
JOINT AUDIT COMMITTEE (JAC)

**Minutes from public
meeting held on
27 September 2019**



JOINT AUDIT COMMITTEE (JAC) PUBLIC MINUTES

Notes of the meeting held on Friday, 27th September 2019
Meeting Room LH G2
Lloyd House, Colmore Circus, B4 6NQ

Present:

Sue Davis	- Chair
Mark Kenyon	- Chief Finance Officer – PCC
Louisa Rolfe	- Deputy Chief Constable - WMP
Jonathan Jardine	- Chief Executive Officer – PCC
Gurinder Singh Josan	- Strategic Policing and Crime Board (SPCB) Member
Ernie Hendricks	- Strategic Policing and Crime Board (SPCB) Member
Davinder Jagpal	- AD Finance – WMP
Kath Holder	- Organisational Learning and Risk Manager – WMP
Paul Grady	- Director, Grant Thornton
Emily Mayne	- Engagement Manager, Grant Thornton
Gemma Brookes	- Principal Auditor
Deborah Johnson	- Inspector

Plus note taker, webcaster & an observer

394	Item 1 - Apologies Apologies were received from: Neil Chamberlain - Director of Commercial Services (WMP) Lynn Joyce - Head of Internal Audit (PCC) Dr Cath Hannon – SPBC Board Member The Chair advised that Vice Chair - Christine Barve had recently resigned, expressed thanks for her services and expressed best wishes for the future. The Chair also welcomed Gemma Brookes for attending on behalf of Lynn Joyce.
395	Item 2 - Declarations of Interest As Chair of a local Mental Health Trust, the Chair declared an interest in item 5 and advised that if a discussion on the mental health audit took place in the absence of a Vice Chair, the Chair would be handed to Ernie Hendricks.
396	Item 3 – Minutes of the last meeting The minutes of the previous meeting held on 28 th June and the extraordinary meeting held on 25 th July were agreed as accurate records of proceedings.
397	Item 4 - Matters Arising Mark Kenyon noted the publication of accounts and final certificate from the July committee meeting have been issued and are available on the website.
398	Item 5 – Internal Audit Update <i>Presented by Gemma Brookes</i> The report was circulated in advance of the meeting and therefore Gemma Brookes highlighted key points from this report:

- 7 audits completed to final showing 2 audits with limited assurance. 4 audits are in draft.
- 14 follow ups completed showing an 83% implementation rate.
- Table 4 highlights progress of recommendations categorised as high or medium. 74% have been implemented with 23 recommendations on-going.
- The National Fraud Initiative (NFI) investigations continue into the recommended matches. Recovery is in progress for £16k of pension overpayments and £3.5k in duplicate invoices.
- Table 5 highlights key performance indicators. Actuals are roughly the same as this time last year with good progress being made.
 - Ernie Hendricks asked why the recommendation for detained property detailed in the table of outstanding recommendations is taking so long to implement.

Gemma Brookes responded that there is an expectation that this recommendation may be redundant due to Central Property Stores being implemented, but we are awaiting confirmation from Management. Monthly reminders have been issued, but no response has been received as yet.

- The Chair noted an action for the Assistant Director to be invited to the next Joint Audit Committee if the recommendations are not closed off by December.
- Gurinder Singh Josan referred to para 4.4 and 4.8 regarding the recommendation implementation rate of 83% (74% for significant recommendations) and asked how this compares to other similar types of authorities.

Gemma Brookes advised that this would be collated ahead of the next meeting. Gemma added that the rate is similar to the same time last year (84% implementation rate reported in September 2018.)

- The Chair asked with regards to overpayments to deceased pensioners, how often is the conclusion that something fraudulent has happened as opposed to next of kin forgetting to inform us?

Gemma Brookes believes the majority of cases were due to late notification. Gemma advised that she would confirm this and report back to the committee.

Chair was handed to Ernie Hendricks.

The Chair advised that Mental Health received limited status and asked for questions.

- The Chair asked about difficulties in OASIS identifying calls relating specifically to mental health, from the update from management it wasn't clear what has been put in place to remedy this.

