



Joint Audit Committee
Annual Report for the year ending 31st March 2020 (2019/20)

Chair's Foreword (to be updated post March meeting by outgoing Chair)

The Joint Audit Committee 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 Chair, 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 commitment and input, not only at the formal meetings but also in the numerous consultations and discussions that take place away from the meetings.

Five formal meetings have been held during the year, with wide and varied agendas which reflected the broadening approach of the JAC to meeting its obligations under an ever-expanding Terms of Reference. The year also saw the first full 12 months of the adoption of "lead-member" roles by JAC members whereby they were able to bring their specific skills and knowledge to bear on various topics enabling improved focus and scrutiny by the Committee as a whole.

The year saw a continuing climate of financial pressure on policing budgets and it was a particularly challenging year for the Finance Department with a faster closing requirement for the year-end accounts, changes to operating systems and staff re-organisation. The impact of these challenges resulted in the JAC increasing its scrutiny of reports, both internal and external, on progress and implementation. We trust that a more stable environment going forward will reduce pressure on staff and systems and improved audit reports.

I would like to express my appreciation to all support staff, senior finance officers and, increasingly, operational officers from the Force who aided and guided the JAC through its oversight role and the Committee is particularly appreciative of the input of the Commissioner, Deputy Commissioner and Chief Constable, whose very presence at the meetings impacts positively on the work of the JAC and facilitates feedback on actions arising.

Finally, I must thank the teams from the Wales Audit Office and TIAA, the external and internal auditors respectively, for their reports and input into the meetings. Good working relationships between the auditors and JAC has aided open and honest discussion on reports and issues arising which has benefitted the continual development of the control environment within the Office of the Police and Crime Commissioner and the Force.

Jonathan Sheppard
Chair Joint Audit Committee

1. 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.

2. 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 and Police.

The [Operating Principles and Terms of Reference](#) (ToR) establish the core functions of the JAC and are reviewed annually.

3. Membership and Meetings

The JAC comprises of 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 Mr Jonathan Sheppard (Chair), Ms Dawn Turner (Vice-Chair), Mr Andrew Blackmore, Mr Roger Leadbeter and Dr Janet Wademan. There had been no changes to membership during 2019/20.

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
- ❖ Chief Constable, Force
- ❖ Assistant Chief Officer - Resources, Force
- ❖ Chief Superintendent, Head of Strategy, Performance and Change, Force
- ❖ Internal Audit (TIAA)
- ❖ External Audit (Wales Audit Office (WAO))

Officers from Torfaen County Borough Council (TCBC) (IT auditors) and the Shared Resource Service (SRS) (IT providers) also attend at the request of the JAC.

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 an annual all Wales JAC training day. Members are in attendance 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.

4. Overview of Core Work Undertaken During 2019/20

❖ Terms of Reference

The ToR set out the core functions that the JAC must undertake. Compliance with the ToR for 2018/19 was reported to the June 2019 JAC meeting together with the draft JAC annual report. The purpose of the compliance paper is to provide 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

The 2018/19 Joint Annual Governance Statement was presented to the JAC in draft format at the March 2019 and June 2019 meetings for consideration and comment. The JAC subsequently provided its recommendation to the Commissioner and Chief Constable that the Joint Annual Governance Statement be included within the respective Statement of Accounts documents with the final versions due to be presented to the July 2019 meeting. (reference receipt of 2019/20 AGS at March 2020 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 2020.

❖ 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.

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.

The JAC reviewed TIAA's proposed annual Audit Plan for 2020/21 and was satisfied it was appropriate for, and aligned to, Gwent's risk profile. As TIAA were also the internal auditors for the three other Welsh forces, we welcomed the development of a collaborative audit plan for the coming year and the sharing of lessons learned across Wales.

Due to the ongoing concerns relating to the progress of audit recommendations by the SRS, the JAC requested and now receive a quarterly update report from the SRS on progress with the audit recommendations. A presentation was also provided by the SRS on the management and delivery of its services during December 2019. Attendance at the JAC by the SRS/TCBC when limited assurance audit reports were received had also been requested in order to discuss directly any concerns that there may be about resourcing and progress of the recommendations due to the concerns that have been raised in previous years. (May need to amend/add in additional detail post March 2020).

