



**JOINT AUDIT COMMITTEE
PUBLIC MINUTES**

Notes of the meeting held on Thursday 30 March 2017
Meeting Room 1.12, Lloyd House, Colmore Circus, B4 6NQ

Present:

- Susan Davis (SD) - Chair
 - Christine Barve - Vice Chair
 - Cath Hannon (CH) - Strategic Policing and Crime Board (SPCB) Member
 - Gurinder Josan (GJ) - Strategic Policing and Crime Board (SPCB) Member
 - Ernie Hendricks (EH) - Strategic Policing and Crime Board (SPCB) Member
 - Waheed Saleem (WS) - Strategic Policing and Crime Board (SPCB) Member
 - Mark Kenyon (MK) - Chief Finance Officer - PCC
 - Lynn Joyce - Internal Audit Manager – PCC
 - Jonathan Jardine - Chief Executive - PCC
 - Neil Chamberlain - Director of Commercial Services
 - Louisa Rolfe - Deputy Chief Constable (DCC)
 - Emily Mayne (EM) - Audit Manager - Grant Thornton
 - Bob Denaro - Sergeant – WMP ROCU
 - Kath Holder - Organisational Learning & Risk Manager - WMP
 - Kate Jeffries - Assistant Director of Information Management
 - Abi Preston - Senior Accountant WMP
 - Susan Ali Shah - Head of Finance
- Plus note taker

223	Item 1 - Apologies Apologies were received from Paul Grady.
224	Item 2 - Declarations on Interest No interests were noted.
225	Item 3 - Minutes of the Last Meeting The Committee agreed the minutes of the previous meeting held on 16 September 2016 as an accurate record.
226	Item 4 - Matters Arising <ul style="list-style-type: none"> - Chair meeting with DCC in regard to governance review – This meeting has been held. - Chair to discuss with PCC that a region wide conversation needs to be held in regard to children and vulnerable people in custody – this has been discussed with the PCC.

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Item 5 - Internal Audit Strategy and Work Programme 2017/18

Lynn Joyce presented the report focusing on the main elements:

- Internal Audit's approach to the 2017/18 planning exercise differs to previous years
- The recommendations that the Committee approve the slight changes to the Internal Audit Charter which reflected changes in officer titles and that external audit no longer place reliance on the work of internal audit.
- The 2017/18 work programme was based on the following:
 - o extensive consultation with Senior Management
 - o issues arising from the recent HMIC inspection
 - o known issues from previous audits
 - o risks within the corporate risk registers of both the PCC and Force
- The intention was to:
 - o prepare the plans using a more risk based approach
 - o making the plan more high profile and add value
 - o the need to be aware that risks change throughout the year, so changes to the plan may be required
 - o reflect more of what the organisation is about

The Chair noted that this was a very different approach and asked the committee if they were content. There were no objections.

The Committee raised the following:

- They welcomed the new approach commenting that it was useful, ambitious and would avoid duplication of work.
- It would be helpful to look at governance arrangements as well as performance management to see if it was fit for purpose (WS)
- It would be good to have a better understanding of how governance worked and how it would work for the change programme / WMP2020 (WS)
- Why was mental health not included as a priority on the draft work plan for 2017/18? This is considered high priority, but not included (GJ)
- How do we ensure successful scoping?
- Would like to see work around CSR in the audit work plan (EH)
- Is Internal Audit flexible enough? i.e. value for money.
- Requested an update on the previously discussed staff resource within the team (EH)

Lynn Joyce responded:

- Some areas would require a high level of focus and internal audit would need to work with senior managers or subject matter experts to determine the required scope
- It was impossible to audit everything every year but was confident that high risk areas could be addressed with available resource
- A watching brief is being kept on mental health by ACC Larmour and it was too soon to audit as a joint action plan has only recently been agreed with partners
- The Internal Audit team were light on expertise in some areas e.g. IT, but trying to address this and a member of team was taking a course in this area
- The consensus from senior management is that the right areas are being audited
- Plan looks tight but risks change, so plan needs to remain flexible. If in 6 months the risk has changed and there is no value in reviewing some items, discussions can be held

