

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

JOINT AUDIT COMMITTEE

8th March 2018

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

Together with: Mr J Cuthbert – Police and Crime Commissioner (PCC)
Mr D Garwood-Pask – Chief Finance Officer (CFO)
Mrs S Curley – Chief Executive (CEX)
Mrs J Regan – Information Officer (IO)
Mr J Williams – Chief Constable
Mr N Stephens – Assistant Chief Officer, Resources (ACOR)
Mr S Payne – Detective Chief Inspector, Service Development (CISD)
Mr J Herniman – Wales Audit Office (WAO)
Mrs T Veale – Wales Audit Office
Ms H Cargill – TIAA (IA)

The meeting commenced at 10:00am. We welcomed Ms Cargill from TIAA and DCI Payne to the meeting. We noted that due to the closure of the motorway that Mrs Turner and the Chief Constable would be delayed.

We were informed that the CEX and CFO would need to leave the meeting by 1pm due to other commitments. We agreed that the agenda would be moved to ensure the sections that they needed to be present for were discussed before this time.

APOLOGIES

Action

1. Apologies for absence were received from Mrs E Ackland - Chief Superintendent, Service Development and Mrs V Davies – TIAA.

DECLARATIONS OF INTEREST

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

APPOINTMENT OF CHAIR

3. The CFO informed us that as per the JAC Terms of Reference (ToR), the appointment of the Chair and Vice-Chair needed to be undertaken annually. We noted that the Chair may be re-elected but could serve no more than 3 consecutive years other than in exceptional circumstances.

We agreed to nominate the current Chair, Mr J Sheppard to the role for the coming financial year; he accepted the nomination and subsequent

appointment to the role of Chair. We thanked the Chair for his work in guiding the Committee over the previous year.

Action

APPOINTMENT OF VICE CHAIR

4. Mrs D Turner was nominated as Vice-Chair for the ensuing year. We noted that due to the closure of the motorway she had not yet arrived for the meeting. We agreed to inform her of her nomination on her arrival.

MINUTES

5. The minutes of the meeting held on 21st December 2017 were received and confirmed. The following were highlighted:

Page 2, Action 6 Internal Audit – TIAA Update Report

We queried if the review of crime recording had taken place. The ACOR stated a decision had been taken not to appoint a deputy crime registrar as there were a number of officers in force who could undertake the role if the need occurred. We were informed that the Staying Ahead 8 review of the crime recording service area was still ongoing and an update would be provided to the JAC once finalised.

ACOR

Page 2, Action 8 JAC Development Day Action Plan

The CEx informed us that we had now received the documentation from the all Wales JAC development day that was held on 1st February 2018. The Information Officer would circulate to members.

IO

Page 5, Internal Audit (TIAA)

We queried if any further consideration had been given to a centralised approach to information security training and whether a deadline had been devised for the completion of the training. The ACOR informed us that it had not been considered further but that the force were looking at how it could be built into the force training days. We stated that it was important to ensure this was looked into further as it continued to be a constant threat. The ACOR agreed to ensure this would be developed into the training days to supplement the information management elements already covered and also the online NCALT training packages of “Protecting Information” and “Management of Police Information” which were mandated for all staff and officers. A schedule would be provided to the JAC with a timeline for the training day cycle.

ACOR

Page 14, Estate Strategy

We noted that the current East/West operational model would not be changed by the implementation of the Estate Strategy but that the management structure may be reviewed; we queried if these were contradictory statements. The ACOR informed us that the hub and spoke model ensured we would be able to respond to the public more effectively and would ensure that services were developed. There were no plans to change the current management structure of one Superintendent for the East and one for the West but this was constantly under review to ensure

delivery of the services we provided was appropriate. We were also made aware that as the programme of works was set over a ten year period, the model of delivery may change during that period.

Action

ACTIONS

6. We received and noted the actions from the meeting held on the 21st December 2017. The following were highlighted:

Action 7 Treasury Management Strategy 2018/19

We noted that a copy of the Prudential Indicators document had been circulated but we had not received the Treasury Management Code of Practice. The CFO confirmed that there were two guidance documents, the Treasury Management Code of Practice as well as the document relating to Prudential Indicators. The CFO would ensure that the Treasury Management Code of Practice was circulated to all members once it was updated. We queried if there were any major changes we needed to be aware of. The CFO informed us that the analysis was ongoing and an update would be provided, if necessary, ahead of the presentation of the Treasury Management Strategy in December.

CFO

CFO

Ms D Turner joined the meeting at 10.20am

The Chair informed Mrs Turner of her nomination to continue in her role as Vice-Chair for the coming year. She agreed and accepted the appointment.

EXTERNAL AUDIT

7. We received the following reports from external audit:

a) Audit Plan 2018

The WAO informed us that the Audit Plan summarised the work they had to undertake to satisfy responsibilities in relation to providing an opinion on the accounts and also on the use of resources.

The risks at section 9 were highlighted. We noted that finalising the costs in relation to collaborative working and identifying the information that need to be included for each force area involved, had been problematic in the past. Work would continue to ensure that all relevant information was identified and included where appropriate. We were advised that at the time of writing it was unclear whether voluntary termination of the Private Finance Initiative (PFI) contract on Ystrad Mynach Custody Facility and Police Station would take place by the end of the 2017/18 financial year. It had since been noted that the voluntary termination would, if approved, take place during 2018/19; although this risk would continue to be monitored by the WAO.

