
JOINT AUDIT COMMITTEE (JAC)

**Minutes from public
meeting held on 29 March
2018**

**JOINT AUDIT COMMITTEE
PUBLIC MINUTES**

Notes of the meeting held on Thursday 29 March 2018, Meeting Room LH G2
Lloyd House, Colmore Circus, B4 6NQ

Present:

Sue Davis	- Chair
Christine Barve (CB)	- Vice Chair
Mark Kenyon (MK)	- Chief Finance Officer- PCC
Jonathan Jardine (JJ)	- Chief Executive-PCC
Lynn Joyce (LJ)	- Internal Audit Manager – PCC
Cath Hannon (CH)	- 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
Gurinder Josan (GJ)	- Strategic Policing and Crime Board (SPCB) Member
Louisa Rolfe (DCC)	- Deputy Chief Constable
Neil Chamberlain	- Director of Commercial Services
Laurelin Griffiths	- Assistant Manager - Grant Thornton
Emily Mayne	- Audit Lead - Grant Thornton
Kath Holder	- Organisational Learning & Risk Manager WMP
Abi Preston	- West Midlands Police
Paul Minor	- Superintendent - Criminal Justice Services
Greg Rowley	- Inspector - Criminal Justice Services

Plus note taker

290	<u>Item 1 - Apologies</u> Apologies were received from Paul Grady, Grant Thornton.
291	<u>Item 2 - Declarations on Interest</u> No interests were noted.
292	<u>Item 3 – Minutes of the last meeting</u> Cath Hannon identified a correction to p.5 (half way down) of the minutes of the last meeting. The minutes state: <ul style="list-style-type: none"> - She was trying to get information about pensioners who were deceased - Reassurance about connection with family <p>For clarity, this point was about ensuring families of deceased pensioners have the right information on how to contact the Force pensions department.</p> <p>Other than the above correction the minutes were agreed as correct</p>
293	<u>Item 4 - Matters arising</u> 1. Memo and letter from NC regarding Pension update. <ul style="list-style-type: none"> - The Committee confirmed they were happy with the letter and memo circulated to them.

	<ul style="list-style-type: none"> - NC is confident that reconciliation work which was being carried out is on track. <p>2. Value for money – although a lot of information has been received about the processes of other forces, WMP have not carried out much work in the past using this information. The Force and other forces are keen to do some joint work looking at how information is compiled and how they can make better use of the data.</p> <ul style="list-style-type: none"> - Ensuring that consistency was in place was a key driver. - NC is working to develop strong relationships with Directors from other metropolitan forces with the intention to draw comparisons from the work being carried out. MET is leading on this work and a workshop is due to take place in April or May. - Internally, the Force has been looking at external income. A commercial board has been put in place to look at how the Force can use the benchmark to examine opportunities for additional earned income. - The Force is in the middle of a recruitment process for an Income Generation post. Interviews should be held in mid-April. <p>The Chair made the following comments:</p> <ul style="list-style-type: none"> - This was a helpful update. - In the absence of being able to pursue the comparative work, it was good to know that WMP have taken the initiative and have identified opportunities. <p>Ernie Hendricks asked the following question:</p> <ul style="list-style-type: none"> - Would the work around income generation extend to estates management? - It would be a good idea to take a closer look at opportunities in estate management programme. <p>Neil Chamberlain responded as follows:</p> <ul style="list-style-type: none"> - This would be picked up as part of estates governance going forward, and we want board membership as part of this. It will be part of a five to six year plan. <p>3. Mark Kenyon raised a matter relating to the accounts for this financial year.</p> <ul style="list-style-type: none"> - Draft accounts are to be produced by end of May, with the final accounts signed off by end of July. - This schedule does not fit with JAC dates. - MK proposed that draft accounts are distributed to JAC before publication and included on the agenda for June JAC meeting. - Is it necessary to have extra meeting in July before they are published? <p>The Chair commented as follows:</p> <ul style="list-style-type: none"> - An extra meeting would be a possibility if necessary. - At what point will the draft report shared? <p>Mark Kenyon responded as follows:</p> <ul style="list-style-type: none"> - The intention is to share the draft once it is produced by end of May. - We met the end of May deadline last year, but it is a lengthy process. <p>The Chair agreed to arrange a date in July with the accounts being the only item on the agenda. LJ to arrange.</p>
294	<p><u>Item 5 - Internal Audit Strategy and Work Plan 2018/19</u></p> <p>Lynn Joyce presented the report.</p> <ul style="list-style-type: none"> - The purpose of the report was to provide the JAC with an understanding of

