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

Internal Audit Progress Report 2018/19

March 2019

Presented to the Joint Independent Audit Committee meeting of: 16th April 2019

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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 2019 which was considered and approved by the JIAC at its meeting on 19th April 2018.

1.2 The Police and Crime Commissioner and Chief Constable are responsible for ensuring that the organisations have proper internal control and management systems in place. In order to do this, they must obtain assurance on the effectiveness of those systems throughout the year, and are required to make a statement on the effectiveness of internal control within their annual report and financial statements.

1.3 Internal audit provides the Police and Crime Commissioner and Chief Constable with an independent and objective opinion on governance, risk management and internal control and their effectiveness in achieving the organisations' agreed objectives. Internal audit also has an independent and objective advisory role to help line managers improve governance, risk management and internal control. The work of internal audit, culminating in our annual opinion, forms a part of the OPCC and Forces' overall assurance framework and assists in preparing an informed statement on internal control.

1.4 Responsibility for a sound system of internal control rests with the Police and Crime Commissioner and Chief Constable and work performed by internal audit should not be relied upon to identify all weaknesses which exist or all improvements which may be made. Effective implementation of our recommendations makes an important contribution to the maintenance of reliable systems of internal control and governance.

1.5 Internal audit should not be relied upon to identify fraud or irregularity, although our procedures are designed so that any material irregularity has a reasonable probability of discovery. Even sound systems of internal control will not necessarily be an effective safeguard against collusive fraud.

1.6 Our work is delivered is accordance with the Public Sector Internal Audit Standards (PSIAS).

02 Summary of internal audit work to date

2.1 Since the last progress report to the JIAC we have issued three final reports, these being in respect of Income & Debtors, Payroll and the Road Safety Partnership. We have also issued a draft report in respect of Property Management where we await management's response. Further details are provided in Appendix 1.

Lincolnshire 2018/19 Audits	Report Status	Assurance Opinion	Priority 1 (Fundamental)	Priority 2 (Significant)	Priority 3 (Housekeeping)	Total
Risk Management	Final	Significant			4	4
HR Recruit to Reward	Final	Limited	3	3	2	8
Health & Safety	Final	Satisfactory		2	3	5
Estates Management	Final	Significant			1	1
Procurement	Final	Satisfactory		3	1	4
Cash, Bank & Treasury Management	Final	Satisfactory		1		1
General Ledger	Final	Significant			1	1
Payments & Creditors	Final	Satisfactory		1	3	4
General Data Protection Regulation	Final	Significant			3	3
Income & Debtors	Final	Significant			1	1
Payroll	Final	Satisfactory		2		2

Lincolnshire 2018/19 Audits	Report Status	Assurance Opinion	Priority 1 (Fundamental)	Priority 2 (Significant)	Priority 3 (Housekeeping)	Total
Property Management	Draft					
Road Safety Partnership	Final	Significant			1	1
		Total	3	12	20	35

2.2 The 2018/19 Collaboration Internal Audit Plan is largely complete. Since the last progress report to the JIAC we have issued three final reports, these being in respect of Strategic Financial Planning, Risk Management and Business Planning. Additionally, we were asked to undertake an additional audit in respect of Projected Underspends and the draft report recently having been issued. Further details are provided in Appendices 1 and 2.

Collaboration Audits 2018/19	Status	Assurance Opinion	Priority 1 (Fundamental)	Priority 2 (Significant)	Priority 3 (Housekeeping)	Total
Strategic Financial Planning	Final	Satisfactory		4		4
Risk Management	Final	Satisfactory		3	3	6
Business Planning	Final	Satisfactory		2	1	3
Projected Underspend	Draft					
		Total	-	9	4	13

03 Performance

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

No	Indicator	Criteria	Performance
1	Annual report provided to the JIAC	As agreed with the Client Officer	N/A
2	Annual Operational and Strategic Plans to the JIAC	As agreed with the Client Officer	Achieved
3	Progress report to the JIAC	7 working days prior to meeting.	Achieved
4	Issue of draft report	Within 10 working days of completion of final exit meeting.	100% (13/13)
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% (13/13)
9	Customer satisfaction (measured by survey)	85% average satisfactory or above	100% (10/10)

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

Appendix A1 – Summary of Reports

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:

Lincolnshire

Income & Debtors

Assurance Opinion	Significant (2018/19)
	Significant (2017/18)

Recommendation Priorities	
Priority 1 (Fundamental)	-
Priority 2 (Significant)	-
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 priority 3 recommendation of a housekeeping nature. This was in respect of the write-off of aged debts and management have confirmed this will be addressed by the end of March 2019.

