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Reference: 2164A2020-21

Date issued: 4 December 2020

Dear Darren and Nigel

Police and Crime Commissioner for Gwent and Chief Constable of Gwent Police 2019-20

Matters arising from our 2019-20 audit

We completed our audit of the financial statements of the Police and Crime Commissioner for Gwent and the Chief Constable for Gwent Police and reported our findings required by International Auditing Standard (ISA260) to those charged with governance in our 'Report on Financial Statements' Report. This report was presented to the October 2020 JAC meeting.

In addition to the findings already reported in our Report of Financial Statements, we now bring to your attention other matters arising from this year's audit for your consideration in the Action Plan attached at **Appendix 1** to this letter. We have also followed up on progress of prior-year recommendations attached at **Appendices 2 and 3**. For ease of reference, all prior-year recommendations that have been completed during the year have been included within **Appendix 3**, and will be removed from the progress reports going forward.

We look forward to working with your team to ensure that these issues are addressed in order to improve the production of next year's accounts and the audit process.

Yours sincerely

A handwritten signature in blue ink that reads "Tracy Veale". The signature is written in a cursive style with a small loop at the end of the "e".

Tracy Veale
Audit Manager

Appendix 1 - Matters arising from the audit of the Police and Crime Commissioner (PCC) for Gwent's and Chief Constable (CC) for Gwent's 2019-20 financial statements

Exhibit 1 - Issues raised in ISA260 Report

Detail	For management to consider	Management response
Issues raised in ISA260 Report		
<p>Overstatement of provisions</p> <p>Our review of Provisions noted a provision balance for pay awards of £232,000 that had not been utilised over the past 12 months, and which we understand is no longer required.</p>	<p>The provision for pay awards should be considered and, if no longer required, the provision should be released.</p> <p>Management have agreed to review the provision in 2020-21 and adjust accordingly.</p>	<p>Agreed – we will review for 2020/21 accounts.</p>
<p>Transfer between the Revaluation Reserve and Capital Adjustment Account</p> <p>Our review of Fixed Assets noted that the transfer from the Revaluation Reserve to the Capital Adjustment Account was understated by £137,000 due to an error within the Fixed Asset Register.</p> <p>Given that this is an adjustment between two Unusable Reserves, management have agreed to adjust for this during 2020-21.</p>	<p>The Fixed Asset register should be reviewed and reconciled to the Revaluation Reserve balances.</p> <p>This will ensure that the Fixed Asset Register is complete and accurate and can be relied upon when preparing the financial statements.</p>	<p>Agreed – we will complete for 2020/21 accounts.</p>

Detail	For management to consider	Management response
Issues raised in ISA260 Report		
<p>In-year fixed asset additions relating to purchases made in prior years</p> <p>During our testing of fixed assets, we identified in-year additions amounting to £218,000 which related to laptops purchased in December 2017. Due to the relevant invoice being redistributed a number of times, between Gwent Police and South Wales Police, before being approved, the invoice was not processed until 2019-20. As a result, the laptops have not been accounted for in the year that they were received, neither has depreciation been charged since the date of actual purchase. The impact of this on the 2019-20 financial statements is as follows:</p> <ul style="list-style-type: none"> • the opening net book value for equipment is understated by £109,000 (£218,000 less two years' depreciation of £109,000); • the in-year additions are overstated by £218,000; and • the net book value for equipment carried forward is overstated by £109,000. <p>In addition, the cumulative depreciation of £109,000 has not been charged to the Comprehensive Income and Expenditure Statement (CIES) in previous years and therefore the corresponding transfer</p>	<p>Assets should be accounted for in the year they are purchased, and depreciation calculated accordingly.</p> <p>This will ensure that the Fixed Asset Register is complete and accurate and can be relied upon when preparing the financial statements.</p>	<p>Agreed – this was an exceptional item that wasn't received by Gwent Finance until well after the laptops were procured for piloting of the FFF laptop/mobile rollout to officers and staff.</p>

