
JOINT AUDIT COMMITTEE (JAC)

**Minutes from public
meeting held on 28
September 2023**

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

Notes of the meeting held on 28 September 2023 at 9:30am.

Present:

Sue Davis	:	Chair
Bhupinder Gakhal	:	Board Member
Dr Cath Hannon	:	Board Member
Charmaine Burton	:	Board Member
Pete Gillett	:	Director of Commercial Services - WMP
Lynn Joyce	:	Head of Internal Audit - PCC
Parmila Dadra	:	Internal Audit - PCC
Jonathan Jardine	:	Chief Executive - PCC
Zoe Thomas	:	Grant Thornton – External Audit
Thomas Joyce	:	Chief Superintendent - WMP
Scott Green	:	Deputy Chief Constable – WMP
Fiona Pook	:	Head of Performance and Assurance - WMP
Melissa Horton	:	Assurance and Risk Manager - WMP
Rachel Jones-Burns	:	Assurance and HMICFRS Force Liaison - WMP
Sue Dehal	:	Head of Financial Accounting and Tax - WMP
Beth Tobitt	:	Strategic Finance Manager - WMP

Plus 2 observers

594	Item 1 - Apologies The Chair welcomed everyone to the meeting. Apologies were noted from Chief Finance Officer Jane Heppel, Vice Chair Richard Hollands and Assistant Director Davinder Jagpal.
595	Item 2 - Declarations of Interest There were no declarations of interest raised.
596	Item 3 – Minutes of the last meeting The considerations and questions of the previous meeting held on June 29 th 2023 were agreed as an accurate record of proceedings.
597	Item 4 - Matters Arising There are no matters arising.
598	Item 5 – Risk Management Update, including Force Risk Register <i>Presented by Lynn Joyce and Fiona Pook.</i> <u>OPCC Risk Register Update:</u> <u>Lynn Joyce highlighted the key points from the OPCC Risk Register update:</u>

- The risk register for the OPCC is based on both the statutory functions and any topical risks based on the delivery of the Police and Crime Plan.
- There has been some movement in the statutory risks since the previous Committee Meeting.
- The risk around resources not being sufficient to deliver the Police and Crime Plan objectives has now been lowered as the pay award has been fully funded and the latest budget report presents the position on finances as stable in the current year.
- We have taken a cautionary approach to increase the risk concerning the lack of effective partnerships due to the position at Birmingham City Council and the issue of a Section 114 notice.
- A new risk has been added to the register concerning the potential transfer of the governance arrangements of the PCC to the Mayor. If the transfer was to happen, we need to continue to operate with robust governance arrangements. Early preparations have started around this.
- The topical risk in relation to accessing police services has been removed from the register as there has been a sustained improvement in relation to answering 999 and 101 calls.

Force Risk Register Update:

Fiona Pook highlighted the key points from the Force Risk Register update:

- In relation to project risks and how risks are transferred from a project into 'business as usual', there is a process in place to review and transfer risks once a project closes.
- There were two risks from the Operating Model project that have been transferred to 'business as usual', neither of which met the threshold for a corporate risk.
- There have been no new corporate risks raised over the last quarter and there are currently no critical risks on the register.
- The risks concerning recruitment and retention of the uplift and management of vulnerability are subject to closure. There is a need to review and update the latter risk and potentially create more specific risks in terms of vulnerability as it's currently too broad.
- Significant progress has been made in relation to officer and staff right to work checks. By the next Committee Meeting, the force hopes this risk will be closed.
- The risk around workforce representation has gone to the relevant Governance Board to be downgraded.
- Four risks are subject to closure including the Connect Officer Briefing and the Overtime App.
 - In relation to project risks, the Chair raised concern that the Committee did not see at any point what that level of risk looked like. There is a difference between being reassured and being assured by seeing evidence of what that looked like. The Chair would have expected a copy of the evidence detailing the level of project risk to be shared with the Committee, in order to see what the risks were that the force had identified and how they were being followed up. When it is a major change programme the Committee do expect to have oversight of the thinking that is happening, whether across the Force or the Commissioner's office. The Chair remains disappointed that this has not happened.
 - Bhupinder Gakhil echoed the Chair's comments. The Committee have asked multiple times for the evidence and it has not been delivered.

Fiona Pook advised there is a threshold and a process around the escalation of a risk on the corporate risk register, and therefore where project risks are being managed as part of the project and wouldn't hit the threshold ordinarily, the force would not report these risks to the Committee.

- The Chair reemphasised the importance of the Committee having oversight of project risks as currently they cannot provide assurance to the public that the risks were being managed in an effective way.

