



**Joint Audit Committee**  
**Annual Report for the year ending 31<sup>st</sup> March 2018 (2017/18)**

**1. About Gwent**

The Gwent Policing area serves the five Local Authority areas of Blaenau Gwent, Caerphilly, Newport, Monmouthshire and Torfaen and covers an area of 600 square miles. The area is mixed, rural and urban and the road network carries large volumes of traffic through the M4 link to the East, which incorporates the Second Severn Crossing.

Since the 1<sup>st</sup> April 2015, Gwent Police have operated an East/West model covering the five Local Authority areas. The 'East' area covers Monmouthshire and Newport whilst the 'West' area covers Blaenau Gwent, Caerphilly and Torfaen.

The Police and Crime Commissioner for the area is Jeff Cuthbert B.Sc., MCIPD.

During 2017/18 the Gwent policing area had two Chief Constables. Jeff Farrar QPM held the post until his retirement on 30<sup>th</sup> June 2017.

On the 6<sup>th</sup> June 2017 the Police and Crime Commissioner announced Julian Williams to be his preferred candidate for the role of Chief Constable after the retirement of Jeff Farrar. Julian Williams became Acting Chief Constable on the 1<sup>st</sup> July 2017, as due to the UK General Election, no Police and Crime Panel had been convened and as a result no Confirmation Hearing on the proposed appointment could take place. The Police and Crime Panel confirmed the appointment of Julian Williams as Chief Constable on 1<sup>st</sup> August 2017.

**2. Background**

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.

### **3. Role of the Joint Audit Committee**

The purpose of the JAC is to provide independent advice and assurance to the Commissioner and the Chief Constable on matters relating to the internal control environment of the Office of the Police and Crime Commissioner (OPCC) and the Force according to good governance principles. The JAC:

- considers the internal and external audit reports of both the Commissioner and Chief Constable;
- provides assurance to the Commissioner and the Chief Constable regarding the adequacy of the risk management framework and the associated control environment;
- provides scrutiny of the Commissioner's and Force's financial planning and performance; and
- oversees the financial reporting process adopted from CIPFA Audit Committees' Practical Guidance for Local Authorities.

The [Operating Principles and Terms of Reference \(ToR\)](#) establish the core functions of the Committee and are reviewed on an annual basis.

### **4. 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. At the start of the 2017/18 financial year, the JAC Members were Mr Jonathan Sheppard (Chair), Mrs Dawn Turner (Vice-Chair), Mr Andrew Blackmore, Mr Geoffrey Hughes and Mr Roger Leadbeter.

The September 2017 meeting saw the resignation of Mr Geoffrey Hughes from the JAC at the end of his five year tenure.

A recruitment process commenced in September 2017 in order to fill the vacant position, with Dr Janet Wademan appointed in November 2017. Dr Wademan's first meeting was 21<sup>st</sup> December 2017.

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
- ❖ Chief Constable, Force
- ❖ Assistant Chief Officer - Resources, Force
- ❖ Chief Superintendent, Service Development

- ❖ Internal Audit (TIAA)
- ❖ External Audit (Wales Audit Office (WAO))

Members of the JAC meet privately with the auditors prior to the start of every meeting.

The Committee is supported by the Information Officer of the OPCC.

The ToR state that four formal meetings should be scheduled each year, with additional formal meetings scheduled if required.

### **Members' attendance at meetings during 2017/18**

<b>Member</b>	<b>Number of Meetings Held</b>	<b>Number of Meetings Attended</b>	<b>% of Meetings Attended</b>
R Leadbeter	4	4	100
G Hughes	2 <sup>1</sup>	0	0
J Sheppard	4	4	100
A Blackmore	4	4	100
D Turner	4	3	75
J Wademan	2 <sup>2</sup>	2	100

### **Change in Frequency of Meetings for 2018/19**

Due to 2018/19 being used as a trial year for the early closure of accounts which becomes mandated in 2019/20 by virtue of the Accounts and Audit (Wales) (Amendment) Regulations 2018, a change in the frequency of meetings from four to five has been made to the Operating Principles and Terms of Reference. It has been agreed that an additional meeting will take place in July to focus solely on the JAC's responsibility to recommend approval of the Annual Governance Statement for inclusion within the Statement of Accounts and to review those accounts and also to approve the JAC Annual Report and to provide it for consideration to the Police and Crime Commissioner and Chief Constable.