We were advised that the WAO had requested assurance from the finance department that the issues identified in relation to the transfer of information to the new finance system had been resolved and would not affect the production of the accounts. The WAO stated this was an area that they would continue to monitor to ensure that the accounts were produced to a good standard and by the required deadline. We also noted that the loss of knowledge experienced within the finance department relating to the production of the accounts was an area of risk to the Commissioner and Force.

Action

We were reminded that the early closure of the accounts became statute for the 2018/19 financial year and that the finance department and the WAO were utilising the 2017/18 accounts process as a second trial run. We were advised that due to the issues experienced with the introduction of the new system, it was expected that the WAO would need to undertake more testing than had been planned. We were informed that if the accounts could not be completed accurately by the 31st July 2018, we would still be able to present them to the September JAC meeting on this occasion.

We were reminded that the audit fee was an estimated fee, as the WAO were unable to charge more than the cost of the process. We noted that the fee currently remained the same as the previous year, as it was hoped that even though the daily rate had increased, that efficiencies within the process could be achieved.

We queried what measures were in place to minimise the conflict of interest mentioned at paragraph 26 in relation to family members of an auditor working on the Gwent Police audit. We were assured that the risk was minimal as the auditor in question would not be involved in any audit work related to operational policing or the payroll function within Gwent Police.

We highlighted that the declaration in relation to conflicts of interest at paragraph 25 needed to cross reference paragraph 26; it currently referred to 28.

WAO

We noted the reference to the Good Practice Exchange and queried if we attended these events. The CFO informed us that the JAC had attended an event in the past and that staff members had also attended them when relevant; we noted that these events were excellent and were free to attend. We requested that a list of the forthcoming events was shared with us in order to progress our own self learning where appropriate.

WAO

We requested clarification as to the information we would be receiving at the June and July meetings. We were informed that the draft accounts would be presented at the June meeting with the final accounts presented at the July meeting for final approval by the PCC and the Chief Constable. We noted that the WAO would be commencing their audit on the 6th June 2018 following completion of the draft accounts on the 31st May 2018. The

final audit opinion would hopefully be provided at the JAC meeting on 31st July. The CFO reminded us that the June meeting was a full JAC but had been brought forward earlier in June than was usual, whilst the July meeting would be held solely for consideration and final approval of the accounts.

We noted that the WAO had requested information to provide them with assurance that the risks identified were being managed and to also allow them to undertake their own checks and balances. The ACOR informed us that the finance department now had a good team in place but that, along with the CFO, he was monitoring the situation closely. We noted that governance processes in relation to the new system had been developed and that TIAA had recently undertaken a second audit in this area. The ACOR also advised us that a new system had been purchased to assist with the preparation of the accounts. We noted that the system was endorsed by the Chartered Institute of Public Finance and Accountancy (CIPFA) and would significantly reduce the amount of administration time needed in the production of the accounts and would also ensure that any changes that had to be made could be managed much easier. We queried if testing was being undertaken with the new software. The ACOR informed us that the software was widely used amongst other public sector bodies but was being tested against proven data to ensure that the information it produced was accurate. We also noted that the Head of Finance had used a similar system in a previous role. The WAO advised that they had been invited to attend training courses by the finance department to provide them with assurance that it was working correctly.

We noted that the WAO fees were based on a number of assumptions and queried if these would be achieved. The ACOR informed us that the Head of Finance was collating information to ensure the force was able to validate how the systems operated and to prove that the governance arrangements supporting the systems was robust; this information would provide the confidence required for the audit process. The CFO stated that where this assurance could not be provided, he had already agreed with the WAO, that additional testing could be undertaken and a fee charged to ensure that the accounts were true and fair.

We queried what a low value lease was as mentioned within the key changes table on page 16. The WAO advised that there was no definition of what a low value lease was and as such the WAO would need to determine its impact on the accounts as to whether or not it would need to be included on the balance sheet.

Due to the earlier closure of the accounts we queried if the WAO were able to bring forward their finalisation of their annual audit report. We were advised that this would not be possible due to the diversion of resources to undertake audit work within other public sector organisations. It may be an area that could be revisited in the future.

b) Update Report

Action

We noted that the finance team continued to work towards producing the draft accounts and anticipated that they would be finalised by 23rd May 2018 to allow a week for quality assurance to take place. They would then be presented to the WAO on the 4th June 2018 with the final audit commencing on the 6th June 2018.

INTERNAL AUDIT (TIAA)

8. We received the following reports from internal audit:

a) Final Annual Audit Plan 2018/19

The audit plan for 2018/19 had been updated to ensure it focussed upon any key risk areas identified over the previous year.

We thanked internal audit for the revised plan and queried why the executive and departmental leads had not yet been identified on a number of the audits. We were informed that once the plan had been agreed that a meeting would take place with the force and Office of the Police and Crime Commissioner (OPCC) in order for this to be agreed.

We noted that cybercrime was referenced as an area of risk but that an audit had not been planned within the 2018/19 audit plan and queried if this would be undertaken by Torfaen County Borough Council (TCBC) as part of the audit process for the Shared Resource Service (SRS). The ACOR advised us that it would be undertaken by TCBC and was highlighted in their audit plan. We also queried why no audit was taking place in relation to body worn cameras and ensuring the force was compliant with the General Data Protection Regulation (GDPR) in this area when this had also been raised as a risk. Internal audit informed us that an audit in relation to GDPR was planned and that this could be included.

IA

We noted that underneath the heading 'Joint Audit Committee Responsibility', it stated that it was the JAC's responsibility to "determine that the number of audit days to be provided and the planned audit coverage are sufficient to meet the Committee's requirements...". According to our ToRs it was not our role to 'determine' the number of days but to approve the audit plan we were presented with by internal audit after consultation with relevant officers. Internal audit agreed to amend the wording.