	<p>The DCC commented as follows:</p> <ul style="list-style-type: none"> - She was happy that the report reflected the concerns of the organisation - It was helpful that audit were playing a more active role - She was pleased to see the elevation of focus - She was appreciative of the huge amount of work which had gone into the report - There is more work to do along the lines of how governance works with the PCC's objectives <p>The Chair commented as follows:</p> <ul style="list-style-type: none"> - Mental health had a varied range of contributors in terms of the action plan. - Mental Health providers were also looking at some of the issues - It was important that there was no duplication of work - It was important to know what the Combined Authority will be looking at. <p>Mark Kenyon commented as follows:</p> <ul style="list-style-type: none"> - Grant Thornton had looked at governance of IIP - Internal Audit are also looking at project management within WMP2020 programme <p>Jonathan Jardine said the contract with Accenture sets out reporting and wants to ensure it is working well. He acknowledged that the program is a changing one and that there was a need to ensure that projects are up to date i.e.</p> <ul style="list-style-type: none"> - Has working methodology - Level of engagement if PCC decision is required - If PCC decision is low, OPCC may not engage - Can negotiate on how PCC engages on case by case basis - Needs to ensure PCC knows what should be looking at <p>The Chair Commented as follows:</p> <ul style="list-style-type: none"> - The Audit Committee welcomes this approach - Feels that the change will demonstrate added value - Asked if members were happy to agree the plan. <p>The Strategy and Plan was agreed.</p>
228	<p>Item 6 - Police HMIC Inspections Update (Including Tracker update)</p> <p>Kath Holder presented the main points:</p> <ul style="list-style-type: none"> - The purpose of the report was to provide members of the Committee with oversight of HMIC recommendations. - HMIC have been visiting more often - The Force is currently preparing for HMIC spring PEEL inspection - The Force will be visited between 22 and 25 May - There is a requirement for a huge amount of data to be completed and returned - Self-assessment put together for HMIC which includes examples of where the Force is doing well, and where more work is required - Due to the sensitive natures of counter Terrorism, no report or recommendations will be published, but a hot debrief was conducted with the Force at the conclusion of the inspection - Areas which required more work were highlighted and ACC Marcus Beale is working on these

	<p>The committee asked whether ACC Beale could give a debrief to the Committee to provide assurances around Counter Terrorism Inspections?</p> <p>Christine Barve asked about the process of getting assurance and how actions were being processed.</p> <p>Kath Holder responded that this information would not be published but information would be given on a need to know basis.</p> <p>The Committee requested reassurance that WMP can manage responsibility in the event of an attack.</p> <p>Jonathan Jardine responded that CT12 post incident processes were not part of the inspection, but would be in the September Issue. Next phase will include post incident procedures, and the Force are currently engaging with partners. It was possible that ACC Beale would give an update in a private meeting.</p> <p>The Committee were happy to progress this item in this way.</p> <p>Kath Holder informed the meeting of the following:</p> <ul style="list-style-type: none"> - A joint custody inspection took place in February. A draft report is expected during April with the final report due in the summer. - The Force is currently waiting for the following inspection reports <ul style="list-style-type: none"> o Modern slavery and human trafficking o Disclosure o Unannounced custody visiting - WMP are amongst the 28 Forces which received a 'good' grading - HMIC expressed concern around the Forces response to domestic abuse. Force policy which allows an officer discretion to complete a DASH risk assessment in some crimes and incidents does not provide confidence that risk is always assessed appropriately. - The Force is currently formulating a response <p>Cath Hannon made the following comments:</p> <ul style="list-style-type: none"> - She was aware that there are tensions around DASH reporting; how it was done and how it would be done in the future (Victims at harm may not be assessed properly - what does this actually mean?) - Missing children; will concerns around vulnerability assessment be met in the new module?
	<p><u>6b – Crime (PEEL)</u></p> <p>Kath Holder went through the main points of the report:</p> <ul style="list-style-type: none"> - There were 2 recommendations in the Inspection report published November 2014 <ul style="list-style-type: none"> o Recommended that the Force review the provision of information to partners regarding ASB and whether the Force should be taking a more proactive approach. o Recommended that the Force look at establishing an Ethics Committee. Some frameworks have been trialled in order to find best fit. - The Force is looking at how specialist skills can be increased and retained - Staff retention piece challenging but being look at, i.e. People Deal <p>The Chair informed the meeting that there are some Forces where Audit Committees are both Audit and Ethics Committees, and said the West Midlands may need to look</p>

