



**Police and Crime Commissioner for Gwent and Chief Constable of Gwent Police**

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**Summary Internal Controls Assurance (SICA) Report  
2017/18**

**INTRODUCTION**

1. This summary report provides the Joint Audit Committee with an update on the progress of our work as at 16<sup>th</sup> June 2017.

**PROGRESS AGAINST THE 2017/18 ANNUAL PLAN**

2. Our progress against the Annual Plan for 2017/18 is set out in Appendix A. A copy of the agreed plan is included at Appendix B.

**INTERNAL CONTROL FRAMEWORK**

3. The key strategic governance, risk management and control matters identified from the one review completed from the 2017/18 Audit Plan is summarised below.

*Key Strategic Governance, Risk Management and Control Matters*

Review	High level
Vetting	<p><b>The Vetting Policy is overdue for review.</b></p> <p><b>The Vetting Procedures are overdue for review.</b></p> <p><b>The Vetting Database needs to be cleansed of data relating to applicants whose clearance has expired but will not be renewed.</b></p> <p><b>There is no process in place to inform sponsors in advance of clearances that are due to expire.</b></p> <p><b>The backlog of workforce who do not hold up-to-date security clearance and the number of Non-Police Personnel Vetting that have expired needs to be addressed.</b></p>

**EMERGING GOVERNANCE, RISK AND INTERNAL CONTROL RELATED ISSUES**

4. At this stage we have identified no emerging strategic risks which could impact on the overall effectiveness of the governance, risk and internal control framework, which would adversely impact our annual opinion.

**AUDITS COMPLETED SINCE THE LAST REPORT TO COMMITTEE**

5. The table below sets out details of 2017/18 audits finalised since the previous meeting of the Joint Audit Committee.

Review	Evaluation	Key Dates			Number of Recommendations			
		Draft issued	Responses Received	Final issued	1	2	3	OE
Vetting	Limited	06/06/17	16/06/17	16/06/17	0	5	5	3

6. A summary of recent briefings on developments on which TIAA have issued client briefing notes in risk / governance is given at Appendix C

**CHANGES TO THE ANNUAL PLAN 2017/18**

7. Following the results of the recent HMIC review, Management have requested that compliance testing of 150 Stop and Search cases be completed. This review has been scoped and is planned for August 2017. Other operational changes to dates are noted in Appendix A.

**FRAUDS/IRREGULARITIES**

8. We have not been advised of any frauds or irregularities in the period since the last summary report was issued.

**LIAISON**

9. **Liaison with external audit:** We maintain ongoing communication with the Wales Audit Office.

**PROGRESS ACTIONING PRIORITY 1 RECOMMENDATIONS**

10. We have been advised that progress of completion of recommendations is monitored internally and not to include within this summary report, following a decision at the February 2016 Joint Audit Committee.

**RESPONSIBILITY/DISCLAIMER**


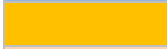
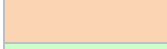
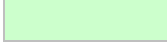
11. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. The matters raised in this report not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose. TIAA neither owes nor accepts any duty of care to any other party who may receive this report and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our report.

## Progress against the Annual Plan for 2017/18

System	Planned Quarter	Days	Revised Quarter	Current Status	Comments
Governance – Strategic Planning	1	10	1 & 3	Audit commenced Stage 1 complete – a letter was issued 09/05/2017	It was agreed that the audit be undertaken in two parts, the first stage to be a light touch review of the progress made in defining the revised meeting structure. The audit will subsequently take place in quarter 3.
Risk Management – Mitigating Controls	1	10	1	Fieldwork in progress	Audit commenced 19 <sup>th</sup> April 2017
Fleet Management – Delivery	1	8	1	Draft Report issued	
HR Management – Learning and Development	1	4	1	Fieldwork in progress	Audit commenced 14 <sup>th</sup> June 2017
HR Management - Strategy	1	7	2	APM issued	Planned start date 27 <sup>th</sup> July 2017
Vetting	1	8	1	Final Report issued	
Stop and Search (Compliance testing)	-	10	2	APM issued	Planned start date 7 <sup>th</sup> August 2017
Budgetary Control	2	5	3	APM issued	Planned start date 23 <sup>rd</sup> October 2017
Capital Programme	2	4	2	APM issued	Planned start date 22 <sup>nd</sup> August 2017
Counter Fraud	2	7	2	APM issued	Planned start date 14 <sup>th</sup> August 2017
Estate Management - Delivery	2	7	2	APM issued	Planned start date 25 <sup>th</sup> September 2017
Collaborative Project	2	4	2		
Staying Ahead 8 - Themes	2	12	2		