IA

The CFO stated that the executive leads for certain audits needed to be amended as both he and the ACOR were joint leads. He would speak to internal audit and amend the plan outside of this meeting.

CFO

We agreed to approve the internal audit strategy and plan.

b) Update Report

Six audits had been finalised since the last meeting:

- Payroll;
- Strategic Planning;
- General Ledger;
- Debtors;
- Budgetary Control; and
- Creditors.

We were informed that all audits had received a 'Reasonable' assurance rating apart from the Creditors and Debtors audits which had both received a 'Limited' assurance rating.

We were advised that there were outstanding audits that needed to be completed but they would be finalised by the next meeting.

We queried why the 'Follow Up' report had not been completed as planned. We were informed that the meetings needed in relation to this audit had not been able to take place; the audit had now been re-scheduled for March 2018.

The WAO requested that the FIRMS detailed audit report was finalised and circulated as soon as possible.

IA

In relation to the 'Briefings on Developments in Governance, Risk and Control' we queried if there was any action for the JAC to undertake in relation to the '24/7 Live Reporting of Cyber Attacks' or the 'Managing Risk on Cloud Enabled Products'. The ACOR informed us that there was work ongoing in these areas by the National Police Technology Council to enhance the way services were delivered by forces across England and Wales. There was a control framework for cloud enabled products that all forces were working towards achieving for April 2019. We were also advised that the Information Security team considered other areas that may be suitable for use with the 'cloud'; any areas such as those highlighted by TIAA were also passed to TCBC for consideration.

We noted the two detailed reports that required further discussion:

Debtors and Creditors (both received a 'Limited' assurance rating)

We were informed that due to the implementation of the new finance system, the recovery of debts had not been undertaken. In relation to creditors, there had been an issue with the scheme of delegation where the wrong people had been tasked to authorise payment of invoices. There had also been an issue with duplication of payments that the finance department were aware of and an exercise had been undertaken to resolve this issue.

We appreciated that there had been a 'perfect storm' within the finance department over the previous 12 months linked to the restructure, introduction of the new finance system, losing knowledgeable staff and the early closure of the accounts. However, we wished to note our grave concern in relation to the detailed audit reports and needed to understand how the situation was to be resolved and how it would be prevented from occurring in the future.

Action

We also raised concern with the increase of debt to approximately £3.078 million as of 31st December 2017 compared to £516,725 on 31st March 2017.

We stated that the introduction of a new software package needed to consider transformational change and queried what lessons had been learnt.

Concern was also raised that in both the debtors and creditors reports, the same recommendations were raised in the most recent audits as had been raised in the previous audits; we were unclear as to how these had been removed from the outstanding audit recommendations report we received at every meeting when they were, in fact, still outstanding.

ACOR

The ACOR noted the concern of the JAC. He advised us that there was now a full complement of staff within the finance department and that there were also additional agency staff to assist in dealing with the volume of work. Both the ACOR and CFO stated that they were more confident with the position of the department now than they had been 12 months ago. It was acknowledged that a lot of experience had been lost from the department but that there were now the right resources providing focus on the right areas.

We were informed that the introduction of any new system was challenging. The finance team had been working alongside consultants to resolve the issues identified; these had been more complicated than expected. The ACOR believed that all issues had now been resolved and was confident that the accounts would be delivered by the 31st May 2018 deadline although he was still concerned that there may be more issues within the system that he was not yet aware of. He assured us that all the work undertaken to date to identify and resolve the issues had been robust and that if any further concerns were identified, there were consultants available who could resolve the issues quickly. He also stated that the recent audit undertaken by internal audit in relation to FIRMS also provided him with reassurance that the processes were now working correctly. We also noted that PriceWaterhouseCoopers were assisting the finance team with ensuring the appropriate procedures were in place and were also assisting in resolving the previous and new audit recommendations that had been identified.

The ACOR and CFO had discussed how they could best support the finance team whilst at the same time providing the scrutiny that is needed.

We were advised that the largest creditor was South Wales Police; they were also the largest debtor. The ACOR stated that it had been agreed that all payments would be escalated through the system and that focus would also be placed on the recovery of debt. Of the £3 million of outstanding debt, £2.2 million was with public sector partners; we noted that the debt had not been disputed but had also not been followed up by the force. The ACOR was confident that the £2.2 million would be recovered and that it was not at risk of becoming bad debt.

Action

We hoped that the force would focus on debtors to prevent bad debt and maintain cash flow through the organisation. We were advised that the ACOR was the Section 151 Officer for the Chief Constable and that the CFO was the Section 151 Officer for the PCC and were both responsible for ensuring its completion.

We queried if the new finance system was also new to South Wales Police or if they had already been using it prior to its adoption by Gwent. The ACOR stated that they had introduced the system three years ago but had further developed their processes alongside Gwent. The biggest error in Gwent had been to implement a scheme of delegation that reflected that of South Wales Police. This had now been removed and one that reflected the management structures and approval processes in Gwent was now in place.

We questioned how many small and medium sized organisations were waiting over 30 days to receive payment of invoices. The ACOR informed us there were a number waiting more than the 30 day period and that he had received a schedule of those. When the force was being contacted for late payments, these invoices were being prioritised and payment made quickly.

ACOR

The CFO informed us that he met with the Head of Finance on a weekly basis to consider the aged creditor list. He informed us that due to the level of reserves currently held, cash flow was not critical to the organisation and his focus remained on payment of invoices to limit the impact on the reputation of the organisation with its suppliers.