Thomas Joyce added a summary of the risks can be brought to the next meeting.

- Dr Cath Hannon added that the operational change programme commenced in April 2023 and the Committee needs to understand the whole impact of this. What are the two risks that have been identified?

Fiona Pook would need to complete further research to confirm this as they sit on departmental risk registers now.

The Chair requested this information is circulated to the Committee as an immediate follow up.

- The Chair asked what thought has been given to how women and people from minority backgrounds might be encouraged to think about policing as a career, as there has been a major reputational issue for the service as a whole across the country

Pete Gillett assured that work is ongoing and the force are considering different routes to those that were traditionally used, such as outreach events and careers fairs. The force is aiming to target the wider West Midlands region and are working closely with Board Member Charmaine Burton to challenge thinking on how we have previously attended events. WMP are adopting a broader mindset and planning to increase presence and visibility, despite the challenge in terms of the national position.

- Bhupinder Gakhal questioned the representation at senior level.

Pete Gillett ensured that where possible we need to reflect the communities we serve across all levels of the organisation. We have to keep this under review and constantly challenge ourselves.

- Dr Cath Hannon advised that Corporate Health is making positive progress in reducing the backlog of referrals. However, in some outcome information, there is an indication of the backlog reaching a six-week delay. What are the issues causing the delay?

Thomas Joyce responded that previously there has been significant delays in support being offered to officers and staff, however there has since been a new manager who has implemented different remedial work, including increasing resilience and resources and changing the current processes. In relation to occupational performance times, the force considers the reasons for referral as some are not suitable for occupational health.

- Dr Cath Hannon referred to the development of the non recent rape and sexual offence investigation team and that 21 staff are going to be brought into this team. It has been previously mentioned that 21 staff are going to be brought into the PPU due to vacancies that exist. Is this another group of officers or is this the initial increase of 21 staff?

Thomas Joyce advised he would need to come back with further information but provided clarity that the rape investigation team is a priority within the new operational model and therefore this is an area of growth.

- Dr Cath Hannon referred to paragraph 9.27 of the report regarding structured debrief operations, and sharing organisational learning and asked if there is a way to see how learning has been disseminated to the force?

Thomas Joyce responded that SDA are working on this at the moment and this work needs to be aligned to risk and assurance. Integration needs to be in place as part of the SDA re-model.

- Bhupinder Gakhal highlighted that we receive the fifth worst financial settlement compared to other forces across the country. What options are open to us?

- The Chair commented that the money we would receive if we received the same funding settlement as other forces is quite staggering. One option is raising the precept to the highest level.

Pete Gillett advised that the force completely understand these frustrations and is doing all they can. Pete sits on the Technical Reference Group to review the funding formula and ensure our case is made. From a leadership perspective, the Chief Constable also raises this within his discussions with the Home Office.

Jonathan Jardine added that the precept here is too low compared to other places. We raise 60-70% a head on precept compared to what they do in Manchester and other metropolitan forces outside London. If there was a decision to seek a unilateral increase in precept that was above this elsewhere, it would be extremely helpful. This would require an enormous amount of effort across multiple fronts.

Thomas Joyce updates members on changes the Force have been making to their risk processes and asked the Chair if a separate briefing to members would be helpful.

The Chair agreed this was a helpful offer and will liaise with Lynn Joyce to determine what the best point is for this to happen given ongoing transition project and changes this may have on future governance.

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Item 6 – HMICFRS Update

Presented by Rachel Jones-Burns.

Rachel Jones-Burns highlighted the key points from this report:

- PEEL has now concluded and we should receive the report back for factual accuracy check in November 2023 with the final report being published in February 2024.
- Numerous recommendations have come through to us from HMICFRS. This is an increase of 4 causes of concern, 45 Level 2 and 7 Level 3 recommendations and 16 AFI Level 2 from the recently published reports.
- In terms of published reports, the Inspection of how effective police forces are in the deployment of firearms. The post inspection report considered several themes including Resources and Training, Training and Exercising, Learning and Governance. Overall, HMICFRS identified 12 recommendations that have been taken to Governance Board.
- The Homicide prevention report considered an inspection of the police contribution to the prevention of homicide inspection of homicide prevention. This inspection examined how effectively the police understood, and contributed to the prevention of homicides.
- HMICFRS identified a number of elements which might help forces prevent homicide, including accurate identification of serious violence hotspots, identifiable operational leads and a control strategy that defines causes of homicide and is communicated to all staff.
- In relation to custody, HMICFRS sought to assess the effectiveness of custody services and outcomes for detained people. HMICFRS made 4 recommendations which address the main causes of concern and a further 16 areas for improvement.

