



AGENDA ITEM 14

**JOINT AUDIT COMMITTEE
26 June 2025**

**JOINT AUDIT COMMITTEE
ANNUAL REPORT 2024/25**

Report of the Chair of the Audit Committee

1. INTRODUCTION

- 1.1 This is the annual report of the Joint Audit Committee and covers the financial year 2024/25. The report has been developed to enable the reader to form a view about the effectiveness of the committee's activities during the year and its oversight of the governance, assurance and risk management frameworks within which the West Midlands Police and Crime Commissioner (PCC) and West Midlands Police Force operates.

2. ROLE OF THE COMMITTEE

- 2.1 The committee's terms of reference for 2024/25 sets out the purpose of the committee, which can be summarised as:
- Advising the Police and Crime Commissioner and the Chief Constable according to good governance principles.
 - Providing independent assurance on the adequacy and effectiveness of the OPCC and Force internal control environment and risk management frameworks.
 - Overseeing the effectiveness of the framework in place for ensuring compliance with statutory requirements.
 - Independently scrutinising financial and non-financial performance to the extent that it affects the OPCC and Force exposure to risks and weakens the internal control environment.
 - Overseeing the financial reporting and annual governance processes, and internal and external audit.
- 2.2 The Joint Audit Committee is therefore the primary means by which the PCC and the Chief Constable ensure that adequate assurance and internal control systems are in place. The committee's responsibilities are additional and supportive to those of the Chief Finance Officer. The latest terms of reference for the committee can be found on the Police and Crime Commissioner's website.

3 THE WORK OF THE COMMITTEE IN 2024/25

- 3.1 The committee is accountable to the PCC and the Chief Constable. CIPFA's Practical Guidance for Local Authorities and Police Audit Committees sets the criteria for this

accountability. This report sets out progress made by the committee against each of the following criteria:

- The extent to which the committee follows the CIPFA Position Statement in terms of the size, structure and composition etc.
- How the committee has fulfilled its terms of reference in the year, including any key issues escalated to the senior management where the committee has concerns.
- Any development work that will support the committee members, e.g. training.
- Results of the committee's annual evaluation of its effectiveness.
- The impact the committee had on improvement of governance, risk and control arrangements.

Has the Committee fulfilled its agreed terms of reference?

3.2 The specific objectives of the committee during 2024/25 were to oversee the following arrangements:

- Internal Control Environment
- Corporate Risk Management
- Regulatory Framework
- Internal Audit
- External Audit
- Financial Reporting
- Inspection and Review

3.3 The committee has met its requirements during the year. A total of 44 reports were considered, the details of which are provided in Appendix A. The key activities are summarised below:

- **Internal Control Environment** - The committee maintained its oversight of the preparation of Annual Governance Statements for the PCC and the Force, which are consistent with the principles of the CIPFA/SOLACE Framework: Delivering Good Governance in Local Government. The Annual Governance Statements were considered by the committee in June 2024 prior to the draft accounts being published, and again in December 2024 following review and revisions prior to the final signing of the accounts.

The committee also considered the robustness of the internal control environment through reports from both internal and external audit, as well as considering reports in relation to any proposed changes in Corporate Governance arrangements. The Joint Scheme of Governance is in the process of being reviewed and updated to ensure it remains current and the committee received regular updates on progress during the year and will continue to review the revisions in the early part of 2025/26.

Following the election on Thursday 2 May 2024, the PCC undertook a review of his accountability and governance arrangements for the exercise of his strategic direction, holding to account and public engagement functions. The committee was sighted on this framework, and on the plans to develop a new Police and Crime Plan setting out the Commissioner's key priorities.

- **Corporate Risk Management** - Risk management updates of the PCC and Force were considered at each meeting. Responsibility for risk identification, management and mitigation processes are now embedded within the Force after a couple of years of new processes being implemented.

The committee continued to scrutinise the risks and mitigating actions on risk registers, and has particularly challenged the Force on its oversight arrangements of sensitive risks, with members attending a separate session to ensure they were fully sighted on these risks and to agree future arrangements for reporting and oversight.

