

**OFFICE OF THE POLICE AND CRIME COMMISSIONER**  
**OFFICE OF THE CHIEF CONSTABLE**

**JOINT AUDIT COMMITTEE**

15<sup>th</sup> September 2016

Present: Mr R Leadbeter (Chair)  
Mr G Hughes, Mr J Sheppard, Mrs D Turner and Mr A Blackmore

Together with: Mr J Cuthbert – Police and Crime Commissioner (Commissioner)  
Ms E Thomas – Deputy Police and Crime Commissioner (DPCC)  
Mr D Garwood-Pask – Chief Finance Officer (CFO)  
Mrs S Curley – Chief of Staff (CoS)  
Ms C Hawkins – Information Officer (IO)  
Mr N Stephens – Assistant Chief Officer, Resources (ACOR)  
Mr J Herniman – Wales Audit Office (WAO)  
Mr M Coe – Wales Audit Office (WAO)  
Ms V Davies – TIAA (IA)

The meeting commenced at 10:00 hours.

The Chair welcomed the Commissioner and DPCC to the meeting and extended congratulations on behalf of the Members to the DPCC for her recent appointment to the post. The Commissioner thanked the Chair and expressed his pleasure in appointing the DPCC following an exhaustive recruitment process. The Commissioner also expressed his gratitude to the Police and Crime Panel for their prompt endorsement of the appointment. We were informed that the Commissioner and the DPCC were developing a good rapport and relationship with the staff of the Office of the Police and Crime Commissioner (OPCC) and with partner organisations. The Commissioner advised that, in future, either he or the DPCC would be in attendance at the Joint Audit Committee (JAC) meetings.

**Action**

The Chair thanked the acting IO for her support to the Committee during the past six months and wished her well on her return to her substantive post within the OPCC.

**APOLOGIES**

1. Apologies for absence were received from Mrs R Kirk – Chief Superintendent, Service Development (HoSD).

Members provided round-table introductions to the DPCC who thanked Members for their welcome and confirmed that she looked forward to working with the Committee.

## **DECLARATIONS OF INTEREST**

**Action**

2. There were no advance declarations made in relation to the business to be transacted.

## **MINUTES**

3. We received and confirmed the minutes from the meeting held on the 30<sup>th</sup> June 2016 subject to the following amendments:
  - Page 9, Draft Statement of Accounts. The comma separation within four of the bulleted figures should be replaced with a full stop.
  - In the same section, the second bulleted line should denote the figure in millions.
  - Page 12, Treasury Management Strategy Year-End Activity Report 2015-16. We noted the issue of risk would be discussed at the December meeting rather than at the 'next meeting'.

**IO**

## **ACTIONS**

4. We received and noted the actions from the meeting held on the 30<sup>th</sup> June 2016. The following were highlighted:

### **Action 10, Minutes, 'Telling the Story'**

The CFO advised that the dialogue around the preparation of the accounts would continue nationally through the Police and Crime Commissioner Treasurer's Society (PACCTS) to ensure that the CFO's fiduciary duties were discharged effectively and with clarity for the public. WAO agreed with the CFO's comments and confirmed that the issue had been raised via the CIPFA Police Panel they attended. We acknowledged the difficulties in presenting such information in a way that was easy for the lay person to understand and welcomed the efforts of the CFO and WAO in attempting to identify a satisfactory way forward.

### **Action 13, Commissioning Update**

The Commissioner advised that there was a comprehensive engagement programme in place which supported the development of the new Police and Crime Plan. Members would be provided with regular updates on the Plan and its evolution during his tenure.

We commented on the positive news stories that had been circulated to the Members and agreed that they had provided a good snapshot of the diverse projects supported by the Partnership Fund.

### **Action 15, Outstanding Audit Recommendations**

We noted the action to provide more detail on the expenditure

issue relating to R01 Counter Fraud – Procurement Arrangements 2014/15 and suggested that provision of reassurance around the process would satisfy Members' requirements. The ACOR advised that a report highlighting the weakness in the process for monitoring procurement card expenditure had been provided to the Chief Constable (CC) and that revised mechanisms were now in place. We were informed that IA had also reviewed the changes which had been found to be satisfactory.