Payroll

Assurance Opinion	Satisfactory (2018/19)
	Satisfactory (2017/18)

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

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;
- There is a formal agreement in place with regards the exchange of information with Kier and WYPF.
- 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 two significant (priority 2) recommendation where felt that the control environment could be improved. This related to the following:

Recommendation 1	G4S should review the workgroups assigned to each member of staff on an ongoing basis. In addition, a list of the specific actions that each workgroup can conduct should be obtained from Kier.
Response	The Exchequer Assistant role will be amended to "Lincs Payroll without cleardown" with immediate effect. **After finalisation of the audit report were provided with the following additional comments. Workgroup permissions will be requested from Keir and workgroup assignments will be checked every time there is a staff change
Timescale / Responsibility	Head of Finance March 2019

Recommendation 2	Individuals should be reminded of the significance of attaching receipts to all claims made and in ensuring that the claim amount is in line with the receipt.
Response	We will look to send out communications to all staff reminding them of the importance of ensuring that the claims are submitted accurately. It was also be stressed that payroll are not responsible for checking 100% of expenses claims to ensure they are correct to receipts.
Timescale / Responsibility	Exchequer Services Manager April 2019

Lincolnshire Road Safety Partnership

Assurance Opinion	Significant

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

Our audit followed up the recommendation raised following the 2017/18 audit and considered the following area objectives:

<u>Governance</u>

- The OPCC has assurance that there are appropriate governance arrangements in place that underpin the work of the LRSP.
- The OPCC's roles and responsibilities are clearly defined.

- The OPCC has assurance that the LRSP has appropriate protocols in place, including decision making, risk management, dispute resolution and termination arrangements.

Contribution

- Service Level Agreements are in place that define the level of financial contributions that the OPCC will make to the Partnership.
- The OPCC uses its resources effectively in its engagement with the Partnership.
- The OPCC ensures LRSP strategies and objectives are aligned to the Police and Crime Plan.

Management & Monitoring

- The outcomes of the LRSP are mapped against the police and crime objectives.
- The OPCC regularly reviews LRSP arrangements to ensure they remain relevant and effective.
- The LRSP performance data is received by the OPCC on a regular basis and this is reviewed in line with the OPCC objectives.
- The LRSP outcomes are monitored against its objectives to ensure they are being achieved.
- The OPCC gain assurance that the financial costs of the LRSP are being managed appropriately.

We raised one priority 3 recommendation of a housekeeping nature. This was in respect of review of the Board Terms of Reference and approval of the Partnership Agreement in a timely manner. Management have confirmed this will be addressed by June 2019.

Regional Collaboration Units

Strategic Financial Planning

Assurance Opinion	Satisfactory

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

Our audit considered the risks relating to the following control objectives:

Development of financial plans

- An effective and informed medium term financial plan (MTFP) is in place to ensure that a comprehensive review of the unit'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 objectives, priorities and strategies set out in the unit's Business Plan.
- Appropriate assumptions are made as part of the planning process.
- Responsibility for creation, review and sign off of the MTFP is defined and controls are in place to ensure these responsibilities are discharged effectively.
- The financial planning process takes into account the requirements of the individual regional forces.

Delivery of Efficiency Savings

- Efficiency savings are incorporated into the MTFP and these savings are monitored on a regular basis.
- There is evidence of stakeholder engagement in evaluating the proposed savings and they take into account the impact on the wider Force and region.
- The Regional Efficiency Board has a key role in reviewing and challenging financial plans and savings assumptions.
- 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.
- Regular monitoring is undertaken to enable timely management information to be produced to assess performance and accuracy of the MTFP.
- Reports on financial performance are submitted in a timely manner to the relevant forum, including the relevant regional forces.

