



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

**Internal Audit Service - Monitoring report for the period  
ended 24 February 2023**

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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 24 February 2023 was in accordance with the agreed audit plan. To date, 123 days have been spent this financial year on completion of the 2022/23 plan, equating to 70% of the total planned audit activity of 177 days. The table below shows the current status of all audit work.
- 2.2. It is important that the Plan is a flexible plan and three pieces of work have been removed as detailed below and added to the 2023/24 Plan.

Audit Title	Reason for amendment
Catering contract	The Catering Service was brought back in house at the start of this financial year. The service is still embedding some operational changes. As such it was agreed that more value could be added by postponing the review of the catering contract until 2023/24. A review of the Fleet Management system ahead of the introduction of a new management information system will be completed in its place.
Payroll	The Oracle V12.2 financial system has recently been introduced. It has been agreed a payroll review so soon after the implementation of the new system would not be helpful, and more value would be added if the audit was completed in early 2023/24.
Data Quality	There is currently some unplanned staff absence within the service which is adding pressure to the service. It was agreed that an audit at this time may add additional pressure therefore the audit will now be completed in early 2023/24

- 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		
<b>Key Financial Systems and business processes</b>					
Accounts payable	10	6	4	Interim testing completed	● Substantial

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Audit review	Audit days			Status	Assurance Opinion/Conclusion
	Planned	Actual	Variation		
				Revised system process currently being documented.	
Accounts receivable	10	5	5	Interim testing completed Revised system process currently being documented	● Substantial
General Ledger	7	4.5	2.5	Interim testing completed Revised system process currently being documented	● Substantial
Payroll	0	0	0	Out of Plan	N/A
Treasury management	4	4.5	(0.5)	Completed	● Substantial
Pension fund assurance.	1	0.5	0.5	Progressing	N/A
<b>Operational reviews and support services</b>					
Governance and decision making	12	2	10	Progressing	N/A
Risk management	10	2.5	7.5	Progressing	N/A
Audit and assurance activity	8	4	4	Progressing	N/A
Health and Safety	20	15	5	Completed	● Moderate
Contract monitoring	20	17	3	Completed	● Substantial
Insourced catering contract	0	0	0	Out of Plan	N/A
Violence Reduction Network	20	22.50	(2.5)	Completed	● Substantial
Data Quality	0	0	0	Out of Plan	N/A
Public/ partnership engagement	10	10	0	Completed	● Substantial
Fleet Management	15	1	14	Scoping	N/A

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Audit review	Audit days			Status	Assurance Opinion/Conclusion
	Planned	Actual	Variation		
<i>This is a replacement audit.</i>					
<b>Other aspects of the audit plan</b>					
Follow up work	18	16	2	More information detailed below	
Audit programme management activity	10	12.50	(2.5)	Ongoing	This includes a day for work shadowing support.
National Fraud Initiative	2	0	2	Not yet started	N/A
<b>Total</b>	<b>177</b>	<b>123</b>			

**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.

Audit review	Date of original audit	Assurance opinion	Actions agreed			Audit progress
			High risk	Medium risk	Low risk	
Complaint reviews	September 21	Substantial		2	2	Completed August 2022 <b>All actions implemented.</b>
Addressing Covid risks	August 21	Moderate		2	1	Completed August 2022 <b>All actions implemented</b>
Management of the ICV Scheme	May 22	Substantial		1	2	Draft report completed
CCTV	May 22	Moderate		3	1	Completed December 2022 <b>One action implemented and three progressing</b>

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Audit review	Date of original audit	Assurance opinion	Actions agreed			Audit progress
			High risk	Medium risk	Low risk	
Premises compliance	September 21	Limited		6	1	Completed August 2022 <b>Three actions implemented, three progressing and one superseded</b>
Mental Health	May 22	Substantial		1	2	Completed February 2023 <b>Two actions implemented and one superseded</b>
Child Sexual Exploitation	May 22	Moderate		3	1	Progressing
Public Engagement processes	May 22	Substantial		1	4	Completed November 2022 <b>Three actions implemented and two progressing</b>
Neighbourhood Policing	January 22	Moderate		2	5	Completed December 2022 <b>Six actions implemented and one progressing.</b>
Accounts Payable	November 21	Substantial		0	2	Superseded by interim testing
General Ledger	November 21	Substantial		0	2	Superseded by interim testing
Payroll	November 21	Substantial		0	1	This will be picked up in 2023/24
PCRO Onboarding	May 22	Moderate		2	2	Progressing
Information Assurance	June 22	Moderate	1	3	1	Moved to 2023/24
<b>Total actions</b>			<b>1</b>	<b>26</b>	<b>27</b>	

