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

Internal Audit Progress Report 2019/20

June 2020

Presented to the Joint Independent Audit Committee meeting of: 10th June 2020

Contents

01 Introduction

02 Summary and conclusions from Internal Audit work to date

03 Performance

Appendices

A1 Summary of Reports

A2 Internal Audit Plan 2019/20

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 2020, which was considered and approved by the JIAC at its meeting on 16th April 2019.

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 is accordance with the Public Sector Internal Audit Standards (PSIAS).

02 Summary of internal audit work to date

2.1 Since the last meeting of the JIAC we have issued eight final report in respect of Counter Fraud, Data Quality, Cash Bank and Treasury Management, Payment and Creditors, Payroll, Income and Debtors, Book on Book off and one draft report in regards to Commissioning. Further details are provided in Appendix A1.

Lincolnshire 2019/20 Audits	Report Status	Assurance Opinion	Priority 1 (Fundamental)	Priority 2 (Significant)	Priority 3 (Housekeeping)	Total
Business Continuity	Final	Satisfactory		1		1
Recruitment Follow-up	Final	Limited	2	2	1	5
Budget Management	Final	Significant			2	2
Victims Code	Final	Limited		5		5
General Ledger	Final	Significant				0
Counter Fraud	Final	Satisfactory		2	3	5
Data Quality	Final	Significant			3	3
Cash, Bank & Treasury Management	Final	Significant			1	1
Payments & Creditors	Final	Significant			1	1
Payroll	Final	Significant			1	1
Income & Debtors	Final	Satisfactory		1	1	2
Book on Book off	Final	Satisfactory		1	1	2
Commissioning	Draft					
		Total	**2**	**12**	**14**	**28**

Collaboration 2019/20 Audits	Report Status	Assurance Opinion	Priority 1 (Fundamental)	Priority 2 (Significant)	Priority 3 (Housekeeping)	Total
Performance Management	Final	Satisfactory		1	4	5
Health & Safety	Draft					
Business Continuity	Draft					
		Total		1	4	5

2.2 Audit have completed twelve of the fourteen, Lincolnshire specific, audits that were agreed for the 2019/20 internal audit plan. The Project Management audit was being carried out in March when the lockdown due to the Covid-19 Pandemic came into force, this caused delay in completing the work but the work is progressing remotely and the draft report is due to be issued shortly. The Commissioning audit report has been issued in draft, however management responses are still to be received prior to the report being finalised.

2.3 The Collaboration audit report in respect of health and safety has been issued in draft and discussed at the regional DCC and regional CFO meetings, but is awaiting further management comments before it can be finalised. The Business Continuity audit was delayed due to the Covid-19 pandemic, however our report was issued in draft in May and meetings have been arranged for this to be discussed and progressed to a final version as well.

03 Performance

3.1 The following table details the Internal Audit Service performance for the year to date 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.	83% (2/12)
5	Issue of final report	Within 5 working days of agreement of responses.	100% (12/12)
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% (14/14)
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:

Counter Fraud

Assurance Opinion	Satisfactory

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

Our audit considered the following area objectives:

- An approved Counter Fraud Strategy, with supporting policies and procedures, is in place and available to officers and staff.
- Responsibility for fraud risk, both in terms of supporting the overall counter fraud process across the Force and OPCC, and individual risk owners, is delegated and understood.
- Procedures are in place to ensure that fraud risks are identified, assessed, recorded and appropriate risk owners are assigned.
- The management and reporting of fraud risks complements, rather than duplicates, that in place in respect of wider strategic and operational risks.
- A counter fraud risk register is in place and is adequate and reasonable in terms of risk scoring, documented mitigation and action plans.
- Risk mitigation actions are in place and are there is evidence they are monitored to ensure tasks are completed within agreed timescales.
- Appropriate oversight and reporting arrangements are in place and are working effectively.
- The methods for identifying and managing potential fraud risk within the business areas are regularly reviewed, with consideration given to developing engagement at all levels.

We raised two significant (priority 2) recommendations where felt that the control environment could be improved. These are set out below:

Recommendation 1	The Force & OPCC should review the current Fraud Awareness training that is provided to new starters to confirm if it meets the needs of the Force & OPCC. The Force/OPCC should ensure that regular refresher training is completed so that staff have awareness of Fraud and Corruption. It should also be consider how and whom will monitor the completion of any training. The Force/OPCC should consider carrying out a training needs analysis to establish which areas of the Force have a higher risk of fraud and corruption and then consider if tailored training needs to be rolled out.

