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

## Internal Audit Progress Report 2016/17

October 2016

Presented to the Joint Independent Audit Committee meeting of: 18th October 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 2017 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 is accordance with the Public Sector Internal Audit Standards (PSIAS).

# 02 Summary of internal audit work to date

2.1 As reported in the last progress report, as part of the 2015/16 Internal Audit Plan, Internal Audit were tasked with undertaking four audits of collaborative arrangements across the region. Further to the last progress report, where we had issued one final collaborative report in respect of Forensics, we have now issued the final reports in respect of the other three audits. Further details are provided in Appendix 1, whilst a summary is provided below.

| 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 | Final | Significant | - | - | 3 | 3 |
| Covert Payments | Final | N/A | - | 2 | 1 | 3 |
| PCC Board Governance | Final | N/A | - | 3 | 4 | 7 |
| | | **Total** | **-** | **8** | **10** | **18** |

2.2 We have issued three final reports in respect of the 2016/17 plan since the last progress report to the JIAC, these being in respect of Complaints Management, Medium Term Financial Planning and Seized & Found Property. Further details are provided in Appendix 2.

| 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 | Final | Significant | | | 2 | 2 |
| Complaints Management | Final | Satisfactory | | 2 | 1 | 3 |
| Seized & Found Property | Final | Satisfactory | | 3 | 3 | 6 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Recruitment | Draft | | | | | |
| Overtime & Time Recording | Draft | | | | | |
| | | **Total** | **-** | **5** | **10** | **15** |

2.3 We have also issued two drafts in respect of Recruitment and Overtime & Time Recording where we await management's response. Additionally, as reported previously, internal audit received a request to provide programme assurance with regards the Blue Light Collaboration Programme. Work is drawing to a close and will be reported shortly. Further details are provided within Appendix A3.

2.4 Terms of reference and planned fieldwork dates have been agreed with regards the audits of General Ledger and Cash and Bank & Treasury, whilst we are in the process of agreeing the scope and fieldwork date for the audit of IT Security. The audit of Delivering Partner Outcomes has been deferred by management, and agreed by JIAC Chair, to later in quarter 3 to allow time for the scope to be agreed. Further details are provided within Appendix A3.

2.5 Following discussions between the OPCC Chief Financial Officers and the Chairs of the joint committees, five specific areas have been identified in terms of the collaborative audits for 2016/17. In each case a lead officer (OPCC CFO) has been identified as a single point of contact. The initial reviews will look at the business plan and S22 agreement in terms of whether it is being delivered and is fit for purpose going forward; the scope will also include value for money considerations and arrangements for managing risk. The areas of collaboration that will form the focus of these initial reviews are:

- EMCHRS Transactional Services
- EM Legal Services
- EMOpSS
- EMS Commercial Unit
- EMSOU

# 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. This list will be developed over time, with some indicators either only applicable at year end or have yet to be evidenced.

| 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% (6/6) |
| 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 |
| 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% (11/11) |
| 9 | Customer satisfaction (measured by survey) | 85% average satisfactory or above | 100% (2/2) |

# Appendix A1 – Summary of Collaboration Reports 2015/16

Below we provide brief summaries of the three collaboration final audit reports that were in draft at the time of the previous progress report:

### Officers in Kind

| Assurance Opinion | Significant |
|---|---|

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

The East Midlands Specials Operation Unit (EMSOU) is a regional tasking structure where officers from each of the five forces can be assigned to EMSOU on an ad hoc basis to investigate certain crimes. The resources for EMSOU are separated into two types of posts:

- Funded Posts
- Officers in Kind

The salary costs of Force Officers in funded posts will be reimbursed to the forces from EMSOU's budget whilst the salary costs of 'in kind' posts will be borne by each individual force.

The Section 23 Collaboration agreement that is in place states that the funding of these 'in kind' posts are to be attributed to each force based on the formula grant that each force received as a percentage of the total of the five forces grant combined.

However, as the number of officers seconded to work for EMSOU may not precisely reflect the above split, the agreement states that year-end adjustments are to be made to account for forces that have provided officers above or below their allocation. The adjustments take into account actual staffing costs incurred by Forces taking into account the ranks of officer provided.

Our audit considered the following area 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.