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**3. Extracts from Audit Reports**

3.1. Extracts of assurance summaries are shown below.

**Interim Key Financial Systems**

**Overall assurance rating – Accounts Payable**



**Substantial**

*See Appendix A for Rating Definitions*

**Audit findings requiring action**

Extreme	High	Medium	Low
0	0	0	0

The interim testing carried out for Accounts Payable did not identify any areas of weakness in the controls for the areas tested.

Creditor Invoices are processed accurately and in a timely manner, including clearing exceptions and validating invoices over £50,000. There is high regard to segregation of duties.

For the sample tested, there was compliance with the Constabulary's no purchase order no pay policy.

Whilst the authorised signatory master list does require some updating this will be addressed by the Oracle upgrade project. We are satisfied that the Purchase to Pay Assistants ensures that purchase order requests and manual invoices have the appropriate level of authorisation.

The authorised signatory list is due to be cleansed and updated as part of the Oracle upgrade project and as this was an action in our prior year audit, we will follow this up again during the year- end testing.

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**Overall assurance rating – Accounts Receivable**



**Substantial**

*See Appendix A for Rating Definitions*

**Audit findings requiring action**

Extreme	High	Medium	Low
0	0	0	0

The interim testing carried out for Accounts Receivable did not identify any areas of weakness in the controls for the areas tested.

Debtor invoices and credit memos are raised in a timely manner on receipt of an invoice request form or cancellation request, and we did not find any undue delays in receipts being uploaded and allocated to the debtor invoices.

For the sample tested we were able to confirm that the reminders are issued, and debts pursued in accordance with the debt management policy.

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**Overall assurance rating – General Ledger**



**Substantial**

*See Appendix A for Rating Definitions*

**Audit findings requiring action**

Extreme	High	Medium	Low
0	0	0	0


The interim testing carried out for the General Ledger review did not identify any areas of weakness in the controls for the areas tested.

The General Ledger has a robust framework of control, and we recognise that a number of these have been developed through workarounds to supplement the Oracle system controls.

We verified that the off-system journal control list and manual authorisation process for spreadsheet journals remains in place and is operating effectively.

The Finance department continues to use the Oracle code combination report and excel to prepare the Force Analysis Report and the various budget monitoring reports in the absence of a fit for purpose reporting tool within the current version of Oracle. We note that this manual process continues to mature over time with more detail being provided to the budget holders and Senior Management Teams each year.

## Health and Safety

Overall assurance rating	Audit findings requiring action			
 <b>Moderate</b>	<b>Extreme</b>	<b>High</b>	<b>Medium</b>	<b>Low</b>
	0	0	3	4

*See Appendix A for Rating Definitions*

We have reviewed the adequacy and effectiveness of the control arrangements put in place by the Constabulary to ensure the health and safety of police officers, police staff, specials and volunteers, and overall, we can provide moderate assurance that the framework of control is adequately designed and effectively operated.

A comprehensive health and safety (H&S) policy document is accessible on the intranet site. The policy is current and comprehensive and is supported by a broad range of additional guidance documents to support employees in managing and mitigating the primary hazards applicable to their role.

A series of priorities have been established for 2022/23 and good progress has been made in delivering these. It has been agreed that an annual report will be taken to the Executive Health and Safety Committee (HSC) to clearly demonstrate current year achievements and to identify priorities for 2023/24.

A register of operational and organisational risk assessments is maintained by the H&S team. These ensure that across all areas of the force H&S risks are being identified and controls put in place to manage them. The monitoring of the risk assessment register ensures the assessments are periodically reviewed and the adequacy of the control framework re-assessed.