Detail	For management to consider	Management response
Issues raised in ISA260 Report		
<p>between the Capital Adjustment Account and the General Reserve has not been accounted for through the Movement in reserves statement (MIRS).</p>		
<p>Inability to verify physical existence of assets</p> <p>During our testing of fixed assets, we identified in-year additions amounting to £218,000 which related to laptops purchased in December 2017. When testing the existence of these laptops, Gwent Police were unable to provide us with their location and so we were unable to verify their physical existence.</p>	<p>Assets should be tagged to enable the asset to be traced as and when required, and to ensure appropriate stewardship of assets. This is particularly important for portable and attractive items, such as laptops.</p>	<p>Agreed – all IT assets are already tagged with a unique asset number that enables them to be traced on the network. An exercise will be carried out by SRS to review IT assets and move the existing registers to a variation of the Fixed Asset module on the BW system for better recording and tracking of these assets.</p>

Detail	For management to consider	Management response
<p>Unreconciled items within the bank account reconciliation</p> <p>Our review of the bank reconciliation noted a high number of unreconciled receipts and payments balances relating to previous years, including some dating back to pre-Agresso Business World, amounting to £7,404 and £51,268 respectively.</p> <p>Whilst the net impact on the financial balances was £43,864, which is not material, it is important that appropriate action is taken to reconcile these balances. Included within the unreconciled payment balance, were unpresented cheques amounting to £2,196 which are over six months old.</p>	<p>Bank control account reconciliations must be completed promptly and thoroughly, including resolving unreconciled differences, to give assurance over year-end balances. Unpresented cheques of greater than six months old should be cancelled and reissued where appropriate.</p>	<p>Agreed – the bank reconciliations have already been reviewed and the old reconciling items will be cleared down and resolved during November and December 2020.</p>
<p>Misclassification of debit and credit balances within the balance sheet</p> <p>During our work, we noted that the accounts payable ledger code contained a high number of debit balances amounting to £261,000, and the accounts receivable ledger code contained a high number of credit balances amounting to</p>	<p>The account payables and account receivables ledger codes should be reviewed, and any potential misclassifications investigated to clarify the reason why these have arisen, and whether</p>	<p>Agreed – we will add a task in the year end closedown timetable/task list to address this for the 2020/21 accounts.</p>

Detail	For management to consider	Management response
<p>£140,000. As a result, the accounts payable balance is understated by £261,000, and the accounts receivable balance is understated by £140,000.</p>	<p>they should be re-categorised to a different accounts' category. This will provide assurances over the accounts payable and accounts receivable year-end balances.</p>	
<p>Completion and review of VAT control account reconciliations are not timely During the audit we noted that there was a difference between the year-end VAT debtor and the respective VAT reimbursement received post-31 March 2020 of £76,595. Whilst this is below our trivial level, during our review we noted that the VAT control account reconciliations for periods 2 to 9 were not completed until January 2020, and reconciliations for periods 1 to 9 were not reviewed until January 2020.</p>	<p>Monthly control account reconciliations must be completed promptly and thoroughly, including resolving unreconciled differences, to give assurance over year-end balances.</p>	<p>Agreed – we have reviewed and updated the control account reconciliations as part of the “housekeeping” exercise during November 2020 to ensure that they are up to date and will ensure they remain so going forward.</p>

