

OFFICE OF THE POLICE AND CRIME COMMISSIONER
OFFICE OF THE CHIEF CONSTABLE

JOINT AUDIT COMMITTEE

21st December 2017

Present: Mr J Sheppard (Chair)
Ms D Turner, Mr A Blackmore, Mr R Leadbeter and Dr J Wademan

Together with: Mr J Cuthbert – Police and Crime Commissioner (PCC)
Mr D Garwood-Pask – Chief Finance Officer (CFO)
Mrs S Curley – Chief of Staff (CoS)
Mrs J Regan – Information Officer (IO)
Mr J Williams – Chief Constable (CC)
Mr N Stephens – Assistant Chief Officer, Resources (ACOR)
Mrs E Ackland – Chief Superintendent, Head of Service Development (HoSD)
Mr J Herniman – Wales Audit Office (WAO)
Ms T Veale – Wales Audit Office
Ms V Davies – TIAA (IA)
Ms S Cooper – Her Majesty’s Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS)

The meeting commenced at 10:00am. Introductions were made by all present as there were a number of new people attending the meeting.

APOLOGIES

Action

1. No apologies for absence were received.

DECLARATIONS OF INTEREST

2. There were no advance declarations made in relation to the business to be transacted.

MINUTES

3. The minutes of the meeting held on 14th September 2017 were received and confirmed. The following were highlighted:

Page 15, Any Other Business – Meeting Dates 2018

The CFO informed us that a discussion was needed regarding the movement of the Joint Audit Committee (JAC) meeting dates for 2018 to fall in line with the early closure of the accounts.

Page 2, Minutes

Page 11, Statement of Accounts – we requested that the minute relating to the possibility of a joint Statement of Accounts being produced by the Office of the Police and Crime Commissioner (OPCC) and Force in the future was included in the action sheet.

IO

ACTIONS

Action

4. We received and noted the actions from the meeting held on the 14th September 2017. The following were highlighted:

Action 4 WAO Annual Audit of Financial Statements – ISA 260

We queried if there was a further update on the agency filled roles within the finance department. The ACOR informed us that only two agency staff were now in place, as two agency staff had been appointed permanently.

Action 6, Internal Audit – TIAA Update Report

The ACOR advised us that the force had taken the decision not to appoint a Deputy Crime Registrar; that decision would be kept under consideration for the future. There was sufficient experience in force to cover the role of the Crime Registrar if that person became unavailable. We raised concern that the force had decided not to comply with a recommendation from Internal Audit. The HoSD informed us that there were plans in place in relation to the crime recording standards and assured us that scrutiny in this area was high. A review was also being undertaken in this area to ensure these arrangements were appropriate.

Action 8, JAC Development Day Action Plan

Terms of Reference and Self-Assessment Forms

We noted that the comparisons on the Terms of Reference (ToR) and the Self-Assessment forms we had requested were still being progressed and queried if the documents had been received or if there was a capacity issue for the work to be completed. We were informed that the IO had obtained the ToR for the three other Welsh JACs but had not had time to finalise the comparison process. IA offered to complete the comparison of both the ToRs and the Self-Assessment forms on our behalf as they had access to all relevant information. We agreed that the comparisons would be completed by the March meeting.

IA

We requested that the Development Day action plan that we had produced as a result of Gwent hosting the all-Wales training day in January 2017 was added to the agenda of the training day to be held on 1st February 2018. The IO would contact South Wales and ask for it to be included. We also suggested it would be useful to circulate the action plan and notes prior to the training.

IO

IO

No.7.Collaboration

We queried when the tendering process for the internal audit function would commence. The ACOR stated that it was imminent, there was an opportunity to extend the contract for a further year or to progress to a tender process. He stated that work needed to be undertaken to determine how a four force approach could work in relation to the tendering process. IA informed us that a meeting had been held with the all Wales Deputy Chief Constable in order to determine if IA could assist further with collaboration as they now provided the internal audit function for all four Welsh forces.

Outstanding Actions, 29th June 2017

Action

JAC Draft Annual Report – Board Assurance Framework

The CFO also informed us that the CFO for the South Wales Police and Crime Commissioner had been involved in an accident and had been in hospital since October, we passed on our best wishes to the CFO for South Wales and his family at this difficult time. As a result of South Wales being the most advanced in relation to the development of a Board Assurance Framework, work in this area had been delayed.