**Action**

**Action 18, To Monitor the Joint Strategic Risk Register**

We noted the action and queried whether any implications arising from 'Brexit' had been identified since the last meeting. The CFO advised that this issue had been discussed with WAO during the preparation of the accounts and a statement had been included within the final Statement of Accounts. The CFO proposed that the statement would be circulated to Members with the minutes.

**CFO/IO**

The Commissioner informed us that the Brexit issue had been discussed at meetings of the Association of Police and Crime Commissions (APCCs) and confirmed that there were a number of specific matters that would require discussion with European partners. However, there was an aspiration to maintain existing positive relationships around these areas.

**Action 19, Review of the Manual of Corporate Governance Incorporating the Annual Review of the Joint Audit Committee**

The CFO advised that he had contacted PACCTS colleagues on the matter of recommendation 16 from the 'Tone From The Top' report and the role of the JAC in monitoring crime data integrity. We were reminded of the previous decision not to report on Her Majesty's Inspector of Constabularies (HMIC) related matters to the Committee; however, we learned that other JACs received periodic briefing on HMIC activity.

The CFO suggested that this could be linked to the annual 'deep dive' on HMIC Value for Money Profiles, which would enable the Committee to provide assurance around the arrangements for crime data integrity. The ACOR further proposed that a dedicated deep dive session be added to the annual schedule of topics. WAO suggested that, following recent discussions with HMIC, the JAC may be approached by HMIC in regards to their involvement in the provision of briefings and updates to Audit Committees. In the meantime, the ACOR would provide a link to HMIC reports for Members' information. We agreed that any JAC-related implications from HMIC activity would be included under the 'Reports from Other Organisations' section of future agendas.

**ACOR/IO**

**ACOR/IO**

**WAO ANNUAL AUDIT OF FINANCIAL STATEMENTS – ISA260**

5. We received the Audit of Financial Statements Report and Management Letter from the WAO.

The CFO advised that this incorporated any changes to the draft accounts since the June meeting which were detailed in Appendices 5 and 6 of the report. We noted the corrections listed and were informed that a number of the entries were due to the faster closing of the accounts for 2015/16.

WAO advised that the audit findings included the Management Letter, which had previously been provided separately. We noted that the Auditor General for Wales intended to issue an unqualified audit report on the financial statements of the Commissioner and the CC. WAO highlighted that the accounts had been completed 21 days earlier than in 2015, which reflected the efforts of the Finance Department in working towards the faster closing agenda. We were informed that the outstanding pieces of work related to the draft financial statements had been completed at the time of writing the report.

We discussed the perceived implications of the uncorrected misstatements and whether this would have any negative impact on the 2016/17 budget. The CFO assured us that this was not the case. We discussed the impact of the FIRMS project on the department and queried the timescale for implementation and the staff resourcing requirements. The ACOR advised that this was a phased implementation with various staff-members seconded to the project at different times. Completion was scheduled for 1<sup>st</sup> July 2017. Posts would be temporarily backfilled by agency staff during secondment periods and individuals would be trained on the nature and requirements of the business. We acknowledged the inherent risk to processes and queried whether there was any capacity to allow the FIRMS team to have oversight of year-end processes. The ACOR agreed that this would be prudent and would ensure that this was incorporated into the project plan.

**ACOR**

We welcomed the Auditor General's proposed findings and acknowledged the efforts of the Finance Department in achieving the early completion of the accounts, in spite of the department's reduced capacity. We noted the recommendations listed in Appendix 7 of the report. The ACOR advised that these would be incorporated into the Outstanding Audit Recommendations report as a matter of course.

We endorsed the recommendation of the accounts to the Commissioner and CC for approval.

The Chair thanked WAO for the report.

**Action**

### **INTERNAL AUDIT SUMMARY PROGRESS REPORT 2016/17**

6. We received the Summary Internal Controls Assurance (SICA) Report for 2016/17 from IA.

We were advised that the report provided an update on the progress of IA's work in the Force as at 2<sup>nd</sup> September 2016. We noted that an amendment to the report was required on page 1, paragraph 3, as three reviews had been completed to date.