Overall governance and oversight of H&S activity is managed through a hierarchical committee structure, which covers Headquarters departments and divisions, with a corporate Executive HSC being chaired at Chief Officer level. The committees operate in accordance with their terms of reference and are generally well attended. Members of the H&S team actively support all the boards and are additionally represented on further groups which consider the management of H&S risks as part of their remit. This ensures that professional help and advice can be provided, and priority work issues can be escalated and addressed.

Responsibility for determining the H&S training needed by employees in specific roles rests with the relevant departmental leads, and therefore there is no overarching H&S training plan in place. Whilst mandated H&S training courses are recorded on the Kallidus Learn

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system, compliance with this training is not formally reported to the Executive HSC and neither is feedback received from course attendees.

Workplace H&S inspections take place on a weekly basis by the Facilities Management compliance officers. However, the quarterly walkarounds completed by senior management were not completed consistently by all departments and divisions. The H&S team have therefore recently refreshed these arrangements and introduced a revised reporting process to the Executive HSC. This reports the inspections being conducted and if any risks or hazards identified are being addressed on a timely basis. The first set of reports is due to be taken to the Executive HSC on 31 January 2023.

An on-line accident management system is in place which allows data to be extracted at both a summary and detailed divisional/departmental level. Whilst we found generally a good compliance with the reporting process, some improvements are to be introduced in relation to how accident data is collated and reported.

## Violence Reduction Network

Overall assurance rating	Audit findings requiring action			
 <b>Substantial</b>	<b>Extreme</b>	<b>High</b>	<b>Medium</b>	<b>Low</b>
	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>

