

Reference: GPJACMarch2022

Date issued: 2 March 2022

Gwent Police & Crime Commissioner and Chief Constable for Gwent Police Joint Audit Committee 9 March 2022

Audit Update Paper

Accounts audit

2020-21 financial statements

Post Project Learning

1. An All-Wales Police and Audit Wales post project learning session took place on 19 January 2022, at which lessons learnt from across all four Police Forces was shared and matters relevant to the planning of the 2021-22 financial statements audit was discussed.

2021-22 financial statements

Audit Plan 2022

2. Across Audit Wales we are some 4-6 weeks behind where we would like to be on our 2022 planning work, broadly because of resourcing issues such as unplanned vacancies and sickness, but also because our work generally took longer last year. As a result, we expect to be preparing the draft Audit Plan 2022 in the next month and will bring it to the next JAC. However, we will circulate to JAC members following agreement with management and in advance of the next JAC meeting, so members have it as early as it is available.

Interim Audit Work

3. We commenced our planning work in January 2022. To date, we have:
 - progressed the planning work we are required to complete under the ISAs, to identify the key risks relating to this year's financial statements, which we will include in our Audit Plan 2022; and

- **held an initial planning meeting with finance staff in relation to the 21-22 audit cycle and discussed the progress being made against the recommendations included within our Management Letter which was presented to the December 2021 JAC meeting. An update of the progress being made can be found in Appendix 1 and 2**
4. We have also undertaken transaction testing for period 1-8 in the following areas:
 - Payroll;
 - Non-Pay expenditure;
 - Income;
 - Capital additions;
 - Investments;
 - Lump Sum payments to pensioners; and
 - Pension ers and ees for the Pension Fund
 5. Our review of control account reconciliations is ongoing, and we will pick this up at our second interim audit 'visit', which is planned for March 2022. During our second visit, we will undertake further transaction testing for the 2021-22 financial year.
 6. We will continue to work with the finance team over the coming months to help ensure a smooth year-end closedown and final accounts audit.

Other matters for consideration

Audit Wales review of Shared Resource Service (SRS)

7. This review seeks to consider whether the SRS collaboration is sustainably delivering an effective, efficient, and economic provision within this dynamic environment, for now and for the future, for its partners both individually and collectively.
8. We shared the draft summary document with members of the Strategic Board, as the overarching governance group of the SRS in November 2021 and requested comments by 17 December 2021. We have just recently received all comments, and the final version is on the JAC agenda.
9. The summary document can be used to inform the next steps for the SRS partnership, and we would recommend that an action plan is prepared setting out how the next steps will be achieved.

Audit Wales review of collaboration of emergency services in Wales

10. This is the first time in Wales that all emergency services have collectively been the subject of a review. This review aimed to provide independent assurance that emergency services are working effectively together and are jointly making the best use of their resources to keep people, homes, and businesses safe and secure.
11. Our report was published on 25 January 2022 and has been circulated to JAC members.
12. The project lead for this review, Nick Selwyn, will be attending the March JAC to present the findings of this review.

Analytics Assisted Audit (AAA)

13. In November 2020, the Auditor General wrote to the Police and Crime Commissioner and the Chief Constable asking for support as Audit Wales looks to transform its' audit approach.
14. Following the piloting of AAA in NHS bodies in 2021, we held a post project learning session and made some amendments to our audit tools. Current focus is on using AAA across our NHS bodies for the 2021-22 audit cycle.
15. We have begun working with Gwent Police to determine what information/data fields are required to use AAA and are currently reviewing the data received to date. This is the labour-intensive part and so still early days.
16. There are a number of steps that need to be taken before we can fully utilise AAA, and a phased timetable for data collection and implementation of AAA has been developed, with the aim that all audited bodies will be on board by 2022-23.

Fee Scheme 2022-23

17. Our Fee Scheme consultation was published on our website on 30 November 2021. Following the consultation process which ended on 7 January 2022, the Senedd have now approved our Fee Scheme for 2022.
18. Having held our fee scales steady since 2016, we are having to apply an increase averaging 3.7% for 2022-23 to fund both cost increases including the new health and social care levy and to increase our investment in audit quality.
19. We will discuss audit-specific fees with Management as part of the agreement of the Audit plan 2022.

