

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

**JOINT AUDIT COMMITTEE**

21<sup>st</sup> December 2016

Present: Mr R Leadbeter (Chair)  
Mrs D Turner and Mr J Sheppard

Together with: Mr D Garwood-Pask – Chief Finance Officer (CFO)  
Ms E Thomas – Deputy Police and Crime Commissioner (DPCC)  
Mr N Stephens – Assistant Chief Officer, Resources (ACOR)  
Mr J Herniman – Wales Audit Office (WAO)  
Mr C Fitzgerald – TIAA (IA)  
Mrs R Kirk – Chief Superintendent, Head of Service Development (HoSD)  
Mrs J Regan – Information Officer (IO)

The meeting commenced at 10:00 am.

The Chair welcomed Mr C Fitzgerald to the meeting on behalf of Internal Audit and also welcomed back the Information Officer on her return from maternity leave.

The Chair informed us he had been pleased to read the news article relating to the Office of the Police and Crime Commissioner's (OPCC) retention of a Transparency Quality Mark Award for providing the public with key information via their website. The award was provided by CoPaCC, an independent national body which monitors police governance.

He also wished the Committee Merry Christmas.

**APOLOGIES**

**Action**

1. Apologies for absence were received from Mr A Blackmore, Mr G Hughes, Mr J Cuthbert – Police and Crime Commissioner (PCC), Mr J Farrar – Chief Constable (CC), Mrs S Curley – Chief of Staff, Mr M Coe – WAO and Ms V Davies - TIAA.

We noted that Mr G Hughes had been unable to attend the meeting due to illness and requested that a letter was sent to him on our behalf wishing him well.

**IO**

**DECLARATIONS OF INTEREST**

2. We noted that Mr A Blackmore had informed the Chair that he was now employed by a new organisation that provided financial products and services to the police family. We noted that there was not currently deemed to be a conflict of interest but requested that further information on the nature of the role was obtained.

**IO**

## MINUTES

## Action

3. The minutes of the meeting held on 15<sup>th</sup> September 2016 were received and confirmed. The following was highlighted:

### **Page 5, Internal Audit Summary Progress Report 2016/17**

The CFO informed us that the recently appointed force Communications Manager had left the organisation. The force would be advertising for the role in January 2017; the Corporate Communications Review would be progressed on completion of appointment.

## ACTIONS

4. We received and noted the actions from the meeting held on the 15<sup>th</sup> September 2016. The following were highlighted:

### **Action 3, Actions**

We noted that there had been no contact from Her Majesty's Inspectorate of Constabulary (HMIC) with regards to them providing a briefing to the Joint Audit Committee (JAC). The WAO would speak to HMIC again about a visit to a meeting of the JAC to enable them to explain their role. We also queried if the letter requested at a previous meeting inviting them to attend had been sent; the IO offered to find out. We agreed that if they were invited to attend a future JAC that the meeting held in December would be the most appropriate as the annual discussion on the Value for Money Profiles produced by HMIC would be discussed at a development session after the meeting had ended.

WAO

IO

### **Action 5, WAO Annual Audit of Financial Statements**

The Chair requested assurance that the risk posed to the finance department due to the number of people that had left was being monitored and resolved. The ACOR informed us that roles within the department had changed and as a result staff may choose to leave the organisation rather than go through a recruitment process for the roles that were available; a reduction in funding for the department was not an issue. The ACOR advised that there was now a full quota of staff within the department and felt that the situation was under control; he would continue to monitor closely.

Internal Audit believed that the issues experienced by its auditors in receiving information was due to the implementation of the new finance system and structure and the timing of the audits. The DPCC confirmed that the implementation of the new system was a known risk and regular operational discussions and oversight at a strategic level took place. The CFO stated that the new structure within the finance department took effect on 1<sup>st</sup> January 2017; he was confident that the correct number of posts were in place, the urgency was recruiting suitably qualified people to these roles.

**Action 6, Internal Audit Summary Progress Report 2016/17**

We noted that there was no update in the action taken column and queried if a new report had been received. The IO would find out and update members.

