
JOINT AUDIT COMMITTEE (JAC)

**Minutes from public
meeting held on 24 June
2021**



**JOINT AUDIT COMMITTEE (JAC)
PUBLIC MINUTES**

Notes of the meeting held on 24 June 2021 at 9:30am.
(This was a virtual meeting)

Present:

Sue Davis	:	Chair
Richard Hollands	:	Vice Chair
Jonathan Jardine	:	Chief Executive - PCC
Mark Kenyon	:	Chief Finance Officer - PCC
Lynn Joyce	:	Head of Internal Audit - PCC
Gemma Brookes	:	Internal Audit - PCC
Neil Chamberlain	:	Director of Commercial Services - WMP
Veronica Ejizu	:	Governance, Risk and Assurance Senior Manager - WMP
Davinder Jagpal	:	Assistant Director – Finance - WMP
Ravi Lakhani	:	Head of Financial Accounting and Tax - WMP
Caroline Marsh	:	Detective Chief Superintendent - WMP
Laurelin Griffiths	:	External Audit – Grant Thornton
Iain Murray	:	External Audit – Grant Thornton

474	Item 1 - Apologies The Chair welcomed everyone to the meeting. Apologies were received from DCC Vanessa Jardine and Harry Barton. The Chair highlighted that the number of members was temporarily down to two due to the recent PCC election process.
475	Item 2 - Declarations of Interest There were no declarations of interest raised.
476	Item 3 – Minutes of the Last Meeting The considerations and questions of the previous meeting held on 25 March 2021 were agreed as an accurate record of proceedings.
477	Item 4 - Matters Arising There are no matters arising.
478	Item 5 – Risk Management Update, including Force Risk Register <i>Presented by Mark Kenyon and Veronica Ejizu.</i>

The report was circulated in advance of the meeting and therefore Mark Kenyon and Veronica Ejizu highlighted the key points from this report:

- The PCCs Risk Register is based on the Police and Crime Plan.
 - The new Police and Crime Plan is in development stage and the risks associated with this will be brought to the Committee once finalised.
 - The Force have removed one risk from their Register around Britain's exit from the EU, and added three new corporate risks.
 - Due to the easing of Government lockdown restrictions the demand pattern across the Force is gradually increasing, and therefore the trend for demand management is going upwards.
 - There has been an increase in the number of calls to Service at Force Contact centres.
 - The Covid-19 risks has seen some reduction in the residual risk trend, however both risks have remained on the Register due to the delay in lifting lockdown restrictions.
 - Mitigations are in place around this - staff are encouraged to take part in the national vaccine programme and to self-report their vaccinations once they have taken their first and second dose.
 - The three new risks added:
 - Operation Plato and the national rollout for training for staff.
 - the Commonwealth Games resourcing mutual aid requirements have been added, meaning the Force has oversight of the impact this could have on service delivery.
 - due to the issues around data being transferred from legacy systems, the transition to Connect has also been included on the Register.
 - A review of the risk management arrangements was conducted late last year, and the risk management process is being updated across the Force as a result. A Risk Appetite Statement is in development, the full Corporate Risk Register is been reviewed and updated and an updated risk assessment methodology is been rolled out across the Force.
 - This will allow additional governance and decision making, whilst being able to determine how risks are escalated within the Force.
- Richard Hollands highlighted that the Commissioner's office is still running operationally and therefore there must be operational risks. Richard enquired if risks arose during the transitional period of old to new PCC.

Mark Kenyon responded that the Risk Register is based on the Police and Crime Plan, and the newly elected Commissioner has until the end of the financial year to develop this Plan. The Commissioner is planning to continue the Strategic Policing and Crime Board (SPCB) meetings in order to hold the Force to account in the working stage of the Police and Crime Plan, meaning from a governance perspective, this is still in operation. The risks carried over during the transitional period emerge from the Commissioner's manifesto; any elected representative's manifesto would be incorporated into the new Police and Crime Plan. In terms of managing the risks, governance arrangements are in place due to the Commissioner's role and the Board in place that will hold the Force to account in terms of delivery. The workplan for the SPCB is being developed, the first meeting being held in July 2021.

