



Office of the Police & Crime Commissioner for Lincolnshire and Lincolnshire
Police

Internal Audit Progress Report 2017/18 & 2018/19

June 2018

Presented to the Joint Independent Audit Committee meeting of: 25th July 2018

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01 Introduction

- 1.1 The purpose of this report is to update the Joint Independent Audit Committee (JIAC) as to the progress in respect of the Operational Plan for the year ended 31st March 2018, together with progress on delivering the 2018/19 Internal Audit Plan which was considered and approved by the JIAC at its meeting on 19th April 2018.
- 1.2 The Police and Crime Commissioner and Chief Constable are responsible for ensuring that the organisations have proper internal control and management systems in place. In order to do this, they must obtain assurance on the effectiveness of those systems throughout the year, and are required to make a statement on the effectiveness of internal control within their annual report and financial statements.
- 1.3 Internal audit provides the Police and Crime Commissioner and Chief Constable with an independent and objective opinion on governance, risk management and internal control and their effectiveness in achieving the organisations' agreed objectives. Internal audit also has an independent and objective advisory role to help line managers improve governance, risk management and internal control. The work of internal audit, culminating in our annual opinion, forms a part of the OPCC and Forces' overall assurance framework and assists in preparing an informed statement on internal control.
- 1.4 Responsibility for a sound system of internal control rests with the Police and Crime Commissioner and Chief Constable and work performed by internal audit should not be relied upon to identify all weaknesses which exist or all improvements which may be made. Effective implementation of our recommendations makes an important contribution to the maintenance of reliable systems of internal control and governance.
- 1.5 Internal audit should not be relied upon to identify fraud or irregularity, although our procedures are designed so that any material irregularity has a reasonable probability of discovery. Even sound systems of internal control will not necessarily be an effective safeguard against collusive fraud.
- 1.6 Our work is delivered in accordance with the Public Sector Internal Audit Standards (PSIAS).

02 Summary of internal audit work to date

2.1 All work in respect of the Lincolnshire plan for 2017/18 has been completed. The final report for the year that had yet to be reported to the JIAC was in respect of the Code of Governance. This is now included in the table below, whilst further details are provided in Appendices 1 and 3.

Lincolnshire 2017/18 Audits	Report Status	Assurance Opinion	Priority 1 (Fundamental)	Priority 2 (Significant)	Priority 3 (Housekeeping)	Total
Online Banking	Final	Significant			3	3
G4S Contract	Final	Satisfactory		1	1	2
Fleet Management	Final	Significant			3	3
ICT Business Continuity	Final	Significant		1	2	3
JIAC Effectiveness ¹	Final	N/A		2	10	12
Budgetary Control	Final	Significant			1	1
Road Safety Partnership	Final	Limited	1	2	2	5
Apprentice Levy	Final	Satisfactory		5		5
T-Police	Final	Satisfactory		4		4
Cash, Bank & Treasury Management	Final	Satisfactory		1	1	2
General Ledger	Final	Significant			1	1
Payments & Creditors	Final	Satisfactory		2		2
Income & Debtors	Final	Significant			1	1

Lincolnshire 2017/18 Audits	Report Status	Assurance Opinion	Priority 1 (Fundamental)	Priority 2 (Significant)	Priority 3 (Housekeeping)	Total
Payroll	Final	Satisfactory		1	2	3
Learning & Development	Final	Limited	1	3	2	6
Firearms Licensing	Final	Satisfactory		2	2	4
Code of Governance	Final	Satisfactory		3	2	5
Benefit Realisation	Final	Satisfactory		1		1
Total			2	28	33	63

¹ Audit Committee Effectiveness – this audit aimed to assess the JIAC against best practice, such as the principles set out in the National Audit Offices (NAO's) good practice guide 'The Audit Committee Self-Assessment Checklist, 2012'. The objective of the audit was therefore to provide an action plan of areas to consider for driving best practice and not to provide an opinion on the adequacy and effectiveness of controls.

2.2 Work in respect of the 2018/19 plan is underway and we have issued two final reports to date, these being in respect of Risk Management and HR Recruit to Reward. Audits in respect Health & Safety, Estates Management and Procurement are due to be carried out over the coming few months. Further details are provided in Appendices 2 and 4.

