

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

**JOINT AUDIT COMMITTEE**

11th December 2019

Present: Mr J Sheppard (Chair)  
Ms 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 N Warren – Governance Officer (GO)  
Ms A Blakeman – Deputy Chief Constable (DCC)  
Mr N Stephens – Assistant Chief Officer, Resources (ACOR)  
Mr M Coe – Head of Finance (HoF)  
Ms T Veale – Wales Audit Office (WAO)  
Mrs H Cargill – (TIAA)  
Ms K Beavan-Seymour – Shared Resource Services Director – Operations (SRSDO)

The meeting commenced at 10:00am, the Chair congratulated Ms Blakeman on her recent appointment as DCC and welcomed her to the meeting.

**APOLOGIES**

**Action**

1. Ms P Kelly – Chief Constable, Mrs J Regan – Head of Assurance and Compliance, Superintendent J White, Head of Strategy, Performance and Change and Ms V Davies, TIAA.

**DECLARATIONS OF INTEREST**

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

**WELCOME THE HEAD OF FINANCE**

3. The Chair congratulated Mr Coe on his recent appointment as Head of Finance and welcomed him to the meeting.

**MINUTES**

4. The minutes of the meeting held on 12<sup>th</sup> September 2019 were received and confirmed. The following were highlighted:

The PCC informed us that the provision of funding in relation to the uplift of officers remained unclear and he would provide us with an update in due course.

**PCC**

We queried who was responsible for auditing the Digital Services Division (DSD), as a number of Shared Resource Services' (SRS) resources had moved to DSD to undertake collaborative work with South Wales Police (SWP). The ACOR confirmed that TIAA undertook the audits. **Action**

**Page 11, Reserves and Committed Funds Strategy**

We noted an action had not been identified within the minutes, although the action had been included on the action sheet. GO to add prior to publishing. **GO**

**ACTIONS**

5. We received and noted the actions from the meeting held on the 12<sup>th</sup> September 2019. The following were highlighted:

**Action 3 Internal Audit (TIAA)**

We requested an update in relation the Governance Assurance Framework. We were advised that it was an extensive project, which was taking a considerable amount of time to complete due to its complexity. The report would be presented to the committee in June 2020. **HoAC**

**Action 4, Internal Audit (Torfaen County Borough Council)**

We discussed Torfaen County Borough Council (TCBC) Internal Audit (IA) attendance at JAC meetings and agreed that annual attendance would not be sufficient as the audit reports with limited assurance required further discussion. We agreed that it would be beneficial for both TCBC IA and SRS Management to attend JAC meetings, should an SRS audit receive a limited assurance rating. The ACOR agreed to progress the matter. **ACOR**

We queried if the PCC had received a formal response to his written request, in order to ascertain the level of scrutiny of SRS audits undertaken by partner organisations. The CFO advised that a response had been received from TCBC. Their response indicated that their Audit Committees focussed on the overall audit opinion in order to seek assurance. However, exceptional cases were scrutinised should they meet a certain threshold, of which the SRS audit reports had not.

The WAO advised us that a Value For Money (VFM) review was in the process of being undertaken in relation to SRS service provision and the arrangements individual partner organisations had in place to manage SRS service provision both individually and collaboratively. The findings from the review would be reported back via an action plan to the individual partner organisations at the conclusion of the review. We asked who would have sight of the action plan and if the information would be made available to the public. The WAO advised us that JAC would receive the report and **WAO**

agreed to provide us with clarification on the other recipients at the following meeting.

**Action**

We asked that concerns raised regarding SRS recommendations were included within the VFM review to ensure it had been documented that the Committee had been discharging their duties appropriately.

**WAO**

We queried if consideration had been given to the reporting of the auditing arrangements as part of the VFM review. The ACOR advised us that this would form part of the feedback from the Force at the following meeting with the WAO.