Finding	Training is one of the Force and OPCC key strands listed within the Joint Counter Fraud and Anti-Corruption Strategy. As part of new starter inductions, a mandatory e-learning package on the Counter Corruption Strategy has to be completed. However, it is unclear if this covers all aspects of the Force Joint Policy on Counter Fraud and Anti-Corruption. It was noted that after the induction training is completed there is no regular mandatory training in regards to Counter Fraud & Anti-Corruption and therefore longstanding staff have had no training for some time. During the audit review, discussions were held with fraud risk category leads across the organisation. Dependent on the area of business, the likelihood of fraud clearly differs and therefore it should be considered if those with higher likelihood of fraud would require more bespoke training.
Response	Anti-fraud and Corruption Steering Group (AFCSG) agree that formal training needs analysis (TNA) should be conducted. RPO to investigate scope and commissioning with the Commercial partnership team in the first instance. Following completion of the TNA a training action plan will be developed and agreed by the AFCSG for implementation.
Timescale	RPO / March 2020

Recommendation 2	The Force & OPCC should consider ensuring that the fraud risk register is specific in nature and thus does not replicate existing risk management systems. The Force and OPCC should provide clarity on individual's roles and responsibilities in respect of the fraud risk register. The Force and OPCC should consider the following: - How the register will be maintained and by whom. - How often will the register be reviewed and updated and by whom. - Which forum will the updated register be reported to and how often. Once the above have been agreed, the policies should be updated and it should be clearly communicated.
Finding	The Force and OPCC have agreed to adopt a joint fraud risk register and the Research & Performance Officer has met with staff across the organisations and an initial draft has been completed. Audit carried out a review of the register and noted that in some instances the fraud risks listed could be considered as conventional risks as opposed to specific fraud risks. Moreover, the existing controls listed did not always specifically address the listed risk and were more controls within the environment as opposed to risk mitigation actions. Given that the register has been created to be separate from other risk management systems in place, audit would recommend the existing register be amended to a more focused fraud register. From discussions with the fraud risk category leads there was a lack of clarity in their roles and responsibilities in regards to the fraud risk register.

	Whilst it is noted that the register is in draft, the regular review and update of the register needs to be considered to ensure that it remains an active tool for the organisations. Moreover, the individuals who are fraud category leads tend to be involved with the organisations' other risk management systems so it needs to be ensured there is no duplication.
Response	Roles and responsibilities for the management of the Fraud Risk Register and the reporting mechanisms associated with it were agreed at the AFCSG meeting in January 2020. (Action plan in place) The update of Policies and procedures associated with the Fraud risk register scheduled within action plan dependent on each document / stage of implementation.
Timescale	AFCSG / completed January 2020 RPO and FRPRO (OPCC / Force) by September 2020

We also raised three priority 3 recommendation of a more housekeeping nature relating to:

- The clarity between a joint Anti-Fraud and Corruption Strategy document and a Policy;
- Having a clear communications plan in place to support to the work of the AFCSG; and
- Consideration of how key information relating to Anti-Fraud and Corruption is disseminated across the organisations

Management have confirmed that agreed actions will be completed by the end of June 2020.

Data Quality

Assurance Opinion	Significant

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

Our audit considered the following area objectives:

- There is an appropriate governance structure in place to evaluate data quality of Crime Recording at the Force.
- The roles and responsibilities for the recording of crime within the Force are clearly stated and communicated.
- Policies and procedures are in place, are regularly updated to reflect lessons learnt and legislative changes, and are communicated to all relevant staff.
- Guidance is in place on how to correctly record incidents and crimes in compliance with the National Crime Recording Standard.
- The current crime recording process in place is aligned to the National Crime Recording Standards.
- There is an effective process in place at the Force to review and scrutinise data quality within the crime recording process.
- Audits are undertaken in line with HMICFRS guidelines to ensure that the Force is complying with the National Crime Recording Standard.
- Areas of underperformance are highlighted to the appropriate forum and actions plans put in place to address areas of weakness.
- There are robust processes in place for the Force to review their crime recording data

We raised three priority 3 recommendation of a more housekeeping nature with regards to:

- Considering a two tier governance structure and establishing a clear terms of reference for the Crime Recording Steering Group;
- Considering a review of the Independent Crime Recording Confidence Panel; and
- Creating clear guidance notes for the audits carried out on crime data.

Management confirmed that these will be completed by end of June 2020.