Letter to Local Government Directors of Finance

20. Our Executive Director Audit Services, Ann-Marie Harkin, wrote to all Local Government Directors of Finance in January 2022, following the conclusion of the accounts audit work on all Local Government bodies in Wales.
21. The letter takes the opportunity to share our reflections on the audit of accounts 2020-21 and to thank everyone for working so well with us during another challenging year.
22. The letter considers:
 - the accounts preparation and audit timetable;
 - key themes arising from our audit work; and
 - our ways of working, including our digital audit ambitions.
23. A copy of the letter can be found in Appendix 3.

Audit Wales publications

24. Our publications can be accessed via <https://www.audit.wales/publications>. Set out below are those which are or may of relevance and have been issued since our last Audit Update in December 2021:

Joint working between Emergency Services (January 2022)

[Joint working between Emergency Services | Audit Wales](#)

25. Our report looks at whether emergency services in Wales are working more closely together to make better use of resources.
26. Our report suggests that 'blue light' emergency service collaboration is slowly growing but requires a step change in activity to maximise impact and make best use of resources.
27. Emergency services have been working closely together to provide a better service to the public for many years, and they stepped up during the pandemic to help the people of Wales. However, Ministers have been clear that they want to see collaboration between the emergency services go further and faster
28. We have also produced a data tool to support our report into Joint Working between Emergency Services in Wales.

Fee Scheme for 2022-23 (February 2022)

[Fee Scheme 2022-23 | Audit Wales](#)

29. We have published the Fee Scheme for 2022-23, approved by the Senedd, which provides the basis on which we charge fees.
30. The Fee Scheme reflects our approved Estimate for 2022-23 and sets out:

- The enactments under which we charge audit fees
- The arrangements for setting those fees, which comprise either:
 - Fee scales that set out fee ranges for particular areas of audit work in local government; or
 - Fee rates for work not covered by fee scales.

Financial Sustainability data tool (February 2022)

[Financial Sustainability data tool | Audit Wales](#)

31. This data tool compares financial data for each council, national park and fire and rescue authority in Wales from 2015-16 onwards, following national and local work we carried out during 2020-21.
32. We hope the tool will help to tell some of the story of local government finances and be useful to anyone who wants to understand a bit more about the position of individual bodies and the local government sector as a whole.
33. This is the first time we've collated this data from accounts, and we'll continue to update the tool after completing our audit of accounts work each year.

Good Practice Exchange (GPX)

34. We continue to seek opportunities for finding and sharing good practice from all-Wales audit work through our forward planning, programme design and good practice research.
35. Details of future events are available on the GPX website <https://www.audit.wales/our-work/good-practice> .

Tracy Veale - Audit Manager

2 March 2022

Appendix 1 – Summary of matters arising brought forward from previous years audits of Police and Crime Commissioner (PCC) for Gwent’s and Chief Constable (CC) for Gwent

The following table summarises the matters arising raised in previous years audits and those raised following the completion of the audit of the PCC and CC 2020-21 financial statements as at February 2022.

Exhibit 1 – summary of matters arising (further details can be found in the Appendices as referenced)

Category	Matters arising				
	Number raised pre-2020-21 ongoing as reported in Management Letter	Number raised 2020-21	Carried forward to 2021-22 Appendix 2	Number completed	Number ongoing
Issues raised in ISA260 report	1	2	3		
Code compliance of financial statements	1		1		
Housekeeping issues	2		2		
IM&T	3		3		
Total	7	2	9		

Appendix 2 – Progress against matters arising brought forward from previous years audits of Police and Crime Commissioner (PCC) for Gwent’s and Chief Constable (CC) for Gwent

Exhibit 2 – issues raised in ISA260 Report for Gwent’s 2020-21 financial statements

