



**Lancashire  
Constabulary**  
police and communities together

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

**Internal Audit Service - Monitoring report for the  
period ended 24 August 2023**

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**1. Introduction**

- 1.1. This report supports the Joint Audit Committee's responsibilities under its terms of reference to consider performance reports from internal audit on progress with delivery of the 2022/23 and 2023/24 audit plans.
- 1.2. We are grateful for the assistance that has been provided to us in the course of our work.

**2. Summary of 2022/23 work**

- 2.1. The audits listed in the table below have been completed since the last Audit Committee and the only significant findings related to the Fleet maintenance and Fleet Stores. A limited assurance opinion has been given due to the significant control weaknesses in the management of the Fleet Stores. However, action has already commenced to address these weaknesses and the introduction of the new Fleet Management System should also further enhance the controls in place.

Audit review	Assurance Opinion/Conclusion
<b>Key Financial Systems and business processes</b>	
Accounts payable	● Substantial
Accounts receivable	● Substantial
Banking	● Substantial
General ledger	● Substantial
Systems maintenance	● Moderate
Barclaycard	N/A this was a consultancy piece of work.
<b>Operational reviews and support services</b>	
Fleet maintenance and fleet stores	● Limited

***Follow up Work***

- 2.2. The Onboarding- Police Control Room Operators review was originally given a moderate assurance opinion and of the four actions agreed, one was implemented and three were progressing.
- 2.3. All work for 2022/23 has now been completed.

**3. Summary of progress against the 2023/24 audit plan**

- 3.1. Work carried out during the period 1 April 2023 to 24 August 2023 was in accordance with the agreed audit plan. To date, 41 days have been spent this financial year on completion of the 2023/24 plan, equating to 20% of the total planned audit activity of 210 days. The table below shows the current status of all audit work.

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3.2. No areas of concern have come to our attention in conducting our assurance work to date that requires bringing to the attention of committee members

Audit Review	Audit days			Status	Assurance Opinion/Conclusion
	Planned	Actual	Variation		
<b>Key Financial Systems and business processes</b>					
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	17	(2)	Completed	● Substantial
Banking	8	0	8	Not started	N/A
Treasury management	4	0	4	Not started	N/A
<b>Operational reviews and support services</b>					
Catering contract	12	0	12	Not started	N/A
Data sharing	15	0	15	Scoping	N/A
Civil orders	12	0	12	Scoping	N/A
Financial management Constabulary & PCC	15	1	14	Scoping	N/A
Firearms licensing	15	11	4	Completed	● Substantial
GDPR - OPCC	10	0	10	Not started	N/A
Pensions: processing of retirements	20	8	12	Progressing- Detailed testing completed.	N/A
Redaction of information presented to Court	12	0	12	Not started	N/A
Governance and decision making  <i>This is additional and was brought forward from the 2022/23 plan</i>	10	0	10	Scoped	N/A
<b>Other aspects of the audit plan</b>					

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Audit Review	Audit days			Status	Assurance Opinion/Conclusion
	Planned	Actual	Variation		
Follow up work	17	0	17		
Audit programme management activity	11	4	7		
National Fraud Initiative	2	0	2		
<b>Total</b>	<b>210</b>	<b>41</b>	<b>169</b>		

***Follow up Work***

- 3.3. 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. The only follow up work undertaken so far was carried out as part of the Payroll audit. The table below details the status of the agreed management actions.
- 3.4. Since the last audit committee, we have had conversations with the Constabulary Corporate Development Team to ensure that management of follow up work is managed effectively and collaboratively.

Audit review	Date of original audit	Assurance opinion	Actions agreed			Audit progress
			High risk	Medium risk	Low risk	
Information assurance	August 2022	Moderate	1	3	1	
Contract monitoring	September 2022	Substantial	0	0	1	
Violence Reduction Network	December 2022	Substantial	0	1	1	
Health and safety	February 2023	Moderate	0	3	4	
Payroll	November 2021	Substantial	0	0	1	<b>Completed June 2023</b> <b>One action superseded</b>
Audit and Assurance Framework	May 2023	Moderate	0	3	3	

