

## **AGENDA ITEM: 18**

### **WARWICKSHIRE POLICE AND CRIME COMMISSIONER AND CHIEF CONSTABLE**

#### **JOINT AUDIT & STANDARDS COMMITTEE, ANNUAL REPORT 2024**

<b>REPORT BY</b>	Chair of the Joint Audit and Standards Committee (JASC)
<b>SUBJECT</b>	Joint Audit and Standards Committee Annual Report 2024
<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 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 fifth annual report and covers the work of the Committee for the year ended 31 December 2024. 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 2024 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, 'Audit Committees: practical guidance for local authorities and police' (2022 edition). 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 this 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 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> 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. The Committee's work and scope are now well established, and no changes are currently proposed to the Terms of Reference through this report. A fundamental review of them was undertaken early this year and they were reissued in July. This review was undertaken by the OPCC's Chief Executive Officer (CEO) and two members to ensure the Committee stays relevant and adds value.

## **6. Meeting attendance in 2024**

The JASC met formally four times and once informally in May 2024 to review the Work Programme, Assurance Map and the Corporate Governance Framework. These formal meetings enabled the JASC to adhere to its rolling work programme 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. The meeting agenda content and commissioning of reports have been amended to reduce the length of meetings.

Virtually full attendance at all the meetings was achieved by all members or they provided issues or questions to be raised at the meeting. Members also met outside of the formal meetings with the Force Officer and Manager leads to better understand their areas of responsibility and to assist with the terms of reference for drafting reports to the JASC.

The Chair met with the OPCC CEO, Treasurer and Director of Finance. 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 Force 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 attended premeeting briefings throughout the year. These briefings on specific issues covered: Treasury Management and Financial Sustainability, the 2024/25 Budget, Budget Forecasting and Outturn, the Annual Accounts and Financial Reporting, ITC and Digital Services, Empower programme, Cyber Security, Vetting and the 2022/25 Police and Crime Plan outturn and preliminary planning for the 2025/29 plan. 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 most meetings, and the CC attended the March meeting to present her annual report. For other meetings she was represented by the Deputy Chief Constable (DCC) or Assistant Chief Constable (ACC). The PCC and DCC, or their deputies, provided briefings at each meeting on progress of the Police and Crime Plan and key issues. The PCC and DCC, 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, Digital Services and Information Assurance,
- 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. The Audit Director and Manager from Azets, 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 2024 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 2024 at the July and September meetings. They also considered the joint Governance and Financial Framework document at the March 2024 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 for the OPCC and 3 monthly for the CC.

At the May informal meeting the JASC reviewed each of the main areas of its current work programme against the revised Terms of Reference, as the Force was now in a steady state and the PCC had been elected for another term. The specific topics covered were: Governance and Risk, HMI expectations, Performance Framework and Management, Estates, Contract and Tendering and the governance arrangements for significant Partnerships and Collaborations, Culture, Standards and Ethics, the Force's response to Data Protection requests and future Internal Audit planning to take account of the outcome of this work in these areas. The issues raised under each of these topics are being taken forward by the responsible JASC member.

The JASC also considered the Internal Audit annual 'substantial' opinion for 2023/24, based upon the results of work undertaken during the year. This provided assurance on the control environments operated by both organisations and 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, assurance and scrutiny.

#### External and Internal Audit

The JASC paid particular attention to the transition to the new external auditors – Azets through reviewing the finance management and the external auditor's planning for the 2023/24 Joint External Audit at the January and March meetings. It also reviewed the progress of the preparation of the annual Statutory Accounts for 2023/24 and the audit progress at the March, July and September meetings. At the September meeting, a final draft of the Joint External Audit unqualified opinion on the draft annual Statutory Accounts for 2023/24, the Joint Findings Report, Joint Annual Report Statement and Improvement Recommendations, Letters of Representation and Informing the Audit Risk Assessment were also considered. The Committee noted these for sign-off, subject to the receipt of pension fund external audit confirmations. These confirmations were received in early December 2024 and the Statutory Accounts duly signed off by Management and the External Auditors. The opinion on the Value for Money arrangements was still in progress but no significant issues had come to light. It was expected this opinion would be issued by January 2025 at the latest.

The JASC approved a risk based Internal Audit plan for 2024/25, which was aligned too the PCCs and the CCs strategic objectives in line with best practice. It considered the Internal Audit Annual Opinion and the Annual Report for 2023/24, 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 the progress in addressing key issues and recommendations identified where delays in implementation had occurred. Continued progress has been achieved over the year by management in reducing the number of outstanding recommendations, particularly those on Information Assurance.

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) and Public Service Audit Appointments (PSAA). 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% for this year.

#### Risk Management – Delivery of PCC and CC Business Plan

The JASC noted the continuing strategic development and embedding of risk management by the OPCC and Force. Their risk registers were considered at 6 monthly intervals for the OPCC and 3 monthly for the Force, along with the assessment and management of key strategic risks and mitigations. The Committee received ‘deep dive’ analysis into the risks and mitigations for Information Assurance, Estates Management, Vetting and Cyber Security.

#### 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 will 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 2023/24. The Committee also reviewed the Quarter 1 budget monitoring report and noted that the 2024/25 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 for 2023/24 and noted the plans and balanced budget. The JASC also received an update report on the substantial progress now made by the Finance Function with addressing the recommendations made by CIPFA in their report on the Financial Management Code.

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 2023/24.

### 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 preparedness for the 2024/5 annual Police Efficiency, Effectiveness and Legitimacy (PEEL) assessments.

The JASC noted the high-level reporting to the Warwickshire 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 2024 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 6 monthly reports in January and July from both the OPCC and Force Professional Standards departments on matters relating to police standards, ethics and complaints and included performance data and trends. These reports covered: the respective responsibilities of the two departments, working with the Independent Office for Police Conduct and the Specified Information Order, Police Complaints and Complaints reviews, JASC dip-sampling of closed complaint cases, the work of the Ethics Committee, and reviews of Police conduct matters, Fraud, Vetting, and Data Protection.

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

At the January meeting the JASC received an annual report on the priority areas of H&S and the Annual Review report to the Executive Committee on Sustainability and Wellbeing management. The report covered risk assessments, performance management and trends on Accident Reporting and Investigations, checks conducted to ensure Contractors are complying with H&S requirements and H&S training. It also covered compliance checks undertaken by the Estates, Facilities and Health and Safety Manager, working directly with the specialist subcontractors and in-house Facilities Management and Projects teams.

## Other governance areas

The JASC received progress reports on the continued development of the Performance Management Framework through a 'deep dive' on the arrangements for PCC Holding to Account meetings and coverage, and an annual report on Estates strategic planning and management.

## **9. Areas of Focus for 2025**

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 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, review the links between objectives, performance indicators and performance management and from time to time the effectiveness of selected governance and assurance arrangements.
- Governance and Financial Framework document – further development 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 management Culture within the Force - further review of the policies and processes, engagement in training, disciplinary figures, vetting and re-vetting, equality and diversity statistics and activities.
- Standards – further review of public complaints, grievances, disciplinary, fraud and misconduct matters and progress on any high court cases.

## **10. Attendee feedback on JASC performance for 2024 (Appendix B).**



(Feedback was received from 9 out of 10 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 against “Treasury Management” and a number of the topics under “Displays appropriate ways of working”.

## **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 2025” 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 OPCC and 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