The CFO advised us that the force were in the final stages of a review of their meeting structures and he was now beginning to see clearer lines of accountability from the Police and Crime Plan and Force Delivery Plan into each meeting that took place in force. He highlighted that within the 2018/19 Internal Audit Plan there were 10 days set aside for a Board Assurance audit to be undertaken, he suggested that it may be beneficial to use their expertise to determine if we have an appropriate Board Assurance Framework in place. The HoSD informed us that the review gave clear lines of accountability across the force; she informed us that a document was being completed that articulated this and would share with the JAC once it had been finalised. We also noted that IA were reviewing this area in two stages as part of the internal audit plan.

HoSD

EXTERNAL AUDIT

5. We received the following reports from internal audit:

a) Update Report (including fees update)

We noted that the Audit Plan for 2018 would be presented to the March meeting of the JAC.

As a result of the implementation of the Fully Integrated Resource Management System (FIRMS), early audit testing had been undertaken on the legacy systems before access became restricted. No issues were identified that needed to be reported. FIRMS would be tested during January and March 2018.

Proposals had been submitted by the WAO to the National Assembly's Finance Committee following the consultation process on simplifying the fee regime. An update would be provided to the JAC at a later date.

WAO

We were informed that Gwent was aiming to produce the 2017/18 accounts by the 31st May 2018. We noted that this year was a 'dry run' in readiness for the 2018/19 accounts process. We were also reminded that the accounts had been closed earlier for 2016/17 in order to test practices and procedures and to ensure any problems that occurred resulted in lessons learnt that could then be amended for the 2017/18 accounts.

The CFO stated that as a result of the early closure of the accounts, the JAC meetings for 2018 onwards would need to be reviewed. He suggested that the March and December dates remained the same and that the June and September meetings were moved to late May and July

respectively. After much discussion it was agreed that the March, September and December meetings would remain as planned, the June meeting would be moved to late May and that an additional short meeting was included late in July in order for the accounts papers to be presented and commented upon prior to signing. We requested that the potential dates for May and July were circulated to members as soon as possible.

Action

IO

The CC left the meeting at 10.30am

b) Annual Audit Report 2016/17

We received and noted the Annual Audit Report for 2016/17.

The Annual Audit Report provided a summary of the work undertaken during 2016/17 and confirmed that there were appropriate arrangements in place to secure economy, efficiency and effectiveness in the use of resources.

An unqualified opinion was issued on the 2016/17 financial statements of the PCC, CC and Police Pension Fund.

A certificate confirming the audit of the accounts had been completed was issued on the 18th September 2017.

We were informed that the PCC and CC had governance arrangements in place that were working and that the JAC performed their role well.

We were made aware that as well as collaboration presenting opportunities it also presented risks. It was important that effective governance procedures were maintained to ensure value for money was secured.

The PCC had a good level of reserves although it was highlighted that the majority was committed to the building of the new headquarters and the Private Finance Initiative (PFI) costs. The PCC informed us that the UK government continued to highlight the police reserves, suggesting that they could be used to meet some of the financial challenges policing was currently facing. We raised concern that this approach continued to be taken by the UK government without understanding the reasons why the high levels of reserves were being held. The CFO highlighted that Gwent had a Reserves and Committed Funds Strategy and stated that not all force areas were as transparent as Gwent in this area.

We were advised that the processes and arrangements the PCC and CC had in place stood Gwent in good stead to meet any future financial challenges.

We thanked the WAO for the report and for their work over the previous twelve months. We highlighted that part of our ToR was to comment on the arrangements for value for money. In order to meet this requirement we, as a Committee, relied heavily on the work of others. Reports such

as this provided us with the assurance that the correct processes and procedures were in place to ensure value for money was achieved.

Action

INTERNAL AUDIT (TIAA)

6. We received the following reports from internal audit:

a) Update Report

Ten audits had been finalised since the last meeting:

- Stop and Search – Compliance Testing;
- Interim – Follow Up;
- Staying Ahead 8 Theme – Corporate Communications;
- Counter Fraud – Cyber Security Awareness;
- Estate Management – Delivery;
- Capital Programme;
- Treasury Management;
- Agresso – Opening Balances Phase 1;
- HR Management – Strategy; and
- HR Learning and Development.

We were informed that all audits had received a 'Reasonable' assurance rating apart from the Treasury Management audit which had received a 'Substantial' assurance rating. No priority one recommendations had been made since the last meeting.

We were assured that the force had made good progress on the implementation of audit recommendations as identified in the interim follow up report.