In relation to the SRS audit plan for 2020/21 (add in narrative once received – how many audits were completed/do any need to be carried over etc).

Disaster Recovery (check with IT lead member if anything additional to include)

Work has been on-going for a number of years in relation to developing a disaster recovery site in conjunction with South Wales Police. The JAC lead for IT has again supported the Assistant Chief Officer, Resources, throughout 2019/20 in ensuring there has been a high level of scrutiny in this area. As a result, the JAC have been able to provide robust and constructive challenge in relation to disaster recovery and are satisfied that it remains on the joint strategic risk register and are reassured by the regular updates provided by the Assistant Chief Officer, Resources at meetings. Work will continue to be progressed in relation to disaster recovery during 2020/21.

Audits Completed - TIAA

There were 22 internal audits completed by TIAA in 2019/20, 2 received 'substantial' assurance, 15 received 'reasonable' assurance, 5 received 'limited' assurance and 0 received 'no assurance'. 2 'follow up' audits were also completed.

There was 1 'advisory' audit requested in addition to the approved audit plan, 'Data Breach Freedom of Information Request'.

Audits Completed - Torfaen County Borough Council

There were 8 internal audits completed by TCBC on the IT services provided to the OPCC and Force in 2019/20, 2 received 'substantial' assurance, 3 received 'moderate' assurance, 3 received 'limited' assurance and 0 received 'no assurance'. There were 3 audits that had not been started and had been moved to the 2020/21 audit plan.

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 2018/19 was undertaken during March/April 2019. This allowed the results to be analysed and any key outcomes included in the priorities for the coming year.

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.

Research had been undertaken with other JAC's across England and Wales regarding the questions used within their self-assessment process in order to determine if improvements could be made to the form used in Gwent. The form was reviewed in line with the responses received as well as against the amended CIPFA guidance for audit committees and guidance published by the National Audit Office. The JAC was consulted during January/February 2020 with the amended form finalised for use in readiness for the 2019/20 process. The form is now more reflective of the work of the JAC and will invoke useful discussions as to how compliance against the ToR can be achieved.

❖ **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 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. Due to the success of the risk register being discussed at the beginning of the agenda on an annual basis, the JAC have agreed that this item would be prioritised on the agenda at every meeting going forward.

5. 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 evidences how the JAC has met those priorities set out in the 2018/19 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

- Wellbeing and Sickness Absence 3rd June 2019;
- A Day in the Life of a Frontline Police Officer, 12th September 2019;
- Value for Money Profiles, 11th December 2019; and
- Collaboration (Governance), 4th March 2020.

All Wales JAC Training Day, 30th April 2020

The all Wales JAC training for 2019/20 is due to take place on 30th April 2020 in North Wales. The day will be facilitated by CIPFA at which updates on the latest strategic, governance and audit issues will be provided.

❖ **Creditors and Debtors**

Creditors and debtors is an area that the JAC have kept under close scrutiny during 2019/20 to ensure that progress is made. A follow up audit recommendations report received at the December 2019 indicated that there was still an outstanding balance of duplicate payments that needed to be recovered although the amount had been significantly reduced as work had been undertaken to recover payment. **We were also pleased to note the implementation of the 'No Purchase Order No Pay' policy which commenced on 1st February 2020 and should assist in ensuring issues with creditors, debtors and duplicate payments were significantly reduced.**

❖ **Early Closure of the Accounts**

The JAC was pleased that the OPCC and Force were able to meet the first statutory deadline of 31st July 2019 for approval of the 2018/19 accounts.

There were a number of issues experienced during the production of the accounts.

The finance team have produced a lessons learnt action plan which is being monitored by the JAC and are implementing further changes that are required to ensure that the same issues do not arise during the production of the 2019/30 accounts.

❖ **Shared Resource Service – Audit Plans including Service Continuity Management**

The JAC have closely monitored completion of the TCBC internal audit plan to ensure all outstanding audits are being progressed. In order to ensure those recommendations that were of the highest priority were dealt with first, a request was made to the SRS that recommendations were looked at holistically rather than priority given to the recommendations contained within a 'limited' assurance rated report.