We were disappointed to learn that the majority of debt was as a result of other public sector organisations not making payments. The ACOR informed us that the new system required an order to be raised when purchasing goods or services, this allowed the invoice, when received, to be matched to the order and also highlighted those areas where invoices were outstanding. He was confident it would help with the accounting process as the finance team would be aware of the costs the organisation was committing to throughout the year. We stated that raising of purchase orders was deemed to be best practice and requested that consideration was given to establishing this as standard practice throughout the organisation.

ACOR

We noted within the creditor report that only two levels of approval for budget spend had been agreed – under £5,000 and over £5,000. The ACOR informed us that an assessment had been undertaken as part of the annual review of the Manual of Corporate Governance (MoCG) in relation to setting approval levels. It was determined that the majority of items purchased fell below the £5,000 threshold. The CFO also advised us that these levels ran in parallel to the procurement thresholds set out within the MoCG.

Action

We commented that the authorisation rate for purchasing cards was very low and this should have a 100% compliance rate. We requested that a compliance rate target was set for the organisation. The ACOR assured us that approval by line managers of purchasing cards would be reviewed, he informed us that there were approximately 50 cards in use and that the finance department had a process in place to escalate any concerns they had in relation to the use of these cards.

ACOR

The recommendation to undertake a purge of suppliers was discussed. We suggested that a purge was undertaken every 15 months to allow for a 12 month cycle to take place. The ACOR informed us that a purge had been undertaken when FIRMS was introduced, a number of suppliers who only invoice on an annual basis had not been included. This had resulted in additional work being undertaken to include them on the new system.

We agreed to take Item 13 'Creditor Payment Days Report'.

CREDITOR PAYMENT DAYS REPORT

9. We received and noted the Creditor Payment Days report from the ACOR.

We noted the actual time taken to pay invoices between August 2017 and February 2018 stood at 63.04 compared to a target of 30 days. The ACOR informed us that the amended scheme of delegation would assist in reducing the length of time taken for invoices to be paid. We noted that if the invoices that were being challenged were removed from the total amount due the figure reduced from £3,252,818 to £2,541,094. We were informed that a daily review was undertaken of invoices over 30 days to ensure that they were released for payment.

The ACOR informed us of the increase in outstanding debts. As at the 28th February 2018 this stood at £3,028,168. We were advised that the Head of Finance was developing a procedure to ensure that all debts were pursued and escalated to the legal department where appropriate. The ACOR assured us that as the top five debtors (totalling £2,186,317) were public sector partners, he was confident that the recovery of this debt would be achieved.

We raised concern in relation to the wellbeing of staff within the finance department due to the additional pressure that had been placed on them

as a result of the issues discussed. The ACOR informed us that they were working well as a team and the Head of Finance was providing support to them when needed. Training and development had taken place to ensure they had the knowledge they needed to undertake their work. He advised us that although there was frustration within the department they had been resilient throughout. He also assured us that the team had his support as well as that of the CFO.

Action

INTERNAL AUDIT (TORFAEN COUNTY BOROUGH COUNCIL)

10. We received the following reports from internal audit:

a) Annual Audit Plan 2018/19

We received the SRS Annual Audit Plan for 2018/19 from TCBC. The ACOR informed us that as the partners within the SRS were from different sectors not all areas detailed in the plan would be applicable to all partners. We noted that there were a number of areas within the 2017/18 plan that had not been completed and had been brought forward into the 2018/19 plan. The ACOR informed us that a request had been placed with the SRS to ensure a focus was placed on audit work in 2018/19 as this assisted in managing and understanding organisational risks.

The report stated that a copy of the audit plan would be shared with the external auditors of the SRS partners for consideration and comment, we therefore queried if this had been shared with the WAO. We were informed that the WAO would not wholly rely on any audit undertaken by the internal auditors but if they were concerned about any areas reviewed as part of the audit plan then they would consider undertaking a review of their own in the area of concern in order to obtain assurances for themselves.

We queried the comments provided in the progress column in relation to the 2017/18 audit plan. Both the 'Cybersecurity' and 'ISO27001' updates confirmed that information was required to enable the audit to conclude by the year end; the 'Information Technology Governance' update suggested there had been delays and the final audit report completed in December 2017 which meant the follow up audit work would slip into 2018/19. This was similar of the 'Application Development/Management' audit.

In terms of the cybercrime and ISO27001 audits, the ACOR advised us that these were audits undertaken across all partner organisations, it was the responsibility of the Senior Information Risk Owner (SIRO) in each organisation to respond with the requested information, not the SRS. Not all SIROs responded in time resulting in TCBC being unable to complete the audit; we were advised that this was now being progressed.

The CFO highlighted that the document still referred to Gwent Police Authority and requested that this was updated.

ACOR

We were informed that the risk related to the uploading of records to the Police National Database had now been completed and that regular updates were received to ensure that the upload continued to be maintained. The ACOR stated that the risk was still included on the corporate risk register but had been reduced from a high to medium rating. In relation to the extractions being incomplete on the STORM system, the ACOR assured us that this had been discussed at the Daily Management Meeting and had now been resolved. It related to an issue with the transfer of data from the Command and Control system to the Niche Records Management system.

Action

We were informed that a specific amount of capacity was purchased by Gwent from the SRS to enable them to undertake any development work and maintenance of systems that was required; it was the decision of each partner as to how this time was utilised, although the SRS would provide guidance where necessary. We agreed it was important to maintain a balance between maintaining the systems used but also undertaking development work.

We queried why the dates the audits were due to be undertaken were not included in the plan. The ACOR informed us that there were no dates included as it was important for the SRS to ensure organisations were available collectively for the audits to take place which resulted in a lot of flexibility around timing of the audits.