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 delivery of the overall plan assessed.

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

Recommendation 1	We concur with attempts to establish a longer term financial plan. These should follow a clearly defined MTFP Process that is agreed and applied across the regions collaboration units. This should include a clear timetable for the preparation of plans and the appropriate levels of scrutiny through to final approval.
Response	In considering this recommendation, it should be clearly understood that individual Forces act as the lead authority for collaborative units. It therefore follows that a given collaborative unit will be bound by the financial procedures and regulations of their host Force (i.e. Leics in the case of EMSOU or Lincs in the case of EMOPPS). The recommendation calls for both consistency and timeliness for MTFPs across collaborative units. This principle is accepted and agreed. However, implementing the recommendation will require a little more work to achieve. Firstly, it is suggested that the East Midlands CFOs and FDs: 1. Formally agree that the EMSOU Head of Finance and Corporate Services (HoFCS) will be the central coordinating role for collaboration MTFPs under the leadership of the regional DCC. 2. Form and agree a common set of principles and assumptions for the production of collaborative MTFPs that allows for a simplified data-collation exercise for the HoFCS such that a 'whole region' MTFP can be produced for Chief Constables and PCCs.

	3. Agree that assumptions over issues such as inflation (pay and non-pay) are harmonised wherever possible. 4. Discuss at their next available meeting the budgeting timetable with a view to setting out clear expectations of when MTFPs will be produced, shared and consolidated by the HoFCS. 5. Agree to ensure within their own Force area that Finance staff cooperate with the HoFCS both in terms of the required information for collaborative units as well as the timetables agreed by CFOs/FDs.
Timescale / Responsibility	East Midlands CFOs/FDs EMSOU Head of Finance & Corporate Services 8th April 2019 (next meeting)

Recommendation 2	The Collaboration budget setting process should be aligned with local Forces to ensure budgets are sufficient to meet service requirements. When collaboration budgets include elements that are held with the local Force (such as Officers in Kind), these are correctly stated across the Force budget and the collaboration budget.
Response	Agreed. The HoFCS will seek assurances from individual Finance departments regarding the content of Force budgets, which, it should be noted, remain a local matter. Where difficulties are encountered, the HoFCS will escalate via the respective CFO/FD for resolution. An update will then be provided to the CFOs/FDs at their joint meeting or by email in the interim if more urgent.
Timescale / Responsibility	EMSOU Head of Finance & Corporate Services Immediate

Recommendation 3	To ensure consistency and clarity for financial planning, clear reporting lines should be established so that individual(s) who have responsibilities for delivering budgets are clearly held to account.
Response	Agreed. It is essential that clarity is provided for all concerned regarding collaborative budgets and in-year reporting. As referred to in 4.1 above, the East Midlands CFOs/FDs will discuss formally empowering the HoFCS to act on their behalf when liaising locally in-Force and reporting regionally on collaborative matters. It is considered more practical to take this approach as each collaborative unit has its own governance structure and is under the jurisdiction of the respective lead-Force's financial procedures and regulations. The proposed solution is therefore one of pragmatism, underpinned by the expectations of the relevant CFOs/FDs.
Timescale / Responsibility	East Midlands CFOs/FDs 8th April 2019 (next meeting)

Recommendation 4	The Resource Board should determine a consistent approach to budget underspends and efficiency savings to ensure each collaboration unit is engaged and incentivised to deliver efficiency savings. Moreover, there should be clarity when savings are being prepared and proposed so that it is understood what type of saving is being proposed and the impact for all stakeholders.
Response	This recommendation has become more topical in light of the 2019/20 regional budget settlement and is agreed. Under the settlement agreed by PCCs for 2019/20, the underspends for all regional collaboration will be carried-forward (with correct accounting principles) into the EMSOU budget to offset cost pressures. A risk inherent in that approach is to reinforce a 'spend it or lose it' mentality in the other collaboration units. The East Midlands CFOs/FDs will discuss this issue at their next meeting (8th April 2019) and make recommendations through the CFO representative to the Resources Board (or future equivalent) for consideration. Those recommendations will include clarity over carry-forward arrangements (as informed by the respective s22 agreements) together with how sound financial management principles will be reinforced.
Timescale / Responsibility	East Midlands CFOs/FDs 8th April 2019 Leading to: East Midlands Resources Board (or equivalent)