Lincolnshire 2018/19 Audits	Report Status	Assurance Opinion	Priority 1 (Fundamental)	Priority 2 (Significant)	Priority 3 (Housekeeping)	Total
Risk Management	Final	Significant			4	4
HR Recruit to Reward	Final	Limited	3	3	2	8
Total			3	3	6	12

2.3 With regards the audits carried out in respect of collaboration arrangements, we have recently issued the final report in respect of the Proceeds of Crime Act (POCA) and will review the arrangements in place across the region to manage cash and property seizures. A summary of this report is provided in Appendix 1.

Collaboration Audits 2017/18	Status	Assurance Opinion	Priority 1 (Fundamental)	Priority 2 (Significant)	Priority 3 (Housekeeping)	Total
EMCHRS Learning & Development	Final	Satisfactory		2	3	5
EMSOU Forensic Services ¹	Final	Significant			3	3
EMCHRS Occupational Health ¹	Final	Substantial			3	3
Criminal Justice (EMCJS) ¹	Final	Satisfactory		1	2	3
POCA ¹	Final	Satisfactory			4	4
Total			-	3	15	18

¹Denotes those collaborative arrangements which Lincolnshire are a part of.

2.4 The first piece of work under the heading of 'Collaboration' has recently been completed and the final memo issued. This was in respect of a review of Regional Collaboration Assurance Statements. Further details of this are provided in Appendix 2.

03 Performance

3.1 The following table details the Internal Audit Service performance for the year ending 31st March 2018 measured against the key performance indicators that were set out within Audit Charter.

No	Indicator	Criteria	Performance
1	Annual report provided to the JIAC	As agreed with the Client Officer	Achieved
2	Annual Operational and Strategic Plans to the JIAC	As agreed with the Client Officer	Achieved
3	Progress report to the JIAC	7 working days prior to meeting.	Achieved
4	Issue of draft report	Within 10 working days of completion of final exit meeting.	94.4% (17/18)
5	Issue of final report	Within 5 working days of agreement of responses.	100% (18/18)
6	Follow-up of priority one recommendations	90% within four months. 100% within six months.	N/A ¹
7	Follow-up of other recommendations	100% within 12 months of date of final report.	N/A ¹
8	Audit Brief to auditee	At least 10 working days prior to commencement of fieldwork.	100% (18/18)
9	Customer satisfaction (measured by survey)	85% average satisfactory or above	100% (10/10)

¹ Previous audit recommendations are followed up through the review of the Implementation Progress Report that is presented at each JIAC by the DCC. Additionally, those audits that are carried out on an annual basis include a follow-up of previous recommendations.

Appendix A1 – Summary of Reports 2017/18

Below we provide brief outlines of the work carried out, a summary of our key findings raised and the assurance opinions given in respect of the final reports issued since the last progress report in respect of the 2017/18 Internal Audit Plan:

Code of Corporate Governance

Assurance Opinion	Satisfactory
Recommendation Priorities	
Priority 1 (Fundamental)	-
Priority 2 (Significant)	3
Priority 3 (Housekeeping)	2

Our audit considered the following area objectives:

- A Code of Corporate Governance is in place between the Commissioner and Chief Constable that complies with relevant legislation and guidance.
- Appropriate Annual Governance Statements are produced on behalf of the Commissioner and Chief Constable that provide assurance that the governance framework is effective.
- The process used for the regular review of the governance framework is proportionate and sufficiently robust and that the implementation of previously identified improvement actions has been effectively monitored.
- The corporate governance framework is supported by policies and procedures, such as a decision making framework and scheme of delegation, and these are appropriately communicated and monitored for compliance.
- The roles and responsibilities of senior officers and staff within the Force and OPCC are clearly defined, particularly regarding their decision making responsibilities.
- Decisions are made in accordance with the governance framework in a clear and transparent manner, supported by appropriate levels of relevant and timely information.
- Decisions made are clearly recorded, communicated and published where relevant.
- The complaints against the Chief Constable and Police and Crime Commissioner are handled appropriately in line with relevant legislation and guidance.

We also raised three significant (priority 2) recommendations where felt that the control environment could be improved. These related to the following:

Recommendation 1	The Force should select a delegated individual who has responsibility for the preparation of the Forces' the Annual Governance Statement. This responsibility should be recorded as part of the Code of Governance Framework.
Response	Agreed. The Force CFO will consult with the Chief Officer Group to assign responsibility for the production of the AGS for 2018/19.
Timescale / Responsibility	FCFO - June 2018