We noted that appendix C listed the briefing notes produced by TIAA in relation to developments in Governance, Risk and Control that may impact upon its clients. These briefings contained actions that were relevant for the JAC and we queried how these were progressed. IA informed us that these actions would be included when an audit was undertaken in this area. We agreed that as long as we were notified if we needed to address any of these actions we did not need to discuss in detail any further. The ACOR also assured us that he received these actions and disseminated them to the relevant area for action as appropriate.

We raised concern that there was no centralised approach to cybercrime/fraud training. The ACOR informed us that all new recruits received training in this area. He also stated that all employees had to complete the NCALT online training - Information Governance level 1 and in addition, dependent on level of seniority, there was also a requirement to complete levels 2 and 3. We were advised that the Information Security team also had processes in place to disseminate any learning across the organisation. IA stated that the onus was placed on individual departments to undertake the training; what was currently in place was satisfactory but could be improved if there was a more centralised approach. IA informed us that they had suggested

consideration was given to placing a deadline on the requirement for all new employees to have completed the NCALT training.

Action

We queried the length of time between the issue dates of the draft HR Management Strategy and HR Learning and Development audits and the dates IA received a response. The ACOR informed us that there were processes in place when draft audits were issued which had not been adhered to in this instance. Responses to the audits were completed and returned after the issue had been escalated to the Deputy Chief Constable (DCC). The DCC would ensure that the responses to audits were more timely in future.

We stated that a query had been submitted outside of the meeting process in relation to the finances included within the Estate Strategy audit to which a formal response had not been received. We noted that this query would be resolved via the inclusion of the Estate Strategy on the agenda at item 12.

IA advised us that all dates had been planned for the remaining audits which were on target to be completed by the end of the year.

b) First Draft Annual Plan 2018/19

IA presented the first draft of the Annual Audit Plan for 2018/19. The areas of risk that IA had identified had been included at annex A. We queried when we would receive the Annual Audit Plan from Torfaen County Borough Council which covered the IT related audits for 2018/19. The ACOR advised us that it was currently being drafted in conjunction with all partners and would be available for the March meeting.

ACOR

IA stated that they hoped to undertake more joint audits on the finance systems now they were shared with South Wales Police.

We noted the reference in the risk analysis to Force Management Statements (FMS) and queried what these were. HMICFRS informed us that they were a new document that required the force to undertake an annual self-assessment process based on the Police Effectiveness Efficiency and Legitimacy (PEEL) framework which each force would ultimately publish. We were advised that the FMS would reduce the number of inspections undertaken in relation to PEEL as the document would be used to determine the areas the force inspection programme would focus upon. We were informed that the template for the document was currently out for consultation; the consultation was due to close on 22nd December 2017. We queried how big the documents were likely to be and were informed that they would be large. The HoSD stated that they would be challenging to produce as they required a more insightful and visionary way of thinking. It looked at areas such as the identification of emerging risks and threats and how these would impact on resources. The completion of the first FMS by the deadline would be difficult but the force were confident that it would be met. Any learning and feedback on the completed document would be utilised for the next iteration. The HoSD assured us that the requirements of the FMS had been incorporated into the force meeting structure and also made clear

how the Police and Crime Plan was being delivered. We noted that the report would be published in future and queried if the force had any concern over the publication of risks. HMICFRS advised us that the first FMS was unlikely to be published. There was also the possibility that in future the full report would either be redacted or an executive summary produced for publication. The PCC informed us that it currently appeared that HMICFRS would also be inspecting the Police and Crime Plan, over which they had no remit. Discussions on the way forward were currently taking place between HMICFRS and PCCs.

Action

We raised concern regarding the issues identified in the recent vetting audit and how we could be assured that this was being given the focus it required. The ACOR assured us that progress against the audit recommendations would be covered in the outstanding audit recommendations report. He advised us that extra resource had been allocated to the department to assist with the backlog with the most at risk areas being progressed first. It was hoped that the backlog would be substantially reduced by the summer of 2018. IA suggested that this was an area that could save a lot of money if it was collaborated upon but needed to be government led. The ACOR stated that this was an area they could look at across policing in Wales and would suggest to the National Police Chiefs' Council (NPCC) that this was an area that could also be looked at nationally.

ACOR

ACOR

The CFO highlighted that certain departmental leads had changed in force and that the Annual Audit Plan would need to be updated to reflect these changes. He also requested that annex D was amended to reflect that there were two corporations sole and not one governing body as was currently mentioned.

