**OFFICE OF THE POLICE AND CRIME COMMISSIONER**

**OFFICE OF THE CHIEF CONSTABLE**

**JOINT AUDIT COMMITTEE**

8th December 2022

Present: Mrs D Turner (Chair)

Mr J Sheppard, Mr A Blackmore and Dr J Wademan (Vice Chair),

Mr G Watts and Mr A Johns

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 J Regan – Head of Assurance and Compliance (HoAC)

Ms R Williams – Deputy Chief Constable (DCC)

Mr N Stephens – Assistance Chief Officer – Resources (ACOR)

Mr N McLain – Assistant Chief Constable (ACC)

Mr M Coe – Head of Finance (HoF)

Mr S Gourlay – (TIAA)

Mrs H Williams (AW)

Mr J Meale – Staff Officer (SO)

Mr R Fuller – Detective Inspector Counter Corruption Unit (CCU)

Mrs N Warren – Governance Officer (GO)

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| The meeting was held in Yew Room 1 and on Teams and commenced at 10:00am. The DCC notified the meeting that she had to leave the meeting early due to other commitments. The Chair informed us that a JAC independent members only meeting had taken place and she had fed back observations made throughout the year to the CFO and the ACOR, one of the main issues being risk. The Chair informed us that she would draft the notes on the responses received from the CFO and ACOR and the observations made by the JAC members following the Risk Discussion meeting later today. The Chair asked all attendees to introduce themselves and to explain their role within the JAC, to ensure the members could offer valuable support and advice to the attendees. A meeting had been held with the Chair, Vice Chair, PCC and the DCC on the recent ethical issues in the media and the Chair advised us that she had circulated a brief to the other JAC members to provide assurance that all key processes were in place to manage the issue. The Chair welcomed the independence of Wiltshire police conducting the investigation: the involvement of the Independent Office of Police Conduct (IOPC); and the support provided by Gwent Police to progress the investigation. The Chair acknowledged appropriate disciplinary processes were also underway. The DCC assured us a Gold Meeting had been established in the Force to address the issue. A Memorandum of Understanding (MOU) had also been established with Wiltshire Police in consultation with the IOPC. The MOU had been reviewed by the Joint Legal Services Department to ensure clarity of responsibilities for each of the organisations in terms of the investigation and those who were responsible for providing updates to all parties involved. Written updates would be shared every 28 days with all parties involved through the Gold Structure, to ensure a comprehensive audit trail of the action taken and the results of those actions. The Force expressed concerns to all key stakeholders and partners involved that timeliness of the investigation should be a priority and partner organisations have also expressed the need to progress the investigation in a timely manner, in order provide timely updates every 28 days as required. The DCC explained that Gwent were not an outlier with regards to the issues reported as this was a national and societal issue. However, the Force were determined to hold officers to the highest levels of account to exemplify standards. This had been evidenced over the last three years under Chief Constable Kelly’s leadership, where a range of cultural initiatives had been implemented to drive cultural change and to improve performance in terms of Force standards and values. A Culture Strategy has been developed for implementation across the Force encompassing the work that had been undertaken previously, focussing on other initiatives that could be conducted to improve culture further. Gwent Police would be working with other Forces, the College of Policing and other key stakeholders to inform best practice. The JAC ICT Lead welcomed the update and requested that further updates be provided as soon as appropriate. The DCC assured us that appropriate updates would be provided to JAC when possible.  | **Action****CHAIR****Action****DCC** |
| 1. **APOLOGIES**
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| Apologies for absence were received from Mrs T Veale, Audit Wales, Ms P Kelly, Chief Constable, Mrs H Cargill, TIAA, Mr M Corcoran, TCBC Audit and Mr G Gray His Majesty’s Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) Force Liaison Lead. |  |
| 1. **DECLARATIONS OF INTEREST**
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| There were no advance declarations made in relation to the business to be transacted. |  |
| 1. **MINUTES**
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| The minutes of the meeting held on 8th September 2022 were received and confirmed.  |  |
| 1. **ACTIONS**
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| We received and noted the actions from the meeting held on 8th September 2022 and actions outstanding from earlier meetings. **Action 1, 8th September 2022 Actions**. It was noted that the proposed costs in the Strategic Outline Business Case for the Operational Hub build on the old HQ site were higher than anticipated and JAC requested an update on the reason for the increase given the level of borrowing. The ACOR confirmed the costs of £64m were much higher than originally anticipated following conclusion of the fourth Royal Institute of British Architects (RIBA) stages of design with a further increase to £70m when taking into consideration inflationary pressures**.** **Action 2, 8th September 2022, To Discuss New Risks and Changes to Risk Ratings.** We agreed the action request for the risk register discussed at the previous meeting could be closed, as it was superseded by the one on the agenda.**Action 2, 8th September 2022, To Discuss New Risks and Changes to Risk Ratings.** We agreed the action relating to the Gender Equality Retention Plan could be closed provided it formed part of the Cultural Strategy, on which updates were to be presented by the DCC. **Action 2, 8th September 2022, To Discuss New Risks and Changes to Risk Ratings.** We referred to the request to extend timings for the agenda and the Chair informed us there was no appetite to extend the meetings further, although during Covid there was a need to extend the agenda to focus on specific items. The agenda would be extended only by exception going forward, should the need arise. If there were matters of interest raised during the meeting that were not on the agenda nor specifically within the JAC’s remit, a deep dive could be considered. However, it was important not to stray into operational areas,**Action 7, 8th December 2022, Data Protection Annual Report.** JAC members welcomed agreement of additional resource by management and asked if the HoAC was to procure services to assist with Data Protection or if a new role was to be established within the OPCC. The HoAC informed us that a new Standards and Governance Officer had been appointed to conduct the complaint reviews and her primary focus had been on training the new member of staff. However, the HoAC planned to review the potential options following the Christmas Holidays.**Action 4, 28th July 2022, Statement of Accounts 2021/22 Including Joint Annual Governance Statement.