Exhibit 2 – Other matters arising from the audit of the financial statements

Detail	For management to consider	Management response
Working papers		
<p>The audit trail from financial statements to the ledger could be strengthened</p> <p>Whilst improvements to working papers were noted this year, this year highlighted that there is scope to strengthen the clarity of the audit trail from the accounts balance within the financial statements back to the ledger. For example, during the audit of the debtor balance within the financial statements, the supporting working paper consisted of a summary of ledger codes making up the debtor balance in the accounts. This summary was supported by a ledger download of all transactions for some of the debtor ledger codes, but not all. However, the working papers did not indicate which of the transactions within individual debtor ledger codes made up the year-end debtor balance for that ledger code.</p>	<p>Consideration should be given to standardising working papers to support account balances and notes within the financial statements, as part of the quality assurance process prior to the draft accounts being submitted for audit. For example, for each account area and/or note, it would be helpful to have a lead schedule which clearly states:</p> <ul style="list-style-type: none"> • the account area and relevant balance; • a comparison to the previous year's figure, with an explanation for significant movements; • clear links/references to supporting documentation; and 	<p>Agreed – we have made significant improvements in this area over the past two years, and Audit Wales note they are of a good standard. The COVID-19 lockdown and the necessity for a more remote, offsite audit has made it harder than in previous. We have discussed this further with Audit Wales as part of the post accounts feedback session and requested good practice examples so that the clarity of working papers can be improved further for 2020/21.</p>

Detail	For management to consider	Management response
<p>This also applied to the Creditor balance within the financial statements.</p>	<ul style="list-style-type: none"> • explanations regarding any judgements made in producing the account or note balance. <p>The lead schedule should be signed and dated by the preparer and evidenced as having been reviewed as part of the quality assurance process.</p> <p>This would provide assurance to management that the figures within the accounts are appropriately supported as well as providing a clear audit trail for audit purposes.</p>	
<p>Working papers should be reviewed as part of the draft financial statement's quality assurance process</p> <p>We understand that a quality assurance process was planned for the working papers supporting the draft financial statements 2019-20, however, due to the impact of COVID-19 at the time that the financial statements were prepared, the time set aside for this process was not available. This added to the number of audit queries raised.</p> <p>For example, a quality assurance of working papers would have identified that:</p>	<p>A quality assurance process of working papers should be incorporated into the year-end closedown timetable for the preparations of the draft financial statements 20-21. This will ensure that the audit trail from the draft financial statements back to the ledger and supporting documentation is clear and provide management with assurance that the figures within the accounts are appropriately supported.</p>	<p>Agreed – the COVID-19 lockdown and prior year issues meant that we concentrated the quality assurance process on the draft accounts to ensure they were substantially more robust than in previous years.</p> <p>While we do review working papers supporting the accounts, we will continue to work with Audit Wales to develop the working papers further so that it eases the audit process for 2020/21 accounts.</p>

Detail	For management to consider	Management response
<ul style="list-style-type: none"> whilst the VAT debtor agreed to the ledger, it did not agree to the VAT account reconciliation. The senior officer remuneration disclosures did not agree to underlying records. 		
Code Compliance of the Financial statements		
<p>Some instances were noted where the financial statements were not compliant with the Code of Practice</p> <p>We noted there were some areas of the financial statements that were not in accordance with the requirements of the Code. For example:</p> <ul style="list-style-type: none"> the Related Party disclosures did not include Central Government/HMO disclosures – as required under paragraph 3.9.4.5 of the Code; Related Party disclosures should include information regarding a relationship even when there have been no transaction in year; 	<p>As part of the quality assurance review of the draft financial statements, compliance with the Code of Practice should be undertaken prior to submitting the draft accounts for audit.</p>	<p>The BRB tool is compliant with the CIPFA Code of Practice. However, the items identified related to brought in notes that are external and feed into BRB. These were identified this year as not wholly compliant with the detail of the latest Code. We will review these areas for the 2020/21 accounts and identify further training needs on the Code for the finance team to ensure future compliance.</p>

Detail	For management to consider	Management response
<ul style="list-style-type: none"> Capital Commitments were stated as the budget as per the MTFP and not the actual commitment at 31-03-20; severance costs had not been disclosed as required by the Code; and the Provisions note was not in accordance with Code requirements. 		
Housekeeping issues		
<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>Review of some debtor and creditor ledger codes identified that some over/under accruals for the previous year had not been cleared and remained in the debtor and creditor closing balance at 31 March 2020.</p> <p>For example:</p> <ul style="list-style-type: none"> the PAYE and NI 2018-19 creditor accrual had been over-estimated, and following payment in 2019-20, the residual balance had not been cleared. the opening debtor and creditor balances as at 1 April 2019 relating to the Pension 	<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>Agreed – this has already been resolved and a further review will be carried out for the 2020/21 year end accounts.</p>