**Action**

**IO**

**Action 19, OPCC Risk Register, Welsh Language Standards**

We queried what the current level of risk was deemed to be and what mitigating action had been put in place. The ACOR informed us that a joint OPCC/force action plan had been developed and recruitment was currently on-going for 2 Welsh speaking posts (1xTranslator and 1xPolicy Compliance Officer). The DPCC also informed us that the Commissioner had met with the Welsh Language Commissioner (WLC) in November and had provided assurance that both organisations were committed to implementing the Welsh Language Standards. The WLC was also due to visit the force in January 2017 for a briefing on progress. The Commissioner had also requested assistance in relation to managing the Welsh Language requirements for the Force Control Room. We were informed that there were interim arrangements in place with North Wales police in order to deal with any Welsh Language calls received. If the posts were unable to be filled then we would need to seek further advice from the WLC; certain Standards had an implementation date of March 2017 and without the new posts being filled the deadlines were unlikely to be met. It was hoped that the level of risk would start to decrease in 6-9 months but was currently still considered to be high.

**REPORTS FOR CONSIDERATION**

**WAO UPDATE REPORT**

5. We received an update report from the WAO.

We noted that the audit of the 2015/16 Financial Statements had been completed and closed and that the local report on Community Safety and the Annual Audit Report had been agreed with the Commissioner and the CC.

We noted that the action relating to the further development of the Ethics Committee had been included in the Outstanding Audit Recommendations Report.

We were informed that Mr M Coe of the WAO would no longer be our Audit Manager and would be replaced with Ms T Veale at the next meeting. We requested that a letter was written on behalf of the JAC to thank him for the work undertaken and to pass on our best wishes for his future role.

**IO**

**WAO ANNUAL AUDIT REPORT 2015/16**

6. We received and noted the Annual Audit Report 2015/16 from the WAO.

## Action

The Annual Audit Report provided a summary of the work undertaken during 2015/16 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 2015/16 financial statements of the Commissioner, CC and Police Pension Fund.

A certificate confirming the audit of the accounts had been completed on the 30<sup>th</sup> September 2016.

The WAO informed us that the accounts had been produced early and to a good standard. There would be a further challenge next year as the format of the accounts was changing and the continuing need to bring forward the completion of the accounts to May 2017 would be undertaken with them being audited in July 2017. This was to become compulsory practice in a few years' time.

The report was a very positive summary and reflected the work that had been undertaken to continue with the strong track record of accelerated savings. The OPCC and force were aware of the financial challenges they faced and had plans in place to address this issue; it was important that the risk surrounding the finance department continued to be closely monitored.

We were informed that the Community Safety report had been provided and was a positive reflection of the good work being undertaken in Gwent, although we noted that nationally this was a very complex area of work.

We noted that the WAO were satisfied that there were appropriate arrangements in place in order to achieve value for money.

We noted that the WAO no longer provided direct assurance that the Internal Audit function met the Public Sector Internal Audit Standards (PSIAS); they now reviewed reports produced by Internal Audit to consider any potential areas of risk or cause for concern. The CFO reminded us that Internal Audit had provided us with a peer review against the PSIAS in June of this year which showed compliance with the Standards.

We queried if the recommendations made in the Community Safety report would be included in the Outstanding Audit recommendations report received at this meeting. The WAO stated that the recommendations were directed to other bodies rather than specifically to Gwent. The DPCC informed us that the OPCC and force would consider the recommendations and determine if any should be included in the report. The WAO informed us that the Public Accounts Committee considered the report in December 2016 and would be writing to Commissioners to determine what role they would play in the Community Safety arena. It was suggested that a

**DPCC**

comprehensive update in relation to what the OPCC and force had done as a result of this report in 12 months' time may be more beneficial than having an update included in the Outstanding Audit Report. The CFO agreed that this would be the better option and JAC would be provided with the detail they required.

**Action**

**DPCC/  
ACOR**

### **WAO VERBAL FEES UPDATE**

7. We received a verbal update on the WAO Fees.

We were informed that we would be provided with a further update at the next JAC meeting but the WAO were not anticipating any increase.

### **WAO REVIEW OF COMMUNITY SAFETY - GWENT**

8. We received the WAO Review of Community Safety Report for Gwent.

The WAO advised us that the key points of this report had been summarised when discussing the Annual Audit Report. The specialist officer from the WAO in this area had been unable to attend the meeting due to illness; any queries that were unanswerable at the meeting would be noted with answers provided at a later date.

We discussed and noted that the WAO survey had received a limited number of responses during the year it had been running. This made it difficult to draw conclusions from the responses received to reflect the views across Wales.