We agreed that the audit plan could be improved and could be tailored to Gwent so it was easier to determine what we were being asked to approve. We also confirmed that the TCBC audit team would be able to attend meetings if the ACOR thought attendance was necessary, depending on what the outcomes of the audits were. We noted that our responsibilities were the same for the SRS audit plan as they were for the audit plan completed by TIAA in that it was our position to approve the plan.

ACOR

We agreed to approve the Audit Plan for 2018/19 although we expressed concern in relation to some of the delays on audits due to have been undertaken in 2017/18 and requested that the ACOR fed this back. We also agreed that the SRS audit plan did not provide us with the same assurances as the audit plan produced by TIAA.

ACOR

b) Detailed Audit Reports

We noted that no detailed audit reports had been circulated and that no audit reports had been presented for discussion at this meeting.

We agreed to take Item 16 'Welsh Joint Audit Committee Terms of Reference Comparison'.

11. We received the comparison report undertaken by TIAA on the Welsh JAC ToRs.

We agreed that after scrutiny of the comparison document, the majority of areas where it was suggested an area was missing from our ToR, was in fact included, but different wording had been used.

We discussed the areas we thought may be worthy of inclusion within our ToR. We discussed providing a 'Report to the PCC and Chief Constable with its advice and recommendations in relation to any matters it considers relevant to governance, risk management and financial management' and concluded that this was achieved in the production of our Annual Report and the scrutiny of the Annual Governance Statements. We also noted that we report directly to both the PCC and Chief Constable via their attendance at the meeting.

We also considered whether it was appropriate to include specific wording in relation to the reports we are entitled to receive from Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS). We agreed that as the ToR currently precluded any operational based reports produced by HMICFRS being presented to the JAC, we would not include any additional wording as we would not wish to restrict the range of reports that we were able to discuss.

We agreed that no changes needed to be made to the ToR as a result of this report.

We agreed to take Item 17 'Review of Manual of Corporate Governance'.

REVIEW OF MANUAL OF CORPORATE GOVERNANCE

- **INCLUDING JAC TERMS OF REFERENCE ANNUAL REVIEW**

12. We received a report from the CEx providing the changes to the MoCG that had been identified within the annual review process. We also received the JAC ToRs for discussion as part of this annual review process.

The CEx informed us that meetings had been held between herself, the CFO, ACOR, Assistant Director of Legal Services and the Information Officer to undertake the annual review of the MoCG. These amendments were presented at appendix 1. We were also advised that a number of areas for amendment within the next financial year had also been identified, these changes would be made on the introduction of the relevant legislation.

The Chief Constable joined the meeting at 12.15pm

We noted that the Financial Management Code of Practice was due to be updated during the next financial year and that this would result in amendments to the MoCG. We requested that when it was published a link was circulated to members for their information.

Action
CFO

We queried the change in delegation of the payroll function from the ACOR to the Deputy Chief Constable. The ACOR informed us that as part of the Staying Ahead 8 change programme it was agreed that the Integrated Resource Service Centre, within which payroll sat would be disbanded. As part of this change the payroll function was moved to the HR department in order to ensure the whole process was the responsibility of one area. We noted that the ACOR would still resume responsibility for any financial issues in relation to payroll such as dealing with any incorrect payments.

We noted the two proposed changes to the JAC ToR. These were the change in job title of the Chief of Staff to Chief Executive to align with the Police Reform and Social Responsibility Act 2011 and the addition of one extra meeting per annum which is required to deal with the early closure of the accounts. The CFO confirmed that this pattern of meetings would remain the same for future years.

We agreed to approve the changes to the JAC ToR and to recommend approval of the amendments to the MoCG to the PCC and Chief Constable.

We agreed to take Item 10 Budget Setting 2018/19 – Oral Update and Item 18 Draft Joint Annual Governance Statement, respectively.

BUDGET SETTING 2018/19 ORAL UPDATE

13. We received an oral update from the CFO on the budget setting process for 2018/19.

We were informed that at their meeting on the 22nd December 2017, the Police and Crime Panel had received a presentation from the Chief Constable that provided an operational context to the budget bid as well as a presentation from the CFO which advised how the finances supported this. At their next meeting on the 26th January 2018, the PCC presented his proposed increase to the precept level of 4.49%. This figure had been reached after a consultation exercise (which produced a statistically robust sample size) indicated 68% of respondents supported a 3.99% increase, 54.6% supported a 4.99% increase and 51.8% supported a 5.99% increase (we noted that respondents had the option to select all options within the consultation). It would also allow the PCC to set a balanced budget. The Police and Crime Panel vetoed the proposed precept increase by eight members to three stating that they believed the increase was too high in light of the significant financial pressures faced by the public. They asked the PCC to consider an alternative precept

increase of 3.99%; we noted that the PCC did not have to agree to the counter proposal made by the Police and Crime Panel.

Action

The CFO informed us that the PCCs response to the counter proposal reinforced the current and emerging demand placed on the force, support for the increase from the public and also the increases being made to precept and council tax levels by other public sector partners, as well as the Police and Crime Panel's request to reduce the precept increase. To ensure that a balanced budget would be achieved for 2018/19, the PCC amended his precept increase to 4.37%, which equated to an additional £10 per annum for the average household within Gwent (Band D council tax property). The CFO also advised us that the three other PCCs were increasing their precept levels by the following amounts:

- Dyfed Powys – 5%;
- North Wales – 3.58%; and
- South Wales – 7%.

