

## **AGENDA ITEM**

### **WARWICKSHIRE POLICE AND CRIME COMMISSIONER AND CHIEF CONSTABLE JOINT AUDIT & STANDARDS COMMITTEE, ANNUAL REPORT 2022**

<b>REPORT BY</b>	Chair of the Joint Audit and Standards Committee (JASC)
<b>SUBJECT</b>	Annual Report 2022
<b>RECOMMENDATION</b>	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 there are no changes to the JASC Terms of Reference.
- 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 third annual report and covers the work of the committee for the year ended 31 December 2022. It sets out how the JASC has met its Terms of Reference (Appendix A) and is informed by a performance feedback review obtained from meeting attendees (Appendix B) and an annual self-effectiveness review (Appendix C) 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.
- Obtain attendee feedback on its performance during 2022 and undertake a self-assessment review 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, Andy Heath. All appointments to the JASC were made following an open recruitment exercise and all contracts run until March 2026. Ongoing training for all members is delivered as needed on a full range of governance and policing issues and two sessions were held this year in May and October.

#### **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 arrangements. 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.

To further help ensure full assurance coverage is reviewed by the committee over the course of the year and it can demonstrate this effectively, two internal documents have been produced during this year: an "Assurance Map" and supporting "Subject Matter Leads". The Assurance Map shows across the full range of Governance Areas, the 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> lines of assurance provided by: Business Operations, day to day; Oversight Functions/Boards, usually weekly/monthly; and, Independent Assurance through agreed audit plans, Internal Audit, External Audit and HMICFRS, and also ISO accreditation. The Governance Areas have then been allocated to committee members as Subject Matter Leads to enable them to gain in depth understanding of their allocated areas and then be able to provide support and challenge to the officer leads in drafting reports and providing assurance.

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 no changes are proposed to the Terms of Reference.

## **6. Meeting attendance in 2022**

The JASC reviewed and updated its Terms of Reference and work programme in March 2022, to ensure the extent of the meeting's agenda items and reports provided it with assurance coverage on the full range of the committee's responsibilities.

The JASC met formally four times and twice informally in May and October for training and additional briefings. This enabled the JASC to adhere to its rolling work programme agreed at its March 2022 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. This was caused by a clash of dates for one member between two PCC/CC audit committee meetings when he was asked to chair the other meeting at short notice. He still provided a list of questions which were asked on his behalf during the meeting.

The Chair met 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 Deputy Chair attended panel meetings during the year for the successful appointment of the new Deputy Chief Constable.

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 JASC Chair, Deputy Chair and members Helen Knee, David Carter, and Andy Heath attended meetings of the PCP and provided feedback reports to the JASC.

In addition, the JASC visited the new Control Centre and attended pre-meeting briefings throughout the year. These briefings and training sessions on specific issues covered: the Police and Crime Plan 2022-26; Budget Forecasting and Outturn and Financial Reporting; ITC and Digital Services Transition Evolve and Empowers; the role of PSAA in the appointment of the External Auditors for 2023-27; the annual Audit of the Statutory Accounts and Value for Money arrangements, the Annual Accounts and Joint Annual Governance Statement and the forces Response to Covid 19 and Vetting.

## **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. 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, Evolve and Empower Programmes, 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 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 2022 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 2022 meeting which had been reviewed and updated to reflect revised Procurement and 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 2021/22. This was based upon the results of work undertaken during the year and 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 the Joint External Audit plan for 2022 at the March meeting and progress of the preparation of the annual Statutory Accounts and their audit at the July meeting. At the November meeting drafts of the Joint External Audit unqualified opinions on the draft annual Statutory Accounts and Value for Money arrangements, the Joint Findings Report, Joint Annual Report Statement and Improvement Recommendations, Letters of Representation and Informing the Audit Risk Assessment for 2022 were also considered and noted. These documents were formally signed off the next day on 30 November by Management and the External Auditors, to meet the deadline, except for the Whole of Government Accounts consolidation pack where the NAO had not yet issued the audit instructions and data collection tool. It was not known when these would be issued. The committee noted the assurance from Officers and the External Auditors that the annual accounts audit process for 2023 would be completed by 30 September 2023.

The JASC approved a risk based Internal Audit plan for 2022/23, 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 2021/22, 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.

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. These reports included the continuing concerns over the current state of the quality, cost, and coverage of audit work in the Public Sector. The proposals to address these concerns over audit work, which include insufficient auditors with appropriate experience and the increased expectations and requirements placed on auditors, will lead to an increase in fees of 150%.

The reports also included the process for the appointment of external auditors for 5 years from 2024 – 28, which was completed by 31 December 2022. The committee recommended that Grant Thornton be re-appointed external auditor to the PCC and CC and raised issues with the procurement process conducted by the PSAA and the proposed appointment of Azets Audit Services Ltd as the new external auditor. This was communicated to the PSAA but the JASC's recommendation was rejected and Azets Audit Services Ltd have been appointed external auditors for 5 years from 2024 – 2028.

#### 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 Empower Programme.

#### Transition (Evolve and Empower) Programmes, Collaboration and Partnerships

A key focus for the JASC over the year continued to be the risks associated with the Transition of services (Evolve Programme) post the termination of the Alliance with West Mercia and resulting financial settlement. This programme 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 and received the closure report on the successful Transition (Evolve) programme outcome at the November meeting. This programme has now been succeeded by the Empower programme which will receive the same level of focus from the committee going forward. It should also lead to savings and benefits and contribute 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 2021/22. The committee also reviewed the Quarter 1 budget monitoring report and noted that the 2022/23 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 an update on the progress of the actions to improve financial management, knowledge, and capability throughout the force from the CIPFA Financial Capability and Resilience report, issued in 2020. The committee noted a further review will be undertaken in the spring of 2023.

The committee reviewed the progress and completion of the annual audit and External Auditor’s reports on the Statement of Accounts and Value for Money arrangements and Joint Annual Governance Statement for 2021/22.

## 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 2022 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: The process adopted for posting police officers to new roles and balancing the need of the individual with those of the organisation and, when completing an annual integrity test, the dilemma over voluntary disclosure of consuming substances that are legally available “over the counter” but which may have levels of controlled drugs.

Since the introduction of Complaints Reform legislation in 2020, the PCC’s office is now 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), Sustainability and Wellbeing

In July the JASC received a progress report and then in November an annual report on H&S management reporting to the EC, Sustainability and Wellbeing. This provided the committee with assurance on the arrangements and reporting put in place. The committee was also advised that priority areas continue to be regular reviews of Risk Assessments, Accident Reporting and Investigations, checks conducted to ensure Contractors are complying with H&S requirements and H&S training. Compliance checks have also been under by the Estates, Facilities and Health and Safety Manager, working directly with the specialist sub-contractors and in-house Facilities Management and Projects teams.

## **9. Areas of Focus for 2023**

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:

- Empower Programme arrangements - continued identification and management of key risks to delivery, realisation of 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 to achieve a balanced budget.
- Performance Management and Accountability, Cyber Crime and Vetting - Review from time to time the effectiveness of selected governance and assurance arrangements.
- Fraud and corruption - Although considered a low-risk area, an annual review of management reporting on fraud and corruption arrangements and incidents and outcomes to be implemented in 2023.



## **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 the committee 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 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 and PCC 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 has welcomed the feedback from meeting attendees and 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