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# **JOINT AUDIT COMMITTEE (JAC)**

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**Minutes from public  
meeting held on 28 June  
2018**

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**JOINT AUDIT COMMITTEE  
PUBLIC MINUTES**

Notes of the meeting held on Thursday 28 June 2018, Meeting Room LH G2  
Lloyd House, Colmore Circus, B4 6NQ

**Present:**

- Sue Davis - Chair
- Mark Kenyon - Chief Finance Officer- PCC
- Lynn Joyce - Head of Internal Audit – PCC
- Ernie Hendricks (EH) - Strategic Policing and Crime Board (SPCB) Member
- Waheed Saleem (WS) - Strategic Policing and Crime Board (SPCB) Member
- Louisa Rolfe (DCC) - Deputy Chief Constable
- Paul Grady - Grant Thornton
- Emily Mayne - Grant Thornton
- Kath Holder - Organisational Learning & Risk Manager WMP
- Abi Preston - Senior Accountant - West Midlands Police
- Caroline Jones - Assistant Director Finance - West Midlands Police
- Paul Drover - Superintendent - West Midlands Police
- Janey Barrett - Insurance and Risk Manager - West Midlands Police
- Dean Sweet - Assistant Director People and Organisational Development - West Midlands Police

Plus note taker

<b>308</b>	<u>Item 1 - Apologies</u> Apologies were received from Cath Hannon, Gurinder Singh Josan, Neil Chamberlain, Jonathan Jardine, Christine Barve
<b>309</b>	<u>Item 2 - Declarations of Interest</u> No interests were noted.
<b>310</b>	<u>Item 3 – Minutes of the last meeting:</u> <a href="#">Minutes of 29 March Public Meeting</a>  <u>Public minutes</u> The minutes were agreed as a true record.  <u>Private minutes</u> The minutes were agreed as a true record.
<b>311</b>	<u>Item 4 - Matters Arising</u>  <u>Update on External Audit KPIs</u> Mark Kenyon gave an update on a conference he attended along with Gurinder Singh Josan, hosted by Public Sector Audit Appointments Organisation held in April. This was an opportunity to discuss various issues around audit, including the quality arrangements which will be in place when the new contracts start.  Following the conference a note has been distributed to members of the Committee, which included the following issues:

	<ul style="list-style-type: none"> <li>- Big issue around instability of finances around the public sector.</li> <li>- The need for audit committees to perform their roles effectively.</li> <li>- Method statement which firms will be assessed on.</li> <li>- Expected training.</li> </ul>
312	<p><u>Item 5 - HMICFRS Update</u> <u>PEEL Effectiveness Review</u></p> <p>Kath Holder went through paper: <a href="#">HMICFRS Update</a></p> <p>The Committee asked the following questions</p> <ul style="list-style-type: none"> <li>- Did the inspection team provide any good practice / areas of concern for the fraud inspection due to be reported in autumn? <b>(WS)</b></li> <li>- There is scope for learning from the State of Policing Report. <b>(EH)</b></li> </ul> <p>The Force responded as follows:</p> <p>RE Fraud report</p> <ul style="list-style-type: none"> <li>- It is recognised how busy WMP are at the moment and the inspection team acknowledged WMPs plans.</li> <li>- There are challenges around national referral mechanisms.</li> </ul> <p>RE State of Policing report</p> <ul style="list-style-type: none"> <li>- WMP is in a similar position to other large forces.</li> <li>- WMP was assessed as outstanding in its use of resources.</li> <li>- The effectiveness strands identified that there is insufficient resources in core areas of business.</li> <li>- There is more to do around vulnerability.</li> <li>- There is a good understating of the inspection criteria.</li> <li>- WMP deal with some of the highest levels of demand nationally, i.e. deprivation, lower education, and have faced some of the biggest cuts in comparison to other forces.</li> <li>- The Force has challenged some of their recommendations, i.e. the Force PDR system as meaningful investment has been made in areas which supports staff.</li> <li>- The Force is confident of a better assessment this year as significant improvement made in People and Organisation Development.</li> <li>- Progress is being tracked this year. Every recommendation has been looked at robustly and there is a good plan to achieve.</li> </ul> <p>The Chair made the following comments:</p> <ul style="list-style-type: none"> <li>- The burden that regulation places on the Force has been previously raised by both the Chief Constable and the PCC.</li> <li>- Is there continual pressure from forces on regulators to think about what they are asking for?</li> </ul> <p>The Committee made the following comment:</p> <ul style="list-style-type: none"> <li>- There are forces within the table which appear to be doing consistently well. Is work being done to see why this is the case? <b>(EH)</b></li> </ul> <p>The Force responded as follows:</p> <ul style="list-style-type: none"> <li>- Different forces have different challenges, i.e. Thames Valley do not have the multiple overlaid challenges which WMP have.</li> <li>- The Force does look at how others do it.</li> <li>- Went to the HMICFRS briefing to look at approach to integrated appeal.</li> <li>- There does not appear to be any reduction of the burden on police forces.</li> <li>- This is a challenging environment and WMP are doing their best to address this.</li> </ul>

- HMICFRS are trying to take a risk based approach.
- Also conscious that they will be looking at data on a twice yearly basis.
- The Force is in a position where there is a lot of work to inform the risk based assessment.
- Aiming to show the Force liaison lead the processes in place before he arrives in November to lead inspection.