We raised three priority 3 recommendations of a housekeeping nature. These are set out below:

- A timetable for the year should be agreed and shared with the Forces to give them more notice of when their Officers in Kind returns are due.
- Once SMT have reviewed the Officer in Kind forecasts they should be emailed to the Forces to assist them by having a monthly update rather than await the quarterly meeting.
- The current year-end adjustments made under the Officers in Kind funding model should be reviewed with alternative approaches considered, including:

  - Removing the year-end adjustments for Officers in Kind contributions, accepting that some Forces will over allocate and some will under allocate but across all East Midlands collaboration work the costs are fairly spread.
  - Agreeing with the five forces a different methodology for the current ratios of resources expected e.g. use other indicators outside of the size of formula grant.

Management confirmed that most actions will be undertaken by 31st August, although some may take to the end of the financial year.

## Covert Payments

| Assurance Opinion | N/A |
|---|---|

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

The East Midlands Specials Operation Unit (EMSOU) is a regional tasking structure where officers from each of the five forces can be assigned to EMSOU on an ad hoc basis to investigate certain crimes.

The Covert Unit is one of the branches of EMSOU and due to the sensitive nature of their work it has a variety of separate systems in place to protect the identity of Covert Officers, the locations in which they operate and the payments made in relation of their work.

The Covert Unit have a small Finance and Admin Team who manage the finances of the unit using SAGE accounting software however it is not operated like a standard financial system with supplier set up and payments made out of it. Instead, a series of designated bank accounts are set up with transfers made via internet banking, with the transactions entered in the SAGE system to account for movement of funds.

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.

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

| | |
|---|---|
| Recommendation 1 | EMSOU should research the possibility of utilising business online banking where segregation of duty for authorising payments is possible. |
| Response | The Covert Unit has a number of bank accounts with different institutions and when this was previously looked into it would be a high cost to pay for this facility. However it has been some time since it was last looked into and could now be a viable option so will be researched. |
| Timescale | Jon Peatling, Head of Finance and Corporate Services EMSOU / October 2016 |

| | |
|---|---|
| Recommendation 2 | A regular review of payees on the bank accounts should be completed to ensure that no inappropriate amendments or additions of payees have been made on the covert bank accounts. |
| Response | This will be in place moving forward with a print out of payees at the start of the year maintained as a base point to enable a monthly review so any changes can be seen and clear records can be kept for every amendment and additions during the year. |
| Timescale | Angela Humphries, Acting Finance Manager / April 2016 |

We also raised a housekeeping issue with regards signing and dating invoices.

Management confirmed that all actions will be undertaken by the end of October 2016.

## PCC Board Governance

| Assurance Opinion | N/A |
|---|---|

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

The East Midlands Police and Crime Commissioners Board was established in 2012. Membership of the Board comprises the Police and Crime Commissioners, Chief Constables, the Regional Deputy Chief Constable and Office of the Police and Crime Commissioner (OPCC) Chief Executives. The Board meets on a bi-monthly basis with the Chairmanship held by one of the five PCC's and rotated on an annual basis.

The Boards initial remit (as per the 2012 Terms of Reference) included the review of financial and performance reports at each of its meetings and oversee the development of strategic collaborations and ensure appropriate financial and administrative infrastructures are in place to support regional activities.

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.

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 | A Governance Framework should be produced to support the operation of the PCC Board. This should define and consider, as a minimum,:<br>- Objective, role and purpose of the Board;<br>- Strategic oversight arrangements;<br>- Reporting requirements (operational and financial);<br>- Clear accountability and delegations for collaboration activity;<br>- Compliance management procedures<br>- Decision making processes; and<br>- Risk management processes. |
| Response | Agreed. |
| Timescale | Chief Executives / (John Neilson) / By Christmas 2016 |

| | |
|---|---|
| Recommendation 2 | A Strategic Plan should be produced to provide oversight of the current collaboration arrangements, associated activity and future direction or creation of new collaborations.<br>It would be beneficial for the strategic plan to illustrate a high level overview of each existing collaboration alongside, for example, key targets and milestones, financial budgets/ associated costings, any required efficiency savings and any significant change or transformation considerations.<br>There is also an opportunity for the plan to be supported by a Strategic Risk Register developed as part of the Controls Assurance Statement work being progressed with RSM.<br>The plan and risk register should be updated on a quarterly basis and presented to the PCC Board to enable oversight of all collaborative activity in a consistent and regular format. |
| Response | Agreed. |
| Timescale | Chief Executives / (John Neilson) / By April 2017 |

| | |
|---|---|
| Recommendation 3 | The current performance reports should be reviewed by the Board to establish:<br>• High level aims and objectives of each collaboration;<br>• Quantifiable targets to support these aims and objectives;<br>• Reporting of targets against aims and objectives; and<br>• Value for money assessments.<br>Where collaborations are operating as business as usual, a high level performance reporting template should be used to evidence that operations are meeting their aims and objectives. |
| Response | Agreed. |
| Timescale | Chief Executives / (John Neilson) / By April 2017 |

We also raised four housekeeping issues with regards the Board's Terms of Reference and Work Programme, the decision making process and value for money.

