

AGENDA ITEM: 08

WARWICKSHIRE POLICE AND CRIME COMMISSIONER AND CHIEF CONSTABLE JOINT AUDIT & STANDARDS COMMITTEE, ANNUAL REPORT 2023

REPORT BY	Chair of the Joint Audit and Standards Committee (JASC)
SUBJECT	Annual Report 2023
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 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 fourth annual report and covers the work of the Committee for the year ended 31 December 2023. It sets out in paragraph 5 below how the JASC has met its Terms of Reference (Appendix A) and is informed by a performance feedback review obtained from meeting key 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, financial management and assurance.

- 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 2023 and undertake a self-assessment review against its terms of reference and objectives on an annual basis and report the results of these (see paragraphs 10 and 11 below) to the PCC and the CC.

4. JASC membership

The JASC is comprised of five members who are independent of the PCC and CC. John Anderson, the Chair, is supported by Gavin McArthur, the Deputy Chair, and three members: Helen Knee, David Carter and 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.

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 which are reviewed annually. 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 continued to be developed and used during the year. Firstly an "Assurance Map" and secondly a supporting "Subject Matter Leads". The Assurance Map shows across the full range of Governance Areas, the 1st, 2nd and 3rd lines of assurance provided by Business Operations, Oversight Functions/Boards, and Independent Assurance through the completed audit plans of Internal and External Audit and HMICFRS, and relevant annual ISO accreditation confirmation. The Governance Areas have 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 and Manager leads responsible for 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. Although the Committee's work and scope are now well established, and no changes are proposed to the Terms of Reference through this report, a fundamental review of them is being undertaken by the OPCC's Chief Executive Office (CEO) and two members to ensure the Committee stays relevant and adds value.

6. Meeting attendance in 2023

The JASC met formally four times and twice informally in February and November 2023 to review its Terms of Reference, Work Programme, Assurance Map and the Corporate Governance Framework. These meetings enabled the JASC to adhere to its rolling work programme, agreed at the March 2023 meeting, and consider both standing agenda items, specific areas of the business and ad hoc issues. This provided it with assurance coverage over the full range of the Committee's responsibilities.

Full attendance at all the meetings was achieved by all members with two exceptions when they provided lists of questions to be asked on their behalf during the meeting. It was also decided that members would meet outside of the formal meetings with the Officer and Manager leads to better understand their areas of responsibility and to assist with the terms of reference for drafting reports.

The Chair met with the PCC, OPCC CEO, Treasurer, Deputy Chief Constable, Director of Finance and Director of Data, Strategy and Technology. The Deputy Chair met with the Head of Internal Audit and Director of Data, Strategy and Technology, member Helen Knee attended Standards Dip Sampling of Complaints sessions and the Ethics Committee meetings, and members David Carter and Andy Heath met with the Officer and Manager leads for their areas of responsibility.

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 Chair of the Panel to attend each other's meetings as observers. All members of the JASC have attended meetings of the PCP during the year and provided feedback reports to the next JASC meeting.

In addition, the JASC in March 2023 visited the new Control Centre and attended pre-meeting briefings throughout the year. These briefings on specific issues covered: Treasury Management provided by Arlingclose Ltd, Budget Forecasting and Outturn, the Annual Accounts and Financial Reporting, ITC and Digital Services, Empower programme and Vetting. The JASC also held private discussions with the External and Internal Auditors.

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. The CC attended the January meeting to present her annual report. For other meetings she was represented by the Deputy Chief Constable or Assistant Chief Constable. They, along with the OPCC CEO, Treasurer, Director of Finance, Director of Data, Strategy and Technology, Enabling Service Director, Head of Accounting and Financial Control, Head of Business Services and Assurance and Scrutiny Officer, collectively provide information and ongoing assurance in relation to:

- the annual Statutory Accounts, 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, Empower Programme, Partnerships and Collaborations, ITC, and Digital Services,
- Standards, Ethics and Complaints,
- Crime data integrity and Inspection, audit, and assurance activity,
- Estates, Health and Safety, Vetting Commercial and Performance Management.

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 2023 and how it discharged its responsibilities

Improved Internal Control Environment and Governance Arrangements

The JASC reviewed and provided comment on the Joint Annual Assurance and Governance Statement and supporting Governance Improvement Plan for the PCC and CC for 2023 at the July and September meetings. They also considered the joint Governance and Financial Framework document at the March 2023 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 6 monthly intervals.

At the February and November 2023 informal meetings the JASC reviewed the joint Governance and Financial Framework document and suggested further developments. These are being taken forward by the OPCC Chief Executive Officer (CEO) and 2 members and should be completed for the March 2024 JASC meeting. They are to include the roles of the Monitoring Officer and Section 151 Officer, scope and coverage of the scrutiny role undertaken by the OPCC into the force and the assurance arrangements of the force through its Assurance Board and Committees.

The JASC also considered the Internal Audit annual opinion for 2022/23, based upon the results of work undertaken during the year. This opinion confirmed the control environments operated by both organisations provided substantial assurance that the significant risks facing the respective organisations were addressed. The report reflected the progress made whilst acknowledging further work was 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 encourage further progress with the aim of securing a more complete and effective internal control environment, which includes governance, risk management, internal control arrangements and assurance.

