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

Internal Audit Progress Report 2019/20

January 2020

Presented to the Joint Independent Audit Committee meeting of: 27th January 2020

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

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

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

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

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

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

02 Summary of internal audit work to date

2.1 Since the last meeting of the JIAC we have issued one draft report, this being in respect of Data Quality. Further details are provided in Appendix A1.

Lincolnshire 2019/20 Audits	Report Status	Assurance Opinion	Priority 1 (Fundamental)	Priority 2 (Significant)	Priority 3 (Housekeeping)	Total
Business Continuity	Final	Satisfactory		1		1
Recruitment Follow-up	Final	Limited	2	2	1	5
Budget Management	Final	Significant			2	2
Victims Code	Final	Limited		5		5
Counter Fraud	Draft					
Data Quality	Draft					
		Total	**2**	**8**	**3**	**13**

2.2 The Counter Fraud audit report was issued in draft in October 2019, however the management comments required to finalise the report needed input from the Anti-fraud and Corruption Steering group and unfortunately due to the timing of this meeting the report was not able to be finalised before the papers deadline. Additionally the Payments & Creditors audit reports have been delayed as audit was awaiting further information from the Force before being able to issue the draft reports.

2.3 Fieldwork for the remaining Core Financial Systems – Cash, Bank and Treasury Management, Income and Debtors and Payroll - has been completed in January in addition to the Commissioning and Book On Book Off audits fieldwork also being completed in January. Further details are provided in Appendix A2.

2.4 The Collaboration Audit of Performance Management has been completed and draft report is due to be issued shortly, moreover the fieldwork for the remaining collaboration audits of Business Continuity and Health and Safety has been started and due to be completed in February.

03 Performance

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

No	Indicator	Criteria	Performance
1	Annual report provided to the JIAC	As agreed with the Client Officer	Achieved
2	Annual Operational and Strategic Plans to the JIAC	As agreed with the Client Officer	Achieved
3	Progress report to the JIAC	7 working days prior to meeting.	Achieved
4	Issue of draft report	Within 10 working days of completion of final exit meeting.	83% (5/6)
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[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% (12/12)
9	Customer satisfaction (measured by survey)	85% average satisfactory or above	100% (3/3)

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

Appendix A1 – Summary of Reports

No final audit reports issued.

Appendix A2 Internal Audit Plan 2019/20

Auditable Area	Planned Fieldwork Date	Draft Report Date	Final Report Date	Target JIAC	Comments
Core Assurance					
Cash, Bank & Treasury Management	Jan 2020			April 2020	Fieldwork Completed.
General Ledger	Nov 2019			Jan 2020	Draft report to be issued shortly.
Payments & Creditors	Nov 2019			Jan 2020	Awaiting further information from management.
Income & Debtors	Jan 2020			April 2020	Date of fieldwork agreed.
Payroll	Jan 2020			April 2020	Date of fieldwork agreed.
Budget Management	July 2019	Aug 2019	Aug 2019	Oct 2019	Final report issued
Strategic & Operational Risk					
Recruitment & Retention – Follow-up	June 2019	June 2019	June 2019	July 2019	Final report issued
Book on, Book off	Mar 2020			April 2020	Fieldwork due to be completed in January
Counter Fraud	Sept 2019	Oct 2019		Jan 2020	Draft Report issued, awaiting management response.
Project Management	Feb 2020			April 2020	
Victims Code	July 2019	Sept 2019	Oct 2019	Nov 2019	Final Report Issued

Auditable Area	Planned Fieldwork Date	Draft Report Date	Final Report Date	Target JIAC	Comments
Business Continuity	April 2019	May 2019	June 2019	July 2019	Final report issued
Data Quality	Dec 2019	Jan 2020		April 2020	Draft Report issued
Commissioning	Feb 2020			April 2020	Fieldwork due to be completed in January
Collaboration					
Performance Management	Nov 2019			April 2020	Fieldwork Completed.
Business Continuity	Jan 2019			April 2020	Fieldwork started
Health & Safety	Feb 2020			April 2020	Fieldwork Started

Appendix A3 – Definition of Assurances and Priorities

Definitions of Assurance Levels		
Assurance Level	**Adequacy of system design**	**Effectiveness of operating controls**
Significant Assurance:	There is a sound system of internal control designed to achieve the Organisation's objectives.	The control processes tested are being consistently applied.
Satisfactory Assurance:	While there is a basically sound system of internal control, there are weaknesses, which put some of the Organisation's objectives at risk.	There is evidence that the level of non-compliance with some of the control processes may put some of the Organisation's objectives at risk.
Limited Assurance:	Weaknesses in the system of internal controls are such as to put the Organisation's objectives at risk.	The level of non-compliance puts the Organisation's objectives at risk.
No Assurance	Control processes are generally weak leaving the processes/systems open to significant error or abuse.	Significant non-compliance with basic control processes leaves the processes/systems open to error or abuse.

Definitions of Recommendations	
Priority	**Description**
Priority 1 (Fundamental)	Recommendations represent fundamental control weaknesses, which expose the organisation to a high degree of unnecessary risk.
Priority 2 (Significant)	Recommendations represent significant control weaknesses which expose the organisation to a moderate degree of unnecessary risk.
Priority 3 (Housekeeping)	Recommendations show areas where we have highlighted opportunities to implement a good or better practice, to improve efficiency or further reduce exposure to risk.

Appendix A4 - Contact Details

Contact Details

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A5 Statement of Responsibility

Status of our reports

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

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