For management to consider	Management response	Progress update as at February 2022	Management response
Issues raised in ISA260 Report 2020-21			
<p>Unreconciled items within the pension fund bank account reconciliation</p> <p>Bank control account reconciliations must be completed promptly and thoroughly, including resolving unreconciled differences, to give assurance over the year-end balances.</p>	<p>Agreed – Banks rec are carried out monthly and outstanding items are dealt with as quickly as possible. Depending on timing and information given regarding transfers in there may be differences at year end but these will be minimal. If the necessary information is available, then the transfers will be dealt with in the current month. We are receiving additional information from</p>	<p>We have been provided with the bank reconciliations up to November 2021 and are currently being reviewed as part of our interim work.</p>	

For management to consider	Management response	Progress update as at February 2022	Management response
	XPS in relation to transfer in which should help us to identify the individual quickly.		
<p>Incorrect mapping of general ledger codes within BRB</p> <p>The mapping of the general ledger codes within BRB should be reviewed to ensure the mapping is correct and appropriate, to give assurance that year-end balances are classified correctly.</p>	<p>Agreed – Update of BRB Mapping will take place in December 2021.</p>	<p>BRB will no longer be used for the compilation of the Financial statements, as CIPFA no longer provide BRB.</p> <p>Discussions have been held with the finance team regarding their proposed method for the production of the accounts for 21-22. We will continue to work with the finance team in relation to this.</p>	

Exhibit 3 – issues raised in years prior to the audit of 2020-21 financial statements

For management to consider and progress made as at October 2021	Management response	Progress update as at February 2022	Management response
Issues raised in ISA260 Report 2019-20			
<p>Unreconciled items within the bank account reconciliation</p> <p>Ongoing As part of our audit of the financial statements 2020-21, we noted that bank accounts associated with covert operations had not been fully reconciled.</p>	<p>The covert bank accounts have been fully reconciled during 2021-22.</p>	<p>We have been provided with the bank reconciliations up to November 2021 and are currently being reviewed as part of our interim work.</p>	

For management to consider and progress made as at October 2021	Management response	Progress update as at February 2022	Management response
Code Compliance of the Financial statements			
<p>Some instances were noted where the financial statements were not compliant with the Code of Practice</p> <p>Ongoing</p> <p>As part of our audit of the financial statements 2020-21, our review of Provisions noted that whilst the year-end balance within the Balance Sheet was correct, the in-year movements had not been disclosed in Note 22 - <i>Provisions</i> in accordance with the Code of Practice.</p> <p>Amendments were also required to notes to the cashflow statement (Notes 25 – <i>Cashflow from operating activities</i> and 26 – <i>Cashflow from investing activities</i>) to correctly reflect Note 26 on a cash basis in accordance with the Code of Practice.</p>	<p>Desk notes will be drawn up in December which will cover the correct methodology of preparing the Notes to the Accounts so the errors will not recur and cover the correct methodology in line with Code.</p>	<p>We will continue discussions the finance team regarding code compliance, as appropriate</p>	

For management to consider and progress made as at October 2021	Management response	Progress update as at February 2022	Management response
<p>Please note that the above note references relate to the financial statements of the Police and Crime Commissioner.</p>			
Housekeeping issues			
<p>Debtor and creditor balances within ledger codes brought forward at 1 April 2019 were not cleared by reversing journals or payments/receipts during the year</p> <p>Ongoing As part of our audit of the financial statements 2020-21, our work noted improvements in this area. However, our testing of year-end creditors identified two instances where the year-end creditor balances contained brought forward creditor balances from 2019-20 due to the brought</p>	<p>Work continues to be undertaken as part of our normal business to clear year end creditors on a timely basis.</p>	<p>We will review as part of our audit of debtors and creditors at the final stage of the audit</p>	

