



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

Internal Audit Progress Report 2015/16 & 2016/17

July 2016

Presented to the Joint Independent Audit Committee meeting of: 27th July 2016

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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 2016, together with progress on delivering the 2016/17 Internal Audit Plan which was considered and approved by the JIAC at its meeting on 23rd March 2016.
- 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 Six final reports have been issued since the last meeting of the JIAC on 23rd March 2016. These relate to Payroll, Pensions, Victims Code of Practice, Stock Control, T-Police User Acceptance Testing and Benefit Realisation. Further details are provided in Appendix A1. The following table provides a summary of assurances, including the number and categorisation of recommendations, in each report issued during 2015/16.

Lincolnshire 2015/16 Audits	Report Status	Assurance Opinion		Priority 1 (Fundamental)	Priority 2 (Significant)	Priority 3 (Housekeeping)	Total
Firearms Licensing	Final	Satisfactory		-	4	4	8
Procurement	Final	Satisfactory		-	2	-	2
Estates Management	Final	Satisfactory		-	2	4	6
Risk Management	Final	Force - Satisf	OPCC – Signif	-	-	3	3
Governance	Final	Satisfactory		-	1	3	4
Budgetary Control	Final	Satisfactory		-	1	-	1
Cash, Bank & Treasury	Final	Significant		-	-	1	1
General Ledger	Final	Satisfactory		-	1	-	1
Asset Management	Final	Satisfactory		-	2	1	3
Income & Debtors	Final	Significant		-	-	2	2
Payment & Creditors	Final	Significant		-	-	5	5
Payroll	Final	Satisfactory		-	3	3	6

Lincolnshire 2015/16 Audits	Report Status	Assurance Opinion	Priority 1 (Fundamental)	Priority 2 (Significant)	Priority 3 (Housekeeping)	Total
Victims Code of Practice	Final	Satisfactory	-	3	4	7
T-Police – User Acceptance Testing	Final	Significant	-	-	-	-
Stock Control	Final	Limited	1	7	-	8
Business and Change – Benefit Realisation	Final	Satisfactory	-	3	2	5
Pensions	Final	Satisfactory	-	2	2	4
Total			1	31	34	66

- 2.2 As reported in the last progress report, Internal Audit were tasked with undertaking four audits of collaborative arrangements across the region. At the time of writing, we have issued one final report, in respect of Forensics, whilst draft reports have been issued in respect of the other three audits and we are awaiting management's comments. Further details are provided in Appendix A1, including the scope of the three reports that are currently in draft, the details of which will be presented at the next JIAC in October 2016.

Collaboration 2015/16 Audits	Report Status	Assurance Opinion	Priority 1 (Fundamental)	Priority 2 (Significant)	Priority 3 (Housekeeping)	Total
Forensics	Final	Satisfactory	-	3	2	5
Officers in Kind	Draft					
Covert Payments	Draft					
PCC Board Governance	Draft					
Total			-	3	2	5

- 2.3 Work in respect of the 2016/17 internal audit plan is underway and, to date, we have one final report in respect of Insurance, the detail of which are contained within Appendix A2. We have also issued two draft reports, in respect of Medium Term Financial Planning and Complaints Management, where we await management's responses.

Lincolnshire 2016/17 Audits	Report Status	Assurance Opinion	Priority 1 (Fundamental)	Priority 2 (Significant)	Priority 3 (Housekeeping)	Total
Insurance	Final	Significant			4	4
Medium Term Financial Planning	Draft					
Complaints Management	Draft					
Total			-	-	4	4

- 2.4 Fieldwork in respect Seized and Found Property has recently commenced. A summary of the findings will be reported in the next progress report to the JIAC in October 2016. Audits in respect of Recruitment, Delivering Partner Outcomes and Overtime are due to be completed in the coming months. In addition, internal audit have received a request to provide programme assurance with regards the Blue Light Collaboration Programme taking into account the stage of Gateway review that it is approaching and the stage at which various of its projects may be at. Further details are provided within Appendix A5.