The Chair made the following comment:

- Committee noted the continuing concern over the burden of the regulations.

Online and on the edge: real risks in a virtual world

Paul Drover presented the main points:

The Committee asked the following questions:

- How are you dealing with the disclosure element when capturing post-detention evidence digitally to support the investigation? **(WS)**
- Does technology such as the dark web etc. pose a risk? **(WS)**
- There are 12 recommendations in the report. With only 2 intelligence officers, do you feel confident that you can meet the deadlines? **(EH)**

The Force responded as follows:

- There are number of forums established with CPS locally in relation to approach towards disclosure and the Force has good working relationships with CPS colleagues.
- The Force is linked in with the guidance coming from DPP.
- Disclosure has never posed an issue.
- Working groups have been set up with the head of Complex Cases Unit.
- Can do initial capture and investigations. This is an established process now in terms of seizure, examination and presentation of evidence. This does not pose a problem
- As technology evolves, e.g. encryption, so do police and approaches and techniques, and it will continue to evolve.
- There is dedicated team from the intelligence department to support us.
- A number of the recommendations overlap.
- Awaiting a national profile of online CSE, which will be a useful starting lynch pin.
- Across the board WMP are progressing well.

**313** Item 6 Risk Management Update, including Force Risk Register and OPCC Risk Register [Risk Management](#)

Force risk register

Kath Holder presented the main points from the Force risk register:

[WMP Risk Management Update Appendix A](#)

The Committee asked the following questions:

- Disclosure issue rating still red even with mitigating actions. Should this still be red or should it be lowered? **(WS)**
- Is the Force assured that Information security should be low after mitigation put in place? **(WS)**

The Force responded as follows:

RE Disclosure risk:

- Disclosure is a challenge for policing nationality. There are 2 distinct areas: high profile cases particularly rape and sexual offences, and where convictions have not been secured.

- There is a high degree of confidence around WMP plan.
- The Force is meeting with CPS, and all cases going through trial or have recently been through trial have been looked at.
- Secondary disclosure, which ensures the defence team must set out their evidence, is often not complied with which makes it difficult nationally.
- The Force is working to ensure that every investigator has significant knowledge and understanding to deliver requirements around disclosure.
- There is a difficulty in balancing training against operational requirements.
- There is a high degree of confidence with rape and sexual assault.

RE Information Security Risk:

- There is a dedicated lead on security and a professional approach is taken.
- The team routinely carry out penetration testing, audits of premises, reviewing how we store documents and information etc.
- There are some challenges around information management relating to old legacy systems which are transitioning through to new systems.
- Back record conversion requires a lot of work but there is a high degree of audit around this.

The Committee made the following comments:

- New systems are a significant risk. It just takes one system to fail to have a huge impact and generate additional risk. **(WS)**

The Chair responded as follows:

- This should be **noted as a matter arising** to be picked up at next meeting.

PCC risk register: [PCC risk register - Appendix B](#)

The Chair noted the Force and PCC documents differed in terms of amount and level of risk on the PCC's register in comparison to the Force. Taking a corporate view ensuring you are seeing something at same level may be something to bear in mind.

Mark Kenyon responded as follows:

- The PCC's register is set around development of the Police and Crime Plan.
- Mitigation is set out in the register.

Mark presented the main points of the PCCs risk register. No questions were raised by the Committee.

**314** Item 7 Internal Audit Update:

Lynn Joyce went through the main points of the report: [Internal Audit Update](#)

The Committee made the following comments:

- Did the problems which arose in debtors and creditors lie with the system or the inputters? If the latter, what are you doing to ensure you have staff have been fully trained? **(WS)**
- What planning was in place to deal with the shift between the old and new system? **(WS)**
- Regarding the double payments that were made, what assurances can you give to the PCC and the public that no public money is being wasted? **(WS)**
- Can you give assurances that things are being put right and you have claimed back all the money for double payments? **(WS)**

Dean Sweet responded as follows:

	<ul style="list-style-type: none"> <li>- A lot of work was done leading up to implementation. Significant progress made since audits undertaken</li> <li>- The system is now thoroughly implemented and a daily checking process is in place which ensures no duplicate payments are made and staff doing checks.</li> <li>- Historical checking going back 18 months was also carried out.</li> <li>- The new system was a significant transformation for staff.</li> <li>- The Force is at a stage where it is maximising the potential of the new systems.</li> <li>- Errors are not widespread. All double payments have now been recovered or are in recovery.</li> </ul> <p>The Chair asked the following questions:</p> <ul style="list-style-type: none"> <li>- What has been learnt from this experience?</li> <li>- Would it have been helpful if there had been wider user testing or was it a training issue?</li> <li>- What assurances can you give that down the line there will not be a repeat of these issues?</li> </ul> <p>The Force responded as follows:</p> <ul style="list-style-type: none"> <li>- There would be no changes to the implementation timeline, as we have received a transformation, but more time could have been spent on training staff.</li> <li>- Learning has been shared across the Force.</li> <li>- The Force has moved from a manual outdated system to the latest technology. Over time it will be a great investment which will enable us to carry out analysis of better use of money.</li> <li>- This is a huge implementation and the issues identified have been minimal and are not unusual for transformation of this size.</li> <li>- This system will give our communities better assurance.</li> </ul> <p>The Chair made the following comments:</p> <ul style="list-style-type: none"> <li>- This report is a text book example of the value of audit and the value of management working with audit.</li> </ul> <p>The Committee asked the following question:</p> <ul style="list-style-type: none"> <li>- There are lots of Reasonable and Minimal, never any substantial. Are you confident about assessment of indicators/process that give the overall ratings? <b>(EH)</b></li> </ul> <p>Lynn Joyce responded as follows:</p> <ul style="list-style-type: none"> <li>- This is the nature of a risk based audit plan. Reasonable and limited means it is an adequate framework.</li> </ul> <p>Grant Thornton made the following comment:</p> <ul style="list-style-type: none"> <li>- They previously had the same concerns.</li> <li>- This as an improvement in the Force's understanding of risk.</li> </ul>
<p><b>315</b></p>	<p><u>Item 8 Annual Governance Statements</u></p> <p>Mark Kenyon went through report.</p> <p><a href="#">Annual Governance Statements</a></p> <p><a href="#">PCC Annual Governance Statement</a></p> <p><a href="#">WMP Annual Governance Statement</a></p> <p><a href="#">JAC Annual Governance Statement</a></p>

	<p>The Committee requested that the level of community engagement the PCC's office is involved in could be reflected in the document. <b>(EH)</b></p>
<p><b>316</b></p>	<p><u>Item 9 Statement of Accounts</u></p> <p>Mark Kenyon presented the annual statement of accounts:  <a href="#">Statement of Accounts 2017/18</a>  <a href="#">Chief Constable of WMP: Statement of Accounts</a>  <a href="#">PCC for the West Midlands: Consolidated Statement of Accounts 2017-18</a></p> <p>The Committee asked the following question:</p> <ul style="list-style-type: none"> <li>- Can you comment on the £1.8m from reserves which was used to balance budget? <b>(WS)</b></li> </ul> <p>Mark Kenyon responded as follows:</p> <ul style="list-style-type: none"> <li>- In terms of expenditure, it means we overspent on some areas.</li> <li>- It is published on the website where the overspend lies.</li> <li>- He is satisfied that budget going forward has been adjusted accordingly.</li> </ul> <p>DCC Rolfe responded as follows:</p> <ul style="list-style-type: none"> <li>- This is predominantly down to the 1% consolidated pay increase which was unforeseen.</li> </ul> <p>The Committee made the following comments:</p> <ul style="list-style-type: none"> <li>- Any additional pay increases and demand on policing will quickly diminish reserves. <b>(WS)</b></li> <li>- We still have a large amount of challenges and quite clearly the budget is not sufficient. <b>(WS)</b></li> </ul> <p>The Chair made the following comments:</p> <ul style="list-style-type: none"> <li>- Reserves are public money that have been built up.</li> <li>- Is there a strategic view on how those reserves will be used over the coming 3-5 years?</li> </ul> <p>Mark Kenyon responded as follows:</p> <ul style="list-style-type: none"> <li>- £20m reserves shows there are financial pressures.</li> <li>- Much of the spend is investment in the change programme.</li> <li>- The fact that we are drawing down a considerable amount of reserves is an issue.</li> <li>- We have a medium term financial plan which reflects the Police settlement, which is in line with what we anticipate in the future.</li> <li>- We are privileged that we have money that can be used.</li> <li>- The overspend was highlighted throughout the year and set out in the budget report.</li> </ul> <p>Grant Thornton responded as follows:</p> <ul style="list-style-type: none"> <li>- The discussion a year ago was that the reserves would not be used for balancing the budget, but would be used for strategic investment.</li> </ul> <p>The Force made the following comments:</p> <ul style="list-style-type: none"> <li>- We need to be aware of reliance of use of reserves at the outset when looking at the estates strategy. It is important to ensure that the property is fit for purpose and cheaper to run.</li> <li>- A challenge at the moment is that we have built in this at the PCC's request a</li> </ul>