Jonathan Jardine highlighted the distinction between the operational management of the Office of the Police and Crime Commissioner (OPCC) versus the delivery of the Police and Crime Plan. In terms of managing risks associated with transition, the OPCC Management Team ensured measures were in place ready to induct the new Police and Crime Commissioner and initiate the processes for delivery of the stated objectives by the candidates prior to the elections. There was a Management Risk Register to ensure the OPCC were appropriately engaged with the election process, the actions were in place to induct the new Police and Crime Commissioner and to initiate the process of generating a new Police and Crime Plan. The operational management risk inside the OPCC is distinct from the Risk Register within the Police and Crime Plan. By September 2021, we aim to have a Police and Crime Plan ready for publication.

- Richard Hollands referred to the risk surrounding the transition to the Connect Systems and the challenge of legacy systems. What is the practical impact of the data not being

transferred? Does this mean we still retain the previous software and incur licence costs in line with this software?

Veronica Ejizu responded that the Force are retaining the legacy systems.

Neil Chamberlain agreed that Richard Hollands was right in terms of the back-record conversion. As part of the project, the Force took the decision to bring data from legacy systems across into the Connect System. This included 6-7 million items of data. Testing was undertaken beforehand, alongside accuracy checks regarding the convergence of that data from one system to the other. The Force is still working through this, however due to the historic nature of the data, this does not have an impact on current operational policing. Accuracy is a pivotal focus regarding the post implementation of the project. This is a temporary position which will be reflected in the Risk Register moving forwards.

- Richard Hollands asked how risk appetite is set, and if a blanket risk appetite has been set meaning there will be one appetite across all risks.

Veronica Ejizu responded that multiple risk categories are currently used within the Force; the Government's Orange Book is referenced as good practice. A thematic approach is used within these risk categories, meaning different risk areas within each individual risk category. There may be variant levels of appetite within each risk category. The blanket risk approach will not be adopted in this instance as it does not allow for innovation or risk taking. The risk appetite is therefore being developed across all risk areas.

- Richard Hollands highlighted that Risks 41 and 44 have increased. Are the existing methods proportionate or should additional measures be taken if the risks are increasing?

Veronica Ejizu responded that for this particular quarter, we have been in a national lockdown and demand has varied due to the lockdown and easing social restrictions. Consequently, this risk can be monitored over the upcoming quarters to get a clearer picture. A better response to the mitigating controls should be given within the upcoming Committee meetings.

- Richard Hollands referred to Risks 48 and 49 and the operational ability to respond and the resilience of the workforce. As we are leaving the pandemic, are other issues becoming visible, for example higher staff absences and mental health issues?

Veronica Ejizu responded that for specific values, the data will have to be sought outside of the meeting from the relevant departments. The Force have recognised the impacts of Covid-19 and have implemented wellbeing initiatives. For instance, the Force have employed a new employee assistance programme provider and roadshows for staff returning back to the offices which has considered anxieties and wellbeing returning to pre-pandemic operational levels.

Neil Chamberlain added that contextually, it appears that officers and staff are self-reporting as to whether they have received the vaccine. 96% of officers have had either the first or second vaccination, and 43% have definitely received both of doses of the vaccination. Anecdotally, sickness levels within the Force has been below expectation for this year.

The Chair thanked Neil Chamberlain for providing an update on the statistics and advised it would be helpful to receive the sickness absence levels for this year in comparison to previous years.

Lynn Joyce also highlighted the addition of a new risk on the Risk Register, regarding Operation Plato Embedding. The risk was picked up as part of an internal audit of the preparation for a Marauding Terrorist Attack, and we are therefore pleased to see this recorded on the Risk Register. During the completion of the audit, the attendance for the training was particularly low and it was recognised that there was a lack of CPD days allocated for some staff. This will be followed up as part of the routine follow-up process.

- The Chair reflected on the previous interchange between Richard Hollands and Neil Chamberlain regarding the legacy systems. The Chair questioned if the results of internal audits that have been completed have been considered regarding the risks associated with legacy systems being held for longer.

Neil Chamberlain responded that these are being monitored closely; the Force recognised that Connect would be the answer to a multitude of recommendations. Neil also highlighted the importance of Operation Plato. The Force have undertaken a Leadership Day whereby 150 senior leaders dialled in virtually, alongside their senior leadership teams, in order to complete a desktop exercise of a Marauding Terrorist Attack and examine each person's role. This included third party stakeholders such as the fire and ambulance services. The session provided clarity and learning from other Forces, and allowed senior leaders to understand business readiness for responding when required to do so.