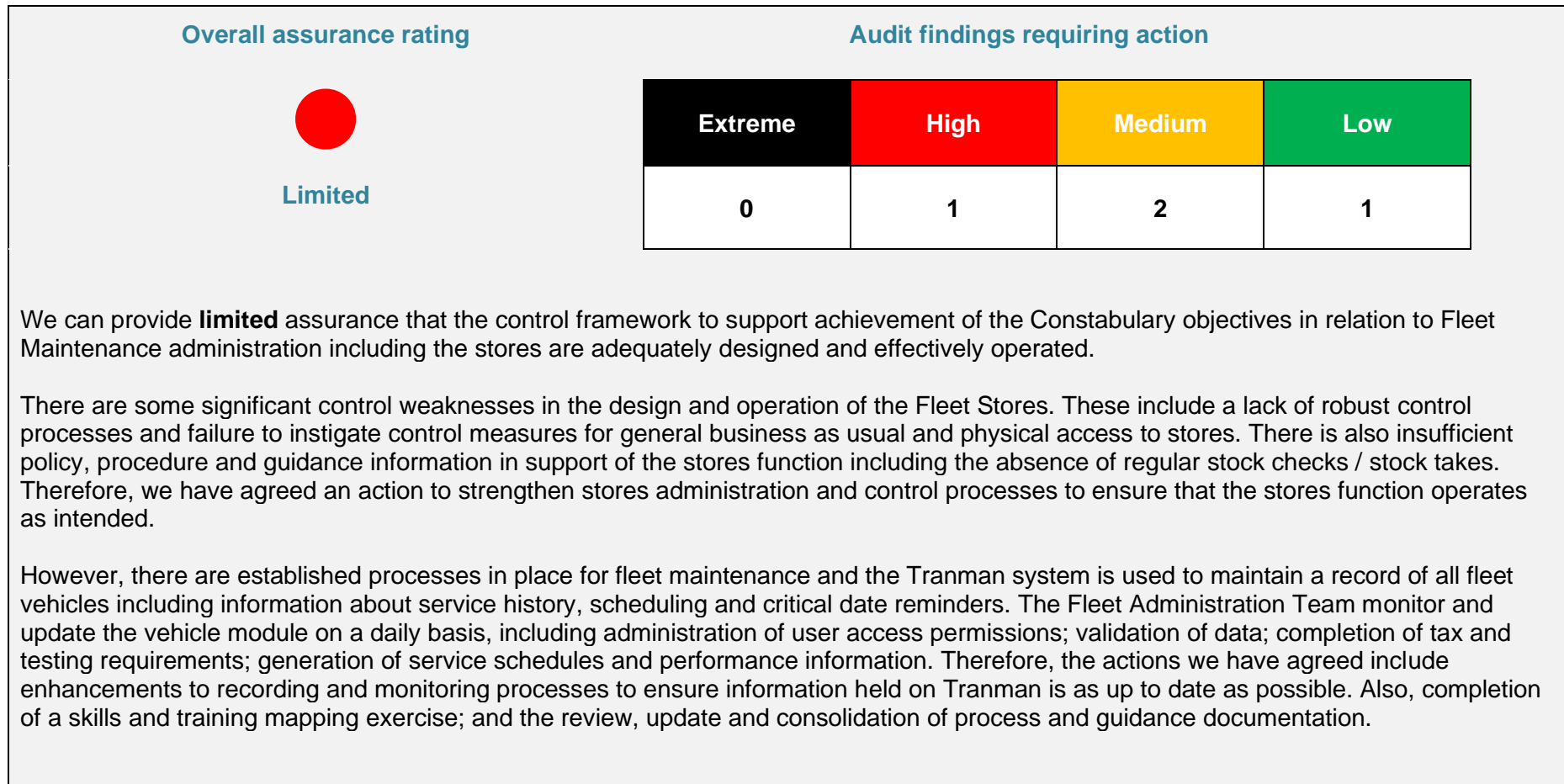
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Audit review	Date of original audit	Assurance opinion	Actions agreed			Audit progress
			High risk	Medium risk	Low risk	
Fleet maintenance and fleet stores	August 2023	Limited	1	2	1	
Public partnership engagement	January 2023	Substantial	0	0	1	
Risk management	May 2023	Substantial	0	1	2	
<b>Total actions</b>			<b>2</b>	<b>13</b>	<b>15</b>	

#### **4. Extracts from Audit Reports**

4.1. Extracts of assurance summaries are shown below.

## Fleet Maintenance & Fleet Stores



## Key Financial Systems

### Overall assurance rating – Accounts Payable



**Substantial**

### Audit findings requiring action

Extreme	High	Medium	Low
0	0	0	2

The team began undertaking the payment runs from January 2023, with this work transferring from Lancashire County Council's (LCC's) Corporate Finance and Exchequer Services. The new processes are now embedded into the business-as-usual activity.