**WAO**

**Action 16, To identify Any Risks Arising From This Meeting**

We asked what was being done to address training issues, as it presented a risk if the Force were not complying with mandatory training requirements. The ACOR informed us that a Force Assessment on mandatory training had commenced and the QlikView analysis tool was being utilised to monitor training. The Head of Learning and Development would provide a training compliance progress update at the next Strategic Force Resource Management Meeting. Mandatory training would also be incorporated within the Force Performance Report for further oversight. The DCC advised us that in some areas, Force training was excessive and this was under review to ensure training was being tailored to the specific role of the officer and to make better use of training capacity.

**EXCLUSION OF THE PRESS AND PUBLIC**

6. The information contained in the report(s) below has been subjected to the requirements of the Freedom of Information Act 2000, Data Protection Act 2018 and the Office of the Police and Crime Commissioner for Gwent's public interest test and was deemed to be exempt from publication under section 7

**JOINT STRATEGIC RISK REGISTER**

- 7.

**DCC**

**Action**

**Action**

**DCC**

**Action**

**POLICE HEADQUARTERS**

**ACOR**

8.

**Action**

**ACOR**

**GO**

**Action**

**ACOR/  
CFO**

**Ms Beavan-Seymour, SRS Director of Operations joined the meeting 11.45am**

**DISASTER RECOVERY UPDATE**

9.

**Action**

**The DCC left the meeting at 11:55am**

**OPCC BUSINESS MANAGEMENT SOLUTION – DECOMMISSIONING  
REPORT**



10.

**We agreed to re-open the meeting to the press and public.**

**EXTERNAL AUDIT**

11. We received the following reports from the WAO and agreed to take item WAO Update Report 11a) at the end should there be any unanswered questions at that point.

**Action**

**b) Value for Money conclusion on the collaboration between forces in Wales**

We were advised that Gwent Police had completed their self-assessment on current collaborative arrangements. The initial indication was that the arrangements were in place but the reporting structure was quite complex in terms of governance. There were issues with escalation of collaborative overspend reporting processes and timing issues between the collaborative partners when dealing with issues. The Joint Firearms Unit would be reviewed to test these processes. The WAO advised us they would be reviewing collaborative arrangements and not the actual projects themselves in terms of VFM as that formed part of the Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) VFM inspection. Once the information had been collated from the four Welsh Forces, the findings would be shared at a joint workshop and an action plan agreed in order to improve the current arrangements.

**WAO**

The Chair suggested the action plan was added to the JAC training day agenda on the 30<sup>th</sup> April 2020. The WAO agreed to forward the action plan to the HoAC once completed.

**WAO/  
HoAC**

**c) Draft Project Brief SRS follow up review**

The review focussed on how the SRS worked with each of the individual five partner organisations and also how the partners work together. The project brief had been shared with all partner organisations in order to ascertain if the recommendations were appropriate and achievable. Blaenau Gwent County Borough Council were to collate the collective responses by 20<sup>th</sup> December 2019 and an action plan would then be agreed between partner organisations.

We were advised there would be an additional cost to each partner organisation, with approximately £12,000 of the cost apportioned to Gwent Police/OPCC.

**d) Management letter**

We were informed that the WAO had attended a post project learning session with the Finance Department. Improvements had subsequently been made in accordance with the resulting action plan, to ensure the audit process runs more effectively and efficiently at the end of this financial year.

**e) Annual Audit Letter and Matters Arising from 2018/19 Audit**

We noted the recommendations in the WAO Management Letter following the 2018/19 Audit of the PCC's and CC's Financial Statements.

There was an additional audit fee of £7,822.00 due to the challenges presented during the audit process. We noted the fee was less than half the additional fee for the previous year.

**Action**

We thanked the WAO for the assistance in supporting the Finance Department during the process.

We agreed there was nothing further to be discussed in relation to the WAO Update Report, 11a) and moved on to the next item.