479 **Item 6 – HMICFRS Update**
Presented by Caroline Marsh.

The report was circulated in advance of the meeting and therefore Caroline Marsh highlighted the key points from this report:

- A detailed explanation of the HMICFRS PEEL inspection process and thematic reviews was provided.
 - The report includes the timeline for the West Midlands Police inspection.
 - There are 5 forces undergoing PEEL assessment at present. This commenced in December 2020 with a document request, including a number of crime investigations and areas for assessment. A period of reflection took place during April 2021, before undertaking the fieldwork collection phase.
 - The strategic briefing gave the Chief Constable the opportunity to showcase the high level of work West Midlands Police have undertaken.
 - At the conclusion of the fieldwork phase, HMICFRS will meet with the Chief Constable to discuss findings and areas for improvement. Requests may be made during this period.
 - An Inspection Report should be published and provided to the Force around October this year.
- The Chair responded that although the new Board Members are not present at the meeting, the explanations provided have been extremely helpful. The Chair highlighted that the Force are undertaking field visits at present, and enquired if the visits were taking place physically.

Caroline Marsh responded that this is the first-time inspectors have physically visited forces since the pandemic started. During the first lockdown, many of the inspection officers were returned to forces to assist with demands and all of the HMICFRS inspection work was placed on hold until the end of last year. Work was undertaken to ensure that the physical visits will be carried out in a safe way, such as lateral flow tests for inspectors and ensuring compliance to Covid-19 regulations. In terms of the unannounced visits, this is to ensure the process is fair and transparent. Locations have been shared in advance in order to assess whether each location is safe to visit. Only one issue has arose with an individual testing positive for coronavirus, however this was dealt with expeditiously.

- The Chair enquired if any further information needed to be shared regarding the updates on previous inspections that are also in the report.

Caroline Marsh responded that the thematic inspections do not need to be discussed individually. The report covers that three thematic inspections have been undertaken in the period since the last meeting. The Team were also subject to the mental health inspection and positive feedback was provided as a result of this, particularly how the thematic inspections are completed within a number of forces in order for all forces to replicate good practice.

Neil Chamberlain added that HMICFRS have also been dialling into virtual Force meetings in order to observe governance.

The Chair thanked Caroline Marsh for her report, and requested that the report is shared with the new Board Members outside of the Committee meeting.

480 Item 7 – HMICFRS VFM Profiles

Presented by Davinder Jagpal.

The report was circulated in advance of the meeting and therefore Davinder Jagpal highlighted the key points from this report:

- Annually, HMICFRS gather spend data on a range of activities across all forces. The data used is the data West Midlands Police submit to CIPFA through an exercise called the Police Objective Analysis.
 - The Police Objective Analysis sets out descriptors for each of the sub-objective categories, however this is open to interpretation.
 - Although descriptors are provided, HMICFRS recognise that there are differences between how forces fit their data into the national categories. This results in an element of subjectivity.
 - The output of the report highlights the difference in spend against each of the sub-objective categories however this does not explain why differences exist. Some differences can be due to local decisions, such as the number of front offices that a police force chooses to have.
 - HMICFRS recognise that although some costs may be reported at a higher level when compared to the most similar size group, this does not necessarily reflect poor value for money.
 - Appendix 1 highlights where West Midland's Police are potential outliers when spend is compared to our most similar sized group. This includes Manchester, Merseyside and West Yorkshire based on social and urban demographics as per the 2011 census report.
 - A further inspection and investigation piece is now necessary, including talking to operational teams and meeting with other forces in order to see if their work is comparable to the actions WMP have taken.
 - Section 3 includes a table of the outliers which are greater than plus or minus £2 in comparison to our most similar group.
 - Further details will be shared in September 2021 following further investigation.
- Richard Hollands thanked Davinder for the additional context provided and asked for further clarification on the specific areas that West Midlands Police need to focus on and asked at what point do we say the data is at a confident stage we can use to improve the service.