**IA**

We considered the results of the completed audit reviews and discussed the findings of the Fleet Management Strategy report. We noted that 'Reasonable Assurance' had been awarded as the strategy had not been updated in relation to the status of the decommissioned Fleet groups.

We discussed the timeframe for completion of the outstanding Force Corporate Communications review. The ACOR advised that the new Communications and Engagement Manager had been appointed subject to satisfactory vetting checks and should be in post in the next few weeks. We suggested that the completed review report would be a useful tool for the individual in terms of assessing the needs of the organisation compared to the resources and capabilities of the department. IA confirmed that completion of the audit review was achievable within the current timetable and resource allocation.

We discussed the findings in the HR and Marketing/ Internet/Email/Social Media review included on the agenda. We noted that 'Limited Assurance' had been awarded as a result of the review. IA advised that the recommendations related predominantly to the CC's arrangements and were linked to the restructuring of the Corporate Communications Department. The ACOR advised that work had been undertaken to improve and upgrade the social media platforms in place to minimise risk of vulnerability. Management checks were also performed to ensure appropriate use of social media accounts owned by the Force. We suggested that this report would also be useful to the new Communications and Engagement Manager in terms of assessing the requirements for effective social media for the Force.

The Chair thanked IA for the reports.

### **OUTSTANDING AUDIT INSPECTION RECOMMENDATIONS**

7. We received a report from the ACOR that scheduled outstanding recommendations from previous audit reports and the current status of the work necessary to implement the required actions.

We noted that all External Audit recommendations had been completed and that 27 Internal Audit recommendations were on-going.

**Wales Interpretation and Translation Services 2014/15**

**Page 1, R01 Clarity over Responsibilities, Liabilities and Insurance**

**Page 2, R04 Documentation of WITS' Governance Structure**

**Page 2, R06 Procurement Processes**

We noted the current status and the progress made to date. We agreed the revised completion date of December 2016 across the three related recommendations.

**Page 3, R03 ICT – Network Control Arrangements 2015/16 – October 2015**

We discussed the risk rating for the recommendation and whether there was any impact on this as a result of the extended timescale for completion. The ACOR advised that processes were in place to mitigate any associated risks. IA confirmed that their review of the arrangements had demonstrated that all account removals had been appropriate. We queried whether the risk rating should be lowered due to these factors. The ACOR suggested a narrative could be included regarding the mitigation and that the entry could be closed with the proviso that the appropriate mechanisms were included in the processes for the new system. On that basis, we agreed that this recommendation could be closed.

**Page 3, R02 Creditors Arrangements 2015/16 – January 2016**

We noted the current status and queried how the arrangements were monitored. The ACOR confirmed that they were monitored via the Key Performance Indicator (KPI) dashboard and any identified problems were addressed appropriately. We agreed the revised completion date of April 2017.

**Duty Resource Management Arrangements 2015/16 – February 2016**

**Page 4, R01**

**Page 4, R03**

We noted the current status and agreed the respective revised completion dates.

The Chair thanked the ACOR for the report.

**BUDGET SETTING TIMETABLE**

8. We received the Commissioner's Budget Setting Timetable for 2017/18 from the CFO.

We were advised that the timetable had been designed to

accommodate statutory budget setting deadlines. The CFO guided us through the timetable and drew attention to key dates within the document. We noted that the timetable included the revised date for the Committee's December meeting to accommodate discussions around the Chancellor's Statement and the provisional Settlement.

**Action**

The CFO confirmed that the timetable would be presented to the Police and Crime Panel at their meeting on the 16<sup>th</sup> September 2016 along with any feedback from the JAC Members.

We accepted the Budget Setting Timetable and the Chair thanked the CFO for the report.

### **FINAL JOINT AUDIT COMMITTEE ANNUAL REPORT**

9. The Chair informed us that the Annual Report had been updated by the IO following discussion at the June meeting and that the final report was provided for agreement by Members.

We noted one required amendment to the last line of the 'Internal Audit' paragraph on page 6, to change '2015/16' to '2016/17'. We discussed the wording of the sentence and agreed that this should be amended to read: 'The JAC will continue to maintain a good working relationship with Internal Audit and will assist the Police and Crime Commissioner and the Chief Constable in ensuring a similar result is achieved for 2016/17.'

