

Warwickshire and West Mercia Joint Audit Committee Draft Meeting Record

Date:	Monday 19 th June 2017, 14:00 – Willison Room, Hindlip
Chair:	Lynne Duffy
Minute Taker:	Alison Rixom

Audit Committee Members

	Name:	Capacity:
Attendance:	Lynne Duffy (LD)	Chair
	John Anderson (JA)	Member
	Dr. Sanjay Bhasin (SB)	Member
	Alan Day (AD)	Member
	Martin King (MK)	Member
	Gavin McArthur (GMc)	Member

Offices of the Police and Crime Commissioner

	Name:	Capacity:
Attendance:	Philip Seccombe (PS)	Police and Crime Commissioner, Warwickshire
	Sara Ansell (SA)	Head of Finance
	Elizabeth Hall (EH)	Treasurer – Warwickshire/West Mercia
	Tracey Onslow (TO)	Deputy Police and Crime Commissioner

Force

	Name:	Capacity:
Attendance:	Anthony Bangham (AB)	Chief Constable, West Mercia
	Martin Jelley (MJ)	Chief Constable – Warwickshire
	Mike Kaine (MK)	Financial Accountant
	Jeff Carruthers (JC)	Head of Accountancy & Financial Services
	Jason Downes (JD)	Det. Ch. Insp. Change Programme
	Ben Smith (BS)	Supt. SSI
	David Woodall (DW)	Assurance Lead, SSI

Internal Audit

	Name:	Capacity:
Attendance:	Garry Rollason (GR)	Internal Audit (GR)



Warwickshire
POLICE



West Mercia
POLICE



Police and Crime
Commissioner
Warwickshire



John Campion
Police and Crime Commissioner
West Mercia

	Jackie Sparkes (JS)	Internal Audit (JS
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External Audit

	Name:	Capacity:
Attendance:	Joan Barnett (JB)	Grant Thornton
	Alex Walling (AW)	Grant Thornton

	Name:	Capacity:
Apologies:	Amanda Blakeman (AMB)	Deputy Chief Constable, West Mercia
	John Campion (JC)	Police & Crime Commissioner, West Mercia
	Andy Champness (AC)	Chief Executive
	Heather Costello (HC)	Director of Finance, Warwickshire and West Mercia Police
	Neil Hewison (NH)	Chief Executive, Warwickshire PCC
	Karen Manners (KM)	Deputy Chief Constable, Warwickshire

Open Session

No	Summary	Action
01/19/06/17	Attendance & Apologies As above. The new chair welcomed everyone to the meeting especially to the newly appointed members of the committee. Introductions took place by all those attending.	
02/19/06/17	Committee Members' Declaration of Personal and Prejudicial Interests None declared.	
03/19/06/17	Minutes of the Last Meeting and Matters Arising The minutes of the last meeting, held on 20 th March 2017, were signed off as a true and accurate record of the meeting. The actions from the previous meeting as stated below were carried forward to the next meeting: 04/20/06 – Annual Report 2015/16 of the Police and Crime Commissioner for Warwickshire (N. Hewison). A discussion took place around Mental Health as the report highlighted that the Alliance was looking at mental health street triage schemes, the scheme is still in the pilot phase and a full evaluation will take place later in the year. Action: An update to the committee is required at a future meeting.	

