



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

Internal Audit Progress Report 2018/19

October 2018

Presented to the Joint Independent Audit Committee meeting of: 31st October 2018

Contents

- 01 Introduction
- 02 Summary and conclusions from Internal Audit work to date
- 03 Performance

Appendices

- A1 Summary of Reports
- A2 Internal Audit Plan 2018/19
- A3 Definition of Assurances and Priorities
- A4 Contact Details
- A5 Statement of Responsibility

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 2019 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 Since the last progress report to the JIAC we have issued two final reports, these being in respect of Health & Safety and Estates Management. We have also re-issued the final report in respect of HR Recruit to Reward following further management responses. We have also issued a draft report in respect of Procurement where we await management's response. Further details are provided in Appendix 1.

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
Health & Safety	Final	Satisfactory		2	3	5
Estates Management	Final	Significant			1	1
Procurement	Draft					
Total			3	5	10	18

- 2.2 With regards audits over the coming weeks, fieldwork in respect of Cash, Bank & Treasury Management and the General Ledger are in progress. The audits of Creditors and GDPR are scheduled between now and Christmas. Further details are provided in Appendix 2.
- 2.3 Work in respect of the 2018/19 Collaboration Internal Audit Plan is progressing. We have recently issued the draft report in respect of Strategic Financial Planning, whilst fieldwork in respect of Risk Management has been completed and the draft report will be issued shortly.

03 Performance

3.1 The following table details the Internal Audit Service performance for the year 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	N/A
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.	100% (5/5)
5	Issue of final report	Within 5 working days of agreement of responses.	100% (4/4)
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% (9/9)
9	Customer satisfaction (measured by survey)	85% average satisfactory or above	100% (3/3)

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

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:

Health & Safety

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

Our audit considered the following area objectives:

- Roles & Responsibilities
- Policies & Procedures
- Governance
- Monitoring & Reporting
- Training

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

Recommendation 1	There should be a clear set of documents in place which address the gaps that have been identified in the training area, which include: - creating a training policy; - completing a skills matrix; and - developing a review tool to monitor completion and outstanding training.
Response	The Force are in the process of finalising a skills matrix which identifies the skills and training required by each role. We recognise that there is a scope of work activity required in respect of our People Development function and a variety of work is in progress. This includes the review of all existing courses, the learning/training required by roles within the Force and the monitoring of the completion of such training.
Timescale / Responsibility	On-going work activity between NCS, Jo Kane and Mark Garthwaite. 31 st March 2019

Recommendation 2	<p>For senior staff, there should be a requirement for the NCALT training to be completed within a set deadline of the date that the details are sent to them. Reminders should be sent intermittently to advise of the deadline for completion, which should improve completion rates</p> <p>For the IOSH training, alternative means for delivery of the training should be considered. This could include the training being delivered remotely.</p>
Response	<p>NCALT Training: This timescale will be incorporated in to the emails inviting new learners to complete the training within 1 month. Follow up emails will then be sent to chase those not completing the training. Senior managers will be kept informed of progress.</p> <p>IOSH Training: The next course has been booked for 21 November 2018. Following the completion of the skills matrix this will provide for a clear picture of which roles require the IOSH training and provide for better planning for future courses to ensure we capture all those which require the courses.</p>
Timescale / Responsibility	<p>G4S, Head of Health, Safety & Wellbeing</p> <p>31st Dec 2018</p>

Additionally, we raised two priority 3 recommendations of a more housekeeping nature. These were in respect of roles and responsibilities, risk assessments and data recording. Management confirmed that agreed actions will be taken by the end of October 2018.

Estates Management

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

Our audit considered the following area objectives:

- There is a comprehensive and approved Estates Strategy in place which is aligned with strategic and medium / long term objectives of the OPCC and Force.
- The Estates Strategy is in line with the approved budget and is aligned with a fully costed and approved stock condition survey.
- Delivery of the Estates Strategy is supported by an agreed implementation plan / programme of work.
- Capital works are carried out in accordance with the implementation plan / programme of work.

- Non-delivery of the capital programme is flagged at the earliest opportunity and actions put in place to address the issues
- There is an effective disposals process in place.
- Effective processes have been put in place for the delivery of day-to-day / reactive maintenance work.
- Budget control processes ensure that actual spend is in accordance with the approved budget.
- Management information is available to enable effective monitoring of performance against the capital programme and delivery of the reactive maintenance service.

We raised one priority 3 recommendation of a housekeeping nature. This was in respect of the following:

- The stock condition survey schedule should be updated to remove any properties planned for disposal.

The stock condition survey should be updated with details of recently completed surveys on a regular basis.

Checks should be undertaken to ensure that the stock condition survey schedule is accurate, with surveys at each property carried out on at least a five-yearly basis, in line with the Estates Management Plan.

Management confirmed that all actions have now been implemented.

Appendix A2 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	Work in progress.
General Ledger	Oct 2018			Jan 2019	Work in progress.
Payments & Creditors	Oct 2018			Jan 2019	Fieldwork starts 29 th Oct.
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. A revised final report, including updated management responses, was issued in Oct 2018.
Health & Safety	July 2018	Aug 2018	Sept 2018	Oct 2018	Final report issued.
Estate Management	Sept 2018	Sept 2018	Oct 2018	Oct 2019	Final report issued.
Procurement	Sept 2018	Oct 2018		Jan 2019	Draft report issued.
Property Management	Feb 2019			Apr 2019	
GDPR	Nov 2018			Jan 2019	Fieldwork starts 26 th Nov.

Auditable Area	Planned Fieldwork Date	Draft Report Date	Final Report Date	Target JIAC	Comments
Road Safety Partnership	Feb 2019			Apr 2019	
Collaboration					
Risk Management	Aug 2018			Jan 2019	Fieldwork completed; being reviewed.
Strategic Financial Planning	July 2018	Oct 2018		Oct 2018	Draft report issued.
Business Planning	Sept 2018			Jan 2019	Work in progress.
Review of Collaboration Assurance Statements	May 2018	May 2018	June 2018	July 2018	Final memo issued.

Appendix A3 – 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 A4 - Contact Details

Contact Details

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A5 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.

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