Gemma Brookes responded that as part of the response from management they have introduced the national mental health definition. This has been circulated now which should increase the consistency in recording of mental health related calls for service.

- Sue Davis asked whether the force have made direct representations to the partnership of mental health providers (MERIT) as opposed to contacting the four partners individually. If this is a common problem it may be something better addressed through their own partnership.

DCC Rolfe advised that Assistant Chief Constable Jayne Meir is responsible for mental health and has been speaking to partners, but not sure if delays have been discussed

	<p>with MERIT as opposed to individual partners. DCC Rolfe will discuss this with ACC Meir and report back to the next meeting.</p> <p>Chair was handed back to Sue Davis.</p> <ul style="list-style-type: none"> - Ernie Hendricks referred to the summary in Appendix 1 on Appropriate Adults and asked if there is enough resource to manage the appropriate adult scheme and custody visits and if enough work has been done to measure demand. <p>Gemma Brookes advised that she would explore resource issue with the Chief Executive and come back with an answer. With regards to demand, difficulties were experienced extracting information from the force systems. Work is being completed to develop a performance framework, which will be able to assess demand. Criminal Justice (custody) had no concerns regarding demand and were able to appoint an appropriate adult when needed.</p> <ul style="list-style-type: none"> - Ernie Hendricks asked why there were challenges getting information out of the force system. <p>Gemma Brookes advised that information wasn't held in the system in a way it could be extracted. The data is not stored in a specific field.</p>
399	<p>Item 6 – Treasury Management Update</p> <p><i>Presented by Davinder Jagpal</i></p> <p>The report was circulated in advance of the meeting and therefore Davinder Jagpal highlighted key points from this report:</p> <ul style="list-style-type: none"> • The report is an indication of forecast interest rates, which are currently stable. • Section 4 – Annual Investment Strategy which will be presented again in March 2020. • Section 5 sets out performance parameters against the parameters which have been set internally. - Ernie Hendricks - NatWest and Coventry Building Society are rated. There are a number of investments across Local Authorities, how are these investments rated? <p>Davinder Jagpal advised that any investments are made through advice of a broker and based on their rating criteria. Davinder also explained that NatWest was not an investment but a current account, so maybe should not be reflected in this table.</p> <ul style="list-style-type: none"> - Ernie Hendricks referred to the prudential indicator and gross borrowing figure of £82.2m. Do we need to borrow any additional funds and are the indicators set realistic? <p>Davinder Jagpal advised that we are in a comfortable position at the moment and if there is a need for further borrowing it will be around £10m. We are fairly comfortable we will not breach set parameters.</p> <p>Mark Kenyon added that we would only borrow for capital investment in relation to the estates programme.</p> <ul style="list-style-type: none"> - Gurinder Singh Josan referred to Brexit being mentioned in the report and asked what assessments have been made for risks and potential opportunities.

	<p>Davinder Jagpal advised that borrowing is through PWLB which involves limited risk. Opportunities had not been explored as the function is about making sure sufficient funds are available as and when we need them.</p> <p>Mark Kenyon added that investments are only made to rated organisations who meet strict rating criteria and likewise with brokers.</p>
400	<p>Item 7- Corporate Governance Framework <i>Presented by Mark Kenyon</i></p> <p>The report was circulated in advance of the meeting and therefore Mark Kenyon highlighted key points from this report:</p> <ul style="list-style-type: none"> • The purpose of the report is to set out content on how PCC and Chief Constable operate daily from a governance perspective. • JAC reviews the Annual Governance Statements which set out how the organisation is performing against the Governance framework. • We have reviewed terminology in the documents and updated inaccuracies. • Property leases are authorised by the PCC. • Standing orders have set rules around procurement, these remain the same. • Financial delegation also remains the same. • The Chief Constable makes the PCC aware of activities in relation insurance claims. <p>- Ernie Hendricks asked why the Ethics Committee was not mentioned within the document, since there is a strong commitment to ethical values.</p> <p>Mark Kenyon advised that this was a good point and would be taken on board.</p> <ul style="list-style-type: none"> - The Chair noted that this report is circulated to the committee for information purposes only.
401	<p>Item 8 – External Audit – Annual Audit letter <i>Presented by Paul Grady</i></p> <p>Paul Grady advised that the Annual Audit letter is a public facing document containing a highly summarised version of the finance report previously shared.</p> <p>- Ernie Hendricks asked why there is only one document as to his recollection there have been 2 in the past</p> <p>Paul Grady clarified that there has always been 1 document.</p>
402	<p>Item 9 – External Audit – Progress Report and Sector Update <i>Presented by Paul Grady</i></p> <p>Paul Grady explained that since the last committee Grant Thornton had issued their final opinion and everything from 2018/19 has been completed. Emily Mayne is currently having discussions on reviewing what worked well, once completed the audit plan will be produced.</p> <ul style="list-style-type: none"> • In 2020/21 a new accounting standard IFRS16 will be introduced which proposes taking all operating leases and turning them into balance sheet leases. Currently all assets are owned by the PCC and used by Chief Constable, so are not shown on Chief's balance sheet, this will need to be sorted through to ensure accounting remains appropriate. • 2019/20 is the final year of current code of practice. A new code is being consulted on currently. One change relates to the VFM conclusion, which is to move to a narrative statement rather than specific opinion.

