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**Joint Audit Committee
Annual Report for the year ending 31st March 2023 (2022/23)**

## **Chair’s Foreword**

The Joint Audit Committee (JAC) is independent of the Police and Crime Commissioner and the Chief Constable and consists of individuals with the relevant expertise and experience to provide an independent oversight of the governance arrangements and internal control environment of the Office of the Police and Crime Commissioner and the Force.

As the Chair, from March 2020, I would like to formally acknowledge the significant contribution of all the members of the JAC, who are named elsewhere in this report, via their continuing commitment and input, not only at the formal meetings but also in the numerous consultations and discussions that take place away from those meetings.

Five formal meetings, which have been a combination of virtual and in person, have been held during the year, with wide and varied agendas which reflected the ever-widening approach of the JAC to meeting its obligations under its Terms of Reference. We select and receive deep dive sessions into the most relevant and pressing areas facing our police force following our committee meetings, and as always these have provided invaluable insights that enable us to understand the demands on Gwent Police and how resources are used to achieve value for money.

In addition to their collective responsibilities as members of the Committee, JAC members adopt “lead-member” roles whereby individual members can bring their specific skills and knowledge to bear on various topics thus enabling improved focus and scrutiny by the Committee as a whole. This has continued to add value this year, providing a spread of information before the committee meetings, making them more effective.

Looking back on areas of previous concern we are pleased that the following three areas have been managed well and improved.

* The COVID pandemic, as with all organisations, continued to require a co-ordinated response, adaptive and flexible assignment of resource as well as increased scrutiny and assurance that the changing demand on our police force is being met efficiently and effectively with the resources available. We have been advised that the impact of the pandemic has cost £1.3million with most costs recovered from the Home Office. Any additional costs for 2022/23 will be offset as and when they occur. The pandemic is unlikely to present further financial challenges in the forthcoming year as its seriousness abates.
* In 2021/22 it was pleasing to see that the Finance Department had made further improvements regarding the preparation of the statutory accounts with only a few minor lessons learnt being carried forward into an action plan. This is a very positive position.
* The closer examination of the IT provision via the Shared Resource Service (SRS) continued and there has been a stepped positive change in the improvements. Collaboration projects have progressed with the objective to achieve greater savings and improve wider effectiveness and we are one of the JACs monitoring implementation and achievement of the expected beneficial outcomes. This is an area that will continue to need focus to gain greater clarity of the outcomes and benefits. We have noticed an improvement on co-ordination of priorities, delivery and scrutiny which will help in achieving the clarity we desire.

However, there are continuing financial pressures on policing budgets, therefore financial management remains a major challenge, with budgetary and financial performance closely monitored. The last 12 months have been extremely difficult for policing and as a JAC we have continued to focus on risk management and recommendations from audits for required improvements or change in processes. We fundamentally believe that Gwent are doing the best with the resources they have, adapting and flexing where demand changes. The JAC understand the opportunities, risks, and pressures they face and although these are acknowledged we have challenged them to improve in areas and provided support where necessary. Although, inevitably with resource strain, they have not got everything right, they have responded to these challenges robustly to provide assurance that they endeavour to provide the best, value for money service possible within the limited resources available to them. This report highlights aspects of JAC’s contribution to the continuous improvement of Gwent.

I add my appreciation, to the other committee members (and welcome two new members), to all support staff, senior finance officers and operational officers from the Force who aid and guide the JAC through its oversight role and the Committee remains particularly appreciative of the input of the Commissioner, Deputy Commissioner, Chief Constable and Deputy Chief Constable, whose very presence at the meetings impacts positively on the work of the JAC and facilitates feedback on actions arising. I would particularly like to thank two of the committee’s founding members who have both be Chair of the Committee before me. Roger Leadbeter and Jon Shepherd completed their maximum allowed 10 years as committee members and laid solid foundation for the committee enabling it to grow from strength to strength in its knowledge and therefore its effectiveness and ability to influence change when and where change is required.