The DPCC stated there was a need for the OPCC and force to demonstrate how they were responding to this report. We noted that the recommendations highlighted the Commissioner's leadership within the Community Safety arena in Gwent; the OPCC understood the complex nature of this area of work and that it would need continued work with partner organisations in order to progress further. The DPCC informed us that the work of the Community Safety Partnerships in Gwent were still progressing, as were the Public Service Board's (PSBs). We noted that the PSBs were undertaking a range of well-being assessments and surveys across Gwent in order to improve services and create synergy across organisations in the way the public were surveyed. We were also advised that there was growing appetite for a pan-Gwent PSB. We agreed that there was a need to ensure Community Safety remained a key area of discussion at the PSB meetings and that there was a need to understand across Wales where the accountability for Community Safety lay.

The DPCC noted that the fieldwork undertaken did not include any of the Local Authorities within the Gwent policing area hence the work of groups such as Safer Gwent had not been highlighted.

The OPCC and force were also reviewing the Joint Engagement Strategy in January 2017 and would consider the recommendations raised in this report as part of that review.

**Action**

A response to the report would be sent to the WAO stating that the Commissioner and CC had given a commitment to their roles on the PSBs and would look forward to working with the Welsh Government and partner organisations in taking the recommendations forward.

The WAO informed us that they had hoped to present the report to the JAC a year ago but were delayed for various reasons such as the Welsh Government and Commissioner elections in May 2016.

## **INTERNAL AUDIT UPDATE REPORT**

9. We received and noted a progress report from Internal Audit.

We were informed that since the last JAC the following final audit reports had been issued:

- Debtors;
- Budgetary Control;
- Creditors;
- Pensions; and
- Fixed Assets;

We were advised that the completion of all planned audits was on course for the end of the financial year.

We also noted that Torfaen County Borough Council (TCBC) had finalised an audit report in relation to the Shared Resource Service (SRS) Virtualisation.

The CFO queried the 'Reasonable Assurance' rating allocated to the Pensions audit and queried if it should have received a 'Substantial Audit' as only 1 priority 3 rated recommendation had been allocated to it. Internal Audit offered to review the assurance rating.

**IA**

We discussed the following detailed audit report:

### **Debtors Arrangements**

We were informed that 5 priority 2 recommendations had been identified as a result of this audit with 3 of the recommendations still outstanding from the previous review. We were advised that management had accepted all recommendations for implementation. The ACOR informed us that by the end of January 2017 all of the recommendations would have been addressed.

We queried if further testing had been undertaken when it was found that 3 out of 12 invoice request forms had not been authorised. Internal Audit advised us that further testing had been undertaken and

no significant issues were found.

**Action**

We queried if there had been a financial impact, as a result of not chasing debtors, to the organisation. The ACOR stated that any financial impact would have been seen at the JAC as there would have been repeated requests to authorise the write-off of debt – this had not happened.

The CFO informed us that there had been 1 person with control for chasing debt and when they had left the organisation this had not been allocated to anyone else. This had now been rectified and a member of the finance department had been given responsibility for debtors.

We queried if the request to write off the debt related to Chepstow Town Council was necessary as we noted that it had never existed. The ACOR stated that as it had been recorded as a debt he still needed the authorisation from the JAC to be able to write it off.

We were advised by the ACOR that the usual procedure for bringing requests to write-off debts was via the Key Performance Indicators Report that was provided to the Committee on a 6 monthly basis.

We queried if there were sufficient process manuals to assist staff within the department in carrying out the required roles. The ACOR advised us that there were up-to-date financial procedures in place; these procedures would need to be updated once the new finance system had been implemented.

We queried how the outstanding debt in Gwent compared to outstanding debt in other forces. The ACOR was unsure how Gwent compared and stated he would need to request this information from other similar forces if a comparison was to be undertaken. We noted that Internal Audit dealt with a number of police forces and queried if this would be information they would be able to share with the JAC in order to determine if any learning could be achieved.

**IA**

We raised concern that 3 of the recommendations remained outstanding from the audit that had been completed in February 2016. Internal Audit assured us that these recommendations would be followed up and reported back to the Committee.

