



**Police and Crime Commissioner for Gwent and Chief
Constable of Gwent Police**

Summary Internal Controls Assurance (SICA) Report

2017/18

INTRODUCTION

1. This summary report provides the Joint Audit Committee with an update on the progress of our work as at 26th February 2018.

PROGRESS AGAINST THE 2017/18 ANNUAL PLAN

2. Our progress against the Annual Plan for 2017/18 is set out in Appendix A. A copy of the agreed plan is included at Appendix B.

INTERNAL CONTROL FRAMEWORK

3. The key strategic governance, risk management and control matters identified from the six further reviews completed from the 2017/18 Audit Plan are summarised below.

Key Strategic Governance, Risk Management and Control Matters

Review	High level
Payroll	<p>Gwent Police are collaborating with South Wales Police to implement the Fully Integrated Resource Management System (FIRMS) and Agresso Business World (BW), which includes a computerised payroll system. The system will need to be further developed to ensure effective financial and administrative controls.</p> <ul style="list-style-type: none"> • A payroll procedures manual needs to be developed; • The payroll processing routines need to be finalised and documented.
Governance – Strategic Planning	<ul style="list-style-type: none"> • The Governance and Performance Framework was approved in December 2017. There are clear lines of accountability within the structure. • Highlight reports are completed following every meeting and taken to the next Board meeting. These currently vary in the level of detail provided and consequently the assurance that can be taken from them. • The framework is in its infancy and requires a further review to determine whether it is effective and meets requirements.
General Ledger	<p>Gwent Police have encountered a number of issues since implementation of the Agresso Business World (BW) system in relation to the maintenance of the general ledger that require improvements to be made. At the time of the review much of the work was underway or nearing completion and it was anticipated that these would be resolved prior to year-end.</p> <ul style="list-style-type: none"> • Arrangements for formally evidencing and approving new and changes to account codes, cost centres and project codes needs to be determined following implementation. • Control account reconciliations had not been completed since implementation of BW in June 2017.

Review	High level
Debtors	<p>The audit opinion represents the second consecutive ‘Limited Assurance’ opinion. No formal recovery procedures and actions have taken place since implementation of the Agresso Business World system due to a need to reconcile the debtors included in the new system. At the time of the review, the Finance team were working to complete this exercise and it is anticipated the reconciliation will be completed in mid-February prior to year-end.</p> <ul style="list-style-type: none"> • The debtors control account reconciliations need to be urgently completed; • Formal recovery procedures need to be determined and recovery action begin following completion of the control account reconciliations.
Budgetary Control	<p>There appropriate processes in place for setting the annual budget and for monitoring and reporting on the budget position during the year.</p> <ul style="list-style-type: none"> • There is a need to update the financial and administrative procedures following implementation of Agresso Business World (BW).
Creditors	<p>Following implementation of FIRMS, Gwent Police have experienced a number of issues in regard to the use of the Business World (BW) system for processing purchase orders and invoices payments. In particular issues have been encountered in respect of the scheme of delegations put in place within the P2P component. It was identified that the Finance team are working to rectify those issues going forward.</p> <ul style="list-style-type: none"> • A number of duplicate payments were identified during the audit testing as having been made, although monies have been recovered, a review is required to identify the causes and ensure no further duplicate payments have been made where the overpayment has not been recovered; • The Scheme of Delegation within the <i>Agresso Business World (BW)</i> for approving payments will need to be reviewed to ensure compliance with the Manual of Corporate Governance.

EMERGING GOVERNANCE, RISK AND INTERNAL CONTROL RELATED ISSUES

4. Limited Assurance assessments have been issued for the reviews of Debtors and Creditors. Management anticipate that the issues identified will have been rectified by the year-end. This will be checked in a further follow up review in March 2018.