Management confirmed that all actions will be undertaken by the end of the financial year.

# Appendix A2 – Summary of Reports 2016/17

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 report issued since the last meeting of the last progress report:

## Complaints Management

| Assurance Opinion | Satisfactory |
|---|---|

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

Our audit considered the following area objectives:

Governance Arrangements

- There are effective governance arrangements in place for the investigation and resolution of complaints that includes defined roles and responsibilities, senior oversight and reporting arrangements.
- There are clearly documented procedures in place that support the complaints investigation process and aim to ensure compliance with the Police Reform Act 2002, Police (Complaints & Misconduct) Regulations 2012 and any other relevant legislation and good practice.

Processing of Complaints

- There is an effective mechanism for accurately recording complaints information and adequate information is collected from the complainants.
- Systems and controls are in place to ensure that complaints are correctly assessed and dealt with in accordance with the relevant legislative and procedural requirements.
- The complaints management process meets the objective of addressing the concerns of the complainants and/or satisfies them that they have been listened to and treated fairly, even if the outcome is not what they were seeking.

Monitoring Arrangements

- There are key performance indicators and internal targets in place for the complaints management process.
- Robust performance information is produced that enables the Force and OPCC to effectively manage the complaints process and provide assurance that complaints have been handled in line with requirements.

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 | All complaints should have a recording decision made within 10 working days of receipt and the complainant be notified of the decision within 15 working days of receipt. All parties who receive complaints should be reminded of this and instructed to forward the complaint to PSD as soon as is reasonably possible.<br><br>The automated email function from the online complaint form should be investigated to ensure it is working as expected.<br><br>Thereafter, the complainant should be acknowledged of their complaint as close as is |

| | |
|---|---|
| | practically possible to 2 working days from receipt. |
| Response | The automated email function has been checked and it is now working. The IPCC and HMIC report on compliance with the 10 and 15 day deadlines, they do not report on the 2 day deadline. Case officers contact complainants when complaints are received when further information is required or they appear suitable for local resolution or service recovery. Every effort is made to make this contact as close as is practically possible to 2 working days from receipt There are insufficient resources and other higher priorities that mean it is not always possible to achieve the two day guide for all complaints received.<br><br>Whilst we have good compliance to the 10 and 15 day deadlines as reported to us by the IPCC, these deadlines are impacted upon by how soon the complaints are forwarded to PSD. The office manager is tasked to make contact with all complaint recorders to remind them of the importance of forwarding recorded complaints and enquiries as soon as practicable. This will include all Inspectors, the PCCs office, the Executive and district PA officers.<br><br>The office manager will introduce an entry on the p120B that will allow us to monitor our performance in respect of acknowledging the complaint within 2 working days of receipt. |
| Timescale | January 2017 / Supt. Dave Wood, Head of PSD |

| | |
|---|---|
| Recommendation 2 | In line with the IPCC guidance, complainants should be updated with the progress of their complaint at least every 28 days. The Centurion system or paper file should be adequately updated against the 28 day reminder to detail when and how the complainant was updated and, where appropriate, documentation should be uploaded to evidence this update.<br><br>Management should consider introducing a KPI and target for the percentage of cases which received an update every 28 working days. This should be monitored periodically. |
| Response | When complaints are allocated to complaint handlers they are made aware of the requirement to update the complainant and officers, subject of the complaint every 28 days. The complaint handler is responsible for these updates and not PSD. These requirements will be highlighted to complaint handlers in future, including the need to record such contact within the file. Files will be checked for this on return for final assessment in order to assess compliance. The Independent Advisory Group IAG have also identified a need to improve the index sheet at the front of complaint files which should assist the recording of such contact.<br><br>The admin function that alerts PSD to send a reminder to officers has not been utilised effectively.<br><br>When files are returned QA checks will be completed on the index to assess the complainant being kept up to date in line with the guidance. These will be returned or chased up if not compliant.<br><br>A further dip sampling similar to the work of “Mazars” can then take place to monitor and improve ongoing performance |
| Timescale | November 2016 / Supt. Dave Wood, Head of PSD |