Cash, Bank and Treasury Management

Assurance Opinion	Significant

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

Our audit considered the following area objectives:

- Policies and procedures are in place and clearly state the procedures to be followed for receipting of payments, banking and reconciliation of those payments;
- All transactions received are recorded accurately, completely and in a timely manner, and are posted and reconciled to the appropriate accounts;
- All monies received are held securely and banked in a secure, accurate and timely manner;
- Procedures and controls are in place to process returns, unpaid or post-dated cheques in a timely manner;
- Cash flow information is accurately, completely, validly and timely produced and secured to allow for effective monitoring of decision making in line with the Investment Strategy and strategic requirements;
- Available funds are completely, accurately, validly and timely placed with fund managers or financial institutions and funds are safeguarded in line with the Investment Strategy and strategic requirements;
- Cost effective loans are completely, accurately, validly and timely received from fund managers or financial institutions in line with the Investment Strategy and strategic requirements; and
- It is clear who signatories are and the list is up to date, both internally and on the bank mandate.

We raised one priority 3 recommendation of a more housekeeping nature with regards to improvements in the holding safe security. Management implemented this recommendation immediately.

Payments and Creditors

Assurance Opinion	Significant

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

Our audit considered the following area objectives:

- Procedures and policies support the creditor payment process and communicated to all relevant staff;
- Systems and data are adequately protected to reduce the risk of them being open to abuse;
- New and amended vendor details can only be processed by authorised officers and these are subject to a secondary check; including a review of instances where the vendor name does not match the bank account name.
- Goods and services are adequately receipted and supported by adequate documentation;;
- When goods are receipted they are tagged, recorded and safeguarded.
- Payments are made following the receipt of a valid supplier invoice and payments made agree to the supplier invoice.
- There are effective controls in place for the approval of non-purchase order invoices.
- Urgent payments are only made for bona fide expenditure after proper approval;
- There are effective procedures in place with regards the use and administration of corporate credit cards in line with the policy, including a leavers procedure;
- The payments system is regularly reconciled with the general ledger;
- There are effective processes in place for the administration of tax and liaison with HMRC.
- Appropriate segregation of duties in the processing of the BACS file;
- The process for reviewing the items on the 'due for payment but not yet approved' list;
- Performance against the target payment policy is monitored and under-performance addressed where necessary; and
- Previously identified weaknesses have been addressed.

We raised one priority 3 recommendation of a more housekeeping nature with regards to regularly reviewing the procedural documents that are in place to support the financial functions. Management confirmed the recommendation would be implemented by end of April 2020.

Payroll

Assurance Opinion	Significant

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

Our audit considered the following area objectives:

- Procedures and policies are in place to support the effective administration of the function and are communicated to all relevant staff;
- Reliability, integrity, confidentiality and security of the payroll system and employee records are maintained through the reliable operation of the system and its interface to the main accounting systems;
- The information exchange with Kier and WYPF that it is formal and in written format whether via portal or email.
- New joiners are completely, accurately, validly and timely added to the payroll at the rates of remuneration per the contracts of employment;
- Employees taking leave of the organisation's employment are completely, accurately, validly and timely removed from the payroll and outstanding commitments to both parties to the contract of employment are completely, accurately and validly made to prevent complications arising after the termination of the employment;
- Variations and adjustments to the payroll are completely, accurately and validly processed in a timely manner;
- Deductions, both statutory and voluntarily, are completely, accurately, validly and timely made in line with the contracts of employment and legislative requirements;
- Payments to staff, including officer mileage claims, and statutory and other agencies are completely, accurately, validly and timely made in line with the contracts of employment and legislative requirements;
- The current system in place for expense claims and future plans in regards to authorisation procedures;
- Payroll information is completely, accurately, validly and timely produced and secured to allow for effective monitoring and decision making in line with management and legislative requirements;
- Payroll control account reconciliations are undertaken within a timely manner of month end, with any balancing items investigated to ensure the integrity, reliability and accuracy of the Payroll system.

We raised one priority 3 recommendation of a more housekeeping nature with regards to reminding staff to ensure mileage claims are processed in line with the procedure. Management confirmed this had been done via Routine Orders before the final audit report had been issued.