**  We discussed the Lessons Learned Action Plan and agreed that it could be removed as a standard item on the agenda due to the significant progress that had been made. It could be added to the agenda upon JAC members’ request.**Action 7, 28th July 2022, Draft JAC Annual Report including TOR Compliance Self-Assessment results 21/22 and proposed Action Plan.**An update was requested regarding the revision of the Self-Assessment Action Plan to reflect JAC’s effectiveness against eight areas in the Influential Audit Committee document from the JAC Training Day. The Chair advised us that she was to contact the HoAC to make the revisions for the year ahead. **Action 13, 28th July 2022, To Identify Any Risks Arising From The Meeting.** We agreed the action relating to the cost of living increase risk could be closed, as it was discussed at the Chief Constable’s Leadership Day meeting this week. **Action 11. 8th December 2021, JAC Self-assessment Action Plan.** We agreed to close this action provided the Benefits of Collaboration was put on the Forward Work Plan, in order to provide an update on the achievements of the benefits.  | **Action****DCC****Action****GO** |
| We agreed to take item 10 ‘Risk Management Framework’ next. |  |
| 1. **RISK MANAGEMENT FRAMEWORK**
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| We received and noted the Risk Management Framework.The JAC Risk Lead informed us that he had reviewed the Risk Management Framework (RMF) and discussed how risk was managed on a practical level with the CFO and ACOR prior to the meeting. It was noted how important the role of the DCC, ACC and ACOR were in terms of providing senior leadership oversight and assurance to JAC, that risks were being properly identified and managed. Discussions were held regarding how the RMF was used in Force by the governance and audit teams and others. Although the JAC Risk Lead noted some lack of precision in the report in terms of risk appetite, it was understood that officers were broadly comfortable with the process. The JAC Risk Lead suggested that it should be continually improved and tweaked as deemed appropriate. It would be beneficial to re-emphasise the links between the Risk Register and the five key strategic objectives within the Commissioner’s Police and Crime Plan (PCP), which was the key document on which the Chief Constable’s Force Delivery Plan (FDP) was based. As the strategic objectives within the plan were exposed to strategic risks, the majority of which were likely to be external, these risks could impact the achievement of the objectives. As the FDP was focussed on operational delivery and was dependent on key enablers such as people, processes, ICT etc. those elements were vulnerable to operational risks occurring. If those optics were used, it may help the Force to articulate the risks; evaluate their significance within that context; better target the actions required; and further improve the horizon scanning process. The JAC Risk Lead referred to 5.1 the definition of risk within the report and asked the HoCI to review the definition used. The ACOR advised us the RMF hadn’t significantly changed over the course of the last twelve to eighteen months in terms of the policy, the issue for the Force was the implementation of it. The JAC Risk Lead had assisted the Force in determining whether they were challenging themselves as to whether a risk remained relevant and if they were giving it a timely review. The JAC Risk Lead suggested that the Force should determine if the risks were really something they were corporately concerned about at that moment in time, if they had remained on the Risk Register at the same level of risk assessment that they had 12 months ago. The HoCI and his team were also challenging risk owners in a timely manner to make sure they were managing their risk and reporting back progress against the action plans, to ensure action plans remained robust.This challenge had enabled the Scrutiny Executive Board (SEB) to focus further on risk, to ensure all risks were being updated as a priority and agreed by the DCC. A prime example being at the latest SEB where it was confirmed that some of the risks were moved forward. The scrutiny provided by JAC, particularly the JAC Risk Lead over this period of time, had been really helpful.The CFO welcomed suggestions on how horizon scanning processes could be improved at the following Risk Discussion meeting. The HoCI thanked the Chief Officers and the JAC Risk Lead for their support during the process of reviewing the RMF. The Force would focus on ensuring the Framework was being delivered and action plans were being kept updated. It was agreed that the PCP Priorities and the FDP should be aligned with the Risk Management Strategy as it would add value. The JAC Audit Lead suggested that once this had been embedded within the Force, they may also wish to consider aligning it to the work of risk based internal Audit and the Board Assurance Framework (BAF), which would benefit the Force further. The Chair requested that the action was added to the JAC Action Plan, to ensure the JAC checked that the BAF indicated the links to the risks. We discussed the differentials between issues and risks and as this had been debated at length during previous meetings, it was agreed that an action would be added to JAC Action plan to monitor progress on this. The JAC Accounts Lead requested an understanding of the detail of any underpinning risk registers, in order to provide an understanding of how the process works in its totality. The Chair suggested this should be contained within the BAF, of which the JAC would have sight. The Chair asked the GO to draft the ACOR’s comments on the JAC’s input on risk in detail, as this would assist her in collating the JAC Annual Report The next RMF review was due in May 2023 and the ACOR assured us the agreed changes would be included within the Framework by that time.  | **HoCI****Action****GO****HoAC****HoAC****GO** |
| 1. 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.
 | **Action** |
| 1. **TO DISCUSS NEW RISKS AND CHANGES TO RISK RATINGS**
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| We received and noted the Joint Risk Register.There had been movement within the Joint Risk Register since its circulation. One risk relating to the Emergency Services Network (ESN) had subsequently been removed off the register following a meeting this week. The digital ESN was originally due to replace the analogue Airwave system. However, there were issues with the national timeline; costs to implement it; and the technical solution required. Therefore, it had been delayed until 2030. The technical infrastructure had been built into the new Headquarters for the new digital ESN. The risk for the Force was maintaining existing technology, so the old Airwave handsets were being replaced to ensure they were fit for purpose until 2030. The ESN risk would be revisited nearer the implementation date.The JAC Risk Lead referred to the attestation column within the Risk Summary and suggested that in future meetings one risk should be selected for discussion. The relevant officer would attend and provide an explanation on what actions had been taken over the past few