	<p>at what other Forces are doing.</p> <p>The Committee noted that there are lots of difficult areas in crime inspection</p>
	<p><u>6C - Core business</u> – crime prevention looked at by HMIC 39 recs made to all Forces – none specific to WMP. A number of things are going on – much are or have been addressed via WMP2020.</p> <p>Waheed Saleem asked if there any recommendations that the Force are concerned about.</p> <p>Kath Holder responded:</p> <ul style="list-style-type: none"> - No – there are no reds on tracker - Over 400 recommendations are on the tracker - HMIC think there should be fewer, so this needs to be verified - Work in progress in terms of negotiating with HMIC so complete closure can be achieved <p>Christine Barve said it appeared the Force were going further than recommended by HMIC.</p> <p>Kath Holder responded as follows:</p> <ul style="list-style-type: none"> - She does not think that many recommendations were closed off. - Responses can be more focused - When recommendations are broad, the wrong directions can sometimes be taken - The Force will be tracking progress of everything though not necessarily on HMIC Tracker.
	<p><u>6D - Undercover Police Work</u></p> <p>Sergeant Bob Denaro went through the main points of report - he was conscious that due to the nature of undercover police work, he would be unable to answer all questions which may arise:</p> <ul style="list-style-type: none"> - The team are working with the College of Policing and other undercover organisations to build a single, national product - HMIC have recommended that a tenure policy be put in place for all undercover officers - HMIC have recommended that a fair reintegration strategy is put in place to enable undercover officers to return to other policing or agency duties - HMIC have recommended that psychological assessment is incorporated into the selection process, and a personality assessment has been included in the process by the College of Policing. <p>The Chair asked why the psychological assessment recommendation was amber on the tracker and Sergeant Denaro responded that the Force was awaiting new guidance.</p> <p>Christine Barve asked whether there were any items that were just about green.</p> <p>Sergeant Denaro responded that they had gone through scrutiny and consideration. Governance is closely scrutinised. Supervision and training have been improved, and the training was more standardised.</p>

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Item 7 - Risk Management Strategy, including Force Risk Register and OPCC Risk Register

OPCC Risk Register

Mark Kenyon went through PCC risk arrangement

- September risk strategy has been brought to JAC
- They have thought hard about management actions and the risk register is aligned to the main areas of the PCC's plan
- Scoring was explained and the risk register details who was responsible and what action is proposed to mitigate the risk

The Chair asked whether there was a process for looking at residual risk scoring.

Mark Kenyon responded as follows:

- Yes - plans around cyber-crime for example is managed regularly
- Some items rely on the Force for the main delivery
- The delivery plan sits behind the PCC plan which is monitored on a regular basis

The Committee made the following comments:

- Can commissioning streams be made more obvious (EH)
- Richard Costello – PCC's office – is down as a holder but does not hold any risk (EH)
- It was noted that much work has been done supporting victims of crime. The work makes this more transparent (CH)
- Mitigations would be around not achieving work and failing victims
- Must be a live document which has to be monitored. Value is in how it has changed over time (GS)
- Victim strategy delivered across 11 themes, score may be 4 but these will be different vulnerability (CH)

Mark Kenyon responded that there are a lot of things in the plan so it was necessary to get a good balance.

Christine Barve commented as follow:

- She would like to understand where we actually are with gross and residual risk.
- She did not have a real sense of whether we were close to residual risk and where the score has moved from last quarter

The Chair commented that thought would need to be given on how this was presented, and thought the discussion was good and welcomed.