Risk Management

Assurance Opinion	Satisfactory

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

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

- Procedures are in place to ensure that risks relating to the unit are identified, assessed, recorded, and appropriate risk owners are assigned.
- Responsibility for risk, both in terms of supporting the overall risk management process across the unit and individual risk owners, is delegated and understood.

- Risks are managed, where appropriate, at all levels of service delivery:
    - Strategic
    - Operational
    - Contracts
    - Programme
    - Partnership
- Risk registers are in place and are adequate and reasonable in terms of risk scoring, documented mitigation and action plans.
- The risk register is subject to regular review and is updated in a timely and consistent manner.
- Risk mitigation actions are in place and there is evidence they are monitored to ensure tasks are completed within agreed timescales.
- Appropriate oversight and reporting arrangements are in place and are working effectively.
- Collaboration unit risk registers are aligned with individual force registers, including how risks are escalated and reviewed, ensuring that duplication is minimised.
- Risk registers are routinely shared with force risk managers in order to ensure there is awareness across the region of the risks collectively being faced and how those risks are being mitigated.

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	The EMSOU unit should establish a Risk Management Policy or Strategy to formally document their existing system for managing risk.
Response	Agreed. A risk management policy will be formulated for EMSOU.
Timescale / Responsibility	Jon Peatling 30 June 2019

Recommendation 2	The Collaboration Units should ensure that their Risk Registers are fully completed.
Response	Agreed.
Timescale / Responsibility	Jon Peatling for EMSOU / Malcolm Turner for EMPLS / Kerry Smith for EMOpSS 30 June 2019

Recommendation 3	The collaboration units should review their risk mitigation actions to confirm they clearly align to the risks. The collaboration units need to ensure that the risk registers are regularly reviewed and updated.

	Updates need to be specific to the risks and agreed mitigating actions When the risk registers are reviewed by management within the collaboration units, the lack of updates on risks should be challenged and actions set to ensure risks are being actively managed.
Response	Agreed.
Timescale / Responsibility	Jon Peatling for EMSOU / Malcolm Turner for EMPLS / Kerry Smith for EMOpSS 30 June 2019

We also raised three priority 3 recommendations of a more housekeeping nature with regards responsibilities, the format of risk registers and risk scoring, and the alignment of force risk.

Management confirmed that actions will be completed by June 2019.

Business Planning

Assurance Opinion	Satisfactory

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

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

- There is a Section 22 agreement in place which sets out how the unit will operate and which underpins how the business plan in constructed.
- There is a clearly defined business plan in place that sets out, amongst other elements, the statutory duties and aims / objectives of unit and the key performance measures against which the service will be monitored.
- There is a clear link between strategic planning and service delivery such that:
  - Business Plan – how the unit will deliver its objectives;
  - Service Plans – operational plans for each area of activity; and
  - Individual Work Plans – how individuals will contribute towards the objectives and priorities of the unit.
- There is a robust business planning process in place that covers both the current year but also includes future year considerations.
- The business planning process includes the assessment of resources to achieve the stated objectives / priorities.
- The reliance on partners / suppliers to deliver the business plan is considered.
- The business plan is kept under review to ensure that it remains 'fit for purpose' and meets the requirements of each regional Force.
- The business plan is aligned with the Section 22 agreement and sets out the key deliverables of the service.

- Supporting each deliverable, there are clear, measurable performance measures against which the service will be measured.
- Performance management / reporting arrangements are in place to support the effective delivery of the service.
- Effective reporting routines are in place which provide up to date and accurate information to each regional force on the delivery of the service.
- Plans are in place and are appropriately reported in respect of agreed actions to address identified issues.
- There are clear policies and procedures in place supporting delivery of the service which are aligned to the delivery of the business plan.