### **Transparency**

Agendas and minutes from the JAC meetings are made available to the public on the OPCC website. A copy of the draft JAC minutes is also provided to the Police and Crime Commissioner and the Chief Constable for discussion at the Strategy and Performance Board. The Chief Finance Officer also provides regular briefings to the OPCC Executive Board with the Assistant Chief Officer - Resources providing regular briefings to the Chief Officer Team.

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<sup>1</sup> Mr Geoffrey Hughes was a member until the end of September 2017. Two meetings were held between 1<sup>st</sup> April 2017 and 30<sup>th</sup> September 2017.

<sup>2</sup> Dr Janet Wademan became a member in November 2017. Two meetings were held between 1<sup>st</sup> November 2017 and 31<sup>st</sup> March 2018.

## **5. Overview of Core Work Undertaken During 2017/18**

### **❖ Terms of Reference**

The JAC ToR set out the core functions that the Committee must undertake. Compliance with the ToR for 2017/18 was reported to the June 2018 JAC meeting together with the draft JAC annual report. The purpose of this compliance paper was to provide the Commissioner and the Chief Constable with assurance that the Committee has successfully met these functions during the year.

Internal Audit (TIAA) undertook a comparison of the four Welsh JAC's ToR, at the request of the Committee to determine if all key areas were being considered. TIAA presented their findings at the March 2018 meeting where members agreed that they were satisfied that the Gwent ToR covered all key areas and did not need to be amended.

### **❖ Annual Governance Statements**

The 2016/17 Statement of Accounts for both the Commissioner and the CC were presented to the JAC in draft format at their June 2017 meeting; the documents also incorporated the draft Annual Governance Statements. The final versions of the documents were presented at the September 2017 meeting at which the JAC provided their recommendation to the Commissioner and Chief Constable that the Annual Governance Statements for both the OPCC and Force should be included within their respective Statement of Accounts documents.

### **❖ Review of the Manual of Corporate Governance**

The Manual of Corporate Governance is reviewed by the OPCC and Force on an annual basis. Changes identified as part of this review were presented to the Committee at their March meeting in order for a review of the proposed changes to take place and for approval to be recommended to the Commissioner and Chief Constable prior to their authorisation of the document.

Any subsequent changes made during the financial year are presented to the Committee prior to final approval by the Commissioner and Chief Constable.

### **❖ 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 Torfaen County Borough Council (TCBC); the Internal Auditors (TIAA) continue to undertake all other audits on behalf of the OPCC and Force.

The annual TIAA Internal Audit Plan is agreed by the Chief Finance Officers of both corporations' sole, whereas the annual Internal Audit Plan for the Shared

Resources Services (provided by TCBC) is agreed at the SRS Board meeting which is attended by the Assistant Chief Officer, Resources on behalf of the OPCC and Force. Both Annual Audit Plans are presented to the JAC for approval. Reports on the adequacy of controls in the systems audited are also presented to the JAC.

The Annual Audit Plan produced by TIAA was Gwent focussed and easily understood. The TCBC Annual Audit Plan for the SRS did not, however, provide the same assurances. These concerns were fed back to the Assistant Chief Officer, Resources as the lead officer for audit who agreed to raise the concerns with the relevant parties.

### TIAA

There were 19 internal audits completed by TIAA in 2017/18 with the following assurance assessments:

<u>Assurance Rating</u>	<u>Audit Title</u>
Substantial Assurance - 1	Treasury Management
Reasonable Assurance - 15	Governance – Strategic Planning
	Risk Management – Mitigating Controls
	Fleet Management – Delivery
	HR Management – Learning and Development
	HR Management – Strategy
	Budgetary Control
	Capital Programme
	Counter Fraud – Cyber Assurance
	Estate Management – Delivery
	Collaborative Project – Joint Scientific Investigations Unit
	Staying Ahead 8 - Themes (Corporate Communication)
	General Ledger
	Payroll
	Stop and Search
Finance and Resource System Implementation	
Limited Assurance - 3	Vetting
	Creditors
	Debtors
No Assurance – 0	

