



Joint Audit Committee
Annual Report for the year ending 31st March 2022 (2021/22)

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 are able to 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.

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.

The continuing financial pressures on policing budgets therefore remains a major challenge, with budgetary and financial performance closely monitored. In 2021/22 it was pleasing to see that the Finance Department had made further improvements 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.

I add my appreciation, to the other committee 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.

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 the Audit Wales and TIAA, the external and internal auditors respectively, for their reports and input into the meetings. We continue to believe that it is important that the internal audit team from Torfaen County Borough Council, who audit the IT provision provided by the Shared Resource Service (SRS), attend the JAC meeting at least on an annual basis to present the annual report and audit plan for the coming year. General management of these audits is through the Finance Officers of the different bodies and reported to JAC. We continue to press for continued improvement through our Finance Officer into this group.

We have been advised that the impact of the pandemic has cost £1.3million with the vast majority of 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.

Finally, we expect that 2022/23 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](#) (ToR) establish the core functions of the JAC and are reviewed annually.

2. Membership and Meetings

The JAC comprises five members who are organisationally 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 are Ms Dawn Turner (Chair), Dr Janet Wademan (Vice-Chair), Mr Andrew Blackmore, Mr Jonathan Sheppard and Mr Roger Leadbeter. There have been no changes to membership during 2021/22.

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, 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.

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. During 2021/22 an informal session was also held for JAC members only in order for them to discuss best practice and ways of working.

Members are in attendance, although in the main virtually this year due to ongoing restrictions as a result of the COVID 19 pandemic, at all JAC meetings except in extenuating circumstances.

Transparency

Agendas and minutes from the JAC meetings are made available to the public on the OPCC website. 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.

3. Overview of Core Work Undertaken During 2021/22

❖ Terms of Reference

The ToR set out the core functions that the JAC must undertake. During 2021 we requested that the annual information management reports were added to our ToRs. No further 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 2021/22

The 2021/22 Joint Annual Governance Statement (AGS) was presented to the JAC in draft format at the June 2022 meeting for consideration and comment.

The JAC suggested that a high level overview of the AGS was included in the Statement of Accounts in order to reduce their size in order to try and encourage members of the public to view the document. The detailed AGS would become a separate document and be presented alongside the Statement of Accounts at the July meeting. The JAC subsequently provided its recommendation to the Commissioner and Chief Constable that the Joint Annual Governance Statement be approved with the final version presented to the July 2022 meeting.

❖ 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 2022.

❖ 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.

2021/22 saw the JAC continue to place focus on the management of the IT audit plan by both TCBC and the SRS in order, as far as possible, to achieve the number of audits allocated in their plan on an annual basis, whilst acknowledging the complexity of the number of partners involved in the process. We are pleased to see that improvements are being made.

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.

Due to the ongoing concerns the JAC have raised for a number of years in relation to the progress of audit recommendations by the SRS, the JAC member with the IT portfolio, 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 2022/23 and was satisfied it was appropriate for, and aligned to, Gwent's 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 JAC also reviewed and were satisfied with the SRS proposed annual Audit Plan for 2022/23.

Whilst we expected that the audit plans proposed by TIAA and the SRS for 2021/22, would be subject to change based upon any areas of business identified as requiring an audit due to the impact of Coronavirus, we found that the plans remained in place.

Audits Completed - TIAA

There were 21 internal audits completed by TIAA in 2021/22, 10 received 'substantial' assurance, 5 received 'reasonable' assurance, 0 received 'limited' assurance and 0 received 'no assurance' and there were also 2 'follow up' audits completed. 3 audits are currently in progress but the outcomes are not expected to change the provisional audit opinion. 1 audit was advisory with no assessment rating provided. 1 audit was cancelled by Gwent Police and 3 audits have been deferred to 2022/23.

Audits Completed - Torfaen County Borough Council

The assessments of the 9 audits undertaken confirm that 4 were assessed as providing 'full' assurance, 4 with 'substantial' assurance, 1 with 'moderate' assurance, zero with limited assurance.

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

❖ Self-Assessment

The annual self-assessment exercise which reviewed the JAC's performance during 2021/22 was undertaken during March/April 2022. This allowed the results to be analysed and any key outcomes included in the priorities for 2022/23.

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 2022/23. Key actions will include: Board Assurance Framework; Collaboration projects and audits; Forward Plans; JAC meetings and agendas.

❖ Annual Performance Reviews

All members have participated in an annual performance review process. Feedback has been positive with all members finding the process useful. The actions for improvement in the JAC's operation arising from the review process are considered by officers with feedback provided to members.

❖ Prioritisation of Risk

The JAC continue to make a commitment to risk management. During 2021/22 the JAC lead member for risk has been working with the force and the OPCC to further develop the approach to risk management, ensuring the document provided to the JAC fully supports its work.

4. Meeting Our Priorities

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 2021/22 as detailed in the 2020/21 annual report.

