

Audit of Accounts Report Addendum – Police and Crime Commissioner for Gwent and Chief Constable of Gwent Police

Audit year: 2022-23

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Mae'r ddogfen hon hefyd ar gael yn Gymraeg. This document is also available in Welsh.

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Audit of Accounts Report Addendum

Introduction

- 1 This report is an addendum to our Audit of Accounts Report that we presented to you on 27 November 2023. The report sets out the recommendations arising from our audit of the 2022-23 accounts and an update on the progress you have made against previous years' recommendations.
- 2 We should like to take this opportunity to once again thank all your staff who helped us throughout the audit.

Recommendations from this year's audit

- 3 We summarise in **Exhibit 1** our recommendations arising from this year's audit.

Exhibit 1: matter arising 1

Matter arising 1 – Fleet asset lives with a nil NBV	
Findings	The number of fleet assets with a nil net book value (NBV) increased to 228 assets in 2022-23 from 169 assets in 2021-22. Fleet assets are assigned a useful economic life (UEL) of five years over which they are depreciated.
Recommendation	A review of the useful economic lives assigned to fleet assets should be undertaken to consider if the default five years remain appropriate given the number of fleet assets held on the balance sheet at nil NBV.
Accepted in full by management	Yes
Management response	A comprehensive review of fleet UEL was carried out and ratified at Capital Strategy group in 2023-24 and will be reflected in the 2023-24 Statement of Accounts. The changes will be as at 1 April 2023.
Implementation date	31 March 2024

Recommendations from previous years' audits

- 4 We summarise in **Exhibit 2** recommendations arising from previous years' audits along with our comments on the progress you have made against those recommendations.
- 5 Last year's management letter contains the management responses, which confirmed their acceptance of all recommendations.
- 6 **Exhibit 2** shows that two recommendations remain outstanding.

Exhibit 2: progress against previous years' recommendations

Audit Year	Recommendation	Progress
2019-20	<p>IMT: Password reset controls for network user access needs strengthening</p> <p>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.</p>	<p>Ongoing</p> <p>Users can still phone the Service Desk to reset passwords where they are asked for the staff ID or payroll number but nothing more than this. If users do ring the service desk, they do not have a secure ID check in place, to confirm user ID before resetting their password. This increases the risk of people having unauthorised access to the network.</p> <p>Where self -service password resets are not used, and people telephone for a reset, then appropriate security checks to identify users should be put in place</p>

Audit Year	Recommendation	Progress
2019-20	<p>IMT: Disaster recovery arrangements for FIRMS are unclear</p> <p>The Force should introduce appropriate DR plans for FIRMS, if one is not in place, and test them 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.</p>	<p>Ongoing</p> <p>The action of creating and testing FIRMS DR plans remains outstanding. A Force-wide business continuity plan which includes disaster recovery (DR)/continuity of the financial systems has not been completed down to the level of the specific recovery plans for financial systems, and no test of the DR plans/test restores in relation to the finance systems has occurred.</p>
2021-22	<p>Accounts receivables were overstated</p> <p>There was an overstatement of debtors and income due to inappropriate amounts being accrued at year end, which were identified in the audit process.</p> <p>Quality assurance process for the debtors to be strengthened at 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.</p>	<p>Completed</p> <p>Our 2022-23 audit work did not identify any issues in this area.</p>

Audit Year	Recommendation	Progress
2021-22	<p>Inventory was incomplete Donated PPE stock had not been included in the inventory amounts in the accounts. A stock take to be undertaken of all PPE, including donated PPE, so that all stock held by the force is reflected in the financial statements.</p>	<p>Completed Our 2022-23 audit work did not identify any issues in this area.</p>
2021-22	<p>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 to be strengthened at year end.</p>	<p>Completed Our 2022-23 audit work did not identify any issues in this area.</p>
2021-22	<p>Incorrect classification of account payables There was an issue with trade payables being classified as other payables at year end. The mapping of creditor ledger codes to be reviewed to ensure that creditors ledger codes are appropriately classified in the financial statements.</p>	<p>Completed Our 2022-23 audit work did not identify any issues in this area.</p>

Audit Year	Recommendation	Progress
2021-22	<p>Covert bank reconciliation was not complete</p> <p>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.</p> <p>Ensure bank reconciliations are reviewed prior to sign-off to ensure they are complete and accurate.</p>	<p>Completed</p> <p>Our 2022-23 audit work did not identify any issues in this area.</p>
2021-22	<p>Categorisation of some transactions was incorrect within the financial statements</p> <p>Whilst desk notes have been prepared, there were several instances where the categorisation of transactions was incorrect, however, this was a result of incorrect mapping which will be reviewed prior to the year end.</p> <p>Revisit and refresh mapping of balances to confirm categorisation is appropriate within the financial statements.</p>	<p>Completed</p> <p>Our 2022-23 audit work did not identify any issues in this area.</p>

Audit Year	Recommendation	Progress
2019-20	<p>Debtor and creditor balances within ledger codes brought forward at 1 April 2019 were not cleared by reversing journals or payments/receipts during the year</p> <p>A review of the debtor and creditor balances as at 31 March should be undertaken and any amounts that are no longer valid debtor and creditor balances, cleared.</p>	<p>Completed</p> <p>Our 2022-23 audit work did not identify any issues in this area.</p>



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