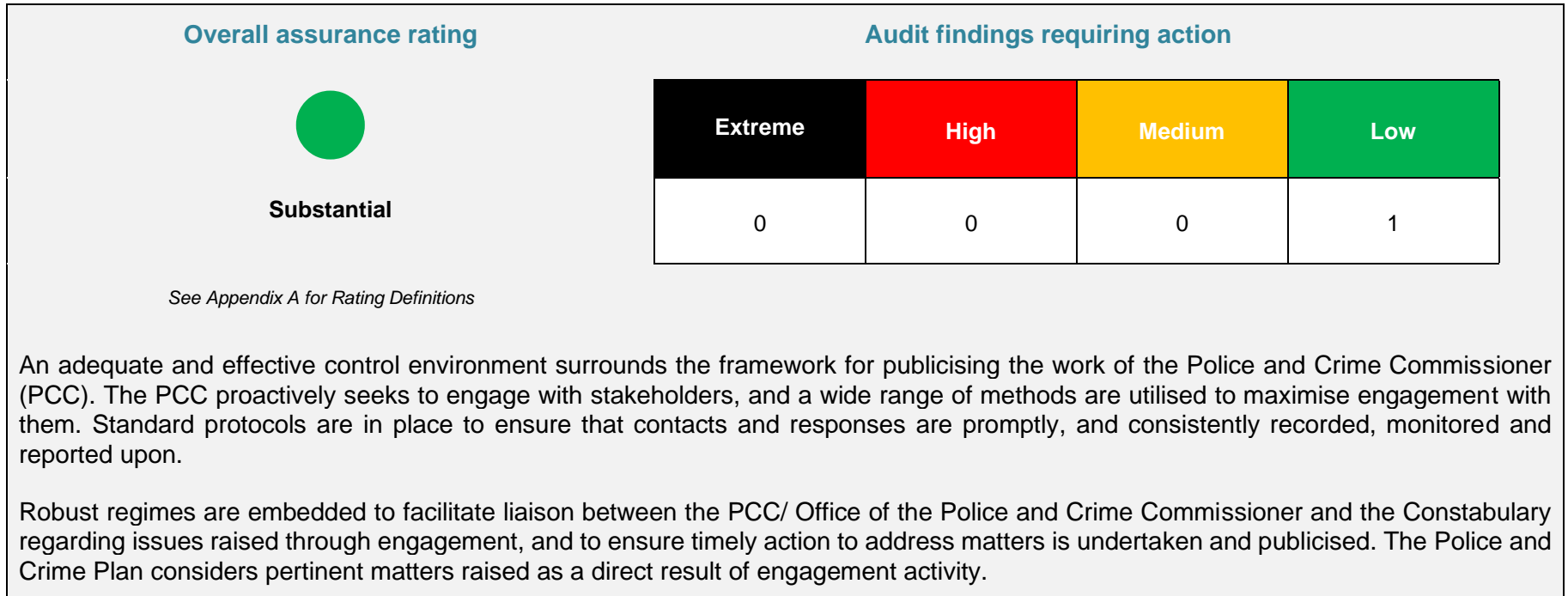
*See Appendix A for Rating Definitions*

The Violence Reduction Network (VRN) is led by a core team in association with a number of network partners including the OPCC. There is governance and supporting documentation in place for the partnership, plus a dedicated website. There is an established schedule of meetings for the VRN, with financial reporting and workstream information regularly submitted and discussed. This provides transparency in regard to the delivery against key objectives, helps identifies issues and good practice, and aids strategic decision making.

Data analysts within the core team collect, analyse and evaluate data, in line with legal and information governance requirements, and supports partnership working with other organisations. This helps to determine the impact of VRN prevention and intervention activities within communities.

There are some opportunities to enhance the operations of the VRN. These include the review and update of governance documentation, specifically Terms of Reference for the Partnership Board, including the attendance requirements of partners. Also, the assignment of target or implementation dates against actions raised at meetings will aid the monitoring of each action's resolution.

## Public Partnership Engagement




### Management of CCTV- Follow Up

Status of agreed actions

	Extreme	High	Medium	Low
<b>Number of actions</b>			<b>3</b>	<b>1</b>
Implemented				1
Progressing			3	

Original audit assurance rating




Moderate

See Appendix A for Rating Definitions

A follow-up audit has been conducted to determine the progress made by Lancashire Constabulary to implement the actions agreed in the internal audit report; Management of CCTV, issued in May 2022. Our original review provided Moderate assurance over the adequacy and effectiveness of the risk and control framework associated with the Constabulary's objective of ensuring compliance with the Surveillance Camera Commissioners Code of Practice.

One low risk and three medium risk actions were agreed with the CCTV Manager and Data Protection Officer to be implemented by June 2022. One action has been implemented and based on the information and evidence provided to us, we are satisfied that good progress is being made in working towards implementing the remaining three actions, and that progress will continue to be closely monitored through to completion by the Overt Surveillance Governance Board.

**Neighbourhood Policing- Follow up**


Original audit assurance rating	Status of agreed actions			
	Extreme	High	Medium	Low
 <p><b>Moderate</b></p> <p><i>See Appendix A for Rating Definitions</i></p>			2	5
Implemented			1	5
Progressing			1	

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 neighbourhood policing, issued in January 2022. Our original review provided moderate assurance over the adequacy and effectiveness of the arrangements in place to support the achievements of the key objectives of the Constabulary's approach to neighbourhood policing, including adherence to the College of Policing principles and guidance.

Two medium and five low risk actions were agreed to be implemented by September 2022 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.

**Mental Health- Follow up**

**Original audit assurance rating**



**Substantial**

*See Appendix A for Rating Definitions*

**Status of agreed actions**

	Extreme	High	Medium	Low
<b>Number of actions</b>			1	2
Implemented				2
Superseded			1	

A follow-up audit has been conducted to determine the progress made by Lancashire Constabulary in implementing the actions agreed in the internal audit report on Mental Health, issued in May 2022. Our original review provided **substantial** assurance over the adequacy and effectiveness of the Constabulary collaborative working arrangements put in place to support the development and delivery of initiatives aimed at reducing mental health demand. Two low and one medium risk actions were agreed to be implemented within six to 12 months of issuing our final report in May 2022.

Based on the information and evidence provided to us, we are satisfied that the main activity underpinning implementation of the two low risk actions, associated with updating the force intranet and internet pages and considering the need for further training are primarily complete, with the few remaining elements anticipated to be completed within a short timeframe. The medium risk action has been classified as superseded as the Mental Health Tactical Board is no longer going to be established, and hence no formal terms of reference are required. However, we are satisfied that the Constabulary's involvement in the various collaborative initiatives aimed at reducing the demand for Police services in cases where a Mental Health issue is identified are subject to appropriate internal and external oversight and governance.

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## 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.*