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# **JOINT AUDIT COMMITTEE (JAC)**

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**Minutes from public meeting  
held on 28 September 2017**

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**JOINT AUDIT COMMITTEE  
PUBLIC MINUTES**

Notes of the meeting held on Thursday 28 September 2017  
Meeting Room G.2 Lloyd House, Colmore Circus, B4 6NQ

**Present:**

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|--------------------|---|--|
| Susan Davis        | - | Chair  |
| Christine Barve    | - | Vice Chair                                       |
| Mark Kenyon        | - | Chief Finance Officer- PCC                       |
| Jonathan Jardine   | - | Chief Executive-PCC                              |
| Lynn Joyce         | - | Internal Audit Manager – PCC                     |
| Natalie Foster     | - | Internal Audit Support (Observer)                |
| Ernie Hendricks    |   | Strategic Policing and Crime Board (SPCB) Member |
| Waheed Saleem      | - | Strategic Policing and Crime Board (SPCB) Member |
| Gurinder Josan     | - | Strategic Policing and Crime Board (SPCB) Member |
| Cath Hannon        | - | Strategic Policing and Crime Board (SPCB) Member |
| Neil Chamberlain   | - | Director of Commercial Service                   |
| DCC Louisa Rolfe   | - | Deputy Chief Constable                           |
| Laurelin Griffiths | - | Assistant Manager - Grant Thornton               |
| Emily Mayne        | - | Audit Manager - Grant Thornton                   |
| Kath Holder        | - | Organisational Learning & Risk Manager WMP       |
| Abi Preston        | - | Senior Accountant WMP                            |
| Keith Trivett      | - | Senior Accountant WMP                            |
| Ryan Howat         | - | Chief Inspector /Force Crime Registrar WMP       |
| Warren Little      | - | Chief Inspector WMP                              |
| Mark Payne         | - | Chief Superintendent WMP                         |

Plus note taker and webcaster

<b>261</b>	<b>Item 1 - Apologies</b> Apologies were received from Paul Grady, Grant Thornton.
<b>262</b>	<b>Item 2 - Declarations on Interest</b> No interests were noted.
<b>263</b>	<b>Item 3 - Minutes of the Last Meeting</b> One amendment to name change on page 3, Should say Paul Drover as he had responded to Waheed Saleem's question.  The Committee agreed, other than the one amendment, the minutes of the previous meeting held on Thursday 8 June 2017 as an accurate record.
<b>264</b>	<b>Item 4 - Matters Arising (not on agenda)</b>  No matters discussed.
<b>265</b>	<b>Item 5 – HMICFRS Inspection update</b>  Chair stated that there are two updates in this area: <ul style="list-style-type: none"> <li>- Crime data integrity</li> <li>- Police integrity &amp; corruption</li> </ul> Chief Inspector Ryan Howat presented the report on crime data integrity providing

the committee with an update on the following points:

- Majority of the recommendations from the HMIC report in 2014 have been completed. There are two recommendations which have been superseded by the most recent inspection.
- Have now moved onto new inspection dated September 2017, however this report does not feature that.

CI Ryan Howat asked the chair whether the committee would like him to focus on the 2014 report, or give information on how they are looking to move forward with the new inspection.

Chair confirmed the committee are aware that there is more up to date report and would be useful to make reference to it when possible.

CI Ryan Howat confirmed that in 2014 the force in general did well with crime recording as all actions were complied with. The force was in good position in addressing the recommendations with exception of two which were superseded.

CI Ryan Howat elaborated on the following points:

- In 2017 HMIC returned to the force to complete the second phase of crime data integrity inspection. This was a much broader inspection with five weeks of data collection, three weeks of case file review and one week of reality testing.
- From the inspection there were around 1500 reports from which it was established that the force had crime recording compliance of about 84%.
- There were areas identified for improvement which included the breakdown of three crimes, this covered sexual offences, violence and a third category covering all other crime.
- Sexual offences scored around 92% although this was good there were elements highlighted that could be improved e.g. the rules around rape have changed; previously it was one rape report per victim it is now one report per offender for each of the victims.
- Violence scored around 78% the reasons behind this include the misapprehension by some officers in relation to common assault incidents or domestic abuse being recorded under violence. There were also issues around the administration of recording rape and domestic abuse crimes.