- **Regulatory Framework** - Specific aspects of the regulatory framework, such as a review of Accounting Policies, Treasury Management Strategy and Insurance arrangements, have been reviewed by the committee.

The committee considered the updated anti-fraud, bribery and corruption policy and the annual effectiveness review of anti-fraud and corruption arrangements operating, which included an update on internal investigations undertaken by the Professional Standards Department, providing oversight on matters of conduct and behaviour.

The committee has maintained an overview in respect of financial regulations and contract standing orders through the assurance work provided by internal audit during the year on key financial systems.

- **Internal Audit** – Internal audit activity updates were considered at each meeting of the committee with updates against the audit plan, performance of the internal audit team and significant findings from those audits with a 'Limited' or 'Minimal' opinion being considered. The committee also monitored the implementation of internal audit recommendations and challenged progress made by management to implement these, particularly on those recommendations which are long overdue.

The committee endorsed the Internal Audit Strategy (2025-2028) and Audit Charter and Work Programme for 2025/26, and received updates on the internal audit team's Quality Assurance and Improvement Programme.

As part of its review of the effectiveness of Internal Audit, the committee received updates on Internal Audit's preparations towards compliance with the new Global Internal Audit Standards in the UK Public Sector, and the new CIPFA Code of Governance for Internal Audit in Local Government, which both came into effect from April 2025. The committee were sighted on the key essential conditions for audit committee members set out in these Standards.

The committee has considered the Head of Internal Audit's self-assessment against the requirement of the new standards, interactions with the committee, review of the performance of the team and their post audit feedback and continue to remain satisfied with the effectiveness of the internal audit function.

- **External Audit** – External audit activity was considered at each meeting with plans and update reports received, along with a sector update in June 2024 and March 2025 on emerging national issues and developments that may be relevant to the PCC and the Force.
- **Financial Reporting** – Statements of Accounts, as well as the Accounting Policies and Treasury Management Strategy, were reviewed during the year.
- **Inspection and Review** – Updates from HMICFRS inspections were considered at each committee meeting, which include details of the findings, recommendations, improvement actions and gradings awarded for each inspection. The programme of HMICFRS inspections is also shared.

Has the committee adopted recommended practice in terms of the size, structure and composition etc.?

- 3.4 The composition of the committee changed during the year with all members now being fully independent, which complies with the CIPFA Practical Guidance for Local Authorities and Police Audit Committees. The committee's terms of reference continue to be compliant with the latest guidance issued in October 2022.

- 3.5 The committee comprises of five members and is chaired by Sue Davis. Previous committee members, Cath Hannon, Charmaine Burton and Bhupinder Gakhal ended their term as members at the end of 2023/24, and Richard Hollands ended his term as Vice Chair following the June 2024 meeting. New independent members, Faye Lloyd, Jon Darling, Rachel Barber and Paul Donnelly, joined the committee during 2024/25.
- 3.6 The Committee formally met on four occasions during the year and was quorate for every meeting. The attendance of members was as follows:

Table 1: Joint Audit Committee Attendance 2024/25

Member	No. of meetings where attendance requested	No. of meetings attended
Sue Davis – Chair	4	4
Richard Hollands (term ended June 24)	1	1
Faye Lloyd (1 st meeting Sept 24)	3	3
Jon Darling (1 st meeting Sept 24)	3	3
Rachel Barber (1 st meeting March 25)	1	1
Paul Donnelly (1 st meeting March 25)	1	0

- 3.7 In addition to the members, the Chief Executive, Chief Finance Officer, Head of Internal Audit, Deputy Chief Constable, Director of Commercial Services, representatives from external audit (Grant Thornton) and other officers, as appropriate, attended committee meetings.

Have the development needs of committee members been assessed and has any development work that will support the committee members been identified?

