

Warwickshire Police and Crime Commissioner and Chief Constable Joint Audit & Standards Committee Annual Report 2019/20

1. Introduction

This is the first annual report of the Warwickshire Joint Audit and Standards Committee (JASC). The report covers the work of the JASC for the period 9 October 2019 to 31 December 2020, setting out how the JASC has met its Terms of Reference, and is informed by an annual effectiveness review based on best practice.

The JASC is comprised of five members who are independent of both the Police and Crime Commissioner (PCC) and Chief Constable (CC). John Anderson, the Chair, is supported by Gavin McArthur, the Deputy Chair, and three members Helen Knee, David Carter and Alistair Murdie. All appointments to the JASC were made following an open recruitment exercise and were for a minimum of eighteen months and maximum four - year term. The Chair and Deputy Chair were formerly members of the Alliance JASC but for the new members a training programme has been developed and is being implemented through briefings on a full range of policing and governance and assurance frameworks.

The purpose of the JASC was drawn up in line with 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 provides independent advice and recommendations to both the PCC and CC on the adequacy of the governance and risk management frameworks, the internal control environment, financial reporting and ethics and standards, thereby helping to ensure efficient and effective assurance arrangements are in place. To this end the JASC is enabled and required to have oversight of, and to provide independent review of the effectiveness of the Warwickshire PCC's and CC's governance, risk management and control frameworks, their financial reporting and annual governance processes, internal and external audit and adherence to appropriate standards and ethics.

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 or the CC.

2. Meeting attendance

The JASC reviewed and updated its Terms of Reference and work programme in January 2020 in order to ensure the extent of the meeting's agendas and reports provided it with assurance on the full range of the committee's responsibilities.

During the period of this report the JASC met three times, had one meeting cancelled due to Covid 19 but replaced by a meeting template aimed to capture all members' questions, management's responses and actions arising, and one virtual meeting with all members calling in. This enabled the JASC to adhere to its rolling work programme agreed at its January 2020 meeting and consider both standing agenda items, specific areas of the business and adhoc items.

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 newly formed Ethics Committee 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) 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 attended two meetings of the JASC and the JASC Chair, Deputy Chair and member David Carter attended meetings of the PCP and provided feedback reports to the JASC.

In addition, the JASC attended briefings and training sessions on specific issues throughout the period which included: Alliance Transition, Assurance and Governance, Ethical Policing and Standards, ITC and Digital Services Transition Programme, role of External Audit and their audit of the Statutory Accounts and Value for Money and the forces Response to Covid- 19.

3. Meeting coverage

Meetings of the Committee are open to the public and along with details of future meetings, can be found on the PCC's website. The PCC and CC usually attend meetings, along with the Deputy Chief Constable, the Treasurer, Director of Finance, the Development Lead for Standards & Integrity and Head of Assurance, Standards & Inspections who collectively provide information and ongoing assurance in relation to the annual statutory accounts, 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 and ethics and crime data integrity and inspection activity. The Head of Audit for Warwickshire attends all meetings to provide assurance on internal controls and systems and representatives from Grant Thornton, the external auditors, also attend each meeting to report on the financial statements, financial controls and value for money arrangements.

4. PCC an CC Joint Audit and Panel Work Programme 2019/20

Improved Internal Control Environment and Governance Arrangements

The JASC considered both the 2018/19 and 2019/20 Annual Governance Statements and supporting Governance Improvement Plans for both the PCC and CC during the period. They also considered the joint Governance Framework document at the January 2020 meeting which had been reviewed and updated to reflect the Warwickshire standalone situation post the termination of the Alliance with West Mercia and revised Commissioning arrangements. These ensured greater clarity on actions to address areas of significant risk and improvement and were aided through revised 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 2019/20 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. Reports reflected the progress made whilst acknowledging further work is needed to strengthen governance and the internal control environment.

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

Internal and External Audit

The JASC reviewed and approved the External Audit plan for 2019/20 and considered the External Audit Annual Letters for 2018/19 and 2019/20, ensuring recommendations were addressed. It approved a risk based Internal Audit revised plan for 2019/20 and Plan for 2020/21, which was aligned to the PCCs and the CCs strategic objectives in line with best practice.

The JASC considered the Internal Audit Annual Opinion and the Annual Report for 2019/20, 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 period which enabled members to have a detailed understanding of the outcomes of the audit work carried out 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 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 and financial reporting and audit issues and developments 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. Issues brought to the attention of members during 2019/20 included a revised approach to Value for Money audit work being introduced in 2020/21, Financial Reporting and Management during COVID-19 and various reports on concerns over the current state of the quality, cost and coverage of audit work in the Public Sector.

