

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

**JOINT AUDIT COMMITTEE**

12<sup>th</sup> September 2019

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

Together with: Mr J Cuthbert Police and Crime Commissioner (PCC)  
Ms P Kelly – Chief Constable (CC)  
Mr D Garwood-Pask – Chief Finance Officer (CFO)  
Mrs S Curley Chief Executive (CEX)  
Mrs J Regan – Head of Assurance and Compliance (HoAC)  
Mrs N Warren – Governance Officer (GO)  
Mr J White – Superintendent, Head of Strategy Performance and Change (HoSPC)  
Ms J Glossop – Joint Head of Finance (HoF)  
Mr M Coe – Senior Accountant (SA)  
Ms T Veale – Wales Audit Office (WAO)  
Ms V Davies – TIAA (TIAA)

The meeting commenced at 10:00am.

We received an update from the PCC in relation to the impending uplift in officers. **Action**

We were advised that the Government had provided £750 million for the uplift of 20,000 officers over the next three years, to be apportioned across the forces of England and Wales, £45 million of which was for this financial year for the first 2,000 frontline officers. The PCC informed us that clarity was being sought in relation to the implications of the uplift, particularly for Specialist Capabilities and Serious and Organised Crime (SOC) and the Police Education Qualification Framework (PEQF).

Although the Government had confirmed part of the funding was to be utilised for the first 6,000 frontline officers by March 2021, it had not been confirmed if the remaining funding would be used specifically for frontline officers or partially allocated to other policing functions beyond those overseen by Commissioners.

The PCC explained that it was difficult to predict how this would affect Gwent in the long term until clarity was provided in terms of funding and allocation, but he was able to confirm that Gwent Police would be recruiting an additional 24 officers by December 2019.

We queried what affect the funding of the uplift could have on the level of precept. The CFO advised us that the Government had earmarked £37,500 per officer but the overall long-term gross cost per Constable was over £50,000 when taking into consideration on-costs such as National Insurance and

Pension. Furthermore, additional costs in relation to support staff, estate, ICT and pay awards would need to be factored in. As it was unclear what actual numbers of officers would be allocated directly to Gwent Police, it was difficult to predict the impact on the level of precept funding.

**Action**

We acknowledged that the PCC, Deputy PCC, CEx and CC could not attend the JAC meeting on 11<sup>th</sup> December 2019 due to national commitments; we agreed that the meeting should proceed as planned with any specific questions for the CC or PCC to be passed on by officers.

Mr Coe advised us that he was attending the meeting as an observer in his capacity as a seconded Senior Accountant from the WAO.

### **APOLOGIES**

1. Apologies for absence were received from Mr N Stephens – Assistant Chief Officer of Resources (ACOR), Ms H Cargill – TIAA and Mr A Blackmore – Independent Committee Member.

### **DECLARATIONS OF INTEREST**

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

### **MINUTES**

3. The minutes of the meetings held on 3<sup>rd</sup> June 2019 and 29<sup>th</sup> July 2019 were received and confirmed.

#### **29<sup>th</sup> July, Page 5, Presentation on the Annual Audit of Financial Statement – ISA260.**

We agreed that paragraph four could be misinterpreted and felt it appropriate to note the increased liability of £63,709,000 due to changes in pensions would have a limited impact on Gwent.

**GO**

We noted a spelling amendment 'Chartered' on page 5

**GO**

### **ACTIONS**

4. We noted the actions from the meeting held on the 29th July 2019. The following were highlighted:

Members of the Committee were unable to open the embedded documents within the action sheet. The GO agreed to forward the attachments and would also print any documents for future meetings.