The following audits were also completed:

Advisory Audit	Agresso Business World Opening Balances
Follow Up Audits	Quarter 2
	Quarter 4

Torfaen County Borough Council

There were 3 internal audits completed by TCBC on the IT services provided to the OPCC and Force in 2017/18 with the following assurance assessments:

<u>Assurance Rating</u>	<u>Audit Title</u>
Full - 0	
Substantial –	
Moderate -	
Limited - 0	
Nil – 0	

Two follow up audits were also completed during 2017/18 which both received an Excellent rating:

➤ ?

The following audits from the 2017/18 Audit Plan are still in progress:

➤ ?

❖ **Self-Assessment**

The self-assessment exercise reviewing 2017/18 was undertaken during April 2018. This allowed the results to be analysed and any key outcomes included in priorities for coming year the Annual Report for 2017/18.

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

## ❖ **Annual Performance Reviews**

2017/18 saw the first annual performance reviews take place for members. Feedback has been positive with all members finding the process useful. The term of office for Mr Sheppard and Mr Leadbeter has been extended for a further five years on completion of the successful performance reviews as per the Operating Principles and Terms of Reference.

## 6. **Meeting Our Priorities**

Each year the JAC set out in their Annual Report the priorities they are going to focus upon for the coming year. This section evidences how the JAC have met those priorities set out in last year's annual report.

## ❖ **Training and Development**

Members have participated in a number of different training events in order to ensure the knowledge and skills they have can be applied to the policing service and can also provide relevant advice and assurance to both the Commissioner and Chief Constable. 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

- Gwent Police Operating Model – East/West, 29<sup>th</sup> June 2017;
- Cyber Crime/Cyber Security , 14<sup>th</sup> September 2017;
- Protecting Vulnerable People, 21<sup>st</sup> December 2017<sup>3</sup>; and
- Tour of Force Control Room, 8<sup>th</sup> March 2018.

### Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS)

HMICFRS attended the December 2017 meeting after receiving an invitation from the Committee. A presentation was provided to members on the role of HMICFRS as well as enabling HMICFRS to gain insight into how the JAC operates.

### All Wales JAC Training Day, 1<sup>st</sup> February 2018

An All-Wales JAC training day was hosted by the South Wales OPCC and Force and held at Police Headquarters in Bridgend. The day was facilitated by CIPFA at which updates on strategic, governance and audit issues were provided as well as on the incoming Force Management Statements and the funding of third sector organisations by the Commissioner. There was also an opportunity to consider and finalise the action sheet that was developed at the previous training day held in Gwent in 2017.

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<sup>3</sup> The annual Value for Money deep dive was incorporated into the December 2017 meeting to allow for the additional deep dive of Protecting Vulnerable People to take place.

An updated action sheet was developed from the 2018 training and has been circulated to all JAC members in Wales. Members agreed that these annual development sessions were useful and wished to see them continue in the future.

#### Attendance at External Conferences

Representatives of the JAC also attended the TIAA Audit Chairs conference and the WAO 'Working Together for Safer Communities' conference.

#### Use of Lead Members

Lead members from within the JAC have now been agreed based on their professional areas of expertise.

#### Holding to Account in the Digital Era

During the JAC recruitment process undertaken in 2017, applications were encouraged from those with expertise in the field of IT. The successful candidate has the skills we required and is therefore able to assist in scrutinising the activity of the force within the digital era.

#### ❖ **Finance Department Restructure**

The JAC continue to be updated in relation to changes within the Finance department. The new head of department has started and all vacancies have been filled. Furthermore the JAC is satisfied that the OPCC and Force will continue to meet their legal commitments.

#### ❖ **Raising the Profile of the Joint Audit Committee**

Further discussions have taken place in relation to the understanding of the role of the JAC within the Force and the OPCC. Members have agreed that they are satisfied that those staff members and officers of an appropriate level within both organisations are now aware of their role.