Internal Audit's risk-based approach to develop its Strategy and Plan, and the proposed Internal Audit Work Plan for 2018/19.

- The strategy sets out services, vision and values of the Internal Audit Team and summary of the resources for the year.
- The planning process was the same as last year. Risk registers were analysed and priorities in the Police and Crime Plan and the Force Ambitions Plan were considered. A process of ranking and prioritising audits as high medium and low then took place.
- There are sufficient resources to do all the high and majority of the medium audits this year.
- It was decided that it would not be appropriate to audit the missing persons' process this year, as it is currently being revisited.
- A reserve list has been produced which can be looked at if the audits on the priority list are completed.
- Many of the audits are new and allocating time can be difficult, so the plan needs to be flexible.
- The plan will be brought back to the Committee if changes need to be made.

Ernie Hendricks asked the following question:

- With reference to commission work-streams that the OPCC is involved in, i.e. gangs and violence commission, is there scope to look at these areas in the future?
- Is there scope in the future to review areas such as social and sustainability review which looks at our corporate social responsibility, alongside an environmental audit?
- Is there a need to bring forward the review on the General Data Protection Regulations (GDPR) which comes into effect in May?

Lynn Joyce responded as follows:

- The comments would be taken on board.
- Internal Audit are starting to pick up on issues around social sustainability. When they look at contract management or contract reviews these areas would be considered, e.g. in the supply chain.
- Gangs and violence can certainly be considered as a future subject.
- There is a formal project underway in terms of implementing GDPR. Internal Audit could link in with this.
- GDPR is applicable to both the Force and the PCC's office, so there may be 2 separate audits depending on whether there are 1 or 2 processes.

Waheed Saleem asked the following question:

- With regards to access to IT systems, can something be incorporated regarding access to apps and other new technologies now available so lessons can be learnt quickly, and risk can be picked up early?

Lynn Joyce responded as follows:

- This could be picked up in access and usage audit or as part of the mobility audit. This would track joiners, leavers and movers, and how access to information changes with the process

The DCC made the following comment:

- Within the Professional Standards report due to be presented at a Strategic Policing and Crime Board there is a private section on counter corruption, and within that the regime of force audits will be set out. This will enable the Force to determine whether they need to commission further audits.