months and what actions had been proposed over the following few months, to provide assurance to JAC that risks were being managed. This approach was agreed and the risk would be selected from the high level risk ratings, following officers direction. The JAC ICT Lead referred to the lack of precision of dates on the Risk Summary Report and suggested this could be addressed at the following Risk Discussion meeting. The JAC ICT Lead referred to Evidential Storage – Human Tissue Retention risk and asked what level of fine could be issued by the Biometrics Commissioner, if compliance with legislation for the retention was breached. The ACOR agreed to obtain the percentage and update JAC. The Disaster Recovery Service Delivery had a low risk rating and was listed as being treated, however, there were no steps noted to reduce the risk. JAC asked if the risk should be noted as being tolerated, as this indicated it may have already been done. This did not correlate with the narrative in the Audit Wales Management Letter, which indicated that disaster recovery was almost complete, apart from the final elements that had be delayed due to other priorities. The ACOR assured us that all of the disaster recovery services were in place in Fairwater, should there be a primary failure of any of the platinum services. There had been an issue with the transition from a manual switch to an automated switch. A member of staff would have to travel to the site to turn on the switch manually, which would take around 30 minutes. The implementation of a £15k switch from British Telecom would enable digital activation of the system. However, there had been timing issues due to the Force Control Room (FCR) moving to the New HQ in November and December was usually a very busy time. The risk has remained as treat due to this remaining element. The ACOR apologised for not providing a more comprehensive summary on the register. The digital switch should be installed in January 2023.JAC referred to recent issues in the media and suggested that there could potentially be a reputational risk to the Force due to the lack of pro-activity by the Force media department in responding to issues and suggested there could be capacity or skills issues in this area. It was agreed the issue would be discussed at the following Risk Discussion Meeting and any actions added to the minutes.It was suggested that the role of the risk owner should be noted on the Risk Summary as well as the name, as this would be useful in determining if the risk had been routed to the appropriate place. The ACOR assured us that it was the owner of the risk that raised the risk, although the role could be added to assist JAC members. The JAC ICT Lead asked if the planned activity in relation to business continuity and disaster recovery had gone ahead on the 30th November 2022 and the ACOR confirmed it had. The ACOR agreed to forward a copy of actions resulting from the business continuity assessment exercise.  | **ALL****ACOR****Action****HoCI****ACOR** |
| 1. **FORCE BUSINESS INTEREST PRESENTATION**
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| We received the Force Business Interest Presentation.We were informed of the four main categories that were a risk to Gwent Police, which were not dissimilar to other Forces. The Force Anti-corruption Unit’s primary responsibility was to protect the Force’s employees, its assets and its reputation through risk management of corruption.Vulnerability was a key focus for the Force as it could be a pre-cursor to corrupt behaviour, particularly financial vulnerability. However, there were procedures in place to provide support to those who were struggling including the disclosable debt procedure, wellbeing help and briefings. The Force had received more business interests as a result of the cost of living crisis’. However, it was only a small increase, although the Force expected there to be an upward trend.  There were clear policies in place for disclosure of business interests, gifts and hospitality, or notifiable associations. Employees had to seek approval prior to conducting a new business interest and provided there’s no impact on the Force or minimal risk that could be managed, approval was granted to support employees where possible. Business interests were currently reviewed annually and employees have to inform the Force of any changes in the interim. Business Interests were usually processed within 28 days of receipt. JAC members were reassured that processes were embedded, whilst maintaining a high level of humanity to support employees. This was evidenced within the Force and OPCC Annual Business Interests and Gifts and Hospitality reports presented to JAC for review during the year.JAC asked if the introduction of the Bribery Act impacted the Force as it had in other organisations, having to ensure gifts and hospitality was being declared, or if the Force were already operating under the higher standards. The CCU confirmed the additional scrutiny measures were in place prior to the Bribery Act.  | **Action** |
| 1. **EXTERNAL AUDIT**
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| We received and noted the Audit Update report. We noted the Cyber Resilience in Wales report had been circulated to the JAC members prior to the meeting. AW informed us Richard Harries was the new Audit Director for Audit Wales. Our attention was drawn to the revised ISA315 - identifying and assessing the risks of material mis-statement. The JAC Audit Lead noted that audit planning had not yet taken place and requested an update in relation to the timelines of the changes and asked if there would be an impact on Force resources. The CFO informed us the audit plan would be presented at the March 2023 JAC meeting. There was a higher fee for the Audit this year as AW needed additional resources to undertake the extra work required as a result of the changes brought about by the revised ISA315. There were no concerns with regards to Force resources as the Finance Department were fully resourced and in a position to adapt to any additional requirements, due to a previous restructure within the Department. The HoF assured us that a large amount of audit work would have been completed by March, as there were a number of interim audits between January and March 2023. AW had updated the members in their pre-meet and the AW technical team were in the process of ascertaining what the changes should be and it would be ready before the interim audit work commenced.  |  |
| 1. The information contained in the report(s) below has been deemed not to be subject to the requirements of the Freedom of Information Act 2000, Data Protection Act and the Office of the Police and Crime Commissioner for Gwent’s public interest test and is deemed not to be exempt from publication under Section 7.
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| 1. **EXTERNAL AUDIT**
 | **Action** |