**IO**

**IO**

We queried whether the Annual Report for the Gwent JAC was comparable to those for Committees in other Force areas. WAO advised that it was of a consistent standard. The Commissioner advised that the report fulfilled his assurance requirements in terms of the Committee's role and function. Subject to the required amendments, Members agreed the final JAC Annual Report for publication.

The Chair thanked the IO for producing the report.

### **DRAFT JOINT AUDIT COMMITTEE ACTION PLAN**

10. The Chair advised that a draft Action Plan for the Committee had been prepared by the IO, based on the results and subsequent discussions of the Self-Assessment exercise at the June meeting. We agreed the contents of the document and the requirement for inclusion as a standing item on future agendas.

**IO**

The Chair thanked the IO for preparing the Action Plan on the Committee's behalf.

## **EXCLUSION OF THE PRESS AND PUBLIC**

Action

11. The information contained in the report(s) below has been subjected to the requirements of the Freedom of Information Act 2000, Data Protection Act 1998 and the Office of the Police and Crime Commissioner for Gwent's public interest test and is deemed to be exempt from publication under sections 4 and 7.

## **TO MONITOR THE JOINT STRATEGIC RISK REGISTER**

12. We received and monitored the Joint Strategic Risk Register as provided to the Business Tasking and Co-ordination Group (BTCG).

We noted the addition of a new risk around Information Security. We agreed to add this topic to the list of deep dives and suggested that, due to the growing list of planned topics it would be prudent to prioritise the list. The IO would circulate the list to Members in order for them to provide feedback on their priorities.

IO/Members

The Chair thanked the ACOR for the updates on the Risk Register.

## **TO MONITOR THE OPCC RISK REGISTER**

13. We received and monitored the OPCC Risk Register. We discussed the risks identified around partnership working and activity undertaken to support the imposition of the Welsh Language standards. We noted that PCC Election – Transition Arrangements would be removed from the register as this process had been completed.

CoS/CFO

The Chair thanked the CoS for the updates on the OPCC Risk Register.

## **ANY RELEVANT REPORTS FROM OTHER ORGANISATIONS THAT SHOULD BE BROUGHT TO THE ATTENTION OF THE JOINT AUDIT COMMITTEE**

14. The CFO provided an update on the Funding Formula. We were advised the OPCC had just received a letter regarding engagement with Commissioners and the governance process surrounding the Funding Formula review. The Minister, Brandon Lewis, had made the review one of his top priorities following last year's inaccuracies and given a commitment to include all Commissioners and CC's in the engagement process.

The CFO informed us that a Senior Group would be established to provide strategic oversight, set direction and consider policy issues on the formula. Below that, a Technical Reference Group would consider technical elements of the new distribution

formula, to ensure use of the most appropriate and up-to-date data sources and to consider the application of weighting.

The CFO confirmed that the review was scheduled to run through the Autumn of 2016 and into 2017 and would most likely be implemented for the financial year 2018/19. The APCCs and National Police Chiefs' Council (NPCC) would be fully engaged with the process and there was also the potential to involve an academic group to provide independent oversight and assurance.

The CFO welcomed the suggestion that the work would involve a focus on the distribution of grants rather than other variable factors such as the precept and proposed to provide further updates to Committee in due course.

**CFO**

### **ANY OTHER BUSINESS**

15. We agreed the proposed JAC meeting dates for 2017.

We discussed the proposal for the All-Wales JAC Autumn/Winter Development Day and agreed the topics, programme and process for the round-table discussions for the day. The IO would contact the other JAC administrators and the facilitators to determine a range of available dates for the session which would then be provided to Members for their consideration. We agreed that the session should be located in Mid-Wales.

**IO**

We discussed the WAO Consultation on fee rates and fee scales for 2017-18 and noted the proposal to retain the current level of fee rates.

### **TO IDENTIFY ANY RISKS ARISING FROM THIS MEETING**

16. No new risks were identified as a result of the meeting.

**The meeting concluded at 12.17pm.**