Detail	For management to consider	Management response
<p>Top Up Grant (code 52150), had not moved during the year. During the audit, this balance was reviewed, resulting in an amendment to the financial statements.</p>		
<p>Status A Reports (Goods Received Not Invoiced) were not reviewed as part of the creditor accrual process</p> <p>During our review of creditors, our cut-off testing identified a liability that had not been accrued for at 31 March 2020. This arose as the Status A Reports had not been reviewed as part of the identification of creditors closing process.</p>	<p>Status A Reports should be reviewed in order to ensure that all creditors are accrued, subject to creditor thresholds set by Gwent Police, for closing purposes.</p>	<p>Agreed – a review of Status A invoices was carried out and a substantial number cleared before the year-end. We will review again for the 2020/21 accounts closedown.</p>
<p>Asset lives and depreciation rates need to be reviewed to ensure still appropriate</p> <p>During our review of Fixed Assets, we noted that for some hardware assets, depreciation had been overstated, whilst for some vehicles, depreciation had been understated.</p> <p>We also identified a large number of assets with a nil net book value (nbv) that were still in use, suggesting that asset lives assigned to</p>	<p>During 2018-19, we noted that an exercise to review asset lives was due to take place during 2019-20. However, this exercise was deferred due to the introduction of the Fixed Asset Module within the Agresso Business World financial system.</p> <p>A review of assets lives should be undertaken to confirm the appropriateness of asset lives, and ensure depreciation is calculated correctly. This will ensure that the</p>	<p>We will consider this going forward. A full external valuation is due in 2021/22.</p>

Detail	For management to consider	Management response
<p>these assets should have been reviewed to confirm appropriateness.</p>	<p>Fixed Asset register correctly states and provides assurances over the year-end balances.</p>	
<p>The methodology for calculating the bad debt provision was not applied to all account receivable control balances.</p> <p>The account receivable control account balances amounted to £4,502,916 as at 31 March 2020, however, the bad debt provision was calculated on a value of £742,000.</p> <p>In addition, our work in this area identified that the bad debt provision was classified as a provision and not as a reduction in the year-end debtor balance.</p>	<p>The methodology for calculating the bad debt provision should be clearly documented within a desk instruction and applied to all debtor balances outstanding as at 31 March. Where it is deemed not appropriate to apply the methodology to certain year-end debtor balances, the rationale for this should be included within the desk instruction.</p> <p>The bad debt provision should be shown as a reduction to debtors and not classified as a provision.</p>	<p>Agreed – we will ensure the method is documented more clearly going forward and the provision shown against debtors in the 2020/21 accounts.</p>
<p>Bank Reconciliation processes need to be reviewed and strengthened</p> <p>During our review of the bank reconciliations, we identified a number of issues:</p> <ul style="list-style-type: none"> our work identified that the Current Account bank reconciliation had an unreconciled amount of £13,000 at 	<p>The process for bank reconciliations should be reviewed and strengthened to ensure:</p> <ul style="list-style-type: none"> all items within the reconciliation can either be explained or any differences cleared appropriately; 	<p>Old reconciling items from the transfer to the BW system were identified earlier in the year but the COVID-19 lockdown prevented them being resolved at that time. They will now be resolved during November and December 2020. We have been seeking to transfer the funds to the</p>