	<p><u>Force Risk Register</u></p> <ul style="list-style-type: none"> - Kath Holder has been working on the governance review. - Both the PCC's and the DCC's plans were looked at with a view to seeing what was required to drive them forward - Plans are now signed off <p>There is an exercise for Commanders and Heads of Departments to say how they intend to deliver the plans:</p> <ul style="list-style-type: none"> - They should then be able to identify risks - There will be 3 sub-groups including subject matter experts, representation from Ops, Force review team - An academic research board chaired by ACC Marcus Beale will ensure that they are aligning research projects and filling gaps in understanding - Work in progress items are to be escalated to Kath Holder - Since the last report a number of new risks have been raised and are currently being assessed: <ul style="list-style-type: none"> o Scanning of historic PPU Documents - as a number of historic PPU records are only held in paper form. There is a risk that all available information will not be considered in making assessments which could impact on our ability to protect the public. o Forensic Breach - Forensic Services have received notification that the results of 19 toxicology cases have been compromised with the results potentially being unsafe o A lack of scrutiny in place to manage the use of pedal cycles within WMP o IR35 changes around sub-contractors. The introductions of new regulations in relation to IR35 could have an impact on subcontractors in leading to loss of specialist support. <p>The Chair asked whether the new Board would be meeting in April for the 1st time, but this will depend on the DCC's availability.</p>
230	<p>Item 8 – Accounting Policies</p> <p>Abi Preston went through the main elements of the report:</p> <ul style="list-style-type: none"> - Not much had changed since last year - Service codes of practice had been taken out - The report is based on how the authority operates internally, and internal reporting to the Command Team - The report looked at the new structure and about critical judgement when PCCs came in to force, and the assets of the PCC and CC <p>Grant Thornton commented as follows:</p> <ul style="list-style-type: none"> - They did not think the PCC having control of assets fitted in the code as the CC uses the majority of the assets. WMP is one of the few Forces who have left ownership with the PCC <p>Waheed Saleem commented that the PCC should lease assets to the CC to use as that would be normal accounting practice.</p> <p>Grant Thornton commented as follows:</p> <ul style="list-style-type: none"> - They would need to explore this matter - Would need to be clear that they are not creating a future problem or task which is not cost effective - WMP are not in line with other forces

	<p>The Chair asked what difference the transferring of assets would make.</p> <p><u>Action:</u> Neil Chamberlain and Mark Kenyon to meet to discuss, then report back to the Committee.</p> <p>Grant Thornton told the meeting that work had been shifted forwards to try to meet the deadline a couple of months ahead of last year. Grant Thornton would be happy to update key people before 8 June so there that there would be no surprises in July.</p>
231	<p>Item 9 - HMIC Value for Money Profile</p> <p>Susan Ali-Shah presented the plan to address the recommendations arising from the HMIC VFM workshop and will report progress at the June meeting.</p> <p>Comments from the Committee:</p> <ul style="list-style-type: none"> - This is a good plan which shows value for money - There was potential for a lot of investigation to be done <p>Susan Ali-Shah responded as follows:</p> <ul style="list-style-type: none"> - 5 recommendations to be looked at between now and the June Committee - Hoping to get through all items but this is dependent up on feedback from other Forces - A wider piece of work is to be undertaken <p>The Chair said that this would be helpful, and the Committee agreed with this.</p>
232	<p>Item 10 – IT Health Check</p> <p>Kate Jeffries presented the report:</p> <ul style="list-style-type: none"> - An ethical hacking company checked the controls and boundaries - As a result, the Force is now working through an improvement programme <p>The Chair asked whether it was appropriate to invite Kate back the next JAC meeting where the report could be discussed in a private session which the DCC would also attend. The Committee thought that this would be helpful.</p>
233	<p>Item 11 - External Audit 2017/18 Annual Plan and associated Fee Letter</p> <p>Grant Thornton went through the 2016/2017 plan's main developments</p> <ul style="list-style-type: none"> - Blue Light Collaborations - Policing and Crime Bill - The Transformation Funding – WMP are leading along with other large Forces - The refreshed Crime Plan - Key challenges - key performance indicators - Change in code - Materiality - For the purposes of planning the audit an overall materiality of is to be determined (being 2% of the gross revenue expenditure of the Chief Constable) - Tolerable error - Significant risks - a number of significant risks have been identified this year including Valuation of pension fund net liability - Other Risks - 11 months of work was undertaken. The final accounts will be looking at year end process and the balance sheet - Value for money - risks were set out and proposals on how Grant Thornton will handle them