**IA**

The Chair informed us that he had queried with Internal Audit, that now the policy relating to the disposal of ICT assets had been provided in relation to the Fixed Asset Audit report, if they were in a position to provide the required assurance. Internal Audit had advised that having received the Policy after the draft audit report had been issued, they had not been able to test compliance with the arrangements as the time allocated for the review had been utilised. They advised that compliance testing could take place but additional time would need to be approved. The ACOR informed us that it was

imperative that all departments engaged with audit in a timely manner as delays such as this would result in a cost to the force in the use of extra days in order to finish the audit appropriately. The ACOR stated that it was an area that would need to be re-looked at and would decide if TIAA or TCBC audit would undertake the review.

**Action**

**ACOR**

The ACOR also advised us that all audit reports undertaken by TCBC in relation to the SRS should be provided to the JAC as per the audit reports from TIAA.

### **INTERNAL AUDIT DRAFT ANNUAL AUDIT PLAN 2017/18**

10 We received the draft annual audit plan from Internal Audit.

We were informed that the plan had changed slightly from the original plan presented to the JAC to reflect changes in the audit of the IT systems; this was reflected on page 12 of the report which stated that the ICT Change Management audit planned for 2017/18 would now be undertaken by TCBC.

The ACOR noted that page 2 of the report stated that there would be a challenge faced by the OPCC and force during 2017/18 of a new Chief Constable. The current Chief Constable had not handed his notice in and the ACOR requested that this was removed from the report prior to publication.

**IA**

We provided our approval for the annual audit plan for 2017/18 on condition that the report was amended as agreed.

### **INTERNAL AUDIT PROVISION – ICT CONTROLS**

11. We received a report from the ACOR that requested approval for the audit of IT services to be changed from TIAA to TCBC.

The ACOR reminded us that IT services were provided to the OPCC and force by the SRS, who also provided services to TCBC, Monmouthshire County Council and Blaenau Gwent County Borough Council (BGCBC); we noted that Newport City Council (NCC) had also submitted a formal request to join the service. This had resulted in all four partner organisations requesting the SRS to comply with their audit requirements which had resulted in duplication of work and was also time consuming. As a result discussions had taken place between the partners to implement one audit programme undertaken by one set of auditors; it had been agreed by the SRS Board members, of which the Commissioner was one, that this function would be undertaken by TCBC.

We noted that progress on the delivery of the internal audit plan for IT services would be reported to the JAC in the form of the individual reports being circulated to members and the progress on the recommendations being reported in the Outstanding Audit



Recommendations report that was presented to each meeting.

**Action**

The ACOR informed us that he had discussed the new arrangements with both the WAO and with Internal Audit, this report requested the approval of the JAC and formalised that 2 different type of detailed audit report would now be presented.

We queried what the impact of allowing NCC to join the SRS would be. The ACOR advised us that since BGCBC had joined the SRS in June 2016, no reduction on the amount or quality of work undertaken for the original partners had been experienced; BGCBC had also seen an improvement in their IT services. The number of staff employed by the SRS increased from 140 to 170 when BGCBC joined and would further increase by an additional 40 staff on the introduction of NCC on 1<sup>st</sup> April 2017.

We queried if we would receive an annual report on the SRS. The ACOR stated that this was not something that had been considered but agreed that a separate annual report would need to be provided.

**ACOR**

We stated that the contract awarded to TIAA, as the suppliers of the Internal Audit function, was reviewed after 3 years; we queried if this would be the case for TCBC. We stated that we would be reluctant to approve TCBC to undertake this work if they were to consider outsourcing their internal audit function in the near future. The ACOR assured us that there was no indication that this would happen in the near future.

**ACOR**

We queried when the 3 year audit plan would be available. The ACOR advised us that the TCBC 3 year audit plan would be utilised and that a meeting had been planned to discuss all partner organisation risk areas to determine if these would also be added to the audit plan. The ACOR informed us that this would be available in the New Year.

**ACOR**

We approved the change of internal audit function for IT services from TIAA to TCBC.

## **OUTSTANDING AUDIT INSPECTION RECOMMENDATIONS**

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

### **Ethics Committee**

We noted that a further audit would be undertaken in this area to ensure that appropriate minutes were being produced as recommended.