AUDITS COMPLETED SINCE THE LAST REPORT TO COMMITTEE

5. The table below sets out details of 2017/18 audits finalised since the previous meeting of the Joint Audit Committee.

Review	Evaluation	Key Dates			Number of Recommendations			
		Draft issued	Responses Received	Final issued	1	2	3	OE
Payroll	Reasonable	08/12/2017	12/12/2017	18/12/2017	0	2	2	0
Governance – Strategic Planning	Reasonable	20/02/2018	26/02/2018	26/02/2018	0	2	2	7
General Ledger	Reasonable	23/02/2018	26/02/2018	26/02/2018	0	2	1	0
Debtors	Limited	20/02/2018	26/02/2018	26/02/2018	2	0	1	2
Budgetary Control	Reasonable	22/02/2018	26/02/2018	26/02/2018	0	1	1	2
Creditors	Limited	20/2/2018	26/02/2018	27/02/2018	1	3	5	2

6. A summary of recent briefings on developments on which TIAA have issued client briefing notes in risk / governance is given at Appendix C

CHANGES TO THE ANNUAL PLAN 2017/18

7. The review of a sample of Stop and Search cases was added to the plan, which has now been finalised. There are no further amendments at this stage, other than operational changes to dates as noted in Appendix A.

FRAUDS/IRREGULARITIES

8. We have not been advised of any frauds or irregularities in the period since the last summary report was issued.

LIAISON

9. **Liaison with external audit:** We maintain ongoing communication with the Wales Audit Office.

PROGRESS ACTIONING PRIORITY 1 RECOMMENDATIONS

10. We have been advised that progress of completion of recommendations is monitored internally and not to include within this summary report, following a decision at the February 2016 Joint Audit Committee.

RESPONSIBILITY/DISCLAIMER

11. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. The matters raised in this report not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose. TIAA neither owes nor accepts any duty of care to any other party who may receive this report and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our report.

Progress against the Annual Plan for 2017/18

System	Planned Quarter	Days	Revised Quarter	Current Status	Comments
Governance – Strategic Planning	1	10	1 & 3	Final Report issued	
Risk Management – Mitigating Controls	1	10	1	Final Report issued	
Fleet Management – Delivery	1	8	1	Final Report issued	
HR Management – Learning and Development	1	4	1	Final Report issued	
HR Management - Strategy	1	7	2	Final Report issued	
Vetting	1	8	1	Final Report issued	
Stop and Search (Compliance testing)	-	3	2	Final Report issued	
Budgetary Control	2	5	3	Final Report issued	
Capital Programme	2	4	2	Final Report issued	
Counter Fraud	2	7	2	Final Report issued	
Estate Management - Delivery	2	7	2	Final Report issued	
Collaborative Project - JSIU	2	4	4	APM issued	Start date 12 th March 2018
Staying Ahead 8 - Themes	2	12	2	Final Report issued	
Follow Up	2	5	2	Final Report issued	
Treasury Management	3	5	3	Final Report issued	

System	Planned Quarter	Days	Revised Quarter	Current Status	Comments
Agresso Opening Balances	3	-	3	Final Report issued	
General Ledger	3	5	4	Final Report issued	
Payroll	3	5	3	Final Report issued	
Creditors	3	5	4	Final Report issued	
Debtors	3	4	4	Final Report issued	
Finance and Resource System Implementation	1 - 4	6	2 - 4	Fieldwork in progress	Start date 26 th February 2018
Follow Up	4	5	4	APM issued	Planned start date 19 th February 2018 – Cancelled this week – need to reschedule?
Liaison with WAO	1 - 4	3	1 - 4	Ongoing	
2017/18 Annual Plan	1	2	1	Final report issued	
Strategic Plan	1	4	1	Final report issued	
2017/18 Annual Report	4	2	4		
Audit Management	1 - 4	15	1 - 4		

KEY:

	=	To be commenced
	=	Site work commenced
	=	Draft report issued
	=	Final report issued