We queried if the Police and Crime Panel understood the role of the JAC in relation to budget setting and that it was the process they provided assurance on and were not involved in determining the level of precept. The CFO assured us that he informed them that the JAC only considered the robustness of the budget setting process. He also advised us that the offer of a development session had been provided to the Police and Crime Panel members in order that they understand the budget setting process for policing; the role of the JAC would be incorporated into this session. We noted the precept increases made by the three Welsh PCCs and queried if a comparison had been undertaken across our Most Similar Force grouping. We were advised that as the responsibility for setting (and capping) precept levels is devolved in Wales and therefore operated differently in England, a better comparison was achieved by utilising the increases agreed by the other Welsh PCCs.

The CEx left the meeting at 12.40pm.

We queried if a similar approach would be taken in relation to the precept for 2019/20. The CFO stated that the precept was determined to ensure the PCC is able to set a balanced budget and enable sustainment of the investment made into front line policing within Gwent. The PCC advised us that the setting of the precept was a political decision but would base his decision on what was right for policing within Gwent.

DRAFT JOINT ANNUAL GOVERNANCE STATEMENT

14. We received the draft Annual Governance Statement (AGS) from the CFO.

The draft AGS was presented earlier than in previous years for the JAC's comments due to the early closure of the accounts. As requested by the JAC, rather than produce one AGS for the PCC and a separate AGS for

the Chief Constable, this was the first year that a joint AGS had been attempted in Gwent. The CFO advised us that the AGS evidenced how the PCC and the Chief Constable complied with the Code of Corporate Governance as set out within the MoCG. We were advised that work was still ongoing to develop the AGS further and that the final audit outcomes and audit opinions would need to be included as well as information on the work the PCC and Chief Constable were undertaking in relation to any limited assurance audits. The CFO hoped that the document would be largely completed by the June meeting of the JAC in line with the draft accounts and finalised by 31st July 2018.

Action

The Chief Constable left the meeting at 12.55pm

We asked for clarity in relation to the following wording 'The Statement highlights the few areas where governance arrangements differ'. The CFO informed us that within the appendix, where governance arrangements were different for the PCC and the Chief Constable, these were evidenced by separate headings in the 'What we do' section for each of the principles.

Page 7, Joint Audit Committee

In relation to the HMICFRS reports we received, we requested that it was specified that the JAC do not see the reports issued on operational matters.

CFO

Page 8, Joint Audit Committee

As agreed earlier, the number of formal JAC meetings held had now been increased from four to five in line with the early closure of the accounts. We also noted that the timing of the JAC Annual Report would also be brought forward in line with the early closure of the accounts. We also noted that the results of the self-assessment process for 2017/18 would be built into the Annual Report as well as an action plan being produced which would be monitored during 2018/19. We noted that TIAA were also due to undertake a review of the self-assessment documents used across the four Welsh forces and agreed that this information would need to be incorporated into the form for future iterations.

CFO

Page 9, Internal Audit Work 2017/18

We noted that a summary would be provided in relation to those audits that received a limited assurance rating and that the focus of the narrative would be related to the action being undertaken in these areas.

CFO

Page 11, Efficiency

We queried why there was no plan in place to recover non-emergency abandoned calls. The CFO informed us that he would add context to the statement.

CFO

Page 11, Legitimacy

We noted that there was a typographical error in relation to the word 'principals'.

CFO

Page 12, Legitimacy

Action

We requested that additional wording was included to explain what was being done in relation to the following statement, 'This is reflected in a lack of understanding of skills of Gwent Police's workforce and shortcomings in arrangement for external scrutiny'.

CFO

We thanked the CFO for the work undertaken on this document but queried if a conclusion was needed. The CFO agreed and would include in readiness for the next iteration.

CFO

Page 14, Estate

We agreed that a reference to the new hub and spoke model that was being implemented was included.

CFO

Page 14, Significant Governance Issues

We queried if the issues highlighted were actually deemed to be issues. We noted that the majority of the areas mentioned were included within the risk register so were being monitored, they only became issues if they needed to be addressed immediately and suggested that they may instead be matters of significant concern. The CFO informed us that the word 'issues' was used within the guidance, we therefore agreed that this would need to be reflected within the AGS. However, we requested that the CFO revisited this section and considered consolidating the areas mentioned as it currently seemed that there was a significant governance failure when in fact there were actually no significant governance issues but rather a number of future challenges.

CFO

The PCC suggested that wellbeing of staff and diversification of the workforce to ensure we were representative of the communities we served were included.

CFO

The WAO advised the CFO that they had additional comments on the AGS which would be shared outside of this meeting. They also informed us that there was now a requirement to include information in relation to data breaches within the AGS.

WAO

CFO

We queried if there should be a reference within the document to the changing nature of policing and the increase in cybercrime. The PCC suggested that this could be included within the 'Developing our Workforce' section.

CFO

Mr J Herniman and Ms T Veale left the meeting at 1.10pm.

Page 3, Appendix

We stated that the annual JAC training that was undertaken was not necessarily provided by CIPFA and requested that this was amended.

CFO

We also requested that the document reflected any outstanding actions from the previous AGS.

CFO

The CFO left the meeting at 1.15pm.

Action

OUTSTANDING AUDIT INSPECTION RECOMMEDATIONS

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

We noted that there were 9 external audit recommendations as a result of the management letter issued for the 2016/17 accounts and 22 internal audit recommendations currently on-going.

Page 1, Vetting

The ACOR reminded us that the backlog of work within the vetting department was included on the risk register and that HMICFRS acknowledged the amount of work that was being undertaken to resolve this.