Recommendation 2	The OPCC should ensure a data quality check is undertaken on the monitoring control sheet and each policy and procedure to ensure the review dates are correctly stated and that the most up to date version is available on the website.
Response	Agreed. Development of the central control database for policies, procedures and key documents in the OPCC is ongoing. As part of this development a data quality check will be conducted to reconcile the version information appearing on all documents (including those published on the PCC's website) against the master data contained in the database. This will ensure accuracy of version control and planned review dates. Once the check has been completed all the documents identified will be amended to ensure agreement with the master database.
Timescale / Responsibility	Data quality check to be completed by end of June 2018. (RPO) Amendments /updating of any documents to be completed by end of July 2018. (RPO)

Recommendation 3	The OPCC and Force should ensure that reviews of the schemes of delegation document are undertaken and review dates recorded in order to evidence that the document is current and reflects current practice.
Response	Agreed. The Force CFO and PCC CFO will ensure that post each annual review, the Schemes of Delegation are updated to show the most recent review date and posted on the website.
Timescale / Responsibility	FCFO/CFO – June 2018

Additionally, we raised two priority 3 recommendations of a more housekeeping nature. These were in respect of guidance with regards decision making and the complaints process. Management confirmed that agreed actions will be taken by June 2018.

Regional Approach to Proceeds of Crime Act (POCA)

Assurance Opinion	Satisfactory
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Recommendation Priorities	
Priority 1 (Fundamental)	-
Priority 2 (Significant)	-
Priority 3 (Housekeeping)	4

The Proceeds of Crime Act 2002 (POCA) is a wide ranging Act aiming to take the profit out of criminality. A part of the Act gives power to the police and other public bodies to confiscate assets and cash from individuals who are convicted of offences or, on the balance of probability, have benefited from their illegal activities. The Home Office operates the Asset Recovery Incentivisation Scheme (ARIS) where a proportion of the recovered assets is returned to the agency(ies) that recovered it.

Under ARIS guidance, POCA funding received from the Home Office should be used by police forces to drive up performance on asset recovery and, where appropriate, to fund local crime fighting priorities for the benefit of the community. There are two routes for securing POCA monies under the ARIS scheme, Confiscation Orders and Cash Forfeitures.

Internal Audit carried out visits to each of the five police forces across the East Midlands, as well as the regional unit, EMSOU, to compare and contrast the manner of approach that is adopted to managing and maximising POCA opportunities.

Our audit considered the risks relating to the following areas under review:

- Policies and procedures are in place for maximising POCA receipts via cash forfeiture and confiscation orders.
- Effective communications and training arrangements are in place in respect of the cash forfeitures and confiscation orders.
- Each forces' application of the above procedures leads to them maximising opportunities for POCA performance.
- POCA receipts are used in accordance with the Act.
- Monies received under confiscation orders and / or cash forfeiture, together with its subsequent use, are fully accounted for.
- Management information is complete and timely and supports the objective of driving up POCA performance.

There is a generally sound system of internal control across the region that supports the management of POCA arrangements, however we have identified some areas where the control environment could be improved into to maximise the application of the legislation across the region.

Due to the complexity of individual cases, and the length of time that a criminal prosecution can take, it is often difficult for the Forces to see a relation between high performance and high ARIS returns. These can be dependent on a number of factors, including the assets available when an investigation has started, the court's decision and successful cases that result in monies being returned to the victims rather than to the Forces under ARIS.

Overall, the review of the POCA approach across the region found that there are areas of commonality and examples of best practice in place for the management of the POCA receipts. A summary of the approaches seen across the region was provided in the report. Additionally, there were areas of improvement that should be considered and these were raised in the report as Priority 3 recommendations. These related to the following:

- The Forces should consider adopting a clear POCA Strategy that outlines the approach they will take to maximising POCA receipts via cash forfeiture and confiscation orders.
- The Forces should consider a structured approach to awareness of POCA through targeted communications and training schedules.
- Each Force should consider their approach to maximizing POCA opportunities and explore whether it could adopt any of the approaches seen across the region. These include:
 - Mandatory referrals to the Financial Investigation Unit when property stores are releasing cash;
 - A daily report received by the FI's providing details of all charges, crimes recorded, property logged and postal requisitions within the last 24 hours; and
 - An accredited Financial Investigator reviews the Suspicious Activity Reports received to ensure potential opportunities are not missed.

- The Forces and Region should review the performance information they utilise to manage the POCA process. Consideration should be given to the following:
 - The number and value of the compensation orders obtained should be clearer; this can be overlooked as the Force receive no monies under ARIS for this work but it is a clear success story for the victims of the crime;
 - For the number and value of cash forfeitures and compensation orders, a monthly or quarterly trend rather than comparison to 12 months ago;
 - Number and value of ongoing cases that the Financial Investigation team are working on would provide an overview of pipeline/future potential returns;
 - Cases can be pursued that may not be significant in value, however they are significant in the disruption of criminal activity or crime groups and, where possible, it would be beneficial to highlight success stories in this area of Financial Investigation.