CI Ryan Howat reassured the committee that he is working closely with DCC Rolfe and ACC Murray to address any issues from the report covering training, audit and governance.

Ernie Hendricks asked the following two questions:

1. Whether the two superseded recommendations in the 2014 inspection were ever actioned?
2. The 2017 report marked the force as 'inadequate.' Would it be possible to have some mechanism in place to have reports such as this tabled to address the sense of urgency? The recommendations have a tight timescale from 3-6months, may be an idea to initiate something now so the progress of recommendations can be monitored.

Chair stated that the second question is more for herself, Lynn Joyce and Kath Holder to consider how we ensure urgent items are captured in the agenda for future meetings.

CI Ryan Howat responded to EH first question by making the following points:

- A paper will be presented to the SPCB meeting on 3<sup>rd</sup> October addressing the issues from the latest report.
- The recommendations made have a timescale of 3-6months which is reasonable and this is an area with work in progress, it will take time to see the results.
- HMIC found no evidence of deliberately under-recording and identified areas in which the force can improve, this includes knowledge base and recording additional crimes.
- The new grading system is different to PEEL. They have inspected 14 different forces from which 7 of the forces have received same grading as West Midlands, 3 have received slightly high grading and 3 have received good. All were given recommendations for improvement.
- It is important to record the earliest opportunity not immediately going forward.
- Supervisory oversight introduced to ensure crime recording standards are being met also through audits.

CI Ryan Howat then went onto addressing the issue of shoplifting; this was when shops in Birmingham city centre did not want to report crime but wanted police officers to do checks for them. NPU worked closely with the local shops to address this issue and give them reassurance on the process encouraging them to report the crime.

CI Ryan Howat stated he was satisfied with the HMIC recommendations and work being done in this area.

Chair went back to Ernie Hendricks point and stated it was not for the committee to formulate action plans but it is the role of the Committee to monitor that the actions are being implemented.

Kath Holder presented the overall report on the inspection update stating the following:

- HMIC have taken responsibility for inspecting Fire and Rescue Services therefore will now be referred to as HMICFRS.
- The autumn inspection is currently under way; they have adopted a risk based approach covering areas of vulnerability, serious & organised crime and specialist capabilities.
- A hot debrief has been scheduled for first week of October following the inspection.
- The report of the HMIC/HMIP joint inspection of custody has been received with a number of recommendations made.
- WMP was not visited during the inspection to reports of stalking and harassment however there were four recommendations in the national report for the police service.
- From the inspection of disclosure in criminal cases there was a national report published with no specific recommendations for WMP, however was one of seven forces visited during the fieldwork for the inspection.
- At time of the report there has only been one recommendation graded as red and this has probably changed slightly now as there has been quite a lot of development in the area. The recommendation was in relation to the DASH risk assessment which will now cover the element of officer discretion and going forward will be available on the mobility device.

Cath Hannon asked whether DASH was the old model or new.

DCC Louisa Rolfe confirmed that the new model of DASH with the College of Policing is not yet complete; it is still going through evaluation. They are looking to have the initial evaluation completed just before Christmas with recommendations and new policy and approach to the new model in the new year.

DCC Louisa Rolfe stated that it would not be ideal to wait for the new model therefore for the time being the Executive Team have decided to remove discretion from the current risk assessment policy. A new app has also been developed with the DASH model and is due to go live next month.

