

AGENDA ITEM 15

WARWICKSHIRE POLICE AND CRIME COMMISSIONER AND CHIEF CONSTABLE JOINT AUDIT & STANDARDS COMMITTEE, ANNUAL REPORT 2021

REPORT BY	Chair of the Joint Audit and Standards Committee (JASC)
SUBJECT	Annual Report 2021
RECOMMENDATION	To approve the report and submit it to the Police and Crime Commissioner (PCC) and Chief Constable (CC)

1. Purpose of report

This report fulfils two purposes:

- a) A review of the Committee's terms of reference; and
- b) An annual report, including Accountability Arrangements, as required by the Terms of Reference.

2. Recommendations

The Committee is recommended to:

- a) Review and comment on the report.
- b) Confirm the proposed changes to the JASC Terms of Reference regarding: Wellbeing, as separate from Health & Safety (H&S), Equality, Diversity and Inclusion and Review the Effectiveness of Selected Governance and Assurance Arrangements, including Estates Management, Business Continuity Management, Environmental Management, Performance Management and Accountability, Cyber Crime and Vetting.
- c) Submit the report to the PCC and CC.

3. Introduction

The JASC was created under the Home Office Financial Code and became operational in October 2019. This is the second annual report and covers the work of the committee for the year ended 31 December 2021. It sets out how the committee has met its Terms of Reference and is informed by an annual effectiveness review based on best practice.

The JASC has the following accountability arrangements which are also covered in this report:

- On a timely basis report to the PCC and the Chief Constable with its advice and recommendations in relation to any matters that it considers relevant to governance, risk management and financial management.

- Report to the PCC and the Chief Constable on its findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks; financial reporting arrangements and internal and external audit functions.
- Review its performance against its terms of reference and objectives on an annual basis and report the results of this review to the PCC and the CC.

4. JASC membership

The JASC is comprised of five members who are independent of both the PCC and CC. John Anderson, the Chair, is supported by Gavin McArthur, the Deputy Chair, and three members: Helen Knee, David Carter, Alistair Murdie, who resigned during the year, and was recently replaced by Andy Heath. All appointments to the JASC were made following an open recruitment exercise and for new members will bring them co-terminous with contract renewals for existing members which will run until March 2026. For new members, a training programme has been developed and is being implemented through briefings on a full range of policing and governance issues. Ongoing training for all members is delivered as needed.

5. Terms of Reference

The JASC has established terms of reference derived from recognised best practice, as set out in the Home Office's Financial Management Code of Practice and CIPFA guidance on the effective working of joint Audit Committees. The JASC is a key component of the Warwickshire PCC's and CC's corporate governance. It has an oversight role and provides independent advice and recommendations to both the PCC and CC on the adequacy and effectiveness of their Governance, Risk Management and Internal Control frameworks, annual Financial and Governance reporting, Treasury, Capital and Reserves management, Internal and External Audit arrangements, Health and Safety and adherence to appropriate Policies, Standards and Ethics. Thereby helping to ensure efficient and effective assurance arrangements are in place.

The JASC is responsible for enhancing public trust and confidence in the governance of the OPCC and CC and ensuring value for money. It also assists the PCC in discharging his statutory responsibilities in holding the CC to account and in the delivery of his Police and Crime Plan (PCP). It does not duplicate or replicate the work of oversight activity within the PCC's office, the CC or the Police and Crime Panel. The Committee's work and scope are now well established, and only minor changes are proposed to the Terms of Reference.

6. Meeting attendance in 2021

The JASC reviewed and updated its Terms of Reference and work programme in March 2021, to ensure the extent of the meeting's agendas and reports provided it with assurance coverage on the full range of the committee's responsibilities.

During the year of this report the JASC met three times and had two virtual meetings during the pandemic with all members calling in. This enabled the JASC to adhere to its rolling work programme agreed at its March 2021 meeting and consider both standing agenda items, specific areas of the business and ad hoc issues. Full attendance at all the meetings was achieved by all members with one exception, caused by a clash of dates for one member between two PCC/CC audit committee meetings when a JASC meeting was rearranged. He still provided a list of questions which were asked on his behalf during the meeting.

The Chair met and had virtual meetings with the PCC, Treasurer and External Auditors, the Deputy Chair with the Head of Internal Audit and Head of Assurance, Standards and Investigations, member Helen Knee attended Standards Dip Sampling of Complaints sessions and the Ethics Committee meetings and member David Carter met with David Gardner, Chief Superintendent and Director of Transition.

The Chairs of the JASC and Police and Crime Panel (PCP) have agreed a reciprocal arrangement to aid joint understanding for respective members of the committee and panel to attend each other's meetings as observers. The PCP Chair phoned into two meetings of the JASC and the JASC Chair, Deputy Chair and members Helen Knee, David Carter, and Alistair Murdie, either phoned into or attended meetings of the PCP and provided feedback reports to the JASC.