We also raised one priority 3 recommendation of a more housekeeping nature. This was in respect of the preferred method of communication with the complainant. (Implementation – November 2016)

## Medium Term Financial Planning

| Assurance Opinion | Significant |
|---|---|

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

Our audit considered the following area objectives:

Development and sign-off of financial plans

- An effective and informed medium term financial plan (MTFP) is in place to ensure that a comprehensive review of the OPCC and Force's financial position for the current and future years is undertaken and reviewed on a regular basis.
- The MTFP and financial planning process is aligned with key strategies and priorities of the OPCC and Force.
- Responsibility for creation, review and sign off of MTFP is defined and controls are in place to ensure these responsibilities are discharged effectively.
- Appropriate assumptions are made as part of the planning process.

Delivery of Efficiency Savings

- Efficiency Savings are incorporated into the MTFP and these savings are monitored on a regular basis.
- Procedures and guidance are available to support the effective delivery of the savings programme, including the methodology / rationale for calculating and justifying the proposed savings.
- Responsibilities for the delivery of individual savings targets are agreed and understood.
- There is a rigorous process for challenging the proposed savings targets, including their subsequent approval.
- Processes exist to enable management to highlight potential failure to deliver efficiency savings and action taken accordingly.

Budget Management and Monitoring

- MTFP is regularly monitored to ensure financial performance is aligned with ongoing budget management and monitoring procedures.

Budget Shortfall/ variances to budget projections

- Budget shortfalls/ variances to budget projections are recognised as part of the MTFP process.
- Shortfalls and variances are monitored and the MTFP updated accordingly as these occur through the financial year with future impact on deliver of the overall plan assessed.

We raised two priority 3 recommendations of a more housekeeping nature. These were in respect of the following:

- The first version of the budget and savings proforma returned to the finance department should be signed by the budget manager.
- A section should be included in the versions of the medium-term financial plan reports presented to the Police and Crime Strategy Board stating planning considerations in light of variances identified from the previous year. This is to highlight that any planning errors have been recognised and action taken.

Both recommendations were implemented immediately.

## Seized & Found Property

| Assurance Opinion | Satisfactory |
|---|---|

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

Our audit considered the following area objectives:

Policies, Procedures and Training

- Policies and procedures are in place to ensure that cash / property detained is dealt within accordance with relevant legislation and the Force's policies and procedures.
- Suitable training is provided to officers and staff to ensure they are aware of requirements when dealing with seized and found property.
- An appropriate insurance policy for the handling, retention and movement of cash / property is in place.

Receiving and Recording

- Cash is counted in a secure and controlled environment, with an appropriate level of independent verification.
- Cash / property initially seized or received is accurately recorded on the property system in line with relevant procedures.
- Appropriate mechanisms are in place to accurately record the movement and disposal of cash / property.

Security Arrangements

- Cash / property is stored securely, with restricted and controlled access to nominated officers and staff.
- Cash / property is transported securely by the appropriate number of authorised officers or staff in line with procedural and insurance requirements

Disposal of Property

- Physical cash / property is only retained by the Force for the necessary period of time.
- Cash / property is disposed of in an appropriate manner and evidence of the reasons for, and method of, disposal is retained for confirmation.
- Authorised officers or staff provide approval for the disposal of cash / property in line with relevant procedures.

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 | Management should continue their attempt to standardise the way that all forms of property are recorded on the Niche system. The use of mandatory fields should also be considered to:<br>• Record cash amounts,<br>• Assign an 'Officer in the Case'; and,<br>• Classify property.<br>Once a standardised process is agreed and developed on the Niche system, all relevant staff should receive refresher training on how to use the software prior to the software being implemented in the live environment. |
| Response | Some mandatory fields have recently been introduced which has seen an improvement with the descriptions entered into Niche – however these are not those fields recommended in this report. |

| | |
|---|---|
| | Any such changes must be progressed via the Regional Niche group for which C/Insp Martyn Parker is the Force representative.<br><br>Work is being undertaken via C/Insp Parker for Niche to only be able to record one OIC.<br><br>C/Insp Parker to explore the requirement for any other mandatory fields with the Region. |
| Timescale | C/Insp Parker / 31/12/16 |