Appendix A2 – Summary of Reports 2018/19

Below we provide brief outlines of the work carried out, a summary of our key findings raised and the assurance opinions given in respect of the final reports issued since the last progress report in respect of the 2018/19 Internal Audit Plan:

Risk Management

Assurance Opinion	Significant
Recommendation Priorities	
Priority 1 (Fundamental)	-
Priority 2 (Significant)	-
Priority 3 (Housekeeping)	4

Our audit considered the following area objectives:

- A risk management strategy, with supporting policies and procedures, is in place and available to officers and staff.
- Responsibility for risk, both in terms of supporting the overall risk management process across the Force & OPCC, and individual risk owners, is delegated and understood.
- Procedures are in place to ensure that risks are identified; assessed; recorded; and, appropriate risk owners are assigned.
- Risks are managed, where appropriate, at all levels of service delivery:
 - Strategic
 - Operational
 - Contracts
 - Programme
 - Partnership
- Risk registers are in place and are adequate and reasonable in terms of risk scoring, documented mitigation and action plans.
- Risk mitigation actions are in place and there is evidence they are monitored to ensure tasks are completed within agreed timescales.
- Appropriate oversight and reporting arrangements, including between the Force and OPCC, are in place and are working effectively.
- The methods for identifying and managing potential risk within the business areas are regularly reviewed, with consideration given to developing engagement at all levels.

We raised four priority 3 recommendation of a housekeeping nature. These were in respect of the following:

- The OPCC should update the Risk Management Strategy to clarify the risk register it utilises for risk management and the frequency with which risk appetite is reviewed.

The Force Risk Management Strategy should be updated to include the risk escalation process.

The Force Policy should be updated to include the up to date Information Management Unit's Risk Appetite Statement or remove it if it is no longer required.

- The role and responsibilities of those named on the risk register should be clearly defined and documented.

- The updated intranet site should provide guidance to all staff on the Risk Management process to be followed.
- The Force should review the level of resilience within the current risk management system.

Management confirmed that these recommendations have either been implemented or will be actioned by the end of July 2018.

HR Recruit to Reward

Assurance Opinion	Limited
Recommendation Priorities	
Priority 1 (Fundamental)	3
Priority 2 (Significant)	3
Priority 3 (Housekeeping)	2

Our audit considered the following area objectives:

- Each new recruitment is supported by an appropriate level of approval in accordance with financial instructions, and gives clear authority for the Human Resources (HR) Team to start the recruitment process;
- There is a process in place to ensure the most appropriate advertising approach for the post is adopted to maximise the chances of getting the best candidates for the role;
- There is a robust selection process, including shortlisting, selection panels and interview panels;
- The selection and interview panels are of an appropriate seniority and have regular recruitment training to ensure the most effective process is followed;
- Only applications received by the advertised closing date are considered and those shortlisted meet the key requirements of the person specification / job description;
- All interviews are fully documented to ensure full transparency in the selection process. In addition, all decisions are documented, approved and justified in accordance with pre-determined selection criteria;
- Salary rates for recruitment are appropriately reviewed and authorised in accordance with the relevant pay structure and input from Finance on budgets available.
- Governance arrangements are in place for the ways that the Force will reward its workforce, with sufficient scrutiny and an established decision making process;
- Appropriate policies and procedures, that support the rewards that can be provided to staff, are in place;
- Appropriate review and scrutiny of reward schemes is carried out to ensure the schemes are addressing the needs of the workforce and are positively impacting upon retention;
- A robust process is in place for awarding reward payments to staff, including honorarium, bonus and ex-gratis payments, with input from Finance on the budgets available, for making reward payments;
- There is a fair and transparent process for rewarding employees and any reward payments made are compliant with the procedure, including the appropriate authorisation, and any payments made have been paid accurately to staff;
- Monitoring and analysis of recruitment and staff retention is carried out and action undertaken to address underlying issues that are highlighted;
- The Force have a process in place to monitor the levels of engagement and motivation, including staff surveys, working groups and feedback processes.