### **Integrity and Corruption**

Chief Superintendent Mark Payne presented the next part of the agenda jointly with Chief Inspector Warren Little on Police Integrity and Corruption. The following points were made:

- The team on counter corruption come from an experienced background in deploying coherent tactics and interventions when issues of corruptions rise.
- Officers are brought in front of the Criminal Justice System (CJS).
- PSD are going through a business transformation, currently reviewing the new working model which aims to protect all staff and identify any areas of corruption.
- The counter corruption team works by prioritising intelligence which comes in at first instance. This is measured against a matrix of officers who joined as corrupt officers or those whom slipped in the role.
- Support and skills are leveraged from other areas of the force to investigate intelligence.
- Information is brought in via the anti-corruption helpline and other intelligence sources which prioritise the sets of investigation process.

CS Mark Payne then went onto talking about the generic areas of PSD:

- Associations- When an officer joins they are asked to disclose any associations which may make them vulnerable, this includes family, friends and partners.
- Business interests-When officers engage in activities outside of work, this may include licence of premises. An application can be made to the force which can be accepted or declined.
- Vetting-Front door accesses to policing, all applicants are vetted to an appropriate standard and when promoted or move within force they are again vetted to the required level.
- Vetting was a recommendation made in the last report. Resources in vetting has been uplifted, there is however a backlog which the department are working through.

Waheed Saleem asked how recommendations from the previous reports were being implemented.

CS Mark Payne responded by mentioning the launch of the Integrity health check document which will be an annual health check conducted by line managers to force a conversation with the officer to help identify any change in lifestyle and the individuals personal circumstances. This will also give them an opportunity to disclose any exposure to vulnerability which may have come to light in the last 12 months alongside any business interests outside work.

CS Mark Payne confirmed that the Integrity health check is now in place and will be discussed further in the force leadership conference next month.

	<p>Christine Barve asked about time limit of declaring business interests although there is an annual review in place.</p> <p>CS Mark Payne confirmed that the annual checklist is a national requirement and is just a way of encouraging a conversation however all officers are trained and well aware that all business interest must be declared.</p> <p>Ernie Hendricks asked whether the 65% figure was correct in terms of the internal audit piece relating to the repeat vetting outstanding for officers.</p> <p>CS Mark Payne responded that the stats would illustrate slightly less now however it was worth noting that there is a significant backlog which has been built for many years. HMIC gave the force a period of two years to clear the backlog but due to on-going recruitment, promotions, there are factors that impact the rate at which the backlog is cleared.</p> <p>DCC Louisa Rolfe highlighted that the internal vetting process is much swifter now and agreed with CS Mark Payne the process over time had improved. The National vetting guidelines stated that everyone across the force must be vetted. The delay in time is mainly coming from retrieving information from external sources.</p> <p>The Chair thanked the officers for this information and requested any deviation from the two year plan be reported back to the committee.</p> <p>Chief Inspector Warren Little informed the committee that the vetting guidelines have changed this week.</p> <p>Gurinder Josan asked whether the recommendations which stated complete and signed off had all been actioned.</p> <p>CS Mark Payne confirmed that most of the recommendations have been signed off however there is still in work progress which is being monitored. Happy to provide update of the progress to the committee.</p> <p>Chair requested any outstanding recommendations or anything not signed off to be forwarded onto Lynn Joyce for circulation.</p> <p>Kath Holder added that once signed off it is overlooked by HMIC who liaise with the force to approve sign off stage.</p>
266	<p><b>Item 6 – Force Risk Management Strategy, including Force Risk Register and OPCC Risk Register</b></p> <p>This report was presented jointly by Mark Kenyon from PCC office and Kath Holder from the force. The following comments were made by MK:</p> <ul style="list-style-type: none"> <li>- The risk register from PCC office was attached to report based on the strategies brought to the committee last year. The risk register is driven by the delivery of the police and crime plan.</li> <li>- There have been date changes due to matters waiting for sign off from Group or the Board.</li> <li>- No change in terms of the score since June, just some date changes as stated above.</li> </ul> <p>Kath Holder went through the corporate risk register stating how risk was being managed under categories, this included:</p>