	<p>Christine Barve made the following comment:</p> <ul style="list-style-type: none"> - Health and wellbeing and absence management were last reviewed in 2016/17. Whilst the rationale for deferring this to 2019/20 was understood there was still a concern. Can this be prioritised within the next calendar year? <p>Lynn Joyce responded as follows:</p> <ul style="list-style-type: none"> - Part of the health and wellbeing scope includes occupational health which is subject to a transformation project. A lot of the recommendations previously made were incorporated into the transformation project and Internal Audit will be doing some follow-up work on this and will report back any issues of concern. <p>Neil Chamberlain made the following comments:</p> <ul style="list-style-type: none"> - In terms of the regular audits that take place, a new financial system was implemented half way through the year and the work carried out by Internal Audit has been invaluable. <p>Jonathan Jardine made the following comment:</p> <ul style="list-style-type: none"> - In response to the point raised by Ernie Hendricks, the PCC's office engage with Lynn on the audit plan to identify areas of OPCC business that we would like to cover. - The approach is to work through all the functions of the office over time. The recommendation of the possibility of working with gangs and violence is one that will be considered. - This year's report covers victims compliance, custody visiting and an advisory review in support of the establishment of West Midlands CSP which is one of largest pieces of work in training this year - CMPG is possible for future years. - Next year we may be recommending something around ethics. <p>Ernie Hendricks said that it be useful to see list of what this might look like in the future.</p> <p>The Chair commented as follows:</p> <ul style="list-style-type: none"> - It would be good to see some forward thinking incorporated in the list on what Internal Audit might look at in the run up to a possible transfer of responsibilities. - The external review commented amount of work being done on the operational side, but that there was less on governance. - Some early thinking between Internal Audit, the PCC's office and the Committee about what other sort of areas may be helpful to look at. - Additional resource might be something to invest in in the light the risks of another change. <p>The Committee approved the internal plan for 2018/19.</p>
295	<p><u>Item 6 - HMICFRS Update</u></p> <p>Kath Holder presented the main points of the paper:</p> <ul style="list-style-type: none"> - Since the last JAC, there has been on-going work around force management statements. - The first force management statement will be completed by end of May 2018. - There was a significant amount of consultation around the first proposed template, and HMICFRS have since distributed a new template - This is a big piece of work, and Chief Superintendent Joanne Clews is leading on the work to develop a process around this. - HMICFRS are consulting forces on proposals for the new quarterly monitoring regime. This will involve asking forces for a core data set on a quarterly basis - Peter Davies has been appointed as the new Force Liaison Officer for HMICFRS

- PEEL will move to a single assessment which will start in the autumn. Field work should take place between September to December this year.
- The Force is still awaiting the recommendations register from HMIC
- Inspections completed since last meeting: – counter terrorism policing. This will be a single national report when released, expected around summer 2018.
- The Force has received Peel Effectiveness report 2017. The recommendations and areas of improvement are with the Force Executive team for consideration. The response will go to the PCC's office by end of April for the formal response.

The DCC made the following comments:

- Some of the outstanding recommendations have been superseded by the current PEEL effectiveness recommendations.
- In the latest 2017 inspection is recognition of the progress made against the 2016 recommendations
- The process can feel difficult when HMIC acknowledge progress, but the Force are unable to remove the recommendations from the list.
- There are new things in the latest report, but we should not become overly focused on things that have moved on substantially.

Waheed Saleem made the following comments:

- Regarding the PEEL inspection, can you comment on the overall grading from outstanding to requires improvement. What measures do you think can be made to the grading which is lower than what was expected?

The DCC responded as following:

- The Force was graded as good last year, not outstanding.
- HRMC effectiveness inspection 2017 came in to look at particular aspects as part of their risk based approach. They looked at management of mental health, missing persons; serious and organised crime.
- In 2016 there were concerns about the Force's approach to serious and organised crime. At that time the force felt that there was a misunderstanding in terms of their approach and the way things are done. They were looking for particular artefacts that they were used to seeing in other forces.
- WMP acknowledged that there was significant learning in the way they described their approach.
- This year they were very impressed with the Force's approach to serious and organised crime, and happy and complimentary with the approach taken to mental health. WMP is one of the few forces that have an established approach to mental health triage
- In terms of missing persons they acknowledged significant progress in the Force's response. There is work to do around first line supervisors reviewing the risk associated with missing people, but on a whole, the response of the locate team had improved.
- Whilst HMIC were inspecting the Force was dealing with the aftermath of the significant demands faced through summer 2017. They identified an issue with the number outstanding and open call logs, in particularly the length of time some had been open. WMP had significant debate with HMIC regarding the description of this challenge. Over 1000 of the cases were open, cases which were being actively being investigated.
- The Force acknowledged that they did not have a good doctrine for closing cases.
- Out of 2500 cases, HMIC found 3 which were of particular concern.
- WMP were actively investigating the cases and explained why they remained opened.

- HMIC have since changed some of their terminology.

Christine Barve made the following comments:

- Feels the report highlighted specifically the DASH issue but it would have been beneficial to have had some of the explanation in the report.
- It would be useful to understand the triggers which give inadequate assessment in those areas.