**INTERNAL AUDIT (TIAA)**

12. We received the following reports from internal audit:

**a) Update Report**

The following audits had been finalised since the last meeting:

- The Victims Hub (Limited Assurance)
- Governance Assurance Framework (Reasonable Assurance)
- Risk Management – Mitigating controls (Reasonable Assurance)
- Fleet Management Repairs and Maintenance - (Substantial Assurance)
- Compliance Review of New HQ contract Management – Part 1 – (Substantial Assurance)
- HR Management - Absence Management – (Reasonable Assurance)
- Gwent Police Interim Follow up Report
- Fixed Assets – (Substantial Assurance)
- Gwent Police Follow Up – Fleet Management Single system

The noted the majority of the reports had received reasonable or substantial assurance ratings with the exception of the Victims hub which had received limited assurance. A number of the audit reports had been finalised since the publication of the update report.

Progress had been made against the audit plan and reports had been issued to management for review.

We queried why there had been a delay in the response to the Collaborative Change Control audit report issued on the 8<sup>th</sup> August 2019. TIAA advised us that SWP had provided their responses to Gwent Police but they had not received the final document as yet. The ACOR explained that he had been liaising with the SRS, the head of SWP IT department and his counterpart in order to ensure the management actions and the timelines were coordinated and appropriate to address the risks. However, the main risk had been resolved and discussions were taking place regarding the issue of final recommendations. JAC could expect the report in January 2020.

**ACOR**

We noted the client briefing notes on page 15 and asked that JAC be made aware of any action that should be undertaken in light of them. The ACOR agreed to review them and provide guidance.

**Action  
ACOR**

We were advised that a vast amount of work to improve Connect Gwent (Victims Hub) was being undertaken during the time of the audit that had not been implemented. The key issues identified during the review were in relation to the targets in terms of the measurement and quality of the service. We were assured the Assistant Chief Constable (ACC) had been tasked with leading the Victims' Board and the issues were being focussed on as a priority.

The HMICFRS were also scrutinising Force activity in relation to victim services.

The CFO assured us that grant funding from the Ministry of Justice had not been affected as the required data was available from the Victims' Hub.

The CFO advised us there was an error at point 3, page 6 of the report as the funding had been ring fenced.

**TIAA**

We noted an error at point 8, page 7, the Risk Area Assurance Assessment narrative was incorrect. TIAA agreed to amend the report

**TIAA**

We noted there was no contract in place for Victim Support in Connect Gwent for a long period of time and sought assurance that all other required contracts were in place and up to date. The CFO advised us that the procurement department held a contract register to monitor when contract end dates were due. The Victim Support contract differed to other contracts, in that it was initially awarded from a Framework. There had been confusion as to whether the Framework contract could be extended but it not come to fruition. Subsequently, a new Framework contract was awarded to a different organisation and the delay was due to ensuring legal requirements had been met.

#### **b) Annual Audit Plan 2020/21**

We received and noted the Annual Audit Plan for 2020/21.

We were informed TIAA had met with the Forces in Wales to discuss the collaborative plan and the individual plans. We noted the individual force audit plans had not changed.

The collaborative plan was slightly different and focussed on the lessons learnt in the four different areas such as Governance, Operational, Financial and Pan Wales Projects. The allocation of days were to be split between the Forces, amounting to 750 days in total. Gwent would incur costs for (22%) 165, of the total days.

### **INTERNAL AUDIT (TORFAEN COUNTY BOROUGH COUNCIL)**

13. We received the TCBC progress report on the 2019/20 internal audit plan for the SRS.

**Action**

We were advised the report indicated the status of all planned audits and there were no issues of concern. We acknowledged the substantial rating in relation to the Firewall audit. The ACOR advised us that the SRS Manager would provide further detail regarding the action taken in response to audit during her presentation.

### **PRESENTATION ON THE MANAGEMENT AND DELIVERY OF**

## **SERVICES BY THE SHARED RESOURCE SERVICE**

14. We received a presentation on the Management and Delivery of Services by the SRS.

In light of the difficulties encountered within the SRS and the volume of work required, the Senior Leadership Team underwent a restructure in January 2019 and new roles were introduced.

We received an update on the number of current open core tasks and active projects.

We noted there were 17 audit actions open with completion dates not yet due, 1 of which was due to close prior to the following Finance and Governance Board (FGB) and the remaining actions were due for completion by March 2020.

The reactive services such as the service desk and self-service calls were monitored on a monthly basis in accordance with their Service Level Agreements.