IA

IA

c) Acknowledge receipt of report on Public Sector Internal Audit Standards Appraisal 2017

The Chair reminded us that we had a responsibility to ensure that the performance of internal audit complied with the Public Sector Internal Audit Standards. He stated that the TIAA PSIAS appraisal for 2017 had been circulated to members and that IA had provided assurance that there had been no significant changes since the last appraisal.

INTERNAL AUDIT (TORFAEN COUNTY BOROUGH COUNCIL)

7. We noted that a detailed audit report on IT Governance had been circulated. The audit had been undertaken by TCBC in relation to the Shared Resource Service (SRS) and had received a Moderate Assurance rating.

OUTSTANDING AUDIT INSPECTION RECOMMENDATIONS

8. We received a report that highlighted outstanding recommendations from previous audit reports and the current status of the work necessary to implement the required actions.

The ACOR informed us that this report was the new format report

produced utilising the TIAA online portal.

Action

We noted that there were 9 external audit recommendations as a result of the management letter issued for the 2016/17 accounts and 41 internal audit recommendations currently on-going.

Page 1, R03 IT Disaster Recovery

The ACOR advised us that the revised completion date provided for the disaster recovery recommendations of 21st January 2018 was a Sunday and that this was accurate. The team would be working over the weekend as this was when the organisation was at its quietest. We were reminded that the extension of dates in relation to the disaster recovery recommendations was not a failure to complete the recommendation but evidenced the next steps in the process to the JAC.

Page 4, Fleet Management

The ACOR informed us that an analysis of the use of the fleet vehicles was currently being undertaken to determine if the vehicles were being fully utilised.

Page 9, Payroll

The ACOR informed us that the FIRMS processes were still being refined and as such the financial procedures documentation had not yet been completed.

We queried what the colours represented in the 'Revised Due Date' column. The CFO stated that they were driven by date completed; we agreed that the colour coding was of no use to the JAC and requested that it was removed from that column.

ACOR

We agreed to endorse the revised completion dates as requested in the report.

We noted the recommendations that had been completed or rejected.

Page 30, Debtors

We noted that the latest response to this audit recommendation was 'Updated' and queried if this had been completed. The ACOR would find out and feed back to the next meeting.

ACOR

KEY PERFORMANCE INDICATORS

9. We received and noted a report on the Key Performance Indicators (KPIs). The ACOR apologised for the lateness of the report and explained that this was due to ensuring the data in relation to creditors and debtors transferred across from the legacy system to FIRMS was correct.

We noted the current and quick ratios as at 31st October 2017 and that purchasing card compliance was good.

The number of days taken to pay purchase order invoices was

highlighted. The ACOR informed us that the introduction of FIRMS had impacted on the creditor payment days as errors had been made while staff learned to use the new system. There had also been additional problems relating to automated processing of creditor payments that had been difficult to identify and also problematic to resolve which had also contributed to the increase in time taken to pay invoices. We queried if there had been any significant repercussions from the delay in paying suppliers. The ACOR informed us the force were placing their focus on paying small and medium sized organisations and critical suppliers as a priority. If a complaint was received from a supplier, then this was also paid immediately. We queried how much interest had been paid to suppliers as a result of the increase in time it had taken to pay invoices. The ACOR assured us that no interest had been paid to date.

Action

We noted that the outstanding debtors figures had increased since it was last reported in June 2017. The ACOR informed us that this was again as a result of resources being concentrated on the implementation of the FIRMS system and had not been given the attention that it needed. We were advised that a large number of debtors were public sector organisations, who ultimately would pay their debts; he assured us that this area would be focussed on prior to year-end.

We were reminded that the Wales Interpretation and Translation Service (WITS) had transferred to Cardiff City Council in August 2017. The force was now chasing the outstanding debt to 31st July 2017 prior to transferring the balances to Cardiff City Council.

We noted that the performance against budget KPI was no longer reported as a comprehensive analysis was provided in the Financial Performance Report. The ACOR informed us that the month six financial performance report had recently been completed and would be circulated to the JAC by the IO.

IO

We queried how often the force reviewed the relevance of their KPIs. We suggested that rather than monitor the reserves as a percentage of the revenue budget requirement it would be more meaningful to monitor the unallocated reserves due to the fact that a high level of the reserve is committed to the building of a new headquarters and the PFI.

ACOR

Due to the increase in creditor days and outstanding debts, we requested that a brief report on progress was presented to the next meeting of the JAC in March.