03 Performance 2015/16

- 3.1 The following table details the Internal Audit Service performance for the year ending 31st March 2016 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.	88% (15/17)
5	Issue of final report	Within 5 working days of agreement of responses.	100% (17/17)
6	Follow-up of priority one recommendations	90% within four months. 100% within six months.	N/A
7	Follow-up of other recommendations	100% within 12 months of date of final report.	N/A
8	Audit Brief to auditee	At least 10 working days prior to commencement of fieldwork.	100% (17/17)
9	Customer satisfaction (measured by survey)	85% average satisfactory or above	89% (8/9)

Appendix A1 – Summary of Reports 2015/16

Final 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 meeting of the JIAC relating to the 2015/16 Internal Audit Plan:

Payroll

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

Our audit considered the following control 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;
- Appropriately vetted new joiners are completely, accurately, validly and timely added to the payroll at the rates of remuneration per the contracts of employment;
- Employees leaving 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 made, 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;
- 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; and
- 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 three priority 2 recommendations where we believe there is scope for improvement within the control environment. These relate to the following:

Recommendation 1	Annual leave adjustments should be checked for all leavers and this should be recorded on the leaver forms prior them being filed. Checks on input of adjustments should be sufficiently robust to prevent any further errors between deductions and payments.
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	<p>In addition, for the case identified the overpayment should be recovered and consideration should be given to updating the associated procedure for instances where the employee will not have a subsequent salary payment.</p> <p>If the policy refers to a monthly salary the error will be deemed as above 5% and therefore the significant error procedure should be followed with relevant audit trail maintained to confirm this has been actioned and lessons learnt embedded within associated processes.</p>
Response	<p>a) I believe that this was an isolated incident. We currently undertake a 100% independent check of all entries input into payroll. I will reiterate the importance of ensuring that the checks undertaken are robustly operated.</p> <p>b) I will update the overpayment recovery procedure to cover the scenario mentioned.</p> <p>c) We will write to the individual and recover the overpayment.</p>
Timescale	<p>Exchequer Service Manager</p> <p>a) April 2016</p> <p>b) May 2016</p> <p>c) April 2016</p>

Recommendation 2	All variations should be supported by evidence to confirm that the appropriate approval has been given for the amendment to terms and conditions from the authorising officer. This evidence should be checked by HR or Payroll prior to the amendment being actioned and this check, or signatory from the authorising officer, noted on the Amendment to Terms and Conditions form.
Response	Agreed. HR will check and ensure that the appropriate supporting evidence for each variation change is provided and filed in HR.
Timescale	<p>HR Support Manager and HR Advisors</p> <p>May, 2016</p>

Recommendation 3	The payroll deductions reconciliation should be amended to ensure that the deductions in the Payroll System are reconciled to the deductions on the GL to ensure accuracy of deductions and data in both systems.
Response	Agreed – the reconciliation will be amended to reflect the recommendation.
Timescale	<p>Exchequer Services Manager</p> <p>April 2016</p>

We also raised three priority 3 recommendations of a more housekeeping nature. These were in respect of leaver forms, policies and procedures, and subsistence claims.

Pensions

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

Our audit considered the following area objectives:

- Roles & Responsibilities:
Roles and responsibilities in respect of Pensions processing are clearly defined, including governance and involvement of the Pensions Board, decision making, reporting and associated delegations.
- Exchange and processing of information:
Data and information exchange processes are adequately defined and effective in ensuring secure transfer and timely processing.
- Policies, legislation and regulations:
Policies and procedures exist to ensure all relevant legislation and regulations are communicated to staff with responsibility for Pension processing and to staff within the schemes.
- Service Recording and Retirement Processes:
Controls exist to ensure accurate recording of service and pay, including part time effects for all employees and accuracy of payments.

We raised two priority 2 recommendations where we believe there is scope for improvement within the control environment. These relate to the following:

Recommendation 1	Formal guidance for staff should be documented, and be made widely available, to give an overview of the process to follow in respect of pensions queries or requirements for additional information This should include single points of contact for types of query and scheme, alongside assigned roles and responsibilities.
Response	A 'Key Contacts' page will be published on the intranet to advise staff who they should contact for which type of query. This will be updated with any additional relevant contacts from finding 4.2 once the Scheme of Delegation has been updated.
Timescale	30/09/2016 A Durham, Head of Finance

Recommendation 2	<p>Roles and responsibilities in respect of the pension operation, including consideration of the different schemes in operation, should be established and documented within the relevant schemes of delegation, contracts and job descriptions.</p> <p>All staff should be aware of their responsibilities and be satisfied that operations within their remit are operating effectively.</p>
Response	The Scheme of Delegation will be reviewed and will incorporate any necessary delegations. This will clarify the responsibilities of individuals with regards to Pension Schemes.
Timescale	<p>DCFO</p> <p>December 2016</p>

We also raised two priority 3 recommendations of a more housekeeping nature. These were in respect of joining information and data security arrangements.