Some efficiencies have been identified by the team with the payment runs now being processed twice weekly instead of daily, reducing bank charges and processing time.

There remains a strong adherence to separation of duties and all payment runs are subject to senior management approval.

There is some further work to be completed to bring procedure notes up to date, once the team are satisfied that the processes have been streamlined and any identified changes put into effect. There is also the potential to use some additional functionality of the Oracle system which was not previously used. We have therefore agreed two low priority actions.

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**Overall assurance rating – Accounts Receivable**



**Substantial**

**Audit findings requiring action**

<b>Extreme</b>	<b>High</b>	<b>Medium</b>	<b>Low</b>
0	0	0	2

The team began undertaking the Precept collections from January 2023, with this work also transferring from LCC's Corporate Finance and Exchequer Services. The 2023/24 precepts have been set up in the Oracle system to be collected by direct debit.

We have verified that the controls for the collection of precepts have been established. There will be a need to update the procedure notes, once the team are satisfied that the processes, including monitoring the payments are operating effectively.

The team have an opportunity to consider if there is a benefit to using direct debit collection for other debtors, for example where instalment plans have been agreed. We have agreed two low priority actions.



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**Overall assurance rating – Banking**



**Substantial**

**Audit findings requiring action**

<b>Extreme</b>	<b>High</b>	<b>Medium</b>	<b>Low</b>
0	0	0	1

Following a period of training from LCC's Treasury Management team, the Constabulary gradually took over producing the daily cash flow diaries in early 2023 and this process is now fully embedded into business as usual with several members of the team able to undertake this duty.

At the same time full responsibility for the Constabulary and OPCC bank accounts system also transferred, requiring enhanced access to the NatWest Bankline system. The team are now downloading the statements, uploading the transactions into Oracle, and reconciling them.

There is strong adherence to segregation of duties which has been carefully considered when setting up and assigning roles in the Bankline system.

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**Overall assurance rating – General Ledger**



**Substantial**

**Audit findings requiring action**

<b>Extreme</b>	<b>High</b>	<b>Medium</b>	<b>Low</b>
0	0	0	0

Standing data within the Oracle system is now maintained and updated by the Constabulary's systems administrators within the Finance department, having previously been undertaken by LCC Digital Services. This primarily affects the cost centre hierarchy; creation of new cost centre, subjective and project codes and any code maintenance requests to disable or reactive codes; cross validation and security rules.

There is now an opportunity to look at the activating the Fixed Asset Module which is already present within the cloned Oracle system and work is in progress with Claremont to consider options.

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**Overall assurance rating – Systems Maintenance**



**Moderate**

**Audit findings requiring action**

Extreme	High	Medium	Low
0	0	3	1

This is a new area for the Constabulary and whilst the Oracle system successfully transitioned from early life support to business as usual and is fully operational, there is also a recognition that there is some work still to be done.

Some training is required to ensure that the system administrators have the knowledge and skills required to be able to maintain the system functionality on an ongoing basis. Some of this knowledge will only be acquired over time, through troubleshooting and raising incidents and queries with Claremont and others will require specific training or knowledge transfer.

The system administrators have a plan of future developments and systems improvements that they would like to make. The senior accountants and accountants also have suggestions for developments and are taking a proactive approach to the opportunities that the upgraded system offers.

We would recommend that that any post patch or upgrade testing is documented, to reduce the risk of any processes being omitted from testing, thereby ensuring that any issues can be identified and raised with Claremont for investigation and resolution.

The Autopay and Bankline systems have also been implemented with roles and responsibilities set up and assigned to individuals to ensure that segregation of duties is maintained.