**GO**

The CFO informed us that he had reviewed the Annual Governance Statements (AGS's) of our Local Authority partners within the Shared Resource Service (SRS) and stated that Torfaen County Borough Council (TCBC) had referenced the SRS in relation to Business

Continuity but no reference had been made to scrutiny of SRS audit recommendations in any of the partner organisation's AGS's. We reiterated our concerns about the perceived lack of scrutiny by other partner organisations, as this could potentially result in the SRS having to focus solely on issues within their organisations, impacting service provision to Gwent Police. The CFO advised us that the partners had received the reports for scrutiny but their risk appetite differed to that of Gwent Police due to the nature of the work.

**Action**

#### **Action 4, Approval of JAC Annual Report**

We noted it had been suggested that a pictorial annual timeline be included within the annual review report, highlighting the number of audit recommendations achieved and identifying those where an extension had been requested. We queried when the annual review was to be completed and agreed the ACOR could provide an update at the next meeting.

**ACOR**

#### **Action 6, Presentation of Accounts, Lessons Learnt from the Closure of Accounts 2018/19 and Approval of the Joint AGS**

We requested an update report at the next meeting in relation to the structure of the Finance Department incorporating the outcome of changes made and any future plans.

**ACOR**

#### **Outstanding Actions, 3<sup>rd</sup> June 2019**

##### **Action 2, Actions**

We queried if the percentage of payments being made by the 'No Purchase Order, No Payment' process had increased from 8%. The HoF informed us the percentage still remained low but progress had been made in identifying payments that could utilise this process.

We asked if there were any exceptions and were informed that there were as there was occasionally a requirement to make a one off payment but the majority of payments could be made using the process. The HoF agreed to provide an update report at the following JAC meeting.

**HoF/  
ACOR**

##### **Action 3, Internal Audit (TIAA) Update Report**

We noted that there was an action unallocated to an officer and without an update – we requested that this action was rolled over to the next action sheet so that an update could be provided.

**GO**

#### **Outstanding Actions, 29<sup>th</sup> June 2017**

##### **Action 9, JAC Draft Annual Report**

We referred to the research undertaken by the WAO to ascertain if other public sector organisations had pictorial representation to show the process flow of documents through the Board Assurance Framework (BAF) and queried what the outcome was. The HoAC confirmed an email had been received from the WAO and would form part of the discussion on the BAF at a meeting on the 20<sup>th</sup> September 2019.

The CC joined the meeting at 10.30am

### **EXTERNAL AUDIT UPDATE REPORT**

5. We received an update from the WAO of which the following points were highlighted:

A draft management letter had been issued and a response was expected by the following week.

A joint post project learning session had been arranged for 13th September 2019 with the Finance Department in relation to the issues experienced during the production of the accounts for 2018/19. An All-Wales learning session with the three other Welsh forces was due to take place in December/January in order to ensure the accounts completion runs smoothly for the following year.

We were informed there would be an additional audit fee due in relation to the challenges faced during the finalisation of the 2018/19 accounts; this increase in cost would be discussed with the CFO and ACOR once the audit had been fully completed.

### **INTERNAL AUDIT – TIAA**

6. We received the following reports from TIAA:

- a) Update Report

The following audits had been finalised since the last meeting:

- Counter- Fraud and Whistleblowing (Reasonable Assurance)

TIAA informed us that an audit had been undertaken in relation to Counter-fraud and Whistleblowing. The review had resulted in a reasonable assurance rating. Three recommendations were made and a reasonable timeframe for implementation of those recommendations had been agreed with management.

We queried if the whistleblowing policy review was in relation to Counter-Fraud or force wide. TIAA confirmed the review was force wide and that robust whistleblowing processes had been implemented across the force. We were also informed that during a recent Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) legitimacy inspection the Force's Safecall whistleblowing system had been recognised as best practice

We were advised there had been a slight delay in the finalisation of timings for certain elements of the collaborative audits, however, we were assured the audits could still be achieved within the original audit plan timeframe. There were no issues identified that could affect the overall audit opinion at the end of the year.

We noted that since the issue of this report TIAA had completed a follow up of the Fleet Management Single System audit recommendations. One priority two and one priority three recommendation were outstanding but all priority one recommendations had been implemented. As sufficient progress had been made, the review received a reasonable assurance rating as opposed to a limited rating in the previous year.