System	Planned Quarter	Days	Revised Quarter	Current Status	Comments
Follow Up	2	5	2	APM issued	Planned start date 14 <sup>th</sup> August 2017
Treasury Management	3	5	3		
General Ledger	3	5	3		
Payroll	3	5	3		
Creditors	3	5	3		
Debtors	3	4	3		
Finance and Resource System Implementation	1 - 4	6	2 - 4		
Follow Up	4	5	4		
Liaison with WAO	1 - 4	3	1 - 4		
2017/18 Annual Plan	1	2	1	Final report issued	
Strategic Plan	1	4	1	Final report issued	
2017/18 Annual Report	4	2	4		
Audit Management	1 - 4	15	1 - 4		

**KEY:**

	=	To be commenced
	=	Site work commenced
	=	Draft report issued
	=	Final report issued

## Annual Plan – 2017/18

Quarter	Audit	Type	Days	Rationale
1	Governance – Strategic Planning	Assurance	10	<p><u>Rationale</u> Rolling programme of Governance reviews covering key risk areas.</p> <p><u>Scope</u> The review considers the arrangements by which the Force Boards and the Police and Crime Commissioner ensure that the corporate plans for the organisations remain achievable in times of economic uncertainty. The scope of the review does not include consideration of the strategic control arrangements or the appropriateness of decisions taken by the Boards.</p> <p><u>Executive Leads</u> Sian Curley - Chief of staff, Nigel Stephens - Assistant Chief Officer Resources.</p> <p><u>Departmental Lead</u> To be advised.</p>
1	Risk Management – Mitigating Controls	Compliance	10	<p><u>Rationale</u> Included in each year of the Strategic Plan to ensure that there are effective controls in place for the most significant risks. Number of days will cover the review of two risks</p> <p><u>Scope</u> Five risks currently included in the organisation's business significant risk map will be selected and the effectiveness of the identified controls will be reviewed. The scope of the review does not include consideration of all potential mitigating arrangements or their effectiveness in minimising the opportunities for the identified risks to occur.</p> <p><u>Executive Lead</u> To be advised.</p> <p><u>Departmental Lead</u> Chief Supt. Kirk</p>

Quarter	Audit	Type	Days	Rationale
1	Fleet Management – Delivery	Appraisal	8	<p><u>Rationale</u> A review of an aspect of Fleet Management has been included in each year of the Strategy.</p> <p><u>Scope</u> The review will appraise the effectiveness of the delivery of the fleet management repairs and maintenance arrangements, including the planning of services and MOT's, responsive repairs and general maintenance.</p> <p><u>Executive lead</u> Assistant Chief Officer – Resources – Nigel Stephens</p> <p><u>Departmental Lead</u> Head of Fleet - Julie Reynolds</p>
1	HR Management – Learning and Development	Assurance	4	<p><u>Rationale</u> Review of HR Management arrangements included in each year of the plan. This area requested by Management.</p> <p><u>Scope</u> The review considers the arrangements for: determining the leaning and development requirements; the monitoring arrangements; and reporting to Boards. The scope of the review does not include verification that all staff have been correctly appraised or that all learning and development needs have been correctly assessed, or the arrangements for provision of in-house training. This review is applicable to Police Staff only.</p> <p><u>Executive lead</u> Assistant Chief Officer – Resources – Nigel Stephens</p> <p><u>Departmental Lead</u> Neil Lewis, People Services</p>

Quarter	Audit	Type	Days	Rationale
1	HR Management - Strategy		7	<p><u>Rationale</u> Review of HR Management arrangements included in each year of the plan.</p> <p><u>Scope</u> The review considers the arrangements for: inductions; maintaining staff handbook; maintaining job descriptions and person specifications; appraisals; disciplinaries; sickness and leave monitoring; and exit meetings. The scope of the review does not include: the training and development arrangements; promotion and/or merit awards.</p> <p><u>Executive lead</u> Assistant Chief Officer – Resources – Nigel Stephens</p> <p><u>Departmental Lead</u> Neil Lewis, People Services</p>
1	Vetting	Compliance	8	<p><u>Rationale</u> High risk area if effective arrangements not in place. Issues were identified at other Forces in 2016/17.</p> <p><u>Scope</u> The review will assess compliance with the internal vetting policy. The scope of the review will not include providing assurance that all relevant staff and contractors are vetted.</p> <p><u>Executive lead</u> Assistant Chief Officer – Resources – Nigel Stephens</p> <p><u>Departmental Lead</u> To be advised.</p>