Victims Code of Practice

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

Our audit considered the following control objectives:

- The requirements, as set out in the Code of Practice for Victims of Crime, are being complied with by Lincolnshire Police.
- Policies and procedures have been put in place to support officers in complying with the Code. Such guidance should include, but not be limited to, guidance in respect of:
 - Needs assessments
 - Crime reporting work sheets
 - Referral mechanisms
 - Communications with the victim
 - Personal statements
 - Complaints procedures
- Performance information is available, and provided to the appropriate forum, in respect of compliance with the Code and action plans put in place to address areas of improvement.
- Service user feedback is effectively utilised to inform and improve both police and wider partnership services on an ongoing basis.

In reviewing the above risks, our audit considered the following areas:

- Compliance with requirements of the Code
- Policies and procedures
- Performance Information
- Service user feedback

We raised three priority 2 recommendations where we believe there is scope for improvement within the control environment. These relate to the following:

Recommendation 1	Officers should ensure that each victim receives a written acknowledgement that they have reported a crime, including the basic details of the offence. This should be confirmed by the contact entry in Niche and upon introduction of the VCOP module once this is rolled out.
Response	<p>The issue of the MoJ leaflet is currently part of the training which all staff will receive in relation to Victim Contact. It is stipulated that this should be recorded. The Victim Contact Management form is now live on NICHE and will be mandatory for all crimes investigated by an Officer from 3rd May 2016. This form has a drop down box to confirm that this leaflet has been given/sent to the victim.</p> <p>Work is also ongoing with another document which gives better support to victims, contact details for support agencies and Victim Lincs and this is currently being considered as a replacement for the MoJ leaflet, and includes basic details of the crime.</p> <p>Further work is ongoing to ensure that the initial letters sent from CMB also contain the necessary information</p>
Timescale	Sept 2016 / C/Insp Garthwaite

Recommendation 2	<p>An exception report should be produced by CMB on a regular basis to highlight any crimes where an officer has not been assigned as part of the manual workflow process within CMB.</p> <p>Following the introduction of the Niche VCOP module further areas for performance monitoring should be explored (including reporting on completion of the Opt In field as highlighted in finding 4.2 above) and a reporting mechanism introduced. Consideration should be given to re-branding the Victim Satisfaction Working Group to extend their remit and then receive regular performance reports for monitoring and review purposes and to ensure action is taken on areas of potential weakness in the process.</p>
Response	<p>a) This first aspect is to be discussed with CMB.</p> <p>b) The second aspect is discussed above. The VSWG chair (D/C/Insp Taylor) has accepted the remit around performance management for these aspects, and the terms of reference of the group will be duly amended and this new process discussed at the next meeting of the group (April 2016)</p>
Timescale	<p>a) June 2016 / C/Insp Garthwaite and Sue Ryden, CMB manager</p> <p>b) June 2016 / DCI Taylor</p>

Recommendation 3	<p>The Lincolnshire Police Right to Review scheme should be reviewed to ensure a comprehensive document exists to cover:</p> <ul style="list-style-type: none"> - An introduction, purpose and relevant legalisation in respect of Right to Review. - Roles and responsibilities for each aspect of the process. - Availability of detailed information (end to end process) for both officers and victims. - Performance monitoring in terms of take up, effectiveness and review processes.
Response	This aspect will fall to the regional CJ process and the force executive who currently monitor and administer the VRR. C/Insp Garthwaite will discuss this with relevant parties to take forward.
Timescale	July 2016 / C/Insp Garthwaite and Regional CJ/Force Exec

We also raised four priority 3 recommendations of a more housekeeping nature. These were in respect of the opt in field, awareness of Victim Lincs, availability of information and the complaints procedure.

Business Change – Benefit Realisation

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

Our audit considered the following areas:

- Methodology utilised for project management;
- Governance and reporting arrangements;
- Measuring of benefits;
- Identification of benefits;
- Benefits realisation process;
- Decision Making process;
- Tools and techniques used;
- Messages and guidance provided to Project Managers;
- Demands from senior management on benefits realisation;
- Any training elements or structures in place to provide a suitable benefits realisation opinion and understanding; and
- Communication to stakeholders on benefits.

We raised three priority 2 recommendations where we believe there is scope for improvement within the control environment. These relate to the following:

Recommendation 1	<p>A benefits realisation procedure should be documented and embedded across the Force.</p> <p>This should encompass an agreed approach for the following areas:</p> <ul style="list-style-type: none"> - Creation of a standard set of tools, templates and techniques for benefits realisation; - Responsibilities for each stage of the process; - Establishing quantifiable benefits (at the outset of the Project) which meet the requirements and priorities of the Force, to avoid 'non-value adding' benefits; - Create links between Strategic Objectives and benefits realisation and incorporation into individual Project Business Cases; - Monitoring and reporting mechanisms to use to identify, monitor and record upon benefits being realised; - Timing and frequency of benefits realisation reviews; and - Approach to such reviews.
Response	<p>The approach to business benefits realisation has been hampered by the way in which change activities, such as formal projects, are devised and commissioned.</p> <p>The Continuous Improvement Unit is working with the Chief Officer Group to set the overall direction and objectives of change for the Force.</p> <p>Once this has been achieved, there is a further plan to ensure that strategic plans, project plans and projects are aligned with the objectives.</p> <p>As the final part of this work, all existing project Benefits plans will be reviewed, and a consistent approach to the use of plans, reviews and reporting of benefits will be created.</p> <p>The Force would benefit from knowing whether any other Forces provide a good example of how this works in practice that could help us in our own development.</p>
Timescale	Continuous Improvement Manager / By end of August 2016

Recommendation 2	<p>Responsibility for Benefits Realisation activity should be allocated to the individual Team Managers (Business Leads) following closure of the project to ensure that benefits continue to be monitored and reported upon.</p> <p>A temporary mechanism should also be introduced which provides co-ordination and oversight to this process until the Force are in a position to embed Benefits Realisation as 'business as usual'.</p> <p>The co-ordination should oversee a consistent approach by all Business Leads and provide oversight and challenge to ensure the process for benefit realisation is managed effectively. Regular reporting of benefits should also be co-ordinated across all projects.</p>
Response	<p>The Force does not currently have a consistent approach to the use of Business Leads in formal projects.</p> <p>The Continuous Improvement Unit has undertaken some work to establish how best the role of 'Business Lead' (not defined in PRINCEII) would work in relation to the identification, planning and measurement of benefits throughout the project life cycle and beyond into business as usual. This work is intended to progress further to a Business Lead 'Job Description' or 'Role Profile', which needs to be discussed in more details and agreed with the Chief Officer Group following work focussing on the setting of new strategic objectives at the end of May 2016.</p>

	<p>The Force would suggest that the Continuous Improvement Manager would be best positioned to coordinate the process for benefit realisation and provide oversight.</p> <p>There are some concerns that Team Managers/Business Leads, who tend to be operational officers; are not appropriate personnel to measure and report on business benefits. However, it is understood that the reason why PRINCE II specifies this is that Team Managers are closer to the benefits being delivered and therefore have greater access to information and understanding of benefits. It also allows for the necessary resources to record and report benefits to be in place after the project has completed.</p> <p>There are some concerns that the management of business benefits through operational staff may not work effectively for Lincolnshire Police as it is 'counter culture' within policing. The Force would welcome input regarding other Forces who use this system well, in order to observe good practice and learn how to effectively monitor benefits in this way.</p>
Timescale	<p>Continuous Improvement Manager / Business Lead 'Job Description' by end of June 2016</p> <p>To be included in all projects by end of August 2016, including reporting process.</p>

Recommendation 3	Benefits realisation should be included as a standard agenda item of the PEEL Board to ensure accountability of responsible officers and regular communication and oversight by this programme board.
Response	<p>Benefits realisation should be a regular agenda item at Project Boards first and foremost, where adequate direction can be provided and a more localised view of actual versus planned benefits can be taken.</p> <p>Periodic review (suggested quarterly) of Benefits against objectives is appropriate at the PEEL Board. However, this cannot be achieved until after COG have set the Force's Strategic Objectives, Strategic Plans and Project Benefits Plans</p>
Timescale	Continuous Improvement Manager / September 2016 PEEL Board

We also raised two priority 3 recommendations of a more housekeeping nature. These were in respect of benefit realisation measures and benchmarking.

Stock Control

Assurance Opinion	Limited
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Recommendation Priorities	
Priority 1 (Fundamental)	1
Priority 2 (Significant)	7
Priority 3 (Housekeeping)	-

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

- Clearly defined policies and/or procedures are not in place resulting in ineffective and inefficient working practices.
- Failures by staff to comply with procedural requirements leading to inappropriate management of stock.
- Failure to ensure accurate records are maintained resulting in stock levels becoming too low.
- Over ordering of stock occurs resulting in a budgetary overspend and lack of storage space for stock.
- Failure to secure stock leading to misappropriation of stock which could result in a financial loss to the Force.
- Stock is inappropriately written off resulting in a financial loss to the Force.
- Failure to ensure that regular, timely and accurate management information is received leading to poor management decisions being taken.
- Budgetary information is not regularly produced and scrutinised by management resulting in inappropriate budgetary decisions.