We raised three priority 1 recommendations where we believe there were fundamental control weaknesses. These relate to the following:

<p>Recommendation 1</p>	<p>A clearly defined recruitment process should be established that includes what to do should any deviation from the approved procedure be required.</p> <p>Any deviation should have a clear business case, detailing rational for the deviation, including HR and Finance commentary on the implications of proceeding.</p> <p>HR should have a clear escalation process should they be instructed to carry out any recruitment that is not in line with the procedures.</p> <p>The missing job description should be completed.</p>
<p>Finding</p>	<p>The Force Recruitment & Selection Guidance documents the approach to recruitment and is applicable to <i>“all Police Officers, Police Staff, Special Constabulary and Volunteers of Lincolnshire Police.”</i></p> <p>Moreover, within the frequently asked questions section, it clearly states the guidance that must be followed; for example:</p> <p><i>“But I already know who I want to do the job.</i></p> <p><i>This is not an acceptable way of appointing the best person for the job. Others may be equally or better suited to the job and will be excluded from a fair process. Just because someone is good at what they do now, does not make them the best candidate.”</i></p> <p>Audit selected a sample of 20 posts recruited over the previous twelve months to ensure compliance with the stated procedures documented in the guidance.</p> <p>Audit testing found in 3/20 posts recruited that the Force did not follow the stated procedure. In all three instances the individuals were directly approached and offered the role without an open and effective application and selection process. Audit were informed that there were specific reasons for the direct approach, however these were not documented.</p> <p>In one instance the post was a newly created role that did not, and currently does not, have a job description. A job evaluation was not carried out in line with the job evaluation procedure for Police Staff and the terms offered were agreed by email between the individual and the Assistant Chief Officer.</p> <p>In another instance, whilst the job evaluation process was completed, it was noted that the authorisation form for the post was completed after the offer had been made to the individual and that Finance did not support the appointment into the post.</p> <p>In the remaining instance audit were informed by HR that they were verbally instructed by Chief Constable to appoint an individual and therefore no recruitment and selection paperwork was completed in line with the guidance.</p>
<p>Response</p>	<p>The force does not accept that the individual cases quoted in this audit create an unnecessary risk for the force. The force does accept that the processes do breach the current recruitment guidance. The force intends to change the recruitment policy to create a process for deviations from the standard recruitment policy. The force believes that this is not a red risk and that the audit has fundamentally misunderstood how an effective modern business should operate.</p> <p>The force strongly believes that adopting a flexible approach to a very small number of recruitments is the best means of ensuring the best people for key roles in a timely and effective manner.</p>

	<p>Any deviation from the standard policy will need to be signed off by a Chief Officer setting out the rationale. However, we will not be requiring a “clear business case” with input from HR and Finance.</p> <p>There is no requirement to have an escalation process if variations from the recruitment policy must be signed off by a Chief Officer.</p> <p>In certain circumstances it will also be necessary to deviate from the job evaluation process. In these cases the process will need to be signed off by a Chief Officer.</p> <p>All of these notes will be reported to the Chief Constable.</p>
Timescale / Responsibility	<p>ACO</p> <p>By Sept 18</p>

Recommendation 2	A process for making ex-gratia payments should be developed and approved. This process should make clear reference to the correct level of authorisation required in line with the Financial Procedure Rules.
Finding	<p>The Force has no approved or documented procedure in place for making ex-gratia payments. Such payments are rarely made, with only the one ex-gratia payment made during 2017/18.</p> <p>The one payment that was made was authorised by the Force Chief Finance Officer, who was provided with supporting paperwork including associated legal advice. However, the value of the payment exceeded their delegated limit as defined in the Financial Procedure Rules and the payment should have been authorised by the Chief Finance Officer of the OPCC.</p> <p>Therefore this payment breached the Financial Regulations. To ensure this does not take place again a template should be developed that provides all supporting information for such a payment and includes the correct level of authorisation in line with the Financial Procedure Rules.</p>
Response	The force will be requesting to the PCC that a change in the delegated levels are increased for ex-gratia payments as the Chief Constable believes that the current £10k level is too restrictive and a restriction on his statutory powers as a corporation sole.
Timescale / Responsibility	<p>ACO</p> <p>By Sept 18</p>

Recommendation 3	<p>The current on-going bonus payment should be reviewed and stopped as it is in breach of the bonus scheme.</p> <p>A review of the Honoraria Procedure should be carried out in line with Staff inclusion in the Bonus Scheme to ensure the correct type of payment is made and that these can be budgeted for accordingly.</p> <p>HR, as the administrators of the scheme, should have an escalation process to follow should they receive requests to use the bonus scheme that are not in line with the procedures for awarding the bonus scheme.</p>
Finding	The Force has a Bonus Procedure that has been developed in line with the Police Regulations. It sets out the following:

	<p><i>“Regulation 34, Annex U of the Police Regulations allows for a Chief Officer to award a payment of between £50 and £500 to a member of his force, where he is satisfied that the member has performed a piece of work of an outstandingly demanding, unpleasant or important nature”</i></p> <p>Moreover, in Lincolnshire the Chief Constable has extended this scheme to include Police Staff as well as Police Officers.</p> <p>There is an agreed budget for the bonus payment each year and during 2017/18 the budget was £12k. Finance confirmed there were 57 bonus payments made, totalling £11,337 during 2017/18.</p> <p>Audit carried out testing on ten Bonus Payments made and found in one instance a payment had been made that was not in line with the scheme. The agreement to make the payment was discussed via email with Chief Officers and was authorised by the Chief Constable. The agreement was made to pay the officer a quarterly bonus to make up for a loss of unsociable hours allowance that would be lost by taking up a new role that did not require unsociable hours. This was agreed in September 2017 for a two year period and is still ongoing.</p> <p>A review of the Honoraria Procedure found that two types of payment are able to be awarded under this scheme – 1. Partial acting up to higher graded posts 2. Undertaking additional duties or a piece of work or a project.</p> <p>When applications for an honoraria payment are made there should be a justification for the payment requested. Under the first type of honoraria this can be done based on the higher grade, however under the second type this is a fixed sum between £20 and £500. Honoraria payments are paid from existing budgets and where staff are partially acting up this is generally due to a vacant post and therefore funds are available from the vacancy saving to make the honoraria payment. For the one off payments made these are harder to budget for.</p> <p>In line with Police Staff being part of the Bonus Scheme, a review of the second type of honoraria payment should take place to assist in appropriate budgeting.</p>
Response	The force intends to review the Honoraria procedure alongside the Bonus Payment Scheme to ensure clarity about which process is to be used in different circumstances.
Timescale / Responsibility	Head of HR By Sept 18

We also raised three significant (priority 2) recommendations where felt that the control environment could be improved. These related to the following:

Recommendation 1	<p>The Force & OPCC should have a clear authorisation process for each post that is recruited.</p> <p>The roles of the ACO Resources, the Strategic People Board, and Line Managers in the recruitment process should all be clearly defined.</p>
Response	Recruitment and Selection Guidance to be updated to confirm roles and responsibilities. A new process to be confirmed in relation to authorisation, due to the devolvement of budgets to Heads of Departments.
Timescale / Responsibility	Head of HR 30 September 2018

Recommendation 2	The HR Team should provide appropriate training materials to assist staff carrying out key parts of the recruitment process.
Response	This will be incorporated into the revised recruitment and selection guidance.
Timescale / Responsibility	Head of HR 30 December 2018

Recommendation 3	The Force should review the current exit interview process and ensure that the outcomes are regularly reported to the appropriate forum for discussion and analysis.
Response	I do not feel that opportunities are missed to address issues identified, as all questionnaires are reviewed by the HR Team, and any issues highlighted are taken forward in the appropriate way. The exit questionnaire and interview process is already under review, in order to ensure relevant information is sought from those leaving the Force. Once complete, consideration will be given to the appropriate reporting of this information whilst maintaining confidentiality
Timescale / Responsibility	Head of HR 31 March 2019

Additionally, we raised two priority 3 recommendations of a more housekeeping nature. These were in respect of agreeing a consistent approach for the retention of documentation and updating policies and procedures. Management confirmed that these will be actioned by the end of October 2018.

Review of Collaboration Assurance Statements

As part of resources set aside to review collaboration arrangements across the region, it was agreed that internal audit would undertake a desktop review of the Collaboration Assurance Statements provided by the regional units. The regional units covered in the review were:

- Collaborative Human Resource Service – Learning & Development (EMCHRS L&D)
- Collaborative Human Resource Service – Occupational Health (EMCHRS OHU)
- Criminal Justice Service (EMCJS)
- Operational Support Services (EMOpSS)
- Legal Services (EMPLS)
- Special Operations Unit (EMSOU)

As part of the work, we have undertaken a desktop review of each of the self-assessments in order to determine their completeness and compare them to our own understanding of their control environment gained from carrying out audits of the units. It is acknowledged that audit coverage in some of the units goes back some 18 months, whilst the scope of the audits did not cover all aspects referred to in the self-assessments returns.

The aim of the review was to provide a commentary on each of the self-assessments that can be taken into account by each of the OPCC's and Forces when compiling their own Annual Governance Statements.