Davinder Jagpal responded that it is unlikely that complete consistency will be achieved across all forces. Through the annual Police Objective Analysis (POA) checks, we will sense check the data we submit which will flow through this piece of work as a result. The Force can take responsibility for the accuracy of their own data, however any other data that is submitted is outside of our control.

- Richard Hollands asked if the Force have ever benchmarked against themselves over a period of time to understand year on year whether we're cheaper or more expensive than previous years

Davinder Jagpal responded that the budget setting and monitoring process is benchmarked at a high level. Previously, exercises have also been completed regarding benchmarking costs but not done anything recently.

Neil Chamberlain added that costs and increases are monitored year on year. This is completed through priority-based budgeting, setting service levels, understanding demand and maximising the benefits from investments made. The POA and VFM work has improved annually, and the Force are mindful of using different lenses to assess this. Thematic spend is also being considered. In terms of

unit costing, earlier this year the Force took part in a three-force pilot where employees completed a 10-day survey. The survey aimed to analyse how employees spend their time and understand how long activities take to complete and how this may differ from other forces. In the future, two further pilots will take place and then this pilot will be rolled out nationally which will allow introduce a new comparative tool for forces to use which will give a richer picture.

- The Chair asked if there was input from forces in terms of the information CIPFA ask for which would better refine what was being gathered.

Neil Chamberlain responded that both himself and Mark Kenyon are visible nationally; Neil represents CFOs at the National Police Chief's Council (NPCC) and Mark has a similar role within the Police and Crime Commissioner's Treasurers Society.

Mark Kenyon echoed Neil's response that the report is a tool for understanding costs, benefits and value for money arrangements for both the Force and the OPCC. We can influence this data collection exercise.

- The Chair asked Ian Murray if other forces are engaged in similar exercises to West Midlands Police or if they have a different approach.

Ian Murray responded that forces all recognise the same issues and undertake the same process, however has a slightly different approach. This can be useful as a starting point in order to determine future actions.

- The Chair highlighted that we have made a genuine attempt to understand the process and implement adjustments as necessary. The report highlights two areas where West Midlands Police are outliers by rather larger sums than the rest. These include incident and response management and advanced public order, both included on the list last year. Is there any information we can take into account that will assist us in how to improve this moving forward?

Neil Chamberlain responded that the Force can provide greater clarity outside of the Committee meeting. Initially, the way we have Response within the Force is different from a lot of other forces who have local policing units whereas West Midlands Police have a centralised function. The Force are also quite small in comparison to other forces so cost of travel etc wouldn't be as greater than other forces who are located in more rural areas. In terms of the advanced public order, this again is due to the size of the Force and the number of city-centres and protests that have to be policed.

The Chair has requested for these two topics (incident and response management and advanced public order) to be discussed within the next Committee meeting in order for a full update to be provided.

481 **Item 8 – Annual Governance Statements**

Presented by Ravi Lakhani and Mark Kenyon.

The report was circulated in advance of the meeting and therefore Mark Kenyon highlighted the key points from this report:

- The Chair was pleased to read of the value of the Joint Audit Committee mentioned within the report.
- The report details the overall governance arrangements for both the Police and Crime Commissioner and West Midlands Police. This includes the holding to account function.
- The statements also include a review of effectiveness.
- A section of compliance has also been added with the financial management code. This is designed to support good practice in financial management and to assist in demonstrating sustainability.
- An annual compliance review has been undertaken. The majority of the assessment was marked as green, showing the Force and PCC are complying with the principles of the code.

- The documents highlight significant governance issues. Covid-19 is a main issue across policing across the previous and current financial year.
- The governance issues include the work Internal Audit completed regarding 'missing'. Issues arising from previous audits of sex offender management and legacy IT systems have also been addressed.
- Resources were limited and there were difficulties regarding financial planning as we only had a one-year settlement.

Richard Hollands thanked everyone involved in generating the comprehensive report. It has captured the emphasis of outcomes as opposed to process.

482 **Item 9 – Statement of Accounts (Draft)**

Presented by Ravi Lakhani.