❖ Training and Development

Members have participated in a number of 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 2021/22, the following deep dives took place:

- Annual VFM Review – June 2021;
- Police Operating Model – July 2021;
- Counter Fraud and Corruption - September 2021;
- Police and Crime Plan – December 2021 and
- Annual VFM Review – March 2022

Formal All Wales JAC Training Day

The last formal all Wales training day took place in March 2021 and was included in the 2020/21 annual report. The next training day is planned for May 2022.

Informal all Wales training session

This was the first informal session and was arranged as a Microsoft Teams meeting in October 2021 with members from all four Welsh JACs invited.

❖ Early Closure of the Accounts 2020/21

We were pleased that the quality of work for the accounts process had improved since the change to the structure of the finance department and the introduction of new software to support these processes. This had resulted in the number of lessons learnt being significantly reduced which provided additional assurance to the JAC. This was acknowledged by the JAC lead for accounts in our July 2021 meeting. It is also worth noting that COVID 19 had not impacted on the delivery and timeliness of the accounts for 2020/21.

❖ Finance Department Review

Since the new structure of the finance department was approved in 2021, we have noted that the number of actions on the lessons learnt action plan had reduced and that the closure of the accounts should also benefit. We look forward to working with the Head of Finance and will continue to provide support as needed.

❖ **Shared Resource Service – Audit Plans**

The JAC have continued to closely monitor completion of the TCBC internal audit plan throughout 2021/22 to ensure, as far as possible, that all planned audits are completed annually, and that adequate resource is provided by the SRS in delivery of the Gwent Police elements of the agreed audit plan. TCBC attended the June 2021 meeting to present their annual audit report for 2020/21 and we acknowledged that the audit results were positive in comparison to previous years and the timeframe between the field work and the issue of the audit documentation had been quicker. TCBC assured us that the audit process within the SRS had improved significantly.

Although the JAC are more satisfied with the approach of the SRS and have seen an improvement of its audit management through the internal audit reports, monitoring of all outstanding audit recommendations via the quarterly Outstanding Audit Recommendations report will continue with any concerns raised with the Assistant Chief Officer, Resources for feedback to be provided to the SRS.

❖ **Shared Resource Service - Service Continuity Management**

The JAC lead member for IT has been working closely with Gwent Police and has met regularly with them to provide support where applicable as well as ensuring greater assurance can be provided to the JAC that appropriate action is being taken in this area. Outstanding recommendations have been monitored via the Outstanding Audit Recommendations report which is received on a quarterly basis.

❖ **COVID**

Although the JAC did not have a specific item relating to COVID 19 on the agenda during 2021/22, updates were provided by officers if there was an impact on an area being discussed.

JAC continue to be reassured by the Gwent Police response to COVID 19 and look forward to understanding the force recovery plans and how they will impact on the areas covered within the JAC terms of reference.

❖ **Construction of new Headquarters**

The JAC have been kept well informed of progress in relation to the construction of the new Headquarters as well as in relation to other estate proposals, business cases and projects. The JAC have been assured of the OPCC and Gwent Police's ability to deliver large scale projects, especially considering the additional challenges brought by the COVID 19 pandemic. Going forward JAC will continue to monitor the benefits delivered from the HQ Project.

❖ **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 a number of 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.

We noted in December 2021 that the audit planned for quarter 4 of 2021/22 had been deferred to quarter 1 of 2022/23 and queried why this was the case when it had been a concern for a number of years. We were assured the audit was only deferred as the project team responsible for progressing the recommendations would be in the process of moving property to a new location.

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 action is being taken.

❖ **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.

Priorities for 2022/23

❖ **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:

- Annual Commissioning Update and Tour of the New Headquarters – June 2022;
- People Services Strategy – July 2022;
- Environmental, Social & Governance - September 2022;
- Forensics – December 2022 and
- Annual VFM Review – March 2023

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.

❖ **Audit Findings – Timeliness and Management**

The JAC will continue 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 will also continue to provide focus on the provision of realistic completion dates by management.

❖ **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 ToRs.

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.

❖ **Estate Strategy Review**

The JAC look forward to receiving the revised Estate Strategy document as well as a specific benefits realisation report on the new Headquarters during 2022/23.

❖ **Evidential Property**

The JAC will continue to maintain focus specifically on the outstanding audit actions relating to evidential property due to the length of time the actions have been outstanding although it is acknowledged that significant progress has been made in this area.

❖ **Risk Management**

Ensuring the finalisation and implementation of the new risk management approach is fundamental in providing the assurance required for the JAC to be confident in meeting their ToR. It is hoped that this work, supported by the JAC lead member for this area, will be completed early in the 2022/23 financial year.

5. Conclusion

Based on the JAC's scrutiny of the information provided and its enquiries of management during 2021/22, the JAC is satisfied that the Commissioner and the Chief Constable can be assured that their control, risk and governance position for 2021/22 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. This opinion is in draft as three audit reviews remain outstanding, however, our overall opinion is not expected to change'.

The JAC is satisfied that, as at, 1st March 2022, TIAA's proposed annual Audit Plan for 2022/23 is appropriate for, and aligned to, Gwent's risk profile.

In relation to IT audits, the SRS received an overall assurance rating of 'Generally satisfactory, some improvement required' 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 2021/22 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 2021/22.