	<ul style="list-style-type: none"> • Wider police matters - a semi-annual police conference is taking place early spring. Paul will keep the committee updated on dates. • Paul concluded by informing the committee that he will have completed his 5th year as the engagement lead for the audit and therefore, as per PSAA rules require, Paul will be handing over next year to a new dedicated lead person. - Ernie Hendricks asked if the committee would be losing Emily Mayne as well as Paul Grady. <p>Paul Grady confirmed that the committee would not be losing Emily.</p> <ul style="list-style-type: none"> - The Chair asked if every force treats assets in the same way in relation to them sitting on the PCCs balance sheet, but used by the Force. <p>Paul Grady confirmed this was common in other forces although with some minor variations. He is confident that the sector will be able to get to a position where this status is maintained.</p> <ul style="list-style-type: none"> - The Chair asked if anyone had any thoughts on potential change in the nature and timing on VFM reporting. <p>Davinder Jagpal said this would be helpful as at the moment everything is over condensed to the same timeframe.</p> <ul style="list-style-type: none"> - The Chair asked if the committee would support this. All said yes.
403	<p>Item 10 – External Audit – KPI Outcomes 2018/19</p> <p><i>Presented by Emily Mayne and Paul Grady</i></p> <p>Paul Grady advised that KPIs are shared annually in order to self-assess against agreed criteria.</p> <p>The Chair requested an action for the self-assessment to be shared with committee members in order to prepare a view to be discussed in December.</p> <p>No questions were asked.</p>
404	<p>Item 11 – HMICFRS Update</p> <p><i>Presented by Kath Holder</i></p> <p>The report was circulated in advance of the meeting and therefore Kath Holder highlighted key points from this report:</p> <ul style="list-style-type: none"> • Since the last committee meetings there have not been any inspections in force. • HMICFRS are currently working on the inspection plan for next year. • PEEL inspections will not start until April 2020. • HMICFRS are looking to make significant changes by moving from 2 week inspection to continuous assessment across the force. • The confirmed submission date for Force Management Statement 3 is 31st May 2020. • We have been notified of 2 thematic inspections. <ul style="list-style-type: none"> 1) November 2019 – Counter Terrorism for which planning is underway 2) December 2019 – Road Policy • Inspection reports received recommendations since the last meeting are; <p>1) Terrorism Act custody Suites – 2 recommendations made:</p> <ul style="list-style-type: none"> i) Force ownership at senior level for TACT ii) Force to ensure sufficient data gathering in TACT <p>2) The Poor relation: The police and Crown Prosecution Services response to crimes against older people; Recommendations incorporated into the Force</p>