The FGB had agreed five planned categories of work to ensure there was a structure in place to deal with the high volume of core work which the team had struggled to deal with previously. This ensured the team were able to keep the systems safe and secure as it allowed for important IT health checks to take place.

A Process Framework had been implemented to ensure any new projects went through a robust process prior to being agreed for implementation.

We acknowledged that collaborative software was beneficial to partner organisations but it did not always clarify who was responsible for the delay in completion of the outstanding audit actions. The ACOR advised us that the Force had a different risk appetite to the other partner organisations as the security requirements were of a higher level than that of local authorities.

We asked how long the Bridewell contract had been in existence and how long was left on the contract. We were informed that it had been running over two years and there was 9 months left on the contract.

**Action**

We thanked the SRSDO for her presentation.

## **OUTSTANDING AUDIT INSPECTION RECOMMENDATIONS**

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 24 TIAA internal audit recommendations

currently being progressed.

We discussed the outstanding recommendations and agreed to endorse the revised completion dates as requested in the report.

We noted there were 86 outstanding SRS audit recommendations, which had been discussed during the previous agenda item.

We queried who was responsible for changes to SRS audit recommendation implementation dates and the ACOR confirmed that the FGB approved the changes.

### **2018/19 CLOSURE OF ACCOUNTS LESSONS LEARNED ACTION PLAN AND DETAILED ANNUAL ACCOUNTS CLOSURE PLAN**

16. We received and noted a report on the lessons learned from the closure of the 2018/19 accounts and the detailed annual accounts closure plan.

We were informed that the Finance Department had an internal post project learning session and the findings were shared with the WAO and subsequently with the Force Finance Departments at the All Wales meeting.

There were three key areas identified at the All Wales meeting in relation to structure and resourcing of the process; team accounting expertise; and the sharing of working papers; all of which had been included in the action plan.

The availability of resources was a concern for the Finance Department in Gwent, particularly during June.

The HoF assured us that the accounts and audit closedown would be monitored closely this year. A timeline had been agreed and would be shared on the 8<sup>th</sup> of January 2020 with the WAO to ensure the process for the 2019/20 accounts runs efficiently.

We discussed the quality of draft accounts deadline date on the Financial Accounts Learning Action Plan and agreed it should be amended from 31/07/2020 to 31/06/2020

**HoF**

As the first stage of the WAO audit was taking place in January 2020 we asked for a management update to be included at the following March meeting.

**Action  
HoF**

We agreed it would be beneficial for the WAO key audit dates to be included as part of the audit update report in order to provide assurance that key milestones were being met.

**WAO**

The HoF advised us that that the top 10 key milestones had been identified and he would provide an update at the following meeting.

**HoF**

## **FINANCIAL PERFORMANCE REPORT**

17. We received and noted the Quarter 2 Financial Performance Report for 2019/20.

We asked for an update in relation to the Private Finance Initiative (PFI). The CFO advised us that he had received confirmation that PFI credits would continue. The initial voluntary contract would be terminated by the end of January 2020.

We queried why there was a £417,000 deficit in relation to the OPCC forecast and the CFO explained that it was due to a delay in payment from the Probation Service, so there was no element of risk involved in obtaining the payment.

We reiterated the need to ensure the appropriate funding arrangements were put in place to enable the required training of officers, particularly with the forthcoming uplift.

We asked why the No Purchase Order (PO), No Pay policy was not progressing more swiftly. The HoF informed us that his team were in the process of sending correspondence to the 1,260 suppliers providing details of the No PO, No Pay process with 300 responses received so far. A reminder was being sent out to those who had not replied. Training had also been provided in Force to ensure staff and officers were able to raise a requisition, this process was to be enforced from the 1<sup>st</sup> February 2020.

We asked what level the Force expected to reach in relation to the utilisation of the policy, as it stood at an average of 31.6%. We were informed the team were aiming for 70% of the 1,260 suppliers to be paid using No PO, No Pay, as the majority of the remaining 30% of suppliers required an on the day payment.

