



**AGENDA ITEM 15**

**JOINT AUDIT COMMITTEE  
25 June 2026**

**JOINT AUDIT COMMITTEE  
ANNUAL REPORT 2025/26**

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 2025/26. 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 2025/26 sets out the purpose of the committee, which can be summarised as:
- Advising the PCC 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 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 PCC's website.

**3 THE WORK OF THE COMMITTEE IN 2025/26**

- 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 2025/26 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 41 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 2025 prior to the draft accounts being published.

The committee also considered the robustness of the internal control environment through reports from both internal and external audit.

- **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 well embedded, and the need for openness in this process is clearly accepted. This was demonstrated at the March 2026 meeting when the new risks associated with the recent sudden departure of the Chief Constable were presented in full to the committee in its public meeting. The committee continue to scrutinise the risks and mitigating actions on both the Force and OPCC risk registers. Sensitive risks were discussed in a separate private session following each of the public meetings.
- **Regulatory Framework** – The committee has reviewed specific aspects of the regulatory framework, such as a review of Accounting Policies, Treasury Management Strategy and Insurance arrangements. Members attended treasury management training in September 2025 to raise knowledge and awareness of current factors impacting the investment position to better inform discussions on this topic.

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

The committee was consulted on changes to the regulatory framework set out in the Joint Code of Governance, including changes to contract standing orders that resulted from the implementation of the new Procurement Act 2023, and maintained an overview in respect

of compliance with financial regulations and contract standing orders through the assurance work provided by internal audit during the year on key financial systems.

- **Internal Audit** – The committee considered the activity of the Internal Audit team at each meeting, 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 explored in greater detail. The committee also monitored the implementation of internal audit recommendations and challenged the progress made by management to implement these, particularly the long overdue recommendations.

The committee received updates on progress by internal audit towards the objectives set in the Internal Audit Strategy (2025-2028) and approved the Audit Charter and Work Programme for 2026/27. The committee also considered 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 compliance with the Public Sector Internal Audit Standards for 2024/25, and on the team’s progress in embedding the new Global Internal Audit Standards in the UK Public Sector, which came into effect on 1<sup>st</sup> April 2025. The committee had oversight of the Internal Audit team’s improvement plan to support implementation of the new Standards and were fully engaged in understanding their responsibilities within the Standards which are further clarified in the CIPFA Code of Governance for Internal Audit in Local Government.

The committee also consider the performance of the Internal Audit team and their post audit feedback results during each meeting.

In the last quarter of 2025/26, the committee received access to the full internal audit reports and will continue to receive these as part of the working protocols agreed for the committee. While reporting on internal audit reports at committee will continue to be on summarised results, members have found access to the full texts to be valuable in providing context for their discussions and their visits. At the March meeting members also noted that what they were seeing provided assurance of the evidence based nature and consistency of the audit findings being presented.

- **External Audit** – External audit activity was reported at each meeting with plans and update reports received, along with a sector update in December 2025 on emerging national issues and developments that may be relevant to the PCC and the Force.
- **Financial Reporting** – The committee reviewed the Statements of Accounts, as well as the Accounting Policies and Treasury Management Strategy during the year.
- **Inspection and Review** – Updates from HMICFRS inspections were considered at each 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 All members of the committee are 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. It is anticipated that revised audit committee guidance will be issued during 2026/27, at which point the terms of reference will be reviewed to ensure they remain relevant.

- 3.5 The committee comprises of five members and is chaired by Sue Davis. The Chair is supported by four members, Faye Lloyd, Jon Darling, Rachel Barber and Paul Donnelly, whose contracts were extended during the year.
- 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 2025/26

Member	No. of meetings where attendance requested	No. of meetings attended
Sue Davis – Chair	4	4
Faye Lloyd	4	4
Jon Darling	4	3
Rachel Barber	4	4
Paul Donnelly	4	4

- 3.7 In addition to the members, the Chief Executive, Chief Finance Officer, Head of Internal Audit, Deputy Chief Constable, Director of Commercial and People 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 Building on the training undertaken during 2024/25, the committee members have continued to develop their knowledge and understanding of both the OPCC and Force through various training sessions and site visits.

Members visited three Force areas during the year, including the Firearms unit, Force Contact Command and Control Centre and Walsall Local Policing Area team. Future visits to other Force departments will continue during 2026/27.

Members also attended the CIPFA Spring and Autumn Seminars for Police Audit Committee Members, to receive technical updates from CIPFA on audit Standards and guidance. A training session on Treasury Management was also attended as well as a workshop on the Scheme of Governance.

**Has the committee assessed its own effectiveness?**

- 3.9 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 continues to be 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, as demonstrated through inviting responsible officers for those areas receiving minimal assurance from internal audit work completed. Following a request from the members, the committee is now receiving reports on the numbers of people accessing the livestreams.
- 3.10 Whilst a full self-assessment against the CIPFA guidance has not been undertaken this year, an assessment against the new CIPFA Code of Governance for Internal Audit in Local Government was completed, which includes responsibilities of the committee, and there is robust evidence to support good compliance. There are no significant actions for the committee from this assessment. However, members will continue to maintain oversight throughout the embedding phase of the

new Global Internal Audit Standards in the UK Public Sector and will support Senior Management and the Head of Internal Audit in their work to become compliant.