The report was circulated in advance of the meeting and therefore Ravi Lakhani highlighted the key points from this report:

- The report is sectioned into two documents, the accounts for both the Chief Constable and the PCC's office.
- The Chief Constable figures are incorporated within the group accounts.
- The deadline for publishing the accounts has been extended, meaning the Force are within the timeframe.
- The Profit and Loss account is prepared in relation to accounting basis rather than a budget basis.
- The report displays the movement in reserves, including the general fund which is applicable to the tax payer. The rest are broken down between usable and non-usable reserves.
- The overall net liability for the group has increased by £769million, mainly due to the pension liability. There are two schemes, one for police officers and one for police staff.
- The pension scheme for police officers is an unfunded defined benefit scheme which means no assets have been built up to fund the liability.
- The pension scheme for police staff is a funded scheme. This includes assets which are invested into various different areas, such as property.
- External values have provided value for our property portfolio. Uncertainty is due to the consequences of the current pandemic.
- External audit has commenced their audit.

The Chair highlighted the helpfulness of the chart within the report displaying the costs of various actuarial assumptions in relation to pensions. This illustrates the fluctuations in valuations.

- Richard Hollands thanked Ravi Lakhani for the report. What impact does the challenges of having only an annual settlement have on the Force?

Neil Chamberlain responded that this does not assist with longer term financial planning perspectives, due to the lack of certainty around funding and pre-set flexibility that the force will receive. The biggest challenge is management accounting, such as managing the day to day accounts. For example, funding has arrived from the Home Office in a short time scale for a specific purpose. This will cause an increase in reserves but a big driver is Home Office funding received the last week in March or, uplift funding received covering a three-year period and will be carried over to cover those future years. This can create confusion from a reader of the accounts perspective. The level of reserves is increasing, however financial challenges are still present.

- Richard Hollands asked if grants that are received very late in the financial year can be carried over as an unspent item.

Ravi Lakhani responded that this is dependent upon the terms and conditions of the grant; the force must be compliant. For instance, some of the Home Office grants classify as unrestricted and are for

	<p>a specific purpose, and therefore do not have to be spent within a timeframe. If the grant is unrestricted, the Force look to carry this forward if this is the most effective use of the funds.</p> <p>Mark Kenyon added that the Police and Crime Commissioner’s office receive numerous grants that must be spent within the financial year. This is not always a desirable position for organisations regarding planning activities.</p> <p>The Chair and Neil Chamberlain thanked Ravi Lakhani and the Team for the delivery of the Statement of Accounts in a timely way and the continued improvements in presentation.</p>
<p>483</p>	<p>Item 10 – Internal Audit Annual Report 2020/21 <i>Presented by Lynn Joyce.</i></p> <p>The report was circulated in advance of the meeting and therefore Lynn Joyce highlighted the key points from this report:</p> <ul style="list-style-type: none"> • 25 assurance audits were completed throughout the year. The higher proportion of these received reasonable assurance. There were four categorised as substantial assurance. • This demonstrates the good framework of control and consistency in the control application. • 1 audit received minimal assurance, concerning the missing person’s audit. A follow-up review has been undertaken on this showing good progress. • Last year, the Team issued 88 recommendations. • 44 audits were followed up throughout the year; 73% of the recommendations made in these audits were fully implemented and 7% partly implemented. • The slight decline in implementation at the beginning of the year was predominantly due to the pandemic. • A self-assessment was completed against the Public sector Internal Audit standards to ensure the Team are fully effective and compliant which shows full compliance • The recommendations from the previous external inspection have been addressed and the Team are still searching for opportunities to improve and progress further. • 96% of Post Audit Questionnaires are scoring ‘good’ or ‘very good’. • The outturn of the plan was 94%. • An overall annual opinion of Reasonable assurance was given for both the PCC and Force. <p>The Chair thanked Lynn Joyce and the Team for their continued hard work and adaptation to flexible working since the pandemic.</p>
<p>484</p>	<p>Item 11 – Internal Audit Quality Assurance and Improvement Programme <i>Presented by Lynn Joyce.</i></p> <p>The report was circulated in advance of the meeting and therefore Lynn Joyce highlighted the key points from this report:</p> <ul style="list-style-type: none"> • It is a requirement of Public Sector Internal Audit Standards to report on the Quality Assurance and Improvement programme annually. • The self-assessment against the standards was undertaken in April 2021 as part of the effectiveness review. • The Team are in a good position for the next assessment, due to take place taking place by October 2022. Members will be consulted for information on how this is to be conducted. • Working practices were forced to change due to the consequences of the pandemic. The Team are therefore moving to a more agile way of working. • As part of improvement actions private meetings need to be resurrected between JAC and both Internal and External Audit as good practice. <p>The Chair hoped that future meetings of JAC will be held face to face.</p>