Quarter	Audit	Type	Days	Rationale
2	Budgetary Control	Assurance	5	<p><u>Rationale</u> Key Audit risk area completed annually. Particularly important due to the continued cuts in funding and preparation for new finance system.</p> <p><u>Scope</u> The review considers the budget preparation process, the monitoring arrangements, and reporting to the Strategy and Performance Board. The scope of the review does not include consideration of the assumptions used in preparing the budgets; depreciation policies; apportionment of central costs; or financial information included in tenders prepared by the organisation.</p> <p><u>Executive Lead</u> Nigel Stephens – Assistant Chief Officer Resources Darren Garwood – CFO (PCC)</p> <p><u>Departmental Lead</u> Ken Chedzey – Principal Management Accountant</p>
2	Capital Programme	Assurance	4	<p><u>Rationale</u> Key Audit risk area completed bi-annually. Included in this year’s plan due to timing and the preparation for new finance system.</p> <p><u>Scope</u> The review considers the arrangements for accounting for the capital programme. The scope of the review does not include consideration of the funding arrangements or the specification of the projects.</p> <p><u>Executive Lead</u> Nigel Stephens – Assistant Chief Officer Resources</p> <p><u>Departmental Lead</u> Ken Chedzey, Principal Management Accountant.</p>

Quarter	Audit	Type	Days	Rationale
2	Counter Fraud	Compliance	7	<p><u>Rationale</u> A review to test areas of exposure to fraud has been included in each year of the plan.</p> <p><u>Scope</u> To be discussed.</p> <p><u>Executive Lead</u> To be advised.</p> <p><u>Departmental Lead</u> To be advised.</p>
2	Estate Management - Delivery	Compliance	7	<p><u>Rationale</u> Newly developed Estate Management Strategy reviewed in 2016/17. Limited internal audit coverage previously.</p> <p><u>Scope</u> The review will consider how the Estates Management Strategy is being delivered. The area of the Strategy to be tested is to be discussed with Chief Officers.</p> <p><u>Executive Lead</u> Nigel Stephens – Assistant Chief Officer Resources</p> <p><u>Departmental Lead</u> Kieran McHugh - Estates</p>
2	Collaborative Project	Compliance	4	<p><u>Rationale</u> Included in the plan annually, due to the increasing number of collaborative projects.</p> <p><u>Scope</u> This review across 3 Forces will consider the effectiveness of the Governance and Outcome delivery arrangements for the Joint Scientific Inspection Unit.</p> <p>.</p> <p><u>Executive Lead</u> To be advised.</p> <p><u>Departmental Lead</u> To be advised.</p>

Quarter	Audit	Type	Days	Rationale
2	Staying Ahead 8 - Themes	Compliance	12	<p><u>Rationale</u> Key Project to drive improvements in efficient and effective delivery and achieve savings.</p> <p><u>Scope</u> To be discussed.</p> <p><u>Executive Lead</u> To be advised.</p> <p><u>Departmental Lead</u> To be advised.</p>
2	Follow Up	F/Up	5	The review ascertains whether management action has been taken to address the Priority 1 & 2 recommendations arising from selected internal audit work carried out in the previous financial year.
3	Treasury Management	Assurance	5	<p><u>Rationale</u> Key financial risk – audited bi-annually.</p> <p><u>Scope</u> The review considers the arrangements for controlling the investment and borrowing arrangements; compliance with the organisation’s overall policy; banking arrangements; reconciliations and the reporting to committee. The scope of the review does not include consideration of the appropriateness of any individual financial institution or broker or of individual investment decisions made by the organisation.</p> <p><u>Executive Lead</u> Darren Garwood Pask – Chief Finance Officer PCC</p> <p><u>Departmental Lead</u> Hywel Morgan - Financial Accountant</p>