For management to consider and progress made as at October 2021	Management response	Progress update as at February 2022	Management response
<p>forward amounts not being fully cleared.</p> <p>We will review these two creditors as part of our interim work to confirm the brought forward balances have been cleared appropriately.</p>			
<p>Asset lives and depreciation rates need to be reviewed to ensure still appropriate</p> <p>Ongoing</p> <p>We will review the appropriateness of asset lives during our testing of fixed assets as part of our audit of the 2021-22 financial statements.</p>	<p>There will be a revaluation exercise of the Property element carried out during 2021-22 and we will undertake a review of the remaining asset lives at year end.</p>	<p>As there is a full asset valuation this year of land and buildings, the review of asset lives will be undertaken as part of our final stage audit work.</p>	

For management to consider and progress made as at October 2021	Management response	Progress update as at February 2022	Management response
IM&T			
<p>Password reset controls for network user access needs strengthening</p> <p>Ongoing</p> <p>Gwent Police are now live with O365 for all but a very small number of Windows 7 machines. The current position is that the O365 policies are aligned to the initial NEP Blueprint Designs, that do not include the O365 password reset tool, which was not introduced into the designs until Design Refresh 2. Gwent are jumping straight to Design Refresh 3 which also includes the password reset tool, so this functionality will be available to users when the DR3 build is pushed out across the Force in the next month or two.</p>	<p>The Gwent Police DR3 build is being tested by the NEP Programme week commencing 8th November, followed by a programme of work to remediate any issues identified during testing, and to upgrade all machines to the DR3 build. Indicative timescale to have this fully completed is the end of Jan 2022.</p> <p>The Sailpoint product has been live in Gwent Police since January 2021 and is automatically creating accounts for new starters, and disabling</p>	<p>We will follow up as part of our IT work, which will be undertaken at our second interim.</p>	

For management to consider and progress made as at October 2021	Management response	Progress update as at February 2022	Management response
<p>Until DR3 is rolled out, the SRS Servicedesk continue to verify a caller's identity using an application called "Caller ID" which was created in 2009 which provides the Servicedesk with some HR details which the caller is required to confirm to prove identity/.</p>	<p>accounts immediately when staff leave the Force. 2020-21 that these procedures are mandatory.</p>		
<p>Disaster recovery (DR) arrangements for FIRMS are unclear</p> <p>Ongoing As of June 2021, we were informed that the DSD Business Systems Board agreed that the DR would be tested for Business World system. As both systems (for Gwent and South Wales) reside on the same platform, then recovering one of the forces systems will confirm the ability to recover the other. In the meantime,</p>	<p>The original target date (end of 2021 calendar year) to undertake a test restore (simulating a substantial failure) of FIRMS data between HQ Bridgend and Cardiff Fairwater (Geo separated) Datacentres has been postponed for rescheduling targeting the first half of 2022.</p>	<p>We will follow up as part of our IT work, which will be undertaken at our second interim.</p>	

For management to consider and progress made as at October 2021	Management response	Progress update as at February 2022	Management response
<p>the data for all FIRMS systems is backed up daily by SWP ICT and this is stored at Fairwater DR Facility. The DR for the finance (Business World) system will be undertaken for both Gwent and SWP.</p>	<p>Over the coming months we have a substantial number of active projects relating to the Chief Constable's Delivery Plan, national programmes and the update of both local and national infrastructure (some of which have extremely challenging timescales) that are heavily dependent on ICT resource. Whilst recognising the importance of undertaking this test, Chief Officers have had to make the difficult decision to prioritise other operationally critical deliverables and infrastructure.</p>		
<p>FIRMS Service Level Agreement (SLA) is not in place</p> <p>Ongoing As of June 2021, we were informed that the SLA for the Digital Services</p>	<p>The Business Systems SLA was reviewed at the Business</p>	<p>We will follow up as part of our IT work, which will be</p>	

For management to consider and progress made as at October 2021	Management response	Progress update as at February 2022	Management response
<p>Division (which includes FIRMS team) between Gwent and South Wales is being drafted for review at the end of June, with sign off after that.</p>	<p>Systems Programme Board on the 22 September and some minor amendments were proposed. The SLA will be submitted to DSD gold for sign off.</p>	<p>undertaken at our second interim.</p>	



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