



**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 30 November 2023**

Lancashire Constabulary and the Office of the Police and Crime Commissioner for Lancashire - Internal Audit Service: Monitoring report for the period ended 30 November 2023.

1. Introduction

- 1.1. This report supports the Joint Audit Committee's responsibilities under its terms of reference to consider performance reports from internal audit on progress with delivery of the 2023/24 audit plan.
- 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 2023/24 audit plan

- 2.1. Work carried out during the period 1 April 2023 to 30 November 2023 was in accordance with the agreed audit plan. To date, 93 days have been spent this financial year on completion of the 2023/24 plan, equating to 44 % of the total planned audit activity of 210 days. The table below shows the current status of all audit work.
- 2.2. It is important that the Plan is a flexible plan therefore the scope of the Financial Management audit has been changed to focus on benefits realisation. The external auditor will report on the other aspects of the Police and Crime Commissioner's and Chief Constable's financial management arrangements when conducting their Value for Money audit work. In addition, we have rolled forward the Governance and Decision-Making audit to the 2024/25 year, as an additional review of the Armoury Management has been seen as a greater priority.
- 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	12	4	8	Testing commenced	N/A
Accounts receivable	12	6.5	5.5	Testing commenced	N/A
General ledger	8	3	5	Testing commenced	N/A
Payroll	15	17	-2	Completed August 2023	● Substantial
Banking	8	2	6	Testing commenced	N/A
Treasury management	4	0	4	Not started Q4	N/A
Operational reviews and support services					

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Audit Review	Audit days			Status	Assurance Opinion/Conclusion
	Planned	Actual	Variation		
Catering contract	12	2	10	Testing commenced	N/A
Data sharing	15	2.5	12.5	Testing commenced	N/A
Civil orders	12	8	4	Testing completed; draft report being produced	N/A
Financial management Constabulary & PCC <i>This audit will just focus on benefits realisation</i>	15	5	10	Scoped and ready to start	N/A
Firearms licensing	15	11	4	Completed September 2023	● Substantial
GDPR - OPCC	10	0	10	Not started Q4	N/A
Pensions: processing of retirements	20	19	1	Completed November 2023	● Moderate
Redaction of information presented to Court	12	0	12	Started Scoping	N/A
Governance and decision making	0	0	0	This audit has been moved to the 2024/25 Plan	
Armoury Management <i>This is an additional piece of work.</i>	10	5	5	Testing commenced	N/A
<i>Other aspects of the audit plan</i>					
Follow up work	17	2	15		
Audit programme management activity	11	6	5		
National Fraud Initiative	2	0	2		
Total	210	93	117		

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

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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	
Information assurance	August 2022	Moderate	1	3	1	Progressing
Contract monitoring	September 2022	Substantial	0	0	1	Completed November 2023 Action implemented.
Violence Reduction Network	December 2022	Substantial	0	1	1	Draft Report
Health and safety	February 2023	Moderate	0	3	4	Progressing
Payroll	November 2021	Substantial	0	0	1	Completed June 2023 Action superseded
Audit and Assurance Framework	May 2023	Moderate	0	3	3	Progressing
Fleet maintenance and fleet stores	August 2023	Limited	1	2	1	Not Started
Public partnership engagement	January 2023	Substantial	0	0	1	Completed November 2023 Action implemented.
Risk management	May 2023	Substantial	0	1	2	Progressing
Total actions			2	13	15	

3. Extracts from Audit Reports

3.1. Extracts of assurance summaries are shown below.

Pensions: Processing of Retirements

Overall assurance rating



Moderate

Audit findings requiring action

Extreme	High	Medium	Low
0	0	2	2

See Appendix A for Rating Definitions

Overall, we can provide **moderate** assurance that the control framework to support achievement of the Constabulary's objectives in relation to the processing of police officer and police staff retirements is adequately designed, but that some action is required to ensure that it is effectively operated throughout.

The Lancashire Pensions Board meet on a quarterly basis to monitor the pension schemes. The Board is chaired by the Constabulary's Chief Operating Officer and members include Chief Officers from Human Resources; Finance; Legal and the trade unions.

Whilst the Constabulary's Human Resources (HR) Pay Services have a set of standard procedures in place which are consistently applied, the introduction of LPPA's new core pension administration system Civica - "Universal Pensions Management" (UPM) and the change from Lancashire County Council's Oracle system, has generated more queries and requests for further information from LPPA, causing additional work.

There have been some concerns regarding recent performance; errors and the number of complaints being received which have been appropriately escalated to the Chief Constable and raised with the Managing Director at LPPA and the Board are monitoring the position. It is our opinion that the Constabulary's HR Pay Services are administering retirements accurately and in a timely manner but are currently being impacted by the ICT changes and would benefit from some discussions with LPPA Operations to identify if the existing administrative processes need some updating to meet their requirements and reduce the number of queries.

For a sample of police officers recently retired, the lump sum and first month's pension payment were paid by LPPA in a timely manner, however for police staff there were some delays where the retired staff had waited over two months for their payments.

Some of the functions in UPM are not currently working as expected, and some functionality is yet to be delivered, which is causing a lack of confidence in the system and failure to provide an audit trail. We do recognise that there is a program of ongoing system developments and we have proposed an action to address these issues, whilst the planned system developments are delivered by LPPA.

Currently, the pensions advisors sense check the performance data and are able to identify any anomalies in the reporting, along with any trends; declines and improvements in performance, and they maintain their own issues log. The Constabulary have drafted some revised performance measures intended to strengthen the reporting, management information and adherence to legislative requirements and timeframes, which are yet to be agreed with LPPA.

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 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.
- **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.*