| We received and noted the following reports:Annual Audit Letter JAC members were pleased with the notable improvement of the closure of the Financial Statement of Accounts over the last few years. Management LetterJAC referred to the password reset controls issue on page 8 and noted the position had remained unchanged since June 2022. The ACOR confirmed the automatic three monthly password resetting process was in the process of being rolled out and should be complete by the end of January 2023. This would take place across all the Shared Resource Service partners. JAC suggested a fuller management response would have been beneficial regarding the disaster recovery issue on page 9 of the report, which also stated the position remained unchanged since June 2022. The ACOR agreed and explained that he did not have a clear date regarding the disaster recovery matter at the time of completing the document for AW. It was agreed that an update on the actions in the AW Management Letter would be presented to JAC in March 2023.  | **HoF** |
| 1. **INTERNAL AUDIT (TIAA)**
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| We received and noted the TIAA Update Report.No new reports had been issued since the last report, so JAC asked what was causing the delays. TIAA advised us they were awaiting confirmation on some of the collaborative audit dates from various forces; and there had also been resourcing issues within their organisation, as some of their employees had left. However, we were assured that all of the audits were expected to be completed by the 31st March 2023. JAC also sought assurance that there were sufficient resources for the remaining audits to be conducted. The ACOR advised us that he was aware of the reasons for slippage, including new audit areas that had been included in the plan as a result of the Force change programme. Having met with TIAA recently to discuss the audits, he assured us there were no concerns. The CFO advised us there were no issues or barriers when responding to audit, as there was a well embedded culture in Force supporting the identification of issues and working to improve processes. JAC noted that the Contract Management Audit had been replaced by vehicle recovery and requested the reason for the change. The ACOR informed us there were numerous contracts in place and therefore, it was not feasible to review them all. There were stringent checks in place to monitor contracts to ensure they were working as expected. The Force took the decision to change the audit to vehicle recovery, as it was a challenging area with many aspects to review.JAC noted TIAA were awaiting the project details from the Service Improvement Board (SIB) in order to conduct a review and asked what criteria the Force were using to determine what the relevant projects were. The ACOR informed us SIB identified if a change programme was required within a service area. A Service Lead and a Project Manager then evaluated the service, scope and processes in order to present options available for review by SIB. Once the final business case has been approved and implemented, a post implementation review of the project would be undertaken at the post-six month period. TIAA have been asked to audit the whole process in relation to one of the projects approved by SIB and the Force, considering which of the projects would be the most appropriate for TIAA to review. JAC asked if there was a delay in completing the collaborative audits as a result of other Force areas holding up the process. We were advised that although there were delays, there was an overall deadline of the 31st March 2023 and the ACOR was able to challenge other Force areas at meetings held with his counterparts in Wales, to ensure deadlines would be met.JAC noted other Forces were not as adept at closing their accounts as Gwent and was concerned that the same Forces were causing delays in progressing collaborative audits. JAC referred to the expenses and additional payments audit issued on 23rd September and asked if this was due to another Force causing delays. TIAA confirmed they were waiting for information from one Force. We were assured this was not the case in most instances. We noted the Chartered Institute of Public Finance and Accountancy (CIPFA) report on the Use of Internal Audit was circulated to JAC members for review.  | **Action** |
| We took a short comfort break. |  |
| 1. **INTERNAL AUDIT (TORFAEN COUNTY BOROUGH COUNTY COUNCIL)**
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| We received and noted the Torfaen County Borough County Council (TCBC) Update and Quarterly Update Report on progress.The ACOR advised us the annual audit plan had been agreed. The majority of the audits were planned in quarter 4 and work had been undertaken to ensure the Shared Resource Service (SRS) Management Team would be in a position to ensure appropriate resourcing levels were available to manage the audits. There was one outstanding issue relating to the Office365 audit; the report had been issued for review and was awaiting completion. The audit outcomes were summarised in the TCBC Progress report, achieving full and substantial audit ratings.The Chair referred to previous concerns raised by JAC regarding the number of outstanding audit recommendations and lack of attendance from the TCBC auditors and acknowledged that there had been a vast improvement. It had since been agreed that TCBC would attend once a year or when there was an audit with a limited or low rating requiring discussion, although there had been no requirement as yet. It was also acknowledged that the response to outstanding audit recommendations had improved, since SRS Management had attended JAC upon request of the JAC members. The ACOR assured us Gwent and the other partner organisations were reaping the benefits of JAC’s scrutiny and challenge, as there had been improvement in management response and audit planning. The CFO informed us that JAC were instrumental in motivating the other partner organisations to ensure SRS had the appropriate staffing levels to act on the audit recommendations. We acknowledged that JAC Lead roles were pivotal in providing guidance and challenge. | **Action** |
| 1. **FINANCIAL PERFORMANCE REPORT QUARTER 2 2022/23**
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| We received and noted the Financial Performance Report Quarter Two 2022/23.There was underspend on police officers pay as the posts were budgeted for in full for the financial year and as recruitment was taking place following a phased approach, it had resulted in underspend from 1st April 2022 onwards while the posts were unfilled. The final posts would be filled by March 2023. The underspend had enabled the offset of overspends on police staff, general overtime and some non-pay items due to rises in inflation costs. JAC were of the view that it was not a year-to-date underspend at Quarter Two as expenditure had increased by £318k, while income was down and therefore the funding lines that had changed, so it was due to other factors as opposed to an underspend.JAC welcomed the review of overtime and agency staff, as the issue appeared to have been ongoing for a few years. JAC asked if the Force would need to consider increasing the budget or to take measures to reduce or cease overtime. The ACOR informed us that an Efficiency Board had been established in December 2022 and a programme of work had been developed to focus on making efficiencies within the Force, including overtime workstreams as a £800k overspend