Detail	For management to consider	Management response
<p>31 March 2020, which resulted from the transfer from the old financial system to the new Agresso Business World during 2017-18.</p> <ul style="list-style-type: none"> We were informed that a reconciliation for a bank account holding of £78,000 had not been completed as the funds had transferred to the National Crime Agency. However, this balance was included within the balance sheet of Police and Crime Commissioner's financial statements. Individual Imprest account reconciliations, do not include a reconciliation to the individual bank balances held for these accounts. 	<ul style="list-style-type: none"> confirmation should be sought for the transfer of the funds to the National Crime Agency, and the account should be removed from the Police and Crime Commissioner's financial statements; and Imprest account reconciliations should be reconciled to the bank balances held for these accounts' statements. 	<p>National Crime Agency and will continue to do so. Imprest accounts are fully reconciled to the ledger.</p>
<p>Suspense Accounts were not cleared to nil at year-end</p> <p>Our work identified a VAT suspense account that had not been cleared to nil at year-end.</p>	<p>All suspense accounts held at 31 March should be reviewed and cleared to nil as part of the year-end closedown process.</p>	<p>This was an isolated occurrence and will be resolved going forward for the 2020/21 accounts.</p>

Exhibit 3 – matters arising from our IM&T audit work

Detail	For management to consider	Management response
IM&T		
<p>Password reset controls for network user access needs strengthening</p> <p>At present, users have access to the Manage Engine password reset tool - this is soon to be replaced by the Office 365 password reset tool when that platform is implemented. Under current arrangements, for password resets (for user network access), users can still phone the SRS Service Desk to perform this task where they are asked for either their Staff ID or payroll number. This is not a strong security check as staff could quite easily know another user's payroll number or Staff ID.</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>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.</p>
<p>Disaster recovery (DR) arrangements for FIRMS are unclear</p> <p>During 2019-20, we were told that there is no Disaster Recover (DR) plan for the FIRMS system. In previous years we have been informed that there is no facility in place for regular DR testing of backups, due to limited</p>	<p>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</p>	<p>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.</p>

Detail	For management to consider	Management response
IM&T		
resources and last year were told that they 'have generic plans for DR '.	to) in sufficient time to meet business needs.	
<p>The number of failed login attempts before being locked out of the network is higher than the recommended good practice</p> <p>Users of the IT network are allowed 20 failed login attempts before being locked out of the network. The number of failed login attempts into the network, and therefore FIRMS, due to single sign on, is higher than recommended by good practice (e.g. the National Cyber Security Centre (NCSC) say it should be no more than 5-10 failed attempts then lockout).</p>	The Force should review its policy around the number of failed login attempts and bring it in line with relevant good practice.	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 be reduced to the NCSC recommended.

Appendix 2 – Progress against prior-year recommendations not completed to date

Exhibit 4 - final audit as per ISA 260

Detail	For management to consider	Management Response	Progress update as at November 2020
Working papers			
<p>Working papers were generally of a good standard and, overall, provided a good audit trail to source information. However, there is room for improvement in a number of working papers such as remuneration and reserves.</p>	<p>Working papers to support the figures within the financial statements must be prepared in accordance with the deadlines as agreed within the audit deliverables schedule. We will work with the Finance Team to revisit the audit deliverables schedule for the 2019-20, building in any scope for auditing account areas earlier.</p> <p>Note: related recommendation originally reported in 2017-18.</p>	<p>The finance team will work with Audit Wales to improve the content and timing of items within audit deliverables schedule for 2019/20.</p>	<p>An Audit Deliverables document was agreed between both parties.</p> <p>Due to the challenges of working under lockdown restrictions and delays in the receipt of information from third parties which was required to prepare the draft accounts, the contingency window within which to undertake a robust quality assurance review of the draft financial statements and working papers was reduced significantly. Whilst working papers continue to be of a good standard, there is still scope to improve the clarity</p>