The Chair attended panel meetings during the year for the successful appointment of the new Chief Constable and a JASC member.

In addition, the JASC attended briefings and training sessions on specific issues throughout the year which included: Assurance and Governance, Treasury and Reserves Management, Budget and Financial Reporting and Outturn, ITC and Digital Services Transition Programme, the role of External Audit and their audit of the Statutory Accounts and Value for Money arrangements and the forces Response to Covid 19 and Cyber Crime.

7. Meeting coverage

Meetings of the Committee are open to the public and along with details of future meetings, are found on the PCC's website. As far as possible the agenda items are taken in public. The JASC meetings have been well supported by officers from the PCC's office and force and the committee has really appreciated the open and transparent approach of officers and improved quality and timeliness of reports. In April we revised the JASC report cover note template which helped to improve their clarity and relevance. The PCC has attended all meetings and the CC is represented by the Deputy Chief Constable, who along with the Treasurer, Director of Finance, the Development Lead for Standards & Integrity and Head of Assurance, Standards & Inspections, collectively provide information and ongoing assurance in relation to:

- the annual Statutory Accounts and Value for Money arrangements, and Assurance and Governance Statements,

- Capital, Reserves and Treasury Management,
- Budgeting and Financial Internal Controls and Systems,
- Risk Management,
- Projects and Programmes, Transition Programme, Partnerships and Collaborations, ITC, and Digital Services,
- Standards, Ethics and Complaints, and,
- Crime data integrity and Inspection, audit, and assurance activity.

The Head of Audit for Warwickshire attends or phones into all meetings to provide assurance on internal controls and systems. Representatives from Grant Thornton, the external auditors, also phone in or attend each meeting to report on the financial statements, financial controls, and value for money arrangements.

8. JASC work programme 2021 and how it discharged its responsibilities

Improved Internal Control Environment and Governance Arrangements

The JASC considered the Joint Assurance and Governance Statement and supporting Governance Improvement Plan for the PCC and CC during the year. They also considered the joint Governance and Financial Framework document at the March 2021 meeting which had been reviewed and updated to reflect revised Commissioning arrangements and minor changes. These ensured greater clarity on actions to address areas of significant risk and improvement and were aided through updated risk management strategies, risk registers and mitigation of the risks which were reviewed at each meeting.

The JASC also considered the Internal Audit annual opinion for 2020/21 which, based upon the results of work undertaken during the year, was that the control environments operated by both organisations provided moderate assurance that the significant risks facing the respective organisations were addressed. The report reflected the progress made whilst acknowledging further work is needed to strengthen governance and the internal control environment.

There have been changes and developments to the governance arrangements over the year, explained under each heading below and the JASC will continue to press for further progress with the aim of securing a more adequate and effective internal control environment, which includes governance, risk management and internal control arrangements and assurance.

External and Internal Audit

The JASC reviewed and noted the Joint External Audit plan for 2021 and considered the Joint External Audit draft unqualified opinions on the draft annual Statutory Accounts and Value for Money arrangements and their draft Joint Findings Report, draft Joint Annual Report Statement and Improvement Recommendations and draft Letters of Representation for 2021. The committee also noted the continuing delay from September to date in the completion of the preparation of the statutory accounts and documenting the new value for

money arrangements and their audit. Management and the External Auditors explained the audit would be completed and signed off in early January 2022 except for the Whole of Government Accounts consolidation pack where the NAO had not yet issued the audit instructions and data collection tool, and these were unlikely to be received until December 2021 at the earliest. They also explained the delays were caused by a lack of staff capacity and additional time needed for the new audit requirements. The committee acknowledged the delay was not unreasonable in the circumstances and obtained assurance that in future years this significant process of assurance from Officers and the External Auditors would be completed by the end of September each year.

The JASC approved a risk based Internal Audit plan for 2021/22, which was aligned to the PCCs and the CCs strategic objectives in line with best practice. It considered the Internal Audit Annual Opinion and the Annual Report for 2020/21, ensuring actions to address areas of improvement are reflected in the respective Annual Governance Statements and Governance Improvement Plans.

Regular reports on internal and external audit activity and progress against their audit plans were also considered by the JASC throughout the year which enabled members to have a detailed understanding of the outcomes of the audit work conducted and seek assurance as to the effectiveness of the internal control arrangements. In particular, the Committee was able to probe in detail those internal audits which had resulted in a “limited” audit opinion and track progress in addressing key issues and recommendations identified where delays in implementation have occurred particularly regarding the ITC Transition Programme.