was anticipated. This was under review, particularly given the challenging funding issues faced by the Force. The Electronic Time Management system would assist with managing this process, as every officer and staff member had to complete a time management form with the hours worked. Overtime had to be authorised by a Line Manager prior to overtime taking place. Dip sampling of authorisation had identified patterns of behaviour in certain areas, which were being addressed with the implementation of different shift patterns and resources. Overtime was being continually monitored by the Chief Officers at the CC’s request. The JAC ICT Lead asked what the policy was in terms of hiring agency staff or incurring consultancy fees. The ACOR explained that agency workers were sometimes used to fill gaps due to recruitment issues, however, there were various projects being undertaken, such as the change programme, which required additionality of staff to deliver it. The Force were nearing full establishment numbers in terms of police staff capacity, however, ex-police officers had been assisting the Force via agencies to fulfil the shortage in detectives in police staff investigator roles. The Efficiency Board would be considering the change programmes as part of their efficiency programme over the next 12 months, to ensure only key projects were maintained. The HoF assured us that agency work was not considered until other options had been considered, such as changing work patterns, or providing more flexible hours; however, agency workers generally covered sick leave vacancies. Each agency post had to be approved via the Force Workforce Resourcing Meeting. An analysis of consultancy and other high cost partnership fees was being undertaken. Some of the work was conducted through partnership work such as Adverse Childhood Experiences (ACEs),but was listed as consultancy work. JAC thanked the ACOR for the assurances provided regarding the planned review of overtime processes. JAC emphasised the importance of ensuring that risk management was at the centre of all aspects, as external factors that the Force had no control over could be placed on the police service, such as other public sector strikes. It was also suggested that scenario planning should form part of the financial planning, in addition to inflationary costs and supply chain issues, given the volatile position in the country. The ACOR explained there were processes and budgets in place for unplanned events should they arise. The Emergency Planning Team were in the process of putting plans in place in order to respond, should the strikes impact on service demand. There were also reserves set aside for any major issues.The PCC informed us that he was working with the Policing Partnership Board for Wales and this was a recognised pressure across Wales and plans were being put in place to address the issue.The PCC explained there was a young workforce in Gwent and it was important that new front-line officers received the necessary training in order to do their jobs efficiently and effectively. Therefore, Learning and Development costs was a key consideration given the increase in officer numbers due to Operation Uplift.Although the inflationary cost pressures were also impacting on supply chains, the Force had managed the risk by holding significant stock levels to maintain the required level of police vehicles, police uniform and kit.Debtors, Creditors and Treasury Management performance had remained good this quarter.JAC noted the invoices for the contribution to national programmes managed by the Police Digital Service (PDS) were £61k more than anticipated and asked if the costs were higher due to the PDS not needing to be meticulous with their expenditure, as they had assurances that the Forces would absorb the higher costs. The HoF advised us that at the time the budget was set, the contribution was not known and therefore the previous year’s figure was used. The CFO explained JAC’s observation was relevant for other organisations such as the Home Office (HO) who needed to deliver a vast programme of technology when there was often slippage in timeliness, resulting in increased investment costs. However, PDS operated under a stringent business model and therefore, it was unlikely in this instance. The JAC ICT Lead raised concerns regarding the level of accountability of the HO in the area of technology programmes, given the chance of potential unexpected costly issues, particularly when things didn’t go to plan and suggested consideration should be given to reducing this prospect.JAC asked for an update regarding the new HQ build costs. The original budget was £32m, however the costs had risen to £34.5m. The rise included some additional work requested by the Force. The ACOR informed us that an HQ closure report was expected on the 31st March 2023, which would provide further detail.  | **Action****Action** |
| 1. **BUDGET SETTING UPDATE**
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| We received and read the Budget Setting Update.The ACOR advised us that the CC’s budget bid detailed the required level of funding to deliver police services and it had been presented to the Office of the Police and Crime Commissioner (OPCC) at the Strategy and Performance Board (SPB) on the 23rd November 2022.The total budgetary requirement for policing services for 2023/24 stood at £171.424m. It was based on a number of assumptions in terms of capital expenditure, savings, inflationary challenges and borrowing costs as referenced within the report. The 2027/28 financial gap stood at £20.400m at the end of the 5-year Medium Term Financial Plan (MTFP). Following the release of £3.904m of savings, there would be a deficit of £16.496m by 2027/28. Based on a precept increase of 6.82%, there would be a £7.716m transfer from reserves and identified savings of £1.142m to fund the financial gap £8.858m in 2023/24. The ACOR explained that a significant level of the reserves had been set aside over a number of years to fund the extensive capital programme as opposed to borrowing, the majority of which had been utilised to build the new HQ. The capital programme had been reviewed and re-profiled with costs developed that aligned to the programme including construction of the new Joint Firearms Training Unit (JFTU) to maintain a firearms service in Wales; the Abergavenny Police Station; and the Gwent Police Operational Facility (GPOF) to house the new custody unit, operational training and the Torfaen Policing Team. As the remaining reserves would be depleted within two years, there would be a significant borrowing requirement. This presented a number of challenges in terms of affordability, given the rise in interest rates for borrowing costs and increased inflationary costs. Consideration could be given to delaying the GPOF build for two years, however, custody buildings and Cwmbran Police Station would need to be maintained to remain fit for purpose.The CFO advised following receipt of the bid, the OPCC scrutinised the bid to identify the additionality of expenditure and the ability for the continuation of delivery of efficiencies. There were very few options available this year given the cost of living crisis, inflationary costs and real-term funding cuts. The HO specified a three year Comprehensive Spending Review in 2021, which had remained unchanged, therefore an extra £1m was expected as planned. However, this would be offset against the £4m extra inflationary costs incurred this year. The UK Government were withdrawing their funding from the Force in relation to the National Insurance Social Care Levy. There was also an ethical dilemma in terms of determining an appropriate level of precept, given the impact of the cost of living crisis.  