



**JOINT AUDIT COMMITTEE (JAC)  
Public Minutes**

Notes of the meeting held on 28<sup>th</sup> March 2024 at 9.30

**Attendees:**

Sue Davis	Chair
Richard Hollands	Vice Chair
Bhupinder Gakhal	Board Member
Charmaine Burton	Board Member
Lynn Joyce	Head of Internal Audit - PCC
Andrew Smith	Grant Thornton
Laurelin Griffiths	Grant Thornton
Pete Gillett	Director of Commercial Services – WMP
Fiona Pook	Head of Performance and Assurance - WMP
Melissa Horton	Senior Assurance and Risk Manager – WMP
Andy Kelly	Assistant Director - Corporate Asset Management
Davinder Jagpal	Assistant Director - Finance, Contracts and Procurement

**Plus one notetaker**

<b>623</b>	<p><b>Item 1 - Apologies</b></p> <p>Apologies were noted for</p> <ul style="list-style-type: none"> <li>• Cath Hannon</li> <li>• Fiona Fletcher</li> <li>• Jane Heppel</li> <li>• Jonathan Jardine</li> <li>• Thomas Joyce</li> <li>• Zoe Thomas</li> </ul>
	<p><b>Item 2 – Declarations of Interest</b></p> <p>There were no declarations of interest raised.</p>
	<p><b>Item 3 – Minutes from Previous Meeting</b></p> <p>The minutes of the previous meeting held on 22<sup>nd</sup> February 2024 were agreed as an accurate record of proceedings.</p>
	<p><b>Item 4 – Matters Arising (Not on Agenda)</b></p> <p>There are no matters arising.</p>

## **Item 5 – Risk Management Update, including Force Risk Register and OPCC Risk Register**

*Presented by Melissa Horton*

- All of the recommendations from the Internal Audit report have now been closed.
  - SDA gave successful input at the Senior Leaders Day in December and the organisational risk and issue management policy went live in January 2024.
  - Work is under way to align the risk register with the risk appetite statements shared at the previous Committee meeting.
  - The roadmap for risk management process and system in Force is progressing well. There is one outstanding item, the Qlik dashboard, which is still under development. The Roadmap includes a risk maturity exercise which is due to be held before April 2024.
  - No projects have come to a close in the last quarter. The Force Contact optimisation is due to be closed down.
  - One risk has been raised to corporate level, over the past quarter, relating to the proposed PCC transition to Mayoral governance.
  - A number of Force risks have been updated or are still open or active on the register. The Mental Health detentions risk has been updated with regards to right care, right person. The risk relating to officer right to work checks remains unchanged. Financial management has been highlighted as there is still a gap in the medium term for the 25/26 settlement and this risk remains open.
- In relation to the proposed transfer of governance which is no longer progressing following the results of the judicial review, the Chair asked if there is to be a reflection on the work that has been done in this area so that it isn't written off as being without worth? Whilst it won't be needed for its original purpose, it would be useful to see what has been learnt.

Pete Gillett confirmed that discussions have been held between the Force and the OPCC to see what work can be carried forward. Even though the Transfer is not taking place at this time, there is still a possibility for it to take place in the future.

- Richard Hollands asked what sort of issues were being picked up in relation to horizon scanning and how they find their way onto the register?

Melissa Horton clarified that risk managers do horizon scanning and produce a document which is distributed to the Force. SLT consider the impact and discuss how they could or should be interpreting these risks or potential aspects for their own teams. SLTs have been having discussions and dialogue with the risk experts for approximately 5 months, Aspects of horizon scanning are coming through at departmental level on the risk register. Nothing has been raised to the corporate risk register, and assurance was offered that this has started to come through the organisations development and understanding of risk management which is evolving and they are starting to come through to look at future risks.

- Richard Hollands asked if any examples of what is on the horizon could be shared?

Pete Gillett shared an example from his portfolio. Having the risk officer attending leadership teams is helpful and prompts independent thought. The risk around medium-term financial funding was amended recently, immediately following the Chancellors budget. That discussion drew out what is meant for specific financial risk, without looking at existing risks in the risk register.

- Bhupinder Gakhal raised Mental Health detentions, when they were first on the radar it raised concerns and they are still quite high. What is happening with this item?