The JASC noted the updated Internal Audit Service Level Agreement and Charter which sets out the role and responsibilities of Internal Audit and had been updated to reflect changes in professional standards. Members also regularly consider national policing – Home Office and Her Majesty’s Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS), and financial reporting and audit concerns and developments – the Chartered Institute of Public Finance and Accountancy (CIPFA), Public Service Audit Appointments (PSAA) which are brought to their attention by the external auditors. This is undertaken primarily to seek assurance that these issues are being considered by the PCC and CC and their management teams. Issues brought to the attention of members during 2021 included a revised approach to Value for Money audit work being introduced in 2021, Policing issues – HMICFRS had reported forces generally responded well to the exceptional circumstances of COVID-19, and various reports on concerns over the current state of the quality, cost, and coverage of audit work in the Public Sector. The proposals to address these concerns, which include insufficient auditors with appropriate experience, and increased expectations and requirements placed on auditors, are likely to lead to an increase in fees.

Risk Management – Delivery of PCC and CC Business Plan

The JASC noted the OPCC risk management policy review and the alignment of format between the OPCC and force risk registers with a further policy review to be undertaken in

2023. The risk registers of the OPCC and CC were considered at each meeting along with the assessment and management of key strategic risks and mitigations. The committee helped progress the identification, alignment, and mitigation of key strategic risks to the delivery of the Police and Crime Plan and received 'deep dive' analysis into the risks and mitigations for the ICT – Digital Services Transition Programme.

Transition Programme, Collaboration and Partnerships

A key focus for the JASC over the year continued to be the risks associated with the Transition of services post the termination of the Alliance with West Mercia and resulting financial settlement. This involved significant negotiation, planning and management with the replacement of some services by renegotiated S22 agreements with West Mercia, the development of inhouse ITC capacity and new collaboration service arrangements with West Midlands. Member David Carter liaised with key officers between meetings to enable early sight of emerging risks and issues and resulting management responses and actions. Members were kept up to date through full briefings at each meeting on progress, the associated challenges, and risks of the transition of these services, the development and implementation of the assurance framework and the implementation of audit recommendations. This activity is contributing to improved controls, assurance, and governance in this area.

Financial Governance and Reporting

The JASC considered reports on key financial risks which remain a significant challenge as reflected in the PCCs and CCs risk assessments and the overall "balanced" budget position and outturn for 2020/21. The committee also reviewed the Quarter 1 budget monitoring report and noted that the 2021/22 budget has been set with no routine reliance on reserves to deliver on the financial strategy of a good and balanced budget. The JASC scrutinised and commented on the Treasury, Reserves and Capital Management Strategies and Midterm and Outturn reports and noted the plans and balanced budget.

The JASC received a summary of the CIPFA Financial Capability and Resilience report which was prepared in 2020. The committee noted the force had received a rating of 3, consistent with other forces, but this was still encouraging as it had established a new finance department post the Strategic Alliance with West Mercia. Actions are in hand to improve financial management, knowledge, and capability throughout the force. The performance of the finance teams was commended for what they had achieved over such a short period and during difficult circumstances.

The committee reviewed the progress of the annual audit and draft External Auditor's reports on the draft Statement of Accounts and Value for Money arrangements and draft Joint Annual Governance Statement for 2020/21. Although the audit had not been finally completed, as explained above, this was expected in early January 2022. Members noted the draft unqualified opinions on the draft Financial Statements and Value for Money

arrangements. An increase in fees was also noted and the External Auditors explained this was due to the new and more extensive VFM arrangements and other new audit requirements required nationally.

Assurance Framework

The JASC reviewed regular reports from the force Assurance, Standards and Inspection function and actions taken to address areas for improvement and recommendations raised by Internal Audit and HMICFRS. This included the annual Police Efficiency, Effectiveness and Legitimacy (PEEL) assessments which have recommenced in a modified form. For 2021/22 the assessments have moved to a more intelligence-led approach rather than the annual PEEL inspections used in previous years.

The JASC noted the high-level reporting to the Warwickshire Assurance Board, chaired by the Deputy Chief Constable, to ensure recommendations from the PEEL assessments were actioned appropriately and Home Office Counting Rules (HOCR) were complied with. Subsidiary governance boards, reporting to the Assurance Board monthly, are tasked with owning specific areas of assurance. For example: the Investigations, Standards and Outcomes Board is responsible for driving improvements to investigations, and: the Service Improvement Team are owners of the HMICFRS action plan, which includes recommendations from PEEL assessments, Crime Data Integrity Inspection reports and Internal Audit. In support of these boards, the Force Crime, and Incident Registrar (FCIR) function provided regular reports on progress in completing the team's risk-based audit and assurance schedule for 2021 covering the main audit areas across the year. These reports also included those areas identified as requiring improvement and the progress of related actions being taken over the year.