Good working relationships between the auditors and JAC and open and honest discussion on reports and issues arising can only benefit the continued development of the control environment within the Office of the Police and Crime Commissioner and the Force. I must thank the teams from Audit Wales and TIAA, the external and internal auditors respectively, for their reports and input into the meetings. We are pleased that the internal audit team from Torfaen County Borough Council, who audit the IT provision provided by the Shared Resource Service (SRS), now attend the JAC meeting at least on an annual basis to present the annual report and audit plan for the coming year and when necessary to discuss audit reports in detail. General management of these audits is well managed through the Finance Officers of the different bodies and reported to JAC.

Finally, we expect that 2023/24 will bring new challenges with the rising cost of living and the pressures this will bring to the public and the impact on Gwent Police budget.

**Dawn Turner, Chair, Joint Audit Committee**

1. **Role of the Joint Audit Committee**

A Joint Audit Committee (JAC) operates in Gwent in line with guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Financial Management Code of Practice for the Police Service of England and Wales, section 11.1.3.

The [Operating Principles and Terms of Reference](https://www.gwent.pcc.police.uk/en/transparency/joint-audit-committee/) (ToR) establish the core functions of the JAC and are reviewed annually.

**2. Membership and Meetings**

The JAC comprises five members who are independent of the OPCC and Force. Members are appointed via an externally advertised recruitment process and are selected to ensure the right balance of experience and expertise is provided. The JAC Members at the start of 2022/23 were Ms Dawn Turner (Chair), Dr Janet Wademan (Vice-Chair), Mr Andrew Blackmore, Mr Jonathan Sheppard, and Mr Roger Leadbeter.

During 2022/23, the tenure of two members, Mr Leadbeter and Mr Sheppard came to an end, their last meeting taking place in September 2022. A recruitment process had taken place prior to this with two new members appointed, Mr Andy Johns and Mr Gareth Watts, who both attended the September meeting as part of their induction as members. Their first formal meeting took place in December 2022.

As Mr Sheppard’s tenure had not yet reached the maximum period of 10 years allowed by the Terms of Reference and due to his expertise in the scrutiny of the accounts, it was agreed that he would remain as an additional member of the Committee to support and hand over to Mr Watts as he takes over the lead role for the accounts, which was successfully completed. The last meeting that he attended therefore was in July 2023.

All members have lead roles covering areas within the JAC ToR. These roles are as follows:

* Ms Dawn Turner – Board Assurance Framework and Sustainability
* Dr Janet Wademan – ICT, Change and Project Management
* Mr Andrew Blackmore – Risk Management, Board Assurance Framework and Treasury Management
* Mr Andy Johns – Internal Audit, Governance and Estates
* Mr Gareth Watts – Finance and External Audit

As well as the independent members, the following officers from the OPCC, Force and the Audit functions are also in attendance:

* Commissioner or Deputy Commissioner, OPCC
* Chief Executive, OPCC
* Chief Finance Officer, OPCC
* Head of Assurance and Compliance, OPCC
* Governance Officer, OPCC
* Chief Constable or Deputy Chief Constable, Force
* Assistant Chief Officer - Resources, Force
* Chief Superintendent, Head of Continuous Improvement, Force
* Internal Audit (TIAA)
* External Audit (Audit Wales (AW))

Officers from Torfaen County Borough Council (TCBC) (IT auditors) and the SRS (IT providers) also occasionally attend.

Due to the change in membership during 2022/23, it was agreed, as allowed in the ToR, that the current Chair, Ms Turner, would continue in the role, to provide stability to the JAC and to ensure the new members built up experience in their roles prior to appointing a new Chair in March 2024.

Members of the JAC meet privately with the auditors prior to the start of every meeting to ensure there is an opportunity for any concerns to be raised.

The JAC is supported by the OPCC’s Governance Officer and Head of Assurance and Compliance.