**Action**

TIAA informed us there were five collaborative audits planned during this year. As this was the first year for TIAA to have a joint contract with all Welsh Forces, a collaborative report template was to be devised. The report would provide a full comparison between the Forces and to ensure a proficient process was in place for the future.

We noted the Governance Assurance Framework audit report had been circulated and queried the delay in management's response to the report. The CFO agreed to ascertain the reason for the delay.

**CFO/  
ACOR**

We questioned the proposed removal of the risk description from the risk register within the Governance Assurance Framework audit report as it was useful for JAC when reviewing the risks. The CFO agreed to ascertain if it was to remain by the following meeting.

**ACOR/  
CFO**

The Chair confirmed the ACOR had circulated a response to the JAC prior to this meeting in relation to the questions outlined in TIAA's Counter-Fraud arrangements client briefing note.

### **INTERNAL AUDIT (TORFAEN COUNTY BOROUGH COUNCIL)**

7. We received the detailed internal audit report from TCBC.

We noted many of the action implementation dates within the Supplier Management audit report referred to April 2019 but should read 2020. We agreed this required clarification.

**ACOR**

The CFO advised us that the SRS Finance and Governance Board was in the process of reviewing the significant risks in terms of contract and supplier management raised in this audit report.

We discussed the outstanding audit recommendations and noted many related to basic procedural issues. We agreed it would be beneficial for the TCBC auditors to attend future JAC meetings in order to provide clarity when their reports required consideration. The CFO agreed to discuss the request with the ACOR.

**CFO**

**The CC left the meeting at 11.10am**

### **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 CFO highlighted the outstanding recommendations that he was requesting an extension on; we agreed to grant the requested extensions.

**Action**

We noted that there were a number of priority three recommendations included in the report which were not usually provided. The CFO advised there had been an error whilst collating the report and confirmed that only the priority one and two recommendations should have been included as previously agreed.

**ACOR**

### **HR Management - Training and Development**

We queried if 'protected time' for officers and staff to complete mandatory training courses was a long term process. The HoSPC advised us that a force training day had been embedded in the force diary and a proposal to grant an additional time allowance to staff was being considered in order for staff to complete their mandatory training. The HoSPC agreed to clarify the time allowance at the following meeting.

**HoSPC**

We discussed the layout of Appendix 2, the SRS Outstanding Audit Inspection Recommendations report and requested the next report was presented in the same way as Appendix 1, which contained the outstanding audit recommendations for TIAA and the WAO. We also requested the report included a table summarising the priority of actions and current implementation status of all outstanding audits to date.

**ACOR**

We agreed that it would be beneficial for a representative of SRS Management to attend the JAC meetings to provide clarity, assurance and context in relation to the 110 outstanding audit actions.

**ACOR**

## **ANNUAL REPORT – ICT AND DIGITAL SERVICES 2018-19**

9. We received and noted the ICT and Digital Services Annual report 2018/19.

The CFO advised us that the annual report had been well received at the recent Strategy and Performance Board (SPB) as the overall delivery of ICT had been positive.

We were informed that service delivery had improved as a result of implementing new technology. The use of mobile data was a clear benefit as it had enabled operational benefits across the force, as officers were able to remain visible to the community by using mobile phones and laptops remotely.

Service level performance had improved as the number of ICT service desk calls resolved at first point of contact had increased to 67% in 2018/19 as opposed to 60% in the previous year.

The CFO advised us that Gwent Police were an outlier in terms of the £9 million spend for their ICT arrangements and as a result the Force had previously been tasked to provide justification in terms of value for money.

We referred to page 6 of the report and queried why there was a £1.15 million underspend in technology led budgets and agreed an explanation could be provided at the following JAC meeting.