Page 1, HR Management – Strategy 17-18

We were advised that an extension was required in the development of a process to ensure induction of staff was in place as inductions had been delayed due to the number of new officers recruited and the focus that had been placed in this area.

Page 2, Follow Up, Disaster Recovery

The ACOR informed us that work for phase 1 of the disaster recovery project was on course for completion by the 31st March 2018.

We noted that the dates in the 'Due Date' and 'Revised Due Date' columns were incorrect and needed to be reviewed for future reports.

ACOR

The ACOR advised us that the colour coding in the 'Due Date' column was of no use to the JAC and would ensure it was removed.

ACOR

We agreed to endorse the revised completion dates as requested in the report.

ASSET MANAGEMENT STRATEGY

16. We received and considered the annual review of the Asset Management Strategy.

The strategy considered how the PCC's assets were able to support the delivery of the Police and Crime Plan priorities and provided the overarching framework from which the Estates, Vehicle Fleet, ICT and Procurement Strategies were developed.

The strategy ensured that the PCC's assets produced value for money and that they were utilised and disposed of correctly as well as

considering the carbon footprint produced by all assets and the sustainability of buildings.

Action

The ACOR informed us that no significant changes had been made since the previous review and that there were assurance mechanisms in place to monitor each of the four areas that were contained within this overarching strategy.

We noted that once any amendments suggested at this meeting had been incorporated into the Strategy, it would be presented to the Commissioner for approval at the Strategy and Performance Board (SPB) on 22nd March 2018.

PROGRESS ON TESTING OF THE DISASTER RECOVERY SYSTEMS – ORAL UPDATE

17. We received an oral update from the ACOR on progress with the implementation of the disaster recovery systems.

We were informed by the ACOR that the implementation of the disaster recovery systems was progressing well. The next stage was to develop an implementation plan in relation to the data replication between the primary systems and the Disaster Recovery services. Phase 2 will focus on the implementation of the platinum applications in the Disaster Recovery environment which would be brought to a future meeting of the JAC.

ACOR

We were reminded that a joint approach had been taken in establishing a disaster recovery site with South Wales Police as both forces had received similar audit recommendations. Although this joint approach had taken longer it was the best solution for both forces.

VALUE FOR MONEY PROFILES – OUTLIERS FOR GWENT

18. We received an update on the Value for Money (VfM) profiles from the ACOR.

The ACOR informed us that the all Wales DCC was reviewing the comparison report that had been produced for the four forces in Wales on the VfM profiles in order to highlight potential future areas for collaboration. The ACOR highlighted that this was the first time that a comparison had been undertaken across Wales and would help to inform where the force could target its savings programme.

We discussed Gwent's position in comparison to the other forces and stated that the results depended upon the priorities set out by each PCC and the subsequent areas of focus and investment to support those priorities. We agreed that the force needed to review this document and that areas of concern should be fed into the Staying Ahead savings programme for consideration. The ACOR assured us that the service

areas identified as being high cost would be reviewed in order to determine if savings could be made.

Action

We raised concern that there was no link between the financial graphs and the outcome graphs within the comparison report. We queried if the force was reviewing the graphs to determine these links and requested that the top five were highlighted to the JAC to show what was being spent and what the outcomes were as a result of that investment. We also requested that the force considered linking finances to outcomes within the Force Management Statement that were currently being developed. The ACOR informed us that the FMS was a very comprehensive document and assisted the force in providing a focus on what had been achieved and also where the areas for improvement lay.

ACOR

ACOR

We noted that the PCC had requested that the force recruited police officers over the agreed establishment figure to ensure that as officers left or retired, there would not be a reduction in officer numbers below the establishment figure.

We suggested that due to the size of the comparison report that the document should have been circulated for information rather than printed as part of the agenda. We also noted that only the graphs were applicable for consideration in Gwent and that the context provided to them was only useable by Dyfed Powys Police. The ACOR advised us that HMICFRS needed a base force to produce the document and as Dyfed Powys had requested the report on behalf of the four Welsh forces, they had been used as the base force on this occasion.

We queried what the appetite for continuous improvement was within the force and the OPCC, how we planned for improvement, and if the VfM profiles were actually a fair representation of Gwent. We also queried if consideration had been given to the reaction of the public if there was greater awareness of Gwent's position within the Most Similar Force (MSF) grouping and what our aspiration was in relation to our MSF group position. The PCC informed us that the OPCC attended force training days and also spoke to new recruits in order to assess these areas. He stated that there was an enthusiasm for improvement within the force and an understanding that skills constantly needed to be built upon. We were reminded that the OPCC was currently going through a major review process which was nearing completion. This would ensure there was a more sophisticated approach to continuous development and training for staff when required and that there was also a desire from staff to achieve this. In terms of the public's perception, we aimed to assess this via the completion of surveys but it was difficult to judge how this accurately reflected opinions across Gwent; we noted that there was more work to be undertaken in relation to communicating the work we were doing and what we were trying to achieve. The PCC stated that the aim for Gwent was to be an outstanding force.

The ACOR informed us that the force had in place a Staying Ahead 8 savings programme which had reviewed all departments across the force over the past three years. He stated that the role of the programme was to ensure the changes that had previously been made were working effectively and to also identify opportunities to make additional improvements.

Action

COMMISSIONING/PARTNERSHIP FUND – ORAL UPDATE

19. The PCC provided us with an oral update on changes to the Partnership Fund.

We were informed that the Partnership Fund had been run by the OPCC for a number of years and provided approximately £250,000 per annum from the Proceeds of Crime Act fund to local organisations via a bidding process. Each organisation was able to bid for a maximum grant of £10,000.