In reviewing the above risks, our audit considered the following areas:

- Policies and Procedures
- Stock Control
- Write Offs
- Monitoring

We raised one priority 1 recommendation and seven priority 2 recommendations where we believe there is scope for improvement within the control environment. These relate to the following:

Recommendation 1	Regular stock takes of the uniform retained within the stores at the Force should be completed. Stock takes should be undertaken by staff or officers independent of those responsible for day to day operations of the stock management process and records maintained to support the frequency, result and action taken to resolve any discrepancies identified as a result. (Priority 1)
Response	a) Details of the 2016/2017 stock take timetable to be provided to the IS Contract Manager in the CPT. b) The IS Contract Manager and another retained member of Force personnel (to be identified and should not always be the same second individual) to undertake the stock takes.
Timescale	a) Immediate / Business Support Manager (D. Watson) / Completed. b) As per 2016/17 stock take timetable. To commence May 2016 / CPT IS Contract Manager (R. Pike)

Recommendation 2	Journal entries should be processed accurately on the general ledger in line with the supporting documentation and these should be posted to the correct budget codes. Journals should be posted in a timely manner.
Response	<p>a) It is important (for budget setting and monitoring purposes) that a minimum of 3 budgets have costs associated to them – as this is where the budget is :-</p> <ul style="list-style-type: none"> • Police Officers • Police Staff (incl. PCSOs) • Initial Kitting <p>Review of information provided to Finance to be completed and reasons why this cannot be identified, as per the above 3 categories, to be explored.</p> <p>b) All journals to be actioned in line with month end ledger closure – if not able to be achieved, reasons to be provided and timescales agreed.</p> <p>c) A request for a t-police change is being submitted to Cap Gemini for a drop down selection of Flex Fields to be added that will enable users to pick the right category (and therefore the right budget) so that spend against these budgets can be more accurately accounted for.</p> <p>d) All journals to be actioned in line with month end ledger closure – if not able to be achieved, reasons to be provided and timescales agreed.</p> <p>e) Fleet journals are completed in conjunction with Support Services Departments and can only be completed when all invoices are received. Invoices normally take up to two weeks to be received and processed after a delivery. Upon investigation it was found that the journal for October was not posted twice there were two journals posted in one month.</p>
Timescale	<p>a) End of Quarter 1 (30.9.16) / Business Support Manager (D. Watson) and Senior Management Accountant (J. Bratton).</p> <p>b) Immediate / Head of Finance (A. Durham)</p> <p>c) October 2016 / Julie Bratton Financial Reporting Officer</p> <p>d) Immediate / Head of Finance (A. Durham) / Complete.</p> <p>e) 30 Sept 2016 / Janis Knibbs / Support Services Managers to be instructed to submit all returns within 5 days of the end of the month providing all invoices have been received</p>

Recommendation 3	There should be a comprehensive record of all stock and non-stock items issued to Officers which should be checked upon an Officer leaving the Force.
Response	<p>Agreed – It is expected that all issues are recorded as to whom they have been issued to.</p> <p>Process to be reviewed to confirm why a record of issue is not available against which Stores could check against what has been returned.</p>
Timescale	End of July 2016 / Business Support Manager (D. Watson) and IS Contract Manager (R. Pike)

Recommendation 4	<p>Procedure notes should be developed for all key tasks completed with regards to stock management, including uniform, vehicle parts and fuel.</p> <p>The procedures should be:</p> <ul style="list-style-type: none"> • Regularly reviewed using version control to evidence the review; • Tested for accuracy and appropriateness; and <p>Made available to all relevant officers and published on the intranet.</p>
Response	<p>a) Agreed. T-Police guidance documents to be reviewed and customised to reflect how we need to use the system as per the recommendation.</p> <p>b) Force Policies and Procedures to be reviewed and new guidance produced where relevant.</p> <p>c) Procedures will be produced for Support Services staff to complete journals in a timely manner</p>
Timescale	<p>a) 30/09/16 / Head of Assets & Facilities, N. Rothwell</p> <p>b) 30.09.16 / IS Contract Manager (R. Pike) and Head of Facilities Management (N. Rothwell)</p> <p>c) End July 2016 Janis Knibbs, Fleet Administrator</p>

Recommendation 5	<p>Management should liaise with the t-Police system administrators to establish what reports can be produced to support the Uniform Stock Management process.</p> <p>Requirements of the Force should be defined in terms of which reports would be beneficial to support the process and adequate training on the t-Police should then be provided to Officer's with the responsibility of the management of stock at the Force.</p>
Response	<p>Agreed.</p> <p>Stores Officer and Business Support Manager to receive appropriate training on the T-Police system and its reporting capabilities.</p>
Timescale	30/09/16 / Head of Assets & Facilities, N. Rothwell

Recommendation 6	All movements of stock should be accurately recorded on the system in a timely manner.
Response	Agreed. All locations to be entered onto the system in a timely manner. To be discussed and agreed with the CPT IS Contract Manager.
Timescale	End of Quarter 1 (30.6.16) / Business Support Manager (D. Watson) and IS Contract Manager (R. Pike)/ Completed.