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	The EMSOU collaboration unit should progress plans to adopt business plans for the four main areas of operation – Serious Organised Crime, Major Crime, Forensic Services and Special Branch. A timetable should be established to ensure these business plans are put in place in a timely manner. The EMOpSS collaboration unit should ensure an appropriate business plan is adopted once the new format of the unit has been established.
Response	Accepted. EMSOU is publishing a refreshed business strategy for 2019-21, including the Medium Term Financial Plan, in February 2019. It will be supported by a more detailed EMSOU Delivery Plan, which will be the units Business Plan. This will cover the four areas of operation identified in the audit. The EMOpSS Strategic Management Board considered the structure and operating practices of the unit on 08.02.19 and agreed to move to an enhanced local footprint model. The Board requested an updated costed business case to be produced for the next Board meeting. An agreed implementation date for the new model and the development of a new business plan will follow.
Timescale / Responsibility	March 2019 Head of Finance & Corporate Services May 2019 with implementation to follow.

Recommendation 2	The Collaboration Units should ensure that there is an agreed business planning process that is scheduled annually. The planning process should include • Coverage of both the current year but also includes future year considerations. • The assessment of resources to achieve the stated objectives / priorities.
Response	Accepted. This recommendation is agreed and will be considered in conjunction with the recommendation at 4.3 that: *Forces should consider if a template/format for collaboration business plans should be established.*

Timescale / Responsibility	April 2019 Regional Collaboration Manager

We also raised a priority 3 recommendation of a more housekeeping nature with regards the format of business plans. Management confirmed that actions will be completed by May 2019.

Appendix A2 Internal Audit Plan 2018/19

Auditable Area	Planned Fieldwork Date	Draft Report Date	Final Report Date	Target JIAC	Comments
Core Assurance					
Cash, Bank & Treasury Management	Oct 2018	Oct 2018	Oct 2018	Jan 2019	Final report issued.
General Ledger	Oct 2018	Oct 2018	Oct 2018	Jan 2019	Final report issued.
Payments & Creditors	Oct 2018	Nov 2018	Dec 2018	Jan 2019	Final report issued.
Income & Debtors	Jan 2019	Feb 2019	Mar 2019	Apr 2019	Final report issued.
Payroll	Jan 2019	Feb 2019	Mar 2019	Apr 2019	Final report issued.
Risk Management	Apr 2018	May 2018	June 2018	July 2018	Final report issued.
Strategic & Operational Risk					
HR Recruit to Reward	May 2018	May 2018	June 2018	July 2018	Final report issued. A revised final report, including updated management responses, was issued in Oct 2018.
Health & Safety	July 2018	Aug 2018	Sept 2018	Oct 2018	Final report issued.
Estate Management	Sept 2018	Sept 2018	Oct 2018	Oct 2019	Final report issued.
Procurement	Sept 2018	Oct 2018	Nov 2018	Jan 2019	Final report issued.
Property Management	Feb 2019	Mar 2019		July 2019	Draft report issued.
GDPR	Nov 2018	Dec 2018	Jan 2019	Jan 2019	Final report issued.

Auditable Area	Planned Fieldwork Date	Draft Report Date	Final Report Date	Target JIAC	Comments
Road Safety Partnership	Feb 2019	Mar 2019	March 2019	Apr 2019	Final report issued.
Collaboration					
Risk Management	Aug 2018	Nov 2018	Feb 2019	Apr 2019	Final report issued.
Strategic Financial Planning	July 2018	Oct 2018	Feb 2019	Apr 2019	Final report issued.
Business Planning	Sept 2018	Jan 2019	Mar 2019	Apr 2019	Final report issued.
Review of Collaboration Assurance Statements	May 2018	May 2018	June 2018	July 2018	Final memo issued.
Projected Underspend	Feb 2019	Mar 2019		July 2019	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

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A5 Statement of Responsibility

Status of our reports

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

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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