The CFO explained that an annual precept survey was in the process of being conducted, in relation to the level of precept residents in Gwent would be willing to pay for policing services. The CC has requested an increase in precept of nearly £21 based on an average Band D household. The survey specified three annual increase options; £15, £20 and £25. It was expected that over one thousand residents would have been surveyed by January 2023 when the survey was due to conclude. Even if the 6.82% precept level was agreed by the Police and Crime Panel (PCP), there would still be a funding gap of £7.7m remaining next year. JAC asked how much intelligence was known regarding the demographics of the surveys, including the public’s ability to pay. The CFO confirmed the surveys contained the usual demographics such as age, gender, Local Authority etc. and although the ability to pay was not included in the survey, twenty face to face engagement events took place across all five Local Authority areas in various shopping centres and supermarkets such as Aldi, Asda and Morrisons etc. to ensure the survey results were representative across the board. The PCP were provided with a summary of the results when considering the precept request. The OPCC Engagement and Communication Team also targeted the Local Authority areas online that were under represented, to ensure a 20% response per Local Authority was achieved. The CFO referred to potential risks relating to specific grants such as School Liaison, PCSOs and pension funding, as some of the funding may be removed or funded on a flat cash basis.The CFO explained the bid as it stood, including the use of the contingency £5.9m reserves to balance the budget, would leave a deficit of £1.8m. The UK Government were not providing further funding and reducing Police officer numbers was not an option, as it had been during the last period of austerity. Police officer numbers had only recently risen to a similar level to that 12 years ago, due to the introduction of Operation Uplift and the HO has specified that officer numbers were capped. However, there were opportunities to be considered including timing of expenditure, as there was potential to defer the capital spend and the high borrowing costs associated with it in 2023/24. There were some non-current costs pressures that could be funded in a different way and risk managed; some expenditure could be risk managed; some smaller budgets could be removed; and there will be a further focus on efficiency. The Change Programme and Efficiency Group had been established to make efficiencies where possible. JAC were satisfied the budget had been through the appropriate budgeting process, however, there were concerns regarding the £7.7m deficit and the affordability of de-commissioning the old HQ building to build the new GPOF, given the level of borrowing and increases in interest rates. The CFO advised us there was a requirement to improve infrastructure to ensure it was fit for purpose and to house the new officers. We were assured there were reserves available to balance the budget this year and the further work was being undertaken to identify efficiency savings without compromising operational policing. JAC acknowledged that consequential costs for the additional officers were not funded by the HO and this was a very difficult time.JAC asked if the Force were making the best use of income generation. The CFO informed us that there were limitations on what the Force could charge for their services. The PCCs role has a functional duty of competence and he could only undertake activities that were complementary to his role, whereas Local Authorities had a general power of competence which meant they could undertake various activities. In a recent HO review of the PCCs role, the CFO had suggested the PCCs role should have a general power of competence in order to enable further income generation. The Force have been very successful at bidding for funding from the HO, however, as these monies were usually top sliced from the initial budget itself by the HO, therefore Forces in Wales were essentially bidding for some of their own funding. The CC would present her bid to the PCP on the 16th December 2022. The OPCC should also receive clarification of funding from the HO Provisional Settlement by the middle of December and the precept survey would conclude early January. All of the aforementioned would be considered during the precept decision making process and the PCC’s final precept report would be presented to the PCP in late January 2023. The PCC advised us that this was by far the toughest year to deliberate the precept level, given the cost of living crisis and the pressures upon members of the public. | **Action****Action****Action** |
| We took a short lunch break |  |
| 1. **RESERVES STRATEGY REPORT 2022/23**
 |  |
| We received and noted the Reserves and Committed Funds Strategy.The CFO advised us the report was very similar to the previous year. However, the report had been based on the deferral of the GPOF build for two years.The Chair asked if the Strategy took the £7.7m deficit into account and the CFO advised us that it assumed the contingency budget of £5.9m would be consumed in balancing the books in the next financial year.The CFO agreed to brief the two new JAC members on the Reserves and Treasury Management papers outside of the meeting  | **CFO** |
| 1. **TREASURY MANAGEMENT STRATEGY 2023/24**
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| We received and noted the Treasury Management Strategy 2023/24.The CFO advised us the report was very similar to the previous year. However, the Treasury Management Prudential Code had changed in 2021 following presentation of last year’s report. A detailed analysis had been conducted to ascertain if there were any changes required and the CFO confirmed there were no changes required in Gwent, as the change was related to disclosing an organisation’s net income in relation to their commercial investments, of which Gwent had none. The report had been based on the deferral of the GPOF build for two years.The JAC Risk Lead referred to paragraph 10.17 and asked for further explanation. The CFO explained that the Strategy was set from the start of the year, however, if at any time any risks were presented through counterparties, the CFO could utilise his powers with agreement of the PCC to constrain further investment with the counterparties, until the risk had diminished.We agreed to add the Treasury Management Prudential Code to the JAC Formal Training Day 2023 agenda. JAC approved the Treasury Management Strategy. | **GO** |
| 1. **TREASURY MANAGEMENT SIX MONTH UPDATE**

