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**Lancashire Constabulary and the Office of the Police and Crime Commissioner for Lancashire**

**Internal Audit Service - Monitoring report for the period ended 31May 2023**

1. **Introduction**
   1. This report supports the Joint Audit Committee's ( previously Joint Audit and Ethics Committee) responsibility under its terms of reference to consider performance reports from internal audit on progress with delivery of the 2023/24 audit plan, agreed at the March 2023 Committee meeting.
   2. We are grateful for the assistance that has been provided to us in the course of our work.
2. **Summary of progress against the 2023/24 audit plan** 
   1. To date, 7 (3%) days have been spent delivering items within the 2023/24 audit plan. This is made up of management time on finalising the Joint Audit Committee reports and scheduling the 2023/24 audit programme. In addition, we have also started to progress the Payroll, Pensions and Firearms Licensing audits.
   2. Time spent between 1 April 2023 and 31 May 2023 in completing assignments from the 2022/23 audit programme, have been accounted for within the 2022/23 Annual Report.
   3. The table below provides a summary of the assignments that comprise the 2023/24 audit plan. As already detailed in the Annual Report it is important that the plan remains flexible and since the March 2023 committee, we have paused the 2022/23 Governance and Decision Making audit and moved it into this year's plan.

| **Audit Review** | **Audit days** | | | **Status** | **Assurance Opinion/Conclusion** |
| --- | --- | --- | --- | --- | --- |
| **Planned** | **Actual** | **Variation** |
| ***Key Financial Systems and business processes*** | | | | | |
| Accounts payable | 12 | 0 | 12 | Not started | N/A |
| Accounts receivable | 12 | 0 | 12 | Not started | N/A |
| General ledger | 8 | 0 | 8 | Not started | N/A |
| Payroll | 15 | 2 | 13 | Testing commenced | N/A |
| Banking | 8 | 0 | 8 | Not started | N/A |
| Treasury management | 4 | 0 | 4 | Not started | N/A |
| ***Operational reviews and support services*** | | | | | |
| Catering contract | 12 | 0 | 12 | Not started | N/A |
| Data sharing | 15 | 0 | 15 | Not started | N/A |
| Civil orders | 12 | 0 | 12 | Not started | N/A |
| Financial management Constabulary & PCC | 15 | 0 | 15 | Not started | N/A |
| Firearms licensing | 15 | 3 | 12 | Scope agreed and detailed testing starting in July 2023 | N/A |
| GDPR - OPCC | 10 | 0 | 10 | Not started | N/A |
| Pensions: processing of retirements | 20 | 0 | 20 | Scoping started | N/A |
| Redaction of information presented to Court | 12 | 0 | 12 | Not started | N/A |
| Governance and decision making  *This is additional and was brought forward from the 2022/23 plan* | 10 | 0 | 10 | Scoped | N/A |
| ***Other aspects of the audit plan*** | | | | | |
| Follow up work | 17 | 0 | 17 |  | |
| Audit programme management activity | 11 | 2 | 9 |
| National Fraud Initiative | 2 | 0 | 2 |
| **Total** | **210** | **7** | **203** |  | |

***Follow up Work***

* 1. The Internal Audit Service aims to follow up the action plans agreed by managers to address the risks identified through the audit process, to confirm that action has been taken. The plan for the year therefore includes an allocation of time for this work. No follow up work has been undertaken yet.

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**Audit assurance levels and classification of residual risk**

Note that our assurance may address the adequacy of the control framework's design, the effectiveness of the controls in operation, or both. The wording below addresses all of these options and we will refer in our reports to the assurance applicable to the scope of the work we have undertaken.

**● Substantial assurance**: the framework of control is adequately designed and/ or effectively operated overall.

**● Moderate assurance**: the framework of control is adequately designed and/ or effectively operated overall, but some action is required to enhance aspects of it and/ or ensure that it is effectively operated throughout.

**● Limited assurance**: there are some significant weaknesses in the design and/ or operation of the framework of control that put the achievement of its objectives at risk.

**● No assurance**: there are some fundamental weaknesses in the design and/ or operation of the framework of control that could result in failure to achieve its objectives.

**Classification of residual risks requiring management action**

All actions agreed with management are stated in terms of the residual risk they are designed to mitigate.

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**Extreme residual risk**: critical and urgent in that failure to address the risk could lead to one or more of the following: catastrophic loss of the Constabulary and/ or the Office of the Police and Crime Commissioner, loss of life, significant environmental damage or significant financial loss, with related national press coverage and substantial damage to the Constabulary and/ or the Office of the Police and Crime Commissioner reputation. *Remedial action must be taken immediately.*

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**High residual risk**:critical in that failure to address the issue or progress the work would lead to one or more of the following: failure to achieve organisational objectives, significant disruption to the Constabulary and/ or the Office of the Police and Crime Commissioner business or to users of its services, significant financial loss, inefficient use of resources, failure to comply with law or regulations, or damage to the Constabulary and/ or the Office of the Police and Crime Commissioner reputation.  *Remedial action must be taken urgently*.

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**Medium residual risk**: failure to address the issue or progress the work could impact on operational objectives and should be of concern to senior management. *Prompt specific action should be taken*.

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**Low residual risk**: matters that individually have no major impact on achieving the service's objectives, but where combined with others could give cause for concern. *Specific remedial action is desirable.*