In 2015 Baker Tilly (now RSM) were tasked with supporting the development of Collaboration Assurance Statements for each of the collaboration units across the East Midlands Policing region. Based on this initial project, each unit has now been tasked with maintaining the resultant Statements on an annual basis.

The Statements are divided into the following areas of responsibility:

1. Progress of collaboration business plan.
2. Ownership of actions.
3. Management of collaboration business risk.
4. Integrity of decision making.
5. Robustness of collaboration units.
6. The integrity and reliability of information, accounts and data.
7. Best use of assets, including people, equipment and buildings.
8. The collaboration contributes to the delivery of each member's police and crime plan.

The eight areas of responsibility are broken down into examples of where the unit is able to demonstrate compliance, with the unit being required to confirm whether it fully, partially or does not meet the required element of best practice. Each unit is then required to provide narrative in terms of the assurance it is able to call upon, split into the 'Three Lines of Defence'. The unit is required to set out any actions required to remedy any areas of activity where they cannot or can only partly confirm compliance with best practice. Finally, the unit is required to identify any expected significant changes in their assessments in the next six months.

Conclusion

On the whole, the Collaboration Assurance Statements submitted by each of the regional units were generally consistent with our understanding of each unit's control environment. As with any self-assessment process, the Statements were completed with varying levels of detail and, in some cases, they could have benefited from further explanations covering certain areas of responsibility.

It was noted that the template currently being used for the Assurance Statements remains in the Baker Tilly branded format. As Baker Tilly no longer exist, and it could be mistakenly assumed by someone reading the Statements that Baker Tilly have endorsed the information they contain, it is recommended that the templates are amended to that specific to the regional collaboration units.

In terms of the Statements themselves, a common area for attention is that of the third line of defence and how the units secure independent assurance that risks are being managed and controls are being consistently applied. Across the board there is a need for greater consideration be given to this element of the assessment, with a number of units not even referring to internal audit activity in their area.

Whilst the assessments require each unit to consider 'actions required', the opportunity to do this was largely not taken. Additionally, where 'partial' confirmation was given in respect of an area of responsibility, in many cases there was little narrative to outline what the unit would do to address the gap in assurance.

As the Statements cover eight separate areas of responsibility, the Statement Overview is an important part of the assessment in giving the reader a one-page understanding of the regional collaboration unit. Possibly due to the fact that a significant part of the Overview was to outline 'actions required', this was largely poorly completed and, in some instances, the area assessments were inconsistent with the individual area assessments.

Appendix A3 Internal Audit Plan 2017/18

Auditable Area	Planned Fieldwork Date	Draft Report Date	Final Report Date	Target JIAC	Comments
Core Assurance					
Budgetary Control	Sept 2017	Sept 2017	Oct 2017	Oct 2017	Final report issued.
Cash, Bank & Treasury Management	Jan 2018	Feb 2018	Mar 2018	April 2018	Final report issued.
General Ledger	Jan 2018	Feb 2018	Mar 2018	April 2018	Final report issued.
Payments & Creditors	Jan 2018	Feb 2018	Mar 2018	April 2018	Final report issued.
Income & Debtors	Jan 2018	Feb 2018	Mar 2018	April 2018	Final report issued.
Payroll	Jan 2018	Feb 2018	Mar 2018	April 2018	Final report issued.
Audit Committee Effectiveness	Sept 2017	Oct 2017	Dec 2017	Oct 2017	Final report issued.
Code of Governance	March 2017	Mar 2018	May 2018	July 2018	Final report issued.
Strategic & Operational Risk					
Online Banking	May 2017	May 2017	May 2017	July 2017	Final report issued.
Road Safety Partnership	Aug 2017	Nov 2017	Nov 2017	Jan 2018	Final report issued.
G4S Contract Management	July 2017	July 2017	August 2017	Oct 2017	Final report issued.
Fleet Management	July 2017	July 2017	August 2017	Oct 2017	Final report issued.
Firearms Licensing	Feb 2018	Feb 2018	Mar 2018	April 2018	Final report issued.