Annual Plan – 2017/18

Quarter	Audit	Type	Days	Rationale
1	Governance – Strategic Planning	Assurance	10	<p><u>Rationale</u> Rolling programme of Governance reviews covering key risk areas.</p> <p><u>Scope</u> The review considers the arrangements by which the Force Boards and the Police and Crime Commissioner ensure that the corporate plans for the organisations remain achievable in times of economic uncertainty. The scope of the review does not include consideration of the strategic control arrangements or the appropriateness of decisions taken by the Boards.</p> <p><u>Executive Leads</u> Sian Curley - Chief of staff, Nigel Stephens - Assistant Chief Officer Resources.</p> <p><u>Departmental Lead</u> To be advised.</p>
1	Risk Management – Mitigating Controls	Compliance	10	<p><u>Rationale</u> Included in each year of the Strategic Plan to ensure that there are effective controls in place for the most significant risks. Number of days will cover the review of two risks</p> <p><u>Scope</u> Five risks currently included in the organisation’s business significant risk map will be selected and the effectiveness of the identified controls will be reviewed. The scope of the review does not include consideration of all potential mitigating arrangements or their effectiveness in minimising the opportunities for the identified risks to occur.</p> <p><u>Executive Lead</u> To be advised.</p> <p><u>Departmental Lead</u> Chief Supt. Kirk</p>

Quarter	Audit	Type	Days	Rationale
1	Fleet Management – Delivery	Appraisal	8	<p><u>Rationale</u> A review of an aspect of Fleet Management has been included in each year of the Strategy.</p> <p><u>Scope</u> The review will appraise the effectiveness of the delivery of the fleet management repairs and maintenance arrangements, including the planning of services and MOT's, responsive repairs and general maintenance.</p> <p><u>Executive lead</u> Assistant Chief Officer – Resources – Nigel Stephens</p> <p><u>Departmental Lead</u> Head of Fleet - Julie Reynolds</p>
1	HR Management – Learning and Development	Assurance	4	<p><u>Rationale</u> Review of HR Management arrangements included in each year of the plan. This area requested by Management.</p> <p><u>Scope</u> The review considers the arrangements for: determining the learning and development requirements; the monitoring arrangements; and reporting to Boards. The scope of the review does not include verification that all staff have been correctly appraised or that all learning and development needs have been correctly assessed, or the arrangements for provision of in-house training. This review is applicable to Police Staff only.</p> <p><u>Executive lead</u> Assistant Chief Officer – Resources – Nigel Stephens</p> <p><u>Departmental Lead</u> Neil Lewis, People Services</p>

Quarter	Audit	Type	Days	Rationale
1	HR Management - Strategy		7	<p><u>Rationale</u> Review of HR Management arrangements included in each year of the plan.</p> <p><u>Scope</u> The review considers the arrangements for: inductions; maintaining staff handbook; maintaining job descriptions and person specifications; appraisals; disciplinarys; sickness and leave monitoring; and exit meetings. The scope of the review does not include: the training and development arrangements; promotion and/or merit awards.</p> <p><u>Executive lead</u> Assistant Chief Officer – Resources – Nigel Stephens</p> <p><u>Departmental Lead</u> Neil Lewis, People Services</p>
1	Vetting	Compliance	8	<p><u>Rationale</u> High risk area if effective arrangements not in place. Issues were identified at other Forces in 2016/17.</p> <p><u>Scope</u> The review will assess compliance with the internal vetting policy. The scope of the review will not include providing assurance that all relevant staff and contractors are vetted.</p> <p><u>Executive lead</u> Assistant Chief Officer – Resources – Nigel Stephens</p> <p><u>Departmental Lead</u> To be advised.</p>

Quarter	Audit	Type	Days	Rationale
2	Budgetary Control	Assurance	5	<p><u>Rationale</u> Key Audit risk area completed annually. Particularly important due to the continued cuts in funding and preparation for new finance system.</p> <p><u>Scope</u> The review considers the budget preparation process, the monitoring arrangements, and reporting to the Strategy and Performance Board. The scope of the review does not include consideration of the assumptions used in preparing the budgets; depreciation policies; apportionment of central costs; or financial information included in tenders prepared by the organisation.</p> <p><u>Executive Lead</u> Nigel Stephens – Assistant Chief Officer Resources Darren Garwood – CFO (PCC)</p> <p><u>Departmental Lead</u> Ken Chedzey – Principal Management Accountant</p>
2	Capital Programme	Assurance	4	<p><u>Rationale</u> Key Audit risk area completed bi-annually. Included in this year's plan due to timing and the preparation for new finance system.</p> <p><u>Scope</u> The review considers the arrangements for accounting for the capital programme. The scope of the review does not include consideration of the funding arrangements or the specification of the projects.</p> <p><u>Executive Lead</u> Nigel Stephens – Assistant Chief Officer Resources</p> <p><u>Departmental Lead</u> Ken Chedzey, Principal Management Accountant.</p>