Five formal meetings are scheduled each financial year as well as a formal annual all Wales JAC training day. Members are in attendance, either in person or virtually, at all JAC meetings except in extenuating circumstances.

**Improving Public Reporting and Accountability**

Agendas and minutes from the JAC meetings are made available to the public on the [OPCC website](http://www.gwent.pcc.police.uk/transparency/joint-audit-committee/). Copies of the draft JAC minutes are also provided to the Commissioner and the Chief Constable for discussion at the Strategy and Performance Board meetings.

Each year the JAC ensure that they have met the areas within their Terms of Reference with this document being published on the OPCC website alongside a copy of this Annual Report.

1. **Overview of Core Work Undertaken During 2022/23**

**Good Governance**

* **Terms of Reference**

The ToR set out the core functions that the JAC must undertake. We noted that the CIPFA guidance for audit committees had been updated in September 2022 and that work was being undertaken to review these changes and the potential impact on the JAC membership terms and conditions and tenure of roles. A report has been requested to be presented by December 2023 to outline and agree required and desired changes before the next selection of Chair of the Committee in March 2024. No other changes were identified, and we were satisfied we were compliant in carrying out our function. A compliance paper was provided to the Commissioner and the Chief Constable with assurance that the JAC has successfully discharged its duties during the year.

* **Joint Annual Governance Statement and Statement of Accounts 2022/23**

Due to a delay in the auditing of the draft accounts by Audit Wales, the 2022/23 Joint Annual Governance Statement (AGS) was not presented to the JAC in draft format at the June 2023 for consideration and comment as previously planned. This is planned to be provided at the September 2023 meeting instead.

The JAC will therefore provide its recommendation to the Commissioner and Chief Constable that the Joint Annual Governance Statement be approved at a later date in 2023.

* **Review of the Manual of Corporate Governance**

The Manual of Corporate Governance is reviewed by the OPCC and Force annually with any changes identified presented to the JAC. The JAC subsequently provided its recommendation to the Commissioner and Chief Constable, to approve the amendments to the Manual of Corporate Governance, in March 2023.

* **Self-Assessment**

The annual self-assessment exercise which reviewed the JAC’s performance during 2022/23 was undertaken during March/April 2023. This allowed the results to be analysed and any key outcomes included in the priorities for 2023/24.

Following Members’ review of the self-assessment exercise, an action plan is drafted to support the JAC’s continuous improvement and is reviewed on a quarterly basis.

Following our annual self-assessment of how JAC is carrying out its duties as outlined in the JAC terms of reference we found that the members, officers and auditors, in most cases, found that the JAC’s knowledge of its duties and its capabilities were enabling performance at a high level, however there were still some areas that could be improved and these have been reflected in the action plan for 2023/24.

* **Annual Performance Reviews**

All members have participated in an annual performance review process. Feedback has been positive with all members finding the process useful.

**Effective Audit and Assurance**

* **Internal Audit**

There is a duty upon both the Commissioner and the Chief Constable to maintain an effective internal audit function. The audit work for the year is founded on a risk-based approach and focuses on significant financial and operational risks.

Since September 2016, all IT related audits have been undertaken by TCBC; TIAA continue to undertake all other audits on behalf of the OPCC and Force. As the internal audit function is provided via a joint all Wales contract, collaborative audits have also been undertaken allowing best practice to be shared across Wales. This provides the JAC with further evidence regarding the scrutiny on Value for Money.

Annual Audit Plans from both TIAA and TCBC are presented to the JAC for review prior to finalisation. Reports on the adequacy of controls in the systems audited are also presented to the JAC.

Progress with the annual audit plans is monitored at each meeting and is challenged as appropriate. The JAC were satisfied with the work undertaken by TIAA and their adherence to and management of the plan.

2022/23 saw the JAC continue to place focus on the management of the IT audit plan by both TCBC and the SRS. The JAC have acknowledged that vast improvements have been made in this area and that the response by SRS management to outstanding audit recommendations had also improved due to the scrutiny placed on this area by the JAC.