	<p>Update 19.09.16. Item ongoing bring forward to next meeting in December 2016.</p> <p>Update 12.12.16. A request was made for this item to be carried forward to the next meeting as work is still ongoing.</p> <p>08/19/09/16 Place Partnership Assurance Report</p> <p>A number of issues were raised by the committee and it was felt that information available was too limited. More detail was required so that the committee can be assured that PPL are achieving as much as had been expected.</p> <p>It was noted that the Police internal audit service has no rights to audit the internal processes of PPL as it is a separate legal entity.</p> <p>Martin King, a member of the Committee has agreed to lead on this matter and will provide reports to future meetings.</p> <p>Update 12.12.16. MK has commenced the process of reviewing the audit and will provide an update at the next meeting in March 2017.</p> <p>Update 20.03.17. Mk provided a brief update to the group. There are still some issues with PPL. Discussions ongoing and the outcome may impact on any review. C/fwd to next meeting.</p> <p>05/20/03/17 External Audit Progress Report and Update for Warwickshire and West Mercia PCCs and CCs</p> <p>A brief discussion took place with regards to the Mental Health Trust and their interest in the new Crime Bill.</p> <p>Action: JB and LD to meet ahead of the July Audit meeting to go through the Accounts.</p>	<p>CS</p> <p>MK</p> <p>JB/LD</p>
04/19/06/17	<p>Draft Unaudited Statement of Accounts (4 Papers)</p> <p>The draft unaudited statement of accounts were presented to the committee for the Chief Constables and PCCs for both Forces (4 sets of accounts).</p> <p>The Treasurer expressed her thanks and appreciation to all the finance staff within the Force, the Alliance and the PCC staff who produced 4 sets of accounts before 31st May 2017, 1 month earlier than last year, this is a notable achievement.</p> <p>External Audit are planning to complete their audit by 31/7/17, hence the need for an extra ordinary meeting being set up to consider the External Auditors report on the Statement of Accounts.</p> <p>What is also worth of note is the improvement in budgeting and budget monitoring and capital expenditure in the last year.</p> <p>For the Alliance as a whole, the underspend was £3.8M or 1.05% of the Annual Budget – this is a huge improvement. The</p>	

	<p>Alliance also incurred capital expenditure of £21M with the two new OCCs taking shape. Progress on the implementation of the SAAB Safe and Athena ICT systems and the ongoing rollout of Mobile Working is being made.</p> <p>The Head of Accountancy and Financial Services provided a brief update to the group.</p> <p>The Committee were advised that the statements were ahead of last year. All 4 sets of accounts have been produced a month early. The Treasurer for both PCCs and the Director of Finance for the Force have signed off all the draft statements. The External Auditors have started on site today for 4 weeks.</p> <p>There are a few differences between the PCCs and Chief Constables statements. Technical entries are that the Chief Constable carries a pension liability whereas the Police and Crime Commissioners carries the Assets (Estate).</p> <p>The narrative report is larger this year and tells a story. The contents and numbers, valuations, movement around asset valuations and pension numbers change from year to year and include percentage adjustments included.</p> <p>It was confirmed that an analytical review of the statements has been carried out.</p> <p>There were no questions raised by members, but assurance was provided that if any of the new members wished to discuss anything specific in the accounts then the Head of Accountancy and the Treasurer were happy to meet outside of the meeting.</p> <p>It was agreed that a pre-meeting would be arranged prior to the July meeting for members.</p> <p>Action: LD and LH to discuss and arrange a pre-meeting date with members before the extra ordinary meeting on 31st July 2017.</p> <p>It was stated by one of the members that 3-4 years ago we were in a very different situation, there has been a very steep learning curve for staff and committee members and I am sure there will be questions, but in the meantime would like to express sincere thanks to the Head of Accountancy and his team for all their hard work.</p> <p>It was also stated that when the external auditors have finished their audit and changes are made, could the new statements indicate the changes that have been made. It was confirmed that the changes would be highlighted.</p>	LD / LH
05/19/06/17	<p>Draft Unaudited Annual Governance Statements (AGS)</p> <p>The draft unaudited Annual Governance Statement for 2017 for both Warwickshire and West Mercia Police and the Annual Governance Statement for 2016-17 for both Police and Crime Commissioners were circulated to the committee for comment</p>	