**REPORT 2022/23** | **Action** |
| We received and noted the Treasury Management Six Month Update Report.We were advised the return on investment was low, compounded by the approach taken in relation to security, liquidity, yield; and the decrease in the level of reserves and committed funds available for investment. However, due to the increase in interest rates, the amounts received through investment income were projecting towards the benchmark SONIA rate of 2.9%. There were minor breaches in 2022, due to the fault of Counterparties not repaying their loans on the day they were due. These issues were remedied at that time by the Finance Department. |  |
| 1. **OUTSTANDING AUDIT INSPECTION RECOMMENDATIONS**
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| We received and noted the Outstanding Audit Inspection Recommendations report.The ACOR re-iterated that some of the audits had been delayed for various reasons as indicated in agenda item 11 and therefore, focus had been on remaining outstanding TIAA audit recommendations. All outstanding recommendations had been completed to date.There was one outstanding item in the TCBC report which was being progressed. JAC acknowledged the number of TIAA recommendations and outstanding SRS actions had reduced significantly over the past couple of years. The CFO asked if the Internal Audit Lead member had been selected. The Chair confirmed the following Lead roles:* Mr A Johns – Internal Audit, Governance and Estates
* Mr A Blackmore – Risk Management/Business Assurance Framework/Treasury Management
* Dr J Wademan – ICT and Change/Project Management
* Mr G Watts – Finance and External Audit
* Mr D Turner – Business Assurance Framework and Sustainability

