



**Lancashire Constabulary and the Office of the
Police and Crime Commissioner for Lancashire
Internal Audit Service
Combined Internal Audit Plan 2023/24**

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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 2023/24 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 2022/23 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, His 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 2023/24 we will categorise our assurance levels using one of the following four definitions:

Substantial assurance: the framework of control is adequately designed and/ or effectively operated overall.
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.
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.
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.

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:

Short title	Key elements for consideration	Audit days
Key Financial Systems and business processes		
Accounts payable	The review will consider whether controls are effective in ensuring that purchase ordering and creditor payment processes are valid, accurate, and timely.	12
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.	12
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.	8

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Short title	Key elements for consideration	Audit days
Payroll	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.	15
<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>		
Banking	The review will consider the adequacy and effectiveness of the revised banking arrangements within the Constabulary.	8
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
<p>Operational reviews and support services</p>		
Catering contract	The review will assess the adequacy and effectiveness of the control framework in place over the insourced catering contract, to ensure compliance with expected quality and delivery standards and budgetary provisions. <i>This has been brought forward from 2022/23</i>	12
Data Sharing	The review will consider the adequacy and effectiveness of how information is shared using the Connect Police Record Management System. <i>This has been brought forward from 2022/23 and was previously called Data Quality.</i>	15
Civil Orders	The review will consider the adequacy and effectiveness of the operation of civil orders across the Constabulary.	12
Financial management Constabulary & PCC	The review will determine the adequacy and effectiveness of the processes in place to set a balanced budget in the current financial climate.	15

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Short title	Key elements for consideration	Audit days
Firearms Management	The review will determine the processes and controls in place surrounding firearms management.	15
GDPR - OPCC	The review will consider the adequacy and effectiveness of the policies and procedures in place to fulfil the requirements of the UK GDPR.	10
Pensions: processing of retirements	The review will consider the adequacy and effectiveness of the controls in place for the processing of retirement within the Constabulary. This will include the request for pension estimates through to payment of the pension (where applicable).	20
Redaction of information presented to Court	Following the change in guidelines the review will determine the adequacy and effectiveness of the redaction of information presented to court.	12
<i>Other aspects of the audit plan</i>		
Follow up audits	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.	17
Audit programme management activity	<ul style="list-style-type: none"> • Attendance at meetings of the Audit Committee. • Production of the annual audit plan. • Preparation of the periodic monitoring reports. • Preparation of the annual report of the head of internal audit. • Liaison with external audit; and • Ad hoc advice or support as required. 	11
National Fraud Initiative	Support to Constabulary staff as required with the testing of data matches identified.	2
Plan Total		200