	<p>Vulnerability Improvement Plan. Timelines have been set for implementation, Kath is speaking to HMICFRS re a timeline due to the amount of stakeholders involved in the process.</p> <p>3) The annual State of Policing; There are no formal recommendations within this report. The force is performing well and there are a number of themes we are looking into in order to develop further.</p> <ul style="list-style-type: none"> - The Chair asked when there is a themed report across a number of Forces, what criteria is used by HMICFRS to decide which forces to inspect against. <p>Kath Holder responded that HMICFRS use the force management statement and specific crimes and demographics of the force. Kath also mentioned that HMICFRS have acknowledged that they have investigated the West Midlands region a lot and there was significant recognition from HMICFRS that West Midlands Police needed a break in order to process the recommendations. We have been informed this has come to an end and they will return to undertake some thematic inspection now.</p>
405	<p>Item 12 – Risk Management Update, Including Force Risk Register and OPCC Risk Register</p> <p><i>Presented by Kath Holder and Mark Kenyon</i></p> <p>The report was circulated in advance of the meeting and therefore Kath Holder highlighted key points from this report:</p> <ul style="list-style-type: none"> • The Risk Board has met and reviewed the corporate risk register. The risk register has been presented at the force leadership conference also. • Two new risks have been added: <ul style="list-style-type: none"> 1) Police Educational Qualifications Framework (PEQF) 2) Britain's exit from the European Union – specifically around intelligence sharing and supply chain. Kath explained that this is being closely monitored so we are fully prepared for Brexit. - Ernie Hendricks asked: <ul style="list-style-type: none"> - Why has the risk around significant IT change been removed as there are three significant IT systems due to land? - 2 items have been on the risk register for a long time and have not moved. I would have expected to see some movement given the time they have been on the risk register. <p>Kath Holder advised that system changes are highlighted in the Change Portfolio and that we ask for regular updates. The risk was relating to the systems being implemented in close succession and the demand on resource was tight and workloads were high due to so many systems being implemented. As the implementation of Connect is now delayed, this has provided breathing space, which has allowed the risk to be reassessed.</p> <p>DCC Rolfe added that risk of three drops in quick succession is no longer a cumulative concern. There are risks for individual systems but these are being well managed within the change portfolio.</p> <ul style="list-style-type: none"> - The Chair mentioned that Brexit risks seem to be very much internal around policing supplies as opposed to operational risks and asked if work was being done to look into the risk of major shortages around policing resource. <p>Kath Holder advised that risks including demand on policing and mobilisation were being captured elsewhere. Looking into information and intelligence we are good at mobilising and managing public disorders and are well practiced in this. The significant challenges were around areas such as supply chain. Kath mentioned that risks are</p>

	<p>managed in the gold, silver and bronze structure governance arrangements and we are having conversations with our critical suppliers to maintain normal services moving forward.</p> <ul style="list-style-type: none"> - Ernie Hendricks asked why technology had disappeared off the risk register without discussion at JAC. <p>The Chair advised that audit committee receive the risk register and JACs role is to ensure they are reporting the right risks and they are being monitored. The committee do not own the risks and don't approve what goes on and comes off.</p> <p>Kath Holder confirmed the paper provides a rational for archiving the risk. Only items escalated to corporate level will be detailed on the risk register. In terms of the risks that have been on the register for a long time, risk owners are asked regularly to review and rescore their risks. There are some challenges around Disclosure at the moment as there is a vacancy for a Disclosure Manager and we are currently recruiting to this post, this is why it sits where it does.</p> <ul style="list-style-type: none"> - Gurinder Singh Josan asked if it would be helpful to show risk changes on some form of tracker to demonstrate how the risks have changed over time. <p>The Chair asked Kath to investigate this and incorporate if possible.</p> <p>Mark Kenyon reported that the risk register for the PCC has been reviewed and re-scored showing the top 12 risks to be the same, only the order has changed.</p> <ul style="list-style-type: none"> - Gurinder Singh Josan questioned the coherence between the two risk registers – Brexit on the Force register is graded low, on PCCs register there is a similar risk around tackling international threats which is graded high. What is the coherence between the two and how is the interrelationship managed? <p>Mark Kenyon responded that part of delivering the police and crime plan and the risk around delivering this. The register includes international threats in its wider sense, not just relating to Brexit.</p>
406	<p>Item 13 – JAC Work Programme</p> <p>This was presented for information only.</p> <p>Conclusion of public session</p>