Kath Holder responded as follows:

- HMIC make assessments against each of the different areas then look at them as a whole. There is no precept bar.
- 2 areas which every force is always inspected on are vulnerability and investigative capacity to deal with this.

The DCC made the following comments:

- Very positive feedback was received from HMIC regarding the improvements on DASH.
- WMP demonstrated their improvement activity and the plan to implement DASH as a mobility app.
- WMP's policy has changed so that officers would complete DASH in every case.
- HMIC were satisfied that WMP were moving in the right direction.

Cath Hannon made the following comments:

- The main headline seems to be that WMP are inadequate at protecting vulnerable people.
- It would be good to see more detail about the valuable work which is being done in this area.
- Is there another narrative which could become a regular communication piece which redresses the poor publicity?

The DCC responded as follows:

- A more detailed response was shared with the media and partners which made clear the positive aspect of the work being done.
- The Chief Constable and the DCC have been discussing with HMIC the challenge WMP have when it comes to working within budget constraints and responding to volume. HMIC have commented about the level of resources available not being enough to respond the level of calls received, and a small number of calls pertaining to vulnerable people having slipped through the net.
- Despite the increase in precept, this year's funding means that WMP are still forced to go into their reserves to retain their staff numbers, whilst a number of UK forces have moved into a growth position.

Christine Barve commented that it might be useful for the JAC to be copied into these reports to give a better understanding.

Jonathan Jardine made the following comment:

- If you look at the broader context of the inspection report WMP is rated as good or outstanding in the area of efficiency.
- This force is not wasting money or resources, but is one that does not have enough resources to meet the level of demand.

Custody

Superintendent Paul Minor presented this item:

- The Force was revisited by HMIC on 20 March 2018 for a post inspection check

- It was a very positive meeting where the Force went through plan with the inspector and was advised that the inspection was good last year and had improved on that position.
- WMP have been told that they should expect the next visit to be in 5/6 years.
- Work done in January/February last year has put the Force in a good position.
- They are keen to focus on the health care aspect.
- The Force worked with a previous healthcare company for approx. 5 years. Towards the end of contract they were struggling to maintain custody nurses and staff, and they were not pleased with the service they were receiving
- A new provider was procured in September who have been outstanding, and every aspect of concern from the HMIC review has been addressed. They have provided 99.7% coverage of medical staff.
- 30,000 people come through custody who at some point will need medical care
- 5 areas concerns were raised through the inspection.
- **Ligature points:** Inspectors arrived with 3mm drill bit and 20 pence piece on the assumption that if these could fit into a hole, than a shoe lace would also fit.
- The majority of these have now been secured, but are struggling with Oldbury and Perry Barr custody suites
- Cell hatches to be installed at Coventry which will also address the ligature points are on order.
- **Drains:** the Force have been told that the drain are too big.
- Surveyors have said that if the drains are made any smaller they will not work effectively as drains.
- This issue has been managed by signage.
- Solihull and Bourneville are earmarked for closure so have not been invested heavily into other than correcting the immediate issues.
- **Provision of remand facilities** for youths: This has been an issue for a number of years as there is no secure holding locations in the West Midlands for young detainees. WMP are working with the Combined Authority on this issue, and are having monthly meetings.
- Improved the assessment of The Sergeants' ability to assess individuals has improved.
- **Use of force:** An online structure is now in place to record use of force.
- Improvements have been made in the collation of data, and working relationships the local authorities
- **The inability to draw off management performance manage data from the IT system:** ICIS is the system currently used. It does what it should do, but is less effective when it comes to drawing data from it.
- The connect team are currently working on a system to be implemented by 2019.

The Chair made the following comment:

- This is a very helpful report and it's good to know that we are working through the Combined Authority on the issue of accommodation for young people.

Ernie Hendricks made the following comment:

- Does it feel like there has been movement in that area of children in custody? The report did not give an idea of the scale of the problem.
- Is there scope for sound proofing to combat the sound problem in some of the buildings?