Quarter	Audit	Type	Days	Rationale
2	Counter Fraud	Compliance	7	<p><u>Rationale</u> A review to test areas of exposure to fraud has been included in each year of the plan.</p> <p><u>Scope</u> To be discussed.</p> <p><u>Executive Lead</u> To be advised.</p> <p><u>Departmental Lead</u> To be advised.</p>
2	Estate Management - Delivery	Compliance	7	<p><u>Rationale</u> Newly developed Estate Management Strategy reviewed in 2016/17. Limited internal audit coverage previously.</p> <p><u>Scope</u> The review will consider how the Estates Management Strategy is being delivered. The area of the Strategy to be tested is to be discussed with Chief Officers.</p> <p><u>Executive Lead</u> Nigel Stephens – Assistant Chief Officer Resources</p> <p><u>Departmental Lead</u> Kieran McHugh - Estates</p>

Quarter	Audit	Type	Days	Rationale
2	Collaborative Project	Compliance	4	<p><u>Rationale</u> Included in the plan annually, due to the increasing number of collaborative projects.</p> <p><u>Scope</u> This review across 3 Forces will consider the effectiveness of the Governance and Outcome delivery arrangements for the Joint Scientific Inspection Unit.</p> <p><u>Executive Lead</u> To be advised.</p> <p><u>Departmental Lead</u> To be advised.</p>
2	Staying Ahead 8 - Themes	Compliance	12	<p><u>Rationale</u> Key Project to drive improvements in efficient and effective delivery and achieve savings.</p> <p><u>Scope</u> To be discussed.</p> <p><u>Executive Lead</u> To be advised.</p> <p><u>Departmental Lead</u> To be advised.</p>
2	Follow Up	F/Up	5	The review ascertains whether management action has been taken to address the Priority 1 & 2 recommendations arising from selected internal audit work carried out in the previous financial year.

Quarter	Audit	Type	Days	Rationale
3	Treasury Management	Assurance	5	<p><u>Rationale</u> Key financial risk – audited bi-annually.</p> <p><u>Scope</u> The review considers the arrangements for controlling the investment and borrowing arrangements; compliance with the organisation’s overall policy; banking arrangements; reconciliations and the reporting to committee. The scope of the review does not include consideration of the appropriateness of any individual financial institution or broker or of individual investment decisions made by the organisation.</p> <p><u>Executive Lead</u> Darren Garwood Pask – Chief Finance Officer PCC</p> <p><u>Departmental Lead</u> Hywel Morgan - Financial Accountant</p>
3	General Ledger	Assurance	5	<p><u>Rationale</u> Key financial risk area completed annually</p> <p><u>Scope</u> The review considers the arrangements for providing an effective audit trail for data entered onto the general ledger and the appropriateness of the reports generated. The scope of the review does not extend to the budgetary control arrangements and bank reconciliations.</p> <p><u>Executive Lead</u> Nigel Stephens – Assistant Chief Officer – Resources</p> <p><u>Departmental Lead</u> Hywel Morgan - Financial Accountant</p>