Auditable Area	Planned Fieldwork Date	Draft Report Date	Final Report Date	Target JIAC	Comments
ICT / Business Continuity	Sept 2017	Sept 2017	Oct 2017	Oct 2017	Final report issued.
HR – Apprentice Levy	Dec 2017	Nov 2017	Dec 2017	Jan 2018	Final report issued.
T-Police	Nov 2017	Nov 2017	Dec 2017	Jan 2018	Final report issued.
Learning & Development	Jan 2018	Feb 2018	Mar 2018	April 2018	Final report issued.
Benefit Realisation	Jan 2018	Mar 2018	Mar 2018	April 2018	Final report issued.
Collaboration					
EMCHRS Learning & Development	Aug 2017	Aug 2017	Sept 2017	Oct 2017	Lead force is Nottinghamshire. Four force, excludes Lincolnshire. Final report issued.
EMCHRS Occupational Health	Oct 2017	Nov 2017	Nov 2017	Jan 2018	Lead force is Leicestershire. Five force. Final report issued.
EMSOU Forensic Services	Sept 2017	Oct 2017	Oct 2017	Jan 2018	Lead force is Derbyshire. Five force. Final report issued.
Criminal Justice (EMCJS)	Dec 2017	Jan 2018	Jan 2018	April 2018	Lead force is Lincolnshire. Four force, excludes Derbyshire. Final report issued.
POCA	Jan 2018	April 2018	June 2018	July 2018	Lead force is Nottinghamshire. Five force. Final report issued.

Appendix A4 Internal Audit Plan 2018/19

Auditable Area	Planned Fieldwork Date	Draft Report Date	Final Report Date	Target JIAC	Comments
Core Assurance					
Cash, Bank & Treasury Management	Oct 2018			Jan 2019	
General Ledger	Oct 2018			Jan 2019	
Payments & Creditors	Oct 2018			Jan 2019	
Income & Debtors	Jan 2019			Apr 2019	
Payroll	Jan 2019			Apr 2019	
Risk Management	Apr 2018	May 2018	June 2018	July 2018	Final report issued.
Strategic & Operational Risk					
HR Recruit to Reward	May 2018	May 2018	June 2018	July 2018	Final report issued.
Health & Safety	July 2018			Oct 2018	Scope and fieldwork date agreed.
Estate Management	Sept 2018			Jan 2019	Scope and fieldwork date agreed.
Procurement	Sept 2018			Jan 2019	
Property Management	Feb 2019			Apr 2019	
GDPR	Nov 2018			Jan 2019	
Road Safety Partnership	Feb 2019			Apr 2019	

Auditable Area	Planned Fieldwork Date	Draft Report Date	Final Report Date	Target JIAC	Comments
Collaboration					
Risk Management	Aug 2018			Oct 2018	ToR currently being agreed.
Strategic Financial Planning	July 2018			Oct 2018	ToR currently being agreed.
Business Planning	Sept 2018			Jan 2019	ToR currently being agreed.
Review of Collaboration Assurance Statements	May 2018	May 2018	June 2018	July 2018	Final memo issued.

Appendix A5 – Definition of Assurances and Priorities

Definitions of Assurance Levels		
Assurance Level	Adequacy of system design	Effectiveness of operating controls
Significant Assurance:	There is a sound system of internal control designed to achieve the Organisation's objectives.	The control processes tested are being consistently applied.
Satisfactory Assurance:	While there is a basically sound system of internal control, there are weaknesses, which put some of the Organisation's objectives at risk.	There is evidence that the level of non-compliance with some of the control processes may put some of the Organisation's objectives at risk.
Limited Assurance:	Weaknesses in the system of internal controls are such as to put the Organisation's objectives at risk.	The level of non-compliance puts the Organisation's objectives at risk.
No Assurance	Control processes are generally weak leaving the processes/systems open to significant error or abuse.	Significant non-compliance with basic control processes leaves the processes/systems open to error or abuse.

Definitions of Recommendations	
Priority	Description
Priority 1 (Fundamental)	Recommendations represent fundamental control weaknesses, which expose the organisation to a high degree of unnecessary risk.
Priority 2 (Significant)	Recommendations represent significant control weaknesses which expose the organisation to a moderate degree of unnecessary risk.
Priority 3 (Housekeeping)	Recommendations show areas where we have highlighted opportunities to implement a good or better practice, to improve efficiency or further reduce exposure to risk.

Appendix A6 - Contact Details

Contact Details

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A7 Statement of Responsibility

Status of our reports

The responsibility for maintaining internal control rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy of the internal control arrangements implemented by management and perform testing on those controls to ensure that they are operating for the period under review. We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone are not a guarantee that fraud, where existing, will be discovered.

The contents of this report are confidential and not for distribution to anyone other than the Office of the Police and Crime Commissioner for Lincolnshire and Lincolnshire Police. Disclosure to third parties cannot be made without the prior written consent of Mazars LLP.

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