Superintend Minor responded as follows:

- Occasionally the Force sees just into double figures per month for children in custody.

- The number of arrests is lower than they used to be and there is an active approach to not having young people in custody if possible.
- The position where a young person is arrested, charged and needs to be remanded is a relatively unusual position.
- Because it is relatively usual situation, sergeants are sometimes unsure of whether the requirement is for a PACE or secure bed.
- The secure bed aspect has not improved, and there is no update on whether a facility will be built in the West Midlands.
- PACE beds are now found on a fairly regular basis.
- The Force have struggled where there is a crime in a childrens' home and the PACE bed found can sometimes be in that same home.
- With the support of the PCC and the Combined Authority, this is now moving in the right direction.
- Acoustics in the new custody blocks in Perry Barr and Oldbury are very good, and disruptions do not take pace in these facilities
- 2 of the smaller, older blocks could potentially close and the Force is looking at the potential of an additional facility to replace these. If this is achieved alongside the 2 superblocs, it should remedy the issue.
- Willenhall in Coventry does have poor acoustics, but has not been used in the last 12 months.

Waheed Saleem made the following comments:

- Can you give assurance that these issues will not arise in any new custody blocks?
- With regards to removing footwear and clothing, how difficult is it to make that assessment when the risk can change within 15 minutes?
- There are smaller issues in this report that should have been dealt with. What assurances do you have in place that will ensure that you are dealing with this as we have not been given an action plan?

Neil Chamberlain responded as follows:

- The ambition of the Force is to develop an Eastern custody suite, site to be confirmed.
- The Force has learnt from the development of the 2 new superblocs so will be designing out as many issues as possible during the construction phase

Superintendent Minor responded as follows:

- With regards to the shoes and belt issue, HMIC's view is that until proved otherwise people should be allowed shoes and belts.
- There are 4 levels of watching ranging from level 1 hourly checks are carried out, to level 4 where the door is left open and an office is placed directly outside to keep watch.
- The greatest risk can be a level 1 detainee, e.g. a middle age man arrested for drink driving. The chances are he will receive a driving ban, but the impact of this on his life can be significant making him vulnerable. Therefore, the approach that WMP take is the safest and most appropriate.
- With reference to the smaller issues in the report, much of the way standards are maintained in custody are via are audit checks, and by using dip sampling.

Jonathan Jardine made the following comments:

- With regard to children in custody a project is currently on-going to develop service specification so that a service can be commissioned.
- The PCC's office was disappointed that custody visiting was only mentioned in passing in the report. The office feels that this service adds value to the safety

of detainees and staff.

- The office has looked at training for custody visitors and is the process of revising the form used to include ratings, and questions about the broader context in the facility. Satisfactory and unsatisfactory tick-boxes have been included.
- It is much easier for the team to identify where a custody visitor has raised an issue than is currently the case.
- The report says the list of Appropriate Adults (AAs) is maintained by the OPCC. This is only for AAs for adults.
- AAs for adults is nobody's statutory duty which is why the West Midlands PCC has recruited volunteers to do this.
- The office is working with colleagues in CJS to ensure they have access to a full list of AAs for adults who are available at any given time.
- The service for AAs for children is provided by local authorities.

Gurinder Josan made the following comment:

- What is the capacity within the Force to address the issues mentioned in the report?

The DCC responded as follows:

- This is a common theme through HMIC inspections.
- When you look at the efficiency inspection the Force is scored as outstanding.
- WMP have started dialogue with HMIC nationally to say that this is conflicting and to see what can be done.
- The Force do not want to complain about inspections as there are areas which do need to be addressed and where drive efficiency can be driven, but there is the need to challenge resourcing assertions.
- The NPCC has been pushing for HMIC to cost their recommendations.
- Force management statement requirement is to set out their own assessments within their forces about what the opportunities and risks they might face in their areas, also their current and future capabilities.
- In principle the Force supports the idea of a force management statement which would enable them to articulate in a more consistent manner across policing nationally.

Christine Barve made the following comment:

- It would be really useful to get the national picture.