The Chair shared her knowledge that whilst the detentions may have only been on the radar of this Committee for 6 months it has been an issue for decades. The issue is of capacity within the NHS having sufficient safe spaces to hold people who are at risk. There has been joint working with acute hospitals and the Mental Health Trusts to expand spaces. Work has taken place with Custody Suites to help with appropriate staff on hand. At the moment, there is simply not the capacity to accommodate all who are detained in a safe space. It will take a lot of money and effort to find the space needed. The Force doesn't have the power to reduce the risk. It's a national concern in terms of funding within the NHS. It has to be a risk the force learns to live with.

Pete Gillett added that the force adopted an approach that is a national initiative called Right Care Right Person, and agreed to share more detail on this with members.

- The Chair questioned the small number of corporate risks on the risk register, and whilst the Committee has seen and approved the new processes, and work being done around the risk management process, but when the outcome of this, in a Force that has been put in Special Measures, to acknowledge that there are only 5 corporate risks, one of which is about gym provision, it feels like a disconnect. Given the national context, I am not sure whether I would expect to see the HMICFRS decision appearing as a risk. Is there anything that you have to say in reflection about the balance?

Melissa Horton confirmed there are more than 4 or 5 risks on the log, the ones brought to the Committee are the ones with changes or that are newly raised. The understanding is that there are approximately 14-16 on the register and those that are brought to the meeting are those that have undergone a change in the previous quarter. The Risk Register is currently holding 280 plus risks and issues in total across the organisation. The organisation has undergone a journey to understand risk management, this involved changes to the scoring matrix about how risks move. Within the organisation, there is a feeling that this has stabilised and the process has been embraced by the Force. The presence of the Risk Manager at SLT provides mediation and independence as to what should be escalated to SDA to evaluate.

Pete Gillett added one thing which can be looked at is to bring future reports to the Committee to be clear that the risks presented are those where changes are made to the core risks within the register. There is lots of work going on to move out of Engage status. Within this, there is clearly an area of business around departmental risks picked up.

- The Chair requested that if the trigger for appearing on the report is change, there may be a need to include those risks you are seeking to reduce and aren't managing to do so. This is also something the Committee needs to know about.

Andrew Smith advised that the report Grant Thornton would present later in the meeting has identified a significant weakness around the inability to address previous regulatory findings, which is an indication that something wasn't happening 12 months previously.

### **PCC Risk Register**

*Presented by Lynn Joyce*

- There was movement on only a few risks on the PCCs Risk Register.

	<ul style="list-style-type: none"> <li>• The risk in relation to there not being sufficient resources to deliver the Police &amp; Crime Plan has increased slightly on the back of future funding arrangements for the VRP following the Chancellor’s Spring spending statement and the uncertainty around what this will mean for current projects. Also, the recent announcement from Birmingham City Council around the specifics of their cuts to their funding streams and the impact this has around partnerships currently in place.</li> <li>• A risk was added to the register around safeguarding which is referenced within the Internal Audit Update report later on the agenda. As this touches on everything within the OPCC, this has been flagged as a thematic risk. A lot of work is taking place to mitigate this risk so we don’t anticipate it will be on the register for long.</li> </ul>
	<p><b>Item 6 – HMICFRS Update</b></p> <p><i>Presented by Melissa Horton</i></p> <ul style="list-style-type: none"> <li>• There is anticipation that HMICFRS will return to Force in the later part of the year to inspect the activity around improvements made around the causes of concern.</li> <li>• The Chief Constable presented progress at PPOG to HMICFRS in January 2024 and the next meeting will take place in May 2024. This is in addition to the monthly updates provided to the PCCs Strategic Policing and Crime Board around the activity taken.</li> <li>• There is additional governance in the HMICFRS activity which takes place on a monthly basis - this feeds into a DCC governed oversight Board. This Board began its new format in early 2024 and in terms of progress, the Force are now up to date with recommendations up to 2021 having previously been up to date to 2014. The legacy recommendations have been submitted to HMICFRS for closure.</li> <li>• Assurance was offered to the Committee that the Force are still progressing open and new recommendations and not just focussing on the older ones.</li> <li>• On the HMICFRS portal there are 5 level 3 AFIs and 9 Level 3 recommendations which are suitable for closure but remain open awaiting HMICFRS closure review.</li> <li>• In terms of numbers progressed since August 2023, there are 80 recommendations open, 49 of these are technically overdue and it is hoped to close a further 10 today.</li> </ul> <ul style="list-style-type: none"> <li>- The Chair asked to place a note on record that it is gratifying to see the historic tail of recommendations which are actually being dealt with as it is an achievement worth noting.</li> <li>- Richard Hollands asked, with regards to the PEEL items, there are 4 causes of concern but I can’t see a target or implementation date. Do you have a particular point in time where you have to resolve these issues?</li> </ul> <p>Melissa Horton confirmed as soon as possible. A report is presented at Strategic Policing and Crime Board in terms of progress as well as HMICFRS engagement to check on progress. It is hoped that there is re-inspection on these aspects soon due to the sustained improvements over the past 6 months.</p>
	<p><b>Item 7 – Internal Audit Activity Update Report</b></p> <p><i>Presented by Lynn Joyce</i></p> <ul style="list-style-type: none"> <li>• The report summarises the activity of Internal Audit in the last quarter. The team have finalised 8 reports, 6 of these were reasonable opinion and 2 were limited.</li> <li>• There has been good progress made on recommendations, the implementation rate has increased to 81% from the 33 Audits followed up.</li> <li>• Recommendations categorised as medium or high are now down to 27.</li> </ul>