ACOR

We noted the write-off of debt in relation to WITS that was in excess of 12 months old at the time of transfer to Cardiff City Council. We queried if it was the role of the JAC to approve the write-off of debt. The CFO informed us that no formal approval was required from the JAC but that it was provided in order to be transparent and for scrutiny to be provided.

PRESENTATION ON THE ROLE OF HER MAJESTY'S INSPECTORATE OF CONSTABULARY AND FIRE & RESCUE SERVICES

Action

10. We received a presentation from HMICFRS that provided an explanation on their role in policing.

HMICFRS independently assesses police forces and law enforcement activity, and, in England only, fire and rescue services.

The organisation was established in 1856; its principal function of inspecting and reporting on the efficiency and effectiveness of police forces in England and Wales remained unchanged. Past perceptions of HMICFRS were that they were too close to the police service, therefore HMICFRS now talks directly to the public.

Sir Tom Winsor is the Chief Inspector of HMICFRS and has five appointed Her Majesty's Inspectors (HMIs) who between them cover all police forces in England, Wales and Northern Ireland and all non-Home Office forces (including British Transport Police, Civil Nuclear Constabulary and the military police).

In addition to the Chief Inspector and HMIs, at the end of 2016 the organisation had approximately 200 staff made up of a combination of police staff and police officer secondees, civil servants and associates. As a result of PEEL funding and expansion of the organisations remit to inspect Fire & Rescue Services in England only, the number of employees is likely to increase to 282.

We noted that HMICFRS was not a regulator but made recommendations to:

- the police (predominantly);
- the College of Policing; and
- Police and Crime Commissioners (not often).

HMICFRS is independent in terms of:

- HMIs' judgments;
- the content of inspection reports;
- HMICFRS's public statements;
- Statutory functions - 43 Home Office forces (Police Act 1996) and National Crime Agency (Crime and Courts Act 2013);
- Annual Inspection Programme approved by the Home Secretary; and
- PCCs can commission inspections in their own force.

Types of inspection undertaken include:

- PEEL;
- Thematic inspections;
- Rolling programmes such as crime-recording, child protection, custody;
- Counter-terrorism and security inspections;
- Joint inspections – involving one or more of inspectorates for

- prosecution, prisons and probation; and
- Non-Home Office bodies (British Transport Police, Civil Nuclear Constabulary, Her Majesty's Revenue and Customs, the military, Police Service of Northern Ireland)

Action

We thanked HMICFRS for attending the JAC and for the presentation to aid our understanding of their role.

A discussion took place between HMICFRS and the WAO whereby they agreed to try to work together to avoid duplication of work. The WAO also informed us that they took assurance from the inspections undertaken by HMICFRS in order to meet their statutory functions.

Mr J Herniman and Ms T Veale left the meeting at 12.10pm.

VALUE FOR MONEY PROFILES

11. We received and noted the Value for Money Profiles.

We noted that Gwent was an outlier in a number of areas and requested an update at a future meeting that included the reasons why Gwent was an outlier and which of the areas were being addressed. We also requested that if Gwent was an outlier, but for example the extra cost related to a higher number of police officers than other Most Similar Force (MSF) areas as a result of a policy decision, that this information was also included.

ACOR

We raised concern that despite the fact the reports were headed the Value for Money Profiles, they did not actually provide any information as to whether or not the Gwent force provided value for money. The ACOR informed us that the Profiles provided the detail for the force to start asking questions in relation to the areas in which it was an outlier. We were also advised that the Profiles were a valuable tool used by the force as they assisted in providing focus for the change programme (Staying Ahead). HMICFRS also stated that the Profiles could be utilised in the completion of the FMS.

The PCC stated that the focus on achieving the outcomes as stated in the Police and Crime Plan was of the utmost importance, but showing how value for money was achieved across very different policing areas within Gwent, some which have high levels of crime and others which have low levels of crime, was very difficult. We agreed that it may be better to rename the documents to avoid confusion for the reader. This would be fed back to HMICFRS. We did however agree that we were now reassured that the Profiles were the start of the process for the force rather than being the end of the process.

HMICFRS

We requested that an update on the FMS was added to the agenda for the May JAC.

IO/HoSD

The ACOR informed us that analysis of the Profiles was being completed across the four Welsh forces and would be reviewed at an all Wales level

ACOR

in order to understand the differences between each area and potentially assist in identifying future areas for collaboration.

Action

We also queried how the MSF groupings were determined as there were a number of forces placed with Gwent that did not seem to fit. HMICFRS agreed to find out.