Jonathan Jardine made the following comment:

- In addition to the engagement with HMIC, there has been an efficiency inspection review since inspection of the CJS department as a whole which has made a number of recommendations, some of which relate to the custody function

The Chair made the following comments:

- This has been quite a comprehensive discussion.
- As there is no external inspection for next 5-6 years, we may need to factor in an internal inspection to ensure that the dip sampling is happening and is not highlighting anything and that other aspects are being kept up to date.

Lynn Joyce clarified that an internal audit of custody is currently underway.

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Item 7 - Risk Management update

Kath Holder presented the main points of the paper:

- There has been a further review since the papers were circulated. The Corporate Risk Register was reviewed by Force Executive on 28 March 2018.
- A new risk was identified through the Crime Governance Board around disclosure.
- A couple of risks have moved, the biggest being force resilience.
- The Chief Constable has asked for another workshop to look at targets around the risk register.

Ernie Hendricks asked the following question:

- Should the transition to the Mayoral office be on the register?

The Chair made the following comments:

- It is about working out where the risk is going to sit. Is it a risk for the current organisation?

Waheed Saleem asked the following questions:

- Can you give some assurance that there are currently no outstanding issues of disclosure and that there is a system in place to ensure this risk is managed?
- Are you comfortable with the residual risk score?

The DCC responded as follows:

- There is a lot of governance around this issue, and the Force has been working closely with senior CPS leaders locally.
- They have been following national guidance.
- Issues were picked up in the HMIC inspection around management of disclosure and the Force is working through these.
- If there is mobile data it can mean 30,000 pages of data need to be examined by an officer.
- There is a challenge in understanding requirements and delivery.
- Within the Professional Standards reports due to go to the Strategic Policing and Crime Board, there is private section which will address counter corruption, and in the paper the Force will set out its regime of force audits

Cath Hannon made the following comment:

- It would be helpful to share what the PPU vulnerability assessment looked like.

The DCC confirmed this could be shared, and that it was continuously being developed.

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Item 8 - Internal Audit Update

Lynn Joyce presented the main points of the report:

- Since the last report 8 audits have been completed to final report stage, 5 of which had a limited assurance opinion.
- 5 reports are in draft, awaiting management comments.
- A further 2 have been issued since the report was drafted.
- In addition to the reports an additional 16 follow-up reviews have been carried out, totalling 42 follow-ups this year.
- The implementation rate is now 85% for those audits.
- Table 4 highlights the high and medium recommendations made over the last 4 years. There is an implementation rate of 87% for the 162 recommendations made.
- Most of the performance indicators are on target as at the end of February.
- There is a slight underperformance on client satisfaction.

	<ul style="list-style-type: none"> - Good progress is being made on the action plan from the November inspection. <p>The Chair commented that performance against the final item was very good.</p> <p>Waheed Saleem made the following comment:</p> <ul style="list-style-type: none"> - The IR35 is concerning and the definition of this needs to be looked at again regarding the Force. <p>Ernie Hendricks asked the following question:</p> <ul style="list-style-type: none"> - When would training for JAC be scheduled? <p>Lynn Joyce responding as follows:</p> <ul style="list-style-type: none"> - CIPFA are due to issue revised guidance for internal audit committees, including police audit committees. This is currently awaiting publication. - Once the guidance is available we will see if it highlights any concerns were training may be required or the TOR needs revisiting. - At that point we will liaise with the Chair regarding future training. <p>Neil Chamberlain made the following comment:</p> <ul style="list-style-type: none"> - The conservation policy has been approved, just awaiting an action plan on how it will be implemented and delivered. <p>Cath Hannon made the following comments:</p> <ul style="list-style-type: none"> - Regarding the work on Victim's Code Compliance: the point on dovetailing of WMP's system with victim support. Just to give some reassurance that in my role as victim lead this is being picked up as a piece of work. <p>The Chair made the following comments:</p> <ul style="list-style-type: none"> - Number of audits coming back with limited assurance is reassuring as a year ago there were concerns from the Committee about the rigour of the internal audit process. - Reports being more critical demonstrate that inspections are now more rigorous. <p>Lynn Joyce made the following comments:</p> <ul style="list-style-type: none"> - Limited assurance is to be expected when auditing around the key risks of the organisation. - The team are focusing on what the key risks are, whilst often going through period of change. - The majority of audits which are currently in draft are reasonable opinions.
<p>298</p>	<p><u>Item 9 - Treasury Management Strategy</u></p> <p>Mark Kenyon went through reason for report and presented the main points.</p> <ul style="list-style-type: none"> - The report sets out the level of debt which has been the same for number of years c. £47m. - The level of debt is low compared to other PCCs. - £1m invested in various institutions. - The report provides a narrative around interest rates which are due to rise again this year. - The long-term investment strategy and treasury management strategy are very similar to what we do at the moment. - The report does not include any indication of the estates strategy. - Over the next 5 years we will be looking at improving investment returns by potentially looking into investing c.£5m in a property fund. - Contact has been made with an organisation called CCLA (Churches, Charities