- There have been struggles filling a vacancy in the team. There is an advert due to go out to fill this vacancy next week. In addition, the team are in the final stages of entering a co-sourced arrangement with an external supplier to help with the work.
  - New Global Internal Audit standards were released in January and the Team have until January 2025 to implement them. The new Public Sector Internal Audit standards have not yet been released or consulted on.
  - Two limited opinions issued during the quarter around Safeguarding in OPCC and Payroll and overtime.
  - In relation to safeguarding at the OPCC, several points were raised such as raising awareness around volunteers, strengthening induction processes and maintaining more robust records, especially around Youth Commissioners. SMT are taking this seriously. Safeguarding training has been rolled out to every member of staff in the OPCC, with specific training for Designated Safeguarding Leads. It is hoped that by the next time this is followed up the recommendations will be implemented.
  - In relation to payroll and overtime, weaknesses were identified in a number of areas particularly around verification processes, systems access and the performance of the payroll function. The team suffered with resourcing issues, particularly at Head of Payroll level which has now been filled. The service has moved from Share Services into Finance and regular meetings will take place to move the recommendations forward.
- Richard Hollands asked for further information regarding the additional external resource. Where are we currently at, particularly around the specifics of what they would be expected to work on or directed to keep away from?

Lynn Joyce clarified that they are in the final stage of contract discussions. The contract has been sent to the legal team. A secure portal is needed to exchange information and checks have taken place to confirm this was suitable. An information sharing agreement has been developed and will be shared with the provider, it is currently with Information Management to review. The Provider works with a number of other Forces and as a result they are already vetted under the Warwickshire framework, so vetting should be finalised quickly. The contractor would be working largely in Commercial Services doing more generic audits. They won't be carrying out more complex audits such as vulnerability themed audits.

- The Chair noted that, on looking back at the outstanding recommendations in Appendix 3, not so much the quantity, but there are three areas where there are multiple recommendations that are not yet implemented which is worrying. A few of these are being followed up. The committee will be intending to follow this up to understand why these are in place from 2 and 3 years ago.

Lynn Joyce recognised some were in the process of being followed up and an updated position will be brought back. The team are now sharing the outstanding recommendations list with the SDA team for wider sharing when they attend force portfolio boards.

- Richard Hollands asked whether a purge of older recommendations was something that the Team did or intended to do?

Lynn Joyce confirmed this does take place and if there are any recommendations where it is advised the risk is going to be accepted, these are always taken to the Force Exec Team Portfolio Lead to agree. The Team will look at ways in which to discharge recommendations.

- Bhupinder Gakhal recalled that overtime has been discussed previously as an issue with the App used by Officers. Are we now on top of this?