Income and Debtors

Assurance Opinion	Satisfactory

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

Our audit considered the following area objectives:

- Procedures and policies support the income and debtor process and communicated to all relevant staff;
- Systems and data are adequately protected to reduce the risk of them being open to abuse;
- Additions, deletions and amendments to debtor standing data are completely, accurately and validly processed in a timely manner.
- Invoices are completely, accurately, validly and timely raised and recorded in the accounts in respect of fees and charges for goods / services delivered and other income streams.
- Invoices are completely, accurately and validly raised in line with management and regulatory requirements.
- Fees, charges and other income streams are completely, accurately, validly and timely collected, allocated and recorded in the accounts in line with management and regulatory requirements.
- Credit notes or refunds for incorrectly raised debts and/or overpayments are completely, accurately and validly paid, allocated and recorded in the accounts in a timely manner.
- All appropriate action to recover overdue fees and charges is taken in a timely manner and only uneconomic and irrecoverable outstanding amounts are validly written off.
- Debtor control account reconciliations are undertaken within a timely manner of month end, with any balancing items investigated to ensure the integrity, reliability and accuracy of the Debtors system.
- Debt write offs are carried out in accordance with the regulations and are processed through t-police by using the appropriate transactions.
- Performance information is monitored and under-performance addressed where necessary; and
- Previously identified weaknesses have been addressed.

We raised one significant (priority 2) recommendation where it was felt that the control environment could be improved. This is set out below:

Recommendation	The Force should ensure that debts are chased in line with the Policy, in addition to ensuring that all records are maintained solely on the T-Police system. Whilst Capgemini are unable to produce these statements, the Force should ensure that contact is made with debtors in line with their credit control policy.
Finding	Per the credit control policy, there is a credit control timetable which outlines the recovery actions to be taken by G4S in the event of non-payment from a customer within 30 days. As part of the Policy, reminder and final demand letters are automatically produced by the system. It has been noted that since approximately October 2019, a technical issue

	has resulted in these letters not being generated or sent out. Audit were informed that G4S have been in discussions with Capgemini, the system provider, to rectify this situation. It was also highlighted as part of the audit that a spreadsheet is maintained outside of T-Police which is used to document recovery actions taken by the Force. Audit reviewed a sample of five debts, where it was noted that T-Police did not hold adequate records for the recovery actions that had been taken in all instances. For three of the five cases, insufficient recording was made, therefore audit were unable to confirm if any chasing had been undertaken by G4S, since October and November 2019.
Response	Statements are being sent on monthly basis. Debts were being chased on monthly basis and t-police was being updated by the team. T-police is now working Should be made aware that outstanding debt has been falling. As at 31.08.19 was £1210k and at 31.01.2020 £285k. The lowest debt for over 2 years.
Timescale	Immediate / Exchequer Services Manager

We also raised one priority 3 recommendation of a more housekeeping nature with regards to updating the Income and debtors procedures to include how customer amendments and updates should be completed. Management confirmed that the procedure has been updated.

Collaboration: Performance Management

Assurance Opinion	Satisfactory

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

Our audit considered the following area objectives:

- There is a robust and formal performance management framework in place.
- Performance targets are relevant, realistic, measurable and are properly communicated to staff.
- The unit's performance management arrangements are effectively aligned with the requirements of relevant forces / PCC's.
- There are effective reporting routines in place which provide up to date and accurate information to the relevant forum on the delivery of the service.
- Benchmarking information is available that allows comparative data and learning opportunities.
- There is a clear structure of performance oversight across the collaboration, including by Chief Constable's and PCC's, covering both strategic and operational performance.
- There are effective escalation procedures in place to resolve areas of under-performance.

We raised one significant (priority 2) recommendation where it was felt that the control environment could be improved. This is set out below:

Recommendation	When presenting performance metrics EMCJS, EMCHRS L&D and EMSOU should consider what good performance should look like to provide users with a better understanding of how well the unit is performing in that area.
Finding	Each collaboration unit carries out a variety of functions and services for the Forces and due to this it can be difficult to assign performance targets or measures that clearly demonstrate what good performance looks like. Whilst targets may not be applicable in all the performance metrics, indicators of good or bad performance should be included to provide those charged with managing performance with a better understanding of the performance metrics being presented. Examples include: • EMCHRS L&D KPI's relate to % of Force's staff who have undertaken mandatory training, some RAG ratings are applied but these have not been reviewed and updated for some time. • EMCJS the custody metrics are recorded but no indication of what good should look like e.g. a downward trend or upward trend or an expected percentage. • EMSOU have no performance targets in most areas due to the nature of the work they undertake, however trend analysis is utilised where possible to demonstrate performance but it was unclear what trend demonstrated good performance.