The JAC will continue to monitor all outstanding audit recommendations via the quarterly Outstanding Audit Recommendations report with any concerns raised with the Assistant Chief Officer, Resources for feedback to be provided to the SRS.

The lead JAC member for ICT has continued to meet regularly with the ACOR and to provide support and scrutiny and to seek additional assurance on behalf of the JAC in relation to the audit process in respect of Gwent Police.

The JAC reviewed TIAA’s proposed annual Audit Plan for 2023/24 and was satisfied it was appropriate for, and aligned to, Gwent’s current risk profile. As TIAA are also the internal auditors for the three other Welsh forces, we welcomed the continued development of a collaborative audit plan for the coming year and the sharing of lessons learned across Wales. The current TIAA contract agreement is in place until 31 March 2024.

The JAC also reviewed and were satisfied with the SRS proposed annual Audit Plan for 2023/24.

Audits Completed - TIAA

There were 17 internal audits completed by TIAA in 2022/23, 12 received ‘substantial’ assurance, 1 received ‘reasonable’ assurance, 1 received ‘limited’ assurance and 0 received ‘no assurance’ and there was also 1 ‘follow up’ audit completed. 3 audits were advisory with no assessment rating provided.

Audits Completed - Torfaen County Borough Council

The assessments of the 12 audits undertaken confirm that 10 were assessed as providing ‘full’ assurance, 1 with ‘substantial’ assurance, 0 with ‘moderate’ assurance, 0 with limited assurance.

All audit reports, as detailed within the Annual Governance Statement, have been scrutinised by the JAC.

* **Audit Wales**

The JAC were advised by Audit Wales in March 2023 that due to resourcing issues and priorities in other public sector organisations, that the July deadline for audit to complete the Statement of Accounts would be delayed until November 2023 in light of the revised ISA315 – Identifying and assessing the risks of material misstatement.

The JAC raised concern with the lateness in communicating the delays and the impact of revised ISA315 – Identifying and assessing the risks of material misstatement and requested assurance from Audit Wales that the November deadline would be met. The risks on relation to leaving the draft accounts open for 3-4months were discussed. The lead JAC member for External Audit and Finance will remain in regular contact with Audit Wales throughout until the accounts are finalised and will monitor any continuing impacts into 2023/24 accounts.

* **Effective Risk Management**

Risk Management has been a particular focus for JAC in 2022/23 with the JAC lead on Risk Management reviewing and providing guidance on the development of the Risk Management Framework and Reporting arrangements. Through this focus JAC has been able to conclude that the overall design of the risk management approach across the OPCC and the Force is reasonable but recognised that some further progress was desirable in relation to ‘horizon scanning for new and emerging risks and the reporting of risk information to the JAC. This has been accepted by officers with a plan in place to deliver these improvements during 2023/24.

The concerns raised by JAC has demonstrably resulted in an increased level of scrutiny by the executive board and recognition that more robust risk mitigation action plans are documented which better evidence progress being made in achieving the targeted risk tolerance level. This approach to implementation is work in progress. Assurance will be sought by JAC going forward through the quarterly risk management reports and reviewing in detail at each meeting one of the high risks action plans. JAC are pleased with the officers’ positive response and willingness to embrace its constructive observations and challenges. JAC are satisfied that officers will continue to report on risks in an honest and transparent manner so as to provide confidence that risks are being managed appropriately.

During 2022/23 the JAC the deep dives that have been undertaken at each meeting on a specific area of the risk register has allowed JAC to understood individual high risk more and can now challenge more specific areas of concern. This has resulted in improvement in risk articulation and management of the risk and resources available.

* **Embedding Ethical Values and Countering Fraud**

The JAC received an internal audit report on counter fraud during 2022/23 and were pleased to note that the audit received substantial assurance.

The Anti-fraud and Corruption policies for both the OPCC and the Force were last reviewed by the JAC in March 2022 and June 2022 respectively.