	<p>and Local Authority) which specialises in local authority and public sector investment in property funds</p> <ul style="list-style-type: none"> - This would be a long terms investment. <p>The Chair pointed out that she was familiar with CCLA property fund which is primarily used by districts councils.</p> <p>Ernie Hendricks made the following comment:</p> <ul style="list-style-type: none"> - The last line of report mentions local authorities running into difficulties. Does this need to be looked at again? <p>Mark Kenyon responded as follows:</p> <ul style="list-style-type: none"> - LAs are under a lot of financial pressure currently. If LAs remove their money at the same time how that will play out is a potential risk which is being considered. <p>Waheed Saleem made the following comments:</p> <ul style="list-style-type: none"> - As well as issues with the ratings of LAs there is a concern that over 95% of the investments in the UK based entities invested in are LAs. What analysis has been done on the viability of the LAs investing in? - Do we need to do a fundamental review of the strategy and what we want to achieve? <p>Mark Kenyon responded as follows:</p> <ul style="list-style-type: none"> - The liquidity of LAs does need further consideration. - LAs do not have the ability to go bust. <p>Waheed Saleem made the following comment:</p> <ul style="list-style-type: none"> - If there is a debt against a LA, there is no guarantee that the government will repay that money. <p>Mark Kenyon responded as follows:</p> <ul style="list-style-type: none"> - We are open to looking into issues of that nature, but it comes down to the risk. <p>Neil Chamberlain made the following comment:</p> <ul style="list-style-type: none"> - The LAs that the force invest in tend to be short-term i.e. 5 – 7 days. - The force has been traditional in the past and is now trying to more creative. <p>The Committee gave approval of the Treasury Management Strategy, but noted the caution with which those permissions are used. The Committee will receive a mid-year review of activity which could include an updated position on the CCLA fund.</p>
<p>299</p>	<p><u>Item 10 – Accounting Policies</u></p> <p>Abi Preston went through the main points of the report:</p> <ul style="list-style-type: none"> - There were very few financial reporting systems that were introduced or amended that impacted local authority accounts this year. - The introduction last year of having a narrative report at the start of statement, there seems to be a lot of work on producing narratives. The note within section 5 shows the elements to be considered when creating a narrative report. - The narrative in the accounting system will need to be reviewed by the Chief Finance Officer. - Most of the changes in the accounting policy relate to slight adjustments due to the introduction of the new finance system. - Critical judgement was changed last year due to the way information had to be presented.