**Action**

**ACOR**

We queried what governance and audit arrangements were in place in relation to collaborative work with South Wales Police (SWP), as some SRS resources had moved to the Digital Services Division (DSD) to support the expansion of the department. The CFO agreed to provide clarification of the governance processes in relation to the collaborative arrangements at the following meeting.

**ACOR/  
CFO**

We queried if the new Emergency Services Network (ESN) would be available to replace the Airwave system by 2022. The CFO advised us that the final business case for the new ESN system would be signed off in October/November, pending completion of a practical testing process to ensure the system was fit for purpose. A phased system approach was to be undertaken by all Forces and the system should be in place from 2022.

### **UPDATED FORCE GIFTS AND HOSPITALITY PROCEDURE**

10. We noted and received the Gwent Police Gifts and Hospitality procedure.

We received a brief explanation of the procedure and noted the policy had been revised in accordance with Force standards and the code of ethics. The policy had been scrutinised through the relevant Force Boards and it would also be published on the Gwent Police Website providing further transparency.

We noted the following amendment on page 7:

Point g) should be a separate paragraph.

**HoSPC**

### **UPDATED OFFICE OF THE POLICE AND CRIME COMMISSIONER GIFTS AND HOSPITALITY PROCEDURE**

11. We noted and received the OPCC Gifts and Hospitality procedure.

The HoAC informed us the document had been revised to ensure it conformed with the required standards and it had been approved by the CEx and the PCC. The policy would be published on the OPCC website for transparency.

### **JOINT AUDIT COMMITTEE SELF ASSESSMENT ACTION PLAN**

12. We received the JAC self assessment plan.

We agreed actions 12, 16, 18 and C2 had been completed.

We agreed the suggestion of including a survey about the JAC within the force induction programme at action 17 would not be achievable due to time constraints placed on the training day. However, we agreed it would

be beneficial if the ACOR would consider including an overview on the work undertaken by the JAC in the next Chief Constable's weekly force blog that he writes. **Action**  
**ACOR**

We referred to action C1 and agreed the Deep Dive for March 2020 would be collaboration. **HoAC**

We discussed how to proceed with the amendments to the self assessment form and agreed that the HoAC would consider all responses received from JAC members and their counterparts in order to collate the final self assessment form. **HoAC**

### **JOINT AUDIT COMMITTEE TERMS OF REFERENCE COMPLIANCE REVIEW 2019**

13. We received the JAC Terms of Reference (ToR) compliance review.

We thanked the HoAC for her good work in collating the JAC ToR compliance review.

The HoAC advised us that a review of the current Chartered Institute of Public Finance and Accountancy (CIPFA) ToR guidance had been undertaken and cross-referenced with the current JAC ToR. The proposed amendments were incorporated for consideration.

We agreed it would be beneficial for the HoAC to share the comparative document with JAC counterparts. **HoAC**

We discussed the 'Areas for compliance outside of the ToR' table and agreed with the suggested actions. We referred to item number 4 on the table and agreed there was no requirement for a skills assessment and effectiveness review to be carried out as JAC members undertook adequate assessment through other processes. **HoAC**

We discussed the 'Proposed amendments to the ToR' table and agreed with the 'Suggested ToR wording and rationale column' with the following amendments:

1.7 The review of the gifts and hospitality policies would remain in the ToR in order to provide assurance to the JAC that the relevant policies were in place but agreed that the annual review of the registers themselves could be removed. **HoAC**

1.8 That the governance and assurance arrangements for significant partnerships or collaborations was requested as an agenda item for the next annual all Wales JAC training day. **HoAC**

1.11 The commissioning updates should be removed from the agenda but the CFO would report to JAC on larger commissioning projects **HoAC**