All police forces in England and Wales are governed by the Code of Ethics which sets and defines the standards of behaviour for everyone working in policing. The JAC received an annual report on force compliance with the Code of Ethics at their meeting in December 2022. The JAC also received a briefing from the Deputy Chief Constable in March 2023 on how the force were working to improve the culture of the organisation. At the request of the JAC, a risk relating to culture has now been developed and is included on the joint risk register.

* **Improving Value for Money**

The JAC are generally satisfied that their understanding in relation to Value for Money (VFM) is improving. Access to data has also improved but that the variety of demands on police forces and the variance in priority of those demands in the different forces across England and Wales still makes comparison and evaluation of VFM difficult. It is acknowledged that the Force Management Statement for Gwent enables the JAC to focus on what is required for Gwent which is of primary importance. An annual deep dive also takes place for the JAC to be briefed on the Value for Money profiles produced by HMICFRS.

1. **Achievement of Goals**

Each year the JAC set out in its Annual Report the priorities they will focus upon during the coming year. This section provides evidence on how the JAC has met the agreed priorities for 2022/23 as detailed in the 2021/22 annual report.

* **Training and Development**

Members have participated in several different training events in order to build on their existing knowledge and skills. Internally, the OPCC and Force run sessions where a topic identified by members is explained and discussed in detail; these sessions, known as ‘Deep Dives’, take place as an addendum to the formal meeting structure.

Deep Dives

During 2022/23, the following deep dives took place:

* Year End Commissioning Performance and Tour of the New Headquarters – June 2022;
* People Services Strategy – July 2022;
* Environmental and Social Governance - September 2022;
* Forensics – December 2022; and
* PEEL Inspection Update – March 2023.

Formal All Wales JAC Training Day

The last formal all Wales training day took place in April 2023 and was organised and hosted by Gwent.

* **Audit Findings – Timeliness and Management**

The JAC have continued to monitor the timeliness of audit findings, particularly in relation to the SRS audits as these can be delayed due to their collaborative nature. The JAC have been pleased to note the significant improvement in completion of outstanding audit recommendations.

* **Shared Resource Service – Audit Plans**

A significant improvement has been noted by the JAC in the SRS response to audit recommendations. The JAC will continue to monitor this area via the Outstanding Audit Recommendations Report and will report any concerns to the Assistant Chief Officer, Resources. It no longer needs to be a key focus of concern going forward.

* **Collaboration**

Work is ongoing within the OPCC and Force to ensure the governance relating to collaborative projects is robust and that consideration is being given on how that reassurance can be provided to the JAC to comply with the ToR.

Focus will also continue to ensure the collaborative audits being undertaken meet the needs of the force and provide assurance and best practice ideas to continue to ensure value for money.

* **Estate Strategy Review**

The development of the Estate Strategy was delayed during 2022/23. The JAC received a draft strategy at their June 2023 meeting and fed back recommendations for further clarity on estates usage and purpose and the benefits or otherwise of change in police ways of working to the community. JAC look forward to receiving the final draft of the strategy.

* **Risk Management**

The risk management approach has been improved and now provides much greater assurance for the JAC to be confident in meeting their ToR.

* **Evidential Property Stores**

JAC were first notified of issues relating to evidential storage in 2016 when shown the existing facility after a meeting held in Blackwood Police Station. JAC then raised concerns in December 2019 after the second audit report in this area returned a limited assurance rating. Progress against the recommendations from the audit reports has been monitored by the JAC via the outstanding audit report which we received quarterly. There have been several extensions to the agreed audit completion dates and in September 2021, the JAC queried if the extension dates set were realistic. We were provided assurances that they were, and that Evidential Property was a priority for the force and that progress was being made.

The audit planned for quarter 4 of 2021/22 was deferred to quarter 1 of 2022/23, the final audit report was presented to JAC in June 2023. The audit provided disappointing evidence on the progress required which deeply concerned JAC. A new action plan has been presented to JAC on meeting the requirements and attendance at every JAC Meeting has been actioned and will continue until the matters are fully addressed.