	<ul style="list-style-type: none"> - The statement of accounts which was published last year has not changed and the critical judgements are the same. <p>The Committee agreed that these were the standards to be used.</p>
<p>300</p>	<p><u>Item 11 - Joint external plan</u></p> <p>Emily Mayne presented the main points of the report:</p> <ul style="list-style-type: none"> - Management override of controls is a standard risk which will be in everyone's audit plan. - Valuation of the PCC's property, plant and equipment and the valuation of the pension fund's net liabilities are the same as last year. - Issues around the Ledger transfer have already been discussed, and they are working with the finance team to implement. - They are currently unable to gain assurance over the data being transferred from old ledger to the new ledger. Therefore, they are not as far through the interim testing as they would have hoped. This work is on hold until they can work out how they can gain the assurance required. They are working with the finance team on this matter. - Materiality is assessed to be £12.7m this year, based on 2% of forecast growth expenditure for the year. Any changes to this will be reported back to the Committee. - 3 risks associated with value for money have been identified: <ul style="list-style-type: none"> o the financial standing o the WMP2020 transformations and how they are embedded and the benefits being realised o the arrangements to ensure successful delivery of the Police and Crime Plan - Grant Thornton have assigned some extra days in April for the interim visit - From 23 April no additional resource can be put in until they come in at the end of May with the draft accounts, however, communications will be maintained. - The audit fee which has been set by PSAA for financial year for the PCC is £42,368, and for the Force - £ 22,500. Any changes to that will be brought back for agreement. Changes would need to be agreed with PSAA. - Reasonably possible risks outlined on page 8 are not deemed to be significant, but risks seen in the financial statements each. Grant Thornton will be looking in detail at employee remunerations, operating expenses and the pension's work - Work has been done around the data being submitted to the Government actuarial body at year 31 March 2018 which will feed the next triennial review. <p>Neil Chamberlain made the following comments:</p> <ul style="list-style-type: none"> - The finance team has implemented a new system this year which has been a huge demand on time and resources. - Still working with Oracle to obtain all the information that is required. <p>The Chair made the following comments:</p> <ul style="list-style-type: none"> - There were no huge surprises contained in report. - As Grant Thornton were involved in the Manchester transfer from OPCC to the Mayor, they might be able to provide some learning in preparation for the potential West Midlands transfer in two years' time <p>Emily Mayne responded as follows:</p> <ul style="list-style-type: none"> - Grant Thornton will provide whatever they could. - Paul Grady is the engagement for Manchester and the MET. - The only caveat on that that each area has their own unique governance on this.

	The Committee agreed to accept plan.
301	<p><u>Item 12 – External Audit Progress Report and Sector Update</u> Emily May went through the main points of the report pointing out the much of the information in the report was aligned with the presentation of the plan.</p> <ul style="list-style-type: none"> - In terms of the financial statement audit, there are blocks of time which are used to come in and undertake initial planning, preparation of the audit plan, understanding of the control environment and early substantial testing. - In terms of value for money, they have undertaken a detailed risk assessment and will have meetings over the next few months to pull out the findings. This process has already started. - Grant Thornton is on track to deliver at this stage, although there are risks around delivery of the final accounts on 31 July but they will keep the Force updated on this.
302	<p><u>Item 13 – Joint Audit Committee Terms of Reference and Work Programme 2018/19</u> The Chair stated that there were no changes proposed to the ToR at this time. If this position changes, it will come back to the Committee.</p> <p>Lynn Joyce went through the main points of report and reiterated what the Chair had said.</p>
303	<p><u>Item 14 - External KPIs</u> Mark Kenyon gave a verbal update.</p> <ul style="list-style-type: none"> - Neil Chamberlain and Mark Kenyon now have regular meetings with Emily Mayne and Paul Grady to talk through any issues. - Concerns were expressed about what happened last year and it was accepted that it needed to be better. - Grant Thornton has been external auditors for the Force for a while now and will be carrying out audits for the duration of their 5 year contract. - KPIs will continue to be monitored. - The umbrella organisation which appoints external auditors (PSAA) is setting up a local audit quality forum – first meeting April, MK and GJ attending. One of main objectives will be the delivery of clearly defined performance indicators. - Will report back to June meeting on how this is developing. <p>The Chair made the following comments:</p> <ul style="list-style-type: none"> - An update would be useful to the next meeting - Would like a conversation with Mark Kenyon before it is fed back to the Committee.

Ended 12:02