- 3.8 As a number of new members were recruited onto the committee during the year, the Chair took the opportunity to review the induction and training programme for new members. All new members received an overview of risk management arrangements as part of their induction and also attended a session on sensitive risks to understand what constitutes a sensitive risk and how these are managed and governed through the Force governance arrangements.
- 3.9 New members also received an overview of the PCC's and Force governance arrangements and current financial pressures, and two members observed the Deputy Chief Constable's performance day, with others due to attend the session in August 2025.
- 3.10 Work on upskilling members will continue during 2025/26 and future development plans include members attendance at the CIPFA Spring Seminar for Police Audit Committee Members due to take place in May 2025, and arrangements are being put in place for members to visit some force operational departments, including Firearms and the Command and Control Centre.

Has the committee assessed its own effectiveness?

- 3.11 The committee continues to meet the requirements of the CIPFA guidance for Police Audit Committees, in relation to its terms of reference and working arrangements. A particular strength of the committee is its openness and transparency, with meetings held in public and either being webcast live or recorded. Where there are areas of concern, the committee has pursued these and requested further updates.
- 3.12 Whilst a full self-assessment against the CIPFA guidance hasn't been undertaken this year, largely due to changes in membership during the year, self-assessments have been completed against the new Global Internal Audit Standards in the UK Public Sector and the new CIPFA Code of Governance for Internal Audit in Local Government, both of which include responsibilities and essential conditions for the committee, and for both there is evidence to support good compliance. No significant actions were identified for the committee from these self-assessments. However, as

reported above, members will continue to maintain oversight throughout the embedding phase of the new Standards and will support Senior Management and the Head of internal Audit in their work to become compliant.

- 3.13 The Chair provides the PCC and Chief Constable with an assurance statement following each formal committee meeting and continues to have open access to both the PCC and Chief Constable and with internal and external audit, providing a platform for any compliments or areas of concern to be raised and discussed. However for various reasons no private meetings with either the Commissioner or Chief Constable have taken place for some time, and it would be helpful if this can be remedied before the end of the current year.

What impact has the committee had on the improvement of governance, risk and control?

- 3.14 As in previous years, the committee considered a wide range of issues during the year, providing independent scrutiny of the PCC and the Chief Constable. The committee has made an impact on the governance of both organisations, as demonstrated in the following examples:
- The committee maintained its oversight of HMICFRS inspection findings and continued to encourage the Force to consider wider organisational learning from these inspections and internal audit findings.
 - The committee also maintained its oversight of risk management arrangements within the Force and the OPCC and sought clarity on arrangements for defining and managing sensitive risks. Members raised concern that they didn't feel sighted on all sensitive risks and have worked with senior management to agree a process to provide an appropriate level of oversight.
 - The committee ensures that the work of internal audit continues to be directed to those areas of greatest risk and their working methodology is compliant with professional standards. For matters of significant weaknesses raised by internal audit, the committee requested updates directly from the Force and the OPCC to gain a greater level of assurance around progress made to address these high-risk areas. This is particularly true in relation to long overdue recommendations which the committee has continued to emphasise.
 - The committee played a key role in reviewing the annual accounts and annual governance statements, providing assurance to the PCC and Chief Constable before they formally approved these documents.
 - The Committee were sighted on the PCC's new governance and accountability framework and were also updated on proposed changes to the Scheme of Governance, and will have continued oversight of those changes early in 2025/26.
 - As part of their financial reporting oversight, the committee considered and endorsed various strategies and policies including the treasury management strategy, accounting policies and insurance arrangements, and challenged arrangements in these areas to ensure best practice approaches are taken. The committee also advised on debt write offs above £2,000 prior to being referred to the PCC for approval.

4 PRIORITIES FOR 2025/26

- 4.1 The committee's schedule of work for 2025/26 was approved in March 2025. Looking forward, focus will be embedding the new members and continuing to provide training and support to increase members knowledge and awareness of the PCC's and Force governance and

operational frameworks. The committee will look to enhance its effectiveness by developing in the following areas:

- Build knowledge and awareness of new members through providing relevant training on areas within the agreed work programme.
- Ensuring the committee continues to receive reports and engage in open and transparent discussions on a wide range of assurance activity and risks facing the PCC and Force, through scrutiny of risk registers, monitoring the outcomes of internal audits and on scrutiny of progressing areas for improvement identified by HMICFRS.
- Support the ongoing development of internal audit in delivering the ambitions set out in the Internal Audit Strategy (2025 – 2028) and in embedding the new Global Internal Auditing Standards in the UK Public Sector which came into effect in April 2025, ensuring the Committee continues to be alert to the essential conditions that apply to Audit Committees within these Standards.
- Continue to strengthen and support accountability by proactively discussing governance, risk and control issues directly with responsible officers, where considered appropriate.
- Promoting a strong ethical and counter fraud structure by maintaining oversight of the internal investigations considered by the Professional Standards Department, and seeking assurances on the robustness of anti-fraud and corruption arrangements.
- Consider any revisions made to Corporate Governance Framework, as a result of organisational and legislative changes, such as the Procurement Act, and by maintaining oversight of compliance through any updates from the internal Joint Corporate Governance Board and through review of the annual governance statements and work of internal audit.
- The committee should support the PCC and Chief Constable to ensure continued good governance following any changes and assess the future impact on the committee to take decisions and actions as necessary.

5 CONCLUSION

- 5.1 The committee's primary contribution to the PCC's and Force's strategic objectives is to ensure the governance, control, risk management and audit systems which underpin the work of the PCC/Force are sound, reliable, robust and secure.
- 5.2 This report gives an overview of the range of work undertaken by the committee, which has enabled it to conclude that the Commissioner's / Chief Constable's system of checks and balances remain adequate and effective and that the overall arrangements for corporate governance are deemed satisfactory.
- 5.3 The committee recognises the continuing significant challenges facing the Commissioner and the Chief Constable and aims to promote and support good governance. The openness of the Commissioner and Chief Constable and the value they place on the work of the Joint Audit Committee in assisting them to provide best value is acknowledged.
- 5.4 Recognising the change in composition of the committee, I would like to thank my new committee members for their engagement in induction processes, and for their preparation, attendance and balanced and informed input throughout the meetings of the committee, and officers for their support in enabling us to continue to achieve our objectives during 2024/25.

Sue Davis
Chair Joint Audit Committee 2024/25

Reports Considered by the Joint Audit Committee 2024/25

June 2024

- Annual Governance Statements
- Statement of Accounts 2023/24 (Draft)
- Internal Audit Update
- Risk Management Update, including Force Risk Register and OPCC Risk Register
- HMICFRS Update
- Internal Audit Quality Assurance and Improvement programme
- Internal Audit Annual Report 2023/24
- Debt Write Off
- Joint Audit Committee Annual report 2023/24
- External Audit Progress Report and Sector Update
- JAC TOR and Work programme

2 private Items

September 2024

- PCC Accountability and Governance Framework
- Police and Crime Plan – progress and key priorities
- Internal Audit Update
- Treasury Management Outturn
- HMICFRS Update
- Anti-Fraud, Bribery and Corruption Policy
- Risk Management Update, including Force Risk Register and OPCC Risk Register
- External Audit –Joint Audit Findings Report (Year ending 31 March 2024)
- JAC Work programme

December 2024

- Anti-Fraud, Bribery and Corruption Effectiveness Review
- HMICFRS Update
- Risk Management Update, including Force Risk Register and OPCC Risk Register
- Internal Audit Update
- Treasury Management half year update
- Statement of Accounts - Annual Governance Statements
- Corporate Governance Review/Joint Scheme of Governance
- External Audit: Joint Audit Findings
- JAC Work programme

March 2025

- Risk Management Update, including Force Risk Register and OPCC Risk Register
- HMICFRS Update
- Internal Audit Update
- Treasury Management Strategy
- Accounting Policies
- Bad Debt Write-Off
- Joint Code of Governance
- Global Internal Audit Standards - in the UK Public Sector – Assessment
- Code of Practice for the Governance of Internal Audit in UK Local Government – Assessment
- Internal Audit Annual Strategy, charter and Work Plan 2025/26
- External Audit - Progress Report and Sector Update
- External Audit - Annual Audit Report 2023/24
- JAC Work Programme 2025/26