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Consultancy – Barclaycard	Audit findings requiring action			
N/A	Extreme	High	Medium	Low
	0	0	0	0


The scope of our audit assignment was to provide guidance on the framework of controls required to mitigate key risks relating to the use of Barclaycard within the Constabulary. The key changes for the Constabulary are that administration of the cards has transferred from LCC to themselves and that pre-paid cards are being phased out and use of Barclaycard is being expanded.

Following our discussions, we have produced a control framework, which would mitigate the following risks:

- Cards are issued to staff with no real business need for them
- Barclaycard usage conflicts with existing corporate contracts or procurement rules, value for money is not obtained
- Barclaycards are used to fund in appropriate, personal or fraudulent expenditure.
- Use of Barclaycard by unauthorised staff or expenditure in excess of formal delegated levels of authority
- Theft of card and/or PIN, online fraud, or a failure to identify card misuse of abuse.
- Lack of evidence to support queries into expenditure or investigations into alleged misuse or fraud.

We did not identify any gaps or areas of concern during our conversations which would lead to any control weaknesses. However, we provided some guidance on controls for these key areas of risk for consideration.

## Follow up : Onboarding- Police Control Room Operators

		Status of agreed actions			
		Extreme	High	Medium	Low
Original audit assurance rating   Moderate	Number of actions			2	2
	Implemented			1	
	Progressing			1	2

A follow-up audit has been conducted to determine the progress made by Lancashire Constabulary in implementing the actions agreed in the internal audit report for Onboarding – Police Control Room Operators, issued in June 2022. Our original review provided **moderate** assurance over the adequacy and effectiveness of the control framework to support achievement of the Constabulary objectives in relation to Onboarding for Police Control Room Operators. Two low and two medium risk actions were agreed to be implemented within 12 months of issuing our final report in June 2022.

In summer 2022 the Constabulary conducted a rapid review of the Contact Management department looking at all aspects of the service and operating model. One of the recommendations was to recruit a logistics manager who would have responsibility for service improvement, training, recruitment, duty planning and analytical support. The Logistics Manager was recruited in April 2023 and additional trainers and service improvement supervisors have also been recruited. The Logistics Team are focusing on developing the department and will have responsibility for the areas highlighted in the original audit. A twelve month training plan has been introduced and changes have also been made to the recruitment process, incorporating feedback from existing staff and new recruits.

Based on the information provided to us we are satisfied that activity underpinning implementation of the two low risk actions, associated with formalising collection of training completion rates and enhancements to analysis and reporting processes in support of future decision making and training requirements, are progressing as per the remit of the Logistics Manager, to be completed within the next twelve months.

Activity against the two medium risk actions is progressing with some aspects already implemented and responsibility for key areas such as service improvement, training, recruitment, duty planning and analytical support now within the remit of the recently introduced Logistics Team. Engagement with staff and trainees has already been undertaken via surveys, newsletters and senior leadership representation at

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training events, and a twelve month training plan, quality assurance processes and methods to obtain and provide feedback continue to be developed through the Team.