The PCC advised us that he believed this funding could be better utilised and had replaced the Partnership Fund with the Police Community Fund. This new process would involve local policing teams identifying organisations that could bid for a larger proportion of the money available over a longer time period of between one to three years. We noted that the focus of the fund was on deprived areas and young people.

A panel had been established to review the application bids with recommendations made to the PCC for final approval.

We noted that the Deputy Police and Crime Commissioner was briefing Inspectors within the force on the changes. The launch of the new fund was planned for the 1st April 2018. The PCC informed us that the documentation explaining the process would be circulated to the JAC.

IO

JAC SELF ASSESSMENT

20. The Chair informed us that a request had been made of the auditors to undertake a comparison of the self-assessment forms used by the four Welsh JACs and that this would be discussed further at the June meeting in order for us to determine if any changes should be made to the form for the next process.

We noted that the action plan that had been considered during 2017/18 had been completed, other than the action which related to the board assurance framework, which was being progressed by the CFO.

The self-assessment forms were circulated to all members of the JAC, including officers and both internal and external audit.

The meeting was paused at 1.55pm and resumed at 2.05pm in order for a working lunch to take place.

EXCLUSION OF THE PRESS AND PUBLIC

Action

21. 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 section 7.

JOINT STRATEGIC RISK REGISTER

22. We received and monitored the Joint Strategic Risk Register.

The ACOR informed us that he had raised the discussion at the previous JAC in relation to the mitigation of risks at the relevant force meeting. To include this within the risk register would occur an additional process to take place; he confirmed that the force were considering incorporating this onto the register.

As the risk register should inform our agenda, we queried if there were opportunities to occasionally place the register at the beginning of the agenda in order to give it the scrutiny it needs. We agreed that the risk register would be taken first on the agenda at the September meeting.

IO

The ACOR advised us that the internal audit plan was based on the areas included within the risk register so the majority of these were already discussed during the audit sections of the agenda. It may be useful therefore to focus on the areas that were not part of the audit plan.

We agreed that the ACOR would determine how to progress this item for the September meeting with the JAC lead member for risk management.

ACOR

We queried why there was no update on the risk relating to 'Absence and Well-being'. We were informed that the PCC had raised the same query at the previous SPB and an update was to be provided at the meeting on 22nd March 2018.

We noted the issues surrounding, and concurred with, the inclusion on the risk register of creditors and debtors.

NEW HEADQUARTERS FINANCIAL PLAN

23. We received an update from the ACOR that provided detail of the financial plans for the building of the new police Headquarters.

The ACOR informed us that a planning application had now been submitted to TCBC with the plans being available for public viewing via their website.

We were informed that the report contained details of the costs involved as well as a chronology of decisions to date.

We noted that the detail of the interior was now being discussed with attention being paid to ensure costs were not escalating. The PCC and Chief Constable signed off each stage before final agreement.

The PCC made clear that the rise in the precept level was not linked to the building of the new headquarters but was to support the investment in frontline police officers.

The current headquarters building was in a poor state of repair and also had high running costs; we noted that the new building would be much smaller and more cost effective to run in comparison. We were informed that there was a project team managing the build on behalf of the PCC and Chief Constable, with regular updates presented to the PCC at his Estate Strategy Board meeting.

We were pleased to see that positive progress was being made and commented that staff productivity and well-being may be improved as a result of working within a better environment.

The ACOR informed us that as a condition on the sale of the land, the Welsh Government had insisted that BREEAM standards were met; this was a sustainability rating given to the building. We were assured that the building had been designed with these standards in mind.

We queried if there was any impact on collaboration as a result of the new ICT infrastructure that was required as a result of the new building. The ACOR informed us there would be no impact on current collaborations and that there were currently no plans for Gwent Police to leave the SRS. A small data hall was required in the new building but would not host any force servers; these would remain in the SRS.

We queried if savings linked to the rationalisation of other locations was on track. We were informed that some locations had already been vacated with others due in the coming years. We were informed that the date for completion of the new headquarters building was January 2020 although there may be slippage with this time line.

We noted that not all staff currently based at headquarters would relocate to the new building and queried if costs had been allowed for this. The ACOR stated that the force were currently looking at business cases for each of the affected areas and informed us that there may be additional costs associated with their relocation that hadn't yet been planned for. We noted therefore, that the savings predicted in relation to the rationalisation of the estate may be reduced on completion of the business cases.

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

Action

24. There were no other reports to be brought to the attention of the JAC.

ANY OTHER BUSINESS

25. a) **Agree Deep Dive Areas for 2018/19**

We received a list of suggested areas that could be covered as part of our deep dive process for 2018/19.

We agreed that we would prefer deep dives on areas where we were able to see the outcomes of the investment. We agreed that WECTU and TARIAN, GDPR and the VfM profiles would be progressed and requested that the Information Officer and ACOR discussed the best area for the final deep dive session.

**IO/
ACOR**

b) **Update from all Wales JAC Training Day, 1st February 2018**

We agreed that a number of the actions highlighted within the briefing paper had now been covered. We would await feedback on the remaining areas from the ACOR and CFO at the June meeting.

**ACOR/
CFO**

c) **Update from TIAA Audit Chair's Conference, 8th February 2018**

We received and noted the briefing from the TIAA Audit Chair's Conference that was attended by Mr Leadbeter on behalf of the Chair.

d) **Confirmation of JAC Dates for 2018**

- 7th June
- 31st July
- 13th September
- 13th December

TO IDENTIFY ANY RISKS ARISING FROM THIS MEETING

26. There were no new risks arising as a result of the meeting.

The meeting concluded at 2.55pm.