- In terms of the Homicide inspection, the Chair asked if the HMICFRS findings mirror what we ourselves know about the West Midlands in terms of profile and risk. Have we completed this analysis?

Deputy Chief Constable Scott Green confirmed that WMP are 1 of 10 forces nationally that are involved in the Home Office Homicide Working Group as WMP are a net contributor to this. WMP's profile of homicides is in line with the findings. The force has a homicide prevention plan and a strategic assessment of the force. There is no escaping that the West Midlands, Greater Manchester, Merseyside and Metropolitan will always remain a net contributor to the totality of homicides nationally

- Dr Cath Hannon referred to the language used by HMICFRS in relation to the following sentence – “men are more likely to be victims than women.” This is a misleading statement

by HMICFRS and is dependent upon the situation that people found themselves in. Cath referred to page 6 of the report and the section on victims and offenders, and asked in relation to the lessons learnt, what is the structure in place to ensure lessons are learnt from reviews relating to homicide, domestic abuse and child deaths?

Deputy Chief Constable Scott Green immediately implemented a homicide review irrespective of whether this fits into any statutory categories such as the homicide review, serious violence review, or any statutory reviews. As part of the national Homicide Prevention plan, as homicide is being investigated, we consider touch points in the individuals' life and if any action could have been taken to prevent this from taking place.

- In relation to the Custody inspection, Dr Cath Hannon referred to the distraction materials available to detainees in custody. What items are available and will there be a management of health and safety in passing the items to the next detainee?

Thomas Joyce responded that there are some advanced offers that can be passed to juvenile detainees such as iPad's and tablets, designed to be trauma informed in their approach. The force is opening new custody blocks and therefore aim to broaden the items available and ensuring the items are available in multiple languages. This is part of the improvement plan.

- Dr Cath Hannon asked if the items are restricted to technology or if other items have been considered.

Thomas Joyce added that there are multiple items that can be shared including books, writing materials, crayons and fidget spinners.

- The Chair highlighted the significant number of new recommendations. What is the assessment of the capacity that the force has to respond to the recommendations in a timely manner?

Melissa Horton responded that there is activity taking place to respond to all recommendations. Resources have been flexed, meaning those who have the appropriate skill set can respond to recommendations are in a position to do so and obtain relevant updates. In terms of the status, they all have gold and silver leads assigned to the recommendations. There are data gathering exercises with all silver leads to obtain updates on all recommendations. The new recommendations that have been raised all have initial updates and responses, that are working through our governance process to obtain formal sign off before release to the Commissioner's Officer. The force attends a monthly HMICFRS board to discuss the progress, activity and outcome of recommendations.

Deputy Chief Constable Scott Green added that there are still too many recommendations that are overdue. The force wants to be in a position where nothing is overdue. The HMICFRS board will be restructured from January 2024, and there will be a series of boards chaired by FET leads who will be responsible for their own question set. These will feed into a main board chaired by DCC Green and this board has an extended an open invite to the OPCC.

600 **Item 7 – Treasury Management Update**
Presented by Sue Dehal.

Sue Dehal highlighted the key points from this report:

- GDP growth has been around 0.2% during the first half of the year, and the Bank of England expected growth rate in the near term. Inflation has fell from 8.7% in May 2023 to 6.7% in August 2023. This remains well above the MPC's 2% target.
- In regards to interest rate forecasts, the force is at the peak at 5.25%. The forecast is anticipated to drop to 4.75% next year.
- Due to the increase in the base rate, the subsequent returns of investments have also increased. Currently, the base rate at the beginning of the financial year was 4.25%.

- A full list of investments can be found in Appendix 1 of the report. The majority of our investments are with banks and building societies.
- The average interest rate achieved on investments during the financial year stands at 5.09%. The PCC's forecast investment return is 5 million which is notably higher than the budget.
- We are keeping the affordable borrowing limits under review.
- The force is reviewing the estates strategy.

- The Chair highlighted that the increasing interest rates is bringing in additional monies, however inflation is presumably decreasing monies. The pay award has been settled, however, inflation may be high on area such as energy prices. How much of an issue is this proving to be?

Pete Gillett advised there is significant pressure against the set budget for the last financial year, and therefore the force have been quite prudent and included reasonable assumptions within the budget. CIPFA were also invited to assess the assumptions. Costs are currently in line with the budget set, although we have experienced significant pressures. In current year, we are well within budget and are undertaking a managed approach to deliver an underspend. The prudent budgeting approach, such as the pay award, has allowed for flexibility. Inflation absolutely continues to have an impact.