## Firearms Licensing

### Overall assurance rating



**Substantial**

### Audit findings requiring action

Extreme	High	Medium	Low
0	0	1	4

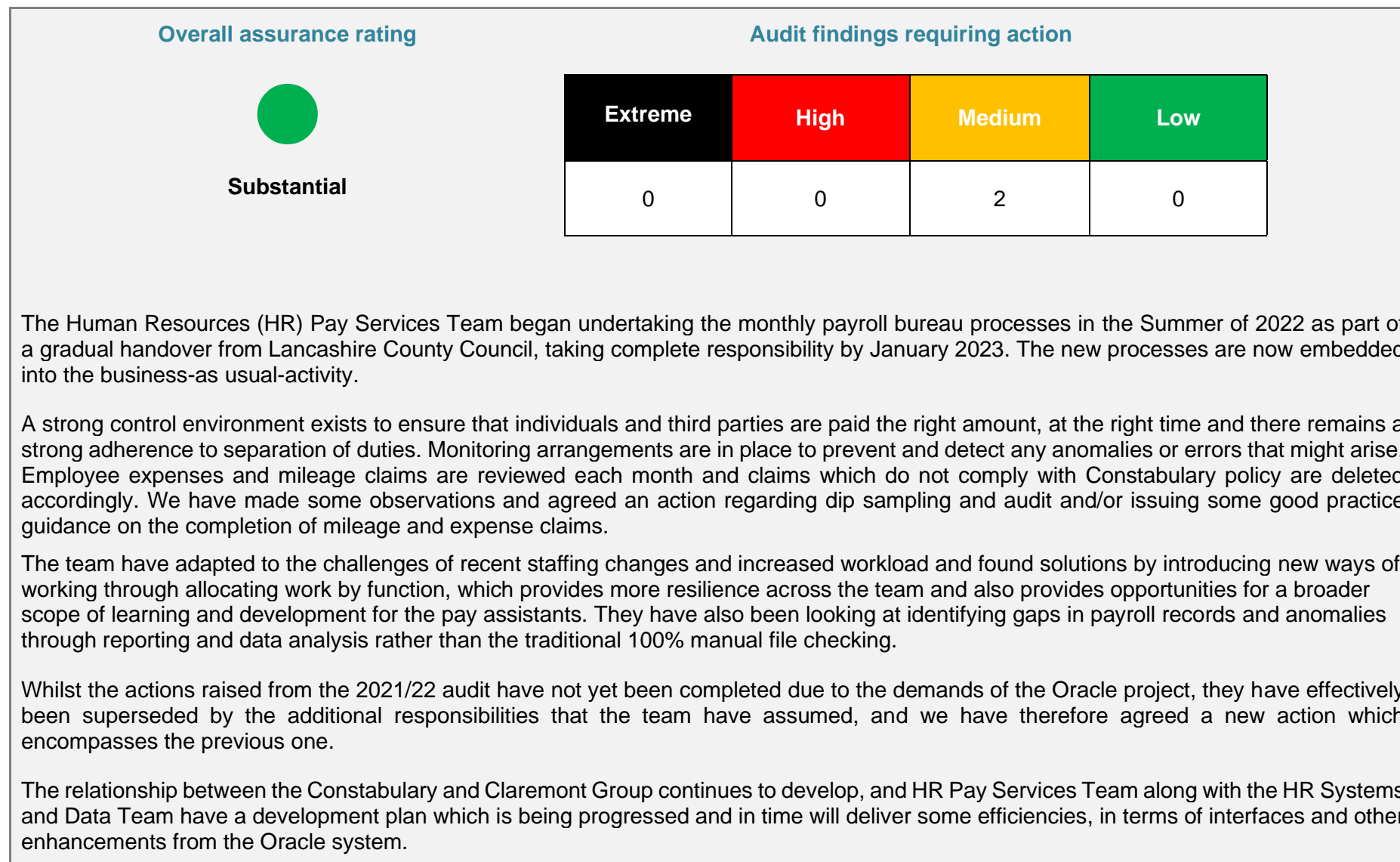
We can provide substantial assurance that the firearms licensing framework of control operated within Lancashire Constabulary is adequately designed and effectively operated overall.

Firearms licensing decisions, in compliance with extant Home Office statutory guidance, are authorised in accordance with the Scheme of Delegation, following the completion of robust checks over the suitability of the applicant and the security of premises in which weapons are held. The National Firearms Licensing Management System is updated on a timely basis, both as and when applications are received and processed, or if relevant information arises as a result of ongoing monitoring.

In accordance with the Plymouth Senior Coroner's recommendations in their Preventing Future Deaths reports, the force is actively progressing a review of all certificates refused, revoked, seized or surrendered and then subsequently approved over the last five years. They have also introduced a broad range of training activity whilst the nationally accredited programme is being developed by the College of Policing.

A small number of minor areas for improvement have been identified, the most important being the benefit of producing an internal Standard Operating Procedure that provides additional information and advice to team members on the practical application of the Home Office statutory requirements. Other actions to further enhance existing controls, have been agreed in relation to the development of a team training matrix, team dip-sampling, enhancements to the document set, and the introduction of additional cross-checks following site visits to registered firearms dealers.

## Payroll





## **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.

- **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.*
- **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.*
- **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.*
- **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.*