	<p>and final approval. The statements reflect the governance framework established and delivery by both CC's and the PCCs and their offices and provides a review of compliance with that framework during the financial year.</p> <p>The Treasurer stated that there were 4 statements in total and that they had been considered by the committee at a previous meeting. The amendments highlighted at the previous meeting have been incorporated into the final documents presented today.</p> <p>A question was raised by one of the new members as to why the CC and PCC documents were different in regards to the Joint Corporate Governance Framework. An explanation was provided in that the PCCs and CCs are different organisations and are governed by a Scheme of Delegation which the previous committee have had sight of.</p> <p>It was stated that the draft AGS documents were reviewed at a previous meeting and were agreed.</p> <p>Action: A copy of the Scheme of Delegation to be sent to the new committee</p>	LH
06/19/06/17	<p>Internal Audit Progress Report 2017/18</p> <p>The Internal Audit Report was presented to the committee. The report summarised the results of internal audit work for 2016/17 and provides an opinion on the overall opinion on the system of internal control. It also provides information on the overall effectiveness of the service.</p> <p>The Chair stated that discussions had already taken place with the internal auditors.</p> <p>It was stated that the internal audit was as its end its cycle and the summary of all jobs done last year is shown in Appendix B. The report was compiled a week ago so there has been some updates. The 2 IT audits have now been completed.</p> <p>A question was asked as to what the percentage of time spent was spent and how many days across the year does this equated to. It was confirmed that the plan equates to 430 days per year.</p> <p>A question was raised as to why Budgeting control and monitoring was not part of the annual review. It was stated that the plan is based on risk assessments each year and Budgeting control is very low risk. It was noted that some of the audits undertaken do include budget monitoring and control.</p> <p>The Chair asked about progress on an external review to be done for internal audit. It was confirmed that proposals had been received from a number of organisations and a consultant has been engaged to help with preparing for the assessment which will be completed by the end of the year.</p>	

	<p>Details of the process will need to be discussed between GR and Chair. The assessor will want to speak with all Chairs of Audit Committees of all of their clients.</p> <p>The review will be undertaken across all services (all clients') not just the police. The paperwork / assessment is against public sector audit standards. The internal auditor will discuss the outcome of the assessment with the Chair and Treasurer.</p> <p>A question was asked with regards the audit that resulted in a limited opinion. It was explained that after every audit an action plan is produced and target dates and actions agreed.</p> <p>Assurance was provided that progress on implementation is followed up by SSI and reported in their periodic reports to the Committee.</p> <p>The members were pleased to see the positive outcome on crime property and cash handling. Few points had arisen compared to the previous audit and sound processes were now being embedded in the organisation.</p> <p>Recommendations</p> <p>The Committee noted the results of the audit work for 2016/17 and considered that no issues needed to be included in the relevant Annual Governance Statement.</p>	
07/19/06/17	<p>External Audit – Informing the Audit Risk Assessment</p> <p>The Informing the risk assessment for both Police and Crime Commissioners and Chief Constables were presented to the committee. The purpose of the report is to contribute towards the effective two-way communication between the external auditor and the Joint Audit Committee, as part of the Committee's role in advising the PCC and CC.</p> <p>As part of the risk assessment procedure there is a requirement to obtain an understanding of management processes in the following areas:</p> <p>Fraud, Laws and regulations, Going Concern, Related Parties and Accounting estimates were all considered.</p> <p>The report includes a series of questions on each of the above areas and the responses received from management. The Committee should consider whether the responses are consistent with its understanding and whether there are any further comments the committee wish to make.</p> <p>A question was raised under the Fraud Risk Assessment, question 3 – How are the JAC satisfied that the overall control environment is robust? The members felt that the management response could have more explanation.</p> <p>The external auditors were happy to pass this request to management. The Treasurer explained that the governance framework includes a number of meetings with senior offices like</p>	

	<p>AGG, PCC/CC meeting. It is a very extensive Governance framework which includes Personal Development, PDR's and incorporates police strategies and PCCs Police and Crime Plans.</p> <p>Action: It was agreed that the Chair and Treasurer would look at organising a training programme for the new members, including some refresher training for the existing members.</p>	LD / LH
08/19/06/17	<p>External Audit Progress Report and Update for Warwickshire and West Mercia PCCs and CCs</p> <p>The External Audit Progress report was presented to the committee. The paper provides the committee with a report on progress in delivering their responsibilities as external auditors. The committee were satisfied with the report and raised no questions.</p> <p>The external auditors wished to express their sincere thanks to the Finance team for the production of 6 sets of accounts by the end of May and to a very good standard. Continued dialog has been ongoing between finance and the external auditors throughout the year.</p> <p>The external auditors have started their audit today and questions have already been issued to the Finance Department. The chair requested that a formal letter of thanks be sent to the Finance Team from the Committee.</p> <p>Action; Chair to ensure a formal letter of thanks is sent to the Finance team from the Committee members.</p>	LD
09/19/06/17	<p>External Audit – 2017/18 External Audit Fee Letters</p> <p>A copy of the external audit fee letters for both Chief Constables and Police and Crime Commissioners were provided to the committee</p> <p>The fees are prescribed by PSAA and are based on the expectation that audited bodies are able to provide the auditor with complete and materially accurate financial statements, with supporting working papers. There are no changes to the overall work programme for police audited bodies for 2017/18, therefore the PSAA have set the 17/18 scale audit fees at the same level as the scale fee applicable for 16/17.</p> <p>A brief discussion took place and reference was made to contractors, key indicators and KPI's which are linked to the tasks completed from the internal audit and whether this was an example of the linkage and outside contracts. The response was that this had been picked up and is something we need to consider and how it is dealt with in the future.</p> <p>Contracts should be monitored and have KPIs assigned. It was</p>	