Standards, Ethics and Complaints

The JASC received regular reports over the year on the ongoing meetings and reporting to the Ethics Committee and development of Standards, and Dip Sampling of closed Complaint cases. Ethical issues considered by the Ethics committee included "Should officers in relationships be deployed alongside each other" and "Stop and search."

Since the introduction of Complaints Reform legislation in 2020, the PCC's office is responsible for complaints and appeals. In view of the small number of appeals in Warwickshire, a Complaints Appeals Manager post is shared with the West Midlands Police and Crime Commissioner.

Health & Safety (H&S)

In March, the JASC received a summary report on the position of H&S management following the end of the strategic Alliance with West Mercia and its transition to the force. The report provided the committee with assurance on the arrangements put in place including:

- H&S Governance - Safety Management System and Occupational Health and Safety Committees,
- Policy Statement, Organisation, Arrangements and Levels of Responsibilities,
- Reporting – Accident and Investigations, reporting to Occupational Health and Safety Committees, and Statutory compliance of the estate,
- Strategic Health and Safety Risk Register and Management which identifies the issues, mitigations, actions required and progress to completion.

The committee was also advised that priority areas are regular reviews of Risk Assessments, Accident Reporting and Investigations, checks conducted to ensure Contractors are complying with H&S requirements, a review of H&S training, and fortnightly Covid-secure audits also continue to take place. From April 2021, following the closure of Place Partnership Ltd, their duties and compliance checks will be taken on by the Estates, Facilities and Health and Safety Manager, working directly with the specialist sub-contractors and in-house Facilities Management and Projects teams.

As the report did not provide the regular reporting of H&S to the Executive Committee (EC), to help provide further assurance, a follow up report consisting of a regular comprehensive report to the EC on H&S management and compliance was provided at the September JASC meeting. This form of reporting will be repeated annually in future.

9. Areas of Focus for 2022

The JASC has identified key areas of focus for the coming year that will help to discharge its responsibilities and oversee the development and effectiveness of the PCCs and CCs governance, risk management and internal control arrangements:

- Transition of Services, Collaboration and Partnership arrangements - continued identification and management of key risks to delivery, realisation of transition benefits and savings and ongoing management of all significant collaboration and partnership arrangements going forward.
- Risk Management - Further development of the PCC and CC risk registers and risk management arrangements to increase the level of maturity. Monitor closely the key financial risks and budget position in view of the transition of services and COVID-19 exposures.
- Wellbeing – separate to H&S reporting, implement annual reporting on “Wellbeing”, particularly in the light of Covid 19. Reporting to concentrate on the six principal themes of leadership; creating the environment; protecting the workforce; personal resilience; mental health, and absence management. Also, to cover the objectives, policies, standards and activities and appropriate measurement undertaken to demonstrate compliance, provide assurance, and identify any real improvements that need to be made within the organisation.
- Equality, Diversity, and Inclusion – implement annual reporting on objectives, policies, standards, arrangements, and appropriate measurement undertaken to

demonstrate compliance and provide assurance. Also, to identify any improvements that need to be made within the organisation. The following areas should be covered; strategic governance, providing a service to diverse communities, Black Asian and Minority Ethnic (BAME) representation, attraction, recruitment, retention, and progression; development for women; community recruitment, engagement, and development; other equality and diversity activity and future plans.

- Review from time to time the effectiveness of selected governance and assurance arrangements: – Estates Management, Business Continuity Management, Environmental Management, Performance Management and Accountability, Cyber Crime and Vetting.

10. Conclusion

The JASC has an effective work programme based on robust governance and assurance frameworks. Constructive challenges over the past year on a wide range of topics have given us greater access to information and meetings. The positive relationship with the PCC and CC and their senior staff has enabled us to contribute to improved audit, risk management and internal controls.

Based on the information that we have seen collectively or know about individually we can assure the PCC and CC that the governance, risk management and internal control frameworks; financial reporting arrangements and internal and external audit functions in the Warwickshire force are adequate and operating efficiently and effectively.

We hope that this report, with the assurances it contains, will enhance public trust and confidence in the governance of the Warwickshire force and the Office of the Police and Crime Commissioner (OPCC). The committee will continue to undertake the duties assigned to it in the agreed terms of reference and seek to make a constructive contribution to achieving the agreed priorities. The committee would welcome feedback or suggestions on how it can become more effective in discharging its responsibilities.

The JASC Chair would wish to place on record his sincere thanks to all members, meeting attendees and the Secretariat who have contributed to the important work undertaken by the committee over another busy and difficult year.

John Anderson – Chair, Joint Audit and Standards Committee