| | |
|---|---|
| Recommendation 2 | On their return to the station, Police officers should be reminded of their responsibility to count amounts of cash in the presence of a witness. Both officers should signed the evidence bag to confirm this. A consistent process for the recording of cash on the Niche system, including the amount, should be formulated and communicated to all officers. The Niche property management system should be updated to include the amount of cash. |
| Response | The Force has a Cash Detention Policy PD207 which relates to seizures that fall under the Proceeds of Crime Act. The instruction in this policy is cash should not be counted in order to forensically preserve the evidence. As officers may not be aware whether a case would become a POCA prosecution a practice has developed where cash is generally uncounted.<br><br>A review of the policies and procedures to be carried out and for this to be clearly communicated to officers. |
| Timescale | Business Support Manager and Commercial Partnership Team / 31/12/16 |

| | |
|---|---|
| Recommendation 3 | A periodic safe count should be undertaken at all locations to ensure an approximate record of safe value is recorded. This should be stored in a backed-up electronic location. This control should be classed as an interim measure until data quality issues have been resolved. Once this is the case, accurate and reliable reports can be extracted from Niche stating the value in each safe. |
| Response | Due to the Cash Detention Policy PD207 there is currently no possibility of getting an accurate safe value.<br><br>This will be reviewed as part of 4.2 above. |
| Timescale | Business Support Manager and Commercial Partnership Team / 31/12/16 |

We also raised three priority 3 recommendations of a more housekeeping nature. These were in respect of the following:

- All staff who return property to owners should be reminded of their responsibility to upload a P13 form. The form should be signed by the recipient receiving the item and the officer returning it.
- Each location should periodically monitor long-standing property. This can be undertaken by generating the report discussed in the finding. This can be analysed to identifying long-standing items which should be investigated to ensure they are still required.
  In addition, the Niche system should be investigated to ensure all new items of property are assigned a 3 month disposal date.
- A section should be included within the Property Policy regarding the preferred method of securely transporting cash to the Bank.

Management confirmed that the recommendations will be implemented between September and December.

# Appendix A3 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 | | | Feb 2017 | Planned to commence 24 Oct. |
| Cash, Bank & Treasury | Oct 2016 | | | Feb 2017 | Planned to commence 24 Oct. |
| 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 | Currently agreeing scope with aim of commencing audit pre-Christmas. |
| Victims Services | Feb 2017 | | | April 2017 | |
| Recruitment | Sept 2016 | Sept 2016 | | Oct 2016 | Draft report issued. |
| Insurance | April 2016 | May 2016 | July 2016 | July 2016 | Final report issued. |
| Learning & Development | Jan 2017 | | | April 2017 | |
| Delivering Partner Outcomes | Sept 2016 | | | Feb 2017 | Deferred to Oct/Nov. Agreed with DF 27/9. |
| Complaints Management | June 2016 | July 2016 | Aug 2016 | Oct 2016 | Final report issued. |
| Medium Term Financial Planning | May 2016 | June 2016 | July 2016 | Oct 2016 | Final report issued. |

| Auditable Area | Planned Fieldwork Date | Draft Report Date | Final Report Date | Target JIAC | Comments |
|---|---|---|---|---|---|
| Overtime / Time Recording | Aug 2016 | Sept 2016 | | Oct 2016 | Draft report issued. |
| Seized & Found Property | July 2016 | Aug 2016 | Sept 2016 | Oct 2016 | Final report issued. |
| **Collaboration** | | | | | |
| EMCHRS Transactional Services | Nov 2016 | | | Feb 2017 | |
| EM Legal Services | Nov 2016 | | | Feb 2017 | Planned to commence 7 Nov. |
| EMOpSS | Dec 2016 – Feb 2017 | | | April 2017 | |
| EMS Commercial Unit | Dec 2016 | | | April 2017 | |
| EMSOU | Dec 2016 – Feb 2017 | | | April 2017 | |
| **Other** | | | | | |
| Blue Light Collaboration Programme | Aug 2017 | | | Feb 2017 | Additional request. Fieldwork completed; to report shortly. |

# Appendix A4 – 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 A5 - Contact Details

## Contact Details

| | |
|---|---|
| Mike Clarkson | 07831 748135<br>Mike.Clarkson@Mazars.co.uk |
| Brian Welch | 07780 970200<br>Brian.Welch@Mazars.co.uk |

# A6 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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