Recommendation 7	Minimum and maximum stock level parameters should be set for stock items on the relevant stock management systems. Automatic notifications should be in place where stock falls below the minimum level on the system and additional stock should be purchased following notification.
Response	Agreed. If the functionality is available on both T-Police and Tranman it should be set up and activated.
Timescale	30.9.16 / Head of Facilities Management, N.Rothwell

Recommendation 8	A segregation of duties should be in place in respect of the uniform stock issuing process.
Response	a) Process to be reviewed as to why new recruits are not set up on T-Police. It is known Volunteers are not set up on T-Police. b) If there are justified reasons why these categories of staff cannot be set up on T-Police an alternative process to be proposed / established to ensure segregation of duties.
Timescale	a) 31.08.16 / Head of HR (S. Morley) b) 30.09.16 Head of HR S.Morley & Business Support Manager D.Watson

T-Police User Acceptance Testing

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

Our audit considered the following area objectives:

- An overarching test strategy has been established and testing manager role established;
- Change management procedures for the project are formally documented and controlled;
- Officers involved in testing are appropriately trained;
- Test plans are completed and approved;
- Test cases and test scripts have been completed and approved;
- User acceptance test cases have been traced to business and system requirements through a requirements traceability matrix;
- Testing issues identified are tracked, monitored and resolved and change requests are recorded and stored for reference;
- Changes are requested in a formal process;
- The effect of the requested change is assessed;
- An emergency change process is in place;
- Changes are submitted for review, testing and approval; and
- Changes are transported into the live/test environment in a controlled manner.

No recommendations were raised as a consequence of the audit.

Forensics

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

The East Midlands Special Operations Unit (EMSOU) is a regional tasking structure which has, for more than a decade, made use of expertise and resources from within the East Midlands police forces to investigate many of the most serious crimes which affect the region. EMSOU is an amalgamation of certain key resources provided by the forces to be deployed throughout the region as and when there is an investigative need. Forensic Services (EMSOU-FS) is one of five main branches of EMSOU's work.

Our audit considered the following area objectives:

- *Governance, Performance Monitoring and Accountability* - There are effective arrangements in place to ensure performance (both operational and financial) is effectively monitored with regular reporting and accountability measures through an appropriate governance structure.
- *Expenditure and budget management processes* - Roles and responsibilities in respect of budget management and oversight of expenditure are appropriate. Appropriate internal control systems and delegations exist to ensure that expenditure from the retained Force Forensic budgets is appropriately managed and there are adequate controls around the ordering, receipting and payment processes in respect of those budgets.
- *Work for external bodies and associated income* - Work for external bodies is appropriately approved, managed and monitored. Processes ensure that debtors are raised for the provision of services provided by Forensics and that income is subsequently realised within the associated budget.

We raised three priority 2 recommendations where we believe there is scope for improvement within the control environment. These are set out below:

Recommendation 1	<p>The current dip sampling process should be documented to include the percentage of invoices subject to verification each month and the approach taken for selection of the sample. In addition, the outcome of the checks should be evidenced to provide assurance that these have been completed and reliance can be placed on this risk-based approach.</p> <p>It is noted, however, that the new marketing approach proposed for Forensic Services for implementation in August 2016, would negate the need for the dip sampling process in this regard, as procurement would be based on a fixed annual contract value rather than the current 'pay as you go' model.</p>
Response	<p>We are happy to develop a standard operating procedure for how we deal with invoices in line with our quality management system.</p> <p>However, as noted this will be superseded by the new approach to forensic contracts which should be in place by the New Year.</p>
Timescale	30 th June 2016 / Jo Ashworth, Head of Forensics

Recommendation 2	Official orders should be raised for goods or services or alternatively be agreed within the list of exemptions approved by Derbyshire Police.
Response	Where such services are procured through EMSOU-FS, Purchase Orders will be raised in accordance with Derbyshire's Financial Regulations. Accordingly, any exemptions will be reviewed and will be those agreed with Derbyshire's Procurement Team.
Timescale	June 2016 / Jo Ashworth, Head of Forensics

Recommendation 3	All works for external bodies (current and future) should be formalised in an agreement to include outline agreed services, associated charges and insurance arrangements. This should be approved by the Director of Finance (where works are not expected to exceed £200k per annum).
Response	All externally provided work arrangements are being reviewed and a standard approach will be adopted which will be compliant with Derbyshire's Financial Regulations.
Timescale	30 th June 2016 / Jo Ashworth, Head of Forensics

We also raised two priority 3 recommendations of a more housekeeping nature. These were in respect of invoicing processes and debtor invoices and associated income.