- Dr Cath questioned if the force has money with Birmingham City Council.

Sue Dehal confirmed that the force does not have money with Birmingham City Council.

601 **Item 8 – HMICFRS Value for Money Profiles**

Presented by Beth Tobitt.

Beth Tobitt highlighted the key points from this report:

- The profiles are based on the 2022/23 budgets and by the time we get to present at the Committee, they're already about 18 months out of date.
 - If the West Midlands were to have similar money levels to our most similar groups, we'd have an extra £47 million which potentially pays for approximately 687 additional staff.
 - Outliers are similar to the last year and the year before.
 - Our most similar forces have higher investments in local policing than the West Midlands.
 - Outliers across subjective groupings are due to the Commonwealth Games.
 - West Midlands and Merseyside have a greater investment in intelligence gathering than Greater Manchester and West Yorkshire Policing.
 - We are an outlier in non-employment costs by -£2.17, this figure is distorted by significant income received by West Yorkshire police that offsets the expenditure.
 - Estates has come onto the list for the first time. The biggest difference appears to be in building rental costs in Greater Manchester police.
 - From a central cost perspective, the force has chosen to invest revenue contributions. We might see this balance in next year's profiles.
- The Chair advised it would be helpful if information was included in next year's report in relation to what has changed, what changes we expected and what has been done as a result.

Pete Gillett agreed that this would be helpful. The figures in the report are from 2022/23 and the commentary that the comments are relevant within local policing where we have a new operating model that should be should reflected in future changes. Rather than relying on annual set pieces of data, there is a national programme called Achieving Financial Excellence in Policing in which we play an active role. One of the main workstreams of the programme includes benchmarking between forces. We plan to gather a live picture and understanding of where change is needed across the force.

	<ul style="list-style-type: none"> - Dr Cath Hannon referred to the table at 5.2 which refers to neighbourhood policing within Kent and Essex and asked if there is any commentary about how they restructure their force and how they are managing specialist operations? <p>Beth Tobitt suggested the force can ask Kent and Essex for this information.</p> <p>Pete Gillet added that these two forces have a strong collaboration operationally.</p>
602	<p>Item 9 – Internal Audit Update <i>Presented by Lynn Joyce.</i></p> <p><u>Lynn Joyce highlighted the key points from this report:</u></p> <ul style="list-style-type: none"> • The report shows an update on internal audit activities since the last meeting. • We have finalised 4 audits and 6 are in draft awaiting management actions. • We have followed up on 24 audits, the implementation rate around 75%. • There is some concern regarding the number of medium and high recommendations overdue, which is starting to increase. These will be progressed with managers. • The completion of the plan is 22% which is normal at this stage. The early part of the year is normally heavily weighted to planning, preparation and completion of the previous year's audits. • There have been resource issues in the audit team, due to Head of internal Audit acting into the CFO role and the Principal Auditor leaving the team in July. At the end of September, we will be 150 days short in the audit plan as a result. • An exercise has commenced to determine what audits can be taken out of the plan. • There is one audit that has received a limited opinion, which relates to the expenses system. • Management reports were available within the system, however the people who wrote these reports and produced these reports have left the organisation. This combination meant a lack of awareness of management reports available in the system. When the team did produce the reports as part of the audit, some discrepancies were identified. • Management have agreed a series of actions to address the weaknesses identified. <ul style="list-style-type: none"> - Bhupinder Gakhal referred to the National Fraud Initiative and deceased pensioners. This is a sensitive subject approaching families of deceased, however should we not be getting this right? <p>Lynn Joyce responded that 30 deceased pensioners resulted in £155,000 overpayments as often we are not made aware of the death and cannot locate a next of kin. There is an exercise called mortality screening which the pensions team can take part in. We have previously reported to the Committee the resourcing issues with pensioners causing tremendous pressure. The results from such exercises may not be picked up as promptly as they should be. The exercises are run every quarter with one due in November 2023. For a lot of deceased pensioners, we are reliant on families to report the death.</p> <ul style="list-style-type: none"> - Bhupinder Gakhal questioned if the bank can alert the pension department. <p>Lynn Joyce advised that often the bank is not aware that the pensioner has passed away and the account remains dormant. Alternatively, there may be activity within the account as fraud may be prevalent in such circumstances. Lynn reassured that we are still working on investigations for the National Fraud Initiative.</p> <ul style="list-style-type: none"> - The Chair advised that in terms of the report on expenses, It's worrying that people are not following the process. How widespread is the problem? <p>Lynn Joyce advised that it's not widespread, when the sample was completed these were the obvious areas that jumped out. For example, in relation to uniform, we suspect that the item was not in stock</p>

however we would want to see the evidence attached that the manager approved this. If there are audit checks undertaken within payroll, the evidence of approval should be available providing legitimate reason as to why this process has not been followed.