Evidential Storage is also part of the Strategic Risk Register and JAC have continued oversight of the progress of managing the risk and are reassured that new action is being taken.

The JAC will continue to maintain focus specifically on the outstanding and new audit actions relating to evidential property due to the length of time the actions have been outstanding.

**Priorities for 2023/24**

* **Training and Development**

In order to continue to develop and build on the skills of the JAC, ‘Deep Dive’ sessions are being considered in the following areas:

* Productivity and Efficiency Group/Process of Force benefits realisation– June 2023;
* Estate Strategy presented as an agenda item rather than a deep dive as previously agreed – July 2023;
* Value for Money Profiles (including outcome of benefits realisation/Roads Policing) - September 2023;
* Force Control Room Mental Health Practitioners in the Force Control Room/Social Media Desk – December 2023; and
* To be confirmed – March 2024.

The areas above cover a variety of business areas and will help to further support the understanding of the wider work of the OPCC and the Force.

* **Management of Audits**

The JAC will continue to monitor the timeliness of and responses to audit findings to ensure they are appropriate and not delayed unnecessarily. This has been an ongoing priority for several years but will continue to be a strong focus in 2023/24 due to the findings from the most recent Evidential Property audit.

* **Delay to Finalisation of Accounts – External Audit**

As mentioned earlier in the report, the JAC were disappointed to learn of the significant delay to the finalisation of the accounts by Audit Wales. It is frustrating that the effectiveness of the Gwent Finance Teams in meeting the required deadlines of account completion has been overridden in this manner. JAC will therefore continue to focus on this in order to minimise risk and work with Audit Wales and regulators to bring finalisation of accounts back to a reasonable timeframe.

* **Culture**

The briefings provided on the work being done by Gwent Police to improve the culture of the organisation have been valued by the JAC. The right culture is important to enable the correct internal controls to operate and to improve public confidence and outcome success. Monitoring the improvements in culture from new strategies and policies will remain a focus for JAC for at least the next two years.

* **Collaboration**

We are aware of the work ongoing within the OPCC and Force to ensure the governance relating to collaborative projects is robust and that consideration is being given on how that reassurance can be provided to the JAC in order to comply with the ToR.

Focus will also continue on ensuring the collaborative audits being undertaken meet the needs of the force and provide assurance and best practice ideas to continue to ensure value for money. It remains a focus as whilst some better assurance on collaborative audits and improvement projects has been provided it remains an area where JAC feel that collaboration could be smoother, more timely and further transparency on outcomes and benefits could be provided.

1. **Conclusion**

Based on the JAC’s scrutiny of the information provided and its enquiries of management during 2022/23, the JAC is satisfied that the Commissioner and the Chief Constable can be assured that their control, risk and governance position for 2022/23 was appropriate. In doing so the JAC continues to draw attention to the opportunity to seek greater assurances in respect of Collaboration Projects risk and control position on a prospective basis.

In determining this conclusion, the JAC have given due regard to the work of both internal audit providers and is pleased to note that the annual audit opinion from TIAA is that ‘The Police and Crime Commissioner and the Chief Constable have adequate and effective management, control, and governance processes in place to manage the achievement of their objectives’.

The JAC is satisfied that, as at, 1st March 2023, TIAA’s proposed annual Audit Plan for 2023/24 is appropriate for, and aligned to, Gwent’s risk profile.

In relation to IT audits, the SRS received an overall assurance rating of ‘Satisfactory’ from TCBC.

The JAC are pleased with the continued improvements being made in the SRS to support the completion of audit recommendations~~.~~

The JAC have confirmed its compliance with its ToR during 2022/23 and have received appropriate information from the OPCC and the Force to enable the discharge of its duties.

The Commissioner and the Chief Constable are asked to note this report as a summary of the work and findings of the JAC for the financial year 2022/23.