	<ul style="list-style-type: none"> - There are 2 areas of no full assurance: <ul style="list-style-type: none"> o IT assistance: Grant Thornton need to gain assurance that the Force have addressed the recommendations made o Grant Thornton need to look at estimate uncertainty i.e. deferred members of the pension scheme. They have liaised with the pension team but do not have an assurance <p>Ernie Hendricks asked if the specified reduction in fees was correct.</p> <p>Grant Thornton responded as follows:</p> <ul style="list-style-type: none"> - PSAA – Audit Committee staff are outsourced. The saving on overheads is the reason for the first reduction - PSAA was set up who have smaller overheads so another saving was given
234	<p>Item 12 - External Audit, Joint Audit Committee update 2017</p> <p>Grant Thornton went through the report</p> <p>Progress to date:</p> <ul style="list-style-type: none"> - Positive working relations - Pleased with Abby’s work - a/cs will be delivered earlier than previous years - Striving to deliver AFR & Audit final report in July. Will be shared with JAC - Meeting requested at the end of July with PCC and CC rather than waiting for September meeting. <p><u>Action:</u> Mark Kenyon to arrange meeting</p> <p>Grant Thornton do not have to report here but would circulate a report to JAC members</p> <p>The Chair stated that the question of a meeting in July was previously raised and advised that this was not necessary</p> <p>The Committee agreed that they would wait for the September meeting.</p> <p>Grant Thornton suggested an offline meeting in June.</p> <p>The Chair suggested putting at date in with Grant Thornton in July just in case there was anything that needed to be discussed.</p>
235	<p>Item 13 - Internal Audit Activity Report 2016/17</p> <p>Lynn Joyce went through the main points of the report:</p> <ul style="list-style-type: none"> - Table 1 summarised completed audit reviews - Key findings from those reviews where an audit opinion of “Controlled but needs Improvement” or “Inadequately Controlled” has been assigned are included - Number of significant recommendations have increased, which may be an indicator that right things are being looked at might - Just started tranche of follow-ups in the last few weeks - NFI investigations are progressing. Going through 536 recommended matches, 376 have been completed to date, not found any savings to date - Attending Payroll Governance Board to discuss any over payments, how they arose and recovery actions - Performance is at 61%, audit coverage is quite low. Carry forward jobs from

	<p>last year is the biggest contributor</p> <ul style="list-style-type: none"> - Volume of carry-over to that extent is unusual - 77 pieces of assurance work done during the year. The range was wide spread and LJ is confident that an assurance opinion can be given based on the level of work completed. - The rest of the performance indicators are on target - There may be a need to revise the targets relating to issuing reports. - Audit are working on upskilling people this year in areas such as IT. <p>The Chair made the following comments:</p> <ul style="list-style-type: none"> - Members would take assurance now that there were more recommendations. - This shows that audit are looking in the right places and being more robust. <p>Christine Barve made the following comments:</p> <ul style="list-style-type: none"> - She also feels assured - She understands why targets were not met <p>The Committee made the following comments:</p> <ul style="list-style-type: none"> - If the energy conservation policy which is being update is not ready by the next meeting, can a draft be provided? (EH) - With regards to the Victims Portfolio, they were grateful to the audit team for helping to ensure that the overviews are stringent (CH) <p><u>Action:</u> Lynn Joyce to enquire about the draft energy conservation policy</p>
236	<p>Item 14 – Public Sector Internal Audit Standards Update</p> <p>Lynn Joyce gave an update:</p> <ul style="list-style-type: none"> - Strategy delivered details of budget and resources - The new Principal Auditor is IIA qualified and will work towards an IT certificate with the intention of sharing her learning and upskilling the team - CPD records introduced within the team - During the May PDRs, staff will be assessed against a competency framework - A new way of documenting research and opening meeting at the start of an audit has been implemented to ensure objectives are right - An internal audit manual has been issued to the team - The audit plan now has clearer links to the PCC's plan and the risk register <p>Christine Barve asked whether there was a limit to the resources and skilled expected in-house</p> <p>Lynn Joyce responded that some similar organisations had been known to outsource aspects, such as IT audit. Within WMP, there is an external IT Health Check which goes some way to mitigate this.</p> <p>It may be necessary to look at potentially buying in expertise in IT as part of future planning exercises if the training provided does no fulfil the needs in this area.</p> <p>Christine Barve congratulated Lynn on the work carried out.</p>

<p>237</p>	<p>Item 15 – Treasury Management Mark Kenyon talked through the activity for this financial year</p> <ul style="list-style-type: none"> - A watching brief is being kept in terms of debt - The investment of reserves - Low returns on investments due to low interest rates - Investments have been made in three areas: banks, Local Authority and Building Societies - The feasibility of borrowing - The consideration of how to invest money taking into consideration that there was no surety of making a profit, or getting the investment back. <p>Ernie Hendricks asked if the organisation can afford to lock money up for 4-5 years.</p> <p>Mark Kenyon responded that by 2020 there would be less reserves</p> <p>Neil Chamberlain asked why borrow if there are reserves. Mark Kenyon responded that this would take advantage of the good interest rates.</p>
<p>238</p>	<p>Item 16 – JAC ToR The Chair has advised the CC and the PCC that there were no concerns moving forward.</p> <p>The Committee was happy with the revised TOR and proposed work programme.</p>

Meeting ended at 12.00