Section 2 Internal audit section	<b>Action</b>
2.1 To amend the ToR to reflect that TIAA included an Internal Audit Charter within the TIAA annual audit plan for review by the JAC	<b>HoAC</b>
2.3 To amend ‘Oversee the appointment and consider...’ to ‘Have oversight of the appointment approach and consider...’	<b>HoAC</b>
2.5 To remove bullet point two ‘Overview of work undertaken to appoint external PSIAS consultants when appropriate’	<b>HoAC</b>
Section 3 External Audit	
3.1 To add ‘and the annual audit plan’ to the following sentence ‘A statement on the independence of external audit is included annually in the ISA 260’	<b>HoAC</b>
Section 5 Accountability Arrangements	
5.1 To add that ‘The JAC minutes act as a report to the PCC and CC at the SPB of each JAC meeting’.	<b>HoAC</b>

**The meeting was paused for lunch at 12:45 and reconvened at 13:00pm**

**BUDGET SETTING TIMETABLE AND MEDIUM TERM FINANCIAL PLAN**

14. We received and noted the Budget Setting Timetable and Medium Term Financial Plan (MTFP) 2020/21.

We were advised that the budget setting timetable had been provided to members for comment in line with the requirement outlined in the JAC ToR.

The CFO advised us that the budget setting process was currently on track and the majority of dates within the timetable had been confirmed.

We queried what impact the proposed government funding increase would have on the budget setting timetable in terms of the operational uplift. The CFO informed us that a one year spending review had been announced on September 4<sup>th</sup> 2019 providing an indication of the expected provisional settlement and the proposed funding related to the operational uplift. This had enabled the CFO to predict the impact on the budget; any changes in the short-term were likely to be minimal.

Our attention was drawn to the MTFP and the accompanying presentation. The CFO informed us there would be a recurrent deficit of £700,000 by 2023/24 due to a decrease in government funding. However, it had been agreed that additional efficiency savings would not commence until the government grant and precept funding had been confirmed and it became apparent that there was a requirement to do so.

The CFO advised us that the OPCC had commenced a pre-consultation

precept survey to determine public appetite in relation to the current precept level of 6.99% (£1.50 per month, £17 a year) and an increase of 9.39% (£2.00 per month, £24 a year). To date 63% (126) of the circa 200 people surveyed supported the current level and the additional 50p increase.

**Action**

We referred to the uplift in the value of police pensions in the previous year, which had resulted in an additional cost of £3.2million to the force. The CFO informed us that further government funding had been received reducing the Force pension costs to £500,000. The provision of government pension grant would continue going forward.

The CFO advised that the reserve funding of circa £55 million would decrease to less than £9 million in 6 years due to funding an extensive capital programme.

We queried how the public could be assured that the capital programme was providing sufficient value for money (VFM). We were informed the WAO provided assurance that the arrangements were in place to achieve VFM. Although HMICFRS had identified the Force as an outlier in terms of ICT investment, the inspectorate recognised that the investment had resulted in increased productivity. The staff survey also reinforced the positive impact of the capital programme and its effect on productivity, an example of this being the laptop and mobile phone rollout.

The HoSPC advised us that the business impact of the capital programme could be seen by the public, as officers were able to work remotely and visibly in the community as a result of the investment in technology.

The CFO advised us that he undertakes VFM tests in relation to the new Police HQ build. We noted that his assurance report would be presented to the JAC for review when completed.

**CFO**

## **RESERVES AND COMMITTED FUNDS STRATEGY**

15. We received and noted a report on the Reserves and Committed Funds Strategy.

The CFO informed us the report included the rationale and utilisation of the reserves and committed funds and also an analysis of the use of reserves and committed funds mandated by the Home Office.

We asked if the CFO had contacted the CCLA Investment Managers to ascertain if a better interest rate could be obtained in relation to investments. The CFO informed us that Forces across England and Wales had received a presentation from the CCLA and the opportunities provided would be incorporated in the Treasury Management Strategy which would be presented at the JAC in December 2019.

