mails have been issued. Some documentation review has started, with our main compliance testing scheduled for quarter 4.
CCTV compliance	15	4	11	O/S	O/S	
Officer and staff on-boarding	20	0	20	O/S	O/S	We have not yet started this assignment.
<b>Operational and support service reviews – OPCC</b>						
Management of the Independent Custody Scheme	8	1	7	O/S	O/S	We have recently held an initial scoping meeting with OPCC staff to inform our detailed audit scoping.
Grants from the reducing reoffending fund	10	1	9	O/S	O/S	Some initial internal scoping has been conducted.
Public/ partnership engagement	7	0.5	6.5	O/S	O/S	We have agreed with the OPCC that this work will be progressed during quarter 4.

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Review area	Audit days			Assurance		Comments/ timing
	Planned	Actual	Variation	Adequacy	Effectiveness	
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		
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"> <li>• Updating the homeworking risk assessments.</li> <li>• Creating and maintaining a record of equipment removed from the office.</li> <li>• Updating the Business Continuity Plan with the lessons learned from Covid and taking forward actions for the recovery phase.</li> </ul>
				Moderate assurance		
<b>Key financial systems (includes follow up of previous year actions where applicable)</b>						
Accounts payable	9	1	8	O/S	O/S	These reviews are scheduled for October 2021.
Accounts receivable	8	0.5	7.5	O/S	O/S	
General ledger	6	0.5	5.5	O/S	O/S	
Payroll processing	9	1	8	O/S	O/S	This review is scheduled for November 2021.
Treasury management	4	0	4	O/S	O/S	We are now ready to commence fieldwork on this review.

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	Planned	Actual	Variation	Adequacy	Effectiveness	
Pension administration	1	0.5	0.5	O/S	O/S	Independent assurance over the benefit administration processes operated by the Local Pension Partnership Administration Ltd (LPPA) is available from work commissioned by Lancashire County Council on behalf of the Pension Fund from PricewaterhouseCoopers LLP, and work undertaken by Deloitte LLP for LPPA. The results of this work will be included alongside the results of the audit work completed by the LPPA Quality and Compliance Monitoring Team in an Annual Assurance Report to be provided by the LPPA Head of Risk and Compliance.
<b>Finalisation of reviews started during 2020/21</b>						
Facilities management – premises compliance	20	25	(5)	X	✓	Our review was finalised in August 2021.
				Limited assurance		<p>Six medium and one low risk actions have been agreed in relation to:</p> <ul style="list-style-type: none"> <li>Finalising the leases and licenses register and obtaining assurance re premises compliance from third party landlords.</li> <li>Finalising and issuing detailed guidance notes to support a consistent and robust compliance checking process.</li> <li>Creating a training matrix applicable to each job role.</li> <li>Enhancing the compliance checklist in use.</li> <li>Introducing a system to record the number of compliance checks conducted, visits missed, and faults logged.</li> <li>Enhancing the communication arrangements between departments associated with premises compliance.</li> <li>Developing an overall workplan to support monitoring of progress in implementing the improvement activity currently ongoing.</li> </ul>



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Review area	Audit days			Assurance		Comments/ timing
	Planned	Actual	Variation	Adequacy	Effectiveness	
<b><i>Follow up audit activity</i></b>						
Officer/ staff PDR	1	0	1	N/A	N/A	No fieldwork has yet started on follow up audits. These will be conducted during quarters 3 and 4. See further detail in Appendix 2.
Positive Action	1	0	1	N/A	N/A	
Disclosure	2.5	0	2.5	N/A	N/A	
Partnership working	1	0	1	N/A	N/A	
Project management	1	0	1	N/A	N/A	
Antifraud/POCA	2.5	0	2.5	N/A	N/A	
Investigation Management Unit	2	0	2	N/A	N/A	
Ill health pensions and injury benefits	1	0	1	N/A	N/A	
On call allowances	1	0	1	N/A	N/A	
Business Continuity Planning	2	0	2	N/A	N/A	
<b><i>Other components of the audit plan</i></b>						
National Fraud Initiative	3	1	2	N/A	N/A	Time incurred relates to support provided to the Constabulary in taking part in the NFI process.

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Review area	Audit days			Assurance		Comments/ timing
	Planned	Actual	Variation	Adequacy	Effectiveness	
Management activity	10	5	5	N/A	N/A	Time spent to date includes: <ul style="list-style-type: none"> <li>• Attendance at meetings of the JAEC and preparation of monitoring reports.</li> <li>• Preparation of the 2020/21 Annual Report.</li> <li>• Reissue of the Internal Audit Charter and Engagement Letter.</li> <li>• Ad hoc activity: group meeting in June 2021 <i>Sharing audit experiences</i></li> </ul>
<b>Total days</b>	<b>235</b>	<b>64</b>	<b>171</b>			

**Follow up audit activity – 2021/22 audit programme Appendix 2**

Audit review	Date of original audit	Assurance opinion	Actions agreed		Planned date of follow up audit
			Medium risk	Low risk	
Officer/ staff PDR	September 2020	Moderate	3	0	Quarter 3
Antifraud/ POCA	November 2020	Limited	10	3	Quarter 3/4
Business Continuity	January 2020	Limited	8	4	Quarter 4
Disclosure	June 2021	Moderate	5	2	Quarter 4
Investigation Management Unit	October 2020	Moderate	5	3	Quarter 4
Ill health pensions and injury benefits	June 2021	Substantial	0	6	Quarter 4
On Call allowances	June 2021	Substantial	0	4	Quarter 3
Partnership working (MASH)	June 2021	Moderate	3	1	Quarter 3
Project Management	June 2021	Substantial	0	2	Quarter 3/4
Positive Action	March 2021	Moderate	3	1	Quarter 4
Accounts Payable	December 2020	Substantial	0	4	Quarter 3
Accounts receivable	December 2020	Substantial	0	3	Quarter 3
General Ledger	December 2020	Substantial	0	1	Quarter 3
Payroll	December 2020	Substantial	0	1	Quarter 3
<b>Total actions</b>			<b>37</b>	<b>35</b>	

## Audit assurance levels and risk ratings

## Appendix 3

For 2021/22 the following audit assurance levels apply:

<p><b>Substantial assurance:</b> the framework of control is adequately designed and/ or effectively operated overall.</p>
<p><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.</p>
<p><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.</p>
<p><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.</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><b>Extreme residual risk:</b> 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><b>High residual risk:</b> 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><b>Medium residual risk:</b> failure to address the issue or progress the work could impact on operational objectives and should be of concern to senior management.</p>
<p><b>Low residual risk:</b> matters that individually have no major impact on achieving the service's objectives, but where combined with others could give cause for concern.</p>