External and Internal Audit

The JASC reviewed the Joint External Audit plan for 2023 at the March meeting and progress of the preparation of the annual Statutory Accounts for 2023 and their audit at the July and September meetings. At the September meeting, a draft of the Joint External Audit unqualified opinion on the draft annual Statutory Accounts for 2023, the Joint Findings Report, Joint Annual Report Statement and Improvement Recommendations, Letters of Representation and Informing the Audit Risk Assessment were also considered and noted by the Committee, subject to the receipt of pension fund liability external confirmations. The opinion on the Value for Money arrangements and the Whole of Government Accounts consolidation pack were delayed and it was expected that these would be issued by January 2024 at the latest. The Committee noted the assurance from Officers and the new External Auditors (Azets) at its November 2023 informal meeting that the annual accounts audit process for 2023/24 should be completed by 30 September 2024.

The JASC approved a risk based Internal Audit plan for 2023/24, 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 2022/23, 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 His 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 delayed audit work, which include insufficient auditors with appropriate experience and the increased expectations and requirements placed on auditors, has led to an increase in fees of 150%.

Risk Management – Delivery of PCC and CC Business Plan

The JASC noted the continuing OPCC embedding of risk management and the Force risk management policy review undertaken in 2023. The risk registers of the OPCC and CC were considered at each 6 monthly intervals along with the assessment and management of key strategic risks and mitigations. The Committee received ‘deep dive’ analysis into the risks and mitigations for the ICT – Digital Services Empower Programme and Performance Management.

Empower Programmes Collaboration and Partnerships

The JASC over the year continued to review the risks associated with the post transition of services through the Empower Programme. This programme involves significant management of the replacement in-house ITC capacity and the collaboration service arrangements with West Midlands. Member David Carter liaised with key officers between meetings to enable early sight of any emerging risks and issues and resulting management responses and actions. This programme should continue to 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 PCC's and CC's risk assessments and the overall "balanced" budget position and outturn for 2022/23. The Committee also reviewed the Quarter 1 budget monitoring report and noted that the 2023/24 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 Mid-term and Outturn reports and noted the plans and balanced budget.

The JASC received an updated assessment report at the July meeting 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. This assessment noted the maturing of financial management and raised the level from the original three stars to four.

The Committee reviewed the progress 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 2022/23.

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 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 (now renamed the Performance 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 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 2023 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 reports from both the OPCC and force Professional Standards on Gifts and Hospitality and Whistleblowing and from the Force on the Reporter policy, Fraud,

Bribery and Corruption (arrangements and incident reporting) and Vetting. 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.

Since the introduction of Complaints Reform legislation in 2020, the OPCC office is responsible for complaints and appeals and a Complaints Appeals Manager appointed. The OPCC have since embedded the complaints reviews functions within the team so that the learning from the reviews can be used for wider holding to account activities. This is a change from the previous arrangement where the work was delivered jointly by a postholder employed by the West Midlands OPCC.

Health & Safety (H&S), Sustainability and Wellbeing

In July the JASC received a progress report on the H&S Annual Review, Sustainability and Wellbeing management reporting to the Executive Committee, with the full report due to be presented at the January 2024 meeting. This will help to provide the Committee with continuing assurance on the arrangements and reporting in place. The reporting covers the priority areas and 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 undertaken by the Estates, Facilities and Health and Safety Manager, working directly with the specialist sub-contractors and in-house Facilities Management and Projects teams.

Other governance areas

The JASC received reports at the January and July meetings on the development of the Performance Management Framework and the 2022/25 Communication and Engagement Plan and delivery. Progress reports have been received on the Estates Strategy, Information Governance and Cyber Security, with full reports due to be presented at the January 2024 meeting.

9. Areas of Focus for 2024

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 Security, Vetting and Information Governance - Review the links between objectives, performance

indicators and performance management are effective and from time to time the effectiveness of selected governance and assurance arrangements.

- Governance and Financial Framework document - Further development to include the roles of the Monitoring Officer and Section 151 Officer, coverage of the scrutiny role undertaken by the OPCC into the force and the assurance arrangements of the Force through its Assurance Board and Committees.
- The successful embedding of the new External Auditors (Azets).

10. Attendee feedback on JASC performance for 2023 (Appendix B).

Feedback was received from 6 out of 7 key attendees and has been summarised in Appendix B. Most assessments recorded were either Good or Very Good with a minority being in the Acceptable category. These Acceptable assessments were recorded mainly against “Meeting Management” and the “Audit Committee role and function”.

Attendees also provided comments, particularly for areas of improvement, such as agendas being too full, meetings too long and the commissioning of reports. They also noted that following recent informal meetings to discuss these issues they were being actively addressed. As noted in paragraph 5 above, the Terms of Reference of the JASC are being reviewed to ensure it stays relevant and adds value.

11. JASC Self-effectiveness review (Appendix C).

The attached review covers those areas where the JASC can have an impact by supporting improvements to governance, risk management, the assurance framework, achieving objectives, effective External and Internal Audit, arrangements for Value for Money and promoting public reporting to the authorities’ stakeholders and local community. Examples to demonstrate its impact and key indicators of effective arrangements are provided and then the self-evaluation through providing strengths, weaknesses and proposed actions.

The contents of the self-evaluation and proposed actions or “Areas of Focus for 2024” are summarised in this report.

12. 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 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