**Audit Wales Management Letter – February 2023 Update**

**Appendix 2 – Matters arising from the audit of the Police and Crime Commissioner (PCC) for Gwent’s and Chief Constable (CC) for Gwent’s 2021-22 financial statements**

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| **Exhibit 2 – issues raised in ISA260 Report Detail** | **For management to consider** | **Management response** |
| **Issues raised in ISA260 Report** | | |
| **Account receivables were overstated**  There was an overstatement of debtors and income due to inappropriate amounts being accrued at the year-end, which were identified in the audit process. | Quality assurance process for the debtors be strengthened at the year-end. If all supporting documentation relevant to the debtor being accrued, eg grant award letter, amounts received, etc was retained with the debtor calculation and journal, this would enhance the quality assurance process. | As noted at the September JAC meeting, a full review of debtors and income accruals will be carried out prior to and as part of the 2022-23 year-end closedown process. Staff have already been briefed in November to attach additional supporting documentation to income and expenditure accruals within the finance system.  **UPDATE – February 2023:**  **Staff re-briefed in February 2023 for year-end accounts closedown – Complete** |
| **Inventory was incomplete**  Donated PPE stock had not been included in the inventory amounts in the accounts. | A stock take be undertaken of all PPE, including donated PPE, so that all stock held by the force is reflected in the financial statements. | This relates to PPE procured on behalf of public sector organisations by the NHS during the COVID pandemic and provided to Gwent Police. The force’s Covid Hub has now been disbanded, remaining stocks transferred to Stores, and will be included in stock balances for 2022-23.  **UPDATE – February 2023:**  **PPE orders tracked in-year and will be included in stocktake in February/March 2023 for year-end accounts. Balance unlikely to be material - Complete** |
| **Cash-flow statement was incomplete**  Intangible fixed asset additions had not been included in the calculation for the Cash Flow investing activities. | Quality assurance process for the cashflow be strengthened at the year-end. | Noted and will be addressed as part of the year-end closedown process for the 2022-23 accounts.  **UPDATE – February 2023:**  **Year-end procedures updated, and additional staff training provided - Complete** |
| **Incorrect classification of account payables**  There was an issue with trade payables being classified as other payables at the year-end**.** | The mapping of creditor ledger codes be reviewed to ensure that creditors ledger codes are appropriately classified in the financial statements. | The draft accounts were produced using the same classification as the prior-year audited accounts to ensure comparability. This was subsequently changed following audit request, and this new classification will now be maintained for the 2022-23 accounts.  **UPDATE – February 2023:**  **Finance team have confirmed with AW that accounts and all notes will be prepared using the same classification and basis as for 2021/22 year-end - Complete** |
| **Housekeeping Matters** | | |
| **Covert bank reconciliations were not completed at the right time**  During our audit we noted that due to timing differences, the covert bank reconciliations did not include year-end journals and therefore did not reconcile to the general ledger and the balances within the financial statements. | Ensure bank reconciliations are reviewed prior to sign-off to ensure they are complete and accurate. | The covert bank account control account reconciliations were completed, but a bit too early in the closedown process. This was addressed subsequently and will be reinforced in the year-end closedown timetable for the 2022-23 accounts.  **UPDATE – February 2023:**  **Staff reminded as part of the year-end accounts briefing in February 2023 – Complete** |
| **Categorisation of some transactions was incorrect within the financial statements**  Whilst desk notes have been prepared, there were a number of instances where categorisation of transactions was incorrect, however, this was a result of incorrect mapping which will be reviewed prior to the year-end. | Revisit and refresh mapping of balances to confirm categorisation is appropriate within the financial statements. | The draft accounts were produced using the same classification as the prior-year audited accounts to ensure comparability. This was subsequently changed following audit request, and this new classification will now be maintained for the 2022-23 accounts.  **UPDATE – February 2023:**  **Finance team have confirmed with AW that accounts and all notes will be prepared using the same classification and basis as for 2021/22 year-end - Complete** |

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| **For management to consider** | **Management response** | **Progress update as at November 2022** | **Management response** |
| **IM&T (2019-20)** | | | |
| **Password reset controls for network user access need strengthening**  If the Office 365 password reset tool is not implemented in the near future, the SRS should implement stronger security checks to confirm the user ID before resetting their access/password. | The Office 365 implementation will receive national approval for ‘go-live’ stage on Wednesday 9 December 2020, following the implementation of the identity access management system. This will also provide the ‘Hello’ functionality in M365 and will enable the reduction to the National approved password.  **October 2021**  The Gwent Police DR3 build is being tested by the NEP Programme week commencing 8 November, followed by a programme of work to remediate any issues identified during testing, and to upgrade all machines to the DR3 build. Indicative timescale to have this fully completed is the end of January 2022. The Sailpoint product has been live in Gwent Police since January 2021 and is automatically creating accounts for new starters, and disabling accounts immediately when staff leave the Force.  2020-21 that these procedures are mandatory. | The NEP (national enablement programme) DR3 build includes strong password management controls - including a list of prohibited ‘easily guessed’ passwords – this is being rolled out across force June/July 2022 following NEP guidance and successful user testing.  SailPoint continues to be utilised within Gwent Police, a quarterly review of activity is undertaken by FISO.  Should a member of staff require a password reset via the Service Desk, the member of staff is authenticated/verified prior to any password change within Active Directory.  (This progress update is at June 2022. We have not been able to obtain an update as at November 2022 | The position is unchanged from June 2022. |
| **Disaster recovery (DR) arrangements for FIRMS are unclear**  **The Force should introduce appropriate DR plans for FIRMS, if one is not in place, and test it regularly at appropriate and adequate intervals, to ensure that the FIRMS system can be recovered (should there be a need to) in sufficient time to meet business needs.** | The Disaster Recovery Site has been implemented and data restore is implemented for FIRMS. System recovery from the DR site is being planned. In the meantime, the primary systems receive regular core maintenance.  October 2021  The original target date (end of 2021 calendar year) to undertake a test restore (simulating a substantial failure) of FIRMS data between HQ Bridgend and Cardiff Fairwater (Geo separated) Datacentres has been postponed for rescheduling targeting the first half of 2022.  Over the coming months we have a substantial number of active projects relating to the Chief Constable’s Delivery Plan, national programmes and the update of both local and national infrastructure (some of which have extremely challenging timescales) that are heavily dependent on ICT resource.  Whilst recognising the importance of undertaking this test, Chief Officers have had to make the difficult decision to prioritise other operationally critical deliverables and infrastructure. | In South Wales Police the DCC is now pulling together a force wide business continuity piece of work which will include systems used by Gwent. The work to exercise the ICT DR process with a controlled restoration of FIRMS data was unfortunately further delayed as a result of other work being given a higher priority – again a difficult decision by Chief Officers given other critical operational priorities. There is an expectation that this would be driven further once the DCC’s work proceeds. | The position is unchanged from June 2022. |