HMICFRS

PRESENTATION ON MEDIUM TERM FINANCIAL PLAN 2018/19 TO 2022/23

12. We received and reviewed an updated presentation and Medium Term Financial Plan (MTFP) for 2018/19 to 2022/23. We noted that the documents had been amended after receipt of the provisional settlement.

The CFO informed us that there were three key changes to the documents that had been circulated at the meeting when compared to those that had been included in the agenda.

The provisional settlement received earlier this week indicated a 0% cut in grant funding from central government. This would result in the same amount of government grant funding for 2018/19 as we had received in 2017/18, bringing to a halt eight years of cash funding reductions. We had forecast within the MTFP a 2% reduction in funding based on previous years settlements. As a result of this announcement, the PCC would receive an additional £1.4 million of income in 2018/19.

The Minister of State for Policing and the Fire Service had recently indicated that assuming the police service continued with their efficiency gains, the grant received in 2019/20 would remain the same as that received in 2017/18 and 2018/19. We noted that this was still a cut in real terms but was again better than had been planned for within the MTFP.

The final amendment related to the implementation of the funding formula. We were informed that the PCC was still forecasting a £6 million reduction in funding as a result of the review but it had been indicated that the implementation date, which had been expected for the 2019/20 financial year, would now take place in 2020/21.

As a result of the provisional settlement announcement, the MTFP now showed a recurrently balanced budget for 2018/19 whereas it had previously shown a shortfall of approximately £1.5 million. The CFO indicated that it had been his intention to fund this shortfall through the use of reserves; this now no longer needed to happen.

We were advised that the gross recurrent deficit in the original documentation stood at approximately £13.4 million in 2022/23, this had now been amended to £10.9 million. Once the £6.3 million of planned efficiency savings was included, the new recurrent deficit stood at approximately £4.5 million in 2022/23.

We were informed that although the position had improved the PCC was

still facing a real term reduction in funding. The CFO advised us that a presentation would be provided to the Police and Crime Panel on 22nd December 2017 by the Chief Constable to articulate the demand that was placed on policing, followed by a presentation on the PCC's financial strategy and the setting of the precept level.

The CFO advised us that as updated financial data was now being provided by FIRMS the PCC was actually forecasting a £5 million positive variance at year end. We were informed that in previous years, any underspend had been as a result of accelerated efficiency savings. Due to the PCC providing investment for additional police officers in 2017/18, the £5 million underspend was predominantly as a result of the timing of the recruitment processes for the new officers being appointed. By the 1st April 2018, when the force reached full establishment in relation to police officer numbers, the £5 million underspend currently showing would be recurrently committed to police officer salaries.

The CFO informed us that the PCC was currently consulting on his precept level for 2018/19. We noted that a 3.99% increase in precept would maintain the investment made in police officer numbers. The CFO provided a graph that showed that for a precept increase of 3.99%, 4.99% or 5.99%, at various stages in the near future the amount of money raised via the precept would surpass the amount of funding provided by the government grant. It was highlighted that only by increasing the precept by 5.99% per annum throughout the MTFP would the PCC be provided with funding higher than projected expenditure, assuming that the efficiency programme met its savings targets. We noted that as yet the precept survey did not provide a statistically robust sample but the responses received indicated that over 60% of people would support a 3.99% increase and 52% would support a 5.99% increase (the survey allowed respondents to select all precept level options).

We stated that the difference between a 3.99% increase and a 5.99% increase sounded large and queried what the actual average increase would be. The CFO advised us that based on an average Band D property, a 3.99% increase would result in an additional 18p per week, £9 per year, while a 5.99% increase would be approximately 26p per week extra, and just over £13.50 per year.

The PCC stated that the OPCC and force had been correct in assuming that the reduction in funding would continue for 2018/19 and although the provisional settlement was better than expected, the situation was still not a positive one. He acknowledged he would have a difficult decision to make between balancing the funding to support the policing service within Gwent as well as ensuring that the public could afford to pay the additional increase. We were also made aware that there were a number of unknowns in the future that would also impact on policing such as the outcome of the funding formula review, the impact of Brexit and the apprenticeship levy. We were informed that the final decision on the precept level would be taken in January.

We requested clarification on the role of the JAC in relation to the

budget. We were informed that it was the JAC's role to ensure the budget process was appropriate but that we were not able to comment on the precept level. The CFO reminded us that the budget setting timetable was presented at the September meeting of the JAC and that the presentation of the MTFP in December highlighted how the process was progressing. The CFO also took assurance from the discussions held at the JAC, in the provision of a critical friend, in relation to the governance process surrounding the setting of the budget.