	<p>delay to assess the social value of some of the estate.</p> <ul style="list-style-type: none"> <li>- The precept increase has different effects in different forces. WMP is highly dependent up on police grant. WMP are still spending reserves.</li> <li>- It is important to say that council tax increases mitigates the deficit within the budget.</li> </ul>
<p><b>317</b></p>	<p><u>Item 10 Insurance Update</u>  Mark Kenyon went through main points of the report  <a href="#">Insurance Arrangements</a></p> <p>The Committee asked the following questions:</p> <ul style="list-style-type: none"> <li>- Have we ever claimed against the policy? <b>(WS)</b></li> <li>- How many claims have there been over last 12 months that we had to pay over £300k? <b>(WS)</b></li> <li>- With insurance premiums being so high, is there an option to self-insure? <b>(WS)</b></li> </ul> <p>The Force responded as follows:</p> <ul style="list-style-type: none"> <li>- We insure for up to £300,000 per incident ourselves.</li> <li>- We do not know what is going to happen and we are considered high risk several reasons i.e. blue light motor risk.</li> <li>- The Force has taken the decision to have certainty in an uncertain climate.</li> <li>- High value claims can take years to roll out, with the highest claim going back to 2007.</li> <li>- Claims for medical conditions can go on for years.</li> </ul> <p>The Committee asked the following:</p> <ul style="list-style-type: none"> <li>- Has having a national scheme like the NHS which would be managed internally been looked into? <b>(WS)</b></li> </ul> <p>The Chair commented that this was probably not something which could be looked at right now but one to consider in future.</p> <p>The Force commented that the suggestion would be taken to the Chief Constable to raise at Chief's Council.</p>
<p><b>318</b></p>	<p><u>Item 11 Internal Audit Quality Assurance and Improvement programme</u></p> <p>Lynn Joyce went through the main point of papers:  <a href="#">Quality Assurance and Improvement Programme 2018/19</a></p> <p>The Chair commented as follows:</p> <ul style="list-style-type: none"> <li>- This demonstrates good improvement and robust systems which is reassuring and the Committee would want to acknowledge this.</li> </ul> <p>The Committee made the following comments:</p> <ul style="list-style-type: none"> <li>- The Internal Audit charter underpins a lot of this work and it would be prudent to link this more to the Charter. It would also be useful to consider best practice in terms of internal audit professions. Are we looking at what other institutions are doing in terms of quality etc? <b>(EH)</b></li> </ul> <p>Lynn Joyce responded as follows:</p> <ul style="list-style-type: none"> <li>- The comments would be taken on board.</li> <li>- There are networking opportunities available, so will pick up best practice.</li> </ul>



319	<p><u>Item 12 Internal Audit Annual Report 2017/18</u></p> <p>Lynn Joyce went through the main point of papers: <a href="#">Annual internal Audit Report 2017/18</a></p> <p>The Committee raised no questions.</p> <p>The Chair commented on the positive improvement in Internal Audit over the year and thanked the team for their work.</p>
320	<p><u>Item 13 External Audit - Progress Report and Sector Update</u> <a href="#">External Audit - Progress Report and Sector Update</a></p> <p>The Committee asked the following questions RE sector update:</p> <ul style="list-style-type: none"> <li>- Has anyone in WMP had a look at this in relation to goods and services and whether there is scope to do more? <b>(EH)</b></li> </ul> <p>The Force responded that this was of interest to Neil Chamberlain and the Commercial Board which is being set up to look for wider opportunities to collaborate with other forces.</p>
321	<p><u>Item 14 External Audit - 2018/19 Fee Letter</u> <a href="#">External Audit - 2018/19 fee Letter</a> <a href="#">WMP Chief Constable 2018/19 Fee Letter</a></p> <p>Mark Kenyon– few people were concerned about quality of audit going forward given the fee reductions</p> <p>Grant Thornton responded as follows:</p> <ul style="list-style-type: none"> <li>- The sector as a whole are concerned at the low level of fees set by PSAA.</li> <li>- Some of the fee reductions also comes down to economies of scale and they no longer have the costs that the commission previously had.</li> <li>- There will be no difference in the service that Grant Thornton provide in terms and standard and quality of audit.</li> </ul>
322	<p><u>Item 15 Joint Audit Committee Annual Report 2017/18</u> <a href="#">JAC Annual Report 2017/18</a></p> <p>The Chair introduced the report which was noted.</p>
323	<p><u>Item 16 Joint Audit Committee Work Plan 2018/19</u> <a href="#">JAC Work Plan</a></p> <p>It was agreed that the plan mirrored the plan which was agreed at the March JAC meeting.</p> <p>There was no other business</p>

The meeting ended at 12:02