Risk Management – Delivery of PCC and CC Business Plan

Following the termination of the Alliance with West Mercia, the JASC advised on and endorsed new risk management policies and frameworks for OPCC and CC; it encouraged the alignment of process and presentation for a more consistent approach. Members reviewed the risk registers of the PCC and CC at each meeting and the assessment and management of key strategic risks and mitigations. It helped progress the identification, alignment and mitigation of key strategic risks to the delivery of the PCP and received ‘deep dive’ analysis into the risks and mitigations for the ICT – Digital Services Transition Programme. Regular reports and review by the JASC saw significant development of the risk management frameworks supporting the PCC’s and CC’s delivery of the PCP and the Business Plans.

Transition Programme, Collaboration and Partnerships

A key focus for the JASC over the period was the risks associated with the Transition of services post the termination of the Alliance with West Mercia and resulting financial settlement. This involved significant 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. Members were kept up to date on progress and 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 much improved assurance and governance in this area.

Financial Governance and Reporting

The JASC considered reports on key financial risks and the overall budget position which remain a significant challenge as reflected in the PCCs and CCs risk assessments. It reviewed the Annual Audit of the Statement of Accounts reported by the external auditors noting unqualified opinions on the 2018/19 and 2019/20 Financial Statements and 2019/20 Value for Money arrangements but a qualified “except for” opinion on the 2018/19 Value for Money arrangements in respect of the termination of the Alliance. The management response to this qualified opinion covering assurance and governance is covered in the

paragraph above. The JASC scrutinised and commented on the Treasury, Reserves and Capital Management Strategies and Outturn reports.

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, which included the annual PEEL assessments. It noted the S55 responses on these assessments from the PCC to the Home Office.

The JASC noted a new high level meeting assurance structure showing that a Warwickshire Assurance Board had been established, 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 the 2019 PEEL assessment, 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 2019/20 and 2020/21 covering 14 main audit areas across the period. These reports also included those areas identified as requiring improvement and the progress of related actions being taken over 2019-21.

Standards, Ethics and Complaints

The JASC received regular reports over the period on the development of Standards, Ethics and Dip Sampling of closed Complaint cases. The force established an Ethics Committee during the period to oversee the embedding of the policing Code of Ethics to help deliver the highest professional standards in their every-day service to the public. The Complaints Reform legislation has led from early 2020 to the PCCs office becoming responsible for complaints and appeals. In view of the low number of appeals in Warwickshire, a Complaints Appeals Manager post is shared with the West Midlands Commissioner.

Conclusion

Over this period the JASC has overseen key developments and improvements in the effectiveness of the governance arrangements in place and, in particular, in the identification and management of key risks to the delivery of strategic priorities and objectives, transition of services and collaboration and partnership governance, assurance, audit and inspection and the PCCs ethics and standards oversight. The JASC has also overseen the delivery of effective internal and external audit services.

The JASC Chair would wish to place on record his thanks to all members, attendees and the secretariat who have contributed to the important work undertaken by the committee over a very difficult and busy period.

5. Areas of Focus for 2020/21

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:

- Risk Management - Further development of the PCC and CC risk registers and risk management arrangements to increase the level of maturity.
- PPC's and CC's Annual Governance Statements, Significant Governance Issues 2020/21 – Monitor the implementation and prioritisation of those areas that will have the greatest impact on improving governance, assurance and internal control.
- Transition of Services, Collaboration and Partnership arrangements - Improvements to assurance and governance, 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.
- Financial Governance and Reporting – Monitor closely the key financial risks and budget position in view of the transition of services and COVID-19 exposures.
- Assurance, Standards and Inspection - Further development of an integrated and effective assurance framework and how this supports the CCs Executive Board and the PCCs oversight.
- Standards, Ethics and Complaints – Continuing development of the oversight of the Ethics Committee to help embed ethics in the force and Complaints Handling by the PCCs office with Dip sampling of Complaint's closed cases.
- Health and Safety, Gifts and Hospitality and Estates – Receiving regular assurance reports on the monitoring of the governance frameworks and regular reporting of compliance with the policies in place.
- Estates services provision – to review and seek assurance on the future arrangements for estates services in the light of the winding up of Place Partnership Ltd.

John Anderson - Joint Audit and Standards Committee Chair