### **IT Disaster Recovery**

The ACOR informed us that building works for the Disaster Recovery

site had been completed but the servers were not yet in place. It was hoped that by April the first system would be held on the disaster recovery servers. The ACOR stated that he would provide the work programme and update the JAC on progress at the March meeting. A discussion could then take place to determine how the JAC were to be kept apprised of progress with the disaster recovery site without being presented with a slippage in completion date at every meeting via this report. We agreed to this suggestion as we were aware that the work would be on-going for a considerable amount of time.

**Action**

**ACOR**

**ACOR/IO**

### **Wales Interpretation and Translation Services (WITS)**

We queried if the revised plan date of April 2017 would provide enough time for the force to understand if the intended outcomes had been achieved. The ACOR informed us that the IT transfer would be 'live' tested and considered for approval by Cardiff City Council during January 2017. The process had been time consuming but the ACOR assured us that he was confident that there were robust and effective governance arrangements in place to assist with the transfer of the WITS service from the force to Cardiff City Council.

### **Shared Resource Service Virtualisation**

We noted that there was a recommendation included in the full audit report that referred to the encryption of force data with an action date of September 2017. As it was not a high priority we noted it was not included in this report for monitoring; as a result a discussion ensued to determine if we continued to be satisfied to only review the high priority recommendations not yet completed at this meeting. The ACOR assured us that he reviewed the full report and that it could be provided to this meeting if members required. We queried if the ACOR would bring any recommendations not included within the report to the attention of the meeting if he believed that the planned completion date would not be met; the ACOR agreed that he would. We therefore agreed that we would continue with the current process, using the ACOR as assurance that the other recommendations were being progressed and completed satisfactorily.

We agreed to extend the completion dates as requested.

## **KEY PERFORMANCE INDICATORS**

13. We received and noted a report on Key Performance Indicators.

We noted the current and quick ratios as at 31<sup>st</sup> October 2016 and that purchasing card compliance was good.

We were informed that the average number of days taken to pay suppliers was 19.64 days for the period 1<sup>st</sup> April 2016 to 31<sup>st</sup> October 2016, well below the industry standard of 30 days. We noted that Purchase Order Compliance was above the 30 day standard at 36.45 days. The ACOR stated that only 8.5% of all creditor payments related to purchase orders and he hoped that the introduction of a

new system in July to automate the process would result in a reduction in this figure in the new financial year.

**Action**

We noted that after approval at the JAC in June 2016 the debt of £22,054.00 for Chepstow Town Council had been written off as the force had confirmed that the invoice had been raised in error.

We stated that there seemed to be an issue in relation to WITS debt. The ACOR informed us that the WITS debt currently showed in this report as the force managed the WITS service; the debt would transfer along with the management of the service to Cardiff City Council on the 31<sup>st</sup> March 2017. We were also advised that a new electronic system had been implemented to replace the paper based system that the WITS team had previously been using; it was hoped that the automation of the system would resolve the problems currently experienced.

We raised concern that the level of reserves as shown in the report was distorted by the inclusion of the money set aside for the new Headquarters (HQ) building and also for the Private Finance Initiative (PFI) relating to Ystrad Mynach Police Station. We commented that the reserves as a percentage of the revenue budget requirement for 2016/17 were likely to reduce from 39.27% to approximately 8% in 2020/21 when the money set aside for HQ and the PFI was removed. When compared to other similar forces Gwent's current percentage was much higher and we queried if this would raise concern with the Home Office. The CFO advised us that the Home Office had stated they would consider reserves as part of the review of the Funding Formula that was currently ongoing. He advised that nationally CFO's had undertaken a survey of reserves and provided this to the Home Office. The CFO informed us that with the HQ, PFI and other capital programme monies removed there was an approximate reserve of £4million; we noted that in the 2014/15 accounts an explanation was included as to what the reserves were held for. We noted that the CFO was aware of the issue and would manage it appropriately.

### **TREASURY MANAGEMENT STRATEGY SIX MONTH UPDATE REPORT 2016/17**

14. We received the 2016/17 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.

There was currently £59.7 million out on deposit. The Commissioner's current fixed investment portfolio totalled £53.50 million; 87.87% of the investments were with Local Authorities and no single deposit exceeded a time limit of 364 days; this was in line with the Strategy approved for 2016/17. On maturity these deposits would

earn an average rate of return of 0.353% which amounted to £0.113million of earned interest. Money market investments contained a portfolio totalling £6.25 million with the average yield being 0.279% providing an annual interest return of £0.033 million.