Ms S Cooper left the meeting at 12.40pm

ESTATE STRATEGY

13. We received and noted the Estate Strategy from the PCC.

We were informed that the hub and spoke model outlined in the strategy had been developed to ensure that it worked for the PCC, the force and the communities within Gwent.

We queried if the East/West operational model the force currently followed would be revised in light of the hub and spoke model detailed in the Estate Strategy. We were advised the hub and spoke model of the estate would help to ensure we had resources where they were needed; the HoSD informed us that the East/West operational model that had been implemented in 2015 was under review but would not be changed by the implementation of the Estate Strategy. The ACOR informed us that the management structure may change as the force looked to move away from the traditional structure of one figure head being in charge of a particular area and instead would become more fluid in this respect. The PCC advised us that the Estate Strategy was his responsibility but he was not responsible for the operating model the force used although he was confident that the two would work well together.

We queried if a similar model had been implemented elsewhere and how this had impacted upon contracts of employment. We were assured that contracts of employment would not be affected as all officers and staff had contracts that stated that they may be required to work anywhere within Gwent. We were informed that the Estate Strategy was about ensuring officers could access communities quickly and that the hub and spoke model was commonly used in other organisations.

We stated that a communications exercise with the public needed to be undertaken to inform them of the changes. The PCC confirmed that a communications plan was in place both internally and externally. He informed us that there would be different levels of spokes to reflect the different needs in each area. He stated that officers would not be leaving any area where they currently had a presence as police buildings provide a reassuring presence to communities.

The biggest single aspect to the Estate Strategy was the building of the new Headquarters. He informed us that money for this building had been accumulated over many years and assured us that any potential

increase in precept would not be utilised to contribute to this project.

Action

We thanked the PCC for an excellent document.

The meeting was paused at 1.20pm for the deep dive and a working lunch to take place.

Ms V Davies left the meeting at 1.20pm. Mrs D Turner left the meeting at 2pm.

The meeting resumed at 2pm.

TREASURY MANAGEMENT STRATEGY 2017/18 SIX MONTH UPDATE REPORT

14. We received the 2017/18 Treasury Management Strategy 6 month update report.

The CFO informed us that the report was presented for our consideration and comment before it was approved by the Commissioner.

The Commissioner's current fixed investment portfolio totalled £53 million. On maturity these deposits would earn an average rate of return of 0.361% which amounted to £0.137million of earned interest. Money market investments contained a portfolio totalling £9 million with the average yield being 0.21% providing an annual interest return of £0.015 million.

We queried how satisfied the CFO was with the rate of return on the fixed investment portfolio. The CFO informed us that the Head of Finance would be reviewing the risk profile and would link in to the relevant JAC member with experience in this area in the near future.

The CFO informed us that the OPCC plans to opt-up to 'elective professional client' level as allowed under the Markets in Financial Instruments Directive (MiFiD II) Local Authority Election for Professional Status to allow continuity in the investment strategy. This would take effect from the 3rd January 2018.

We were advised that the Chartered Institute of Public Finance and Accountancy (CIPFA) were redesigning the Treasury Management Code of Practice which was expected to be published shortly.

We noted that no new borrowing had been undertaken to date in 2017/18.

TREASURY MANAGEMENT STRATEGY 2018/19

15. We received the Treasury Management Strategy for 2018/19 to 2020/21 for consideration and comment prior to approval by the Commissioner. We noted that the PCC had a statutory responsibility to approve the Treasury Management Strategy which would need to be completed prior

to the approval of the Budget for 2018/19.

Action

We were advised that the PCC's current banker was Lloyds Bank. The contract with Lloyds was due to expire on 30th July 2018 with an option to extend for 12 months.

We noted that the treasury management advisors used by the PCC were now known as Link Asset Services (they had been previously known as Capita Asset Services).

The CFO reminded us that all debt, excluding the PFI, had been re-paid during 2017/18. The PCC would be considering options to settle the PFI during 2018/19; the costs associated with this repayment were accounted for within the sinking funds of the committed reserves. We queried if the early repayment of the PFI would result in an end to the financial support that would be provided by the Welsh Government if the debt ran its course. The CFO informed us that the Welsh Government had been involved throughout the negotiations in relation to repayment of the PFI loan and he was confident that we would maintain the credits despite the loan being repaid early. The ACOR stated that the Dyfed-Powys PCC had been successful in achieving this outcome as they were continuing to utilise the building for the purpose that it was built.