Draft Reports

In this section we provide brief summaries of the scope of those audits relating to the 2015/16 Internal Audit Plan for which the reports are currently in draft. Management are currently considering their responses and full details will be included in the next progress report once the final reports have been issued.

Pensions

The audit review considered the following control objectives:

- **Roles & Responsibilities:**
Roles and responsibilities in respect of Pensions processing are clearly defined, including governance and involvement of the Pensions Board, decision making, reporting and associated delegations.
- **Exchange and processing of information:**
Data and information exchange processes are adequately defined and effective in ensuring secure transfer and timely processing.
- **Policies, legislation and regulations:**
Policies and procedures exist to ensure all relevant legislation and regulations are communicated to staff with responsibility for Pension processing and to staff within the schemes.
- **Service Recording and Retirement Processes:**
Controls exist to ensure accurate recording of service and pay, including part time effects for all employees and accuracy of payments.

Officers in Kind

The audit review considered the following control objectives:

- There are clear and agreed procedures in place between EMSOU and each regional force with regards the funding model for officers in kind.
- Costings in respect of officer in kind funding are understood, accurate, supported by a clear funding model and are communicated to the regional forces in a timely manner.
- Estimates of each forces contribution are given at the outset and supported by monthly outturn projections.
- Charges made to the regional forces are supported by clear documentation / funding assumptions.
- Variations to the number and grade of officers provided by each regional force are taken into account within the funding model, including year-end adjustments.
- There is clear, timely and complete management information in place to support the funding model and to enable forces to manage their budgets.
- Each regional force has sound budget processes in place that enable them to manage officer in kind payments, including projected year-end adjustments.
- The current accounting procedure and process for the treatment of Officers in Kind is an efficient and effective model for the secondment of officers working in regional units.

Covert Payments

The audit review considered the following control objectives:

- Procedures and policies are in place to support the effective administration of the function and are communicated to all relevant staff.
- There are clear and understood procedures in place for the authorization and setting up of bank accounts.
- Transfers between bank accounts are approved and documented.
- 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.
- There are agreed and effective processes in place for the authorisation of covert payments.
- Payments made in respect of covert activities are valid and appropriate.
- There are effective controls in place with regards accounting for covert payments.
- Timely and accurate management / payment information is available to support the delivery of covert activities.

PCC Board Governance

Our audit considered the following area objectives:

- *Governance Arrangements* - There are defined arrangements for the Board with documented roles and responsibilities, accountability and decision making processes. Structure of meetings is effective and outcomes, actions and decisions are well documented.
- *Collaboration Arrangements* - There is effective oversight of Section 22 collaboration arrangements to ensure the effective use of resources and delivery of required outcomes.
- *Decision Making* - Decision making processes are clearly defined and operate effectively to ensure transparency in terms of value for money and effective use of resources.

- *Change Management* - Horizon scanning is undertaken to ensure informed change managements. Considerations of changes in responsibility and 'churn' of officers is embedded with the board operations.
- *Performance Management and Accountability* - There is a consistent approach to performance management and ensuring accountability of Chief Constables. Financial planning and budget approval for regional collaboration is consistent and effective.

Appendix A2 – Summary of Reports 2016/17

Final 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 meeting of the JIAC relating to the 2016/17 Internal Audit Plan:

Insurance

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

Our audit considered the following area objectives:

Governance Arrangements

- Roles, responsibilities and associated accountability for insurance provisions and processes are clearly defined;
- Reporting on insurance cover/ costs is carried out on a regular basis with oversight of arrangements by Chief Officers;

Policies and Procedures

- Insurance policies are in place to ensure that the OPCC and Force are adequately protected from risk and potential loss in line with statutory requirements;
- Procedures exist to outline the approach taken by the OPCC and Force in terms of insurance cover, risk appetite, basis of renewals and identification of new and emerging risk;

Insurance Cover and Risk Appetite

- Review and approval procedures are in place to ensure that insurance cover is adequate to protect against risk and financial loss;
- The OPCC and Force risk appetite is established and embedded within insurance provisions;
- Processes are in place to provide assurance that excesses are reasonable to ensure a balance between cost of policies and costs of actual claims;

Claims Handling

- Effective processes are in place for claims handling;
- Claims are subject to regular review and outcomes of claims are reviewed against existing insurance cover/ costs.