**Action**

We noted that for a number of years the recurrent benefits of repaying debt early had been marginal and as such had been considered but not been actioned. Pending any further reduction in interest rates, the Commissioner's current Treasury Management position now facilitated the early repayment of debt. The CFO highlighted that the premium in relation to settling the Public Works Loan Board (PWLB) debt totalling £4.260million amounted to £1.474million. We were informed that the Commissioner also intended to settle the NCC debt early; discussions were currently still ongoing and the CFO would provide an update in due course. Repayment of the PWLB and NCC debt would clear all of the Commissioner's outstanding debt other than the PFI contract.

**CFO**

We noted that no new borrowing had been undertaken to date in 2016/17.

## **TREASURY MANAGEMENT STRATEGY 2017/18 to 2019/20**

15. We received the Treasury Management Strategy for 2017/18 to 2019/20 for consideration and comment prior to approval by the Commissioner.

We noted that the Commissioner had a statutory responsibility to approve the Treasury Management Strategy which would need to be completed prior to the approval of the Budget for 2017/18.

We were informed that the Police and Crime Panel would also receive the Strategy for their information at their meeting on the 27<sup>th</sup> January 2017.

The CFO informed us that the following changes had been made to the 2017/18 Strategy:

### **Borrowing**

Due to continued low interest rates it was planned that £5million of outstanding debt (PWLB and NCC although we were awaiting agreement on the terms relating to the NCC loan) would be settled as it was unlikely that the repayment penalties would reduce any further.

### **Investment**

The CFO informed us that the period of time investments were able to be placed with banks had been increased from 3-9 months to 3-12 months in the hope that better interest rates would be achieved.

The limit on how much could be invested in UK banking groups had been extended from £3million to £10million. The limit on investments

in non UK banking groups and UK building societies had been increased from £3million to £5million and the limit on the time investments could be placed with Local Authorities had been increased from 1 year to 2 years.

**Action**

We noted that the governance table included in the Schedule of Treasury Management Practices reflected the current finance structure not the new structure that had been discussed earlier in the meeting.

### **Mrs R Kirk left the meeting at 12.15pm**

We queried the rate of return received on investments with Local Authorities; the CFO informed us that on investments held in Blackpool Council, the Commissioner currently received 0.25%.

The ACOR informed us that the Commissioner had recently received the Capital Grant figure from the Home Office which amounted to £449,000 and informed us that we had previously received approximately £1.1million but this had decreased due to the austerity programme ongoing in Central Government.

We agreed to support the Schedule of Treasury Management Practices.

### **Mr J Herniman left the meeting at 12.20pm**

### **MEDIUM TERM FINANCIAL PLAN 2017/18 TO 2021/22**

16. We received the Medium Term Financial Plan (MTFP) for 2017/18 to 2021/22.

The CFO informed the group that the MTFP was presented in-line with the budget setting timetable and that it marked:

- The finalisation of the bottom-up budget setting process, which in turn;
- Incorporated the Gwent Police initial budget proposal which had been previously submitted to the Commissioner and had been scrutinised by the OPCC.

The CFO informed us the Strategy and Performance Board (SPB) discussed the proposals on the 29<sup>th</sup> November 2016. This report was also considered by a sub group of the Police and Crime Panel on 7<sup>th</sup> December 2016 prior to it being presented to the Police and Crime Panel as part of the budget setting process for 2017/18 on the 9<sup>th</sup> December 2016. The final budget report requesting agreement on the precept level would be discussed at the Police and Crime Panel meeting on 27<sup>th</sup> January 2017.

The CFO informed us that he would circulate a report for our information on future levels of funding for the police service which

**CFO**

highlighted some of the emerging pressures being faced. The report had also been circulated to the Police and Crime Panel Finance Sub Group members as it assisted their understanding of the budget setting process and would explain why funding had been allocated to specific areas.

We were advised that a public consultation process on the budget had been launched on 19<sup>th</sup> December 2016 and would run until 20<sup>th</sup> January 2017.

The CFO advised us that the provisional settlement had been received on 15<sup>th</sup> December 2016 which had resulted in Gwent receiving a 1.4% reduction in funding. The CFO had anticipated a 2% reduction when drafting the MTFP hence the Commissioner had £400,000 more in funding than had been expected.