	Once a better understanding of levels of performance are in place this will allow those charged with managing performance to put in place appropriate actions in areas of underperformance.
Response	<u>EMSOU</u> EMSOU have commissioned a performance project to review existing performance reporting, strip out unnecessary bureaucracy and make better use of the gathered data. All departments will report via a standard template and all data will be held in one, bespoke database. That database will be capable of being queried via Power BI, allowing a far more agile approach to performance monitoring. Whilst targets would not be helpful for most EMSOU work, this system will allow us to see our effect in many ways, such as commodities seized and offenders imprisoned, but also important information on the effect of our operations in communities, such as the overall reduction of risk from an OCG. The data can be separated out for departments, teams, threat areas and so on, allowing for questions to be answered in different ways to cater for changing contexts. This deals with the issue of good performance, and how that is defined, given that stakeholders will have a range of views. <u>EMCJS</u> There are a few areas within the scorecard that targets could be attributed to. However, a lot of the data is for information only and can't be targeted i.e. throughput. The scorecard will be reviewed and targets will be included where deemed appropriate. <u>EMCHRS L&D</u> A Performance Management Group is in place and will benchmark L&D performance measures to ensure that these ultimately drive improved performance.
Timescale	Head of EMSOU / June 2020 Head of EMCJS / May 2020 Head of EMCHRS L&D / Immediately

We raised four priority 3 recommendation of a more housekeeping nature with regards to:

- Governance: Updating the terms of reference of EMSOU Performance Management Group and Strategic Governance Group regularly and EMCHRS L&D updating the Management Board terms of reference;
- EMCHRS L&D Performance Data: Consideration of other performance metrics to be included in performance reports and consideration of alternative solutions to the course evaluations;
- EMCJS Performance Data: Consideration of updating the process of performance reports to maintain audit trails, implementing secondary quality checks for accuracy and producing guidance notes for the production of performance reports.

- Performance Information vs Management Information: When presenting performance metrics EMCJS, EMCHRS L&D and EMSOU should consider the separation of management information from performance information.

Management confirmed that these will be completed by end of June 2020.

Appendix A2 Internal Audit Plan 2019/20

Auditable Area	Planned Fieldwork Date	Draft Report Date	Final Report Date	Target JIAC	Comments
Core Assurance					
Cash, Bank & Treasury Management	Jan 2020	Jan 2020	Feb 2020	April 2020	Final report issued.
General Ledger	Nov 2019	Jan 2020	Jan 2020	Jan 2020	Final report issued.
Payments & Creditors	Nov 2019	Jan 2020	Feb 2020	April 2020	Final report issued.
Income & Debtors	Jan 2020	Feb 2020	Apr 2020	April 2020	Final report issued.
Payroll	Jan 2020	Feb 2020	Apr 2020	April 2020	Final report issued.
Budget Management	July 2019	Aug 2019	Aug 2019	Oct 2019	Final report issued
Strategic & Operational Risk					
Recruitment & Retention – Follow-up	June 2019	June 2019	June 2019	July 2019	Final report issued
Book on, Book off	Mar 2020	Feb 2020	Mar 2020	April 2020	Final report issued.
Counter Fraud	Sept 2019	Oct 2019	Feb 2020	Jan 2020	Final report issued.
Project Management	Feb 2020			April 2020	Fieldwork Ongoing
Victims Code	July 2019	Sept 2019	Oct 2019	Nov 2019	Final report Issued
Business Continuity	April 2019	May 2019	June 2019	July 2019	Final report issued

Auditable Area	Planned Fieldwork Date	Draft Report Date	Final Report Date	Target JIAC	Comments
Data Quality	Dec 2019	Jan 2020	Feb 2020	April 2020	Final report issued.
Commissioning	Feb 2020	Feb 2020		April 2020	Final report issued.
Collaboration					
Performance Management	Nov 2019	Jan 2020	May 2020	April 2020	Final report issued.
Business Continuity	Jan 2019	May 2020		April 2020	Draft report issued.
Health & Safety	Feb 2020	Apr 2020		April 2020	Draft report 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

David Hoose	07552 007708 David.Hoose@Mazars.co.uk
Mark Lunn	07881 284060 Mark.Lunn@Mazars.co.uk

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.

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.

Mazars LLP is the UK firm of Mazars, an international advisory and accountancy group. Mazars LLP is registered by the Institute of Chartered Accountants in England and Wales to carry out company audit work.