	<p>Lynn Joyce clarified that the Overtime App was recorded on the risk register in regards to a cost code problem, this is still an issue but there is a mitigation in place. The App was developed at a period in time to help with the volume of claims around the Commonwealth Games. It cuts out the paperwork officers would need to complete and works perfectly for Officers claiming. There are issues around the validation at the back end of the App before a payroll run.</p> <p>Pete Gillett confirmed that further developments of the Overtime App are on the IT workplan to strengthen controls and look at the functionality too.</p> <ul style="list-style-type: none"> <li>- Bhupinder Gakhal asked if users were familiar with the App and found it easy to use?</li> </ul> <p>Pete Gillett confirmed there are no issues with users using the app. There is a 'How To' guide available for all users on their mobile devices.</p>
	<p><b>Item 8 – Internal Audit Strategy and Annual Plan 2024/25</b></p> <p><i>Presented by Lynn Joyce</i></p> <ul style="list-style-type: none"> <li>• The Plan has been approached as in previous years, the risk registers have been reviewed and consultation has taken place with the Force Exec Team and OPCC Senior Managers.</li> <li>• There are more suggestions for the plan than resources available, so it has been prioritised against the Police &amp; Crime Plan objectives, risk registers, known issues etc. All are scored and ranked from High to Low.</li> <li>• The plan allows all High and most Medium rated audits to be accommodated. Most of those are considered Lower level or not a priority for this year as they are in development.</li> <li>• The ambition is to move towards a more flexible rolling plan due to the everchanging nature of the work taking place and changing risk environment.</li> <li>• There have been no changes this year to the Audit Charter however due to the new global Standards and any revised Public Sector Internal Audit standards not being released yet, the Team will not be rushing into making changes at this time.</li> </ul> <p>The Committee agreed that a rolling plan at this time makes the most sense.</p> <p>The Committee agreed to approve the Plan and Strategy.</p>
	<p><b>Item 9 – External Audit – Joint Audit Findings Report 2022/23</b></p> <p><i>Presented by Andrew Smith</i></p> <ul style="list-style-type: none"> <li>• The main unresolved items, which were reported back in late 2023, related to issues around Pensions. This has now been resolved and has led to some material adjustments in the accounts.</li> <li>• With regards to the Police Scheme, the assumptions that the Actuary had used has been challenged with regards to inflation. This has resulted in a material adjustment.</li> <li>• There was also a challenge on the Local Governance Scheme which was showing in the draft accounts as a Pension asset which resulted in an adjustment.</li> <li>• There were also challenges around the data used by the Actuary as they had used 8 months' worth rather than 9 months, but the impact of this is not material.</li> <li>• The upside to this is that, because of the adjustments agreed to post accounts, the opinion will remain, so it is a clean opinion on the accounts.</li> </ul>

- Richard Hollands asked whether the reason for the adjustments was systemic or just the natural way of things that will always be there?

Andrew Smith clarified that Pensions and Building Valuations are really complex estimates which have lots of bits of data and assumptions, this is why they highlighted these as significant risks every year because they require an expert valuer to be brought in. It is quite common to see audit issues and material ones as well, around Pensions and Buildings. As this would not affect usable reserves, it would be best to focus most on the matters that impact on the reserves.

- The Chair followed up this answer by asking, is there not a degree of communication between various special advisors? There is a degree of frustration around the pension valuation, when it comes to the Actuary doing something in a way you weren't happy with so there is a need to check, surely there could be a communication each time this happens it seems wasteful and unnecessary.

Andrew Smith noted the Chair's point and responded that the difficulty is that this happens at a national level and is not something the Force commissions. As the engagement is at different levels it makes it difficult to know what will be received from the Actuary until the report is seen. The premise is agreed with but there are difficulties with regards to who is engaged in the process.

- The Chair asked if CIPFA had ever thought about this issue.

Pete Gillett confirmed that As key stakeholders, the Force have flagged this with CIPFA previously and will continue to do so.

- Richard Hollands raised the traffic light system relating to an earlier piece of work around access rights. From the legend provided, Amber means there are mitigations in place, is that progressing positively?

Andrew Smith clarified that items graded Amber means that while things from a good practice point of view would like to be seen, the mitigations are working effectively, if this was not the case they would be red. Overall, while there is some risk, ultimately the risk is being controlled.

Davinder Jagpal added that a full review of access rights has been completed on all 3 systems since the report was issued:

- o With regards to the Pensions item, the issue is because the size of the team is small it has been setup to allow the function to do what they need to do. The Force will follow up with Grant Thornton to explain further.
- o With regards to Payroll, the issues here are around the team being under-resourced, the Systems Administrator is unfortunately on long-term sick leave so other Team members have had to be given additional access rights to deliver the service effectively. As the resources within the team increase, the rights will be revisited.
- o A review has taken place around Oracle Fusion and the findings will be shared with Grant Thornton and this will take place on an annual basis.