We noted that the police Funding Formula was being discussed by both the Senior Sector Group and the Technical Working Group; there was Welsh representation on both. It was hoped that we would hear further details in January/February 2017 for implementation during 2018/19.

The MTFP assumed that the Council Tax precept level would rise by 3.99% in 2017/18 although we noted that the Commissioner had not yet made a final decision. An increase of 0.84% had been anticipated in the Council Tax Base rate but actual figures showed an increase of 1.1% which resulted in approximately £100,000 of extra funding for 2017/18.

### **Mr K Chedzey joined the meeting at 12.30pm**

We were informed that the success of the Staying Ahead 8 programme had enabled reinvestment into known and emerging pressures. An amount of £6million was available for 2017/18 but it was anticipated that there would be a return to deficit in 2018/19. We noted that business plans were expected from the Chief Officer Team on the areas they considered would benefit from reinvestment.

We were informed that an £11million deficit was expected in 2021/22 down from the £12.5million that had been projected in the 2016/17 budget setting process. We also noted that the reserves and committed funds would reduce in 2020/21 due to the spending projected for the new HQ building.

We agreed that the ability of the public to pay an increase in precept in light of ongoing austerity measures needed to be taken into consideration by the Commissioner. The DPCC reassured us that the Commissioner recognised the pressures the public faced and would consider them when setting the final precept level. The CFO highlighted that prior to austerity, 70% of the funding received came from central Government with the remaining 30% from the precept; by

2021/22 this was likely to be equally split between the Government and precept income.

**Action**

We advised that 'Brexit' may lead to an increase in inflationary pressure which may result in the need to re-visit the MTFP at a future date.

### **Appendix 5b 2016/17 Capital Programme Budget as at 30<sup>th</sup> September 2016**

We noted that there was a large amount of money that had not yet been spent in relation to the capital programme for 2016/17. The CFO informed us that the capital budgets were not underspent but that purchasing had 'slipped' meaning that the funding remained in the budget and was deferred to the next financial year.

We noted that the MTFP anticipated that the precept would rise by 3.99% for each year and stated that a consistent projected precept level proved useful for planning purposes. It was also beneficial from a public perspective that the Commissioner was not predicting a low rise in the precept level and then changing this to a higher level each year.

We queried if Local Authority precept collection rates were considered as part of the budget setting process. The CFO informed us that generally the precept collection rate in Gwent was good. We noted that if people were struggling to pay the increase in precept levels then the collection rates would suffer. The DPCC advised us that the feedback the Commissioner received in relation to the increase in precept levels was that the public were willing to pay more if the result was more visible and effective policing.

**The meeting was adjourned at 1.05pm for 20minutes.**

### **ICT SERVICES UPDATE REPORT**

17. We received and noted the ICT Services Update Report.

The ACOR informed us that that the report had been presented to the Commissioner at the SPB in November.

The ACOR updated us on developments within the SRS over the last six months and highlighted that Blaenau Gwent County Borough Council formally joined the service on 1<sup>st</sup> June 2016; no disruption to existing partners/staff had been experienced. We also noted that NCC had made a formal request to join the SRS; discussions were currently on-going and, subject to approval, this could be completed in readiness for 1<sup>st</sup> April 2017.

We noted that the rollout of Voice over Internet Protocol (VoIP) had been completed across the force although not all areas were using it as yet. VoIP would allow phone calls to be made, free of charge, over

the internet with the cost of running the system also being much cheaper than the traditional telephony system. The ACOR informed us that VoIP should be in use across the whole force from April 2017; planning was currently on-going to ensure this date was reached as well as ensuring that the VoIP system would provide a stable and secure platform to meet the force's needs.

**Action**

We queried why the budget detailed in the SRS Strategy document from the 3 original partner organisations remained static from 2016/17 through to 2019/20. The ACOR informed us that the SRS were collapsing many of the existing systems and updating with new systems, he also advised us that new work coming into the SRS had not yet been cost evaluated. He assured us that there would not be a disinvestment in the SRS. We requested that an explanation was added to the report

**ACOR**

We referred to the TCBC audit report at appendix 4 and stated that it didn't meet our expectations. The ACOR confirmed that these would be the reports provided by TCBC auditors on the SRS. He agreed that more detailed explanations needed to be included in the reports and would look into how this could be progressed further.