Quarter	Audit	Type	Days	Rationale
3	Payroll	Assurance	5	<p><u>Rationale</u> Key financial risk area completed annually</p> <p><u>Scope</u> The review considers the arrangements for: the creation, amendment and deletion of payroll records; payment of allowances and pay awards; and payment of salaries. The scope of the review does not include determination of salary scales, appointment and removal of staff, severance payments or reimbursement of travel and subsistence expenses, or pension arrangements.</p> <p><u>Executive Lead</u> Nigel Stephens – Assistant Chief Officer – Resources</p> <p><u>Departmental Lead</u> Hywel Morgan - Financial Accountant</p>
3	Creditors	Assurance	5	<p><u>Rationale</u> Key financial risk area completed annually</p> <p><u>Scope</u> The review considers the arrangements for authorising and paying costs incurred by the organisation and the arrangement for control of the organisation’s cheques and automated payments. The scope does not include providing an assurance that the expenditure was necessary or that value for money was achieved from the expenditure committed.</p> <p><u>Executive Lead</u> Nigel Stephens – Assistant Chief Officer – Resources</p> <p><u>Departmental Lead</u> Hywel Morgan - Financial Accountant</p>

Quarter	Audit	Type	Days	Rationale
3	Debtors	Assurance	4	<p><u>Rationale</u> Key financial risk area completed annually</p> <p><u>Scope</u> The review considers the raising of debtor accounts, collection of income, receipting, storage and banking of income received by the organisation. The scope of the review does not include identification of the activities giving rise to income for the organisation, the basis of calculating the rates to be charged or that all income receivable has been identified.</p> <p><u>Executive Lead</u> Nigel Stephens – Assistant Chief Officer – Resources</p> <p><u>Departmental Lead</u> Hywel Morgan - Financial Accountant</p>
1 - 4	Finance and Resource System Implementation	Appraisal	6	<p><u>Rationale</u> Proactive review to provide advice and guidance during the new system implementation.</p> <p><u>Scope</u> Advice and guidance on the controls in the new finance system being implemented with South Wales Police will be provided throughout the year as required.</p> <p><u>Executive Lead</u> Nigel Stephens – Assistant Chief Officer Resources</p> <p><u>Departmental Lead</u> Steph Bradly, FIRMs Project Manager</p>
4	Follow Up	F/Up	5	The review ascertains whether management action has been taken to address the Priority 1 & 2 recommendations arising from selected internal audit work carried out in the previous financial year.
1 - 4	Liaison with WAO		3	
1	2017/18 Annual Plan		2	

Quarter	Audit	Type	Days	Rationale
1	Strategic Plan		4	
4	2017/18 Annual Report		2	
1-4	Audit Management		15	This time includes attendance at Joint Audit Committee meetings and overall contract management.
		Total days	152	

Briefings on Developments in Governance, Risk and Control

Summary of Recent Client Briefing Notes (CBNs)

TIAA produce regular briefing notes to summarise new developments in Governance, Risk, Control and Counter Fraud which may have an impact on our clients. These are shared with clients and made available through our Online Client Portal. A summary list of those CBNs issued in the last three months which may be of relevance to Gwent Police is given below. Copies of any CBNs are available on request from your local TIAA team.

Date Issued	CBN Ref	Subject	Status	TIAA Comments
01/02/2018	CBN-18005	All - 24/7 Live Reporting of Cyber Attacks	For Possible Action	Audit Committees and Boards/Governing Bodies are advised to take note of this information, and confirm that IT teams are aware of the support available from Action Fraud's helpline and have appropriately updated their cyber response plan.
29/01/2018	CBN-18004	All - Managing Risk on Cloud Enabled Products	For Possible Action	Audit Committees are advised to seek assurance from their IT supplier (whether in-house or external) that all cloud-enabled IT systems and network devices are recognised, managed and monitored, with appropriate security measures being taken and maintained. Organisations should also consider periodic audit review over these processes and procedures, to give independent assurance that cloud controls are reliable and working properly.
29/01/2018	CBN-18003	All – Potential Compensation for Bank Transfer Frauds	For Information	Audit Committees and Boards/Governing Bodies are advised to take note of this information.
29/01/2018	CBN-18002	All –Increase in EU Procurement Thresholds	For Information	Audit Committees and Boards/Governing Bodies are advised to note the changes in EU Procurement Thresholds.
10/01/2018	CBN-18001	All - Cabinet Office looks for Managed Service for National Fraud Initiative	For Information	Audit Committees and Boards/Governing Bodies are advised that the NFI will be continuing its work for the foreseeable future in helping to prevent and detect fraud, overpayment and error.