	<ul style="list-style-type: none"> <li>- Monitored risks, these are largely external risks which the force has no influence over.</li> <li>- Managed risks, list of risks which are currently being managed on the register.</li> </ul> <p>Christine Barve thanked Kath Holder for clarifying the difference between the two sets of risk categories and asked whether it would be possible to have a risk assessment attached to the managed risk to managed and mitigate the potential impact.</p> <p>Kath Holder confirmed this was an option explored however it was not clear how you would score against something when you don't understand the impact.</p> <p>Waheed Saleem asked why the risk identified relating to the Hillsborough enquiry had not changed much between inherent and residual risk.</p> <p>DCC Louisa Rolfe stated any public debate on this matter would draw us into the litigation which was not appropriate for discussion at the meeting and is why there is scant information reported.</p>
267	<p><b>Item 7 – Statement of Accounts</b></p> <p>Mark Kenyon presented this report, the following points were summarised:</p> <ul style="list-style-type: none"> <li>- The statement of accounts showed balanced sheets, expenditure and budgets.</li> <li>- The covering report goes through the changes; they are not of serious nature.</li> </ul> <p>Neil Chamberlain and Keith Trivvet both thanked Abi Preston and the team for their hard work.</p>
268	<p><b>Item 8: Treasury Management Update Report</b></p> <p>Mark Kenyon gave an update on this report, the following points were made:</p> <ul style="list-style-type: none"> <li>- The Treasury Management Strategy sets out the economic background for the PCC. It sets out the economic background, Brexit and addresses uncertainty on issues which are affecting the economy, it also makes reference to interest rates.</li> <li>- There have been conversations over the last few weeks regarding interest rates. Capita, PCC's treasury advisors have found the report to be consistent however their view may change after the next Monetary Policy Committee, which is in few weeks' time.</li> <li>- No additional borrowing has taken place in the last year, still around £47m.</li> <li>- From the report it can be noted that the level of funds invested at August was £178.5m.</li> <li>- At some stage may have to borrow money as reserves are finite.</li> </ul> <p>Waheed Saleem referred to the accounts which showed a number of investments maturing and asked what strategy was in place to ensure this investment can bring forward maximum returns.</p> <p>Mark Kenyon responded that the Treasury Measurement Strategy sets out the rates based on a rating exercise. Other options are being considered including reviewing the property portfolio.</p> <p>Ernie Hendricks referred to the Capital Finance Requirement (CFR) which was £44.7m but total borrowed was £47.2m, and questioned why more was borrowed than was needed. EH also asked about finances relating to the Estate strategy and</p>