We queried the underspend within the capital budget and the ACOR advised us that it was primarily due to timing issues, as there had been a delay in various aspects of the capital programme, particularly the HQ project. The timeline of capital expenditure had been reviewed for the following year and incorporated within the MTFP.

**We took a working lunch at 1.45pm.**

**The Chair left at 2pm and the meeting reconvened led by the Vice Chair.**

## **UPDATE ON THE FINANCE STRUCTURE AND OUTCOME OF CHANGES AND FUTURE PLANS** Action

18. We received the report on the Finance structure and outcome of changes and future plans.

The HoF informed us that the Finance Department had been

working with an interim structure over the past two years. A project initiation document would to be presented to the SIB the following week, to initiate a review of the Finance Department in order to ensure the appropriate structure, resource provision and expertise was available to enable the team to function efficiently and effectively in the future. The expected completion date of the review was the 31<sup>st</sup> March 2020.

The purchase to pay team had been reviewed previously and the payroll team were in the process of a review, both of which would not form part of the Finance Department review.

An All Wales Pensions Solution was being introduced in the future and in order to facilitate that, specialist pension hub officers would be required.

We queried if there would be sufficient resources to ensure the process of closing the accounts ran smoothly, as the restructure would not be completed by that time. We were advised that the current level of resources enabled the closure of the previous year's accounts and the team could draw on the expertise of the HoF as a qualified Financial Accountant.

We queried why the HoF had not restructured the team to ensure the resources were allocated to the appropriate roles without the need to follow the more formal route. The HoF advised us that it was very likely that the demand analysis would identify a requirement for further resource to enable the team to meet demand in the future; with this mind a more formal approach was required as it's mandated business practice.

### **MEDIUM TERM FINANCIAL PLAN 20/21-2024/25**

19. We received and reviewed the Medium Term Financial Projections (MTFP) 2020/21 to 2024/25.

The ACOR informed us that the Chief Constable's bid had been submitted to the PCC for a decision on the level of funding required for delivery of the Force objectives for the following year.

The Force forecast indicated there would be a £1.9 million deficit. The Force were not expecting a cash increase from the Government and were hopeful that the PCC would secure a 6.99% precept level. All other cost pressures would have to be funded by the Force, which would result in an efficiency savings programme; although £500,000 savings had been identified as referenced within the report.

**Action**

We were informed that the CC would present the budget bid to the PCP on the 16<sup>th</sup> December 2019 although some of the assumptions on which the bid was based were changing. An example of this being confirmation that the provisional settlement would be received



between January and February 2020 as opposed to December 2019, due to the General Election. This had made the funding decision for the PCC more difficult as it was unclear what the final funding picture from Central Government would look like.

Indications from the Home Office were that the Police Transformation Fund Grant was not going to cease as had been expected.

The ACOR advised us that the CC's cost base was secured and PFI credits would assist in the reduction of the overall shortfall. However, the cost pressures would not change significantly, so the bid request put to the PCC was based on that requirement.

The CFO confirmed that the deficit would be £1.3 million when taking into consideration the PFI credit. Without a clarification on the level of funding to be received, the 6.99% precept had been maintained within the MTFP as agreed with the PCP the previous year, to ensure the intake of 40 new officers and to secure the existing police officer establishment.

The PCC reminded us that the local precept provided half of the funding for Gwent Police and this year funding from Government was unclear, which had made it very difficult to plan ahead and assumptions had to be made when preparing the bid. It was hoped that the funding picture would become clearer when the PCC presented his precept bid to the Police and Crime Panel. Consultations on the level of precept had been undertaken and the overall public opinion supported a £2.00 a month increase. The PCC reiterated his priority was to secure funding for the provision of sufficient resources to keep the public safe.

We queried why the level of uncertainty was greater this year than in previous years and the CFO advised that it was primarily due to the timing of the Government grant provision, as a provisional settlement would usually be made known in December as opposed to January or February. The Comprehensive Spending Review had also been suspended which was a form of financial intelligence.

We queried when JAC members would receive an update in relation to the budget bid outcome. The CFO advised that he would forward an update report in January 2020.