We were made aware that from 2019/20 the PCC would need to borrow money in order to support the capital programme.

We noted that the PCC would only invest in P1, F1, A1 or triple A rated counter parties. An amendment to the strategy had been made for 2018/19 that allowed the PCC to remain with a counter party until maturity of the debt if he so wished, even if their rating dropped midway through the investment.

We requested that the revised Treasury Management Code of Practice was circulated to members as soon as possible after publication by CIPFA.

CFO

Within the Schedule of Treasury Management Practices we noted that only nominated people were able to authorise payments using the Lloyds Bank On-line Banking System and queried what happened if a nominated employee were to leave the organisation. The CFO advised us that there would be resilience for the main signatory and as soon as notice to leave was provided a different employee would be allocated the authorisation to approve payments; this system had worked well to date.

We noted that the PCC was restrained in the type of investments he was able to make. The CFO advised us that this was due to public perspective and that security of public money outweighed that of the return on investment.

We agreed to support the Schedule of Treasury Management Practices.

JAC SELF ASSESSMENT ACTION PLAN

Action

16. We received the JAC Self-Assessment Action Plan.

We noted the completed actions and also agreed that action 1.3 Member Skills Audit could be marked as complete and removed from the action plan as lead members had now been appointed to areas.

IO

The only outstanding action now related to the development of a Board Assurance Framework which was being progressed by the CFO.

WAO REVIEW OF COMMUNITY SAFETY REPORT – UPDATE ON PROGRESS

17. We received and noted the report on the Future of Community Safety in Wales.

This report had been prepared in order to provide the JAC with an update on the OPCC and force's response to the WAO 'Review of Community Safety in Wales' Gwent specific report that had been presented to the JAC at their meeting in December 2016.

We were advised that prior to departing the meeting, the WAO had confirmed they were satisfied with the approach that had been taken in response to the recommendations in the original report.

The CoS informed us that a working group had been established by the Welsh Government in relation to Safer Communities which the OPCC had attended. In September 2017, the OPCC also held a regional event to engage on the vision for Wales in relation to community safety.

The Justice Commission for Wales had recently been established; the all-Wales Deputy Chief Constable had been asked to ensure that the All Wales Policing Group were actively involved in the work the Commission undertakes.

The Gwent 7 (G7) meeting had been re-established, this was a strategic meeting involving the five Local Authorities in Gwent, the police and the health service. This had now become the G9 with the OPCC and the fire service also now in attendance. It was hoped that this would be a forum to deal with a variety of issues on a pan-Gwent basis rather than by each individual Local Authority area.

The variation of work being undertaken across Gwent showed the commitment all partners had to progress this area of work together.

EXCLUSION OF THE PRESS AND PUBLIC

18. The information contained in the report(s) below has been subjected to the requirements of the Freedom of Information Act 2000, Data Protection Act 1998 and the Office of the Police and Crime Commissioner for Gwent's public interest test and is deemed to be

exempt from publication under section 7.

Action

JOINT STRATEGIC RISK REGISTER

19. We received and monitored the Joint Strategic Risk Register.

The ACOR informed us that the JAC would now receive a full copy of the joint risk register at all meetings.

We noted the critical rating of the vetting risk and commented that previous discussions had not highlighted the severity of the risk the force had allocated to this area.

We queried the use of 'maintain rating' and stated that although risks were not being removed they were being mitigated. As a result the rating level would move but would be dependent on what the specific action was. The ACOR informed us that each risk contained on the register had a detailed document associated with it; when an update was received from the risk owner the risk rating table was not re-submitted and as a result the rating was not updated to reflect the work on-going to mitigate the risk. It was agreed that for future meetings the risk rating table would be included at the front of the risk register.

ACOR

The Police and Crime Commissioner left the meeting at 2.40pm

ANY RELEVANT REPORTS FROM OTHER ORGANISATIONS THAT SHOULD BE BROUGHT TO THE ATTENTION OF THE JOINT AUDIT COMMITTEE

20. The CFO informed us that anything of relevance in relation to collaboration on an all Wales basis would be shared with the JAC. The CoS stated that a report on collaboration was being presented to the All Wales Policing Group in January, if appropriate this report could then be shared with the JAC.

CoS

ANY OTHER BUSINESS

21. There was no other business to be transacted.

TO IDENTIFY ANY RISKS ARISING FROM THIS MEETING

22. There were no new risks arising as a result of the meeting.

The meeting concluded at 2.45pm.