	<p>whether there is something in place to give an estimate on this.</p> <p>Mark Kenyon clarified that CFR and Gross Borrowings are two different strands. CFR is the need to finance the capital and the gross borrowing is the level of borrowing you have.</p> <p>Neil Chamberlain addressed the concern relating to the Estate strategy, confirming the PCC and CC will make the decision on levels of investment and borrowing funds. WMP was in a good position of not having to borrow but was using reserves to fund large investments. Going forward ideally want to reduce the Estate and drive investment. Neil was happy to share information with the committee going forward.</p>
269	<p><b>Item 9: Internal Audit Update Report-Sept 17</b></p> <p>Lynn Joyce went through the main points of the report:</p> <ul style="list-style-type: none"> <li>- Since last JAC meeting in June, five reports have been finalised and further three have been drafted in the last week.</li> <li>- 25 follow ups to date, slight error in table 2- should say 82 total recommendations not 68. Out of the 82 recommendations 68% have been implemented.</li> <li>- Table 4 shows the breakdown of the recommendations. There have been 111 significant recommendations since 2014/15 with 57 followed up to date and 16 remain outstanding.</li> <li>- Detail of outstanding recommendations can be seen in Appendix 5.</li> <li>- Performance of internal audit team to date is 36% of the plan completed against an annual target of 90%. Currently about 2% under where we should be at this time of year.</li> <li>- There has been a long term sickness in the team which has affected the performance of the team.</li> <li>- Client satisfaction is also slightly under target at 86% compared to an annual target of 95%.</li> <li>- This year only seven surveys have been returned from which one scored fair rather than good/very good this impacted the overall score. This was due to the time taken to do audit however again linked to long term sickness.</li> <li>- Some processes have changed to try an improve elapsed time on audits, e.g. having escalation routes.</li> <li>- Following the PSIAS self-assessment in June, areas of improvements can be found in appendix 6.</li> <li>- External inspection is due to take place in two weeks' time in which Chair and Vice-Chair of JAC will also be interviewed.</li> <li>- Following the inspection, the report will be presented to this committee.</li> </ul> <p>Christine Barve stated that audits which are outstanding or less than satisfactory such as HR need to show timeframe and level of management advice implemented.</p> <p>Lynn Joyce added that a follow-up will be done in relation to the HR data in 6months and the findings will be shared with the committee.</p> <p>Ernie Hendricks referred to Appendix 3 and acknowledged the range of work and some requested to be postponed. EH asked whether the audit plan would be achieved within the set time frame.</p> <p>Lynn Joyce confirmed that a position statement will be issued end of September to see what the shortfall is. The plan will also be assessed to ensure the timescales are reasonable.</p>



	<p>Chair thanked Lynn Joyce for report and agreed that the absence of one person in a small team can have major impact on the work produced.</p>
<p><b>270</b></p>	<p><b>Item 10: External Audit- Audit Findings Report</b></p> <p>This report was presented jointly by Emily Mayne and Laurelin Griffiths from Grant Thornton. They thanked the PCC and CC finance team as draft accounts produced were of very high standard. They went onto making the following points:</p> <ul style="list-style-type: none"> <li>- There were very few amendments to the PCC financial statements and no amendments to the Chief Constable's statement.</li> <li>- Main issue identified was the lack of assurance over the police pension scheme member data. This resulted in a change in the testing strategy which affected the timescale in which the work was completed.</li> <li>- Lack of assurance in this area presents a risk going forward. Emily Mayne highlighted this was an area where resources and work will be required.</li> <li>- If resources are put in, it will assist in fast tracking this area and will allow opinions by Grant Thornton to be out in by 31<sup>st</sup> July 2018.</li> </ul> <p>Emily Mayne then went onto some highlights of the report:</p> <ul style="list-style-type: none"> <li>- Page 10 stated the risks identified and work completed as part of audits. The risks were acceptable and lead to an unqualified opinion.</li> <li>- The next two large areas identified were operating expenses and employee remuneration. Overall findings showed that auditors concentrated on areas at highest risk and identified some areas for improvements.</li> <li>- 'Telling the story' project is about making statements reader friendly for the user of the accounts. The aim was to simplify the statements however following the review no major issues have been identified except some minor presentation factors.</li> <li>- Page 14 illustrated the issues identified with police pension's database and recommendations made, further information added to Appendix A.</li> <li>- Duty to communicate and the process of this have been stated on page 19. The only one with issues raised was point 7 relating to the 'matters on which we report by exception.' The Annual Governance Statement was held to be of a light nature in terms of IT issues.</li> <li>- Page 21 was a follow up of recommendations from the previous year. First recommendation is work in progress concerning overtime payment payments, testing showed no issues in this year.</li> <li>- When signing letter of representation the unjustified mistake on page 23 will need to be considered. There is a historical error within the pension fund top-up grant, still working closely with the finance team to address this matter before issuing an opinion. Once error is resolved it may increase the income towards the financial statement by 2.4million.</li> </ul> <p>Chair stated that the issue with pension data has been on-going for some time therefore suggested having this as a separate paper for the next JAC outlining what the issues are and how the recommendations are being addressed.</p> <p>Neil Chamberlain confirmed he was happy to arrange a detailed response in the next meeting however reassured members that no incorrect payments have been made and a number of processes have been reviewed since last report to improve this area.</p> <p>Christine Barve agreed it would be ideal for a report to be brought back to the committee on this matter and questioned whether as a committee it should be</p>