Quarter	Audit	Type	Days	Rationale
3	General Ledger	Assurance	5	<p><u>Rationale</u> Key financial risk area completed annually</p> <p><u>Scope</u> The review considers the arrangements for providing an effective audit trail for data entered onto the general ledger and the appropriateness of the reports generated. The scope of the review does not extend to the budgetary control arrangements and bank reconciliations.</p> <p><u>Executive Lead</u> Nigel Stephens – Assistant Chief Officer – Resources</p> <p><u>Departmental Lead</u> Hywel Morgan - Financial Accountant</p>
3	Payroll	Assurance	5	<p><u>Rationale</u> Key financial risk area completed annually</p> <p><u>Scope</u> The review considers the arrangements for: the creation, amendment and deletion of payroll records; payment of allowances and pay awards; and payment of salaries. The scope of the review does not include determination of salary scales, appointment and removal of staff, severance payments or reimbursement of travel and subsistence expenses, or pension arrangements.</p> <p><u>Executive Lead</u> Nigel Stephens – Assistant Chief Officer – Resources</p> <p><u>Departmental Lead</u> Hywel Morgan - Financial Accountant</p>

Quarter	Audit	Type	Days	Rationale
3	Creditors	Assurance	5	<p><u>Rationale</u> Key financial risk area completed annually</p> <p><u>Scope</u> The review considers the arrangements for authorising and paying costs incurred by the organisation and the arrangement for control of the organisation's cheques and automated payments. The scope does not include providing an assurance that the expenditure was necessary or that value for money was achieved from the expenditure committed.</p> <p><u>Executive Lead</u> Nigel Stephens – Assistant Chief Officer – Resources</p> <p><u>Departmental Lead</u> Hywel Morgan - Financial Accountant</p>
3	Debtors	Assurance	4	<p><u>Rationale</u> Key financial risk area completed annually</p> <p><u>Scope</u> The review considers the raising of debtor accounts, collection of income, receipting, storage and banking of income received by the organisation. The scope of the review does not include identification of the activities giving rise to income for the organisation, the basis of calculating the rates to be charged or that all income receivable has been identified.</p> <p><u>Executive Lead</u> Nigel Stephens – Assistant Chief Officer – Resources</p> <p><u>Departmental Lead</u> Hywel Morgan - Financial Accountant</p>

Quarter	Audit	Type	Days	Rationale
1 - 4	Finance and Resource System Implementation	Appraisal	6	<p><u>Rationale</u> Proactive review to provide advice and guidance during the new system implementation.</p> <p><u>Scope</u> Advice and guidance on the controls in the new finance system being implemented with South Wales Police will be provided throughout the year as required.</p> <p><u>Executive Lead</u> Nigel Stephens – Assistant Chief Officer Resources</p> <p><u>Departmental Lead</u> Steph Bradly, FIRMs Project Manager</p>
4	Follow Up	F/Up	5	The review ascertains whether management action has been taken to address the Priority 1 & 2 recommendations arising from selected internal audit work carried out in the previous financial year.
1 - 4	Liaison with WAO		3	
1	2017/18 Annual Plan		2	
1	Strategic Plan		4	
4	2017/18 Annual Report		2	
1-4	Audit Management		15	This time includes attendance at Joint Audit Committee meetings and overall contract management.
		<b>Total days</b>	<b>152</b>	



## Briefings on Developments in Governance, Risk and Control

### Summary of Recent Client Briefing Notes (CBNs)

TIAA produce regular briefing notes to summarise new developments in Governance, Risk, Control and Counter Fraud which may have an impact on our clients. These are shared with clients and made available through our Online Client Portal. A summary list of those CBNs issued in the last three months which may be of relevance to you are given below. Copies of any CBNs are available on request from your local TIAA team.

Date Issued	CBN Ref	Subject	Status	TIAA Comments
23/05/2017	CBN-17013	All Sectors – Cyber Security Advice Note if hit by a Malware Attack	For Possible Action	Audit Committees are advised to consider the organisation’s level of staff training and preparedness about what to do in the event of a malware attack.
15/05/2017	CBN-17012	All Sectors – Cybersecurity update following Major Ransomware Attack	For Action	Audit Committees and Boards/Governing Bodies are advised to seek assurance over their organisation’s level of Cyber Resilience.
27/04/2017	CBN-17010	All - Government Pushes for Wider Use of Cyber Essentials Scheme	For Possible Action	Audit Committees and Boards/Governing Bodies are advised to understand the organisation’s approach to ensuring cyber security, and to ascertain what independent assurances are held regarding the risk of cyber-crime.