	<p>confirmed by the external auditors that they are monitored by PSSA but only do next year and they would not opposed to some KPIs being set.</p> <p>The Treasurer informed the committee that the two PCCs and the two CCs had agreed to the letter from PSSA regarding the collaboration. The Treasurer confirmed that she would take into account their views. .</p> <p>Action: The Chair stated that when a member of the Audit Committee had been selected to lead on external audit a meeting was to be arranged with the External Auditors.</p>	LD / JB
10/19/06/17	<p>OPCC Strategic Risk Register</p> <p>The OPCC Strategic Risk Register was circulated to the committee.</p> <p>The register shows the risks for both PCC offices. It is reviewed on a monthly basis and any amendments and updates are logged.</p> <p>There has been one new action added since the last meeting with regards to performance by external Partnerships and the delivery of the Police and Crime Plan. A brief discussion took place regarding the Government initiative for PCCs to have governance of Fire and Rescue Services. The Committee were informed that West Mercia are currently out for consultation.</p> <p>It was stated that Risk number 8 – no desired outcome registered. Action: The Head of Finance agreed to amend the section.</p>	SA
11/19/06/17	<p>Alliance Risk Map</p> <p>The Alliance Risk Map was circulated to the committee. A brief discussion took place within the group.</p> <p>It was stated that the risk map is shared at Exec Board with Chief Officers and that any lower level risks feed into the full risk.</p> <p>It was confirmed that the full register is put under Restricted Item therefore not available for the public.</p> <p>Questions were raised and answered satisfactorily.</p>	
12/19/06/17	<p>Treasury Management Outturn Report 2016/17</p> <p>The Treasury Management Outturn Report was circulated to the committee and asked them to consider and comment before its consideration by the Warwickshire and West Mercia Police and Crime Commissioners.</p> <p>The Treasurer ran through a number of key points.</p> <p>No further external borrowing in 2016/17 all capital funding done from reserves or receipts.</p> <p>The cash balances are decreasing. .</p>	

	<p>Interest rates have been reduced and this has affected investment return. This is noted in Section 2 of report.</p> <p>We don't take a lot of risk. Funds are placed with UK debt management, good banks and building societies. The rates of return are low.</p> <p>There were no questions raised.</p>	
13/19/06/17	<p>Change Programme Update</p> <p>A Change Programme update was provided to the committee via PowerPoint by the Ch. Insp. from Change Programme Team. It was a short presentation, a copy of which will be circulated to committee members under separate cover.</p> <p>Action: A copy of the presentation and the timeline to be forwarded to the PCC office for circulation to committee members.</p> <p><u>Questions</u></p> <p>JD was happy to discuss issues with members outside of meeting.</p> <p>It was stated by the members that this was the third presentation on this subject that the committee had received and required an update on the appointment of an external project manager, whether they were in post and how they fitted in to the timelines previously received.</p> <p>It was confirmed that the Transformation Director's post was currently in the recruitment stage. The contract has been issued with a start date of the beginning of July 2017.</p> <p>Concerns expressed from the committee with regards to linkage to previous presentations as the most up to date knowledge is never received. As there are new members on the committee it was suggested that future meetings provide some background information as well as progress made. It was suggested that liaison with the chair before future meetings would be a good idea so that they can discuss what information will be best presented.</p> <p>The overall timeline is on target and is constantly monitored and reviewed and will be sent to the PCCs office along with the presentation.</p> <p>Action: It was requested by the Committee that a further Change Programme update be done at the next meeting in September.</p> <p>The additional questions raised by the committee were discussed and it was confirmed that the information required assurance that projects were being managed and being done in the right way. This was contained within the full presentation that the committee members would be receiving. The committee were advised that the Change Programme team would be happy</p>	<p>JD</p> <p>JD</p>