- Dr Cath Hannon added that some of this may be due to IT as there were similar issues around reporting identified in another audit

Lynn Joyce responded that management reporting was also an issue in relation to the accounts payable system, however the reason is exactly the same. For the Accounts Payable issue, the macros within the report are very complex which is creating issues. The report is also pulling out every transaction in the system to try and match it, to see if there's a duplicate, which is too much for the report to handle. Ideally, we would want duplicate payment checks to be done before. The report is therefore unreliable and we have discussed with the accounts payable service delivery manager a compensating control. They are exploring what Fusion can offer us in terms of the duplicate payment report. This will however be a retrospective check.

DCC Scott Green added that he is comfortable about the breaches that allowed uniform to be purchased through the expenses system as he would much prefer officers to have the right uniform than not have kit. He also clarified that since the report was written, there are now no company cars within the force so the error in rates identified is no longer an issue.

- Dr Cath Hannon referred to the issues with the recommendations (no 9 onwards) relating to Connect in terms of recording information from victims and witnesses which have stalled and asked for reassurance around how these issues will be resolved? Secondly, there is a lot of activity taking place for Op Soteria, could we receive reassurance that all the training and support that's required is being picked up by senior management?

Lynn Joyce assured that victim satisfaction update is due to be brought to the next Committee meeting, however an interim update can be provided. In relation to RASSO, we are due to undertake a review of RASSO recommendations. We agreed a longer period between reviews to allow time for recommendations to be implemented as part of Op Soteria.

DCC Scott Green added that in relation to Victim satisfaction, the latest update to Connect is not being implemented as the Force is not happy with it. In relation to Op Soteria, we have just been inspected as part of PEEL and initial feedback is that performance around this is very good, but will await draft report.

- Dr Cath Hannon expressed that the insider threat to airports seems to have paused. Are there any implications for this?

Lynn Joyce advised that the SPCB Paper is still on hold at present.

603 **Item 10 – External Audit Joint Audit Findings Report (Year ending 31 March 2023)**
Presented by Zoe Thomas.

Zoe Thomas highlighted the key points from this report:

- This is something that was prepared to be presented to those charged with governance before the accounts are approved, in order for them to understand what's come out of the audit.
- This follows a similar format to last year, picking up the risks identified within the audit plan and details the amendments to the accounts in the appendix.
- There are further disclosures around matters that we have to report in order to comply with Code of Audit Practice.
- There is a backlog in the sector in terms of issuing opinions in the accounts.
- The good position at present in the West Midlands is down to the commitment of the finance team in producing a decent, quality set of accounts and supporting the audit.

	<ul style="list-style-type: none"> • External audit is not yet in a position issue an opinion due to awaiting normal assurances for the pensions fund. • The accounts reflect a surplus on the local government pension scheme. • Correspondence with GAD is ongoing in terms of assumptions for the pension scheme. PWC are being used to assess these assumptions. • In regards to adjustments to the accounts, three amendments have been made relating to pensions, a dispute with HMRC regarding how VAT for Commonwealth Games has been accounted for, and assets under construction. <p>- Dr Cath Hannon questioned if £9.9 million that has been written off to the national data analytics in terms of assets under construction and asked what the issues were around this, i.e. how we came to be involved and are now not involved?</p> <p>Zoe Thomas advised that external audit have focused on the accounting, however want to consider this area further as part of value for money work. The scheme was funded by the Home Office.</p> <p>Pete Gillet advised that this will be followed up and can be shared with the Committee. Funding has now ceased and the project may have been paused nationally.</p> <p>Sue Dehal advised that the whole amount was impaired.</p> <p>- Dr Cath Hannon highlighted that Steelhouse Lane is now listed as an operational asset and questioned if this changes the insurance liabilities?</p> <p>Zoe Thomas understands that Steelhouse Lane has been transformed into a museum. It was questioned if it was a heritage asset, however it is still used as an operational asset at present and can be used for hiring, parties etc.</p> <p>Sue Dehal clarified that previously it was classified as an asset under construction due to development happening. Now it is functional it is an operational asset.</p> <p>Pete Gillet thanked the external audit team for their work on the accounts.</p>
604	<p>Item 11 – JAC Work Programme <i>For Information.</i></p> <p>The Chair thanked attendees for their reports and discussion.</p> <p>Date of the next meeting: 14th December 2023.</p>