Detail	For management to consider	Management Response	Progress update as at November 2020
			<p>of the audit trail between the balances within the accounts and within the ledger.</p> <p>This recommendation which has been superseded by the 2019-20 recommendation in Appendix 1 above, is now closed.</p> <p>Completed</p>
Control Account Reconciliations			
<p>In our June 2019 Audit Update Briefing to Joint Audit Committee members, which was based on our March 2019 audit visit, we noted that the Sundry Creditor account reconciliation (one of 12 accounts payables reconciliations) had only been completed up to Month 2.</p> <p>As a result, we undertook additional testing of in-year and year-end transactions to ensure the expenditure and creditor balances within the draft financial</p>	<p>Monthly control account reconciliations must be completed promptly and thoroughly, including resolving unreconciled differences, to give assurance over year-end balances.</p> <p>Note: related recommendation originally reported in 2017-18.</p>	<p>The finance team have been reminded of the importance of completion and review of control account reconciliations during the finance year.</p> <p>There is now a robust management process for oversight and authorisation.</p>	<p>As at 27 April 2020, all reconciliations were complete up to month 11, except for the VAT account, which was last reconciled at month 10.</p> <p>The position for month 12 was that all reconciliations noted on GP control account reconciliations list had been completed and reviewed in a timely manner.</p> <p>However, there remain legacy balances in some control</p>

Detail	For management to consider	Management Response	Progress update as at November 2020
<p>statements were not materially misstated. Following completion of the sundry creditor reconciliations, we found the year-end sundry creditor reconciliation was not signed off as reviewed and dated. In addition, during our testing of control account reconciliations, we identified the following issues:</p> <ul style="list-style-type: none"> • Bank reconciliations during the year are automatically completed and no manual reconciliation is completed except at year-end. However, there was no evidence of review of these automatic reports and there are some large unmatched differences. • Payroll reconciliations were reviewed, however, there were significant delays in doing so, eg both month 3 & 6 reconciliations were not reviewed until 1 March 2019. • VAT reconciliations were not signed off as completed and reviewed and they included a number of unreconciled items. 			<p>account reconciliations that have not yet been cleared.</p> <p>This recommendation which has been superseded by the 2019-20 recommendation in Appendix 1 above, is now closed.</p> <p>Completed</p>

Detail	For management to consider	Management Response	Progress update as at November 2020
FIRMS Service Level Agreement (SLA)			
<p>There is still no SLA in place for FIRMS support which may give rise to risks around data protection, backup or access rights issues. We have been monitoring this position over the past year however an SLA remains outstanding. We acknowledge there have been changes in the leadership of the FIRMS team with a new Project Manager taking up position in February 2019.</p>	<p>A FIRMS SLA should be put in place with immediate effect.</p>	<p>A draft S22a agreement has been produced that is under review by Joint Legal Services for approval at the Digital Services Division (DSD) Gold meeting in December 2019.</p>	<p>Whilst we were informed that the SLA is now in place, we have yet to have sight of the SLA. Ongoing</p>

Appendix 3 – Prior year recommendations – completed

Exhibit 5 – prior year recommendations

Detail	For management to consider	Management Response	Progress update as at November 2020
Draft accounts quality and submission			
<p>The draft accounts submitted for audit were not complete. For example, the draft accounts did not include the Movement in Reserves Statement (MIRS), Expenditure and Funding Analysis (EFA), the Cashflow Statement and associated cashflow notes. These elements of the accounts were not received until we received Draft 2 of the financial statements, two weeks after the 31 May 2019 deadline.</p>	<p>The year-end closedown plan should be revisited to ensure the draft accounts are complete and have been through a suitably robust quality review process before the accounts are submitted for audit.</p> <p>Note: related recommendation originally reported in 2017-18.</p>	<p>The year-end closedown plan has been reviewed and updated following the completion of the audit. A further review will be carried out by 31 December 2019 following the post-audit learning exercise on 30 September. The resourcing of the plan will also be considered as part of the review.</p>	<p>We received the draft 2019-20 financial statements on 10 June 2020. Due to continued lockdown restrictions we have undertaken the audit remotely, which has resulted in an extended audit window.</p> <p>Completed</p>
<p>The draft accounts had not undergone a suitably robust quality assurance review by</p>	<p>Note: related recommendation originally reported in 2017-18.</p>		<p>The draft financial statements received on 10 June 2020 were complete, and the format was</p>