	<p>to answer any further questions outside of the meeting.</p> <p>The Chair stated that it would have been useful to have had sight of the presentation before the meeting.</p> <p>The transformation programme now being undertaken is a huge project and is now more important than ever as the financial savings we have to make is considerable. The technology is vital to the future of the organisation.</p>	
14/19/06/17	<p>HMIC Action Plan Summary</p> <p>The HMIC Action Plan report was presented to the committee.</p> <p>The report provides an update on actions closed down since the last meeting and the current live cation plan status. The committee were informed that HMIC were currently in the Force undertaking an inspection.</p> <p>A notes section provided updates on action plans from 2015 and 2016 had been incorporated.</p> <p>It was stated that a number of the Lead owners on the report need to be updated, this was due to post changes within the force.</p> <p>A question was raised with regard to when actions were closed this was confirmed that it was when HMIC come in to the Force. It was confirmed that all recommendations are rated</p>	
15/19/06/17	<p>SSI Assurance and Action Plan</p> <p>The SSI Assurance and Action Plan were presented to the committee.</p> <p>The report provides an update on the Assurance recommendations and those recommendations resulting from the audits carried out by the SSI Assurance team. The tracking spreadsheet presented contained 30 assurance audit recommendations open, 11 completed and 19 ongoing. An update was provided on the ongoing recommendations and it was confirmed that a number would be resolved in July with a couple targeted for December 2017.</p> <p>When the chair had met with the Assurance Lead concern was raised about the speed of response to audits. The chair stated that if there was anything the committee could do to help speed up this process they would be happy to get involved. It was confirmed that a lead member from the committee would assigned to look at and liaise with SSI in the near future.</p>	
16/19/06/17	<p>Members Points.</p> <p>The Deputy PCC wished to express her thanks to Treasurer for her role in the recruitment process for the new JAC members. The Commissioner for Warwickshire endorsed this comment.</p>	

	<p>The Commissioner updated the group in respect of the changes in the Police and Crime Act with regards to the PCC taking on the governance for joint Police and Fire</p> <p>A number of questions were raised with regards to the Joint Police and Fire governance for the PCC, especially with regard to the JAC members, what the impact would be and what would they need to be aware of. The Commissioner informed the group that he was the National Lead on the Fire Governance initiative for all PCCs.</p> <p>It would mean that the Audit Committee would become the committee for all organisations.</p> <p>West Mercia PCC has commenced a consultation process which will run until 11th September. Warwickshire PCC have not started their consultation as the Fire Service is set up differently and currently sits within Warwickshire County Council</p> <p>It was stated that a lot of discussions will need to be held with regards to this initiative. The back office functions and changes will affect the work of the committee and they will need to be made aware of these. There has been some further sharing of police and fire properties.</p> <p>The Police Complaints process is due to change in 2018. The government will be giving the PCCs some options. This will be quite a significant piece of work over the next year.</p> <p>Responsibilities will change from than Chief Constables and moved under the responsibility of the Police and Crime Commissioners. Some thoughts and discussion will be required.</p>	
17/19/06/17	<p>AOB</p> <p>None raised.</p>	
18/19/06/17	<p>Date, time and location of next meeting</p> <p>The date of the next meeting is Monday 31st July 2017 at 2pm in the Willison Room.</p> <p><i>This meeting will be an Extra Ordinary General Meeting to consider the External Audited report on the Statement of Accounts.</i></p> <p>The next full Joint Audit Committee will be Monday 18th September 2017 at 2pm in the Conference Room, Leek Wootton.</p>	

Formal Approval of Meeting Record

Signature:	
Print Name:	Lynne Duffy, Chair of Joint Audit Committee

Meeting closed at: 15:40