**Item 10 – External Audit - Annual Audit Report 2022/23**

*Presented by Andrew Smith*

- In previous years, improvement recommendations had been raised but there were no significant weaknesses, but this year they have been raised in relation to

	<p>Governance and Improving Economy, Efficiency and Effectiveness which identified significant weaknesses. These relate primarily to the Peel inspection.</p> <ul style="list-style-type: none"> <li>• It is understood that improvements have been made since 2022/23, due to recent operational model changes it is the view that this is making a difference. There is still a need to ensure that there are good systems in place for the monitoring and reporting so that evidence can be provided that the findings are being addressed and demonstrating improved outcomes.</li> <li>• It is recommended that the unallocated reserves level should be increased to be in line with the CIPFA recommended minimum amount.</li> <li>• The implementation of Internal Audit recommendations is at 80% which means 1 in 5 are not being addressed which does present some control risk.</li> <li>• Even though the improvement recommendation has been raised around Financial Sustainability, the Force is well-managed financially.</li> </ul> <p>- The Chair raised that the Committee has always been cognisant that where there are issues of performance, those cannot be entirely uncoupled from its financial position, and where Internal Audit reports have found failings it has very often been because there are not sufficient officers in particular units to meet the need that is coming through. So, yes, the Force is well managed financially and it comes in on budget and makes savings in the year, but as we see from the annual accounts it made savings by not spending £10m last year on pay that it intended to spend. You cannot uncouple that there is £10m unspent on personnel and the performance that is then understandably criticised by the Inspectorate. So, I do worry when there is pressure from the Auditors that advises to put money back into the reserves, but there is still the pressure from the Inspectorate to meet performance targets. At this time, there is a definite incompatibility in doing both.</p> <p>Andrew Smith understands how it can appear to almost be at odds, both can still be achievable. It is about moving to long-term investment and appreciate that this is something that doesn't change overnight but will take several years to achieve.</p> <p>Pete Gillett advised that from the Force's perspective, they are mindful of the importance of investing in priority areas and seeking efficiencies. This has been difficult, but the Force have invested in the last 12 months, specifically in the new operating model, ensuring a greater level of presence locally, maximising uplift in officers were able to and make additional requests for officers too. Savings that have been made in the current year have been targeted on non-frontline operational areas where possible and will continue with future financial plans to look at future efficiencies in enabling services. The Force are currently going through a major review of back office services around an HR and SDA. It is a constant balance to strike articulately. In terms of strengthening the position on the balance sheet, a lot of hard work has taken place around the planned and managed underspend.</p> <ul style="list-style-type: none"> <li>- Richard Hollands asked how fixed the ratings are? There has been good progress reported on the PEEL report recommendations, is this likely to be reflected in next year's value for money report?</li> </ul> <p>Andrew Smith clarified that this is a judgment and reflection on 2022/23. Ultimately Grant Thornton look at the improvement across the entire year as part of our 2023/24 work, though there is a positive direction of travel.</p>
	<p><b>Item 11 – External Audit – Joint Audit Plan 2023/24</b></p> <p><i>Presented by Laurelin Griffiths</i></p> <ul style="list-style-type: none"> <li>• The plan is very similar to the plans seen in previous years.</li> </ul>



	<ul style="list-style-type: none"> <li>• For the Audit, the £12.5m materiality will be used.</li> <li>• The first risk identified is around the risk of management override of controls which is a required significant risk for all external audits. Also, the valuation of the PCCs land and buildings and the valuation of the Pensions liability.</li> <li>• As part of the planning work and discussions around the proposed transfer of powers to the Mayor, the potential extended financial period is not seen as having any potential risks rising from this.</li> <li>• The value for money risk assessment for 2023/24 is not complete yet, this will follow up on the areas run through in the 2022/23 work and consider whether there is any additional work being done alongside the standard work that should take place.</li> <li>• There is a focus in Local Authority audits on resetting the system and getting back to normal reporting timetable so the report highlights the escalation process that will be used moving forward where it is thought that delays may be experienced.</li> </ul>
	<p><b>Item 12 – External Audit – Informing the Audit Risk Assessment 2023/24 (CC and PCC)</b></p> <p><i>Presented by Laurelin Griffiths</i></p> <ul style="list-style-type: none"> <li>• The paper is a series of questions that form part of the auditing process.</li> <li>• The purpose for bringing it to the Committee is to triangulate management responses given and to assess members understanding and offer the opportunity to raise any comments or concerns.</li> </ul> <p>The Committee were happy to offer assurance that this was their understanding of the current situation.</p>
	<p><b>Item 13 – JAC Work Programme</b></p> <ul style="list-style-type: none"> <li>• As mentioned previously, the Work Programme is flexible.</li> <li>• The proposed work programme for June 24 was agreed by the Committee.</li> </ul>
	<p><b>Date of the next meeting:</b></p> <p>Thursday 27 June 2024</p> <p>The Chair thanked Members for their commitment while in post as Committee members.</p> <p>The Chair wished everyone a Happy Easter and closed the meeting.</p>