3.11 During the year, all members completed a survey around the following themes:

- committee's TOR and responsibilities
- support provided by senior management and the Chair
- level of information and materials available
- support for training needs and any identified training gaps
- level of discussion and engagement at meetings
- main challenges in fulfilling the committee member role
- whether the committee is adding value to the organisation

The Chair subsequently met with each member individually to discuss their responses and will take forward any specific matters arising during 2026/27.

3.12 The Chair provides the PCC and Chief Constable with an assurance statement following each formal committee meeting and continues to have unrestricted access to both, meeting both the PCC and former Chief Constable during the year. The Chair also meets regularly with internal and external audit, providing a platform for any compliments or areas of concern to be raised and discussed. Both internal and external audit also meet annually, in private, with all committee members.

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

3.13 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 strengthened its oversight of risk management arrangements within the Force and the OPCC and is fully sighted on sensitive risks which are reported in private to every audit committee meeting.
- 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. The committee have actively supported internal audit in its adoption of the new Global Internal Audit Standards in the UK Public Sector and challenged management around supporting the appointment and dismissal of the Head of Internal Audit role to ensure the role was adequately safeguarded.
- For matters of significant weakness 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 those audits with minimal assurance.
- The committee have continued to pursue the long overdue audit recommendations and have supported management and the Head of Internal Audit in their approach to resolving these.
- 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 attended a session on the changes proposed to the Scheme of Governance and were consulted on the Joint Code of Governance throughout the year. This incorporated changes to purchasing thresholds following the implementation of the Procurement Act 2023.
- 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.

## 4 PRIORITIES FOR 2026/27

- 4.1 The committee approved its schedule of work for 2026/27 in March 2026. Looking forward, focus will be on continuing to upskill members to increase their 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:
- Upskill members through providing relevant training on areas within the agreed work programme and undertaking further site visits to Force operational teams and departments.
  - 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 audit 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 further embedding the new Global Internal Auditing Standards in the UK Public Sector which came into effect on 1st April 2025, ensuring the committee continues to be alert to the requirements within the CIPFA Code of Governance for Internal Audit in Local Government that incorporate the Standards essential conditions for audit committee members.
  - Work with the Head of Internal Audit to consider options for commissioning an external quality assessment of the Internal Audit team that is due to be undertaken in Summer 2027.
  - Continue to strengthen and support accountability by proactively discussing governance, risk and control issues directly with responsible officers, where considered appropriate.
  - Support the OPCC in preparations for the transfer of PCC functions to the Mayor of the West Midlands in 2028, as and when the transfer project commences, paying particular attention to the proposed audit arrangements. This includes the arrangements for internal audit and audit committee functions of the OPCC and WMP.
  - 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 and 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 PCC's / Chief Constable's system of checks and balances remain adequate and effective and that the overall arrangements for corporate governance are satisfactory.
- 5.3 The committee recognises the continuing significant challenges facing the PCC and the Chief Constable and aims to promote and support good governance. The openness of the PCC 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 I would like to thank my members for their engagement, 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 2025/26.

**Sue Davis**  
**Chair Joint Audit Committee 2025/26**

## Reports Considered by the Joint Audit Committee 2025/26

### **Thursday 26 June 2025**

- Draft Statement of Accounts
- Annual Governance Statements
- Head of Internal Audit Annual Report 2024/25
- Internal Audit Activity Update Report
- Internal Audit Quality Assurance and Improvement programme
- Joint Audit Committee Annual Report 2024/25
- HMICFRS Update
- Risk Management Progress Update
- External Audit Plan 2024/25

2 private items

### **Thursday 25 September 2025**

- External Audit Joint Audit Findings Report (Year ending 31 March 2025)
- Risk Management Progress Update (OPCC)
- Risk Management Progress Update (WMP)
- Treasury Management Outturn Report
- Revenue and Capital Outturn Report
- Internal Audit Activity Update Report
- HMICFRS Update
- Joint Code of Governance
- HMICFRS VFM
- External Audit Joint Audit Findings Report

2 private items

### **Thursday 11 December 2025**

- Internal Audit Activity Update Report
- Joint Code of Governance
- Treasury Management Update
- HMICFRS Update
- Risk Management Progress Update (WMP)
- Risk Management Progress Update (OPCC)
- Anti-Fraud Bribery and Corruption Annual Effectiveness Review
- External Audit Progress Report and Sector Update

1 private item

### **Thursday 26 March 2026**

- Treasury Management Strategy Report
- Internal Audit Strategy, Charter and Annual Plan 2026/27
- Internal Audit Activity Update Report
- Risk Management Progress Update (WMP)
- Risk Management Progress Update (WMP)
- HMICFRS Update
- Accounting Policies 2025/26 and 2026/27
- External Audit Plan 2025/26

1 private item