Detail	For management to consider	Management Response	Progress update as at November 2020
<p>31 May deadline which has resulted in the audit identifying a significant number of formatting and numerical amendments.</p>			<p>much improved compared to previous years. Completed</p>
<p>The need to produce a Draft 2 of the financial statements early in the audit process, resulted in key Finance Officers being sometimes unavailable for audit questions during the first two weeks of the audit which delayed audit progress.</p>	<p>Note: related recommendation originally reported in 2017-18.</p>		<p>As the draft financial statements received on 10 June 2020 were complete, there was no requirement to be provided with additional versions of the draft accounts. Prior to the start of the audit, Audit Wales and the finance team shared planned leave/meetings during the audit period. Completed</p>
<p>In March 2019, we had fed back comments on the financial statements template which we understood would be used to produce the draft accounts. This exercise included agreeing the prior year's comparative figures. However, this template was not used due to limitations with the</p>	<p>Training should be arranged to ensure finance staff fully understand how to maximise the benefits of using the BRB software to prepare the financial statements. Note: related recommendation originally reported in 2017-18.</p>	<p>BRB training has already been arranged for relevant staff within the finance team and will be completed by January 2020. This will be extended to the Audit Wales audit team to identify opportunities to improve the audit process.</p>	<p>Audit Wales audit lead received a demonstration from Jackie Glossop as to how the BRB software works. The finance team have told Audit Wales improvements have been made to the information within BRB which will help with this matter.</p>

Detail	For management to consider	Management Response	Progress update as at November 2020
<p>BRB system which requires reformatting of the accounts outside of BRB every time a new version of the accounts is run. As a result, the work undertaken in March had to be repeated on the draft accounts received during June.</p>			<p>We have not identified further issues regarding the use of BRB during the audit.</p> <p>Completed</p>
<p>Staff availability</p>			
<p>In addition, due to technical issues regarding saving working papers to the newly issued laptops in Finance, not all working papers were available to us at the start of the audit in agreement with our agreed deliverables schedule, and finance staff were not always available to us to answer audit queries in a timely manner.</p>	<p>Every effort should be made to ensure that key finance staff are available during our 'tight audit window' and an accurate schedule of finance staff availability is provided to us prior to the start of the audit. Any changes to the schedule should be communicated to the audit team as soon as possible to avoid unnecessary delays.</p> <p>Note: related recommendation originally reported in 2017-18.</p>	<p>Scheduling the availability of key finance and Audit Wales staff will be undertaken as it is key to improving the audit process.</p>	<p>Prior to the start of the audit, Audit Wales and the finance team shared planned leave/meetings during the audit period.</p> <p>Completed</p>

Detail	For management to consider	Management Response	Progress update as at November 2020
Amended accounts quality			
<p>On 18 July we received amended financial statements for both the PCC Group and CC. Our review of the amended financial statements identified numerous instances where numbers and text had not been amended as expected. The volume of further amendments could have been reduced had a robust quality assurance review been undertaken on the financial statements before being provided to us. Further revised sets of accounts were received on 22 July containing all amendments as expected.</p>	<p>Amended financial statements must be subject to a robust quality review process to ensure that amendments have been processed as expected prior to submission to the audit team, to enable the tight deadlines to be met.</p>	<p>Late pension disclosure adjustments caused a number of late amendments. We will revisit the level of contingency within the timetable for the year-end closedown plan to mitigate this for 2019/20.</p>	<p>Following the restructure of the finance team, additional capacity has been built into the year-end closedown processes to enable a robust quality assurance review to take place.</p> <p>However, decisions taken by the Government in July 2020 regarding the proposed remedy in response to the McCloud judgement, caused a number of late amendments to pension disclosures for a second year running.</p> <p>Completed</p>
Treatment of Levies			
<p>We raised a query with the Chief Finance Officer around the consistency of levies and whether they should be above or below the line in the Comprehensive Income</p>	<p>The treatment of levies should be reviewed by Gwent Police and also considered at an all-Wales level to ensure consistency of treatment across</p>	<p>This will be reviewed as part of the planning for the 2019/20 accounts and audit.</p>	<p>Levies have been reflected in Cost of Services within the 2019-20 draft financial statements.</p> <p>Completed</p>