	<p>requested that this issue is recognised on the corporate risk register. This was agreed.</p> <p>Cath Hannon asked for some elaboration on point 4, page 34 regarding seized cash.</p> <p>Emily Mayne responded by confirming that the seized cash is currently held by the PCC however this is an area which can be challenged as the cash does not in actual fact belong to the PCC and have challenged management whether this should be held as a creditor under provisional liability. More details can be found on page 12 of the report.</p> <p>Laurelin Griffiths added one of the reasons regarding the seized cash is because balances have been held within cash and creditors for a number of years and the likelihood of this being repaid.</p>
271	<p><b>Item 11: External Audit-Value for money</b></p> <p>Emily Mayne went through the main points of the report:</p> <ul style="list-style-type: none"> <li>- NAO set out the criteria for the audit covering three main areas. In broad terms these are, governance, financial resilience and partnership working.</li> <li>- From audit plan in March five main risks were identified.</li> <li>- As part of on-going risk assessment and discussion with management two further risks were highlighted, these related to the arrangements leading up to the decision for investment in the two largest projects within the WMP2020 programme, Operating Policing Solution and Data Driven Insight.</li> <li>- The Police and Crime plan was of good standard and illustrated great partnership working with the force via consultation process and the production of the ambition plan by the force.</li> <li>- TS1 has been implemented and there has been a post implementation review.</li> <li>- Page 5 shows a number of recommendations which will be followed by and reviewed to monitor the progress.</li> <li>- Additional work was undertaken with the procurement initiative, detailed themes can be found on page 6 and 7.</li> <li>- Shortlisting suppliers and benchmarking the data to clarify best options and providing transparency.</li> <li>- Contract managements to see how they will drive benefits.</li> </ul>
272	<p><b>Item 12: External Audit-KPI Report</b></p> <p>Emily Mayne stated that although Grant Thornton created this report it was in actual fact concerning the KPI standards for them to be assessed by JAC. The report was broken down by setting the key performance indicator and conducting a self-assessment for each theme.</p> <p>Emily Mayne stated she was happy to take questions or enhance on any of the points from the report for the committee members.</p> <p>Chair stated that last year the self-assessment conducted was assessed by JAC and was a good approach to take forward again this year outside the meeting where members can assess each theme.</p>
273	<p><b>Item 13: PCC and CC Joint Audit Committee Update- September 2017</b></p>

	<p>Emily Mayne confirmed that they were on track to deliver everything. The only item outstanding now is the annual audit letter which will be brought to the next JAC meeting.</p>
<b>274</b>	<p><b>Item 14: HMIC Value for Money report comparison of outliers</b></p> <p>Neil Chamberlain went through the main points of the report:</p> <ul style="list-style-type: none"> <li>- Susan Ali Shah from finance team recently undertook some work on value for money information which is provided to HMIC on an annual basis.</li> <li>- Work also involved liaising with other forces to understand why in some areas we were an outlier. Some of the information received back from other forces was not so useful.</li> <li>- Currently have the live returns data for this financial year.</li> <li>- Looking at external income opportunities with other forces, including sponsorships, revenue generations and income collaborations.</li> <li>- More details will be shared as work progresses in this area.</li> </ul> <p>Chair thanked NC for this update and acknowledged this is an area with work in progress.</p>
<b>275</b>	<p><b>Item 15: Joint Audit Committee Work Plan 2017/18</b></p> <p>The Joint Audit Plan was attached for information purposes only.</p> <p>Additional papers to be added to the meeting in November included Grant Thorntons KPI report and the report on pensions.</p> <p>An updated work plan will be circulated to all JAC members.</p>

Meeting concluded at 16:40pm