JAC suggested there were other categories the Chief Officers may wish to consider including Human Resources, Health and Safety, Force Management Plan, Value for Money and Capital Programme.  |  |
| 1. **ANNUAL CODE OF ETHICS COMPLIANCE REPORT**
 |  |
| We received and noted the Annual Code of Ethics Compliance report. The Code of Ethics (CoE) was established in 2014 to ensure the workforce recognised there were certain behaviours that needed to be managed within the Force and when serving members of the public. As indicated by the DCC, not all members of the Force were meeting those expectations, which consequently impacted on how communities engaged with the Force. An Ethics Committee was established over six years ago. It is run by a Force Committee Lead who links in with the South West Regional Ethics Committee. Details of topics discussed at the Ethics Committee could be found in the report. The Committee comprises a diverse cohort of members who provide invaluable feedback, which is used to inform change within the Force through the Professional Standards Department. We noted plans were underway to appoint a Chair for the external Ethics Committee.The CEx informed us the College of Policing (CoP) were currently reviewing the CoE, as it hadn’t been reviewed since its initial development in 2014 prior to its launch in 2015. Gwent look forward to engaging with the CoP on the CoE. Although there’s no regulatory reason why the OPCCs should comply with the CoE, they had voluntarily agreed to comply with the code in all of their working practices. The CEx agreed to present the revised changes to JAC in due course. JAC requested information regarding the challenges of embedding ethics across the organisation as referenced within the report. The ACOR advised us it was related to challenging behaviours; it was not only a Force issue but a societal one. The majority of Force employees understood their role, but there were a minority that were not meeting the expected standards. Further work was being undertaken to improve culture and to ensure expected standards were being met.The CEx informed us there was a separation between the CoE and Professional Standards issues when it was established in 2015 based on a clear direction from the CoP.  This issue may form part of the current review of the CoE as they seem intrinsically linked.  The main dilemma was related to bystanders and whether the employee had been made aware of an issue or been a recipient, Chief Officers did not consider the issue of what to do on receipt of inappropriate messages on Whatsapp to be a ‘dilemma’ and had made it clear that the issue should be called out by the officer or staff member who should then leave the group.The Committee were to discuss these types of dilemmas at the following meeting. JAC requested an update on the outcome of the meeting. JAC requested the number of employees who had participated in the whistleblowing process. The ACOR confirmed this would form part of the DCC’s scope of the Cultural Strategy and agreed that the DCC could provide an update at the March 2023 meeting.  | **Action****CEx****CEx****DCC** |
| 1. **JAC SELF ASSESSMENT ACTION PLAN**
 | **Action** |
| We received and noted the JAC Self-Assessment Action Plan.We agreed the GO would contact the Chair to arrange a meeting to update the JAC Self-assessment action plan.  |  |
| 1. **ANY OTHER RELEVANT REPORTS FROM OTHER ORGANISATIONS THAT SHOULD BE BROUGHT TO THE ATTENTION OF THE JOINT AUDIT COMMITTEE**
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| There were no reports that needed to be brought to the attention of JAC. |  |
| 1. **ANY OTHER BUSINESS**
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| We discussed the Deep Dives and agreed the following:March 2023 – Value for money Profiles including outcome of benefits realisation, final PEEL Inspection Report and Roads Policing. June 2023 – Income Generation/Process of Force benefits realisation |  |
| 1. **TO IDENTIFY ANY RISKS ARISING FROM THIS MEETING**
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| Potential reputational risk was a raised during the meeting. |  |
| **The meeting concluded at 14:09pm** |  |