In order to understand more about the management and service delivery of the SRS, a presentation was provided to the JAC in December 2019 by the SRS.

It was also requested that both TCBC IA and SRS Management attended JAC meetings should an SRS audit receive a limited assurance rating. This would enable closer scrutiny and also allow the JAC to understand the rationale for decision made in relation to the audit recommendations.

❖ **Shared Resource Service - Disaster Recovery**

The JAC lead member for IT will continue to support the Assistant Chief Officer, Resources in scrutinising the progression of work in this area. Disaster Recovery updates would also continue to be provided at every JAC meeting whilst the project was being progressed.

❖ **Review of the CIPFA 'Audit Committees: Practical Guidance for Local Authorities and Police (2018 Edition)**

During 2019/20 a review of the Chartered Institute of Public Finance and Accountancy (CIPFA) Audit Committees: Practical Guidance for Local Authorities and Police (2018 Edition) was undertaken with a detailed report containing proposed ToR amendments discussed at the September 2019 meeting. As a result, the JAC ToRs were updated to reflect the guidance as appropriate with final approval being given at the December 2019 meeting.

The ToR compliance document for 2019/20 will include the additional areas that have been incorporated into the ToR although it must be noted that work is still ongoing to ensure compliance in certain areas.

6. Priorities for 2020/21

❖ 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:

- TBC – June 2020;
- TBC – September 2020;
- Annual Review of the Value for Money Profiles - December 2020; and
- TBC – March 2021

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.

❖ Early Closure of the Accounts 2019/20

Despite the accounts being closed by the statutory early closure deadline for 2018/19, there were a number of immaterial issues identified that are continuing to be monitored by the JAC to ensure that the process runs more smoothly in future.

❖ Finance Department Review

As a review of the finance team had commenced during 2019/20, it was imperative that the JAC monitored this through to completion to ensure there were adequate resources made available to support the statutory duties that the department undertook.

❖ Shared Resource Service – Audit Plans

The JAC will continue to closely monitor completion of the TCBC internal audit plan to ensure all outstanding audits are finalised annually and that adequate resource is provided by the SRS in delivery of the Gwent Police elements of the 2020/21 audit plan.

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.

❖ Shared Resource Service - Disaster Recovery

The JAC lead member for IT will continue to support the Assistant Chief Officer, Resources in scrutinising the progression of work in this area. Updates on progress will continue to be requested on a quarterly basis.

❖ Shared Resource Service - Service Continuity Management

Due to the concerns the JAC have in relation to this area of work focus will be continue to be placed on ensuring these actions are completed. Outstanding actions will continue to be monitored closely until completion.

❖ Construction of Police Headquarters

On receipt of the Headquarters assurance report at the December 2019 meeting, the JAC had agreed that it would have been useful to have received more detailed information at an earlier stage of the process for greater scrutiny to take place. It was agreed that bi-annual updates would be provided to the JAC for the duration of the construction project.

❖ **Value for Money**

Due to the JAC's role in relation to Value for Money (VfM), it would be helpful if the VfM Profiles issued by Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) and discussed annually during the December deep dive, were supported with performance and cost information that linked to demand and outcomes to aid better understanding of this area and ensure compliance with the ToR.

7. Conclusion

Based on the JAC's scrutiny of the information provided and its enquiries of management during 2019/20, the JAC **is satisfied** that the Commissioner and the Chief Constable can be reasonably assured that their control, risk and governance position for 2019/20 was appropriate. **In doing so the JAC has drawn attention to the opportunity to seek greater assurances in respect of SRS' risk and control position on a prospective basis.**

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

The JAC is satisfied that, as at **13th December 2018**, TIAA's proposed annual Audit Plan for 2020/21 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 is pleased with the improvement in the overall assurance rating provided for the SRS for 2019/20 although is aware that there is still much work to do to continue to improve this area further. These concerns have been shared with TCBC and with the SRS; the JAC has received assurance that that there is sufficient resource available to meet the audit plan set for 2020/21.

The JAC has **confirmed its compliance with its ToR** during 2019/20 and has 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 2019/20.