### **7. Priorities for 2018/19**

#### ❖ **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:

- Wales Extremism & Counter Terrorism Unit (WECTU)/Tarian Regional Organised Crime Unit (ROCU) – June 2018;
- General Data Protection Regulation (GDPR) – September 2018;
- Annual Review of the Value for Money Profiles - December 2018; and
- To Be Confirmed – March 2019

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.



❖ **Creditors and Debtors**

As a result of issues with the implementation of the new finance system the 'Fully Integrated Resource Management System (FIRMS)', as well as the changes made within the Finance department and the subsequent departure of key staff, the focus placed on managing debts and paying suppliers was overlooked. As a result, Members have scrutinised this area in detail and are satisfied that progress is being made. The Committee will, however, continue to monitor progress within this area to ensure that this is resolved and that the wellbeing and stability of the Finance team is also being considered during this difficult time.

❖ **Early Closure of the Accounts**

The early closure of the accounts becomes statute for the 2018/19 financial year. The Finance department and the WAO were utilising the 2017/18 accounts process as a second trial run in order to resolve any issues that may arise prior to 2018/19. The JAC will continue to monitor compliance with the earlier deadline dates and will assist the OPCC and Force with feedback as necessary.

❖ **Production of Joint Annual Governance Statement**

At the request of the Committee, the OPCC and Force are producing for the first time, a joint Annual Governance Statement for 2017/18. Feedback will be provided to officers on the success of this combined document.

❖ **Prioritisation of Risk**

As risk is the basis for much of the work undertaken by the JAC, it has been agreed that the review of the risk register should be a more central part of the meeting. It has been agreed that in September 2018, the risk register will be considered at the beginning of the meeting in order to ensure adequate focus if applied to this area of work. A review of how this change works will be undertaken to determine if this should be continued in the future.

❖ **Internal Audit (to be updated with TCBC)**

TIAA are satisfied, that for the areas reviewed during 2017-18, that the Commissioner and Constable have reasonable and effective risk management, control and governance processes in place. They also found evidence to support the achievement of value for money with regard to economy, efficiency or effectiveness of the systems reviewed.

In relation to IT audits, Gwent also received an overall assurance rating of 'Generally satisfactory with some improvements required' from TCBC. The JAC will continue to maintain a good working relationship with Internal Audit and will assist the Police and Crime Commissioner and the Chief Constable in ensuring a reduction in the rescheduling of audits continues and that a positive result is also achieved for 2018/19.

#### ❖ **Public Sector Internal Audit Standards**

For the previous two years, TIAA have shared their Public Sector internal Audit Standards (PSIAS) reports with the JAC. Due to the concerns raised over the minimal assurance that the TCBC Audit Plan for 2018/19 provided to members, it is imperative that we are aware, as we are with TIAA, that they are compliant with the requirements of the PSIAS. We will therefore be requesting that a PSIAS report for TCBC is presented to the JAC during 2018/19 in order to provide assurance on the work being undertaken.

#### ❖ **Raising the Profile of the Joint Audit Committee with External Partners**

Much discussion has taken place in relation to raising the profile of the JAC. As members are now content that their role is understood as appropriate internally, focus will be placed on ensuring external partners, such as the Police and Crime Panel, are aware of their role.

#### ❖ **Time Management**

In order to try and control the length of time the meetings take, a timed agenda has been introduced in 2017. This assists the Chair in his role in managing the time spent on each item. This process will continue to be utilised and assessed over the coming year.

### **8. Conclusion**

The Committee has complied with its ToR during 2017/18 and has received appropriate, regular and timely information from the OPCC and the Force. The Committee remain satisfied that the Commissioner and the Chief Constable can be assured that their control, risk and governance position for 2017/18 was appropriate. 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 2017/18.

### **9. Acknowledgements**

We are grateful to all who have attended and contributed to the work of the JAC including officers from the WAO and TIAA.

Our best wishes are provided to Mr Jeff Farrar QPM on his retirement from Gwent Police. We would also like to formally welcome Dr Janet Wademan to the Committee and wish Mr Julian Williams well in his role as Chief Constable of Gwent Police, we look forward to working with him further over the coming years.