	<ul style="list-style-type: none"> - Richard Hollands questioned that given the audit team is small, are there any elements of the standards that are onerous or an impediment to the Team? <p>Lynn Joyce responded that the interpretation guides supporting the standards allow some exceptions for smaller teams. Unfortunately, there are some instances we miss out on opportunities such as tools for data interrogation tools which means we can't do continuous auditing that some larger organisations do. The Team have open and transparent relationships with the Force and OPCC and use a standard working paper system that is well known throughout the industry which helps us comply. The Team could undertake an increased continual assessment process if they were a bigger team and had the opportunity.</p> <ul style="list-style-type: none"> - The Chair enquired when will the recommendation be brought to the Committee on how the next inspection will be undertaken, regarding scope and timing etc? <p>Lynn Joyce responded that an options paper will be brought to the September Committee meeting. The process can then be explained in further detail to members.</p>
485	<p>Item 12 – Internal Audit Update Report <i>Presented by Lynn Joyce.</i></p> <p>The report was circulated in advance of the meeting and therefore Lynn Joyce highlighted the key points from this report:</p> <ul style="list-style-type: none"> • 7 audits have been finalised. There is 1 in draft awaiting management comments. • 13 follow ups to date have been completed this year, with 86% either implemented or partly implemented. • The long overdue recommendations have now been cleared. • 26 significant recommendations are in progress and are not in the stage where they can be closed yet. • The Team are in the process of investigating the matches from the National Fraud Initiative exercise. 2000 matches were put forward to investigate meaning work is being prioritised, such as deceased pensioners. • The majority of matches relate to Creditor payments and the reasons for duplicates is being investigated and will also be shared at the next meeting. • There was 1 limited report issued during the quarter, relating to the Victim Service Assessment Team. This was a potential result of the infancy of the Team. The report highlighted a lack of established arrangements around governance and prioritisation of inspection themes. There were missed opportunities to identify other weaknesses in vulnerability areas. Advisory work will be undertaken with this team during the year. <ul style="list-style-type: none"> - Regarding the limited opinion audit, Richard Hollands highlighted the weaknesses regarding ownership and prioritisation and from the overview felt assured that work is already progressing on this - The Chair referred to the outstanding recommendations and raised concerns for appropriate adults. The update in the report states progress should have been made by February 2021, and the Chair asked if further comments could be provided at the next Committee meeting. <p>Lynn Joyce confirmed that the Team are in the process of completing a follow up. A part response has been received and clarification and additional evidence is required and once this information has been gathered will be shared with Committee members.</p>
486	<p>Item 13 – External Audit – Progress Report and Sector Update <i>Presented by Iain Murray and Laurelin Griffiths.</i></p>

	<p>The report was circulated in advance of the meeting and therefore Iain Murray and Laurelin Griffiths highlighted the key points from this report:</p> <ul style="list-style-type: none"> • The audit plan was presented to the Committee in March, since then minimal work has been completed. • The planning work has ensured that the Team are in an expected position. • The Team are in process of undertaking the audit. • The Value for Money approach is changing this year. <p>The Chair highlighted she will be leading the meeting for the next three years, and therefore asked if a one to one meeting could be arranged prior to the next meeting of the Committee.</p>
487	<p>Item 14 –JAC Annual Report 2020/21 <i>Presented by The Chair.</i></p> <ul style="list-style-type: none"> • The Committee has worked well and remained effective making use of virtual meetings. • Tribute was paid to the previous Board Members, who were always prepared and very thoughtful in their questioning and hopes were expressed that the new Board Members will adopt a similar approach.
488	<p>Item 15 – JAC Work Programme <i>Presented by The Chair.</i></p> <ul style="list-style-type: none"> • This is subject to potential change as the new Police and Crime Plan is implemented. • The Chair thanked attendees for their detailed reports and discussion. • The meeting concluded at 11.28am. <p>Date of the next meeting – 29th September 2021.</p>