We raised four priority 3 recommendations as a consequence of the audit and these related to the following:

- Insurance arrangement procedure guide
- Risk appetite, identification and monitoring
- Benchmarking
- Monitoring of motor claims

Appendix A3 Internal Audit Plan 2015/16

Auditable Area	Planned Fieldwork Date	Draft Report Date	Final Report Date	Target JIAC	Comments
Core Assurance					
Governance	Aug / Sept 2015	Oct 2015	Nov 2015	Nov 2015	Final report issued.
Procurement	Aug 2015	Aug 2015	Sept 2015	Sept 2015	Final report issued.
Risk Management	Aug 2015	Oct 2015	Nov 2015	Nov 2015	Final report issued.
Core Financial Systems					
Budgetary Control	Sept 2015	Jan 2016	Feb 2016	March 2016	Final report issued.
Cash, Bank & Treasury	Nov / Dec 2015	Jan 2016	Jan 2016	March 2016	Final report issued.
Payroll	Feb 2016	April 2016	June 2016	July 2016	Final report issued.
General Ledger	Nov / Dec 2015	Jan 2016	Feb 2016	March 2016	Final report issued.
Income & Debtors	Feb 2016	Feb 2016	March 2016	March 2016	Final report issued.
Payment & Creditors	Feb 2016	Feb 2016	March 2016	March 2016	Final report issued.
Asset Management	Nov / Dec 2015	Jan 2016	Feb 2016	March 2016	Final report issued.

Auditable Area	Planned Fieldwork Date	Draft Report Date	Final Report Date	Target JIAC	Comments
Strategic & Operational Risk					
Code of Practice for Victims of Crime	Feb 2016	March 2016	April 2016	July 2016	Final report issued.
Delivery of Partner Outcomes – LCJB					Audit postponed on management's request. Whilst other Partnership Arrangements were being considered, management have requested this be deferred to 2016/17. Agreed with DF10/02/16
Benefit Realisation Evaluation	March 2016	April 2016	May 2016	July 2016	Final report issued.
T-Police – User Acceptance / Change Control	March 2016	April 2016	April 2016	July 2016	Final report issued.
HR – Flexible Working					Audit deferred until 2016/17 on management's request and replaced with 'Pensions'.
Stock	March 2016	April 2016	June 2016	July 2016	Final report issued.
Pensions	Feb 2016	March 2016	July 2016	July 2016	Final report issued.
Firearms Licensing	July 2015	Aug 2015	Sept 2015	Sept 2015	Final report issued.
Estates Management	Sept 2015	Sept 2015	Oct 2015	Nov 2015	Final report issued.

Auditable Area	Planned Fieldwork Date	Draft Report Date	Final Report Date	Target JIAC	Comments
Collaboration					
Officers in Kind	Mar / Apr 2016	Apr 2016		July 2016	Draft report issued.
Forensics	Mar / Apr 2016	Apr 2016	May 2016	July 2016	Final report issued.
Covert Payments	Mar / Apr 2016	Apr 2016		July 2016	Draft report issued.
PCC Board Governance	Mar / Apr 2016	Apr 2016		July 2016	Draft report issued.

Appendix A4 Internal Audit Plan 2016/17

Auditable Area	Planned Fieldwork Date	Draft Report Date	Final Report Date	Target JIAC	Comments
Core Financial Systems					
General Ledger	Oct 2016			Jan 2017	
Cash, Bank & Treasury	Oct 2016			Jan 2017	
Payment & Creditors	Jan 2017			April 2017	
Income & Debtors	Jan 2017			April 2017	
Payroll	Jan 2017			April 2017	
Strategic & Operational Risk					
Information Technology	Jan 2017			April 2017	
Victims Services	Feb 2017			April 2017	
Recruitment	Sept 2016			Oct 2016	
Insurance	April 2016	May 2016	July 2016	July 2016	Final report issued.
Learning & Development	Jan 2017			April 2017	
Delivering Partner Outcomes	Sept 2016			Jan 2017	
Complaints Management	June 2016	July 2016		Oct 2016	Draft report issued.
Medium Term Financial Planning	May 2016	June 2016		Oct 2016	Draft report issued.

Auditable Area	Planned Fieldwork Date	Draft Report Date	Final Report Date	Target JIAC	Comments
Overtime / Time Recording	Aug 2016			Oct 2016	
Seized & Found Property	July 2016			Oct 2016	
Collaboration					
Collaboration	Sept 2016 – Jan 2017			Jan & April 2017	
Other					
Blue Light Collaboration Programme	Aug 2017			Oct 2016	Additional request. Scope currently being agreed.

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

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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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