**CFO**

We queried what would happen to the remainder of the Private Finance

Initiative (PFI) grant from the Welsh Government as the contract was being brought to a close in 2019 despite funding being provided until 2031. The CFO advised us that the grant was awarded for the construction and use of the custody unit for its life so although the PFI contract would be terminated, the custody unit would continue to be maintained and used as an operational asset. A voluntary termination business case had been submitted to the Welsh Government confirming the value for money test and requesting the continuation of the WG grant by virtue of the asset's function remaining unchanged. Confirmation or otherwise was expected within a month.

**Action**

**CFO**

### **CREDITORS AND DEBTORS, DUPLICATE PAYMENTS AND UPDATE ON 2018/19 ACCOUNTS LESSONS LEARNT**

16. We received an update on the Creditors and Debtors, duplicate payments and lessons learnt.

We were informed that aged creditors stood at £1.2 million as at 31<sup>st</sup> August 2019.

At the end of quarter one the average number of days to pay an invoice was 29.08 days which had reduced further in July and August 2019. The most significant outstanding payment was in relation to Force collaborative work. We queried if there was a process that could be implemented in order for payments to be made more efficiently between Forces. The CFO requested an aged analysis report on the type of invoices causing difficulty in obtaining payment as he would raise the matter at the following Welsh Police Finance Resources Group.

**HoF/  
ACOR/  
CFO**

We discussed the creditors analysis summary report and agreed that it could be presented more clearly to indicate that part of the total £505,000 creditors invoices were not overdue as they were within the 30 day payment days.

**HoF**

We queried if the same issue applied to the £142,000 creditors invoices over 60 days old and received confirmation that it was not the case as this related to 70 smaller invoices awaiting approval on the system. We were assured that once the 'No purchase order, no payment' process was fully embedded across the Force, that this would improve.

There were £1.1 million outstanding debtors with the majority relating to low risk organisations. Approximately £900,000 were within the 30 day payment target. We discussed the presentation of the top five debtors report and agreed that it should also illustrate the values against the individual invoices for each debtor as it was not clear if total outstanding invoices related to one large amount or several smaller amounts. The HoF agreed to amend the report accordingly for the following meeting.

**HoF/  
ACOR**

We queried when legal action would be taken to recover the outstanding debts. The HoF advised us legal action would be the last resort after every internal process to recover the debt had failed. Assessment of the outstanding value of the debt would also need to be undertaken based

on VFM prior to legal action, smaller amounts would be written off if too costly to recover.

**Action**

We were informed there were £201,000 of duplicate payments outstanding (of the initial circa £1 million), £121,000 of which related to British Telecom and Vodaphone. The finance team were conversing with British Telecom and Vodaphone in order to recover the £121,000. In relation to the remaining £80,000, credit notes had been applied to £66,000 for automatic recovery. The team were contacting suppliers to recover the last £14,000 as it had not been appropriate to apply a credit note in those instances.

We queried if the credit notes had been applied to suppliers utilised on a regular basis and received confirmation that they were, so it would not be an issue to recover the funds.

We agreed that Creditors and Debtors should remain on the agenda for the following meeting to ensure the credit notes had been processed.

**GO**

We were advised that the Finance team met on 28<sup>th</sup> August 2019 and discussions were had in relation to the lessons learnt from the 2018/19 accounts process. A post project learning meeting was planned with WAO on 30<sup>th</sup> September 2019.

We queried when the interim audit took place in order to ensure any risks identified during the process were conveyed to the finance team at the earliest stage of the accounts preparation process as possible. The WAO advised the first audit was late January and the second in March. Recommendations had been made within the WAO Management Letter and the response would be relayed at the following JAC meeting in December 2019.

We referred to the 2018/19 Accounts Production and Audit Learning slide within the Accounts presentation. We noted the final bullet point stated that all learning would be consolidated into an action plan for the 2019/20 accounts and was to be reported to JAC at a future meeting. We requested the report be presented at the following meeting in December 2019.

**HoF/  
ACOR**

We queried if the reconciliations were up to date and received confirmation that they were.

## **EXCLUSION OF THE PRESS AND PUBLIC**

17. 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 sections 7.

The meeting concluded at 2.10pm