Detail	For management to consider	Management Response	Progress update as at November 2020
<p>and Expenditure Statement (CIES).</p> <p>Gwent Police includes Police National Computer costs (PNC) and the helicopter levy in its levies line which falls below the costs of services. However, discussions suggested these items relate to day-to-day business and should therefore be included within cost of services.</p>	<p>each of the four Welsh Police Forces.</p>		
<p>Correction of errors in Agresso Business World (ABW)</p>			
<p>From our account payable substantive testing, we identified instances where corrections had not been made in the ledger:</p> <ul style="list-style-type: none"> a number of VAT only invoices (Carl Furnish v Gwent Police against GL code 11516) had been input onto the ledger at their correct VAT only amount but had also been input at their net invoice value under a 	<p>Consideration should be given as to whether further training on VAT accounting is needed and the need to ensure any corrective action is taken on a timely basis.</p>	<p>Further training to specific members of the finance team will be provided by January 2020 along with desk notes that will reflect the changes.</p>	<p>Interim transaction was undertaken for periods 1 to 9. Transaction testing for the remainder of the year was undertaken during the final accounts audit. A number of issues have been identified and some amendments to the accounts will be required. These will be detailed within the ISA260 Report that will be presented to the Joint Audit Committee</p>

Detail	For management to consider	Management Response	Progress update as at November 2020
<p>different transaction number. We established that the total net value of the invoices concerned was £20,812.69 which had not been corrected in the ledger.</p> <ul style="list-style-type: none"> Transaction 4006603 had been input onto the general ledger against code 11495 on the incorrect basis that it was VATable. This £56,681.92 understatement of expenditure was flagged to the client during our interim testing in February 2019, however, no corrective action was taken until 12 July 2019. 			<p>meeting at the end of September.</p> <p>Completed</p>
Related Party Note			
<p>Our audit testing of the related party note identified several omissions, including a missed related party disclosure and the need to include debtors and creditors for all related parties.</p>	<p>The related party note should include all related parties and should be fully compliant with the Code requirements.</p>	<p>This will be addressed for 2019/20.</p>	<p>We are satisfied that we have obtained sufficient information to support the related parties' disclosures.</p> <p>Completed</p>

Exhibit 6 – progress of prior-year recommendations

Detail	For management to consider	Management Response	Status as at 2018-19 audit	Management Response	Progress update as at November 2020
Journals					
<p>ABW includes a feature to allow supporting schedules for journals raised to be saved in the system with the journal. This feature, however, is not currently used. Staff store journal workings within a series of folders on the Gwent Police server.</p> <p>Our audit experience has found that it is more time consuming obtaining this information from the Gwent Police server rather than ABW.</p>	<p>Finance should ensure all supporting documentation to journals raised is stored in ABW, in order to improve the audit trail.</p>	<p>Staff will be reminded of the need to attach relevant supporting documentation to transactions within BW.</p> <p>Target Date: 31 March 2018</p> <p>Status: Ongoing</p>	<p>Ongoing</p> <p>This feature is currently not being fully utilised by finance staff.</p> <p>Training should be arranged to ensure finance staff understand how to fully maximise the benefits of using the BRB software to prepare the financial statements.</p>	<p>A desk note was produced in February 2020 to remind staff of the need to attach relevant supporting documentation to transactions within BW. The desk note was signed off by finance staff to confirm they had read and understood it. Since then, all staff have been attaching backing documentation to journals within BW rather than saving it on the shared area.</p>	<p>Completed</p>