**ACOR**

## **JAC ACTION PLAN**

18. We received the JAC Action Plan for 2016/17.

We discussed the potential of introducing lead members for specific areas of work and suggested adding the topic to the All-Wales Training day on 16<sup>th</sup> January 2017 to discuss the idea with other JAC members. We also agreed for a further discussion to take place at the March meeting of this Committee in order to progress further.

**IO**

**IO**

We noted that a link to the web pages of the JAC had been included on the force intranet but queried if this fulfilled the need to ensure the role of the JAC was understood at an appropriate level across the OPCC and the force. The CFO suggested that the role of the JAC could be discussed at a Team Gwent day when Inspector level and above and police staff equivalents were gathered together and provided briefings on various areas of importance. The DPCC agreed that the role of the JAC need to be better and more widely understood as it was an important accountability method for both the Commissioner and the CC and was about ensuring the reputation of the OPCC and the force.

**IO**

We queried when the self-assessment process would commence; the Information Officer informed us that the forms would be circulated in March after the end of the financial year.



## **EXCLUSION OF PRESS AND PUBLIC**

**Action**

19. 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.

## **TO MONITOR THE JOINT RISK REGISTER**

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

The ACOR informed us that the contractual arrangements in relation to the appointment of force medical examiners had been completed which would help alleviate this risk.

We discussed the technical issue the force was experiencing in uploading data to a national computer system and queried if this presented a possible reputational risk for the force. The ACOR advised us that the force was working with NICHE and the Home Office to resolve the issue and that other forces were sighted on the problems currently being experienced. The ACOR informed us that we were the only force area experiencing the problem with the uploading of data and hoped it would be resolved in January.

We discussed further the potential reputational risk the force was exposed to as a result of recent news reports relating to the number of people with mental health issues detained in police cells in Gwent. We had been informed that prior to the news article being published the force had recognised that there was an issue in this area and a number of improvements had been made, these included:

- Training delivered to all operational officers, on mandatory force training days which reminded them of the protocol between health and the police to convey patients to a health premises rather than to custody.
- A protocol had been implemented with regards to such patients which involved the following:
  - St Cadoc's Hospital was now the designated place that Gwent officers take detainees; there was one allocated space for a Section 136 (S136) patient.
  - All S136 patients were now taken to St Cadoc's unless the patient was violent.
  - Where S136 patients were violent (neither St Cadoc's nor Accident and Emergency would admit) they were taken to custody.
- The theme of the next force training day which would be held in the New Year would be mental health. This was a full days

training delivered to all operational officers. It was hoped that this additional training would improve officers understanding further.

**Action**

- There was now a full time mental health nurse in the Force Control Room who provided assistance to attending officers with practical guidance. There was also the additional benefit of access to the health database for accurate information on the patient. (This was part of a pilot commissioned by the Commissioner's office).

### **TO MONITOR THE OPCC RISK REGISTER**

21. We received and monitored the OPCC Risk Register.

The CFO advised us that the Welsh Language risk had been updated as per the previous discussion on the action sheet.

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

22. No reports were presented for our consideration.

### **ANY OTHER BUSINESS**

23. **All Wales JAC Training Update**

We noted that the training would take place on 16<sup>th</sup> January 2017 and would be held in the University of South Wales' Newport City Centre campus. We were informed that the Wales Audit Office had agreed to facilitate the event; the Audit Manager for Dyfed Powys would be undertaking this role. An updated agenda would be circulated to all members.

**IO**

### **TO IDENTIFY ANY RISKS ARISING FROM THIS MEETING**

24. We agreed that the following risks should be considered for inclusion on the risk register:

- Embedding of the new finance structure; and
- The accelerated completion of the accounts.

**ACOR/  
CFO**

We queried if the force had received any reports relating to sexual abuse of children by football coaches and queried if there was a risk that other organisations with similar issues may arise in the near future. The ACOR informed us that no reports had been made to date and that the force had considered if any proactive work could be undertaken in this area.

The CFO informed us that he had received a message from Mr A Bruce from the WAO who, as previously informed, had been unwell

and unable to attend this meeting. We noted his apologies and that he was moving on from auditing the policing sector so we would be unlikely to meet him again. We wished him well for the future and requested that a letter was sent to him thanking for the work he had undertaken.

**Action**

**IO**

**The meeting concluded at 2.05pm**