**CFO**

**TREASURY MANAGEMENT STRATEGY 2019/20 SIX MONTH UPDATE REPORT**

**Action**

20. We received the 2019/20 Treasury Management Strategy Six month update report.

We were informed that the report was presented for our consideration and comment before it was approved by the PCC.

We were advised there was nothing of concern that the CFO wished

to bring to our attention.

### **TREASURY MANAGEMENT STRATEGY 2020/21 TO 2022/23**

21. We received the Treasury Management Strategy for 2020/21 to 2022/23 for consideration and comment prior to approval by the PCC.

We noted that the PCC had a statutory responsibility to approve the Treasury Management Strategy prior to the approval of the budget for 2020/21.

We were advised the strategy confirmed the termination of the PFI contract at Ystrad Mynach thereby removing the finance lease liability of £4.5 million.

The biggest change to the strategy was the enabling of investment in property funds. The CFO advised that a target investment of £5 million over 5 years had been set.

We were advised that the capital expenditure borrowing requirement was £40 million. In order to sustain that, long term borrowing would be mapped to long term assets and therefore, it would be paid in full before the need to invest again.

The CFO advised us that 80% of Force assets were over 40 years old. Therefore, there was a necessity to invest in the Estate Strategy.

We queried if there was a risk in borrowing to invest when the new HQ had not yet been completed. The CFO advised that funding for the new HQ was ring fenced and currently held in reserves and would not form part of the borrowing strategy.

We agreed to recommend approval of the Treasury Management Strategy to the PCC.

### **APPROVAL OF THE AMENDED JAC TERMS OF REFERENCE**

22. We received the revised JAC Terms of Reference for approval.

We noted the frequency in which expense claims should be made was not noted within the ToR. The CEx advised us that the Force policy was claims should be made within 3 months.

**Action**

### **JAC SELF ASSESSMENT ACTION PLAN**

23. We received the JAC Self-Assessment Action Plan.

We agreed item 4 could be closed as the risks could be monitored

via the Joint Risk Register.

HoAC

We agreed that the Joint Risk Register should remain at the top of the agenda following the actions and minutes for future meetings.

GO

### **AMENDMENT TO THE MANUAL OF CORPORATE GOVERNANCE**

24. We received the amendment to the Manual of Corporate Governance for approval.

A request had been received from Joint Legal Services to increase the delegation from the CC in relation to civil claims from £1,000 to £10,000 in alignment with SWP.

We agreed to support the amendment.

### **VERBAL PROGRESS UPDATE ON 2 YEAR FINANCIAL EXCELLENCE IN POLICING PROGRAMME**

25. We received a verbal update on progress of the 2 year financial excellence in policing programme.

The HoF and CFO had attended the Chartered Institute of Public Finance and Accounting (CIPFA) leadership course where it became evident through workshops and the sharing of knowledge that other Force Finance Departments had encountered similar issues to that of Gwent Police. Feedback from the course had been well received.

CIPFA had rolled out a Financial Management Assessment tool to assess financial management across the Force. The expectation was that a seconded member of staff from the WAO would be undertaking the work within the New Year and the deadline for completion was February 2020.

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

26. The CFO advised us that Financial Management Code on financial sustainability would come into effect 1<sup>st</sup> April 2020 and there was a requirement to be compliant by the end of March 2021.

Two events took place on the 3<sup>rd</sup> and 4<sup>th</sup> December 2019 for Policing and Fire to look at practical steps to ensure compliance with the Code.

Action

### **ANY OTHER BUSINESS**

27. We discussed the JAC meeting dates for 2020 and a request was made to consider altering the September date. The GO agreed to ascertain if this was achievable and notify JAC members accordingly.

GO/HoAC

A query was raised regarding the location of the JAC training day on the 30<sup>th</sup> April 2020. The GO agreed to provide confirmation. **Go/HOAC**

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

**28. New HQ Build**

Projects of this nature for organisations to manage, whose core business was not construction, were beset by risks due to knowledge levels in the area of work.

**ACOR**

**The meeting concluded at 3.05pm.**